

LODDON SHIRE COUNCIL

RISK MANAGEMENT IMPLEMENTATION PLAN



LODDON
SHIRE

DOCUMENT INFORMATION

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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES: Risk Management Framework
Risk Management Implementation Plan
Risk Management Procedure
Risk Appetite Statement
Occupational Health and Safety Policy
ISO 31000:2018 Risk Management Guidelines

RELATED LEGISLATION: Local Government Act 2020
Occupational Health and Safety Act 2004
Occupational Health and Safety Regulations 2017

EVIDENCE OF APPROVAL:


Signed by Chief Executive Officer

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This document is available in alternative formats (e.g. larger font) if requested.

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1 PURPOSE

The purpose of this Risk Management Implementation Plan is to document a path to transition Council into enterprise risk management¹. It should be acknowledged that the first iteration of this plan will be focussed on implementing the foundations to build on risk management maturity over time. For this reason, this plan will be reviewed annually to monitor completion of actions and to add new actions to further mature Council in risk management.

2 BUDGET IMPLICATIONS

It is not anticipated that additional budget will be required to implement the actions in this plan.

3 RISK ANALYSIS

This plan has been documented to provide a roadmap to increase risk management maturity within Council. The achievement of this will help the organisation in managing its current risks, understanding when risks are emerging, and improving risk maturity to a level where risk management increases performance.

4 INTRODUCTION

In trying to achieve best practice in overall governance (which comprises governance-compliance-risk), Council, the Management Executive Group and Loddon Leaders must demonstrate a commitment to a culture of risk management in the organisation.

Council has developed a risk management system that includes a Risk Management Policy, Risk Management Framework, Risk Appetite Statement, Risk Management Procedure and this Risk Management Implementation Plan.

It has been developed in line with *ISO 31000:2018*, the International Standard for risk management, which applies a best practice approach.

The five documents articulate:

- the objectives of the risk management system
- Council's commitment to managing risk
- roles and responsibilities in risk management within the organisation
- a plan to increase the focus on risk management and ensure that Council's governance framework provides risk reporting to the appropriate audiences.

¹ "ERM provides a framework for [risk management](https://en.wikipedia.org/wiki/Enterprise_risk_management), which typically involves identifying particular events or circumstances relevant to the organization's objectives (threats and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring process. By identifying and proactively addressing risks and opportunities, business enterprises protect and create value for their stakeholders, including owners, employees, customers, regulators, and society overall", https://en.wikipedia.org/wiki/Enterprise_risk_management, accessed 09/05/2022.

It is acknowledged that risk management is being undertaken already in the organisation and that Council already has a focus on risk management through:

- general awareness and constant discussion across the organisation
- assessment of risk when prioritising projects and capital works
- an active Audit and Risk Committee
- embedded incident management practices.

However, it is also acknowledged Council currently does not operate under an enterprise risk management model as:

- there are individual risk registers across the business that are not communicated across the organisation
- there are areas of the business without risk registers
- there appears to be a knowledge gap in formal risk management practices
- there is low awareness of the formal risk management tool available.

This Risk Management Implementation Plan should support overcoming the risk management deficiencies that exist, and start to increase the focus on risk management across the organisation.

5 DESIRED STATE

In order to identify the actions required to deliver best practice risk management, it is important to articulate and acknowledge what we are aiming to achieve, which for Council should include, but will not be limited to:

- a business intelligence tool that consolidates all risk registers into an enterprise risk register and provides the Audit and Risk Committee with consolidated reporting, such as an enterprise risk profile
- high level strategic reporting of key performance indicators and key risk indicators that provide trend analyses to identify any “red flags” related to trends of indicators
- active and engaged senior managers and other key stakeholders that monitor risks across the organisation, regardless of their area of expertise and knowledge
- an agreed reporting structure that provides the Audit and Risk Committee with the right information at the right time to provide comfort that risk is being managed across the organisation
- assessment of emerging risks by Loddon Leaders that are reported to the Audit and Risk Committee before being reported to the Council
- a culture where every decision is made from a risk-reward perspective assessing how each decision impacts delivery of the strategic objectives
- a fully integrated governance-risk-compliance (GRC) model where work in one area complements the other areas
- an environment where risk management becomes a seamless part of everyone’s work.

6 ACTION PLAN

The actions in the following table have been identified as important to start the process of transitioning Council into an enterprise risk management environment. The initial actions are broken into the areas of:

- Risk management framework
- Risk management process
- Risk culture.

It is expected that best practice at the framework and process level will support a maturity in risk culture throughout the organisation.

In addition to risk specific actions, other actions that will facilitate better risk management, but are not specifically risk actions, have been included as “Other strategies to improve risk”.

6.1 Risk management framework

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| 1F | Review the Risk Management Policy to ensure it aligns with ISO31000:2018 and recent risk management internal audit report | Policy approved by Council, after endorsement by the Audit and Risk Committee (A&R) | Director Corporate | Completed and reported to committee: A&R: May 2022 Council: May 2022 |
| 2F | Review the Risk Management Framework to ensure it aligns with ISO31000:2018 and recommendations from the risk management internal audit report | Framework approved by Council, after endorsement by the Audit and Risk Committee | Director Corporate | Completed and reported to committee: A&R: May 2022 Council: May 2022 |
| 3F | Develop a Risk Management Procedure to assist risk owners in how to log and manage risks | Procedure developed and approved by Management Executive Group | Director Corporate | Commenced: Revised target February 2024 |
| 4F | Review the Terms of Reference of the Risk Management Committee to ensure the Committee's work is focussed correctly. | Reviewed Terms of Reference approved by the Management Executive Group (MEG) | Director Corporate, in consultation with Loddon Leaders | Commenced: Revised target December 2023 |

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| 5F | Develop a Risk Appetite Statement | Risk Appetite Statement approved by Council, after endorsement by the Audit and Risk Committee | Director Corporate | Completed and reported to committee: A&R: May 2022 Council: May 2022 |
| 6F | Provide Audit and Risk Committee with quarterly reports of the status of outstanding actions | Standing agenda item on Audit and Risk Committee of Outstanding Action Report | Director Corporate | Completed and reported to committee: May 2022 |
| 7F | Develop a reporting framework for risk management that is provided to the Management Executive Group | Standing agenda item on Management Executive Group agenda each quarter – incorporated into Risk Management Procedure | Director Corporate | Revised target: March 2024 |
| 8F | Develop a reporting framework for risk management that is provided to the Audit and Risk Committee | Standing agenda item on the Audit and Risk Committee agenda each quarter – incorporated into Risk Management Procedure | Director Corporate | Revised target: February 2024 |
| 9F | Develop a compliance management framework in accordance with ISO 19600:2014 Compliance Management – Guidelines | Framework approved by Council, after endorsement by the Audit and Risk Committee | Director Corporate | Revised target: A&R: August 2024 Council: September 2024 |

6.2 Risk management process

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| 1P | Corporate documentation review to incorporate risk management (Council Report Template, Budget Bids, etc.) | Review undertaken and recommendations provided to the Management Executive Group | Director Corporate | Completed: December 2022 |
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| 2P | Facilitate training sessions for key stakeholders in Risk Management Software | Training undertaken – following development of Risk Management Procedure | Governance Coordinator | Commenced Revised target: June 2024 |
| 3P | Review the current risk register to confirm strategic risks, ensuring they are documented as true risk statements, and have been assessed and controls documented | Register reviewed and provided to Audit and Risk Committee prior to presentation to Council | Director Corporate | Completed and reported to committee. Further review of five strategic risks by ARC and Councillors is currently in progress |
| 4P | Review the current risk register to confirm current operational risk, ensuring they are documented as true risk statements, and have been assessed and controls documented | Register reviewed and provided to Audit and Risk Committee | Director Corporate | Commenced: Revised target: May 2024 |
| 5P | Assess the current risk management software to understand whether it is fit for purpose, and if not, investigate other risk management software for consideration | Report presented to the Loddon Leaders Compliance Meeting recommending current or new risk management software | Director Corporate | Revised target: August 2024 |
| 6P | Assess the safety management system against <i>ISO 45001:2018 Occupational health and safety management systems</i> to identify gaps in safety risk governance and implement an action plan from identified gaps | Gap analysis reported to Management Executive Group Action plan developed and reported to Management Executive Group | Director Corporate Director Corporate | Revised target: September 2024 Revised target: December 2024 |
| 7P | Identify new and emerging risks for all areas of the business | Standing agenda item for Loddon Leaders Compliance Meeting | Loddon Leaders | Target date: June 2024 |

6.3 Risk management culture

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| 1C | Source a risk management culture tool, and undertake a risk maturity assessment to measure the progress towards an enterprise risk management environment Note: This may not be achievable due to previous attempts to find a tool; however, further attempts will be made. | Report provided to the Loddon Leaders Compliance Meeting Report provided to the Audit and Risk Committee | Director Corporate | Revised target: September 2024 |
| 2C | Undertake a risk maturity assessment to measure the progress towards an enterprise risk management environment | Report provided to the Loddon Leaders Compliance Meeting Report provided to the Audit and Risk Committee | Director Corporate | One year after initial assessment |
| 3C | Develop Key Risk Indicators, taking into consideration risk and reward for the business | Key Risk Indicators embedded into Audit and Risk Committee Reporting – incorporated into Risk Management Procedure | Director Corporate | Revised target: February 2024 |

6.4 Other strategies to improve risk

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| 10 | Review the Strategic Document, Policy and Procedure Framework in accordance with AS/NZS ISO 9001: 2016 Quality Management Systems – Requirements to ensure that all corporate documentation has strong document control and review processes | Framework approved by the Management Executive Group | Director Corporate | Commenced Revised target: May 2024 |
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| 20 | Review the list of overdue documents, as per the Strategic Document, Policy and Procedure Framework, and progressively review all documents until they are up to date and current | Number of overdue items reduces monthly | Director Corporate | Completed December 2022 |
| 30 | Review and implement project management framework | Revised framework approved by Management Executive Group | Chief Executive Officer | Progressing: Revised target June 2024 |

7 REVIEW

This plan will be reviewed six monthly to monitor progress with current actions and to record any new actions that have been identified throughout the period.