POLICY

C024 Risk Management

1 Purpose

The purpose of this Policy is to clearly document Hindmarsh Shire Council's (Council) approach to establishing and maintaining effective risk management culture across the organisation in accordance with the Local Government Act 2020 and the principles and Guidelines set out in the International Risk Management Standard AS ISO 31000:2018.

Council is committed to ensuring that effective risk management remains central to all its activities and is a core management competency. The aim of this policy is to ensure that risk management is embedded in the Council's processes and culture, where all employees are responsible for detecting, evaluating, and monitoring their risk environments.

Risk Management is not a stand-alone function that is separate from the main activities and processes of the organisation. It is an integral part of all organisational processes, including strategic planning projects and change management processes.

2 Scope

This policy applies to all Council employees, Councillors, volunteers, contractors, operations, functions and services. This includes any activities undertaken on behalf of the Council, by contractors or representatives of Council.

3 Definitions

Council	means Hindmarsh Shire Council
CEO	means Chief Executive Officer
Three Lines Model	Commonly referred to as the Three Lines of Defense, the Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. The model applies to all organisations and is optimised by:

- Adopting a principles-based approach and adapting the model to suit organisational objectives and circumstances.
- Focusing on the contribution risk management makes to achieving objectives and creating value, as well as to matters of "defense" and protecting value.
- Clearly understanding the roles and responsibilities represented in the model and the relationships among them.
- Implementing measures to ensure activities and objectives are aligned with the prioritised interests of stakeholders.

Risk	means the uncertainty caused by a deviation from the expected outcome. This deviation can be positive, negative or both, and can address, create or result in opportunities and threats.
Risk Management	means a process that enables individual risk events and overall risk to be understood and managed proactively, optimising success by minimising threats and maximising opportunities.
Risk Management Framework	means the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

4   Policy

Council operates in a complex and ever evolving environment to deliver a variety of services and community infrastructure. Effective risk management is not only a statutory requirement, it also contributes to the informed decision making needed to navigate inherent challenges and supports the overall achievement of Council's objectives.

Council is committed to enabling an effective risk management culture and applying a logical and systematic method for identifying, assessing, treating, and monitoring risks. Thus, supporting the organisation to achieve its long-term objectives.

This Policy should be read in conjunction with the Council's Risk Appetite & Tolerance Statement and Risk Management Framework that set out the processes and procedures in relation to the identification, assessment, treatment, and monitoring of risk.

4.1   Commitment

Council recognises that risk management is essential for sound strategic and financial planning and ongoing business activities. Council is committed to ensuring:

- Risk management is embedded in Council's strategic and operational activities, processes, and culture.
- The application of risk management is considered to an appropriate degree in decision making.

- The organisation, its employees, contractors, assets, and the community are protected against reasonably foreseeable loss and injury.
- Accountabilities and responsibilities are assigned at appropriate levels within the organisation.
- Necessary resources are allocated to risk management.
- The framework for managing risk continues to remain appropriate and is monitored, maintained, and embedded into Council operations.
- Legal and regulatory compliance obligations are met.

4.2   Objectives

Council's fundamental objectives in the management of risk include:

- Improve identification of opportunities and threats.
- Identify and analyse the organisation's liability associated with risk exposure.
- Within Council's control, protect employees, contractors, and the community against personal, physical, and financial losses.
- Protect the corporate image as a professional, responsible, and ethical organisation.
- Recognise that risk management is the responsibility of all employees.
- Promote and support risk management practices throughout the organisation.
- Monitor risk management practices to ensure continued effectiveness, consistency, and efficiency.
- Establish risk management capability through the adoption and operational embedding of the Three Lines Model.
- Adopt risk management processes as set out in the Australian and International Standard for Risk Management (AS ISO 31000:2018) and other relevant guidelines and standards.

5   Approach to Management of Risks

Hindmarsh Shire Council's framework for risk management aligns strategy, processes, people, technology and knowledge for the purpose of identifying, analysing, managing and monitoring the challenges and opportunities faced in delivering strategic directives.

Council views risk management as a continuous process, and a fundamental element of effective leadership and good governance.

6   Components of the Risk Management Framework (RMF)

This Policy is one component of the broader Risk Management Framework and operates in conjunction with a range of other elements, including;

- Risk Management Framework (document) – demonstrates how risk management is integrated into Council's operations, including strategic planning, business plan development, project management and business as usual processes and procedures.
- Organisation Risk Register – defines the risks that Council has identified and the controls in place to mitigate those risks.
- Risk Appetite and Tolerance Statement – describes the types and amounts of risk that Council is willing to accept in pursuit of its strategic objectives.

- The Audit and Risk Committee Charter – ensures that risk reports are reviewed and helps guide and assist Council and Management to mitigate risks.

The Australian risk management standard, *AS ISO 31000:2018 Risk Management – Guidelines*, is the basis upon which the RMF has been developed and integrated throughout Council.

7   Responsibilities

Person/Group	Responsibility
Council (Councillors)	• Council will endorse the Risk Management Policy, appropriately consider risk management issues raised in reports and make informed decisions based on the associated risks and potential opportunities. • Be satisfied that strategic risks are identified, controlled, and treated appropriately to achieve Council's strategic objectives. • Appoint and resource the Audit and Risk Committee. • Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities. • Receive reports from the Audit Committee to ensure that strategic risks are being adequately managed.
Audit and Risk Committee	The purpose of Audit and Risk Committee is to ensure Council carries out its responsibilities for accountable financial management, good corporate governance, fostering an ethical environment and maintenance of a system of internal control and risk management. They should: • Monitor, review and advise Management on the standard of its risk management. • Make assessments and recommendations in relation to Council's risk management. • Endorse and monitor a comprehensive risk based cyclical internal audit plan. The Committee is constituted to monitor and report on the systems and activities of Council in ensuring: • Reliable financial reporting and management information • High standards of corporate governance • Appropriate application of accounting policies • Compliance with applicable laws and regulations • Effective monitoring and control of strategic risks • Effective and efficient external and internal audit functions • Measures to provide early warning of any issues affecting the organisation's financial wellbeing • The level of effectiveness of appropriate crisis management, business continuity and disaster recovery planning. • Maintaining and fostering an ethical environment.
Internal Auditor	• The internal auditor reviews strategic risks annually as part of the development of the three-year Strategic Internal Audit Plan. • The Risk Management Framework directs the focus of audit resources to ensure higher level risks are reviewed. Risk controls and treatment plans are considered as part of each internal audit review.

	• Communicate independent and objective assurance and advice to management and the Audit and Risk Committee on the adequacy and effectiveness of governance and risk management (including internal control). • Satisfy legislative and regulatory expectations that serve to protect the interests of stakeholders. • The Internal Auditor liaises with the Risk Management Team to share information and knowledge.
External Auditor	External assurance providers will: • Communicate independent and objective assurance and advice to management and the Audit and Risk Committee on the adequacy and effectiveness of governance and risk management (including internal control). • Satisfy legislative and regulatory expectations that serve to protect the interests of stakeholders.
Chief Executive Officer	The CEO has the ultimate responsibility for ensuring a strong risk management culture and that risks are effectively managed across the organisation. • The Chief Executive Officer is accountable for the implementation and maintenance of risk management policies and processes across the organisation. • The Chief Executive Officer is responsible for ensuring that strategic risks are regularly reviewed. • The Chief Executive Officer is responsible for raising awareness and leading the culture of managing risk responsibly across the organisation. • Receiving and reviewing reports from management on the effectiveness of the risk management systems. • Ensuring that adequate resources are assigned to manage risk.
Executive Leadership Team	ELT will review the Risk Management Policy and amend as required. Operational accountability for risk culture and management as per AS ISO 31000:2018 including: • Issuing a Risk Appetite Statement. • Reviewing Council's Risk Management Policy. • Ensuring necessary resources are allocated to risk management. • Assigning authority, responsibility, and accountability at appropriate levels. • Actively promoting and supporting the desired risk culture. • Determining risk-taking limits and targets for their departments within the policies and guidelines established by Council and SMT through this framework. • Ensuring any strategic risks allocated to their division are actioned, monitored and reported on. • Establishing risk management processes tailored for their sphere of responsibility. • Ownership of the risk-taking and risk management decisions taken in the performance of their activities. • Apply this framework in the identification, assessment, management, monitoring and reporting of risks, including

	appropriate assessment of the impact of new products, projects and processes.
Senior Management Team	Senior Managers will: • Understand, cascade, and operationalise risk management throughout the organisation. • Execute effective internal control in their functional areas, as well as the monitoring of process and maintaining transparency in the internal control itself. • Accountable for implementing the risk management framework in their area of responsibility. This includes ensuring that risks are identified, evaluated, reviewed, and updated regularly. • Perform and coordinate periodic control self-assessments to validate control effectiveness ratings. • Ensure that assets and operations, together with liability risk to the community, are adequately protected through treatment plans and measures. • Provide risk management related information as requested by their Directorate. • Managers are responsible for raising awareness and leading the culture of managing risk responsibly across the organisation by ensuring that risk management policies, procedures, standards, guidelines, and risk management treatment plans are implemented in everyday business practice. • SMT is responsible for monitoring operational risks. • Monitoring quarterly reports from Risk Management which include operational and strategic risk register actions, insurance claims and trends.
Team Leaders and Coordinators	• Advising of any risk management matter that should be included in budgets and business planning. • Are responsible for raising awareness and leading the culture of managing risk responsibly across the organisation by assisting with the implementation of risk management policies, procedures, standards, guidelines, and risk treatment plans.
People and Performance Team	The risk management and compliance functions will: • Responsible for overseeing the development of facilitation and implementation of the Risk Management Framework through responsibility for risk management development, monitoring processes and the implementation of the organisations overall risk management. • Supporting Council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance. • Monitor and report to ELT on the organisation's exposure to risk. • Provide advice to the organisation and are responsible for Strategic Risk overview and periodic reporting to the Audit and Risk Committee.
All Employees	• Employees are responsible for taking all reasonable care to prevent loss, maximise opportunity and to ensure that Hindmarsh Shire Council operations, reputation and assets are not adversely affected.

	• Employees must be aware of and understand the risks associated with their actions and comply with the risk management policy, supporting guidance and procedures. • Immediately report risk exposure and losses to supervisors and where possible act to mitigate any further loss. • Identify new risks to their area of accountability and report those risks appropriately.

8   Related Documents

Internal documents	External documents (legislation, Australian Standards)
Risk Management Framework Risk Appetite Statement Fraud Prevention and Control Policy and Plan	AS/NZS ISO 31000:2018 Risk Management Guidelines *Local Government Act* 2020

9   Document Control

Risk Management Policy		**Policy Category**		COUNCIL
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Approved/Adopted By	COUNCIL	**Approved/Adopted on:**		-
Responsible Officer	DCCS	**Review date:**		-
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	June 2013	1.0	Initial Risk Management Policy	
	May 2021	1.1	Updated Risk Management Policy	
	June 2024	1.2	Updated Risk Management Policy endorsed by Audit and Risk Committee	
	July 2024	1.3	Updated Risk Management Policy presented to Council	