Enterprise Risk Management Policy

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1. Scope

1.1 This ~~P~~policy applies to all City of Parramatta Council (**Council**) Councillors~~,~~ ~~staff~~and Employees, as well as volunteers, trainees, ~~and~~ private contractors, ~~in the City of Parramatta Council. It includes temporary staff, private contractors~~ and consultants having ~~E~~employee functions or acting in an ~~E~~employee capacity on behalf of ~~the City of Parramatta~~ Council.

2. Purpose

2.1 This ~~P~~policy ~~outlines~~establishes Council's commitment to, and objectives around, managing ~~R~~risks.

2.2 ~~It~~This Policy ~~explains that the responsibility for~~ sets out a framework for Council to manag~~eing~~ ~~R~~risk ~~is the role of senior management, with the involvement and assistance of all staff... Council is committed to managing risk~~ on a systematic, organisational~~-~~wide basis, consistent with AS/NZS ISO 3100:201~~09~~8 Risk Management~~- Principles and~~ Guidelines. This Policy integrates Risk Management into all decision making and Council's overall corporate governance.

~~Council acknowledges the moral, financial, social and legal responsibility to effectively manage risk and opportunities in all areas of operations and ensure the efficient and ethical use of resources and services used by ratepayers, residents, staff and visitors.~~

~~Definitions~~

~~Risk - effect of uncertainty on objectives~~

~~Risk management - risk management coordinated activities to direct and control an organization with regard to risk.~~

~~Risk management framework- set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.~~

~~Risk exposure - extent to which an organization and/or stakeholder is subject to an occurrence or change of a particular set of circumstances.~~

~~Risk owner - person or entity with the accountability and authority to manage a risk.~~

~~Risk control and treatment - Measure or process to modify risk.~~

3. **Policy**

3.1 Council acknowledges ~~the~~that it has a moral, financial, social, and legal responsibility to effectively manage R~~r~~isk and opportunities in all areas of operations, and to ensure the efficient and ethical use of resources and services used by ratepayers, residents, ~~staff~~Council Officials, and visitors.

3.2 Council recognises that Risk is inherent in all business activities and needs to be managed to maximise opportunities and minimise negative outcomes~~,~~ ~~and~~ including to:~~-~~

    (a) m~~M~~inimise the incidence of personal injury and ill health of ~~employees~~Council Officials and members of the public;
    (b) m~~M~~inimise the incidence of damage to equipment and facilities;
    (c) m~~M~~inimise the financial and operational R~~r~~isks and losses to the Council and the public; ~~and~~
    (d) m~~M~~inimise resources spent in relation to loss~~;~~. and
    (e) maximise the benefit gained from opportunities identified.

3.3 Risk Management is an integral part of Council decision making and Council's organisational processes. ~~and should not be separated from the main activities and processes of the organisation.~~Risk Management will be integrated into all Council activities through Council's Enterprise Risk Management Framework, which will provide the ability to minimize Risk Exposure while optimising every opportunity.

~~Risk Management is a part of decision making. Every time Council makes a decision there is an exposure to risk. Council's risk management framework minimises the risk and optimises every opportunity.~~

3.4 ~~Risk Management explicitly addresses inherent uncertainty.~~ Council will regard uncertainty as inherent in its approach to Risk Management. Council will identify and analyse a range of R~~r~~isks so that R~~r~~isk O~~o~~wners are better able to implement controls and treatments to mitigate the likelihood and / or consequences of uncertainty.

3.5 ~~Risk Management is systematic, structured and timely.~~ Council will ensure that Risk Management is planned and controlled to ensure efficiency, through applying an approach which is systematic, structured and timely. ~~.~~

3.6 Council will approach Risk Management ~~is~~ based on the best available information. Council recognises that information is often limited~~, costly~~ and imperfect, but in managing Risk Council will consider information from ~~many~~diverse sources including observation, experience, forecasts, and experts.

3.7 Council will ensure that its approach to Risk Management is transparent and inclusive. Council~~'s~~ recognises that internal and external stakeholders can have a major impact on the organisation and as such need to be ~~included~~involved when establishing and

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determining R~r~isk.

3.8 Council will take an approach to Risk Management which is dynamic and responsive to change. Council must respond to changes in the internal and external environment, and amend ~our~its process, plans, and frameworks accordingly.

~~Risk Management training will be provided for all appropriate Council officers on how to use and apply the Risk Management Framework to ensure consistency and quality throughout the organisation.~~

3.9 Risk Appetite

The Executive Team is responsible for applying the Risk Appetite that Council is willing to accept in making its decisions. Council's Risk Appetite is as follows:

Measure	Description	Indicators		
		Green (A – within appetite)	Amber (B – low appetite)	Red (C – no appetite)
Strategic	(a) Council has an appetite for meeting our strategy, and for adopting strong legal, compliance, people and Risk Management practices to support our strategy; (b) Council has low appetite for undertaking activities which are not aligned with Council's approved strategy; and (c) Council has no appetite for undertaking activities or services for which Council lacks the resources, capability, or financial means to execute.	• Delay in achievement of objective of between 3 and 6 months • Minor component of objectives unable to be achieved but overall objective still achievable	• Delay in achievement of objective of between 6 months and 2 years • Important component of objectives unable to be achieved • Some negative external stakeholder feedback	• Delay in achievement of objective in excess of 2 years • Significant part of objectives becomes unachievable • Significant negative external stakeholder feedback
Operational	(a) Council has an appetite for meeting Council's key performance indicators (KPI) in the Delivery Program and Operational Plan; (b) Council has low appetite for undertaking unplanned activities that jeopardise achievement of KPIs; and (c) Council has no appetite for failing to achieve KPIs.	• Process or asset breakdown resulting in minor service disruption (< 20 external customers affected) • Internal impact (less than 1 day) • Loss of non-critical information • Recoverable loss of data • Local service issue resolved in 1 day managed by changes to operational	• Process or asset breakdown having an impact on a major customer group; service disruption of up to 3 days • Loss of critical information or records • Local service issue lasting more than 1 day • Service issue for more than 2 hours where no workarounds available • Service issue affecting external customers for up to 1 day	• Service disruption having an impact on internal or external customers of up to 1 week • Breach of systems security affecting private client information • Loss of records or critical information that cannot be recovered • Service issue lasting more than 3 days

Measure	Description	Indicators		
		Green (A – within appetite)	**Amber** (B – low appetite)	**Red** (C – no appetite)
		processes i.e. workarounds		

Measure	Description	Indicators		
		Green (A – within appetite)	**Amber** (B – low appetite)	**Red** (C – no appetite)
Financial	(a) Council has an appetite for operating within a balanced budget; (b) Council has low appetite for reducing reserves to maintain operational capability; and © Council has no appetite for operating at a loss.	• $250k - $1m financial impact (one off) or $100k - $500k (recurrent)	• $1m - $5m financial impact (one off) or $500k - $1m (recurrent)	• $5m - $50m financial impact (one off) or $1m - $10m (recurrent)
Governance	(a) Council has an appetite for operating within legislative requirements and Council Policies and Procedures; (b) Council has low appetite for inadvertent breaches of legislation and Council Policies and Procedures; and © Council has no appetite for intentional breaches of legislation and Council Policies and Procedures.	• Inadvertent, one-off regulatory or policy breach requiring corrective action and some external disclosure	• Ongoing or systemic breaches of law or policy resulting in corrective action and external reporting • May result in corrective action from outside Council, including overturning of Council decision	• Significant or systemic breaches of the law resulting in Council being the subject of external corrective action • Council decisions being found invalid or loss in legal proceedings
Reputational	(a) Council has an appetite for behaving in a way that reinforces Council's reputation in the community; (b) Council has low appetite for actions that diminish Council's reputation; and © Council has no appetite for acting in a way that disregards Council's standing with the community.	• Minor local media/public/political interest • Small amount of non-recurring negative local media	• Significant negative local media/public/political interest • Some negative media in major metropolitan press	• Major negative media/public/political attention lasting up to 1 week
Measure	Description	Indicators		
		Green (A – within appetite)	**Amber** (B – low appetite)	**Red** (C – no appetite)
Environmental	(a) Council has an appetite for undertaking operations in a sustainable, and	• Short term effects on built & natural environment;	• Serious medium-term effects on built & natural environment from single incident	• Significant long-term impact on built & natural environment;

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		Green (A – within appetite)	Amber (B – low appetite)	Red (C – no appetite)
	environmentally conscious manner; (b) Council has low appetite for negatively impacting the environment; and (c) Council has no appetite for unsustainable, environmentally degrading actions.	• Damage to a single property or parcel of land • Inadvertent breach of policy	(e.g. one-off pollution spill)	• Investigation of Council with adverse findings
Work Health and Safety	(a) Council has an appetite for undertaking operations in a safe manner; (b) Council has low appetite for operating in a manner which impacts the safety and wellbeing of Council Employees and any other individuals having Employee functions or acting in an Employee capacity on behalf of Council; and (c) Council has no appetite for unsafe work practices.	• Medical treatment required • Lost time <5 days	• Lost time >5 days, <1 month	• Lost time >1 month • Long-term or permanent disability • Single fatality
Fraud & Corruption	(a) Council has an appetite for behaving honestly and ethically; (b) Council has low appetite for inadvertently acting in an unethical manner; and (c) Council has no appetite for dishonesty, fraud, or corruption.	• Isolated misuse of assets / waste of public money (less than $1,000 in value)	• Misuse of public assets/waste of public money over $1000 • Any cash fraud • More than a single breach	• Systemic misuse of assets/waste of public money over $1000 or substantial financial fraud • Corruption
Measure	Description	Indicators		
		Green (A – within appetite)	Amber (B – low appetite)	Red (C – no appetite)
People	(a) Council has an appetite for demonstrating its People First, Community First guiding principle; (b) Council has low appetite for low staff engagement; and (c) Council has no appetite for high staff turnover.	• Loss of specialist capabilities which require recruitment action • Likely to be successfully recruited, internally or externally, within a reasonable period • Modest delays in time to fill vacancies	• Specialist skills lost that are difficult to fill • Time to fill likely to exceed 3 months • Role cannot be easily reassigned or redistributed to other Employees • Critical training delayed or unavailable • Voluntary turnover rate >12% but <20%	• Difficulty attracting and retaining staff with the appropriate skills • Critical vacancies likely to take more than 6 months to fill • Turnover rate exceeds 20%

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		Green (A – within appetite)	**Amber (B – low appetite)**	**Red (C – no appetite)**
		• Some delay in essential training	• Employee engagement rates are below 50%	• Employee engagement rates are below 40% • Critical training needs cannot be met
Innovation	Council is willing to take Risks in pursuit of innovation, recognising that not all initiatives will succeed. We acknowledge that innovation involves uncertainty and that there are inherent Risks associated with exploring new ideas.	• Embracing innovation to drive progress but remain mindful of the potential Risks involved • Take calculated Risks and explore innovative ideas that have a reasonable chance of success • Some failures may occur, but are expected to be valuable learning opportunities	• Undertake innovation with minimal Risks or uncertainties, with the focus on ensuring the stability and continuity of operations • Prioritise incremental or proven innovations over disruptive or experimental ones	• Undertake significant Risks • Pursue highly innovative and transformative initiatives • A more experimental and disruptive approach to innovation • The possibility of substantial negative impacts

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4. Delegation

4.1 There are no Administrative and/or Legislative Delegations applicable to this Policy.

5. Procedure

5.1 This Policy must be read in conjunction with Council's Risk Management Procedure, which provides detailed guidance regarding the Risk Management processes and activities to be undertaken by Council.

5.2 Council will provide Risk Management training will be provided for all appropriate Council officersEmployees on how to use and apply the Enterprise Risk Management Framework, to ensure consistency and quality throughout the organisation. This Ppolicy will be communicated to all staffEmployees at iInduction tTraining, through regular awareness emails, and by inclusion in COPCoP's Policy Registerthrough publication on the Intranet.

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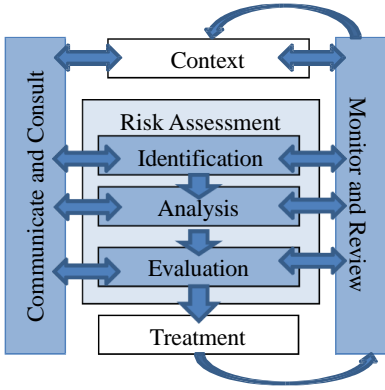
5.3 ~~When risk assessment is undertaken~~ Council will undertake Risk assessment by:

(a) ~~We will~~ identify~~ing~~ and assess~~ing~~ ~~our~~ key R~~r~~isks at least annually, in conjunction with ~~our~~the business planning cycle;~~.~~

(b) ~~We will~~ identify~~ing~~ and assess~~ing~~ R~~r~~isks any time ~~we~~Council undertake~~s~~ a new area of business operations or undertake a substantial change in ~~our~~ business operations;~~.~~

(c) ~~We will~~ identify~~ing~~ and assess~~ing~~ R~~r~~isks whenever ~~we~~Council undertake~~s~~ a new project or event;~~.~~ and

(d) ~~We will~~ periodically review~~ing~~ ~~our~~its R~~r~~isk assessment process ~~in accordance with our Risk Management Plan~~.

Responsibilities

1. Council Risk

~~The Council is ultimately responsible for the level of risk it is willing to accept in making its decisions.~~

5.4 The ~~Interim General Manager~~Executive Team is ~~ultimately~~ responsible for ensuring R~~r~~isk is managed across ~~the~~ Council in accordance with the Risk Appetite set by Council.

5.4.1 The Executive Team ~~and Senior Management are~~ is responsible for the ongoing identification, monitoring, and effective management ~~and review~~ of all strategic r~~R~~isks ~~arising from Council's business operations and the escalation of severe or extreme risks to Council in a timely way~~ – relating to the delivery of the strategic priorities in the Delivery Plan which will be included in the Strategic Risk Register.

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5.4.2 TheEach Executive Director responsible for a Major Priority identified in the Corporate Plan delivery project or advocacy project in the Delivery Plan is responsible for identifying, monitoring, mitigating, and reporting all Rrisks associated with the Major Priorityproject, including ensuring appropriate resources for Rrisk Mmanagement are made available.

5.4.3 Executive Directors also haveare responsibleility for all Rrisks with a residual Rrisk rating of 'Severe' or above, as identified in the relevant Risk Register.

5.5 The sSenior mManager (Business Unit Manager) responsible for an area of business operations has ownership of and is responsible for identifying, monitoring, mitigating, and reporting all oOperational Rrisks., associated with their business operations, including ensuring appropriate resources for Rrisk Mmanagement are made available. The senior manager is also responsible for reviewing Risks arising from Council's business operations and escalating severe or extreme Risks to Council in a timely way.

5.6 The nominated pProject or eEvent mManager is responsible for identifying, monitoring, mitigating, and reporting all Rrisks associated with the project or event., includingA project control group will be responsible for ensuring appropriate resources for Rrisk Mmanagement are made available.

5.7 All staffEmployees, and individuals having Employee functions or acting in an Employee capacity on behalf of Council, have an ongoing requirementresponsibility to provide input, including reporting as required, to enable the ongoing identification, assessment, and management of Rrisks.

2. Risk Framework

5.8 The Manager Governance and Risk and Audit Manager is responsible for coordinating the development, implementation, and maintenance of the Enterprise Risk Management Framework and Strategy throughout Council, including training and awareness, corporate Rrisk Mmanagement performance, and management reporting.

5.8.1 The Risk and Audit Manager will provide the Executive Team quarterly reports on the status of the Strategic and Operational Risk Registers.

5.9 The Audit & Risk and Improvement Committee (**ARIC**) will providdes independent assurance and assistance to the Council on the risk, control and complianceEnterprise Risk Management Fframework.

5.9.1 A report Council will be provided a report to the ARIC, at least annually, to the Executive Team and the Audit & Risk Committee by the Manager, Governance and Risk which setsting out how PCCCouncil has complied with this Ppolicy, including identification of any significant or systemic breaches of this Ppolicy and any instances where businesses have been operating outside of relevant risk tolerance levels for more than one month.

3. Risk Appetite Statement

The Council is responsible for approving the Council's Risk Appetite Statement. The

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Executive Team provides advice to the Council on the Risk Appetite Statement. Council officers are responsible for working within the Appetite Statement.

4. Strategic Risk

The Director responsible for a Major Priority identified in the Corporate Plan is responsible for identifying, monitoring, mitigating and reporting all risks associated with the Major Priority, including ensuring appropriate resources for risk management are made available. Directors also have responsibility for all risks with a residual risk rating of 'Severe' or above. as Directors will be primarily responsible for all Strategic Risks' as determined by the Executive Team and they will be included in the Strategic Risk Register.C

5. Operational Risk

The Senior Manager responsible for an area of business operations has ownership of and is responsible for identifying, monitoring, mitigating and reporting all Operational risks, , associated with their business operations, including ensuring appropriate resources for risk management are made available.

6. Project and Event Based Risk

The Project or Event Manager is responsible for identifying, monitoring, mitigating and reporting all risks associated with the project or event, including ensuring appropriate resources for risk management are made available.

How we will measure our Risk Management Performance

7. A report will be provided annually to the Executive Team and the Audit & Risk Committee by the Manager, Governance and Risk setting out how PCC has complied with this policy, including identification of any significant or systemic breaches of this policy and any instances where businesses have been operating outside of relevant risk tolerance levels for more than one month.

How will we communicate this Policy

8. This policy will be communicated to all staff at Induction Training, through regular awareness emails and by inclusion in COPCeP's Policy Register.

6.   Definitions

Audit Risk and Improvement Committee	A committee established under section 428A of the *Local Government Act 1993* (NSW) that provides independent assurance to Council by monitoring, reviewing, and providing advice about governance processes, compliance, Risk Management and control frameworks, external accountability obligations and overall performance.
Council Official	Councillors, Employees, and delegates of Council (including members of committees that are delegates of Council).
Delivery Plan	The prevailing Council-endorsed Delivery Program and Operational Plan for the City of Parramatta Council.
Employee	A person who is directly employed by Council on a full time, part time, temporary, or casual basis.
Enterprise Risk Management Framework	Set of components, including management policies and strategies, procedures and practices, to establish the context, identify, analyse, evaluate, treat, monitor and communicate Risk.
Risk	Refers to the risk of uncertainty on objectives. It is measured in terms of consequences and likelihood. Risks can have both positive and negative effects on objectives. The concept of Risk has two main elements: (1) the likelihood of something happening, and (2) the consequences if it happens.
Risk Appetite	The level of Risk that Council is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the Risk. Council's Risk Appetite is classified as follows: • Within appetite: Council's preferred state. • Low appetite: Council does not prefer this state, however the state will be tolerated whilst moving to the desired state. • No appetite: Council does not wish to operate in this state.
Risk exposure	Extent to which an organisation and/or stakeholder is subject to an occurrence or change of a particular set of circumstances.
Risk Management	Refers to coordinated activities to direct and control an organisation with regard to Risk. Risk Management explicitly addresses inherent uncertainty associated with Council objectives.

Risk Owner	Person or entity with the accountability and authority to manage a Risk.

~~Associated documents~~

~~Owner~~	~~Governance and Risk~~
~~Related Documents~~	~~Enterprise Risk Management Plan~~ ~~Enterprise Risk Management Procedure~~ ~~Strategic Risk Register~~ ~~Operational Risk Register~~ ~~Project/Event Risk Registers~~

REFERENCES	AS/NZS ISO 31000:2018 Risk management – Guidelines *Local Government Act 1993* (NSW)
ASSOCIATED POLICIES	Nil
ATTACHMENTS	Risk Management Procedure