



POLICY DOCUMENT

18.63.5

Policy Name	RISK MANAGEMENT
Policy No.	18.63.5
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Strategic Reference:	Goal 3: Governance & Leadership
Responsible Department:	Corporate & Community
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Minute reference:	CO 24/030
Next review date:	Council will endeavour to review this policy 4 years after adopted date or following significant change to legislation or aspects included within this policy.
Applicable Legislation:	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936 State Records Act 1997
Related Policies:	
Related Documents:	ISO31000:2018 Risk Management – Guidelines SA HB:436.1:2020 Risk Management Guidelines – companion to AS ISO 31000:2018, Part 1: Boards and executives City of Port Lincoln Risk Management Framework LGAMLS Scheme Rules (gazetted July 2020)

1. PURPOSE

The City of Port Lincoln recognises that effective risk management policies, systems and processes will inform decision making, resource allocation and risk mitigation, which in turn will support successful achievement of its vision, goals and strategic objectives.

The purpose of the Risk Management Policy (the Policy) is to enable an integrated and systematic approach to risk management by:

- Council’s commitment to core risk management principles;
- Supporting the implementation and maintenance of a Risk Management Framework (“the Framework”) that comprises the tools and processes that underpin Council’s risk management approach and
- Reviewing and evaluating the effectiveness of Council’s policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

2. **POLICY STATEMENT**

The management of risk will be integrated into governance and leadership structures, including decision-making at all levels.

Council is committed to developing and maintaining structured and comprehensive risk management systems and processes that are dynamic and based on best available information.

Engagement with Council employees and stakeholders is integral to the success of risk management processes and, as such, structures to facilitate consultation and communication will be developed and maintained.

Council will monitor and review its strategic, financial, operational and project risks and apply learnings to continually improve efficiency and effectiveness.

3. **PERFORMANCE MEASURES**

The performance of the risk management program will be measured through the performance indicators that are included in the Risk Management Framework.

4. **LEGISLATIVE REQUIREMENT AND POLICY CONTEXT**

Section 48 of the *Local Government Act 1999* ('the Act') requires Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the CEO and to the Council.)

Section 99(1)(ia) of the Act requires the CEO to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks;

Section 125 of the Act requires Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives;

Section 125A If Council has an internal audit function, the Act requires the person primarily responsible for the internal audit function to ensure that any reports they prepare relating to the internal audit function are provided directly to the Audit and Risk Committee and may report any matters relating to the internal audit function directly to the Audit and Risk Committee;

Section 126(4)(g)(i) If Council has an internal audit function, the Act requires the council Audit and Risk Committee to provide oversight of planning and scoping of the internal audit work plan and to review and comment on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;

Section 126(4)(g)(ii) If Council does not have an internal audit function, the Act requires the council Audit and Risk Committee to review and comment on an annual report provided by the CEO in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures;

Section 126 requires the council Audit and Risk Committee to review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;

Section 132A of the Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

Section 134(4) (b) of the Act requires Council to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.

As a member of the Local Government Association Mutual Liability Scheme, Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

5. ROLES & RESPONSIBILITIES

5.1. *Council*

The Council is responsible for:

- Setting the organisation's risk appetite and policy for managing risk;
- Giving adequate consideration to risks when setting objectives and making decisions;
- Fostering a culture that is consistent with the organisation's appetite for risk;
- Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- Setting an appropriate governance structure for risk and risk management including Audit and Risk Committee and delegations;
- Requiring the CEO to demonstrate that the framework for managing risk is effective and appropriate;
- Requiring the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives; and
- Considering recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk matter.

5.2. *Audit and Risk Committee*

The Audit & Risk Committee is responsible for:

- Reviewing the criteria contained within the Risk Management Framework;
- Monitoring Council's responsiveness to recommendations for improvement based on previous audit and risk assessments, including those raised by Council's auditor;
- When an Internal Audit Function is established, providing oversight of the planning and scoping of the internal audit work plan and reviewing internal audit reports on a quarterly basis;
- Reviewing the annual report from the Chief Executive Officer in relation to policies and processes adopted to evaluate and improve the effectiveness of internal control practices and procedures until an Internal Audit Function is established;
- Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- Monitoring strategic risks on a regular basis.

5.3. *Chief Executive Officer (CEO)*

The CEO has the responsibility for:

- Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- Reviewing and endorsing the Risk Management Framework;

- Ensuring that effective policies, systems and processes are established and maintained for the identification, assessments, monitoring, management and annual review of strategic, financial and operational risks and providing a report to the audit and risk committee on a regular basis;
- Allocating and upholding accountability for managing risk;
- Ensuring the Leadership Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;
- Regularly reviewing strategic, financial and operational risks and maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;
- Ensuring compliance with legislative and contractual obligations and policy requirements;
- Providing reliable information about risks, controls and their effectiveness to the Council;
- Reporting annually to the Audit and Risk Committee on the internal audit processes; and
- Escalating all strategic risks that exceed the organisation's risk appetite to the Audit and Risk Committee or Council, as required.

5.4. *The Leadership Team*

Members of the Leadership Team are responsible for:

- Commitment to, and promotion of, this Policy and the Framework;
- Monitoring the organisation's overall risk profile and mitigation strategies;
- Ensuring that risk management is embedded into all functions and activities, including decision making;
- Ensuring that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments);
- Incorporating risk treatments into departmental plans;
- Ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively involved in managing risk;
- Providing incentives and performance management arrangements that support the desired approach to managing risk;
- Promoting a proactive risk culture in accordance with business management initiatives;
- Collectively reviewing strategic risks and considering emerging risks, (prior to Audit and Risk Committee meetings); and
- Ensuring compliance with legislative and contractual obligations and policy requirements.

5.5. *Manager Governance & Communications*

The Manager Governance & Communications is responsible for:

- Providing guidance and assistance to the Leadership Team and employees in relation to the application of this policy;
- Ensuring relevant risk information is recorded in the Risk Register and reported and escalated to the Leadership Team or cascaded to workers, as relevant;
- Maintaining this Risk Management Policy and the Risk Framework to ensure their currency and relevance; and
- Maintaining the Risk Register and reporting timeframes as required.

5.6. *Employees, Volunteers and Contractors (Workers):*

All Council Workers are responsible for:

- Understanding the risk management processes that apply to their area of work; and
- Identifying, evaluating, reporting and managing (or escalating) risks relating to daily activities and projects; and
- Adhering to the requirements of Council's risk management policy and framework.

6. RELEVANT DELEGATED POWERS AND DUTIES

Any actions or decisions made regarding this policy, will be enacted upon as per Council's current Delegations Register.