

	COUNCIL POLICY	
	Enterprise Risk Management	
	POLICY NO	043
	DEPARTMENT	Organisational Services
	PROGRAM	Governance and Safety
ENDORSED BY COUNCIL	12 September 2018, Folio 58821	

1.0 Scope

This policy sets out Council's high-level expectations in relation to enterprise risk management (ERM) at Mackay Regional Council (MRC).

2.0 Purpose

MRC is committed to managing risks that may have an adverse effect on its capacity to achieve its objectives. MRC supports the implementation and maintenance of a formal integrated risk management system to mitigate these risks and take advantage of potential opportunities. Accordingly, the risk management process is to be linked to objectives at all levels of MRC and take account of opportunities as well as threats.

Additionally, this Policy directs:

- Consistency across MRC in the methods used to assess, mitigate, monitor and communicate risk. Methodologies adopted will be consistent with the Australian/New Zealand Standard ISO 31000:2018.
- The implementation of integrated risk management practices across MRC that provide for:
 - The consideration of risk in the development of corporate, operational and project plans
 - The improved ability to achieve strategic, operational and project objectives
 - Employees being aware of and considering their risk management responsibilities
 - Formalisation of MRC's commitment to the principles of risk management and incorporating these into all areas of MRC.

3.0 Reference

- *Local Government Act 2009*
- *Local Government Regulation 2012, Section 164 (1)*
- *AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines*

This policy should be read in conjunction with the Enterprise Risk Management Framework (ERMF).

The ERMF outlines the risk management arrangements which guide the implementation of risk management across MRC. The framework also sets out the methodologies for the monitoring, review and reporting of risks. It was developed with reference to AS/NZS ISO 31000:2018 *Risk Management - Principles and Guidelines*.

4.0 Definitions

To assist with interpretation, the following definitions shall apply:

Audit Committee shall mean the advisory committee of Council consisting of Councillors and independent external members charged with providing assurance, oversight and advice to Council and the Chief Executive Officer in relation to the operations of Mackay Regional Council and its controlled entities.

Council shall mean the Mayor and Councillors of Mackay Regional Council.

Employee shall mean any person who performs work for MRC, including trainees, work experience persons, volunteer staff, consultants and contractors and their employees.

Enterprise Risk Management, (ERM) shall mean co-ordinated activities to direct and control an organisation with regard to risk.

Enterprise Risk Management Process shall mean the systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Enterprise Risk Management Framework, (ERMF) shall mean set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Enterprise Risk Management through the organisation.

MRC shall mean Mackay Regional Council.

Risk shall mean effect of uncertainty on objectives.

5.0 Background

ERM and its processes have been defined in the Australian and New Zealand ISO 31000:2018 *Risk Management - Principles and Guidelines* as the culture, processes, and structures that are directed towards realising potential opportunities whilst managing adverse effects.

Key drivers for risk management include sound governance, legislative frameworks, decision-making, environmental sustainability, social sustainability, community sustainability and financial sustainability.

Further weight has also been added to the importance of effective ERM by the Queensland Audit Office. The Queensland Auditor General has stated that he believes ERM to be a significant factor in ensuring the good governance of all Local Governments.

6.0 Policy Statement

MRC recognises that as a public authority it is exposed to a broad range of risks which, if not managed, could adversely impact on the organisation achieving its strategic objectives.

MRC is committed to creating an environment where;

- All identified risks will be assessed utilising MRC's ERMF.
- Appropriate training and resources will be made available to assist employees in understanding, managing and reporting risk.
- Identification and reporting of potential risks is encouraged.

MRC is committed to embedding ERM to all areas of the business in order to drive consistent, effective and accountable action and decision-making.

6.1 Consultation and Communication

MRC acknowledges that;

- Effective and open communication and consultation with stakeholders during all stages of the risk management process is crucial for successful identification and mitigation of risk
- The ERMF will outline processes for the communication and escalation of risk ensuring all impacted stakeholders are appropriately engaged.

6.2 Accountabilities

Council is responsible for adopting this policy.

Chief Executive Officer, (CEO) is accountable for:

- promoting a positive risk culture within MRC
- providing a reasonable level of assurance to MRC that potential risks are assessed and practical steps are taken to mitigate those risks.

Strategy, Leadership and Performance Team and Risk Sponsors are accountable to the CEO for:

- promoting effective risk management practices and contributing as a leader in the culture of managing risk responsibly across each Department.

Risk Owners assist the business to implement risk management practices in accordance with the Policy and the ERMF. Risk Owners are accountable for the provision of technical and expert advice concerning the category of risk for which they identify with.

Governance & Safety Program has carriage of the ERM function, and is accountable for the implementation, monitoring, review and continual improvement of MRC's ERMF.

Employees, (Program Managers inclusive) are required to familiarise themselves with this Policy, the ERMF and other policies that relate to a risk management activity relevant to their work area. Employees are also

accountable for participation in appropriately managing risk in their areas of business.

6.3 Enterprise Risk Management Performance

ERM performance will be measured and reported in accordance with the ERMF.

7.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than three (3) years.

Version Control:

Version	Reason / Trigger	Change	Endorsed / Reviewed	Date
2	Review of Policy	Amendments to Policy	Council	12.09.2018