Enterprise Risk Management (ERM)

**Head of Power**

*Local Government Act 2009*
Local Government Regulation 2012
Australian and New Zealand Standard AS/NZS ISO 31000:2009 [the Standard]

**Objective**

To identify and proactively address risks and opportunities related to the achievement of organisational objectives to create value for the community, Council and other stakeholders.

**Definitions/Application**

**Definitions**

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

**Opportunities** are possibilities due to a favourable combination of particular event/s or circumstance/s.

**Application**

ERM takes an organisation-wide view of risk management, which is the responsibility of all Council Officers, to adequately manage risks and opportunities identified through Council’s Integrated Corporate Reporting Structure (ICRS). ICRS is made up of the following elements as required by legislation:

- Corporate Plan
- Long Term Asset Management Plan
- Long Term Financial Forecast
- Operational Plan
- Annual Budget
- Corporate Reporting

Three levels of risk and opportunities have been identified through ICRS as defined below:

- Community risks and opportunities: Community concerns and aspirations about the future of the region, levels of service and future demand as expressed through the Community Plan and Long Term Asset Management Plan.

- Strategic risks and opportunities: Particular events or circumstances that may impact on Council's achievement of outcomes as stated in Council's Corporate Plan, Long Term Asset Management Plan and Long Term Financial Forecast.

Operational risks and opportunities: Particular events or circumstances that may impact on Council's delivery of outputs as stated in Council's Long Term Asset Management Plan and Operational Plan.

**Policy Statement**

ERM is Council’s corporate framework for risk management. The framework involves identifying Council’s risk universe which includes the particular events or circumstances impacting on the achievement of organisational objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a control measure/s, and monitoring the implementation of this control measure/s.
ERM creates an improved corporate understanding of the risks and opportunities impacting on Council's operations. This enables Council to maximise the benefits of opportunities, and to reduce impact of risks through a planned and managed process. Through ERM, Council's service delivery will be more efficient and effective.

Council's approach to ERM is based on the Australian and New Zealand Standard AS/NZS ISO 31000:2009. The Standard outlines the principles for managing risk in addition to a framework and process for risk management. The steps in the risk management process are listed below and are detailed further in the Policy Directive:

1. Communicate and consult
2. Establish the context
3. Identify the risks
4. Analyse the risks
5. Evaluate the risks
6. Treat the risks

The implementation of ERM will be monitored and reviewed on an ongoing basis to improve Council’s risk management process where necessary.

**Review Triggers**

This Policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

1. The related documents are amended.
2. The related documents are replaced by new documents.
3. Amendments which affect the allowable scope and effect of a Policy of this nature are made to the head of power.
4. Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this Policy is to be reviewed at least once every two years for relevance and to ensure that its effectiveness is maintained.

**Responsibility**

This Policy is to be:

1. implemented by the Chief Executive Officer; and
2. reviewed and amended in accordance with the "Review Triggers" by the Chief Executive Officer.

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<td><strong>Version</strong></td>
<td><strong>Adoption (Council meeting / Minute Page)</strong></td>
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<tr>
<td>V1</td>
<td>Coordination Committee (10/2961)</td>
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<td>V2</td>
<td>CEO Approval (11.12.2015 - A12926487) minor amendments and intent remains unaltered</td>
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**Related Links:**