LIVERPOOL CITY COUNCIL

ENTERPRISE RISK MANAGEMENT POLICY

Adopted: 27 March 2024

TRIM: 132540.2024

Contents

1. PURPOSE

The purpose of this Policy is to communicate Liverpool City Council's commitment to maintaining a robust and effective risk management framework to help promote a positive risk culture and proactively manage risks to support the achievement of Council's strategic and operational objectives. This Policy highlights the core components of the enterprise risk management framework in place and the responsibilities of Council officials.

By properly understanding and managing risk within the boundaries of our risk appetite, we can provide greater certainty and security to our community and other stakeholders. Effective enterprise-wide risk management will enable us to deliver on our commitments and ensure we make confident decisions on how we can develop, implement and manage our services and assets and facilitate continuous improvement.

2. OBJECTIVES

Council is committed to the formal, systematic and proactive management of risks. This strengthens the capacity and capability to effectively deliver services to the community by minimising the impact of adversity and loss whilst supporting the pursuit of opportunity

This policy is applicable to Council and all of its services, operations, systems and people. Council is committed to;

- Developing, implementing and maintaining a comprehensive and mature ERM Framework;
- Establishing Council's appetite for risk with respect to strategic objectives and day-to-day decisions;
- Ensuring the process of identifying and managing risk is in accordance with ISO 31000:2018 Risk Management;
- Establishing and implementing an ERM strategy to facilitate and support Council's vision for ERM;
- Ensuring the Executive Leadership Team (ELT) and Audit, Risk and Improvement Committee (ARIC) have ongoing risk oversight;
- Providing ongoing communication and training to staff on their accountabilities and responsibilities with respect to risk management; and
- Ensuring managers and staff are committed to managing risks and conducting risk assessments across all levels of risk (strategic, operational and compliance) in accordance with the ERM Framework.

3. LEGISLATIVE REQUIREMENTS AND APPLICABLE STANDARDS

Australian Standard: AS/NZS ISO 31000:2018
Local Government Act 1993

4. DEFINITIONS

Term	Meaning
Risk	Effect of uncertainty on objectives. Effect is a deviation from the expected and may be positive and/or negative
Risk Management	The coordinated activities to direct and control an organization with regard to risk.
Enterprise Risk Management Framework	The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Control	An existing Council process, policy, procedure or activity that minimises negative risk impacts and enhances positive risk opportunities.
Risk Treatment	A proposed action that will further modify negative risk impacts or enhance positive risk opportunities.

5. POLICY STATEMENT

Liverpool City Council will adopt a structured enterprise risk management framework which will ensure a flexible approach to the identification and management of all types of risk across Council.

Council is committed to the principles, framework and process of managing risk as outlined in ISO 31000:2018 Risk Management and commits to fully integrating risk management within the Council and applying it to all decision-making, functions, services and activities of the Council in accordance with our statutory requirements.

It is expected that risks will be identified and managed prior to the risk impacting Council's objectives by completing risk registers and other forms of risk assessments.

Council's aim is to ensure risk management is embedded in our culture and day-to-day operations by incorporating controls into policies and procedures. Our approach to risk management will include regular review, measurement, reporting and open communication.

6. ERM FRAMEWORK

Liverpool Council's enterprise risk management framework aims to support the achievement of organisational objectives and considers all types of strategic, financial, regulatory, reputation, compliance and other operational risks.

The framework provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. It consists of:

- Enterprise Risk Management Policy to clearly communicates Council's intent and commitment and its broad risk framework;

- Risk Appetite Statement to help guide management and risk owners in respect to the parameters of acceptable risk taking and tolerances;

- Enterprise Risk Management Strategy to provide a roadmap of the approach to foster a positive risk-aware culture and outline the mechanisms for implementing, resourcing, communicating and improving risk management as well as measuring and reporting risk management performance;

- Annual Risk Management Plan which aligns to the ERM strategy and provides detail of the program of risk management activity; and

- Risk Assessments and Reporting including risk registers which are applicable to all functions across Council.

7. ACCOUNTABILITIES AND RESPONSIBILITIES FOR MANAGING RISK

Position	Responsibility
Councillors	Councillors are responsible for setting the foundational elements of council's risk management framework and the 'tone at the top'. This includes: • providing oversight of Council's enterprise risk management. • setting the strategic context for risk management across the organisation, representing Council's objectives and the interests of current and future residents in the local government area. • delegating risk management to the CEO.

	• adopt Council's ERM Policy, ERM Strategy and Risk Appetite Statement and ensure decision-making processes are aligned. • consider risk implications in all decision-making to ensure alignment with Council's risk appetite.
Chief Executive Officer	Provides risk management leadership and is ultimately responsible and accountable for risk management. Supports and drives the implementation of risk management throughout Council.
Directors	Risk management is a core responsibility for all senior management at Council. This includes: • Creating a control environment that promotes prudent risk management practices, calculated risk taking and effective internal controls • Ensure all key risks are identified within the Directors and have appropriate treatment plans in place where they are rated higher than Council's risk appetite. As a member of the ELT, manage strategic risks facing Council and embed this policy and related risk framework processes into their areas of responsibility. Oversee and sign off on the implementation and/or existence of controls to mitigate Council's key risks.
Audit, Risk and Improvement Committee (ARIC)	The Audit, Risk & Improvement Committee is responsible for independently reviewing and providing advice to Council in relation to risk management. To ensure Council is effectively managing its risk and complying with its statutory obligations, Council's ARIC is responsible for reviewing the Council's: • risk management processes and procedures • risk management strategies for major projects or undertakings • control environment and insurance arrangements • business continuity planning arrangements, and • fraud and corruption control plan
Head Audit, Risk and Improvement	The Head of Audit, Risk & Improvement has overall responsibility for leading the risk management function which is responsible for the day-to-day activities required to implement the council's ERM framework and provide specialist risk management skills and knowledge.

Managers	Along with the Directors are the 'risk owners' and accountable for implementing and maintaining sound risk management practices in their day-to-day activities within their sphere of accountability and authority. Managers help identify, evaluate and manage risks, escalate incidents/issues to Executive and ensure staff are aware of and adhere to the policy and enterprise risk management framework.
Staff	All staff are responsible for identifying and managing risk within their work areas Staff should report all incidents, risks and issues to their Manager in a timely manner

AUTHORISED BY

Council Resolution

EFFECTIVE FROM

DIRECTORATE/ UNIT RESPONSIBLE
Office of the Chief Executive Officer (Internal Audit)

REVIEW DATE

VERSIONS

Version	Amended by	Date	Changes made	TRIM Number
1	Adopted by Council	16 December 2014	Not applicable	117975.2014
2	Adopted by Council	28 June 2017	Merging of ERM Strategy and ERM Policy	103446.2017
3	Adopted by Council	27 March 2019	Streaming policy to focus on framework, objectives and roles/responsibilities	351446.2018
4	Adopted by Council	27 March 2024	Reviewing objectives and roles/responsibilities	132540.2024

THIS POLICY HAS DEVELOPED AFTER CONSULTATION WITH
Audit Risk and Improvement Committee
Executive Leadership Team
City Corporate Services (Governance, Legal Services and Procurement)

REFERENCES

Australian Standard AS/NZS ISO 31000:2018 Risk Management

Liverpool City Council: Audit, Risk and Improvement Committee Charter

Liverpool City Council: Fraud and Corruption Prevention Policy

Liverpool City Council: Internal Audit Charter

Liverpool City Council: Work Health and Safety Policy

Liverpool City Council: Business Continuity Plan