STRATEGIC

RISK MANAGEMENT

Head of Power

Local Government Regulation 2012

Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan (2017 – 2022):

5.1   Undertake robust and accountable financial, resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.

5.7   Compliant with relevant legislation

Definitions

Risk	is the effect of uncertainty on objectives.
Risk appetite	is the level of risk which Council is prepared to accept, tolerate, or be exposed to at any point in time.
Risk Management	is the coordinated activities to direct and control an organisation with regard to risk.
Council	Lockyer Valley Regional Council

Policy Objective

The purpose of this policy is to broadly define Council's approach to managing risk in the organisation.

Policy Statement

Managing risks is an integral part of governance, good management practice and decision making at Lockyer Valley Regional Council.

All of Council's Branches are accountable for implementing Council's Risk Management Framework which provides an effective process for the identification, analysis and management of both negative and positive

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Superseded/Revoked: Risk Management Policy ECM: 3794258
Page 1 of 4

impacts on physical, social and economic capital. The Framework supports sustainability and safeguards Council's assets, infrastructure, people, finances and reputation.

Risk management is embedded in Council's practices and processes through integration in a number of Council documents including the annual Operational Plan. Council is committed to providing the necessary available resources to assist those accountable and responsible for managing risk in the organisation.

Management accepts responsibility for managing risk for the organisation. Council and its Audit and Risk Management Committee accept responsibility for overseeing risk management in the organisation. This includes appropriate communication of key corporate risks and their management to the organisation and its stakeholders.

To enable a more streamlined approach to risk management, Council has adopted the following 12 key corporate risk categories:

Risk Code	Key Corporate Risk Category	Key Corporate Risk Category Description
FE1	Finance and Economic	Financial sustainability to support the achievement of strategy, goals and objectives in the medium to long term.
FE2	Finance and Economic	Decision making governance, due diligence, accountability and sustainability
IA1	Infrastructure and Assets	Planning, managing and maintaining assets for the future
IA2	Infrastructure and Assets	Delivering major projects (time, cost, scope and quality)
IA3	Infrastructure and Assets	Information and technology capacity and management
BC1	Business Continuity and Systems	Provision of core services now and into the future
EC1	Environment and Community	Environment and the community, including sustainable development, social and community wellbeing, relationships, public health, recreation, regional profile and identity
LCL1	Legal Compliance and Liability	Compliance management – regulatory or contract compliance, litigation, liability and prosecution
P1	Stakeholder (Political)	Intergovernmental relationships/relationships with other key stakeholders
R1	Reputation	Reputation and Goodwill
S1	Staff	Strategic workforce planning and management
WHS1	Work Health and Safety	Health and safety

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(Resolution Number: 20-24/0417)	
Date Approved: 14/09/2021	Superseded/Revoked: Risk Management Policy ECM 3794258
ECM: 4154016	Page 2 of 4

Once risks are identified, the adequacy of controls are considered within the context of Council's risk appetite. Where the risk appetite threshold has been breached, risk management controls and treatments are required to bring the exposure level back to an acceptable range.

Council's risk appetite is set across a range of areas which inform the annual risk process, controls, risk target identification and is generally defined as follows:

Level of Risk Appetite	Description
Risk Averse	All reasonably practical and affordable measures to minimise, and where possible, eliminate the risk will be taken. This means likelihood is rare and residual risks should be low. This usually means zero appetite is the most risk averse risk appetite.
Cautious	Preferring risk mitigation to taking risks. Continuous improvements and innovative approaches will be taken. This means residual risks should be low-medium.
Open	Willing to consider risk and innovative approaches to achieve anticipated outcomes, provided effective measures are in place to monitor the risk and adverse outcomes, with an acceptance of the potential for failure. This means residual risks could be high-extreme.

Lockyer Valley Regional Council has a level of risk appetite which it tolerates as detailed in the below table:

Lockyer Valley Regional Council's Risk Appetite Statement			
Risk Category	Risk Averse	Cautious	Open
Staff (People and Culture)		◄───────┼─────────►	
Work Health and Safety	◄──────►		
Financial and Economic	◄────────┼──────────►		
Legal, Compliance and Liability	◄────────┼──────────►		
Reputation		◄──────►	
Business Continuity and Business Systems		◄───────┼─────────►	
Stakeholder (Political)	◄─────────────────────►		
Infrastructure and Asset		◄───────┼─────────►	
Environment and Community		◄───────┼─────────►	

The areas by which Council's risk appetite is described are an adjunct to Council's risk management framework and activities. The risk appetite is an internally focused document, concerned with Council's appetite for accepting risks within its reasonable control.

Council's risk management performance is measured periodically through progress against the risk management framework. The risk management policy and framework are reviewed at least every three years and updated in response to an event; change in circumstances and to address identified areas of improvement.

Related Documents

Group: People and Business Performance
Branch: Business Performance
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Superseded/Revoked: Risk Management Policy ECM 3794258
Page 3 of 4

Risk Management Framework
Key Corporate Risk Register
Risk Appetite Statement
International Standard ISO 31000:2018 Risk Management – Principles and Guidelines

Group: People and Business Performance
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Superseded/Revoked: Risk Management Policy ECM 3794258
Page 4 of 4