

Risk Management

Purpose

To ensure that consideration of risk management principles forms an integral part of Council's strategic and operational activities and to establish clear responsibilities for staff.

Scope

Councillors, Executive management, Managers and staff of Yass Valley Council are committed to the management of risk across all Council functions, activities and processes.

Definitions

Term	Meaning
Risk	The effect of uncertainty on objectives
Risk Management	The coordinated activities to direct and control an organisation with regard to risk
Risk Management Framework	A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Council
Risk Management Process	The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk
Risk Appetite	Risk appetite or risk tolerance – Councils approach to assess the level of risk pursuit of its objective

1. Policy Principles

Council recognises that whilst risk is inherent in all its activities, the management of risk is good business practice, integral to sound corporate governance and in some instances a mandatory legal requirement.

Risk management is a systematic process that involves establishing the context of risk management, identifying risks, analysing risks, treating risks, periodic monitoring and communications. Risk management does not eliminate risk.

The application of risk management thinking, principles and practices aims to assist Council to deliver quality services, improve decision making, set priorities for competing demands and resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of Council's objectives for the benefit of the Yass Valley Community.

Yass Valley Council is committed to the formal, systematic and proactive management of risk.

2. The Yass Valley Council Assurance Environment

2.1 Yass Valley Council has a range of activities to provide assurance to Councillors, Executive Management and the Community.

2.2 Council uses a 'Combined Assurance – 3 Lines of Defence' model to define their assurance environment:

- The 1st Line of Defence originates or initiates risk, and is responsible for managing the risks and having in place mechanisms to demonstrate controls are working effectively.
- The 2nd Line of Defence monitors, reviews and tests effectiveness of 1st Line control and management of risks.
- The 3rd Line of Defence independently evaluates and gives an opinion on the adequacy and effectiveness of both 1st Line and 2nd Line risk management approaches.

At Council this can be illustrated as:

Combined Assurance - 3 Lines of Defence		
1 st Line of Defence	2 nd Line of Defence	3 rd Line of Defence
Management Controls Real–Time Focus	Management of Risk Real–Time Focus + Review of 1 st Line	Independent Assurance Review of 1 st Line and 2 nd Line
Management Controls	Risk Management Governance Regulatory Compliance Work Health Safety Environment	Internal Audit External Audit Office of Local Government
Review governance and compliance Implement improvements	Confirm governance and compliance Recommend improvements	Independently confirm governance and compliance Recommend improvements

2.3 Council’s risk management framework is comprised of the people, systems, policies and processes that are directed toward managing risk.

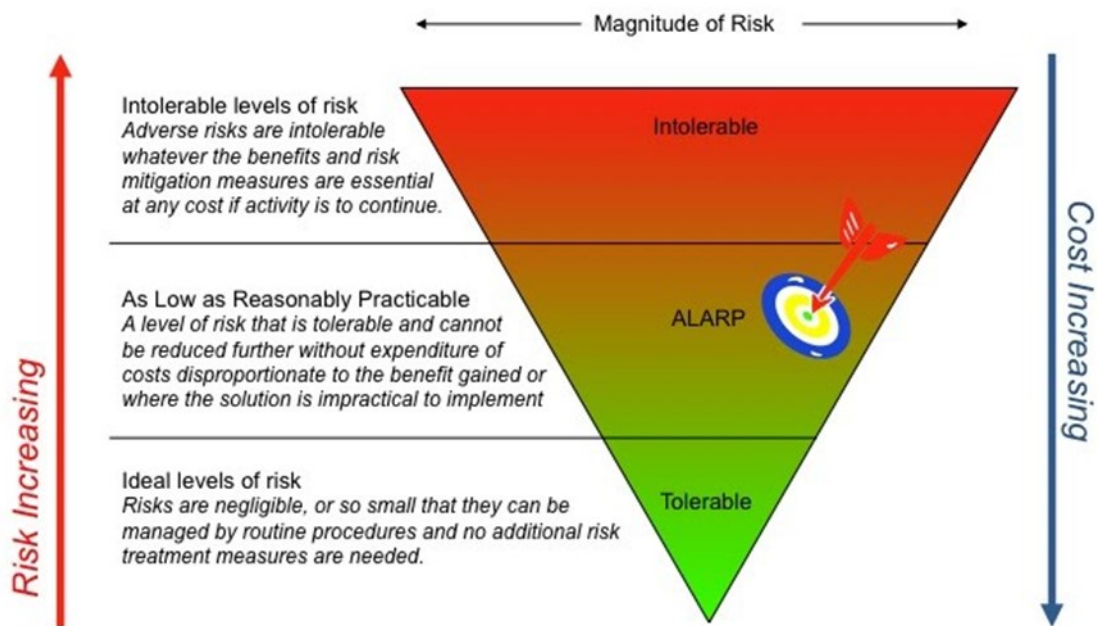
Council is committed to maintaining an effective and efficient risk management framework through;

- Establishing and maintaining a formal, structured risk management framework that is appropriate to Council’s activities and operating environment.
- Adopting a risk management approach consistent with the principles of the international risk management standard ISO31000:2018 whereby risks are identified, analysed, evaluated, treated, monitored and reviewed.
- Maintaining an up to date Risk Management Strategy.
- Maintaining Risk Registers for strategic and operational risk.
- Conducting risk assessments on all Council activities.
- Periodic reviews of the Risk Management Framework

3. Risk Tolerance

Councils risk tolerance is based on the principle of managing risks to a level that is 'as low as reasonably practical' or 'ALARP' (see Figure 1). Council considers inherently ‘Severe’ risks to be intolerable and they must be treated to reduce the level of risk to no greater than residually ‘High’; and residually ‘High’ and ‘Medium’ risks will be reported in the Quarterly and Annual Reports and reviewed by the Executive to determine whether stated controls or treatments are likely to provide appropriate protection.

Figure 1: The ALARP principle



4. Embedding Risk Management

4.1 Council is committed to ensuring that a strong risk management culture exists within Council and will embed a risk management culture by;

- Aligning the risk management process to Council's existing planning and operational processes.
- Allocating sufficient funding to risk management activities.
- Providing risk management training.
- Providing risk management information and updates in Council reports.
- Including risk management as an agenda item at team meetings.
- Including risk management responsibilities in position descriptions and performance appraisals.
- Consultation and communication with Councillors, Executive Management, Managers, Staff, Audit Committee and the Internal Auditor

Responsibilities & Review

The Coordinator Risk Management shall:

- Provide all necessary administrative support for the operation of this policy
- The General Manager will inform Councillors that Council is commitment to this Risk Management Policy, that Council's risk management framework is the normal course of good governance and providing resources to implement this policy.
- Directors are responsible for ensuring risks are managed across all activities and support the implementation of the risk management framework.
- Coordinator Risk Management is responsible for establishing and monitoring the process for the management of risk throughout Council.
- Managers are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all staff, volunteers and contractors. Managers are accountable for the

implementation and maintenance of sound risk management processes within their area of responsibility in conformity with Council's Risk Management Framework.

- Staff are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Staff support risk owners and are responsible and accountable for taking practical steps to minimise Council's exposure to risks including contractual, legal and professional liability in so far as is reasonably practical within their area of activity and responsibility.
- This policy shall be reviewed every 3 years. The next review date is 01/02/2024

References

This policy is to be read in conjunction with the following:

Legislation	International Standard ISO31000:2018
	International Standard ISO31000:2018 Handbook
Policies and procedures	Audit Committee Charter
	Internal Audit Charter

Approval History

Stage	Date	Comment	MagiQ Reference
Original	27 May 2015	Approved by Council	Min 111
Reviewed	26 August 2015	Adopted	Min 209
Reviewed	7 December 2020	Endorsed	

Ownership and Approval

Responsibility	Role
Author	
Owner	
Endorser	
Approver	Council