

Policy Title:	Risk Management Policy (Previously Titled: Internal Audit and Risk Management Policy)
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Resolution Number:	137/24
Next Policy Review Date:	2027

PROCEDURES/GUIDELINES:-	
Procedures/Guidelines Title:	New Internal Audit and Risk Management Framework for Local Councils in NSW issued by the Office of Local Government

RESPONSIBILITY:-	
Draft Policy developed by:	Manager Governance
Committee/s (if any) consulted in the development of this Policy:	N/A
Responsibility for implementation:	Chief Executive Officer
Responsibility for review of Policy:	Director of Finance and Administration

## Purpose

The purpose of this policy is to express Upper Lachlan Shire Council's (Council) commitment to implementing organisation-wide risk management principles, systems and processes that ensure the consistent, efficient and effective assessment of risk in all Council's planning, decision-making and operational processes.

## Risk Management Framework

Council provides critical services and infrastructure to the residents, ratepayers and visitors to Upper Lachlan Shire. Council also has service agreements and contractual obligations with government and non-government agencies and organisations and has its own strategic goals and objectives that it seeks to achieve on behalf of the Upper Lachlan Shire community.

It is therefore incumbent on Council to understand the internal and external risks that may impact the delivery of these services, contracts and strategic objectives and have processes in place to identify, mitigate, manage and monitor those risks to ensure the best outcome for Council's, staff and the community. It is also our responsibility to ensure the efficient, effective and ethical use of resources and services by ratepayers, residents, staff and visitors.

Council has developed a risk management framework consistent with Australian Standard for Risk Management (AS/NZS ISO 31000:2018) to assist it to identify, treat, monitor and review all risks to its operations and strategic objectives and apply appropriate internal controls.

Council is committed to the principles, framework and process of managing risk as outlined in the Council's risk management framework and commits to fully integrating risk management within the Council and applying it to all decision-making, functions, services and activities of the Council in accordance with our statutory requirements.

## Responsibilities

Council aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making at Council. It is the responsibility of every staff member and business area to observe and implement this policy and Council's risk management framework.

All staff are responsible for identifying and managing risk within their work areas. Their foundational responsibilities include:-

- being familiar with, and understanding, the principles of risk management
- complying with all policies, procedures and practices relating to risk management
- alerting management to risks that exist within their area, and
- performing any risk management activities assigned to them as part of their daily role.

The Risk Responsibility Table below, details specific responsibilities of staff at various levels of Council's organisational structure. It also outlines responsibilities for managing Council's risk with statutory obligations.

Risk Responsibility Table

Council Official	Responsibility
Chief Executive Officer	<ul style="list-style-type: none"> <li>→ Approving the Council's risk management plan, risk treatment plans, risk register and risk profile.</li> <li>→ Recommending the Council's Risk Management Policy and risk criteria for the endorsement of the Audit, Risk and Improvement Committee and Council.</li> <li>→ Overseeing the Council's risk management framework and ensuring it is effectively communicated, implemented and reviewed regularly.</li> <li>→ Promoting and championing a positive risk culture.</li> <li>→ Ensuring that all Council staff understand their risk management responsibilities and that these are included in staff induction programs.</li> <li>→ Annually attesting that Council's risk management framework complies with statutory requirements.</li> <li>→ Approving the Council's implementation of corrective actions recommended by the Council's internal audit function, external audits and the Audit, Risk and Improvement Committee.</li> </ul>
Council Department Directors / Executive Management (MANEX)	<ul style="list-style-type: none"> <li>→ Developing Council's Risk Management Policy.</li> <li>→ Determining the Council's risk criteria.</li> <li>→ Leading the risk management process - for example, evaluating the Council's internal and external context, identifying, assessing and prioritising risks and developing risk treatment plans and internal controls.</li> <li>→ Endorsing the Council's risk register and risk profile.</li> <li>→ Communicating and implementing the Council's Risk Management Policy and plans across Council.</li> <li>→ Advising/reporting on the performance and implementation of the Council's risk management framework to the Chief Executive Officer.</li> <li>→ Encourage openness and honesty in the reporting and escalation of risks.</li> <li>→ Ensuring all staff have the appropriate capability to perform their risk management roles.</li> </ul>
	<ul style="list-style-type: none"> <li>→ Supporting MANEX by coordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making.</li> <li>→ Reporting to Council Chief Executive Officer on the status of risks and controls.</li> <li>→ Helping to build a risk management culture within the Council, including facilitating and driving risk management</li> </ul>

<p>Manager Governance</p>	<p>at the strategic and operational level within the Council and ensuring consistency in practice.</p> <ul style="list-style-type: none"> <li>→ Ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work.</li> <li>→ Ensuring risk management processes are applied consistently across the Council.</li> <li>→ Ensure staff are provided with risk management training and development.</li> <li>→ Maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the executive management group.</li> <li>→ Supporting Council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance.</li> <li>→ Implementing effective risk management communication mechanisms and information system/s</li> <li>→ Establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within Council and assessing the need for further action.</li> <li>→ Assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans).</li> <li>→ Preparing advice or reports for the Audit, Risk and Improvement Committee and attending these Committee meetings.</li> </ul>
<p>Council Managers and Team Leaders/ Coordinators</p>	<ul style="list-style-type: none"> <li>→ Promoting awareness of risks and risk treatments that must be implemented.</li> <li>→ Ensuring Council staff are implementing the Council's risk management framework as developed and intended and performing their risk management responsibilities.</li> <li>→ Identifying and escalating risks that will affect the achievement of the Council objectives, so action is taken.</li> <li>→ Establishing and/or implementing specific Council policies, operating and performance standards, budgets, plans, systems and/or procedures to manage risks.</li> <li>→ Monitoring the effectiveness of risk treatment and internal controls and reporting the status of risks and controls</li> </ul>
<p>Council Staff</p>	<ul style="list-style-type: none"> <li>→ Helping to identify risks in their own worksite and within their area of responsibility.</li> <li>→ Implementing risk treatment plans within their area of responsibility.</li> <li>→ Adhering to Council policies.</li> <li>→ Implementing and adhering to standard operating procedures (where applicable).</li> <li>→ Reporting risks that emerge to their Manager.</li> </ul>

Table: Detailed roles and responsibilities of Upper Lachlan Shire Council officials.

To ensure Council is effectively managing its risk and complying with its statutory obligations, the Audit, Risk and Improvement Committee and internal audit function is responsible for reviewing the Council's:-

- Risk management processes and procedures;
- Risk management strategies for major projects or undertakings;
- Control environment and insurance arrangements;
- Business continuity planning arrangements; and
- Fraud Control Plan.

### Monitoring and Review

Council is committed to continually improving its ability to manage risk. Council will review this policy and its risk management framework at least annually to ensure it continues to meet the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the Council's requirements.

### Related Legislation

- Local Government Act 1993;
- Local Government (General) Regulation 2021;
- State Records Act 1998;
- Government Information (Public Access) Act 2009;
- Council Code of Conduct;
- Guidelines for NSW Local Government Audit, Risk and Improvement Committees, Risk Management Frameworks and Internal Audit Functions issued under section 23A of the Local Government Act;
- ISO 31000:2018, Risk Management – Guidelines (AS/NZS ISO 31000:2018).

### Ownership and Approval

Responsibility	Manager Governance
Author	Manager Governance
Owner	Director of Finance and Administration
Approver	Chief Executive Officer

### Variation

Council reserves the right to vary or revoke this policy in accordance with changes to Legislation and/or Council Policies and Procedures