POLICY REGISTER

RISK MANAGEMENT POLICY

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1.1		Amended	Council Minute No: 214.9.18 (27th September 2018)

Risk Management Policy

Abstract:
The purpose of this policy is to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning and decision-making processes.

The Policy's implementation will ensure that elected members and management recognise that they have a responsibility to ensure that Council identifies and addresses all threats and opportunities associated with the carrying out of its functions.

Purpose

The purpose of this policy is to ensure that Council and the public are informed in a clear manner of Council's position and approach with regard to the management of risk.

It further aims to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes.

The Policy's implementation will ensure that elected members and management recognise that they have a responsibility to ensure that Council identifies and addresses all threats and opportunities associated with the carrying out of its functions.

1. Scope

This policy applies to all areas of Council's activities in the delivery of its functions as a Local Government Organisation, both at the elected member and staff levels.

2. Definitions

No specific definitions are deemed required for this policy, with all terms used intended to have their everyday meanings or those imposed by legislation relevant to local government.

3. Legislation, Standards & Guidelines

Key legislative requirements with regard to risk management for NSW local government organisations are located in the:

- Local Government Act NSW 1993;
- NSW Local Government (General) Regulations 2005; and
- Workplace Health and Safety Act.

In addition to complying with all relevant legislation in the application, monitoring and review of its risk management policy and framework and their implementation, Council will have regard to all relevant standards and guidelines, including but not limited to:

- The international standard for risk management, ISO 31000:2009;
- The Integrated Planning & Reporting Guidelines for local government in NSW; and
- Any other relevant guidelines issued by the Division of Local Government.

4. Policy statement

Risks affecting Council can have consequences in terms of economic performance and organisational reputation, as well as environmental, safety and social outcomes. Therefore, a strong commitment towards managing risk effectively will benefit Council's performance in an environment full of uncertainty.

Council is committed to the identification and management of all risks associated with the performance of Council functions and the delivery of services. Council's risk management framework is to be implemented in a logical, integrated and systematic manner in the identification, analysis, assessment, control and monitoring of risks that are likely to have an adverse impact or advantage for Council.

Council recognises that the management of risk is integral to the achievement of the outcomes, strategies and actions as identified in the Community Strategic Plan, Delivery Program and Operational Plan.

The aim of this policy is not to eliminate all risk, but rather to manage the risks involved in Council's activities in order to maximise opportunities and minimise the adverse impact of threats.

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5. Procedures

5.1 Risk Management Approach

Attachment A to this policy provides a diagrammatical representation of the relationship between this policy and other documents and processes encompassing Council's approach to risk management. In addition to those documents and processes (as displayed in the diagram and described below), management will develop and implement any protocols required to achieve the objectives and requirements as set out in this policy and the risk management framework.

5.2 Risk Management Framework

This policy requires Council to maintain a Risk Management Framework of the following content:

a) A strategy identifying and dealing with risks and the categorisation of risks;

b) Processes for the identification and management of risks; and

c) Templates, tools and supporting documents to assist Councillors and staff in the identification and management of risks.

The Risk Management Framework will be maintained to ensure that:

a) risk management practices are integrated into Council's planning and decision making processes;

b) a risk management ethos and practices are promoted and supported throughout Council;

c) foster the participation of and input from all employees in the management of risks;

d) whenever economically possible impacts of risks will be reduced and high level risks eliminated or insured against where unavoidable;

e) promote and facilitate more effective allocation and use of resources;

f) promote and provide for higher levels of accountability; and

g) all appropriate communication of requirements, necessary education and training are afforded to Councillors and staff.

5.3 Corporate Risk Register

This policy requires Council to maintain a risk register which lists all identified risks along with a summary of the status of those risks and the department of Council dealing with such.

The Corporate Register is to be developed and reviewed every six months or more regularly if additional risks are identified.

5.4 Risk Management Action Plan

In accordance with this policy Council shall maintain an action plan detailing the required information to enable the management, reporting and monitoring of all identified risks. This plan is also provided to Council's insurer and assessed annually.

The Risk Management Plan shall be reviewed by the Internal Review Committee, an Internal Auditor and reported to Council as to actions taken to reduce or eliminate risks.

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5.5 Internal Audit

In accordance with this policy Council will form and maintain an inhouse, Internal Review Committee with an appropriate charter to assist in Council's management of risks and strengthen its framework.

> Council will engage appropriate resources, regarding capability, cost and the overall context of risk management to carry out an internal audit function as and when required in accordance with the recommendations of the Internal Review Committee or management, based on the risk management framework.

5.6 Risk Management Application

In the application of this policy and the Risk Management Framework, Council and its staff will be mindful that effective risk management requires:

a) A strategic focus;

b) A system for the setting of priorities where there are competing demands on limited resources;

c) Forward thinking, planning and proactive approaches to management;

d) A balance between the cost of managing risk and the anticipated benefits; and

e) Contingency and continuity of business planning in the event that critical threats are realised.

6. Accountability, Roles & Responsibility

The Risk Management Policy and Framework set standards and provide guidance to support consistent and concerted risk management activities; however, the successful delivery of risk management is reliant on the effective identification, evaluation and decision making around risks by Councillors, management and staff.

> The organisation will implement an internal Risk Improvement Review process that will assist in providing direction, support and guidance to staff in undertaking risk management activities as well as reviewing and evaluating Council's risk register and action plan.
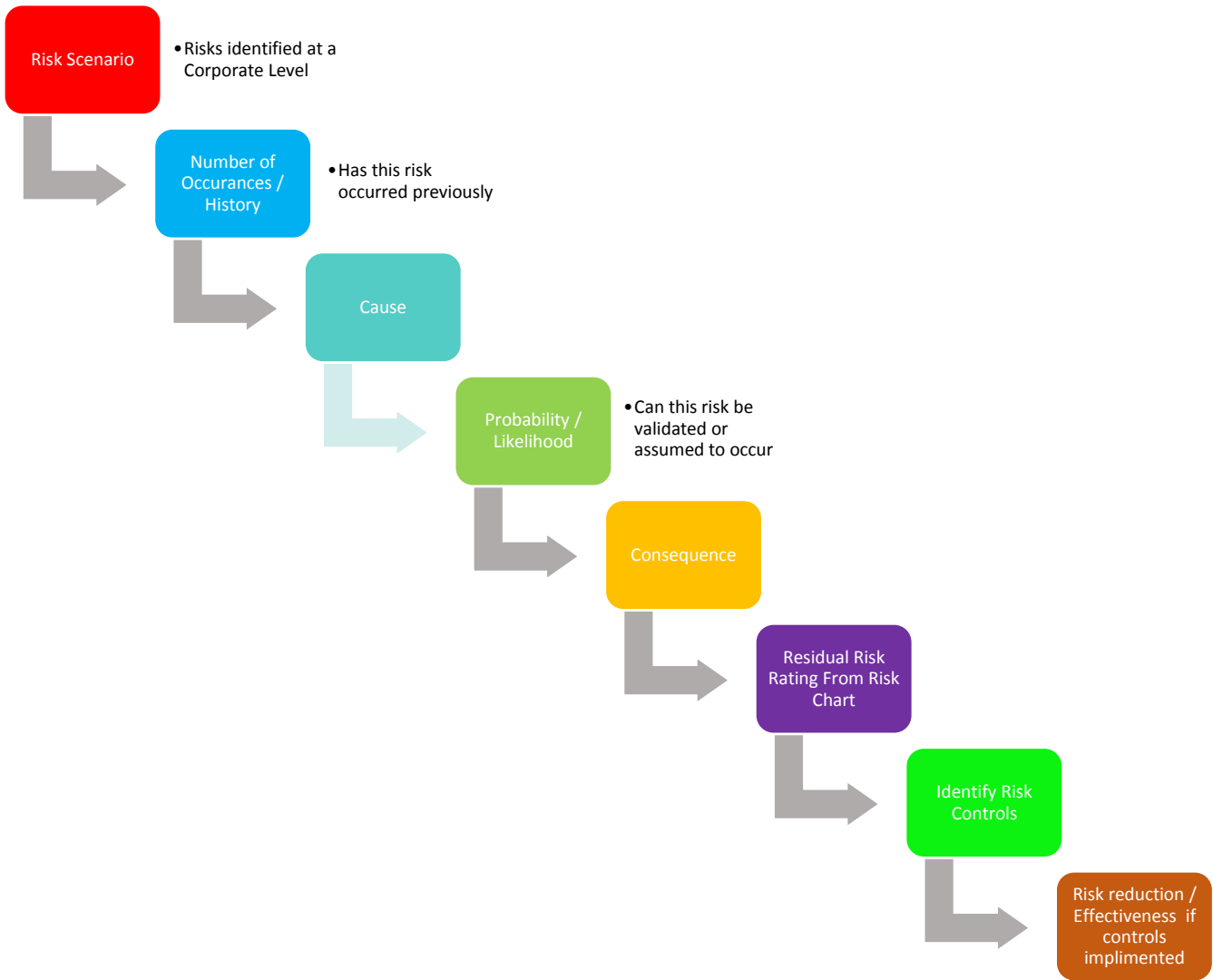
The Manex Team shall review all recommendations and request any changes, budgeting or actions required.

7. Attachments

Attachment A – Warren Shire Council Risk Management and Assessment Diagram.

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Appendix A: Warren Shire Council Risk Management and Assessment Diagram

1. Risk Identification and Assessment Process

| Risk Scenario | • Risks identified at a Corporate Level |

| Number of Occurances / History | • Has this risk occurred previously |

| Cause |

| Probability / Likelihood | • Can this risk be validated or assumed to occur |

| Consequence |

| Residual Risk Rating From Risk Chart |

| Identify Risk Controls |

| Risk reduction / Effectiveness if controls implimented |

2. Risk Assessment Table

EXAMPLE RISK		Probability				
		Very High	**High**	**Medium**	**Low**	**Very Low**
Conse-quence	**Very High**	Very High	Very High	Very High	High	High
	High	Very High	High	High	Medium	Medium
	Medium	High	High	Medium	Medium	Low
	Low	High	Medium	Medium	Low	Very Low
	Very Low	Medium	Low	Low	Very Low	Very Low

3. Corporate Risk Register

No.	Risk	Cause	Consequence	P/L	C	Residual Risk Rating	Existing Risk Treatments	Risk Reduced/ Effectiveness	Accountable Officer	Responsible Officer
COR 001	Loss due to fraud / theft	▪ Inadequate internal controls ▪ People acting inappropriately	▪ Minor equipment loss ▪ Financial loss ▪ ICAC intervention ▪ Reputation impact	L	M	M	▪ Address systemic issues to improve governance ▪ Improve processes to achieve more efficient teams and enhance internal controls for transparency and efficiency ▪ Complete high priority actions for General Complaints Management System ▪ Staff discipline and performance management processes ▪ Compulsory code of conduct training is provided to staff ▪ Internal audit reviews undertaken in areas of procurement, delegations, cash handling and RMS contract areas.	VL	DMFS	DMFS
COR 002	Revenue levels fall significantly	▪ Regional economic downfall results in reduced ability for residents to pay for services ▪ Inaccurate data and inadequate acquittal information provided to grant makers ▪ Loss of investment revenue due to mistakes in fees and charges ▪ Failure to secure grants	▪ Inability to provide services to community ▪ Lack of confidence or perceived lack of importance by grant makers and investors ▪ Slashing service levels to maintain sustainability ▪ Intervention by State Government	L	M	M	▪ Controls in place to review of costs/income to ensure correct fees and charges ▪ Develop plans and work with RMS to improve road and traffic outcomes regionally. ▪ High priority major projects are identified and planning pre-work is completed in preparation for grant applications (village plans, water and sewer, road and bridge upgrades). ▪ Explore grant opportunities and ensure that information is of a high quality ▪ Attract other investment ▪ Explore alternative revenue streams	L	GM	Senior Executives and EDO's

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No.	Risk	Cause	Consequence	P/L	C	Residual Risk Rating	Existing Risk Treatments	Risk Reduced/ Effectiveness	Accountable Officer	Responsible Officer
COR 003	Poor financial management	▪ Budget overruns and or failure to achieve budget ▪ Poor/inadequate budget in the first place ▪ Unexpected costs not incorporated ▪ Lack of or incorrect information leading to poor financial decisions ▪ Failure to account for "whole of life" project costs	▪ Intervention by State Government ▪ Reduced projects/works and service ▪ Unhappy community and ▪ Councillors ▪ Insufficient funds available for long term financial commitments affecting sustainability ▪ Council classified as poor performing ▪ Questionable Sustainability	L	M	M	▪ Implement recommendations of External and Internal Audit Reviews. Report to Council on actions to be taken and time frames. ▪ Define a standard water charging methodology for all WSC water schemes ▪ High priority major projects that have been endorsed by Council have pre-work completed in preparation for Grant Applications (project planning and approval process) ▪ Complete a review annually of the long term financial plan to provide an indication of the long term financial position of WSC ▪ Maximise plant and machinery utilisation.	L	GM DMFS	Management team
COR 004	Inappropriate or ineffective decision making by staff or Councillors	▪ Elected and staff members inadequately trained/informed ▪ Poor communications ▪ Human error ▪ Wrong or inadequate information *Reactive decisions due to community pressure ▪ Lack of accountability ▪ Poor planning	▪ Poor project delivery ▪ Legal implications ▪ Reputation impact ▪ Financial ▪ Creating bad precedents ▪ Fines ▪ Complaints ▪ Inefficiencies and confusion ▪ ICAC / Ombudsman / State ▪ Government intervention	L	M	M	▪ Develop corporate and operational planning frameworks to facilitate effective internal planning, management and reporting on Council operations ▪ Implement a performance management system linked to Corporate and Operational Planning framework (IP&R) ▪ Improve processes to achieve more efficient teams and enhance internal controls, transparency and efficiencies. ▪ Provide end to end business solutions and standard reporting tools for the organisation ▪ Commence working towards a electronic basis of records management	VL	GM Councillors	Management Team Councillors

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COR 005	Failure to adequately resource the organisation	▪ Inadequate systems
		▪ Failure to keep records
		▪ Staff turnover
		▪ Loss of premises or assets
			▪ Service decline or disruption
			▪ Loss of corporate knowledge
			▪ Non-compliance with legislative requirements
			▪ Loss of premises (natural disaster)
				L	M	M	▪ Review waste services to identify:
							  - Current services provided, and resources required
							  - Future service delivery obligations
							  - Costs per Unit Output
							  - Alternative service delivery models
							  - Recommendations
							▪ Guide the operations over next 4 years to ensure alignment with Councillor objectives by linking with the new Delivery Plan and Operational Plan
							▪ Review Core Services and Service Levels in consultation with Councillors, according to financial constraints.
							▪ Review overheads models to ensure a simplistic system which is understood throughout the organisation which achieves the allocation of full costs to activities throughout WSC where appropriate. More informed reporting and financial decision making.
							▪ Develop long term cultural changes to improve workforce productivity and performance (Workforce Plan).
							▪ Timely delivery of high quality design and survey services
							▪ Completion of asset management plans.
							▪ Business continuity plan is developed for the organisation and organisational risk management framework
							▪ Review full cost pricing models to ensure equitable allocation of costs across business activities and that pricing reflects levels that ensure long term financial sustainability, (More informed reporting and financial decision making).
								L	GM	Senior Executives

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No.	Risk	Cause	Consequence	P/L	C	Residual Risk Rating	Existing Risk Treatments	Risk Reduced/ Effectiveness	Accountable Officer	Responsible Officer

COR 006	Loss of reputation - reputation risk	▪ Community not provided with correct or adequate information
		▪ Community expectations not adequately identified or not realistic
		▪ Repeated or serious mistakes
		▪ Significant breach of code of conduct
		▪ Failure to maintain assets
		▪ Poor or negative publicity
		▪ Failure to deliver on perceived promises *Staff or Councillors acting outside level of authority
			▪ Service is reactive rather than strategic
			▪ Loss of confidence in organisation by community or elected members
			▪ Legal action
			▪ Council not funded due to lack of confidence
			▪ Bad publicity
			▪ Spending additional resources to recover reputation
				L	M	M	▪ Expand communication to the public in addition to standard media releases to include a quarterly report card on Council activities in newspapers and on web site. Provide a regular Mayoral column in the local media and on the website.
							▪ Provide Councillors and staff with a monthly newsletter on projects, decisions of council and matters of importance across the organisation.
							▪ Complete high priority actions for General Complaints Management System
							▪ Review Policies for relevance and consistency
							▪ Address systemic issues to improve governance
							▪ Business continuity plan is developed for the organisation and Organisational Risk Management Framework
							▪ Drive a proactive customer service culture within Council and seek to comply with Council's Customer Service Charter, delivering improved service levels.
							▪ On a regular basis, review the performance of each group including, but not limited to:
							  - Operating Budget Management
							  - Capital Works Program
							  - Strategic Initiatives
							  - Workplace Health and Safety
							▪ Facilitate timely response to customer service requests (CRM's) and report quarterly to Council the number and actions.
								VL	GM Councillors	Managers (reporting) All staff

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COR 007	Risk of injury / death from major community incident (death or disablement of an external party)	▪ Inadequate response to incident ▪ Human error ▪ Policies and procedures not followed or in place ▪ Community members hurt ▪ Failure to identify and address high risks	▪ Financial Impact ▪ Reputation impact ▪ Community morale ▪ High insurance premiums ▪ Litigation	L	M	H	▪ Continue the development of the Local Disaster Management Plan and Sub Plans as required by the Act. ▪ Develop a safety culture to ensure safe workplaces and practices. ▪ Provision of quality road and drainage maintenance services to the region ▪ Facilitate timely responses to customer service requests for maintenance services ▪ Conduct community resilience education sessions for emergency response personnel and community members on natural disaster management and provide opportunity to learn from best practice that is emerging across the region	L	Managers	WH&S Officer All Staff
COR 008	Risk of injury/death from major workplace incident (death or disablement of an internal party)	▪ Human error / accident ▪ Policies and procedures not in place or failure to follow ▪ Inappropriate vehicles and assets ▪ Lack of communication ▪ Complacency ▪ Employees not trained properly ▪ Failure to maintain assets ▪ Inadequate WH&S	▪ Reputation damage ▪ Legal implications ▪ Involvement by regulator ▪ Workcover ▪ Absent from work ▪ Increased premiums ▪ Staff morale decreased ▪ Work hours lost	L	M	M	▪ Develop a safety culture to ensure safe workplaces and practices. ▪ Focus on a safe workplace and contribute to departmental safety initiatives ▪ Drug and alcohol management policy	L	GM	WH&S Officer All staff

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No.	Risk	Cause	Consequence	P/L	C	Residual Risk Rating	Existing Risk Treatments	Risk Reduced/ Effectiveness	Accountable Officer	Responsible Officer
COR 009	Non compliance with legislation	▪ State Government requirements change ▪ New Legislation introduced or changed *Lack of knowledge of legislation and or regulations	▪ Resources not available to keep up with changes ▪ Increased work loads to adapt to changed legislation ▪ Fines ▪ Litigation ▪ Loss of reputation	L	L	L	▪ Ensure compliance with conditions of approval and investigate complaints regarding unlawful development activity ▪ Ensure compliance with regulatory requirements for Evacuation Plans, Risk Management, ▪ Asbestos Management and WH&S responsibilities ▪ Update desktop review for compliance with the National Regulatory Authority ▪ Have in place appropriate Crown, private and Indigenous Land Use Agreements ▪ Implement OLG Legislation Compliance Checklist	VL	Managers	All staff administering legislation
COR 010	Failure to provide adequate essential services now and in the future	▪ Projects not fit for purpose ▪ Inability to sustain critical processes *Decrease service delivery levels and loss of confidence ▪ Increase risk to community safety and infrastructure ▪ Failure to adequately respond to major changes ▪ Political decisions that disadvantage the region ▪ Poor maintenance of essential emergency protection or service areas.	▪ Reputation loss ▪ Loss of investment confidence *Negative impacts on environmental and community health ▪ Debt ▪ Lost opportunities ▪ *Loss of community and business	L	L	L	▪ Understand the implications of implementing water usage based charging regime on current ratepayer classification types ▪ By participating in OROC (JO), Council's economic development initiatives have a regional focus, opportunity to capitalise on regional investment and development initiatives. ▪ Work in partnership with, chambers, business and community groups to develop a regional understanding of what advantages the NBN can provide and develop real examples of how WSC will utilise NBN when it arrives. Use this information to lobby the Federal and State Gov'ts. ▪ Develop strategic partnerships with clearly defined roles and responsibilities and funding mechanisms for the ongoing development of the region or sub regional councils.	L	Councillors	Senior Executives, LEMO and EDO's

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No.	Risk	Cause	Consequence	P/L	C	Residual Risk Rating	Existing Risk Treatments	Risk Reduced/ Effectiveness	Accountable Officer	Responsible Officer
							▪ Identify strategic opportunities for large scale investment within the region and secure sustainable expansion of existing industries or the introduction of new industries. ▪ Provide opportunity to learn from best practice across the region. ▪ Provide and develop community opportunities for the arts and foster new initiatives ▪ Commence work on plans for infrastructure, transport, stormwater and open space ▪ Understand the land Council owns, maintains and the demand to retain (Crown Lands) ▪ Strategic land is acquired for future town development ▪ Ensure applications assessed in a timely manner and the impacts of development are managed ▪ Develop a strategic policy for the Warren Aerodrome on utilisation, future expansion and maintenance ▪ Modernise website with online forms etc and make more user friendly and consistent with other local governments. ▪ Establish NDRRA framework for future disaster events (flooding and bush fire) ▪ Conduct community resilience education sessions for emergency response personnel and community members on natural disaster management (fire, flooding).			

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