

ENTERPRISE RISK MANAGEMENT POLICY

QUALITY CONTROL			
TRIM REFERENCES	12/14 – D19/58361		
RESPONSIBLE POSITION	General Manager		
APPROVED BY	Council		
REVIEW DATE	December 2024	REVISION NUMBER	1
EFFECTIVE DATE	ACTION	MINUTE NUMBER	
11/12/2019	Public Exhibition	46152	
26/02/2020	Adopted	46186	

1. INTRODUCTION

This policy is intended to define Broken Hill City Council's objectives for, and commitment to, the effective management of risk across the organisation.

2. POLICY OBJECTIVE

Council will adopt a structured, consistent and holistic approach to the management of risk at all levels and for all business activities through the integration of business, Work Health & Safety (WHS) and environmental risk management into a common policy and framework.

Council is committed to incorporating risk management into critical processes and to managing risk consistent with AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines; AS/NZS 4801:2001 Occupational Health & Safety Management Systems and AS/NZS ISO 14001:2015 Environmental Management Standards. Council recognises the social, economic and environmental importance of operating in a sustainable manner and continually improving performance.

The principles of risk management require staff to undertaken due diligence and make informed decisions based on best available information concerning the level and cost of risk and opportunity in achieving Council's objectives and delivering cost-effective services and infrastructure.

3. POLICY SCOPE

This Policy applies to all employees, councillors, volunteers and contractors of Council.

4. POLICY STATEMENT

Council acknowledges that risk is inherent in its business activities and the pursuit of its objectives. Sound risk management is essential to ensure the achievement of its strategic objectives as outlined in its Community Strategic Plan.

Council will integrate a structured approach to the management of risk throughout the organisation in order to promote and demonstrate good corporate governance, to minimise loss and to maximise opportunities to improve service delivery.

Council will seek to comply with the principles of risk management as listed in AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines, that is, risk management:

- creates and protects value
- is an integral part of organisational processes
- is part of decision making
- explicitly addresses uncertainty
- is systematic, structured and timely
- is based on the best available information
- is tailored
- takes human and cultural factors into account
- is transparent and inclusive
- is dynamic, iterative and responsive to change
- facilitates continual improvement of the organisation.

4.1 Target Level of Risk – Risk Appetite

In pursuing the achievement of its objectives and governance responsibilities, Council will accept a degree of risk commensurate with both the potential reward and with Council's role in the community. Our categories of risk and current risk target levels/appetite are:

- Council has a duty of care and obligation to its employees and the community, as such has no or low appetite for risks which may compromise the safety and wellbeing of staff, the community, contractors and volunteers.
- Council has no or low appetite for risks that cause significant and irreparable damage to the environment and seeks to preserve and enhance it for future generations.
- Council places great importance on compliance and has no or low appetite for any breaches in legal, regulatory and professional requirements.
- Council has little or low appetite for risks that may have a significant adverse impact on its long-term financial sustainability. However, Council encourages entrepreneurship and has a moderate appetite for risks arising from economic and property development opportunities.
- While mindful that reputation risk is inherent in our business activities, and whilst Council will take a cautious or moderate approach, it will not be constrained by reputation-related risk in pursuing innovation.
- Council has considerable appetite for improvements and innovation in service delivery, technology and the efficiency of our operations, as such has moderate appetite for risk in this area.

4.2 Business Continuity

Council is committed to developing business resilience and securing long term performance and sustainability of its operations. Business Continuity Management and planning is an integral part of good governance and an important element in Council's Risk Management Framework .

To minimise the risk to staff, protect property and guard Council's reputation from Business Interruption events that may have a noticeable and detrimental impact on operations and service delivery, Council will identify and manage risks to business continuity.

5. IMPLEMENTATION

5.1 Roles and Responsibilities

The following Council officers have primarily responsibility for the implementation and the adherence to this policy:

- General Manager
- Director Corporate
- Corporate Risk Officer
- Workplace Health and Safety Officer

The Executive Leadership Team will monitor and review Council's risk management activities and performance.

Employees and workers are accountable for the identification and management of risks in their area of responsibility and for the escalation of these risks to their supervisor or manager.

Council will have independent oversight and monitoring of its Enterprise Risk Management Policy and Framework through an Audit, Risk and Improvement Committee.

Council's Risk Management Framework outlines in detail all roles and responsibilities associated with managing risk within the City

5.2 Communication

This Policy will be communicated to the community and staff in accordance with Council's Policy, Procedure and Process Framework and Council's Business Paper process. Following adoption by Council the Policy will be made available on Council's website.

5.3 Associated Documents

The following documentation is to be read in conjunction with this policy.

- Enterprise Risk Management Framework
- Enterprise Risk Management Improvement Strategy
- WHS Statement of Commitment
- Workplace Health and Safety Management System
- Business Continuity Plan

6. REVIEW

Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.

The standard review period will be within each term of Council following the Local Government Elections, or as required to ensure that it meets legislation requirements and the needs of the community and Council. The responsible Council officer will be notified of the review requirements three months prior to the expiry of this policy.

The Corporate Risk Officer is responsible for the review of this policy.

7. LEGISLATIVE AND LEGAL FRAMEWORK

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

- *Local Government Act 1993*
- *WHS Act, 2011 NSW*
- *Civil Liability Act, 2002 NSW*
- AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines
- AS/NZS 4801:2001 Occupational Health & Safety Management Systems
- AS/NZS ISO 14001:2015 Environmental Management Standards
- AS/NZS ISO 5050:2010 Business Continuity – managing disruption related risks;

Council employees shall refrain from personal activities that would conflict with proper execution and management of Council's Enterprise Risk Management Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.

Any breach of this Policy, supporting procedures and processes may result in disciplinary action.

8. DEFINITIONS

'Council'

Shall mean Broken Hill City Council

'Risk Management'

Is the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, and analysing, evaluating, treating, monitoring and communicating risk

'Risk Management Framework'

Is a set of components that provide the foundations and organisation arrangements for designing, implementing, monitoring, reviewing and continually improving risk management through the organisation.

'Target Level of Risk /Appetite'

Is also known as risk attitude, the approach to assess and eventually pursue, retain, take or turn away from risk. Relates to the amount of risk an organisation is prepared to accept in pursuit of its goals.

'Business Continuity Management'

Is the holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. (ISO 22301 Societal security – Business continuity managements systems – Requirements).

'Business Interruption'

Is any event, whether anticipated (i.e. public service strike) or unanticipated (i.e. blackout) which disrupts the normal course of business operations at an organisation location.

'Examples of Business Disruptive Incidents'

- Natural (fire, flood, earthquake)
- Deliberate acts of arson, sabotage, theft, terrorism
- Industrial action
- Workplace Safety Incidents
- Major Traffic Accidents
- Closure of business of third-party suppliers

'Worker'

A worker is defined within the *WHS Act 2011* as any individual that carries out work in any capacity for council including:

- Employee;
- Contractor or subcontractor;
- Labour hire employee;
- Outworker;
- Apprentice and/ or trainee;
- Work experience student;
- Volunteer;
- Councillors

'Duty of Care'

The law says that if it is 'reasonably foreseeable' that a person might suffer some sort of loss or harm because of something someone else does, then that person is owed a duty of care.

'Due Diligence'

Due Diligence means the steps, procedures and processes a reasonable person, in the same position as another, would have undertaken to prevent something adverse from happening.

Council also has an obligation under the *WHS Act 2011* to demonstrate due diligence placed on 'Officers'. This involves taking reasonable steps:

- To gain and update knowledge of WHS;
- In understanding the operations and general hazards and risks;
- For appropriate resources to eliminate/minimise hazards and risks;

- In managing information about incidents, hazards and risks;
- To implement processes to comply with duties;
- To verify that resources and processes have been provided, and their use.