

1. BACKGROUND

Local Government provides a wide range of facilities, services and opportunities for the community. In providing these items Coonamble Shire Council accepts that it will encounter elements of risk that may be potentially either beneficial or detrimental in nature to achieving its objectives.

As risk management is an integral part of good management practices and an essential element of good corporate governance, this policy formalises Council's commitment to incorporate the principles of risk management into all aspects of its business.

2. PURPOSE

The purpose of this Policy is to embed the practice of risk management into the culture of Council, and to create a shared understanding of risk to enable informed decision-making. The policy acknowledges the need for strategies aimed at reducing risk in order to meet the Council's financial and legal responsibilities in order to ensure the efficiency of services and resources utilised by the ratepayers, residents, staff and general public.

3. POLICY OBJECTIVE

All areas of Council operations should implement responsible risk management that provides an effective process for the identification, analysis and management of both negative and positive impacts on all strategic operational, financial, WHS and legal obligations. This will assist to support and safeguard Council's assets, infrastructure, people, finances and reputation.

Through the adoption and promotion of sound risk management practices, Council aims to:

- reduce the cost of risk that may be realised, including injury and property damage.
- protect Council's assets, including people, property, and financial assets.
- reduce the cost of Insurance premiums.
- protect the quality and continuity of Council's service delivery.
- continually improve operational effectiveness, efficiency, performance and resilience.

4. LEGISLATION

Local Government Act NSW 1993

Local Government (General) Regulations 2005

Civil Liability Act 2002

Work Health and Safety Act 2017 NSW

5. APPLICATION/SCOPE

This policy extends to all activities of Council and covers areas of strategic risk, not just related to Work, Health and Safety matters, and applies to Councillors, employees, volunteers and contractors.

6. POLICY

Risk management is a systematic process that involves identifying the risk, analysing and assessing the level of exposure Council's is prepared to accept, implementing control methods / procedures and monitoring outcomes. Risk management does not eliminate all risks; however, it does seek to mitigate foreseeable negative impacts to the Council and the public.

Council's approach is to achieve a balance between the costs of managing a risk and the anticipated benefit, as well as managing Council's exposure within an acceptable range.

- The General Manager has the ultimate responsibility for ensuring that risk is managed across the Council, with the Executive Leaders and Managers being responsible for monitoring the incorporation and implementation of Risk Management in all operational activities.
- The Council maintains a strategic risk register which is reviewed annually.
- The Senior Executive and Manager – People, Risk & Improvement are responsible for overseeing the development and maintenance of the Risk culture, framework and systems throughout the Council.
- Executive Leaders are responsible ensuring appropriate resources for risk management actions are made available and ensuring effective monitoring, reviews and reporting are undertaken.
- Risk Management will be integrated into Council's planning and operational processes and will be given recognition and consideration in the financial and reporting processes on the basis of the extent of the risk, Council's exposure level and funding within Council's constraints.

- Risk Management systems and frameworks will be developed in order to manage risks, with additional consideration given for projects or activities that are undertaken that are outside the scope of usual operations i.e. large infrastructure projects.
- The Audit, Risk and Improvement Committee is responsible for reporting to Council and reviewing management's approach to risks associated with the core activities of council.
- All employees, contractors and volunteers are responsible for applying risk management practices in their area of work and ensuring that the Council is aware of all types of risks associated with Council's operations.

6.1 . FRAMEWORK FOR MANAGING RISK

Council aims to develop, implement, manage and maintain a risk management framework. The framework provides a set of components providing the foundations and organisational arrangements for implementing, monitoring, reviewing and continually improving risk management to achieve strategic, operational and project objectives.

The framework consists of the following elements:

- Risk Management Policy: statement of Council's overall intentions and direction related to the management of risks.
- Risk Management Approach: risk will be embedded into appropriate management plans that specifies the identification, assessment, risk appetite and risk mitigation strategies.
- Internal Audit, Risk and Improvement Committee: which will assist and guide Council's overall risk management framework.
- Risk Matrix and guidelines: incorporated into appropriate documents and plans demonstrating methodologies, assessment criteria including appropriate likelihood and consequence descriptors, risk appetite and risk mitigation strategies.
- Strategic Risk Register.

6.2 RISK APPETITE

Council provides an extensive and diverse range of services. In providing these services Council accepts and takes on a level of risk. However, as a public authority Council has a predisposition towards a naturally conservative attitude towards risk. The level of acceptable risk is assessed and determined on a case-

by-case basis. In undertaking the provision of services and management of assets, Council has a low tolerance for any risk that:

- affects the financial sustainability of Council.
- arises from non-compliance of legislation resulting in litigation.
- impacts negatively on the environment resulting in long-term or irreparable environmental damage.
- compromises employee or public safety; or
- disrupts the delivery of critical Council services.

Title: Risk Management Policy		
Department: People, Risk and Improvement		
Version	Date	Author
1	June 2021	Manager – People, Risk & Improvement
<p>This policy may be amended or revoked at any time and must be reviewed at least three (3) years since its adoption (or latest amendment). The Manager – People, Risk & Improvement will be responsible for the review of this policy. Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.</p> <p>Review Date: June 2024</p>		
Amendments in the release:		
Amendment History	Date	Details
Adopted by Council	16 June 2021	Resolution 2021/118
Annexure Attached: Strategic Risk Matrix		
Hein Basson General Manager		

SCORE	DESCRIPTION	CONSEQUENCE							REPUTATIONAL
		ENVIRONMENT	FINANCIAL/ECONOMIC	HEALTH & SAFETY	HUMAN	LEGAL	OPERATIONAL		
1	INSIGNIFICANT	Damage to the environment is widespread in the local river system and ecosystem which is short-term, reversible and localised. No noticeable reduction of any species.	< \$10,000	Near miss/no first aid required	Turnover of staff is between 0% and 10% p.a.	Little or no impact. Potential for Council to be sued / fined < \$10,000	Has suffered no operational loss or disruption to service levels.	Little or no impact	
2	MINOR	Damage to the environment is widespread in the local river system and ecosystem which is minor, reversible and localised. The reduction of 1 species is temporary.	\$10,000 to \$49,999	Injuries that require first aid treatment where 14 days or less time-off is needed.	Turnover of permanent staff is between 10% and 15% p.a.	Minor delays in meeting legal requirements. Potential for Council to be sued / fined \$10-\$50,000	Some inefficiencies and/or delays in delivery of support services and non-critical functions. No impact on client service standards.	Sporadic localised unfavourable publicity; No impact on staff morale	
3	MODERATE	Damage to the environment is widespread in the local river system and ecosystem which is medium, reversible and localised. The reduction of 1 or more species is moderate.	\$50,000 to \$249,999	Medical treatment required with 14 days to 12 weeks' time-off	Turnover of permanent staff is between 15% and 20% p.a.	Some breach of material terms of key contracts. Threat of legal action against Council, but able to be resolved through negotiation/ remedial action by Council. Potential to be sued / fined \$50-\$200,000	Inability to provide key support services according to minimal expected service levels. No notable impact on client service standards.	Localised negative publicity; Limited impact on staff morale.	
4	MAJOR	Damage to the environment is widespread in the local river system and ecosystem which is long-term reversible. The reduction of 1 or more species is significant.	\$250,000 to \$999,999	Injuries that extensive it requires 12 weeks or more time-off	Turnover of permanent staff is between 20% and 30% p.a.	Noticeable increase in claims and legal liability; Most exposures covered by existing insurance cover. Potential to be sued / fined \$200,000-\$1M	Delays and inefficiencies in core processes and systems impacting significantly on customer service levels.	Significant/ continued negative publicity in local/regional press; Low staff morale; Requires intervention by the General Manager/Mayor to answer public concerns	
5	CATASTROPHIC	Damage to the environment is widespread in the local river system and ecosystem which is irreversible. The loss of 1 or more species is permanent.	>\$1,000,000	Fatality or cause permanent disability	Turnover of permanent staff exceeds 30% p.a.	Significant increase in volume and value of legal exposures and claims; Critical services impacted by cancellation of supplier contracts; Exposures not covered by current insurance cover. Potential to be sued / fined > \$1M	Critical processes/ systems not available for extended period. Inability to perform core client-facing functions. Prolonged inability to provide basic services.	Significant/ continued negative publicity in national press; Low staff morale resulting in loss of key staff; Permanent loss of public trust; Withdrawal of funding/ key grants etc.	

LIKELIHOOD		
SCORE	DESCRIPTION	EXAMPLE
1	RARE	Highly unlikely to occur in next 5 years. No history of adverse event in organisation.
2	UNLIKELY	Event not likely to occur in next 12 months, but there is a slight possibility of occurrence.
3	POSSIBLE	50% chance of occurrence in next 12 months.
4	LIKELY	There is a strong likelihood that the event will occur at least once in the next 6-12 months. History of event/s in institution or similar organisations.
5	ALMOST CERTAIN	The adverse event will definitely occur, probably multiple times in a year.

CONTROL EFFECTIVENESS		
SCORE	DESCRIPTION	PERCENT EFFECTIVE
1	VERY EFFECTIVE CONTROL DESIGN, WELL IMPLEMENTED, PREVENT & DETECT RISKS/ BREACHES	90-100%
2	SOME CONTROLS IN PLACE, PARTIALLY EFFECTIVE	50-90%
3	FEW CONTROLS IN PLACE, POORLY FUNCTIONING	20-50%
4	LITTLE CONTROLS IN PLACE, OR CURRENT CONTROLS HAVE NO EFFECT	10-20%
5	NO CONTROLS IN PLACE, RISK NOT ASSESSED	0%-10%

RISK STRATEGY
Avoid
Remove
Transfer
Reduce
Remove