RISK MANAGEMENT POLICY

POLICY REFERENCE NUMBER:		POL 1.13	
Original publication date		**14 December 2012**	
Revision number	**Issue Date**	**Approved**	**Approval date**
0	14 Dec 2012	Res:12/175	14 Dec 2012
Name Changed from 5.31 on 22/11/13			
1	15 Oct 2014	Res 14/170	12 Dec 2014
2	May 2018	Res 18/18/55	17/10/18
This document is to be reviewed once every council term. Next review date: July 2020			
RESPONSIBLE OFFICER		General Manager	

1. INTRODUCTION:

Risk is defined as the effect of uncertainty on objectives, and this uncertainty can have financial, operational, environmental and/or reputational consequences.

Riverina Water County Council (RWCC) recognises that whilst risk is inherent in all its activities, the management of that risk is an integral part of good management practice and supports risk management as a central element in its day-to-day operations. Therefore, all RWCC departments and operations will adopt a risk management approach consistent with AS/NZS ISO 31000:2009 in their planning, approval, review and control processes.

Risk management is a systematic process that involves establishing the context of risk management, identifying, analysing, evaluating, treating risks, periodic monitoring and communication. Risk management does not eliminate all risk. The application of risk management thinking, principles and practices aims to assist RWCC deliver quality services, improve decision making, set priorities for competing demands/resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of RWCC's objectives.

The purpose of this policy is to establish and communicate RWCC's approach for managing risks and to establish clear objectives to ensure that all levels of management, staff and contractors are aware of and responsible for the management of risk.

1. OBJECTIVE:

RWCC aims to:

- provide appropriate levels of service, building on its reputation, and provide a comprehensive water supply to customers,
- operate, maintain and construct assets required to meet levels of service, incorporating continuous improvement/quality processes,
- create an environment where all Councillors, Committee Members, RWCC employees and contractors assume responsibility for managing risk,
- establish a formal, structured risk management approach that is appropriate to RWCC's activities and operating environment,
- adopt a risk management approach consistent with the principles of Australian and New Zealand risk management standard AS/NZS ISO: 31000:2009 where by risks are identified, analysed, evaluated, treated, monitored and communicated,
- establish and as necessary review RWCC's risk appetite,
- involve identified stakeholders in RWCC's risk management process as appropriate,
- ensure that it can appropriately deal with risk
- protect the community and the environment as a good corporate citizen.

2. SCOPE OF POLICY

This policy applies to all Councillors, Committee Members, management, staff and contractors across all RWCC activities and processes.

3. DEFINITIONS

Risk	Effect of uncertainty on objectives
Risk management	Coordinated activities to direct and control an organisation with regard to risk
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk management policy	Statement of the overall intentions and direction of an organisation related to risk management
Risk management plan	Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk
Risk management strategy	Systematic application of management policies, procedure and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Appetite	The amount of risk that an organisation is prepared to seek, accept or tolerate.

4. RELATED DOCUMENTS

- Risk Management Plan
- Risk Management Framework
- Risk Management Strategy
- Good Governance Policy (1.3)
- Risk Register
- Business Continuity Plan
- Local Emergency Management Plan
- Fraud and Corruption Policy (1.14)
- Business Continuity Policy (1.22)
- Work, Health and Safety Policy (4.3)

5. POLICY CONTENT

Riverina Water County Council is committed to ensuring a strong risk management culture exists and will undertake a range of activities to help promote and embed risk management practices by:

- managing risk based on AS/NZS ISO 31000:2009 Risk Management and other relevant guidelines and standards;
- aligning risk management to RWCC's existing planning and operational processes;
- allocating sufficient funding to risk management activities;
- providing all RWCC staff with sufficient and appropriate training;
- including risk management responsibilities in job descriptions and staff performance appraisals;
- discussing risk management issues and incidents at team meetings;
- including risk management information and updates in RWCC reports and on RWCC intranet/internet sites;
- Update its Risk Management Plan annually;
- Make informed judgements concerning the level and costs of risk involved in achieving cost-effective outcomes.

RWCC supports the following principles as listed in AS/NZS ISO 31000:2009:

- **Risk management creates and protects value**

  Risk management contributes to the demonstrable achievement of objectives and improvement of performance on, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product and service quality, project management, efficiency in operations, governance and reputation.

- **Risk management is an integral part of all RWCC processes**

  Risk management is not a stand-alone activity that is separate from the main activities and processes of RWCC. Risk management is part of the responsibilities of management and an integral part of all RWCC's processes, including strategic planning and all project and change management processes.

- **Risk management is a part of decision making**

  Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

- **Risk management explicitly addresses uncertainty**

  Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

- **Risk management is systematic, structured and timely**

  A systematic, timely and structured approach to risk management contributes to efficiency and consistent, comparable and reliable results.

- **Risk management is based on the best available information**

  The inputs to the processes of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

- **Risk management is tailored**

  Risk management is aligned with RWCC's external and internal context and risk profile.

- **Risk management takes human and cultural factors into account**

  Risk management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of RWCC's objectives.

- **Risk management is transparent and inclusive**

  Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of RWCC, ensures that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

- **Risk management is dynamic, iterative and responsive to change**

  Risk management continually senses and responds to change. As internal and external events occur, context and knowledge change, monitoring and review of risks takes place, new risks emerge, some change and others disappear.

- **Risk management facilitates continual improvement of RWCC**

  RWCC should develop and implement strategies to improve their risk management processes alongside all other aspects of RWCC.

- **Risk management is the responsibility of all RWCC staff**

  Within each specialist area, all staff are responsible for applying risk management practices to identify, assess, communicate and mitigate risks.

6. POLICY IMPLEMENTATION GUIDELINES

This policy will be implemented through Council's Risk Management Framework, Risk Management Strategy and annual Risk Management Plan as shown below:

Risk Management Relationships

Risk Management Policy	Risk Management Framework	Risk Management Strategy
The Risk Management Policy sets out Council's commitment to risk management and the principles upon which it will manage its risks	The Risk Management Framework establishes Council's risk context, risk appetite, risk criteria, and risk structure. It specifies roles and accountabilities, outlines the risk process and how risk management performance will be assessed.	The Risk Management Strategy sets out how Council will deal with risks. The five steps are: Identify risks Analyse risks Evaluate risks Treat risks Communicate & consult

Risk Management Plan

The annual Risk Management Plan covers actions to be taken to treat strategic risks across the organisation. It identifies residual risk levels, any altered risk conditions, and any actions that need to be taken to reduce residual risk.

Risk Management Review and Report

Council's risk framework, policy, strategy, and plan is reviewed at least annually and amended as required. A report is then provided to the General Manager, WH & S and Risk Coordinator, and the Audit Risk and Improvement Committee of Council

Audit Committee Framework

The Audit Committee framework is a high level summary of:

Identified risks with a residual risk of moderate or higher;

Identified inherent risks of high or extreme with a residual risk level of moderate or low.

The Audit Committee framework is used by Audit, Risk & Improvement Committee to target testing of controls (including by internal audit) to those most relied on to reduce risk, or where the residual risk is highest.