

	RISK MANAGEMENT POLICY	
	CATEGORY:	COUNCIL POLICY
	SP CLASSIFICATION:	FINANCE
	Local Government Regulations:	Section 6, (1)
	RESPONSIBLE OFFICER:	CHIEF EXECUTIVE OFFICER

1. PURPOSE

Risk Management is an important part of Wagait Shire Council’s corporate governance and covers areas such as strategic management, internal controls, business development, project management and finance. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies are complied with, and financial reporting is accurate and reliable. Effective risk management in council operations is critical in achieving its goals and objectives.

2. SCOPE

This policy applies to all workplace participants.

3. DEFINITIONS

For the purposes of this policy, the following definitions apply:

Term	Definition
Risk	The effect of uncertainty on objectives.
Risk Management	A coordinated set of activities and methods that are used to direct an organisation and to control the many risks that can affect its ability to achieve objectives.
Workplace Participants	Includes all elected members, council employees, contractors, consultants, committee members and any individual or group undertaking activity for or on behalf of the Council.

4. POLICY

Council is committed to maintaining an effective risk management environment. This policy is based on the following principles:

- Managing risks relating to the stewardship of public resources requires effective internal controls.
- Council requires a framework for an effective risk management system which ensures that risks are identified, and controls are established, documented, maintained and adhered to across the council.

- Council must ensure the propriety of transactions, information integrity, compliance with regulations and achievement of council objectives through operational efficiency

4.1. The Risk Management Process

The process followed by council in developing the framework shall be based on Australian/New Zealand Standard AS/NZS ISO 31000:2018.

- 4.1.1. Establish Goals & Context – Effective risk management requires a thorough understanding of the goals and context of council to assist in establishing the assessment criteria for risk management.
- 4.1.2. Identify Risks – Identify the risks most likely to impact on the achievement of council's objectives and refer to the risk matrix.
- 4.1.3. Analyse Risks – Assess risks in terms of likelihood and consequence to identify the current risk level.
- 4.1.4. Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.
- 4.1.5. Treat Risks – Treat risks by one of the following methods - discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.
- 4.1.6. Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.
- 4.1.7. Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to the Chief Executive Officer (CEO) on progress with controls. The CEO monitors the effectiveness of risk treatments and reports progress to the Audit Committee at regular intervals.

4.2. Risk Management Approach

- 4.2.1. Council will maintain an internal control framework, which will be based upon a proactive risk management culture.
- 4.2.2. The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities.
- 4.2.3. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.
- 4.2.4. Council will develop a culture that emphasises integrity, ethical values and competence.

4.3. Roles and Responsibilities

- 4.3.1. Council members are responsible for setting Wagait Shire Council's risk appetite, which forms the foundation of, and consideration of risk.
- 4.3.2. The CEO is responsible for establishing internal controls and associated framework, which ensures council objectives are achieved efficiently and effectively as required by Section 6(1) of the Local Government (General) Regulations. Updates on changes to the framework will be presented to the audit & risk committee before being presented to council for adoption.
- 4.3.3. The CEO must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls and is responsible for ensuring council employees conduct their duties in accordance with internal control policies, procedures and practices of council.

4.4. Elements of the Internal Control Framework

The essential elements of an effective internal control framework are:

- Structure and culture of council;
- Delegations of authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior management compliance assurance;
- Risk identification and assessment.

4.5. Accounting Policies and Procedures

The Local Government (General) Regulations prescribes at Section 6 (c) that a council must maintain internal accounting policies and procedures.

Wagait Shire Council's accounting policies and procedures include the following:

- a) an organisation chart showing the functions of the council, its committees and responsible officers;
- b) a statement of the duties and responsibilities of the CEO and responsible officers;
- c) the principal accounting policies of the council;
- d) information about the timing and content of financial management reports to the council and the CEO;
- e) procedures the council considers necessary to facilitate the timely preparation of the council's annual financial statement;
- f) the information necessary to ensure the proper operation of any computer-based accounting system in use;
- g) details of all administrative and accounting procedures and delegations of authority, including:

- i) details of internal control procedures; and risk management
- ii) details of personnel and financial delegations; and
- iii) a chart of accounts divided into assets, liabilities, income, expenses and council equity accounts; and
- iv) procedures relating to the receipt and banking of money, the payment of salaries and wages, the allocation of machinery operating costs to council functions, the purchase of goods and services and the granting of credit to council debtors.

4.6. Review of Internal Controls Framework

4.6.1. Council will establish an internal audit plan to review and manage internal controls (the Risk Assessment and Acceptance Criteria document)

4.6.2. The annual audit of financial statements provides review of internal controls.

5. ASSOCIATED DOCUMENTS

Wagait Shire Council Policies

Wagait Shire Council Risk Assessment and Acceptance Criteria document

Wagait Shire Council Shire Plan

6. REFERENCES AND LEGISLATION

Local Government Act 2019 (NT) and associated regulations

Australian/New Zealand Standard AS/NZS ISO 31000:2018

7. REVIEW HISTORY

Date Approved: 21/02/2023	Approved By Council Moved: Cr Sarah Smith Seconded: President Neil White Vote: AIF	Resolution No. 2023/29	Date for review: February 2024
Date Approved: 19/03/2024	Approved By Council Moved: Cr P Clee Seconded: President N White Vote: AIF	Resolution No. 2024/056	Date for review: February 2025