

<b>POLICY</b>	Risk management		
<b>OVERVIEW</b>	To ensure that Council effectively manages risk by identifying, analysing, evaluating and treating risks likely to impact on Council business goals and operations and to establish roles and responsibilities for risk management.		
<b>AUTHORISED BY COUNCIL</b>	ROUS	RRCC	FNCW
		20/04/2015	
<b>REVIEW DATE</b>	Every two years or earlier if a change in business practice or industry standard occurs warranting a review		
<b>FILE</b>	172	843	1294

## BACKGROUND

Risk is the chance of anything happening that would impact on Council's ability to supply the region with potable water. 'Risk management' refers to the architecture (principles, framework and process) for managing risk effectively. 'Managing risk' refers to applying risk management to particular risks. Council's risk management program, while not designed to achieve ISO certification, will be consistent with industry best practice and the risk management principles, risk management framework and risk management process of ISO 31000:2009 (Attachment 1).

Council's approach to managing risk is influenced by a range of external factors such as:

1. The social and cultural, political, legal, regulatory, financial, technological, economic, natural and competitive environment (whether international, national, regional or local).
2. Key drivers and trends impacting on Council's objectives.
3. Relationships with, and perceptions and values of, external stakeholders.

Likewise the evaluation of risk depends on a range of internal factors such as:

1. Governance, organisational structure, roles and accountabilities.
2. Policies, objectives, and the strategies that are in place to achieve them.
3. Capabilities, understood in terms of resources and knowledge (e.g. capital, time, people, processes, systems and technologies).
4. Information systems, information flows and decision making processes (both formal and informal).
5. Relationships with, and perceptions and values of, internal stakeholders.
6. Council's culture.
7. Standards and guidelines adopted by Council.
8. The form and extent of contractual relationships.

Council recognises that risk exists across all areas of its operations. As such, this policy is designed to define risk management roles and responsibilities and the process and standard of risk management to be applied by Council and its workers.

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## **POLICY**

Council and its workers will routinely exercise risk management. The aim is to enhance probity, improve decision making and optimise business continuity and emergency preparedness so as to:

1. Maintain continuity and quality of service.
2. Protect assets. For example, cash and investments, property (including information), infrastructure, people, environment and reputation.
3. Minimise exposure to fraud and corruption.
4. Minimise legal liability.
5. Minimise loss from unplanned, unexpected events.

In terms of risk management in the context of emergency response, Council's approach is based on the following priorities:

1. Maintain the safety of employees and the public.
2. Protect the quality of the water supply.
3. Protect the environment.
4. Protect continuity of supply.
5. Protect landowner and community property.
6. Protect Council assets and infrastructure.
7. Maintain Council's reputation.

## **Risk appetite**

While it would be desirable to determine and set one tolerated residual risk level applicable to all risks across Council, this is not reasonably practicable based on the feasibility and cost of controlling or eliminating certain risks. Therefore any risk with a risk rating of **high** or **very high** must have adequate controls documented to ensure the overall residual risk rating can be reduced to a level that is 'as low as reasonably practicable'.

## **Resourcing**

Council commits, so far as is reasonably practicable, to make the necessary resources available to assist those accountable and responsible for managing risk, including the provision of training. Where competing priorities exist, Council will as a minimum consider during the decision making process, risk assessment information, in particular risk rating, and cost benefit analysis information.

## **Performance measurement and reporting**

Regularly assessing and testing the effectiveness of Council's risk management systems is essential. Programmed internal audit is to be conducted at least annually and Council's emergency prevention, preparedness, response and recovery arrangements are to be assessed and tested through simulated emergency exercises at a frequency of at least two exercises per year.

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## **Responsibilities**

Risk management is a responsibility of every person, including Councillors and workers:

- **Council**

Key responsibilities:

1. Exercise strategic, accountable and informed decision making.
2. Set the standards and expectations of workers with respect to ethical conduct and probity.
3. Ensure adequate budgetary provision for the implementation and maintenance of the Risk Management Policy, particularly training.
4. Establish the Risk and Audit Committee and approve its charter.
5. Receive and consider reports from the Risk and Audit Committee.
6. Identify and manage strategic and governance risks at a policy level and determine Council's risk appetite as required (i.e. the amount of risk exposure that Council is prepared to take).
7. Allocate resources for risk management initiatives having been informed by the risk assessment process and, in particular, assessed levels of exposure.

- **Risk and Audit Committee ('RAC')**

The role of the Risk and Audit Committee is, independently of management, to report to Council and provide appropriate advice and recommendations on matters identified by the Risk and Audit Committee Charter.

The RAC's primary function is to assist Council to ensure that:

1. Business systems and procedures have been established by management and are effective.
2. Appropriate risks and exposures are effectively managed.
3. A culture of adherence to Council policies and procedures is promoted.
4. Statutory compliance is promoted and monitored.
5. The audit processes (both internal and external) are effective.
6. The external reporting is objective and credible.

The RAC is also responsible for establishing the Internal Audit Plan.

- **General Manager**

Key responsibilities:

1. Implement the Risk Management Policy and ensure that risk management and audit processes comply with policy and procedures.
2. Attend RAC meetings and provide advice as required.
3. Support the RAC to enable it to conduct its activities efficiently and effectively.
4. Monitor the internal and external audit processes and ensure that any identified compliance issues are managed.

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5. Ensure that policies and procedures are followed by staff reporting to the General Manager.
  6. Ensure that procedures are implemented to ensure that:
    - (a) staff are aware of and accountable for their responsibilities in managing risk.
    - (b) staff reporting to the General Manager maintain the currency of the risk register relevant for their area of responsibility.
  7. Monitor the risk register and ensure that the staff responsible for the areas where there are **high** or **very high** risks prioritise those risks and prepare and implement risk treatments accordingly.
  8. Ensure that review dates for monitoring and reviewing the risk register (including the review of controls and the reassessment of risks) are set and adhered to by staff reporting to the General Manager.

- **Technical Services Director (Rous Water)**

Key responsibilities:

1. Ensure that policies and procedures are followed by staff reporting to the Technical Services Director.
2. Ensure that within the Technical Services Director's area of responsibility the risk management process, policy and procedures are being implemented and used in day to day operations.
3. Implement processes to ensure that staff reporting to the Technical Services Director maintain the currency of the risk register relevant for their area of responsibility.
4. Monitor the risk register and ensure that the staff responsible for the areas where there are **high** or **very high** risks prioritise those risks and prepare and implement risk treatments accordingly.
5. Ensure that review dates for monitoring and reviewing the risk register (including the review of controls and the reassessment of risks) are set and adhered to by staff reporting to the Technical Services Director.
6. Ensure that any risk exposures that the Technical Services Director is made aware of outside of the Technical Services area (i.e. controls are or appear to be inadequate) are documented and referred to the area responsible for controlling the risk for action.

- **Team Leader, Supervisor, Co-ordinator and Manager**

Key responsibilities:

1. Ensure that within their area of responsibility the risk management process, policy and procedures are being implemented and used in day to day operations.
2. Ensure that any risk exposures that the position holder is made aware of outside their area of responsibility (i.e. controls are or appear to be inadequate) or that is outside their delegation or competency is documented and referred to the position holder's Manager.
3. Ensure that the risk register content relevant for their area of responsibility is maintained.

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4. Identify and assess risks that may influence the achievement of Council objectives and, in particular, risks relevant for their area of responsibility.
  5. Develop and apply treatment plans and monitor and review the effectiveness of risk treatments, including any secondary risks arising therefrom.
  6. Provide systems of ongoing risk review for their area of responsibility that are capable of responding promptly to new and evolving risks.
  7. Ensure that any **high** or **very high** emerging or residual risks are reported to the position holder's Manager.

- **Workers**

Key responsibilities:

1. Comply with policy, procedure and Standards as appropriate.
2. Identify and assess risk (and secondary risk) and assist with the process of risk treatment.
3. Document risk.
4. Monitor the effectiveness of risk treatment options.
5. Ensure that any risk exposure that workers are aware of outside their area of responsibility (i.e. controls are or appear to be inadequate) is documented and referred to the worker's Manager.
6. Maintain an awareness of the risks that relate to Council's operations and remain vigilant and alert to changes in critical processes and business practices.
7. Ensure that the risk management standards and practices of contractors engaged by them are appropriate for the tasks being undertaken by the contractor and that the contractor complies with them.
8. Participate as a member of the Emergency Management Team, as required.

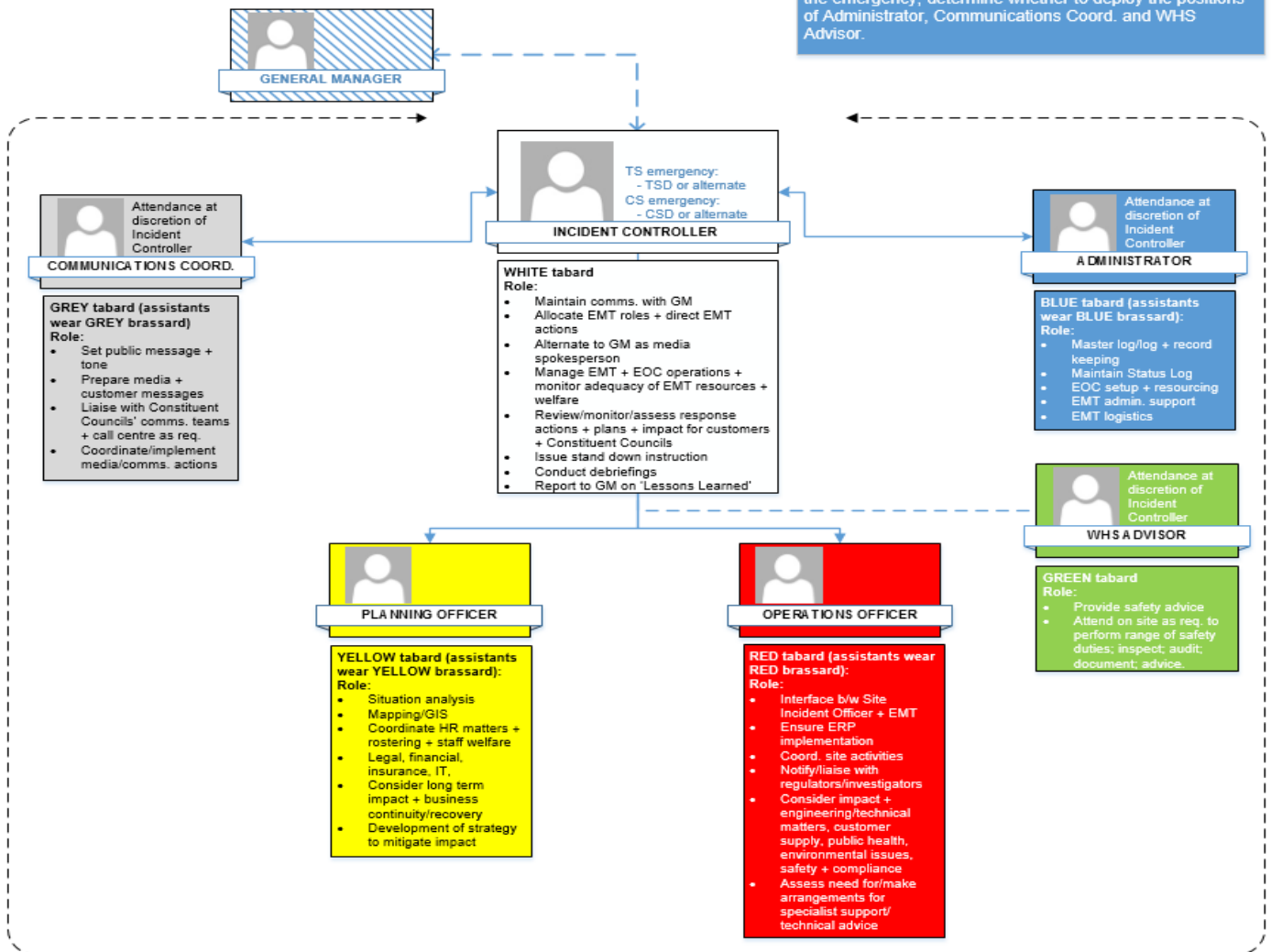
- **Workers that are contractors**

Key responsibilities:

1. Adopt and exercise effective risk management standards and practices appropriate for the tasks being undertaken by them.
2. Have current Safe Work Method Statements appropriate for the tasks being undertaken by them and comply with those Safe Work Method Statements.
3. Have insurance coverage in place of a type and level specified by Council and appropriate for the tasks being undertaken by the contractor.
4. When undertaking work for Council, permit Council to undertake a site work health and safety audit, either scheduled or random.

- Emergency management team members

Note: The Incident Controller will, based on the scale of the emergency, determine whether to deploy the positions of Administrator, Communications Coord. and WHS Advisor.



Additional key responsibilities:

- Keep abreast of changes to and remain familiar with emergency response plans.
- Participate in emergency preparedness activities as required.

## PROCEDURES

Risk Management.

Emergency Management Manual.

Emergency Response Plans:

- Water Infrastructure (emergency response + business continuity)
- Administration Infrastructure (business continuity only)
- Site Evacuation (emergency response only)
- Contacts (emergency response + business continuity).

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## LEGISLATION

*Competition and Consumer Act 2010 (Cth)*  
*Disability Discrimination Act 1992 (Cth)*  
*Environment Protection and Biodiversity Conservation Act 1999 (Cth)*  
*Civil and Administrative Tribunal Act 2013 (NSW)*  
*Competition Policy including Competition Policy Reform (New South Wales) Act 1995 (NSW)*  
*Contaminated Land Management Act 1997 (NSW)*  
*Crown Lands Act 1989 (NSW)*  
*Dams Safety Act 1978 (NSW)*  
*Environmental Planning and Assessment Act 1979 (NSW)*  
*Environmentally Hazardous Chemicals Act 1985 (NSW)*  
*Fair Trading Act 1987 (NSW)*  
*Fisheries Management Act 1994 (NSW)*  
*Government Information (Public Access) Act 2009 (NSW)*  
*Health Records and Information Privacy Act 2002 (NSW)*  
*Heritage Act 1977 (NSW)*  
*Independent Pricing and Regulatory Tribunal Act 1992 (NSW)*  
*Local Government Act 1993 (NSW)*  
*Local Land Services Act 2013 (NSW)*  
*National Parks and Wildlife Act 1974 (NSW)*  
*Native Vegetation Act 2003 (NSW)*  
*Noxious Weeds Act 1993 (NSW)*  
*Ozone Protection Act 1989 (NSW)*  
*Plumbing and Drainage Act 2011 (NSW)*  
*Pesticides Act 1999 (NSW)*  
*Protection of the Environment Operations Act 1997 (NSW)*  
*Public Health Act 2010 (NSW)*  
*Public Interest Disclosures Act 1994 (NSW)*  
*Privacy and Personal Information Protection Act 1998 (NSW)*  
*Rural Fires Act 1997 (NSW)*  
*State Records Act 1998 (NSW)*  
*Threatened Species Conservation Act 1995 (NSW)*  
*Waste Avoidance and Resource Recovery Act 2001 (NSW)*  
*Water Act 1912 (NSW)*  
*Water Management Act 2000 (NSW)*  
*Work Health and Safety Act 2011 (NSW)*  
*Workers Compensation Act 1987 (NSW)*  
*Workplace Surveillance Act 2005 (NSW)*

## RELATED DOCUMENTS

Business Impact Analyses/Failure Mode and Effects Analyses, risk assessments and risk register.

Code of Conduct and Code of Conduct Procedures.

Integrated Planning and Reporting Framework.

'Internal Audit Guidelines' September 2010 guidelines under section 23A of the *Local Government Act 1993*.

International and Australian Standards:

- (a) AS 3745-2010 – Planning for emergencies in facilities (records considerations).
- (b) AS 3745-2010 – Planning for emergencies in facilities.
- (c) AS/NZS 1015:2011 – Records management – Physical storage.

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- (d) AS/NZS 5050:2010 – Business continuity – Managing disruption-related risk.
  - (e) AS/NZS ISO 31000:2009 – Risk management – Principles and guidelines.
  - (f) HB 221:2004 – Business Continuity Management.
  - (g) ISO/IEC 24762:2008 – Information technology – Security techniques – Guidelines for information and communications technology disaster recovery services.

Risk and Audit Committee Charter.

Risk Management Document Hierarchy.

Delegations.

Work Health and Safety Management System.

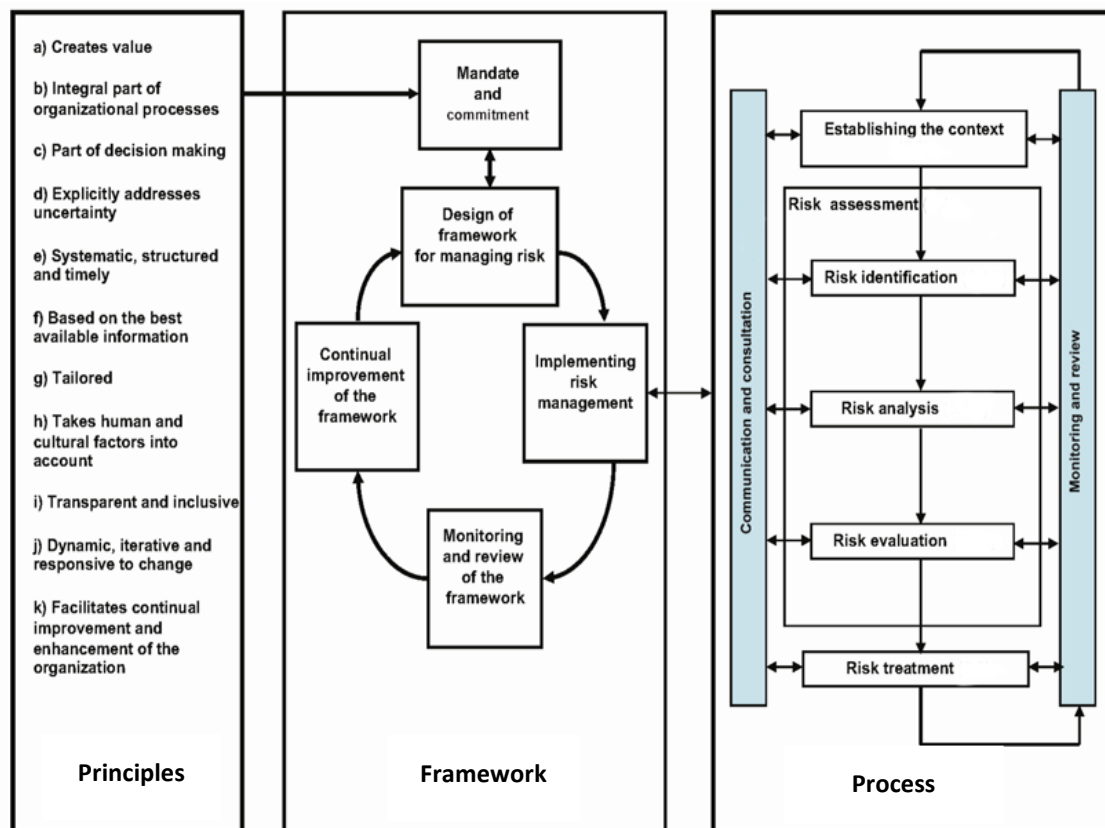
**CONTACT OFFICER**

Manager Governance.



## Attachment 1

The risk management principles, risk management framework and risk management process integrate as depicted below:



(Acknowledgement: ISO 31000:2009)