SNOWY MONARO
REGIONAL COUNCIL

Title of Policy	Policy 163 – Enterprise Risk Management		
Responsible Department	Innovation and Business Development	Document Register ID	250.2016.163.3
Policy Owner	Organisational Risk Management Coordinator	Review Date	20 June 2022
Date of Council Meeting	20 June 2019	Resolution Number	231/19
Legislation, Australian Standards, Code of Practice	AS ISO 31000:2018 Risk Management (the Standard) Civil Liability Act 2002 No 22 Work Health and Safety Act 2011		
Aim	This Enterprise Risk Management Policy outlines Council's commitment to Risk Management and its application as an integral part of Council decision-making processes, programs and practices.		

1   Introduction

Snowy Monaro Regional Council (SMRC) recognises that effective risk management is critical for anticipating and managing situations or events that could prevent it from achieving its objectives.

In order to protect itself, its employees, its resources, the general public and the government against potential loss and to maximise the effectiveness, efficiency and reliability of its service, SMRC is committed to making risk management an essential part of all business and operational activities.

2   Policy Principles

SMRC is committed to making enterprise risk management an integral part of all SMRC practices and embedding enterprise risk management into the key controls, approval processes and functions of Council.

These policy principles are consistent with the Australian Standard for Risk Management. Articulated in Council's 20 year Community Strategic Plan is the desire to continue to be an energetic, safe and sustainable region and this must guide Council's planning and decision making.

3   Approach to Risk Management

All SMRC business processes and functions will adopt a risk management approach in their approval, review and control processes. Council's risk management approach and methodology for this purpose is set out in the Enterprise Risk Management Framework (ERM), ERM Toolkit and related procedural and information sheets.

3.1   Responsibility

Council is accountable for the strategic and systematic approach to the management of identified risk across all Council business and to maintain awareness of Council's risk management objectives.

The General Manager has overall responsibility for the effective management of strategic, operational risk across Council.

In addition, management and staff must be familiar with the application and implementation of risk management across their areas of responsibility.

3.2 Enterprise Risk Framework

To achieve this Policy an ERM Framework has been developed. The aim of the ERM Framework is for continuous improvement in SMRC's risk management activities and embedding an organisation-wide sound risk management culture.

The ERM Framework is the set of components that provide the foundation and organisational arrangements including policy, principles, risk appetite, processes, methodologies, accountabilities, governance, resources and activities which generate formalised risk assessments, risk management plans, risk reporting and risk conversations.

3.3 Three Lines of Defence

SMRC has adopted a "Three Lines of Defence" model to reinforce responsibility for risk management throughout the organisation. Under this model;

- First line management are required to manage risk to their business objectives;
- Second line management delivers effective risk management within the entity including a challenge role to ensure risk that is part of key business and strategic considerations; and
- Third line provides independent assurance on the effectiveness of governance, risk management, and internal controls.

By operating within the ERM Framework, Council will have assurance that risks are managed effectively. In addition the adoption of a risk based three lines of defence approach for allocation of staff resources and design of business processes and systems leads to achievement of efficiencies and minimisation of risk.

3.4 Risk Assessment

SMRC will conduct risk assessments in line with the risk assessment process as detailed in Council's risk management procedure.

3.5 Insurance

Council will take out insurance where appropriate to mitigate the financial consequences of risks. Insurance is a mitigate controls and is used in conjunction with preventative control which is the primary approach to risk management within Council.

3.6 Communication and awareness of risk

Council will undertake activities to communicate and raise awareness of staff, Council volunteers, contractors and the public in relation to risk management. These day to day conversations about risk implications related to activities, projects and performance are a positive way of embedding a proactive risk culture across Council.

3.7 Risk appetite

Risk appetite is defined as the amount and type of risk the organisation is willing to accept, tolerate or be exposed to at any point in time to meet its strategic objectives.

Council's risk exposure varies according to the type of risk it faces and is expressed in terms consistent with Council's risk matrix. There is a potentially higher appetite where benefits created by innovation outweigh the risks. Benefits may include improved service delivery, and/or increased efficiency and effectiveness of Council's operations.

3.8 Risk Tolerance

Risk Tolerance is explained as "As Low as Reasonably Practicable" (ALARP) in relation to risk, weighing up the potential consequences against the cost or ability to further reduce the likelihood of the risk occurring. This means that all residual risk is weighed against the time, effort and money needed to control it.

4 Scope

This policy applies to all operations of Council.

5 Documentation / Related Policies

Documentation
List the name and document reference number of any other document referred to in this document, including any related policies and procedures
Enterprise Risk Management Framework
Risk Management Procedure
Snowy Monaro Regional Council Community Strategic Plan 2040

Variation

Council reserves the right to review, vary or revoke this policy at any time. The Policy must be reviewed within the first 12 months of each full Council election.