Name	FIN08 Risk Management
Policy Type	Council
Responsible Officer	Chief Executive Officer
Approval Date	18/06/2024
Review Date	17/06/2028

1. Purpose

Risk Management is an important part of Litchfield 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 Council officers and Elected Members.

3. Definitions

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

Risk	The effect of uncertainty on objectives.
Risk Management	A coordinated set of activities and methods that is used to direct an organisation and to control the many risks that can affect its ability to achieve objectives.

4. Policy Statement

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

4.1.1. Managing risks relating to the stewardship of public resources requires effective internal controls.

4.1.2. Council requires a framework for an effective risk management system which conveys to managers that they are responsible for ensuring that risks are identified, controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to those controls.

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

4.2. The Risk Management Process

4.2.1. The process followed by Council in developing the framework shall be based on AS/NZS ISO 31000:2018 Risk Management.

4.2.1.1. Establish Goals and 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.

4.2.1.2. Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.

4.2.1.3. Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

4.2.1.4. Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.

4.2.1.5. 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.

4.2.1.6. Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.

4.2.1.7. Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls. The Managers monitor the effectiveness of risk treatments and report progress to the Senior Management Team and the Audit Committee at regular intervals.

4.3. Risk Management Approach

4.2.1 Council will maintain an internal control framework, which will be based upon a pro-active 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.

4.4. Roles and Responsibilities

4.3.1 The Chief Executive Officer 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 Risk Management Audit Committee before being presented to Council for adoption.

4.3.2 The Chief Executive Officer 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.

4.5. Elements of the Internal Control Framework

4.5.1. 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.

4.6. Accounting and Policy Manual

4.6.1. The Local Government (General) Regulations prescribes that a council must maintain an internal accounting policies and procedures.

4.6.2. The Accounting and Policy Manual includes the following:

4.6.2.1. An organisation chart showing the functions of the council, its committees and responsible officers;

4.6.2.2. A statement of the duties and responsibilities of the CEO and responsible officers;

4.6.2.3. A statement of the principal accounting policies of the council;

4.6.2.4. Information about the timing and content of financial management reports to the council and the CEO;

4.6.2.5. A statement of the procedures the council considers necessary to facilitate the timely preparation of the council's annual financial statement;

4.6.2.6. The information necessary to ensure the proper operation of any computer-based accounting system in use;

4.6.2.7. Details of all administrative and accounting procedures, policies and delegations of authority, including:

 i.   details of internal control procedures; and

 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.

4.7. Review of Internal Controls Framework

4.6.1   Council will establish an internal audit plan to review internal controls.

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

4.6.3   The Litchfield Council Accounting and Policy Manual will be reviewed at least every twelve months following the annual financial audit to ensure all controls are current and appropriate. The Chief Executive Officer will inform the Risk Management and Audit Committee of each review and update on progress with action plans identified during the reviews.

5.   Associated Documents

Litchfield Council Policies

Litchfield Council Risk Management Governance Framework

6.   References and Legislation

Northern Territory Local Government Act 2019

Northern Territory Local Government (General) Regulations 2021

Australian/New Zealand Standard 31000:2018 Risk Management

7.   Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
19/11/2015	Policy Adopted
16/11/2016	Policy amended (16/0248)
20/05/2020	Remove requirement for annual review

09/08/2021	Minor administrational changes made, including formatting and new regulation titles. Policy review date to remain the same.
18/06/2024	Minor content changes including reference to risk management standard. Minor formatting changes.