

# Enterprise Risk Management Manual

## Section 1.1: Risk management policies



### ERM 1.1.2 Enterprise risk management policy

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#### 1. Purpose

- 1.1. This policy draws from AlburyCity's mandate and commitment to enterprise risk management and reflects the value it places on the management of risk across its operations
- 1.2. In this manual AlburyCity establishes a structured and robust enterprise risk management framework across the organisation in order to:
  - 1.2.1. promote and demonstrate good corporate governance, to
  - 1.2.2. minimise loss and
  - 1.2.3. maximise opportunities to improve service provision.
- 1.3. The enterprise risk management policy is also intended to lead to the establishment of practice standards to ultimately ensure the delivery of the objectives of Albury 2030 – Our Community Strategic Plan.
- 1.4. To ensure ongoing compliance with the respective standards and legislation applicable, this enterprise risk management manual will:
  - 1.4.1. State the enterprise risk management objectives of AlburyCity;
  - 1.4.2. Identify the elements of AlburyCity's enterprise risk management system required for the control of risk;
  - 1.4.3. Be consistent with all relevant legislation, codes of practice, Australian Standards and industry practice;
  - 1.4.4. Be documented, implemented, maintained and communicated to all employees;
  - 1.4.5. Be available to other interested parties; and
  - 1.4.6. Be reviewed periodically (at least every 5 years) to ensure it remains relevant and appropriate.

#### 2. Scope

- 2.1. Enterprise risk management applies to all AlburyCity workers and the conduct of all operational, strategic and project related activities by AlburyCity. The word 'Enterprise', used throughout this manual, identifies that all areas of AlburyCity are impacted by this policy and subsequent procedures.

#### 3. Definitions

- 3.1. The definitions in use in this document are set out in ERM 1.1.4 Enterprise risk management definitions;

#### 4. Table of References

	Reference Type	Title, publisher, date
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	Reference Type	Title, publisher, date
1.	Legislation	Local Government Act (NSW) 1993
2.	Australian Standard	AS/NZS ISO 31000:2009 Risk management – Principles and guidelines, Standards Australia, 2009
3.	International Standard	IEC/ISO 31010 2009-11 Risk management – Risk management techniques, IEC, 2009
4.	International Standard Guide	ISO Guide 73:2009 Risk management – Vocabulary, ISO, 2009
5.	Community Strategic Plan	Albury 2030 – Our Community Strategic Plan, AlburyCity, 2013
6.	Policy Advice	Promoting Better Practice Guidelines, Office of Local Government, 2013

#### 5. Policy objectives

- 5.1. To provide direction and commitment to Enterprise Risk Management principles as part of AlburyCity's management planning, decision making and the undertaking of operational activities.
- 5.2. To effectively integrate the management of risk into AlburyCity's high level management planning activities to ensure the achievement of its strategic objectives as outlined in the Community Strategic Plan (Albury 2030) and associated documents. The Enterprise Risk Management Framework (incorporated into this manual) identifies and documents the alignment between Enterprise Risk Management and AlburyCity's Integrated Planning and Reporting Structure.
- 5.3. To apply and incorporate the Enterprise Risk Management Framework into AlburyCity's operational activities and business planning processes.
- 5.4. To promote an environment of risk awareness and willingness to manage risk at all levels of AlburyCity's operations.
- 5.5. To provide opportunities that encourage continuous improvement in enterprise risk management at all levels of the organisation; and
- 5.6. To ensure, through the application of this policy:
  - 5.6.1. That the elected Council, General Manager and MANEX are in a position to confidently make informed strategic, project and operational decisions based on sound enterprise risk management principles;
  - 5.6.2. That the requirements of the Office of Local Government's Promoting Better Practice, in relation to the management of risk, are reflected;
  - 5.6.3. That all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and considered for appropriate treatment and that all risk management information is documented;

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- 5.6.4. The correct assigning of ownership of risks through appropriate delegation of risk management responsibilities to all AlburyCity officers across all functional areas of AlburyCity;
- 5.6.5. That all relevant legislation is complied with and relevant risk management standards and legislation are used to provide guidance in best practice risk management;
- 5.6.6. The effective management and allocation of resources through continuously improved and effective controls;
- 5.6.7. Improved risk management outcomes for the community, AlburyCity Workers and Others, Council's assets and Council's financial integrity and sustainability;
- 5.6.8. The effective communication of this policy through established stakeholder communication platforms.

#### 6. Context of enterprise risk management at AlburyCity

- 6.1. The enterprise risk management framework and subsequent practice documentation will have consideration to the context in which AlburyCity functions from a risk management perspective. This context will identify the internal and external environment as it is relevant to risk management decision making.
- 6.2. AlburyCity's risk management context will consider the varied and complex work environments of AlburyCity and our areas of specialist service delivery.
- 6.3. The risk management context will also articulate AlburyCity's risk management objectives.

#### 7. Three types of enterprise risk

- 7.1. Risks that may occur within AlburyCity operations and activities can be identified within three risk types:
  - 7.1.1. **Strategic risks** - risks that relate to those that may impact on AlburyCity achieving its Strategic and Community objectives as articulated in Councils IP&R Strategic Community documents. These are mainly directly related to Council functions and objectives and include the following risk areas:
    - 7.1.1.1. Meeting customer expectations with finite resources.
    - 7.1.1.2. Satisfaction of Council's IP&R Strategic Community objectives.
    - 7.1.1.3. Modernisation of local government considering the ongoing reform process.
    - 7.1.1.4. Managing a complex and diverse workforce with a broad range of occupational position attributes
    - 7.1.1.5. Issues regarding changes to legislation.
    - 7.1.1.6. Representation at regional level in order to contribute and obtain information regarding development in local government.
    - 7.1.1.7. Driving innovation and change, implementing best practice, and ensuring effective internal control systems from a business sustainability perspective.

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- 7.1.1.8. Development, implementation and enforcement of appropriate policies and procedures to ensure Council operates in an equitable and transparent way and in line with relevant regulations.
  - 7.1.1.9. Effective asset and resource management that ensures the ongoing sustainability of AlburyCity.
- 7.1.2. **Project risks** - These risks are directly related to both the planning phase of the project process and to the risks that arise from activities undertaken by Council during the implementation phase of the project delivery. On completion of the project the ongoing risks associated with the service delivery of the project outcome will become operational risks. Project risks could include the following risk areas:
  - 7.1.2.1. Project planning
  - 7.1.2.2. Managing stakeholder expectations
  - 7.1.2.3. Impact on reputation
  - 7.1.2.4. Work health and safety
  - 7.1.2.5. Financial planning
  - 7.1.2.6. Resource planning
  - 7.1.2.7. Contract management
  - 7.1.2.8. Corporate governance
  - 7.1.2.9. Community engagement
- 7.1.3. **Operational risks** – These risks are directly related to the day to day operations and activities undertaken by AlburyCity.

### 8. Implementation and standards to be followed

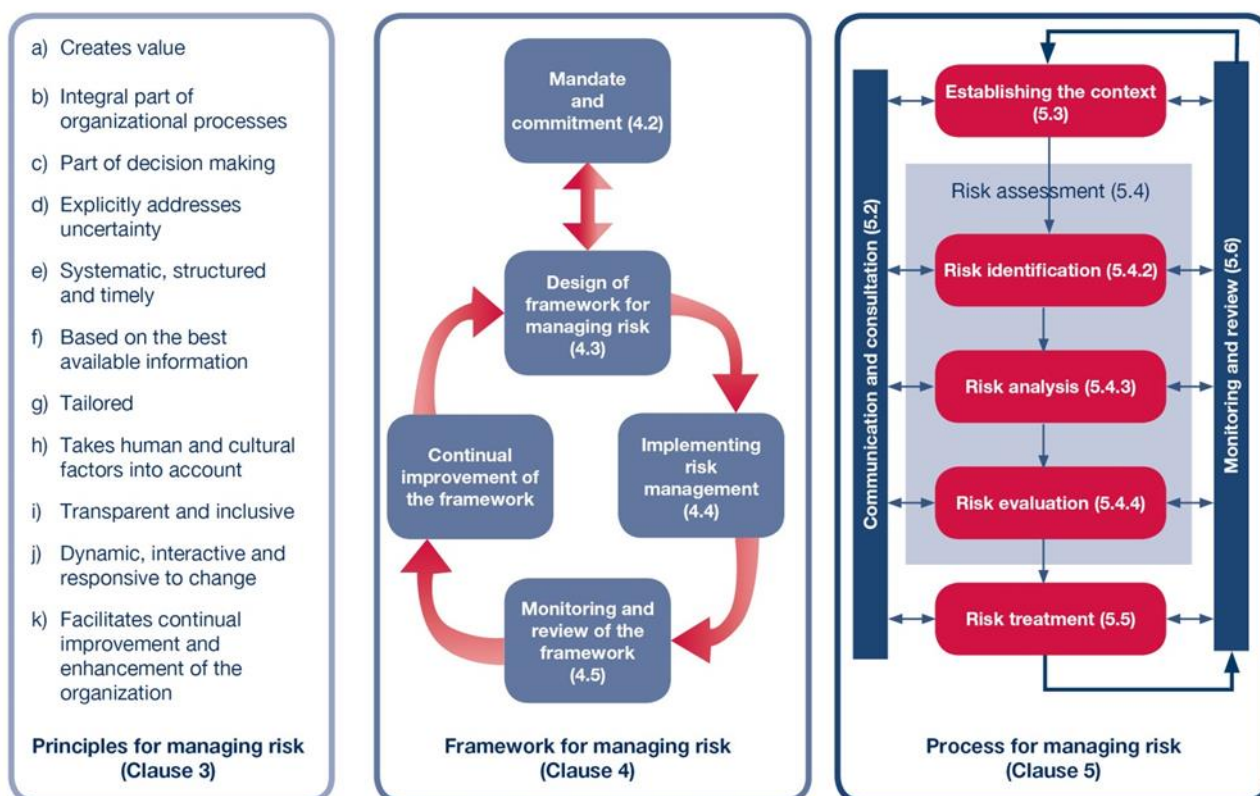
- 8.1. The effective implementation of this policy will ensure
  - 8.1.1. that the management of risk is seen as good business
  - 8.1.2. provision of a way to confidently know which risks to take for the benefit of a greater opportunity and which risks to avoid in order to prevent significant impact on the organisation
  - 8.1.3. no unacceptable risk to the health and safety of Workers or Others during the undertaking of work activities
  - 8.1.4. management of the outcomes of strategic, project and operational risks for success in order to achieve AlburyCity's key objectives.
- 8.2. It is essential that risks are managed to ensure that AlburyCity achieves its objectives (including the Community Strategic Plan – Albury 2030); and in turn be recognised for the excellence of its services and for the strength of its partnerships with the community, customers, employees and stakeholders. Enterprise risk management plays a key role in ensuring that AlburyCity achieves these objectives.
- 8.3. The risk management approach utilised by AlburyCity in the development of the enterprise risk management procedures will reflect the principles within the respective standards and legislation applicable (eg AS/NZS ISO 31000:2009 Risk Management Principles and guidelines), and will be incorporated into the operational processes of AlburyCity.

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- 8.4. All documentation comprising formal procedures within the manuals making up the enterprise risk management framework will reflect the principles of the version control requirements of the ISO 9001 and AS ISO 10013 guidelines and standards.
- 8.5. The AS/NZS ISO 31000 can be diagrammatically represented as follows:



Source: AS/NZS ISO 31000 2009: Risk Management – Principles and guidelines

## 9. Responsibilities

- 9.1. The elected Council, General Manager, Directors, Strategic and Senior Leaders, and all Workers of AlburyCity are to be familiar with, and competent in, the application of the Enterprise Risk Management Policy, and are respectively accountable for the delivery of the policy within their areas of influence and responsibility.
- 9.2. Specific responsibilities are set out in ERM 1.1.3 Enterprise risk management responsibilities.

## 10. Enterprise risk management manual

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- 10.1. AlburyCity's enterprise risk management manual is the collection of documents that articulate how the intent of this enterprise risk management policy is to be developed and implemented throughout AlburyCity's operations. The manual provides clear guidance and detail regarding the associated processes, procedures and standards that are to be observed by all employees.
- 10.2. Effective communication is critical to the successful implementation of enterprise risk management practice and AlburyCity will ensure the enterprise risk management policy and its intent is known, clearly understood and applied by all employees within AlburyCity.
- 10.3. Similarly, a reporting strategy will provide effective channels for information, decision making and instructions to be relayed efficiently and effectively in order to successfully manage any potential risk that may impact on the achievement of AlburyCity's objectives. It is the responsibility of all AlburyCity employees to follow these protocols.
- 10.4. AlburyCity will develop and implement procedures to monitor and review the effectiveness of its enterprise risk management practice, to ensure continuous improvement and flexibility to adapt to the changing needs of the organisation.
- 10.5. Key Performance Indicators will be developed and agreed and reported to Manex on a monthly basis via Performance Planning.
- 10.6. A performance review of the effective implementation of the risk management policies, procedures and other processes will be conducted on an ongoing basis by the AlburyCity Audit Committee. This review will ensure that the enterprise risk management outcomes are maximised and will serve to further enhance AlburyCity's enterprise risk management performance that will see Council as a proactive and resilient leader by the community.

### 11. Record requirements

- 11.1. Individual procedures within the enterprise risk management system will include a section regarding appropriate record keeping requirements as required.

### 12. Associated documentation

- 12.1. This enterprise risk management policy is a foundation document of AlburyCity's Enterprise Risk Management which is fully set out in this Enterprise Risk Management Manual.