



GOVERNANCE

Policy 9.14

Enterprise Risk Management

Version 2

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OBJECTIVE

As a local government entity, Lithgow City Council is an organisation where its very survival is contingent on the quality of its outcomes and where any impact on reputation could have devastating consequences. The management of risk within Lithgow City Council is an important enabling function that will help the Council to meet the expectations of our many stakeholders and provide quality services to our client base.

Our thorough understanding and management of risk will provide greater certainty and security for stakeholders, our employees and our customers. We will be better informed, more decisive and move with increased confidence to the achievement of our specified outcomes and objectives.

TERMS & ABBREVIATIONS

The following terms and abbreviations and definitions are used in this Policy.

Terms	Abbreviations	Definitions
Australia Standard	AS	An independent Australian organization that develops standards to ensure the quality, safety, and efficiency of products, services, and systems.
Enterprise Risk Management	ERM	Strategy that aims to identify and assess events and situations that may interfere with the achievement of Council's objectives and lead to losses or opportunities.
International Organisation for Standardisation	ISO	An independent, non-governmental, international organization that develops standards to ensure the quality, safety, and efficiency of products, services, and systems.
Risk	-	"Effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats." AS 31000:2018,
Risk Management	-	"Coordinated activities to direct and control an organisation with regard to risk." AS 31000:2018

PURPOSE

The purpose of this risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives; protect staff, business assets and reputation; and to ensure financial sustainability.

In implementing this policy, Lithgow City Council is committed to ensuring:

- That risk management is an integral part of Lithgow City Council planning and decision making processes.
- There is a consistent approach to managing risks across Lithgow City Council.
- Clear roles and responsibilities are defined.

- d. All staff with risk management roles and responsibilities are provided with necessary authority to undertake these responsibilities.
- e. There is accountability assigned to all those with risk a management responsibilities.
- f. The necessary resources are allocated in support of the policy outcomes.
- g. Communication with our stakeholder community in relation to the identification and management of risk is promoted and encouraged.
- h. We are honest with ourselves and with others in relation to the risk exposures and challenges faced by Lithgow City Council.

In making this commitment, Lithgow City Council will be well placed to achieve its goals and objectives and will ensure the credibility and reputation of the organisation with our stakeholder community is of the highest order.

LINKAGE

This Policy provides the over-arching guidance for the Lithgow City Council Risk Management Framework.

It is supported by:

- a. Lithgow City Council Enterprise Risk Management Framework;
- b. Lithgow City Council Enterprise Risk Management Process Guidelines;
- c. Lithgow City Council WHS Policy;
- d. Lithgow City Council Fraud & Corruption Control Policy; and
- e. Lithgow City Council Business Continuity Policy and Plan.

If there are any amendments to this policy, all other policies and plans must be reviewed in order to ensure they are still aligned.

OWNERSHIP:

The ERM Policy & Framework is owned by the Lithgow City Council General Manager.

LEGISLATION & STANDARDS

The ERMF is based on the documents listed below, which define a management system with an emphasis on risk:

- Local Government Act 1993.
- AS 9002:1994 Quality Management.
- AS 31000:2018 Risk Management – Guidelines.
- *Guidelines for Risk Management and Internal Audit for Local Government in NSW* December 2022 (Draft).

POLICY STATEMENTS

The following are the policy statements for Lithgow City Council Risk Management Program:

- a. Lithgow City Council (Council) is committed to utilising Enterprise Risk Management (ERM) to effectively manage enterprise risks as an integral part of planning and decision making. This approach enhances the ability of Council to deliver strategic objectives, minimise negative impacts, and appropriately leverage opportunities.

- b. Lithgow City Council Directors and Managers must lead, actively participate and have complete oversight of all aspects of risk management within their areas of responsibility.
- c. The criteria to be used for risk assessments are those detailed in the Lithgow City Council Enterprise Risk Management Framework, which supersedes any risk plans that have been developed previously.
- d. All Lithgow City Council risks are to be recorded and updated within the Lithgow City Council risk register.
- e. All risk registers are to be periodically and consistently reviewed in accordance with the timeframes specified in the Lithgow City Council Enterprise Risk Management Framework.
- f. Risk management is reported to the Council Audit Risk & Improvement Committee quarterly.
- g. All staff should have an adequate risk competency level that allows them to take responsibility for managing risks respective to their operational scope.

By implementing these policy statements, Council will have a much greater chance of achieving the objectives captured in the Integrated Plans. Furthermore, it will provide Council executive with visibility of the Lithgow City Council risk profile.

PERFORMANCE MEASURES

The performance of the risk management program will be measured in relation to three distinct categories:

- a. Compliance with this policy;
- b. Maturity of the risk management program; and
- c. Value-add to the organisation.

The full detail of the performance measures for the risk management program are detailed in Council's Enterprise Risk Management Process Guidelines and reflected in the Council's Enterprise Risk Management Framework.

ROLES & RESPONSIBILITIES

The following is a broad overview of the roles and responsibilities for the management of risks within Lithgow City Council. Full roles and responsibilities are contained in the Lithgow City Council Risk Management Plan.

Elected Members (Councillors)

Lithgow City Council elected members are responsible for providing leadership for the implementation and ongoing maintenance of the Lithgow City Council risk management program through involvement in the process, allocation of sufficient resources and effective engagement with all Lithgow City Council stakeholders on risk matters.

Executive Leadership Team (ELT)

Is responsible for the effective implementation of Lithgow City Council risk management program as well as ensuring the ongoing robustness of the program.

Risk Coordinator

To undertake the day to day responsibilities, provide advice on risk management and guidance to the Executive Leadership Team (ELT).

POLICY OWNER

The policy is owned by the Council's elected members (Councillors).

REVIEW REQUIREMENTS

This policy is to be reviewed annually.

CONCLUSION

The development and implementation of the Risk Management Program will contribute significantly to the effective governance of Lithgow City Council.

The visibility of risks will provide the Council executive team with a detailed understanding of our risk profile and will assist greatly in decision making.

The effective implementation and ongoing maintenance of the Risk Management function requires commitment and leadership from all levels of management within Lithgow City Council.

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