City of
Norwood
Payneham
& St Peters

NAME OF POLICY:	Risk Management Policy
POLICY MANUAL:	Governance

1. Introduction

1.1. The City of Norwood Payneham & St Peters (the Council), recognises that the management of risk is a fundamental component of good decision-making and governance. Accordingly, risk management is regarded as an integral part of the Council's operations. Through the adoption of a structured and systemic approach to risk management, the Council seeks to optimise its decision-making performance, transparency and accountability, by effectively managing both potential opportunities and the adverse effects on strategic decisions, as well as daily activities and operations.

1.2. The Council's systematic approach and risk management related policies, systems and processes, also align with the legislative obligations on the Council, the Chief Executive Officer and the Council's Audit & Risk Committee, in respect to the management of risks as required by the *Local Government Act 1999* (the Act).

1.3. To achieve the objectives of the *Risk Management Policy* (the Policy), the Council has developed a supporting Risk Management Procedure (the Procedure). Together, the Policy and Procedure, form the Council's Risk Management Framework which provides an integrated and systematic approach to risk management.

1.4. This Policy applies to all Council staff, Volunteers, contractors and Elected Members.

2. Purpose

2.1. The purpose of this Policy is to provide a clear summary of how effective processes for the management of risks are embedded and integrated across the Council by articulating the Council's commitment to core risk management principles and provides a summary of roles and responsibilities.

2.2. The following provides a summary of the legislative context within which the Policy operates:

2.2.1. Section 48 of the Act, requires all Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the Chief Executive Officer and to the Council).

2.2.2. Section 99(1)(ia) of the Act, requires the Chief Executive Officer to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.

2.2.3. Section 125 of the Act, requires that the Council must ensure that appropriate policies, systems and procedures relating to internal controls and risk management are implemented and maintained in order to assist the council to conduct its activities in an efficient and orderly manner to achieve its objectives.

2.2.4. Section 126(4)(h) of the Act requires the Council's Audit & Risk Committee to review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

2.2.5. Section 132A of the Act requires that Councils must ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

2.2.6. Section 134(4) (b) of the Act requires Councils to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected/Board Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.

2.3. In addition to the above, as a member of the Local Government Association Mutual Liability Scheme (the Scheme), the Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

3. Definitions

Control – an action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.

Risk - the effect of uncertainty on objectives.

Risk Analysis – a systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.

Risk Appetite - the amount of risk an organisation is prepared to accept in pursuit of its objectives.

Risk Assessment - an overall process of risk identification, risk analysis and risk evaluation.

Risk Culture - refers to the behaviours that lead to how every person thinks about and manages risks.

Risk Evaluation - the process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.

Risk Management - coordinated activities to direct and control an organisation with regard to risk.

Risk Management Framework - set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Risk Owner - staff member with the accountability and authority to manage a risk.

Risk Registers – register(s) of risks (usually separated by Risk Type i.e. Strategic, Operational and Project Risks) and risk management related information to inform the implementation, monitoring, reviewing and continual improvement of risk management throughout the Council.
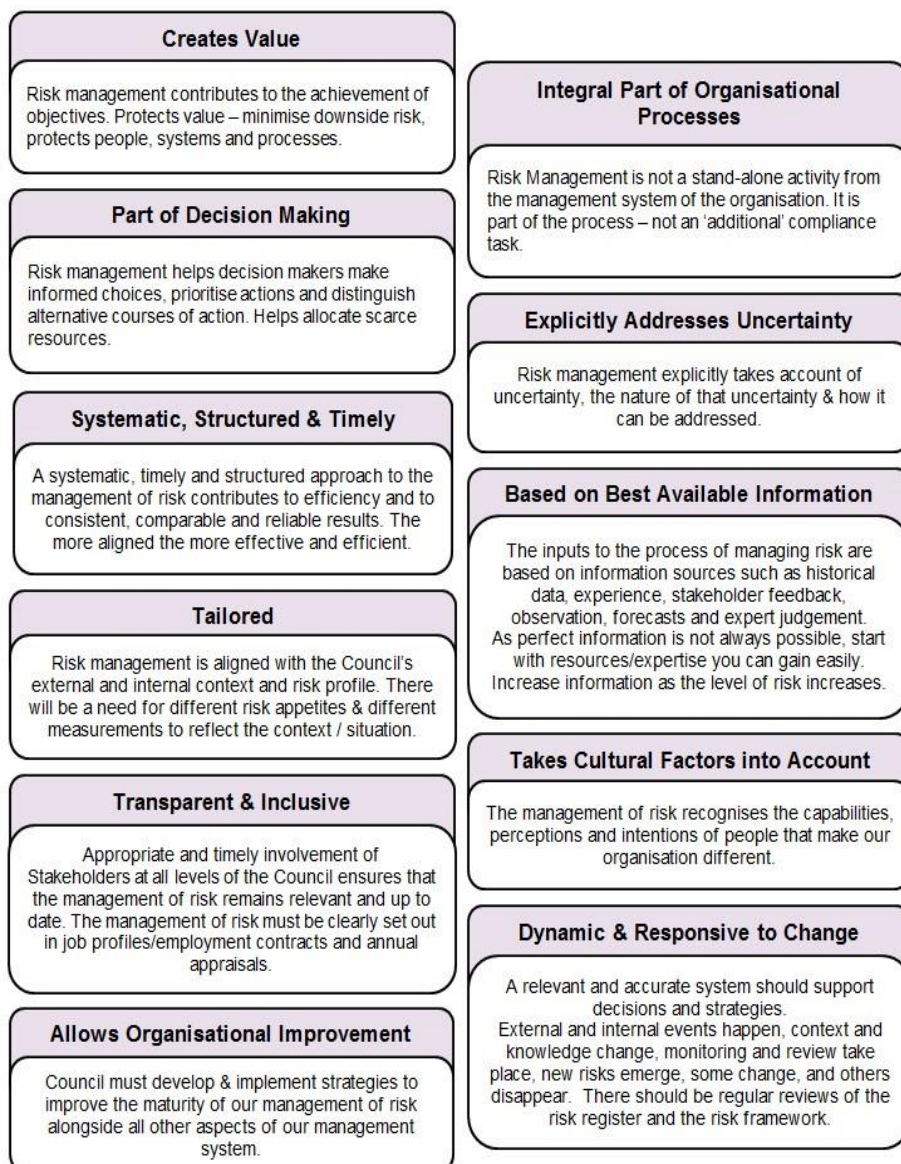
Risk Treatment – an action to treat a risk which modifies the likelihood or consequence of risks.

Risk Type:

- *Strategic* - Risks associated with high-level strategic objectives that are articulated in Strategic, Annual Business and Asset Management Plans. Strategic risks may affect the achievement of Council's objectives. They are key issues for the Council and Executive Leadership Team and impact the whole organisation rather than a department/division/business unit.
- *Operational* - Risks associated with departmental/divisional/business unit functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.
- *Project* - Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.

Principles

3.1. The management of risk is integrated into the Council's governance and leadership structures, including decision making at all levels.

3.2. The Council is committed to developing and maintaining structured and comprehensive risk management systems and processes that are dynamic and based on best available information.

3.3. While managing risks is a key element of good governance and decision-making, the Council supports an operational environment and culture where Council staff at all levels, and Council's Volunteers and contractors, are encouraged to proactively manage and report all risks.

3.4. The Council recognises that engagement with Council staff, Volunteers, contractors and stakeholders, is integral to the success of risk management processes and, as such, structures to facilitate risk related communication will be developed and maintained and include regular reporting through to the Executive Leadership Team and Audit & Risk Committee, as required.

3.5. The Council will monitor and review its strategic, operational and project risks and apply learnings to continually improve efficiency and effectiveness, learning from past experiences and adapting to new challenges.

3.6. The Council recognises that it should comply with the below principles outlined in *International Standard ISO31000:2018 – Risk Management Guidelines*:

Creates Value

Risk management contributes to the achievement of objectives. Protects value – minimise downside risk, protects people, systems and processes.

Part of Decision Making

Risk management helps decision makers make informed choices, prioritise actions and distinguish alternative courses of action. Helps allocate scarce resources.

Systematic, Structured & Timely

A systematic, timely and structured approach to the management of risk contributes to efficiency and to consistent, comparable and reliable results. The more aligned the more effective and efficient.

Tailored

Risk management is aligned with the Council's external and internal context and risk profile. There will be a need for different risk appetites & different measurements to reflect the context / situation.

Transparent & Inclusive

Appropriate and timely involvement of Stakeholders at all levels of the Council ensures that the management of risk remains relevant and up to date. The management of risk must be clearly set out in job profiles/employment contracts and annual appraisals.

Allows Organisational Improvement

Council must develop & implement strategies to improve the maturity of our management of risk alongside all other aspects of our management system.

Integral Part of Organisational Processes

Risk Management is not a stand-alone activity from the management system of the organisation. It is part of the process – not an 'additional' compliance task.

Explicitly Addresses Uncertainty

Risk management explicitly takes account of uncertainty, the nature of that uncertainty & how it can be addressed.

Based on Best Available Information

The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. As perfect information is not always possible, start with resources/expertise you can gain easily. Increase information as the level of risk increases.

Takes Cultural Factors into Account

The management of risk recognises the capabilities, perceptions and intentions of people that make our organisation different.

Dynamic & Responsive to Change

A relevant and accurate system should support decisions and strategies. External and internal events happen, context and knowledge change, monitoring and review take place, new risks emerge, some change, and others disappear. There should be regular reviews of the risk register and the risk framework.

4. Responsibilities

4.1. Council (the Governing Body)

4.1.1. In accordance with Section 125(3) of the *Local Government Act 1999*, the Council: '*must ensure that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council*'.

4.1.2. The Council is responsible for:

- setting the Risk Appetite and approving the Risk Management Policy;
- considering risks when setting objectives and making decisions;
- fostering a culture through decision-making that is consistent with the Council's Risk Appetite;
- ensuring the Council has the structures and processes in place to support decision making and management of risk;
- requiring the Chief Executive Officer to demonstrate that the framework for managing risk is effective and appropriate;
- requiring the Chief Executive Officer to provide information to allow the Council to understand the risks that may have material impacts on achievement of the Council's objectives; and
- considering recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk related matter.

4.2. Audit & Risk Committee

4.2.1. In accordance with Section 126(1a) of the Act, the Council's Audit & Risk Committee is established to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

4.2.2. Included in the legislated functions of the Audit and Risk Committee, as contained in Section 126(4) of the Act, and captured on the *Audit & Risk Committee Work Plan*, is the requirement to:

- review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;
- review any prudential report obtained by the Council pursuant to Section 48(1) (which include an assessment of potential financial and project risks); and
- monitoring the Council's responsiveness to recommendations for improvement based on previous audit and risk assessments.

4.2.3. To assist with achieving its legislated function with respect to risk management, the Audit & Risk Committee will review the Risk Management Policy prior to adoption by the Council and will provide input into the Council's Risk Management Procedure or related risk management processes as requested by the Chief Executive Officer.

4.3. Chief Executive Officer

4.3.1. The Council's Chief Executive Officer has responsibility for:

- promoting a strong risk management culture, by providing clear and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- ensuring that effective policies, systems and processes are established and maintained for the identification, assessments, monitoring, management and annual review of strategic, financial and operational risks and providing a report to the Audit & Risk Committee on a regular basis;
- ensuring the Executive Leadership Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;

- regularly reviewing strategic, financial and operational risks and maintaining an understanding of the risk environment in which the Council operates;
- ensuring policies and processes are in place to comply with legislative and contractual obligations and policy requirements;
- providing reliable information about risks, controls and their effectiveness to the Audit & Risk Committee and the Council; and
- escalating all strategic risks that exceed the organisation's Risk Appetite to the Audit & Risk Committee and/or Council.

4.4. Executive Leadership Team

4.4.1. The Executive Leadership Team (ELT) are responsible for:

- demonstrating a proactive risk management culture through the commitment to, and promotion of, this Policy (and the supporting procedure) in accordance with business management initiatives;
- collectively, and within their areas of responsibility, embedding the implementation, management and evaluation of risk management into decision-making;
- monitoring the Council's overall risk profile and mitigation strategies;
- collectively reviewing strategic risks and considering emerging risks and informing the reporting on the status of the Council's risk profile and mitigation strategies to the Audit & Risk Committee; and
- allocating and upholding accountability for managing risk and compliance with legislative, contractual obligations and policy requirements.

4.5. Managers

4.5.1. Each Manager is accountable for implementing the Risk Management Policy and Procedure through appropriate actions in their area of responsibility to:

- promote a proactive risk culture in accordance with business management initiatives;
- ensure that risks are recorded in the relevant Risk Registers and that there is ongoing and regular review of risks they own in the Risk Registers, (including follow up and close out of overdue Risk Treatments);
- incorporate Risk Treatments into departmental/divisional/business unit plans, functions and activities, including decision-making;
- inform reporting on the status of the Council's risk profile and mitigation strategies to the Executive Leadership Team;
- ensure that staff, Volunteers, contractors, and other relevant stakeholders are aware of their risk management responsibilities and have the appropriate skills/knowledge to actively apply risk management practices; and
- ensure compliance with legislative and contractual obligations and policy requirements.

4.6. Manager, Governance

4.6.1. The Manager, Governance is responsible for:

- providing guidance and assistance to the Executive Leadership Team, Audit & Risk Committee, Elected Members and employees in relation to the application of the Risk Management Framework;
- coordinating risk management reporting to the Executive Leadership Team and the Audit & Risk Committee; and
- maintaining this Risk Management Policy and the Procedure to ensure their currency and relevance.

4.7. Staff, Volunteers and Contractors

4.7.1. All Council staff, Volunteers and contractors are responsible for:

- identifying, evaluating, reporting and managing risks in their daily activities and projects; and
- understanding the risk management process and adhering to the requirements of Council's Risk Management Policy and Framework.

INFORMATION

This Policy should be read in conjunction with the Council's Risk Management Procedure and other relevant policies in relation to health and safety, and financial management, as well as the following:

- Internal Controls Policy
- Contract Management Policy
- Records Management Guidelines
- Data Management Guidelines

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's Manager, Governance, telephone 8366 4593.

ADOPTION AND REVIEW

The Council will review this Policy every three (3) years or more frequently if legislation, relevant standards or organisational needs change.

This Policy was adopted by the Council on 4 August 2025 and it will be reviewed by August 2028.