



ENTERPRISE RISK MANAGEMENT POLICY

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1. INTRODUCTION

Narromine Shire Council is committed to the identification and management of risks in relation to the performance of Council's functions and the delivery of Council's services. Council's management of risk will be in accordance with the processes set out in AS/NZS ISO 31000:2009 – *Risk Management – Principles and Guidelines*

2. OBJECTIVES

The objectives of this policy are:-

- To provide direction and commitment to Enterprise Risk Management (ERM) principles as part of Council's management planning, decision making and the undertaking of operational activities.
- To effectively integrate the management of risk into Council's high level management planning activities to ensure the achievement of its strategic objectives as outlined in the Community Strategic Plan and associated documents. The ERM Framework (incorporated into the Enterprise Risk Management Plan) includes ERM being incorporated with Council's Integrated Planning and Reporting Framework.
- To apply and incorporate the ERM Framework into Council's operational activities and business planning processes.
- To promote an environment of risk awareness and willingness to manage risk at all levels of the organisation.
- To provide opportunities that encourage continuous improvement of ERM and at all levels of the organisation.
- To ensure through the application of this Policy:-
 - (a) That the Council, General Manager and the Executive Staff are in a position to confidently make informed strategic, project and operational decisions based on ERM philosophy and principles.
 - (b) That the requirements of the Office of Local Government's Promoting Better Practice, in relation to the management of risk, are satisfied.
 - (c) That all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and considered for appropriate treatment and all information is documented in Council's electronic document and records management system.
 - (d) The correct assigning of ownership of risk through appropriate delegation of risk management responsibilities to all Council Officers across all functional areas of Council.
 - (e) That all relevant legislation is complied with and relevant risk management standards (currently AS/NZS ISO 31000:2009) are used to provide guidance in best risk management practices.
 - (f) The effective management and allocation of resources through more targeted and effective controls.
 - (g) Improved protection of the community, Council's employees and volunteers, Council's assets and Council's financial integrity and sustainability.
 - (h) The effective communication of this policy through the development of an Enterprise Risk Management Communication and Reporting Framework.

3. SCOPE

This policy applies to all Elected Members, Council employees, contractors, consultants and volunteers.

4. LEGISLATIVE OBLIGATIONS

Local Government Act 1993 and Local Government (General) Regulations 2005

Work Health and Safety Act 2011 and relevant regulation

AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines

IEC/ISO 301010 2009-11 – Risk Management Techniques

ISO Guide 73:2009 Risk Management - Vocabulary

5. DEFINITIONS

Risk – is defined as the “effect of uncertainty on objectives” (*AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines*). An effect is a deviation from the expected which can be either positive and/or negative. Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood of the occurrence.

Risk Management – is defined as the “coordinated activities to direct and control an organization with regard to risk” (*AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines*).

Enterprise Risk Management – the word “Enterprise” denotes that risk management will include the whole of the organisation.

Enterprise Risk Management Framework – is defined as a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization (*AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines*).

Enterprise Risk Management Plan – is the document that details the process that an organisation will be undertaking in implementation of the risk management system/program.

Risk Tolerance – the amount and type of risk that an organisation is prepared to pursue, retain or take in order to achieve an objective.

6. ACCOUNTABILITY AND RESPONSIBILITIES

Councillors, the General Manager, Directors, Managers, Supervisors and Employees, Contractors and Consultants are to be familiar with, and competent in, the application of the ERM Policy, and are respectively responsible and accountable for the delivery of the Policy within their areas of influence and responsibility. These are outlined in Council’s Enterprise Risk Management Plan.

7. CONFLICTS OF INTEREST

All conflicts of interest will be managed in accordance with Council's Code of Conduct Policy and Procedures.

8. COMMUNICATION AND REPORTING STRATEGIES

Effective communication is critical to the successful implementation of the policy. Council will ensure that the policy and its intent is known, clearly understood and applied.

Council's ERM Plan details the reporting strategy which provides effective channels for information, decision making and instructions to be relayed efficiently and effectively in order to successfully manage any potential risk that may impact on Council's achievement of objectives.

9. MONITOR AND REVIEW

Council is committed to the proactive approach to risk management, to continually review its effectiveness and to be flexible enough to adapt to the changing needs of the organisation. A performance review of the effective implementation of the ERM Plan and activities will be conducted by Council's Internal Audit Committee. This review will serve to further enhance Council's performance that will see Council as a proactive and resilient leader by the community.

10. ENTERPRISE RISK MANAGEMENT PLAN

Council's Enterprise Risk Management Plan is the document that articulates how the intent of this ERM Policy is to be communicated and implemented throughout the organisation. It provides clear guidance regarding the processes, procedures and standards that are to be observed.

11. RELATED DOCUMENTATION

Enterprise Risk Management Plan
Strategic Risk Register
Internal Audit Committee Charter
Operational Risk Register
Business Continuity Plan

12. ACCESS TO POLICY

This Policy is available on Council's website and Electronic Document and Records Management System.