

COUNCIL POLICY



Policy Name	Risk Management Policy
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Abstract

The purpose of this policy is to establish a framework for identifying, assessing, and mitigating risks relevant to Council's operations, services, and community responsibilities.

Dates	<table> <tr> <td>Policy or amendment approved</td> <td>10 December 2025</td> </tr> <tr> <td>Policy or amendment takes effect</td> <td>9 January 2026</td> </tr> <tr> <td>Policy is due for review (up to 4 years)</td> <td>10 December 2029</td> </tr> </table>	Policy or amendment approved	10 December 2025	Policy or amendment takes effect	9 January 2026	Policy is due for review (up to 4 years)	10 December 2029
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Endorsed by	<p>Executive Leadership Team at its meeting held 23 September 2025.</p> <p>Audit, Risk and Improvement Committee at its meeting held 2 December 2025.</p>						
Approved by	Gunnedah Shire Council at its Ordinary Meeting held 10 December 2025. Resolution Number: 4.12/25						
Policy Custodian	Director Corporate Services						
Relevant to	All levels of Council, including but not limited to Councillors, Committees, Internal Auditors, External Auditors, Staff and Contractors						
Superseded Policies	Risk Management Policy adopted 12 August 2020						
Related Documents	<p>Gunnedah Shire Council Management Directive - Risk Management Framework</p> <p>Gunnedah Shire Council Risk Management Policy</p> <p>Gunnedah Shire Council Work Health & Safety Policy</p> <p>Gunnedah Shire Council Audit, Risk & Improvement Committee Terms of Reference</p> <p>Australian Risk Management Standard ISO 31000:2018 Risk Management Guidelines</p>						
Related Legislation	<p>Local Government Act (NSW) 1993</p> <p>Local Government (General) Regulation 2021</p> <p>Work Health and Safety Act 2011</p> <p><i>Guidelines for Risk Management and Internal Audit (Nov 2023)</i></p>						

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1. Purpose

To outline Gunnedah Shire Council's (Council) commitment to implementing organisation-wide risk management principles, systems and processes that ensure the consistent, efficient and effective assessment of risk in all Council's planning, decision-making and operational processes.

2. Scope

2.1 This Policy applies to:

- Councillors, Council Officials, including Council Officers, Administrators, members of Staff, Contractors and Delegates of Council; and
- All Council functions and activities.

2.2 This Policy must be read in conjunction with all applicable legislation, regulations, and Council's procedure documents relating to risk management and legislative compliance.

3. Definitions

Term	Meaning
Consequence	Outcome of an event affecting objectives
Control	A measure that maintains and/or modifies risk
Council	Gunnedah Shire Council
Executive Management Team ('ELT')	Comprising of the General Manager, Directors and Executive Managers, provide leadership, direction and strategic oversight of the organisation
Event	Occurrence or change of a particular set of circumstances
Likelihood	Chance of something happening
Monitor	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
Operational Risk Management	Continual cyclic process which includes risk assessment, risk decision making and implementation of risk controls, which result in acceptance, mitigation, or avoidance of risk
Project	Endeavor with defined start and finish dates undertaken to create a product or service in accordance with specified resources and requirements
Project Management	Coordinated activities to direct and control the accomplishment of agreed objectives

Term	Meaning
Risk	The effect of uncertainty on objectives
Risk Appetite	The amount of risk an entity is willing to accept or retain in order to achieve its objectives
Risk Management	Coordinated activities to direct and control Council with regard to risk
Risk Register	A system-based tool used by Council to identify, analyse, and track potential risks, along with plans for mitigating or responding to them
Risk Source	Element which alone or in combinations has the potential to give rise to risk
Risk Management Action Plan	A plan detailing all required information to enable the management, reporting and monitoring of risks
Risk Management Framework	Structure of policies, processes and specifications designed to support accomplishment of an objective
Risk Management Standard	Australian Risk Management Standard ISO 31000:2018 Risk Management Guidelines
Stakeholders	A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity

4. Policy Statement

- 4.1** Council is committed to embedding robust risk management activities across all operations, functions, and decision-making processes. Management is responsible for actively evaluating the risk environment including identifying risk sources and emerging threats, implementing appropriate and timely controls, and continuously monitoring the effectiveness and efficiency of these measures. In addition, management will ensure that Risk Management Framework, including its associated plans and procedures, is consistently communicated, understood, and applied across all levels of Council.
- 4.2** To uphold strong governance and responsiveness, this process is supplemented by a formal bi-annual review of all Council Strategic Risks conducted by the Executive Leadership Team (ELT). This review aims to incorporate an assessment of Council's evolving risk profile and facilitates informed decision-making, prioritisation of risk mitigation strategies, and alignment with Council's strategic objectives and regulatory obligations.

5. Risk Management Framework

- 5.1** Council provides critical services and infrastructure to the residents, ratepayers and visitors to the Gunnedah Shire. Council also has service agreements and contractual obligations with government and non-government agencies and organisations and has its own strategic goals and objectives that it seeks to achieve on behalf of the Gunnedah community.
- 5.2** It is therefore incumbent on Council to understand the internal and external risks that may impact the delivery of these services, contracts and strategic objectives and have processes in place to identify, manage, monitor and mitigate risks to ensure the best outcomes for Council, Council staff and the community. It is also Council's responsibility to ensure the efficient, effective and ethical use of resources and services by ratepayers, residents, Council staff and visitors.
- 5.3** Council has developed a Risk Management Framework consistent with *Australian Risk Management Standard ISO 31000:2018 Risk Management Guidelines* (the Guidelines) to assist Council in integrating risk management into significant activities and functions, as well as to identify, assess, treat, monitor and review all risks to its operations and strategic objectives on a cyclical basis and to apply appropriate internal controls.
- 5.4** Council is committed to the principles, framework and process of managing risk as outlined in the Guidelines and commits to fully integrating risk management within Council and applying it to all decision-making, functions, services and activities of Council in accordance with statutory requirements.
- 5.5** This Policy requires Council to maintain a Risk Management Framework consisting of the following minimum considerations:
- a) An established and implemented strategy for identifying and dealing with risks and the categorisation of risks;
 - b) A process for identifying, managing and mitigating risks; and
 - c) Established templates, tools and supporting documents to assist Councillors and Council staff to identify, manage and mitigate risks.
- 5.6** This Policy requires that Councils manages the Risk Management Framework to ensure that:
- a) Risk management practices are integrated into Council's planning and decision making process;
 - b) A risk management ethos and practices are promoted and supported throughout Council;
 - c) Participation and input from Council staff in the management of risk is encouraged and valued;
 - d) Where economically possible, impacts of risks will be reduced and high-level risks eliminated or insured against where unavoidable;

- e) The necessary resources are allocated to managing risk;
- f) All appropriate communication of requirements, necessary education and training are afforded to Councillors and Council staff; and
- g) Authority, responsibility and accountability at the relevant levels within the organisation are appropriately and accurately assigned.

5.7 Risk Management is integrated into Council’s operation through the development, implementation and ongoing review of the following:

- a) Council’s Strategic Risk Register;
- b) Council’s Operational Risk Register linked with Council’s Strategic Risk Register;
- c) Project Risk Assessments;
- d) Fraud Risk Assessments;
- e) Business Continuity Management Plan and testing;
- f) Insurance Policies, as required under the *Local Government Act 1993*;
- g) Risk management reports to Council and the Audit, Risk & Improvement Committee (ARIC);
- h) Organisational Risk Management training and awareness; and
- i) Work Health and Safety (WHS) systems and protocols.

6. Policy Principles

6.1 Pursuant to the Guidelines, the purpose of risk management is the creation and protection of value. Risk management improves performance, encourages innovation and supports the achievement of objectives. As such, the Guidelines require that Council’s approach to risk management is based on the following eight (8) principles to ensure that it is effective:

INTEGRATED	STRUCTURED & COMPREHENSIVE
BEST AVAILABLE INFORMATION	INCLUSIVE
DYNAMIC	HUMAN & CULTURAL FACTORS
CONTINUAL IMPROVEMENT	CUSTOMISED

6.2 To achieve these principals, Council must ensure its Risk Management Framework integrates the following six (6) key elements:

Key Element		Action
1.	Leadership and Commitment	Risk management must be supported by a positive culture that promotes and communicates risk management as part of everyday activities and decision making. This culture can only exist when management (i.e. Council, General Manager & Managers/ELT) demonstrate strong leadership and commitment to risk management.

Key Element		Action
2.	Integration	Risk Management is fully integrated within Council and made part of Council's purpose, governance, leadership, strategy, objectives and operations. Risk must be managed in every part of Council's organisation structure and all Council staff are responsible for managing risk.
3.	Design	The design of Council's Risk Management Framework: <ol style="list-style-type: none"> 1. Is based on the unique needs, characteristics and risks of Council, and its external and internal context; 2. Demonstrates Council's continual commitment to risk management; 3. Assigns risk management roles, responsibilities and accountabilities within Council; 4. Allocates appropriate Council resources for risk management; 5. Effectively documents and communicates risk management across Council.
4.	Implementation	Council implements its Risk Management Framework by: <ol style="list-style-type: none"> 1. Developing a risk management plan that provides the structure implementation and management of Council's Risk Management Policy; 2. Ensuring Council's risk management activities are clearly understood and practiced. <p>The Framework should identify decision makers for risk within Council and provide that risk management processes and arrangement are well understood by all staff and practiced accordingly.</p>
5.	Evaluation	Council must regularly evaluate the effectiveness of its Risk Management Framework and determine whether it remains relevant.
6.	Improvement	Council continually adapts and improves the design and integration of its Risk Management Framework to help Council move toward a higher level of risk maturity.

7. Risk Hierarchy

The different types of risks within Council and their hierarchy are as follows:

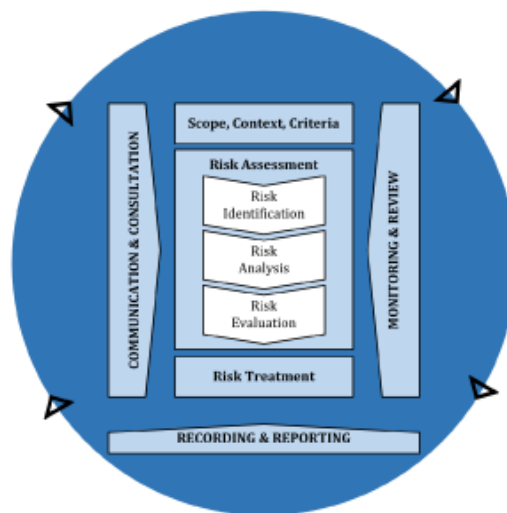
STRATEGIC	<ul style="list-style-type: none"> - Impact the overall direction or long-term goals of Council. - Often emerging due to external factors and impact the ability to achieve strategic objectives. - Often requiring high-level decision making in order to mitigate and/or overcome.
OPERATIONAL	<ul style="list-style-type: none"> - Impact Council's ability to function effectively and efficiently on a day-to-day basis. - Often emerging due to system failures, human error, or other internal inefficiencies.
PROJECT	<ul style="list-style-type: none"> - Risk specific to individual projects. - Relate to challenges in executing projects successfully such as budgeting issues, deadlines, or resources shortages. - Usually short-term and tied to the individual circumstances.

8. Accountability, roles and responsibility

8.1 Council aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making.

8.2 It is the responsibility of every Council staff member and business functions to observe and implement Council’s Risk Management Policy and Council’s Risk Management Framework.

8.3 The Risk Management process should be an integral part of management and decision-making and integrated into the structure, operations and processes of Council at the Strategic, Operational or Project levels to deliver a fully embedded Risk Management Framework and positive internal risk culture. This is an integral part of the Guidelines, outlined as per the diagram below:



*Standard Process for Risk Management – Australian Risk Management Standard
ISO 31000:2018 Risk Management Guidelines*

8.3 The following table identifies the roles and responsibilities of all Stakeholders at Council with respect to risk management:

Role	Responsibility
Councillors	<ul style="list-style-type: none"> ▪ Establishing the foundational elements of Council’s Risk Management Framework; ▪ By resolution, approving Council’s Risk Appetite Statement; ▪ Adopting Council’s Risk Management Policy; ▪ Govern in accordance with Council’s Risk Management Policy and the legislative requirements of the <i>Local Government Act 1993</i>, including in relation to the proactive and effective management of risk; and ▪ Promote awareness at Council of risks and the necessity for identifying, addressing and mitigating risk.

Role	Responsibility
<p>General Manager</p>	<ul style="list-style-type: none"> ▪ Ensure that risks are adequately considered when setting organisation’s objectives; ▪ Understand the risks facing the organisation in pursuit of its objectives; ▪ Ensure that risks are appropriate in the context of the organisation’s objectives; ▪ Ensure the establishment and implementation of an effective Risk Management Framework; ▪ Endorse the Risk Management Policy and supporting mechanisms such as the Risk Register; ▪ Monitor the implementation and compliance with the Risk Management Policy, the Risk Register and management of risk; ▪ Promote awareness at Council of risks and the necessity for identifying, addressing and mitigating risk; ▪ Ensure information about such risks and their management is properly communicated; and ▪ Provide adequate and necessary resources for effective risk management.
<p>Executive Leadership Team and Managers</p>	<ul style="list-style-type: none"> ▪ Promote awareness at Council of risks and the necessity for identifying, addressing and mitigating risk; ▪ Monitor risk management and apply mitigation measures as appropriate; ▪ Ensuring staff monitor and mitigate risks within their own work areas. Risks should be anticipated and reasonable protective measures taken; ▪ Ensuring staff have the appropriate capability to perform their risk management roles; ▪ Encouraging openness and honesty in the reporting and escalation of risks; ▪ Reporting to the General Manager on the status of risks and controls; ▪ Identifying and communicating improvements in Council’s risk management practices to Council’s risk management function; and ▪ Review the Risk Register bi-annually.

Role	Responsibility
Council Staff	<p>All staff are responsible for identifying and managing risk within their work areas. Key responsibilities include:</p> <ul style="list-style-type: none"> ▪ Ensuring familiarity with and understanding of the principles of risk management; ▪ Ensuring compliance with all policies, procedures and practices relating to risk management, including ongoing compliance with internal procedures to identify, address, manage and mitigate risk; ▪ Alerting management to risks that exist within their area or potential risks that may arise; ▪ Performing risk management activities assigned to them as part of their daily role, including recording risks, controls and risk treatment mechanisms implemented in accordance with Council policies and procedures; and ▪ Ensuring Contractors and Volunteers are compliance with risk management practices in accordance with Council policies and procedures.
Governance	<ul style="list-style-type: none"> ▪ Facilitate the development, implementation, maintenance and review of Council’s Risk Management Framework, tools and supporting documents with a view to improve and tailor the Framework on an ongoing basis to meet Council’s needs and best interests; ▪ Provide support and advice within Council in identifying, addressing, managing and mitigating risk; ▪ Maintain the Risk Register, including liaising with the appropriate Council staff to analyse, evaluate and record risks in the Risk Register; and ▪ Provide support and administrative assistance to Council’s ARIC.
Council’s Internal Audit Function & ARIC	<p>Council’s risk management function is available to support staff in undertaking risk management activities. To ensure Council is effectively managing all risk and complying with statutory obligations, Council’s ARIC and Internal Audit function are responsible for reviewing Council’s:</p> <ul style="list-style-type: none"> ▪ Risk management processes and procedures; ▪ Risk management strategies for major projects or undertakings; ▪ Control environment and insurance arrangements; ▪ Business continuity planning arrangements; ▪ Fraud Control Plan; and ▪ Risk Management Framework and practices in accordance with the ARIC Terms of Reference. ▪ Further, the ARIC is to advise Council of the resources it considers that Council needs to effectively implement its Framework, having regard to any budgetary constraints faced by Council and Council’s operational environment.
Policy Custodian	Director Corporate Services

8.4 Dual Responsibilities

8.4.1 It is important that the risk management function is independent of line management to reduce the potential for management influence on the risks that are reported on, and to ensure independence.

8.4.2 Where risk management oversight or facilitation activities are performed by Council staff with other Council responsibility, Council will establish safeguards to mitigate bias. Such safeguards may include, as applicable:

- The ARIC being informed of the other Council responsibilities the risk management function has, including reporting lines, responsibilities and expectations related to the role/s;
- Any potential issues or conflicts of interest arising from these other roles being formally documented and communicated to the ARIC;
- Risk management staff being prohibited from undertaking risk management evaluations and reviews in relation to the council operations they are responsible for; and
- The ARIC regularly assessing that the safeguards put in place are effective.

9. Monitoring and Review

9.1 Council is committed to operational risk management.

9.2 Council Officers will perform a strategic assessment of the effectiveness the Risk Management Policy and Risk Management Framework every four (4) years to ensure it both the Policy and Framework continue to meet the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021* ('Regulation'), Council's requirements, as well as compliance with the Guidelines generally.

9.3 The General Manager will be required under the Regulations to attest each year in Council's Annual Report whether Council has complied with the requirements prescribed under the Regulation in relation to its risk management activities.

9.4 The ARIC will oversee Council's Risk Management Framework.

10. Risk Register

This Policy requires Council to maintain a Risk Register listing all identified risks along with a high-level summary of the status of each risk, the Risk Register will include a Strategic Risk Register and an Operational Risk Register.

11. Risk Management Action Plan

This Policy requires Council to maintain a Risk Management Action Plan detailing all required information to enable to management, reporting and monitoring of each risk identified.

12. Internal Audit

In accordance with this Policy and the Internal Audit Guidelines, (as released by the Chief Executive Officer of the Division of Local Government, Department of Premier and Cabinet under section 23A of the *Local Government Act 1993*), Council has formed and shall maintain an Audit, Risk & Improvement Committee (ARIC) with an appropriate Charter in accordance with the Internal Audit Guidelines to aid Council's risk management activities and strengthen Council's Risk Management Framework.

13. Acknowledgements

- NSW Office of Local Government – Model Code of Conduct for Local Councils in NSW – “At a Glance” Guide for Council Staff
- Armidale Regional Council Risk Management Policy (Adopted 29 June 2022)
- Cumberland City Council – Risk Management Policy (Adopted 19 June 2024)
- Wollongong Risk Management Framework Council Policy (Adopted 26 June 2023)

14. VERSION CONTROL & UPDATE HISTORY

Date	Version	Approved By & Resolution No.	Amendment
15 September 2010	1.0	Ordinary Council Resolution 63.3	Initial implementation and adoption.
13 February 2013	2.0	Executive Management Team	Minor amendments to revise, simplify and reference internal audit and committee.
12 August 2020	3.0	Ordinary Council Resolution 16.08/20 (Audit Committee Meeting Minutes 15/07/20)	Minor amendments to position titles, significant amendments to accountability, roles and responsibilities.
10 December 2025	4.0	Ordinary Council Resolution 4.12/25	Amended in accordance with recommendations from the InConsult Enterprise Risk Management Review and the Audit, Risk and Improvement Committee.