Title	Risk Management Policy
Policy Number	11
Adopted by	Council
Adoption date	22 May 2025
Next review date	22 May 2027
Responsibility	Chief Executive Officer

Document History

Version	Decision Number	Adoption Date	History
1	Resolution 52	25/03/2020	Doc ID: 232723
2	Resolution 61	31/08/2022	Doc ID: 244268

1. PURPOSE

The purpose of this policy is to outline the Tiwi Islands Regional Council's principles and approach in relation to the management of organisational risks and hazards. The Council is committed to an integrated system of risk management which forms an integral part of the broader governance and leadership frameworks and supports the creation and protection of long-term community value.

2. SCOPE

This policy applies to all elected members, council employees, and any other persons engaged in business that involves the Council.

3. POLICY STATEMENT

3.1 Risk is inherent in all Council's business activities, programs, services, projects, processes and decisions.

3.2 TIRC is committed to the identification and management of all risks associated with the performance of council functions and the delivery of Council services to protect its employees, the public, assets and the environment.

3.3 Risk management is an essential part of sound management practice and good corporate governance. It improves decision-making, planning and accountability to increase Council's ability to achieve its goals and objectives.

3.4 Council seeks to achieve an appropriate balance between managing threats and realising opportunities to maximise its ability to achieve its strategic vision and objectives, and to deliver quality services and projects for the community.

4. PRINCIPLES

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 followed by Council shall be based on AS/NZS ISO 31000:2018 Risk Management.

4.2.1 **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.

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

4.2.3 **Analyse risks** – assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

4.2.4 **Evaluate risks** – Determine whether the risks are acceptable or unacceptable and document findings.

4.2.5 **Treat risks** – treat risks by one of the following methods:

    4.2.5.1 Discontinuing activity that generates it.

    4.2.5.2 Reducing the likelihood of occurrence.

    4.2.5.3 Reducing consequence of occurrence.

    4.2.5.4 Transfer the risk or retain the risk.

4.2.6 **Consultation and communication**.

4.2.7 **Monitor/review** – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls.

4.2.7.1 The managers monitor the effectiveness of risk treatments and report progress to the senior management team and audit committee at regular intervals.

4.3 Risk Management Approach

4.3.1 Council will maintain an internal control framework, which will be based upon a proactive risk management culture.

4.3.2 The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximise its opportunities.

4.3.3 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

4.4.1 The following is a broad overview of the roles and responsibilities for the governance of the Risk Management Framework. Detailed roles and responsibilities relating to the management of risks are contained within the Risk Management Procedures.

Council	The Council is ultimately accountable for the management of the risk exposures within the TIRC. Council is responsible for: • Defining the risk appetite for the Council. • Establishing the Council's risk criteria for strategic risks. • Managing strategic risks and review actions to address risks. • Regularly monitoring risk as part of a standing item on the consideration of governance issues.
Audit and Risk Management Committee	The Audit and Risk Management Committee is responsible for: • Reviewing the effectiveness of the Council's risk management program.

	• Monitoring performance of the risk management program. • Monitoring the effectiveness of critical controls. • Providing reports to the Council on audit findings and ensure any recommendations are implemented where agreed.
Chief Executive Officer	The CEO is responsible for establishing Internal Controls and associated framework, which ensures Council objectives are achieved efficiently and effectively as required by the *Regulations*. The CEO must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls. The CEO 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 Structure and culture of council.

4.5.2 Delegations of authority.

4.5.3 Policies and procedures.

4.5.4 Trained and properly qualified staff.

4.5.5 information Technology controls.

4.5.6 Review process for example, internal audit.

4.5.7 Liaison with auditors and legal advisors.

4.5.8 Senior management compliance assurance.

4.5.9 Risk identification and assessment.

4.6 Risk Appetite

4.6.1 Risk appetite is the amount and type of risk that Council is prepared to tolerate or accept in the pursuit of its objectives.

4.6.2 The risk appetite tolerances for TIRC are identified on the residual risk for each consequence category for the organisation.

4.6.3 Once a risk is identified, it is initially measured in accordance with the Risk Framework.

4.6.4 Controls or mitigations are then established or implemented to reduce the risk to as low as reasonably practicable.

4.6.5 Some risks are unable to be reduced to a lower level through further treatment, transfer of risk, or by avoidance. These risks sometimes need to be accepted by TIRC even though the residual risk rating level may exceed organisational tolerances.

4.6.6 Residual risks will be monitored, reported and periodically reassessed in accordance with the Risk Framework, policy and procedures.

4.6.7 Council seeks to identify and report any residual risk that exceeds the established risk appetite to the Risk Management and Audit Committee on a regular basis.

4.6.8 Council generally has no appetite for risks which are assessed as extreme or high. Council has no appetite for risks which will:

> 4.6.8.1 Have a high significant negative impact on Council's long term financial sustainability, result in major breaches of legislative requirements, and or significant successful litigation against Council.
>
> 4.6.8.2 Compromise the safety and welfare of staff, contractors and or members of the community.
>
> 4.6.8.3 Cause significant and irreparable damage to the environment.
>
> 4.6.8.4 Result in major disruption to the delivery of key Council's services.
>
> 4.6.8.5 Result in widespread and sustained damage to Council's reputation.

4.6.9 The level of risk that is acceptable will be assessed and determined on a case-by-case basis using the criteria detailed in the respective risk management procedures that underpin the risk management program within Council.

4.6.10 The table below illustrates how the combination of the consequence and likelihood generates the overall risk rating:

Table 1: **Risk Matrix**

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	High	Extreme	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	Medium	High	Extreme
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

5.   DOCUMENT MANAGEMENT

5.1 This policy is the responsibility of the Chief Executive Officer.

5.2 The policy will be reviewed every two (2) years).

6.   REFERENCES AND LEGISLATION

6.1 Local Government Act 2019