



# HUON VALLEY COUNCIL

## **Risk Management Policy**

### **GOV-CORP 004**

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<b>Authority and Other Information</b>	
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<b>Source of authority</b>	<b><i>Local Government Act 1993</i></b> <b><i>Work Health and Safety Act 2012</i></b>
<b>Legislative Reference</b>	<b><i>Local Government Act 1993</i></b> <b><i>Work Health and Safety Act 2012</i></b> <b>ISO31000:2009 Risk Management - Principles and Guidelines</b> <b>AS/NZS 4360:1999 Risk Management</b>
<b>Delegations</b>	<b>N/A</b>
<b>Strategic Plan Reference</b>	<b>5</b>
<b>Review by</b>	<b>A review must be conducted every 4 years.</b>
<b>Previous policies withdrawn or amended</b>	<b>Risk Management Policy - approved August 2011</b>
<b>Department responsible for implementation</b>	<b>Corporate Services and all Departments</b>
<b>Department responsible for policy</b>	<b>Legal and Governance Services</b>
<b>Publication of policy</b>	<b>A copy of the <i>Risk Management Policy</i> is to be placed on the Huon Valley Council's website.</b> <b>A printed copy is to be made available for inspection at the Customer Service Centre.</b>

## 1. 1. Purpose and Background

The purpose of the Huon Valley Council's (Council) Risk Management Policy is to provide a policy background against which:

- Council has a current and comprehensive understanding of its risks;
- All Council stakeholders and employees engage in a risk aware culture;
- Councillors and senior leadership team members lead by example with sound risk management practices;
- Council effectively manages risk by anticipating, understanding and deciding whether to modify it;
- The process for managing risk is integrated into Council's overall governance, strategy and planning, reporting processes, policies, values and culture;
- All 'extreme' and 'high' inherent risks are identified, analysed, treated, managed, monitored and reported;
- There is appropriate consideration of risk impact relating to Corporate and, Operational risks.

## 2. Definitions

**Council** - Huon Valley Council.

**Risk** - the effect of uncertainty on objectives.

**Effect** - a deviation from the expected.

**Risk Owner** - Person or entity with the authority to manage a risk

**Risk Management** - Refers to the Principles, Framework and process for managing risk effectively.

**Inherent Risk** - The risk before mitigation strategies and controls are considered.

**Residual risk** - The risk that remains after mitigation strategies and controls are considered.

**SMS** - Safety Management Systems

**Key risk** - Any extreme or high inherent risk.

**ALARP** - As low as reasonably practicable.

**PPI** - Positive performance indicator

## 3. Policy Statement

### 3.1 Policy Statement

In order to achieve its strategic objectives, Council must be prepared for risk. Council is committed to identifying and managing risk across all parts of the organisation so that risk is managed to the level of 'as low as reasonably practicable' (ALARP).

## 3.2 Risk Management Framework

The Risk management Framework defines Council's risk management process, methodology, appetite, training and reporting, and establishes the responsibilities for implementation.

Australian Standard for Risk management - Principles and guidelines (AS/NZ ISO 31000:2009) is based on 11 best practice principles. These principles underpin Council's Risk Management Framework and guide how we effectively and efficiently manage risk at all levels.

- Creating and protecting value – risk management contributes to the achievement of our objectives.
- An integral part of all organisational processes – risk management is not a stand-alone activity performed in isolation. Rather, it is an integral part of our governance and accountability arrangements, performance management, planning and reporting processes.
- Part of decision-making – risk management aids decision-makers to make informed choices, prioritise activities and identify the most effective and efficient course of action.
- Explicitly addressing uncertainty – risk management identifies the nature of uncertainty and how it can be addressed through a range of mechanisms, such as sourcing risk assessment information and implementing risk controls.
- Systematic, structured and timely – risk management contributes to efficiency and to consistent, comparable and reliable results.
- Based on the best available information – risk management should draw on diverse sources of historical data, expert judgment and stakeholder feedback to make evidence-based decisions.
- Tailored – risk management aligns with the internal and external environment within which we operate, and in the context of the department's risk profile.
- Human and cultural factors – risk management recognises that the capabilities, perceptions and attitudes of people (internal and external) can aid or hinder the achievement of objectives.
- Transparent and inclusive – risk management requires appropriate and timely involvement of stakeholders to ensure that it stays relevant and up to date. Involving stakeholders in decision making processes enables diverse views to be taken into account when determining risk criteria.
- Dynamic, iterative and responsive to change – risk management responds swiftly to both internal and external events, changes in the environmental context and knowledge, results of monitoring and reviewing activities, new risks that emerge and others that change or diminish.

- Continuous improvement of the organisation – risk management facilitates continuous improvement of our operations by developing and implementing strategies to improve risk management.

### **3.3 Risk Management Strategy**

This policy forms part of Council's overall risk management framework and is supported by the Risk Management Strategy, where detailed guidance, information and risk management support is documented. The strategy is embedded within this policy. Strategic risks are included in the Strategy.

### **3.4 Effective Risk Management**

Council is committed to building an organisational culture where risk awareness and effective risk management form an integral part of all Council activities.

### **3.5 Risk Aware Culture**

Council will engender a risk aware culture in which staff make informed decisions based on a reasonable analysis of foreseeable risks and opportunities, and their potential impacts on Council objectives.

### **3.6 Risk Appetite and Tolerance**

The Huon Valley Council's risk acceptance principles and guidelines for risk approval are set out in Council's Risk Management Strategy, and are defined by a commitment to managing risk to the level of 'as low as reasonably practicable' (ALARP).

### **3.7 Risk Management Process**

Council is committed to identifying and managing risk by adopting the processes outlined in the AS/NZS ISO 31000: 2009 Risk Management Principles and Guidelines, which are:

- Consultation
- Risk identification
- Risk assessment and Treatment
- Monitor, Review , Record and Communicate

### **3.8 Incident Reporting and Response Management**

Council is committed to the continuous improvement of its incident reporting and response systems, and will encourage the reporting of positive safety performance indicators (PPI's) as a key component of Council's risk management process. PPI's may include the reporting of near miss incidents, hazards, equipment faults, safe work interventions, risk assessments, toolbox discussions, and more.

### **3.9 Use of Key Risk Information**

Council will use risk information to ensure that key risks are recorded and receive appropriate focus in accordance with the risk management strategy.

#### **4. Application**

The Council's Risk Management Policy applies to all Councillors, employees, contractors, management committees and volunteers. The General Manager is responsible for the effective management of all types of risk across Council operations.

Individual responsibilities for the effective identification and management of risk are defined in the Risk Management Strategy.

#### **5. Procedures**

Risks will normally be identified, evaluated and managed by responsible officers and reported in accordance with Council's decision making processes. Council's strategic risks will be maintained in a strategic risk register and will be the subject of regular reports to Council through the Audit Panel.

Risk identification, evaluation and management in respect of particular operational and financial activities will be undertaken in accordance with Council's Risk Management Strategy.

Risks will be assessed with reference to Council's strategic priorities, taking into account the likelihood of the risk occurring, the potential impact and the range of implications it may have for Council.

Where an unacceptable risk is identified, relevant Council staff with management responsibilities in areas that may be affected will be informed of it. Executive Managers will be required to take action, as required, to address the matter and inform staff or other persons within their area of responsibility, about the matter.

The Council will ensure that there is ongoing review of its risk management system to ensure the continued sustainability and effectiveness of this Risk Management Policy.

#### **6. Review**

This policy is to be reviewed every four years .