

## Enterprise Risk Management (ERM) Policy

### Head of Power

*Local Government Act 2009*  
Local Government Regulation 2012

### Related Legislation

*Work Health and Safety Act 2011*  
Work Health and Safety Regulation 2011

### Objective

The objective of this policy is to outline Council's commitment to a strategic, consistent and proactive enterprise-wide approach to risk management and embedding a positive risk culture throughout the organisation.

In doing so, Council seeks to achieve an appropriate balance between managing threats and realising opportunities in order to maximise its ability to achieve its strategic vision and objectives, and to deliver quality services and projects for the community.

This policy and associated procedure fulfils Council's obligations under s164(1) of the Local Government Regulation 2012.

### Definitions

**Councillors** means the Mayor and Councillors of the Moreton Bay Regional Council.

**Employees** means all employees of Moreton Bay Regional Council, whether employed on a permanent, temporary, or part-time basis and includes volunteers and contractors.

**Risk** means the effect of uncertainty on objectives. It is measured in terms of a combination of the likelihood of an event and its consequence. In this regard, risk includes:

- a) potential threats to achieving those objectives (negative risk or loss), and
- b) potential opportunities to achieving those objectives (positive risk or gain).

**Risk appetite** means the level of risk that Council is willing to accept, at any point in time, in achieving its strategic objectives, and when delivering services and projects for the community.

**Risk management** means coordinated activities to direct and control organisational risk.

**Risk register** means the centralised reporting tool used to record risk, controls, and opportunities.

### Application

This Policy applies to all Councillors and Council employees.

### Policy Statement

Risk management is an essential part of sound management practice and good corporate governance. It improves decision-making, planning and accountability thereby increasing Council's ability to achieve its goals and objectives.

Risk can be negative, positive or both, and can relate to, create or result in threats and opportunities. Council recognises its responsibility to make informed decisions with respect to the activities that it undertakes by appropriately considering both potential threats and opportunities. Council also accepts that investing in innovation requires risk taking which is key to the region's future. Therefore, Council is committed to:

- Adopting a best practice risk management approach consistent with the risk management principles and framework outlined in the Australian/New Zealand Standard for Risk Management - Guidelines (AS/NZS ISO 31000:2018).
- Maintaining an effective governance system and clarity of roles and responsibilities at all levels of the organisation in relation to risk.
- Incorporating risk management into strategic, operational and financial planning processes including all new services and projects to ensure alignment with Council objectives and risk appetite.
- Developing a positive risk culture and awareness through enhanced education, training, communication and reporting of risk.
- Developing and maintaining a robust risk management process that provides a consistent and systematic way of identifying, analysing, evaluating and treating risks in line with Council's risk appetite.
- Maintaining effective risk management systems and tools including detailed risk registers which enable the organisation to effectively record, monitor and manage risks including risk assessment ratings, risk controls and treatment plans.
- Prioritising its risk so that resources are devoted to managing extreme and high risks within appropriate timeframes. This includes ensuring that the best mix of insurance and risk financing strategies are chosen to cover Council's legal liabilities and protect Council assets.
- Enabling the realisation of opportunity and innovation related risk through the risk management process.
- Monitoring and improving risk management activities and their effectiveness through a program of continuous improvement.

### Levels and Categories of Risk

Council has identified three levels of risk that form part of the risk management process:

Levels	Description
<b>Strategic risks</b>	Organisation-wide risks which may impact on Council's ability to deliver on its vision and strategic objectives as stated in the Community Plan and Corporate Plan.
<b>Service delivery risks</b>	Risks that may impact on Council's ability to function effectively and deliver its services and programs as stated in the Operational Plan and Asset Management Plan.
<b>Project risks</b>	Risks that may impact on Council's ability to deliver a particular project or event as stated in the Budget and Capital Works Program.

In each of the three levels, nine categories of risk have been identified:

Category	Description
<b>People and Culture</b>	Risks associated with human resource management, organisational culture and change management. This includes non-workplace health and safety risks that impact on the ability of employees to attend work and perform their duties (i.e. industrial action etc).
<b>Health and Safety</b>	Risks associated with protecting the health, safety and wellbeing of employees, volunteers, contractors and others within Council's duty of care. This covers workplace health and safety risks that impact on the ability of employees to attend work and perform their duties (i.e. injury, illness, pandemic etc).

Category	Description
<b>Financial Sustainability</b>	Risks associated with the financial management of Council and its ability to fund Council services now and into the future. This covers risks related to revenue, expenditure, budget management, investments and debt management and accuracy of financial information.
<b>Legal and Governance</b>	Risks associated with Council either knowingly or unknowingly breaching legislation, regulations, policies or procedures. This covers risks related to fraud and corruption or being exposed to liability in relation to any matter.
<b>Reputation</b>	Risks associated with Council's perceived or actual reputation with the community, government, regulators, the media, Council employees, or other stakeholders. This covers risks of a political nature.
<b>Service Delivery</b>	Risks associated with the daily operational management of Council and its ability to deliver services to the community. This also covers risks related to the effectiveness of internal services, systems and processes, and business continuity.
<b>Information and Technology</b>	Risks associated with the provision of ICT infrastructure, services and systems for Council and the community. This covers risks related to the loss or theft of data and information, and cyber security.
<b>Asset Management</b>	Risks associated with the planning, design, construction and maintenance of Council infrastructure and assets. This covers risks related to fit for purpose considerations and the damage or loss of assets and property.
<b>Environment</b>	Risks associated with Council's operations that have potential or actual negative environmental, ecological or cultural heritage impacts, regardless of whether these are reversible or irreversible in nature. This also covers risks associated with the impact of climate change on Council's assets and operations.

### Risk Appetite

Council has an obligation to its stakeholders to ensure that it does not accept high levels of risk that might impact on community wellbeing, amenity or the ongoing sustainability and viability of Council. Accordingly, Council generally has a low appetite for unmitigated risks across all of its operations, assets and objectives. However, given the significant growth that the Moreton Bay Region will experience in coming years, Council will need to take some calculated risks to ensure that infrastructure and services meet the needs of its current and future communities.

### Risk Principles

Council has identified the following principles as a guide to identify and proactively address risks and opportunities and define its risk appetite.

Principles	Description
<b>Integrated</b>	Council should integrate its risk management efforts into all parts and activities of Council.
<b>Structured and comprehensive</b>	Creating and following a comprehensive, structured risk management approach leads to the most consistent and desirable risk management outcomes.
<b>Customised</b>	Council's risk management approach should be customised to Council's objectives, and the external and internal context in which the organisation operates.

Principles	Description
<b>Inclusive</b>	To be most effective, risk management should involve all stakeholders, allowing the different knowledge sets, views, and perceptions of all stakeholders to be considered and implemented into risk management efforts.
<b>Dynamic</b>	The risk management framework should assist Council to anticipate, identify, acknowledge, and respond appropriately to changes in risk.
<b>Best available information</b>	Effective risk management is done by considering information from the past and present as well as anticipating the future. Therefore, (1) the information from the past and present must be as reliable as possible, and (2) consideration should be given to the limitations and uncertainties with that past and present information. All relevant stakeholders should receive necessary information in a timely and clear manner.
<b>Human and cultural factors</b>	Council must be aware of the human and cultural factors that the risk management effort takes place in and know the influence these human and cultural factors will place on the risk management effort.
<b>Continual improvement</b>	Through experience and learning, Council must strive to continually improve its risk management efforts.

### Related Documents

Business Continuity Policy and Plan  
Enterprise Risk Management Procedure  
Fraud and Corruption Control Policy and Plan  
Investment Policy  
Workplace Health and Safety Policy and Directives

### Review and Evaluation

Risk data and trends will be periodically reported to Committee, as appropriate.

This policy will be reviewed for applicability, effectiveness, and consistency with relevant legislation, Council resolutions, and other related Council documents. Reviews of this policy will occur as required, or at least once every four years.

The effectiveness of this policy will be also be formally measured via the conduct of periodic internal audits.

### Responsibility

This policy is to be:

- (1) implemented by Manager, Governance and Executive Services; and
- (2) reviewed and amended in accordance with the "Review Triggers" by Director, Finance and Corporate Services.

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