



ENTERPRISE RISK MANAGEMENT POLICY

DATE ADOPTED: 17/9/2024
MINUTE NO. 24.09.24

I. INTRODUCTION

- 1.1. Junee Shire Council (Council) adopts a comprehensive and systematic approach to managing risk through Enterprise Risk Management. This approach is integrated into our governance, business planning, and monitoring to help us achieve our objectives. It supports employees at all levels in anticipating uncertainties, seizing opportunities, and addressing potential weaknesses.
- 1.2. The management of risk is everybody's responsibility. We are therefore documenting the processes and structures to assist staff to implement and be part of a coordinated risk management process.

2. PURPOSE

- 2.1. The purpose of this Enterprise Risk Management Policy is to establish and communicate Council's commitment to managing risks across the organisation. It ensures that decisions are made consistently, considering risks to achieving objectives, and that appropriate actions are taken to mitigate risks and capitalise on opportunities.

3. SCOPE

- 3.1. This Policy applies to Councillors, all Council employees, volunteers and authorised non-Council employees (e.g., contractors) who conduct activities and functions on behalf of Council (collectively referred to in this document as "employees").

4. POLICY

- 4.1. Council is committed to ensuring a strong risk management culture exists and will undertake a range of activities to help promote and embed enterprise-wide risk management practices by:
 - 4.1.1. Ensuring that the Risk Management Framework is integrated into Council's strategic, operational and project management planning and key decision-making processes.
 - 4.1.2. Maintaining policies that complement risk management such as fraud prevention, business continuity management, WHS management systems, good governance and code of conduct awareness and implementation.
 - 4.1.3. Assigning appropriate responsibilities to employees, resources and funding to ensure implementation and compliance with the Policy and Framework.
 - 4.1.4. Providing Councillors and employees with sufficient and appropriate training
 - 4.1.5. Undertake periodic reviews of this Policy, Framework, Enterprise Risk Register and other relevant documentation to ensure currency.
- 4.2. Council is committed to implementing this policy to ensure risk management practices are embedded into Council's operations and are consistent with ISO 31000 – Risk Management.
- 4.3. This policy aims to enable Council's compliance with Section 216S of the *Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023*.

5. RESPONSIBILITIES

- 5.1. It is the responsibility of every staff member and business area to observe and implement this policy and Junee Shire Council's risk management framework.
- 5.2. The Elected Council Members
 - 5.2.1. The Elected members of Council have the following responsibilities:
 - 5.2.1.1. Adopt Council's Risk Management Policy and Framework.
 - 5.2.1.2. Participate in strategic decision-making processes.
 - 5.2.1.3. Ensure that strategic risks and opportunities are identified, managed and controlled appropriately.
 - 5.2.1.4. Understand the risks facing Council in pursuit of its objectives.
- 5.3. General Manager
 - 5.3.1. The General Manager has overall responsibility for Risk Management, specifically, following responsibilities:
 - 5.3.2. Promote a strong risk management culture by providing firm and visible support for risk management including ensuring appropriate accountability for the management of risk.
 - 5.3.2.1. Ensure that appropriate resources are allocated to managing risk.
 - 5.3.2.2. Regularly review Council's strategic and operational risks.
 - 5.3.2.3. Include a signed attestation in the annual report specifying whether the Council has complied with Division 6A of the *Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023* during the year to which the report relates.
 - 5.3.2.4. Ensure the Audit Risk and Improvement Committee (ARIC) has the resources necessary to properly exercise its functions and is readily able to access the staff, information and records of the Council.
- 5.4. Audit Risk and Improvement Committee
 - 5.4.1. The ARIC for Junee Shire Council must:
 - 5.4.1.1. Monitor and review the implementation of Council's system.
 - 5.4.1.2. Provide guidance to the Council on the operation and efficacy of the system.
- 5.5. Risk Manager
 - 5.5.1. The Risk Manager is responsible for the day-to-day activities required to implement this Enterprise Risk Management Policy and provide specialist risk management skills and knowledge. This includes:
 - 5.5.1.1. Maintain the Enterprise Risk Management Policy and Framework, Risk Register and other relevant documents to ensure their currency and accuracy.
 - 5.5.1.2. Ensuring Council Managers, Supervisors and Team Leaders have the necessary knowledge and skills to effectively fulfil their risk management responsibilities and are accountable for risks arising from the activities of their departments.
 - 5.5.1.3. Periodically reviewing the policy and plan documents, making changes to registers within the documents as required to ensure currency, communicating changes as required.
 - 5.5.1.4. Reporting on current risks and potential exposures to Council.
 - 5.5.1.5. Provide guidance and assistance to all staff in relation to the application of this framework and reporting within the Risk Register.

5.5.1.6. Ensure relevant risk information is reported and escalated to the Management Executive (ManEx) team, or ARIC, or cascaded to staff, as relevant.

5.6. Council Managers, Supervisors and Team Leaders

5.6.1. Council Managers, Supervisors and Team Leaders are responsible for ensuring that the appropriate processes are in place to ensure that the enterprise and business risks in Junee are well managed. This includes:

- 5.6.1.1. Completing risk assessments, within their area of responsibility and expertise, to ensure risk exposure is managed and minimised.
- 5.6.1.2. Communicate risk management practices to employees within their areas of responsibility.

5.7. All Employees

5.7.1. All Council employees have the responsibility of ensuring that decisions are made with risk management in mind. Risk is to be part of day-to-day operations. In addition, all staff are required to familiarise themselves with the risk management policies, procedures, plans and strategies that are in place to enable the achievement of organisational objectives.

6. TYPES OF RISK

6.1. Strategic Risks

6.1.1. Strategic Risks are external to Council and often beyond control. If they occurred, they would force a change in Council's strategic Direction.

6.2. Operational Risks

6.2.1. Operational risks can be internal or external to Council. If they occurred, they would impact Business-As-Usual (BAU) activities.

6.3. Project Risks

6.3.1. These are specific risks associated with projects undertaken by Council and/or its contractors. Project risks exist at every stage, and they need to be identified and managed.

7. RISK APPETITE

7.1. Risk Appetite

7.1.1. Elected Members, in consultation with the Management Executive (ManEx) team, are responsible for defining Council's risk appetite, taking into consideration the nature and extent of the risks Council is willing to take to achieve its strategic objectives.

7.1.2. Council's risk appetites will be included in Council's Enterprise Risk Management Framework.

7.1.3. Council will monitor and review risk appetite to ensure that it remains aligned with Council's strategic direction and pursuit of organisational objectives.

8. IMPLEMENTATION

- 8.1. This policy will be implemented through Council's Risk Management Framework and Risk Management Plan.
- 8.2. Junee Shire Council has adopted a Risk Management Framework that aligns with the current international risk management standard, *ISO 31000*.
- 8.3. Risk Management System and Relationships are outlined below in *Figure 1: Junee Shire Councils Risk Management System and Relationships*.

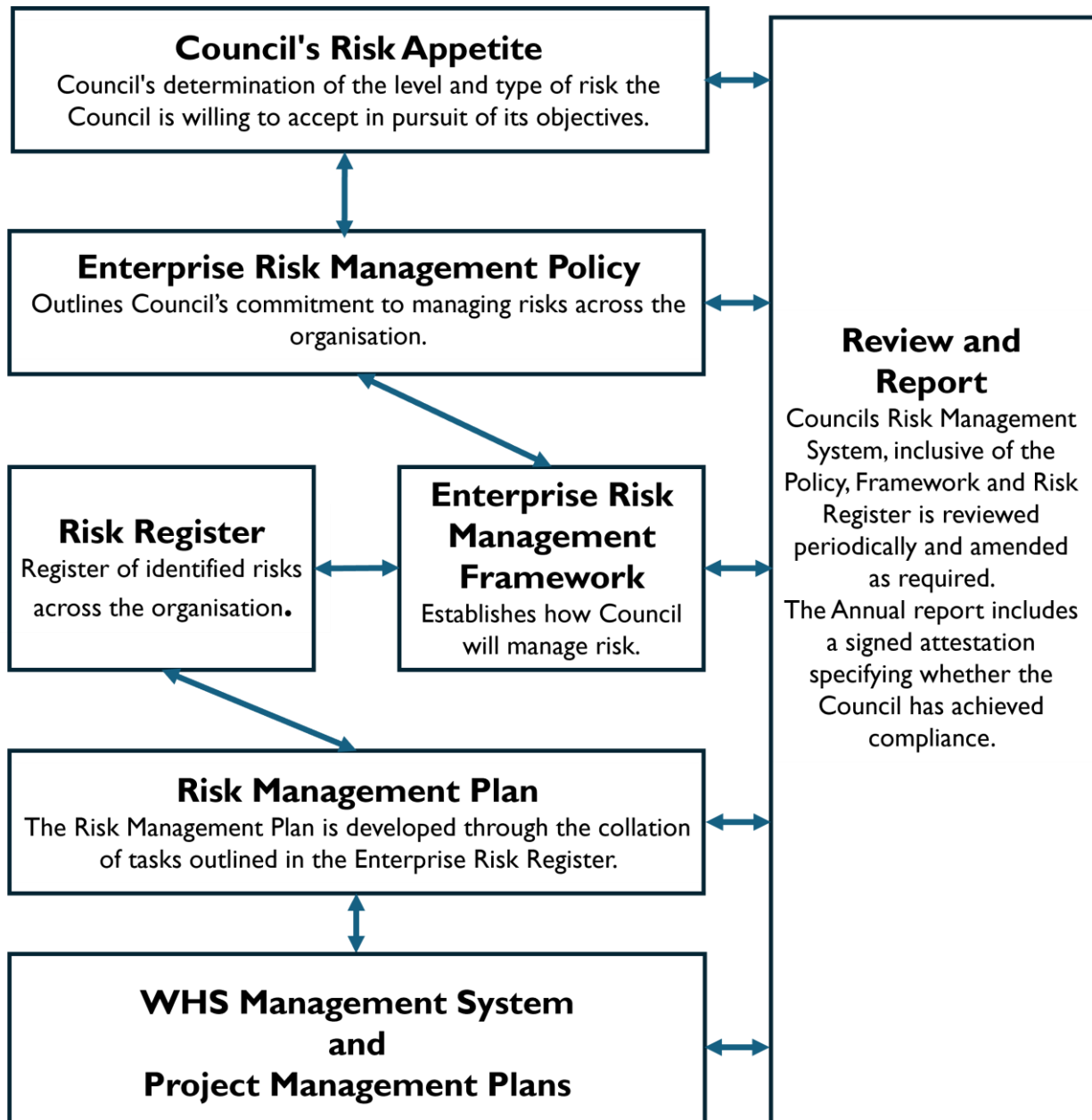


Figure 1: Junee Shire Council's Risk Management System and Relationships

- 8.4. Councils Risk Management Process aligns to *ISO 31000*, and includes:
 - 8.4.1. Establishing the context by defining the external and internal parameters to be considered when managing risk and set the scope and criteria for the risk management process.

- 8.4.2. Follow a risk identification method that identifies what, where, when, why, and how events could prevent, degrade, delay, or enhance the achievement of objectives.
- 8.4.3. Undertake risk assessment that includes:
 - 8.4.3.1. Understanding the nature of risk and its characteristics, including the level of risk.
 - 8.4.3.2. Comparing estimated risks against risk criteria to determine the significance of the risk and whether and how it should be treated.
- 8.4.4. Select and implement options for addressing risk including avoiding, reducing, transferring, or accepting the risk.
- 8.4.5. Continuously monitor and review the risk environment, the effectiveness of the risk management process, and any changes in the risk landscape.
- 8.4.6. Ensure that communication and consultation with internal and external stakeholders occur at each stage of the risk management process.

9. DEFINITIONS (COVERING THE POLICY, FRAMEWORK AND OTHER RISK MANAGEMENT DOCUMENTS)

Term	Acronym	Definition
Business Areas	BA	Business Areas refer to the distinct operational units within each of the directorates of Junee Shire Council that are responsible for achieving specific objectives and managing risks related to their activities.
ISO 31000 Risk Management		The ISO 31000 Risk Management framework is an international standard that provides organizations with guidelines and principles for risk management. The standard was developed by the International Organization for Standardization (ISO).
Employees		All Staff, Volunteers and Contractors engaged in business with Junee Shire Council.
Enterprise Risk Management	ERM	Coordinated activities to direct and control Council's practices regarding risk.
Enterprise Risk Management Framework	ERMF	The foundations and arrangements for designing, implementing, monitoring, reviewing, integrating, and continually improving risk management.
Enterprise Risk Management Policy	ERMP	A statement of the overall intentions and direction of Council related to risk management.
Enterprise Risk Register	ERR	The Enterprise Risk Register is a register of risks identified, how they impact Council, and how Council intend to control such risks.
Management Executive	ManEx	Junee Shire Councils Management Executive team responsible for the strategic direction and operational management. Made up of the General Manager, Directors, Executive Services Officer and Risk Manager,
Risk		The effect of uncertainty on objectives.
Risk Appetite		The amount of risk exposure, or potential adverse impact that Council is willing to accept, tolerate, or be exposed to at any point in time in pursuit of its strategic objectives.
Risk Criteria		The terms of reference against which the significance of a risk is evaluated.
Risk Culture		Refers to the behaviours that lead to how employees think about and manage risk.
Risk Appetite Statement		A qualitative position description for established risk categories that collectively communicate Council's overall attitude to risk, to be used a tool or guide in planning and decision making.
Risk Management Process		The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Tolerance		Quantitative and specific measures that provide an indication as to whether a risk is acceptable, having regard to Council's risk appetite statement and any adopted key performance indicators.

CONTROLLED DOCUMENT INFORMATION

Authorisation Details:

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Department	Finance
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Appendices:

Annexure	Description

Document History:

Version	Version start date and minute no.	Description	Author and title
1.0	18th September 2024	First version. Replacing existing Enterprise Risk Management Policy and Framework	Jonty Bruce, Risk Manager

Related Document Information, Standards and References:

Related Legislation	Local Government Act 1993 Local Government (General) Regulation 2021 Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023
Related Policies	JSC Enterprise Risk Management Framework
Other References	ISO 31000:2018 Risk Management JSC Enterprise Risk Register