# Risk Management Policy

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| Reference Number: | P32 |
| Organisational Unit: | Corporate Services |
| Responsible Position: | Director Corporate Services |
| Relevant Delegations: | Nil |
| Date Adopted: | 5 August 2016 |
| Review Date: | Every two years |

Risk management involves managing to achieve an appropriate balance between realising opportunities for gains while minimising losses.  It is an integral part of good management practice and is an essential element of good corporate governance.  It is an iterative process consisting of steps that, when undertaken in sequence, enable continuous improvement in decision-making and facilitate continuous improvement in performance.

## 1.   Policy Statement

The Central Desert Regional Council is committed to managing risk in the Council and will implement the AS/NZS 31000:2009 Australian Standard as the minimum standard. It is understood by the Council that Risk Management is the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, and analysing, evaluating, treating, monitoring and communicating risk.

The Executive Management Team (EMT) is responsible for developing a Risk Management Plan for the Council. The Council recognises that adequate resources are needed to implement the risk management program. The EMT are to ensure that all of the risk management processes are fully documented and managed through the records management system.

## 2.   References

Australian and New Zealand Standard AS/NZS 31000:2009 - Risk Management Principles and Guidelines
HB4360:2004 - Risk Management Guidelines
Risk Management Framework

## 3.  Scope

This policy covers all the operations of the Council, including corporate governance, strategic planning, internal and external communications, information technology, resource management financial and human resources as well as operational risks such as legal compliance, business risks, tenders and contract management, project management, asset management, infrastructure management and emergency preparedness and response.

## 4.   Objectives

The objectives of the risk management framework are to:

- To implement Risk Management Standard AS/NZS 31000:2009.
- To define the Council's tolerance to risk and communicate it throughout the Council.
- To communicate with the community about the Council's approach to risk.
- To protect the reputation of the Council.
- To develop a Risk Management Plan that is aligned to the Strategic Planning process.

## 5. Definitions

**Risk** can be defined as the combination of the probability of an event and its consequences. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside).

**Risk management** is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

The **risk management process** is the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, and analysing, evaluating, treating, monitoring and communicating risk.

## 6. Key Risk Management Principles

The following risk management principles are applied throughout:

- identify and rank all significant strategic, operational, special project, tender and contract and new service risks using the Central Desert Council risk management process;
- ensure risk management becomes part of day-to-day management;
- provide staff with the policies and procedures necessary to manage risks;
- ensure staff are aware of risks and how to manage them; and
- monitor the Council's strategic risk profile and implement a continuous improvement approach to risk management.

## 7. Applying the Risk Management Process

The Central Desert Council uses the Australian/New Zealand Risk Management Standard AS/NZS 31000:2009 as a guide for its applying the risk management process.

The Council uses its electronic records system to record and document the risks and treatment/action plans to support the risk management process.

## 8. Responsibility and Accountability for Risk Management

**The Council** through its delegated committee the **Audit and Risk Committee** are responsible for:

- Ensuring that a Risk Management Policy has been developed, adopted and communicated throughout the Council.

- Ensuring that the CEO has implemented the Risk Management Standard AS/NZS 31000:2009.

- Reviewing the Risk Management Policy annually.

- Annual performance review of the risk management implementation with the CEO.

**The CEO and Executive** are responsible for:

- The full implementation of AS/NZS 31000:2009 tailored to all directorates.

- Establishing the risk tolerance level of the Council for adoption by the Council.

- Developing and managing the risk management plan for the Council.

- Ensuring that risk management is a standard agenda item for all executive management meetings.

## Reporting

A review of the Risk Management Plan will be a standing item at executive meetings on a quarterly basis.

The Audit and Risk Committee will be provided with an update of the Risk Management Plan at every meeting.

## 9. Approval and Review History

| Date | Comment |
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| **October 2010** | Adopted by Council |
| **November 2014** | Reviewed by Audit and Risk Committee and referred to Council for adoption |
| **December 2014** | Adopted by Council (*OC001/2014*) |
| **November 2015** | Reviewed by Audit and Risk Committee and referred to Council for adoption |
| **August 2016** | Council adopted the revised policy (OC145/2016) |