

Enterprise Risk Management Policy

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Strategic Pillar	Capability
Responsible Branch	Workplace and Governance

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1 OUTCOMES

- 1.1 This Policy demonstrates Queanbeyan-Palerang Regional Council (QPRC) is committed to establishing, maintaining and continually improving an enterprise wide system for managing risk.
- 1.2 The aim of an Enterprise Risk Management (ERM) system is to embed the management of risks, which are inherent in QPRC's external and internal organisational environment, into all organisational systems and processes. This is inclusive of strategy setting (Integrated Planning and Reporting), to the implementation of strategy (projects), and day-to-day operational business activities.
- 1.3 QPRC acknowledges that the value of ERM is achieved through:
- Enabling the organisation to have a strong outcomes-focused approach to ensure that organisational objectives are achieved.
 - Improved prioritised decision-making and increasing the efficiency and effectiveness of processes, by considering the risks (both opportunities and threats) inherent in business practices.
 - Improving the risk culture of the organisation.

2 POLICY

- 2.1 QPRC is committed to developing and continually improving its ERM system to meet its statutory requirements, guide good decision-making and respond to changing social, environmental, economic and legislative requirements.
- 2.2 QPRC acknowledges that applying a risk management methodology is integral to an ERM system to ensure that opportunities and threats are considered in relation to obtaining a risk-reward balance in strategy setting and operational practices that are within its risk appetite.

3 SCOPE OF THE POLICY

- 3.1 This policy applies to all Councillors, Committee members, staff, contractors and volunteers across all Council activities and processes
- 3.2 This policy applies to the management of risk (opportunities and threats) inherent to all of QPRC's activities.

4 DEFINITIONS

- 4.1 Use of specific risk terminology is important in keeping language used within the organisation consistent. QPRC uses the definitions as defined in ISO 31000 and ISO Guide 73: Risk Management Vocabulary. Additional terminology may also be used as specified in supporting risk documentation used by QPRC. Any additional terminology will be clearly defined in supporting guidelines and documentation.

- 4.2 Risk - For the purposes of this policy, risk is defined as the effect of uncertainty on achieving QPRC's objectives, where an effect is either a positive or negative deviation from what is expected. In this way, risk is considered in relation to a risk-reward balance based on the opportunities and threats identified.
- 4.3 Three Lines Model – refers to the model developed by the Institute of Internal Auditors to help organisations with identifying structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. The three lines include (but are not limited to):
1. First line: roles that provide products and services to customers and directly manage risks.
 2. Second line: roles that complement the first line and provide expertise, support, monitoring and challenge on risk-related matters.
 3. Third line: Independent and objective assurance (such as internal audit).
- 4.4 Enterprise Risk Management (ERM) System – A system that is in development to embed the management of risks, which are inherent in QPRC's external and internal organisational environment, into all organisational systems and processes.
- 4.5 Risk appetite statements – Council's internal Risk Management Directive contains Council's risk appetite statement. These statements identify whether council will eliminate, minimise, manage or exploit a specific risk.

5 LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- 5.1 *Local Government Act* (NSW), specifically:
- 8B Principles of sound financial management
 - 382 Insurance against liability
 - 400C, F and H relating to public-private partnerships
 - 415 Auditing of financial reports
 - 421B Performance audits
 - 428A Audit, Risk and Improvement Committee
 - 440 Codes of conduct
 - 739 Protection of privacy
- 5.2 ISO 31000:2018 Risk Management Guidelines

6 CONTENT

- 6.1 Enterprise Risk Management - QPRC recognises that risk is a necessary part of doing business. As QPRC provides critical services and infrastructure and meets service agreements and contractual obligations to a variety of stakeholders, it is incumbent on QPRC to understand and manage its external and internal risks. QPRC is committed to developing an ERM system that integrates risk-based decision-making into its governance, planning, management, reporting systems and culture.

6.2 Framework

6.2.1 QPRC's ERM framework is modelled on the ISO 31000:2018 standard on guidelines for managing risk and is used to guide and support consistency in managing risk.

6.2.2 In improving its framework, QPRC will consider industry best practice.

6.3 Risk Appetite

6.3.1 QPRC will understand and articulate its risk appetite using risk appetite statements.

6.3.2 Where required, QPRC may review and temporarily alter its risk appetite to accommodate occurring and future scenarios (example COVID-19).

6.3.3 As a local government entity, QPRC has an obligation to its stakeholders to ensure that it does not accept high levels of risk that may impact on community wellbeing and amenity or its ongoing viability. In general, this means that QPRC has a low appetite for risk. However, QPRC will consider the balance between risk and reward in taking opportunities that may exist within its operating environment

6.4 Risk Governance

All employees and elected representatives have a responsibility to identify, evaluate and appropriately manage risks within their areas. QPRC uses the Three Lines Model developed by the Institute of Internal Auditors to clearly articulate roles and responsibilities and to identify structures and processes that facilitate strong governance and risk management.

6.5 Key Risk Indicators

QPRC will develop and continually improve its suite of meaningful key risk indicators ensuring quality over quantity.

7 REVIEW

7.1 This policy will be reviewed every four years or earlier as necessary if:

- a) legislation requires it, or
- b) QPRC's functions, structure or activities change