

## Council Policy – Risk Management

<b>Responsible Directorate</b>	Corporate Services
<b>Responsible Business Unit/s</b>	Governance
<b>Responsible Officer</b>	Manager Governance
<b>Affected Business Unit/s</b>	All

### Objective

1. The purpose of this policy is to provide information and guidance regarding the management of risk to support the achievement of Shire of Ashburton's (the Shire) strategic and operational objectives, protect staff, the community and assets, and ensure financial sustainability.
2. This policy provides the over-arching guidance and is supported by Risk Management Procedures. These documents together form the Shire's Risk Management Framework.
3. The Risk Management Framework is aligned with AS/NZS ISO 31000 2018.

### Scope

4. This policy applies to all staff, volunteers, contractors, and visitors whilst they are on Shire property or engaged in business that involves the Shire.

### Policy


5. The Shire recognises that risk management is fundamental to the organisation achieving its strategic and operational objectives, and that it plays an integral role in day-to-day management and decision making at all levels.
6. Risk management is viewed as central to the Shire's management process, having relevance and linkage to budget planning, provision of services to the community, corporate planning, performance, quality, safety, and community strategic planning.
7. The Shire is committed to the effective management of risks and ensuring that sufficient resources are available to achieve this. Those allocated responsibility for managing risks or being accountable for critical controls must ensure appropriate monitoring and reporting occurs through the Shire's existing management reporting and Governance Framework.

## Why Risk Management is Important to Shire

8. Risk management within the Shire is about creating an environment where surprises are minimised. When our management of risk goes well it often remains unnoticed. When it fails, the consequences can be significant and high profile.
9. From a Shire perspective, effective risk management can:
  - a. Protect the Shire from a range of strategic threats (strategic risks);
  - b. Prevent loss of life/injury;
  - c. Prevent damage to the Shire's reputation;
  - d. Protect assets and resources;
  - e. Allow us to deliver services and outcomes to the community that meet their expectations;
  - f. Minimise legal liability;
  - g. Prevent disruption to Shire operations;
  - h. Prevent financial loss, including through theft and fraud; and
  - i. Ensure projects are delivered on time, within budget and to the required level of quality.
10. The key benefit of the application of a robust Risk Management Framework, however, is to provide decision makers with the information necessary to make **risk informed decisions**.

## Shire Commitment

11. The Executive Leadership Team is fully committed to the maintenance of an effective Risk Management Framework. In implementing this policy, Council and the Executive Leadership Team are committed to ensuring:
  - a. That risk management is an integral part of Shire planning and decision-making processes;
  - b. There is a consistent approach to the management of risks across the Shire;
  - c. Clear roles, responsibilities and accountabilities are defined;
  - d. All staff with risk management roles and responsibilities are provided with the necessary authority and skills to undertake these responsibilities;
  - e. The resources necessary to achieve the policy outcomes are allocated;
  - f. Communication within the Shire's stakeholder community in relation to the identification and management of risk is promoted and encouraged; and

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- g. We are honest with ourselves and with others in relation to the risk exposures and challenges faced by the Shire.
  - 12. We also accept that, on occasions, even with sound risk management practices, things may go wrong. On such occasions, we will take the opportunity to review the reasons for the failure and endeavour to further strengthen controls to reduce the likelihood of a reoccurrence.
  - 13. In making this commitment, Ashburton will be well placed to meet our vision and will ensure the credibility and reputation of the organisation within our stakeholder community is of the highest order.

### **Risk Appetite**

- 14. Risk appetite is the amount and type of risk that Council is prepared to tolerate or accept in the pursuit of our objectives. It is expressed in the form of a risk appetite statement which covers a number of critical risk categories.
- 15. Council generally has no appetite for risks which are assessed as **Extreme** or **High**. In particular, Council has no appetite for risks which will:
  - a. Have a significant negative impact on Council's long term financial sustainability, result in major breaches of legislative requirements, and/or significant successful litigation against Council;
  - b. Compromise the safety and welfare of staff, contractors and/or members of the community;
  - c. Cause significant and irreparable damage to the environment;
  - d. Result in major disruption to the delivery of key Council services; and
  - e. Result in widespread and sustained damage to Council's reputation.
- 16. It must be noted that Council provides a large and varied range of services to a large and diverse population. In order to provide these services Council must accept and take some level of risk.
- 17. The level of risk that is acceptable will be assessed and determined on a case by case basis using the criteria detailed in the respective Risk Management Procedures that underpin the Risk Management Program within Council.
- 18. Council's risk appetite will be reviewed biennially, in line with the review of the [Risk Management Procedure - Enterprise \(Operational\) Risks](#).

### **Roles and Responsibilities**

- 19. The following is a broad overview of the roles and responsibilities for the governance of the Risk Management Framework. Detailed roles and responsibilities relating to the management of risks are contained within the Shire's Risk Management Procedures.



<b>Council</b>	<p>The Council is ultimately accountable for the management of the risk exposures within the Shire. Specifically, Council is responsible for:</p> <ul style="list-style-type: none"><li>• Defining the Shire’s risk appetite</li><li>• Establishing the Shire’s risk criteria for strategic risks</li><li>• Managing strategic risks and review actions to address risks</li><li>• Regularly monitoring risk as part of a standing item on the consideration of governance issues.</li></ul>
<b>Audit, Risk and Improvement Committee (ARIC)</b>	<p>The ARIC is responsible for:</p> <ul style="list-style-type: none"><li>• Reviewing the effectiveness of the Shire’s Risk Management Program</li><li>• Monitoring performance of the Risk Management Program</li><li>• Monitoring the effectiveness of critical controls</li><li>• Reviewing/recommending any changes to strategic risk ratings to Council, based on reports provided by the Director Corporate Services</li><li>• Providing reports to the Council on audit findings and ensure any recommendations are implemented where agreed.</li></ul>
<b>Chief Executive Officer (CEO)</b>	<p>The CEO is ultimately accountable for the management of the risk exposures within Shire. Specifically, the CEO (with input from the Executive Leadership Team) is responsible for:</p> <ul style="list-style-type: none"><li>• Establishing the Shire’s risk criteria for enterprise risks</li><li>• Regularly monitoring risks as part of a standing item on the consideration of governance issues</li><li>• Promoting a risk management culture within the Shire.</li></ul>

## Definitions

**Risk Management Framework** consists of:

- Council Policy – Risk Management
- Risk Management Procedure – Strategic Risks
- Risk Management Procedure – Enterprise (Operational) Risks
- Strategic Risk Register
- Enterprise Risk Register

## Relevant policies/documents

[Risk Management Procedure – Strategic Risks](#)

[Risk Management Procedure - Enterprise \(Operational\) Risks](#)

Strategic Risk Register

Enterprise Risk Register

## Relevant legislation/local laws

Nil

Office use only				
<b>Relevant delegations</b>	Nil			
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