

Risk Management Policy

Date adopted: 25 August 2025

Responsible Service Area: Governance and Performance

Purpose

The purpose of this Policy is to promote an integrated, consistent approach to enterprise risk management to ensure that all risks that could potentially impact the achievement of Council's risk objectives are identified, assessed and mitigated to an acceptable level. This Policy forms a key component of Council's *Risk Management Framework 2025* and should be read in conjunction with this document.

This Policy helps to ensure the Council considers a proactive risk lens in shaping policy, planning for service delivery, implementing strategy and working in partnership with stakeholders. It also helps Council retain focus on working toward outcomes identified in the Maroondah 2050 Community Vision.

Scope

This Policy applies to all Council employees, across all service areas and at all levels of the organisation, along with Councillors as elected representatives. The Policy also applies to our volunteers, suppliers and to businesses contracted to provide services to our clients and the community.

Objectives

Council acknowledges its responsibility to effectively identify and manage risks across the range of service delivery activities. The key objectives of Council's enterprise risk management approach are to:

- Embed a culture of effective risk management, through a systems approach to integrating risk management alongside Council activities.
- Encourage a proactive approach to both identifying and treating risk throughout the organisation.
- Provide Council Service Areas with the appropriate tools to support decision making relating to risk.
- Providing the mechanisms for employees to assess, prioritise, manage and monitor all risks in a consistent and effective manner.
- Ensure a consistent and effective approach to risk management through the exploration of potential threats, opportunities and associated resource allocation.
- Facilitate the achievement of strategic, organisational, operational and project specific objectives and priorities, by reducing threats and maximising opportunities.
- Encourage a risk aware culture where risk management is seen as a positive attribute of decision making and continuous improvement, rather than a corrective measure.

Policy Control Schedule

Policy Title: Risk Management Policy		Policy type: Organisational
Current version approved: 25 August 2025	Current version number: 4.0	Policy review date: September 2030
Parent policy: Risk Management Framework	Child policy/policies:	Policy responsibility: Governance and Performance

Background

Role of risk management

Risk management involves the coordinated activities of assessing, controlling, monitoring and reviewing risk, in the pursuit of an organisation's objectives. Effective risk management must be integrated into an organisation's strategy, planning and operations.

The purpose of risk management is the creation and protection of value, whilst establishing an appropriate balance between realising opportunities and minimising losses. Effective risk management improves performance, encourages innovation, and supports the achievement of objectives.

Relationship to Australian Standards

Council is committed to a risk management approach that conforms with the *AS/NZS ISO 31000: 2018 - Risk Management – Guidelines* (AS Guidelines). The AS Guidelines are driven by a set of principles which are supported by both a risk management framework and process. The AS Guidelines provide a common approach to managing any type of risk and are not industry or sector specific.

Council's Risk Management Framework

Council's *Risk Management Framework 2025* seeks to promote and continually enhance an organisational culture where employees and stakeholders are committed to the effective management and mitigation of risks which may impact the organisation or the services, programs and initiatives provided to the Maroondah community.

The Framework outlines how Council organises, manages and links risk management processes to be both consistent and integrated into Council's strategic and operational day to day activities (consistent with the AS Guidelines). The Framework and its associated components provide guidance on the arrangements for continually improving risk management across Council.

This Policy forms one of the key component of Council's *Risk Management Framework* with a focus on outlining the policy position statements, key principles and roles and responsibilities of Council, in relation to effectively managing risks.

Policy position

To ensure an integrated, consistent approach to enterprise risk management, Council:

1. Is committed to embedding enterprise risk management to create and maintain an environment and culture that enables Council to deliver high quality services, programs and initiatives.
2. Recognises that risk management is essential for sound strategic and financial planning, change management, project delivery and ongoing business activities.
3. Is committed to adopting sound risk management principles to manage organisational risks
4. Will ensure that, as far as reasonably practicable, the organisation's service delivery operations do not place people, property, or the environment at unacceptable levels of risk or harm.
5. Will ensure a risk management lens is applied in all Council's activities to ensure that risks associated with Council's strategic, organisational and operational objectives are identified and effectively integrated into planning processes.
6. Will implement an approach to risk management which is as much about identifying opportunities as avoiding or mitigating losses. This is an integral part of a continuous improvement process.
7. Will have a focus on risk management being the responsibility of every employee, elected representative and volunteer.

Policy Principles

The key guiding risk management principles which inform Council's approach to risk management are broadly aligned to the principles within the AS Guidelines. Council's key principles of risk management involve:

- **Acknowledging the creation and protection of value** by risk management contributing to the achievement of objectives and the improvement of business performance.
- **Integrating risk into organisational processes** including all service delivery activities, projects, programs and processes of Council.
- **Forming a key component of organisational decision making** by assisting decision makers to make informed choices, prioritise actions and distinguish between alternative courses of action.
- **Addressing uncertainty** and how this can be effectively managed.
- **Applying a systematic, structured and timely approach** which contributes to organisational efficiencies and the capability to generate consistent, comparable and reliable outcomes.
- **Utilising the best available information** to manage risks based on multiple information sources (such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement)
- **Tailoring risk activities and approaches** to various needs, along with potential opportunities and challenges related to service delivery activities across Council.
- **Ensuring consideration of both human and cultural factors** by recognising the capabilities, perceptions and intentions of people can either facilitate or hinder the achievement of Council's objectives.
- **Promoting transparency and inclusion** by ensuring the timely involvement of key stakeholders in risk processes, including decision making, at all levels of Council.
- **Recognising the need for dynamic, iterative and responsive approaches** by continually responding and adapting to change in both the external and internal environments.
- **Facilitating continuous improvement** by identifying, developing and implementing strategies to improve the management of risk across Council.

Policy implementation

Council's risk management processes involve the systematic application of policies, procedures, and practices to the activities of communicating and engaging, establishing the context and assessing, treating, monitoring, reviewing, recording, and reporting risk.

These processes are aligned to the AS Guidelines and are outlined within Council's *Risk Management Framework 2025*.

Roles and Responsibilities

Managing risk requires leadership, commitment and accountability. Clear lines of responsibility and accountability for managing risks has been established across Council and are summarised below:

Role	Responsibilities
All employees	- Responsible for applying risk management practices in their day-to-day Council activities - Systemically identifying, analysing, evaluating, treating and reporting risk, as appropriate to their area of responsibility
Councillors	Appoints the auditors on the Audit and Risk Advisory Committee and has input into and agrees on their focus
Corporate Management Team	- Responsible for ensuring that strategic planning and organisational operations are managed utilising an effective Risk Management Framework - Have operational accountability for risk culture and management, as per the AS 31000:2018 including: - Reviewing Council's Risk Management Policy. - Ensuring necessary resources are allocated to risk management. - Assigning authority, responsibility, and accountability at appropriate levels - Actively promoting and supporting the desired risk culture - Endorse the Risk Management Policy, appropriately consider risk management issues raised in reports and make informed decisions based on the presented associated risks and potential opportunities
Service Area Managers	- Accountable for implementing risk management practices within their area of responsibility - Facilitate a culture of risk management within their service area, consistent with Council's processes - Ensure risks are regularly identified, managed, reviewed and updated - Oversee the day-to-day management of risk in service delivery activities and processes under their area of responsibility
Risk and Integrity Team	- Accountable for overseeing the development, facilitation and implementation of Council's Risk Management Framework - Provide support and advice to Council service areas relating to their risk management obligations - Monitor and report on Council's risk exposure to the Corporate Management Team and the Audit and Risk Committee
Risk Management Advisory Group	Provide strategic advice to the Risk Management Team and monitors the implementation of the <i>Risk Management Framework</i> across the organisation
Audit and Risk Committee	- Accountable for independently monitoring Council's approach to risk management and evaluating whether the implemented strategies effectively support the management of risk across all Council activity. - Monitor, review, provide advice and put forward recommendations to Council, on risk management activities. - Endorse and monitor a comprehensive risk based internal audit plan - Give due consideration to risk management reports from Council

Role	Responsibilities
Delegates, Volunteers, and Contractors	- Understand and abide by requirements of this Policy - Act professionally in all Council activities
Internal & External Auditors	Internal Auditors: Council's internal audit program is based on assessing the risks associated with its various activities (and developing mitigation strategies), including those contained in the Risk Register. External Auditors: These auditors are appointed by the Victorian Auditor General to audit Council's financial records on an annual basis. The audit procedures include the testing of financial data and systems, reviews of internal controls and any identified risk areas.

Relationship to the Maroondah 2050 Community Vision

Community Outcome:	A well governed and empowered community
Key Direction:	5.1 Ensure transparent and accountable governance, including balanced and sustainable decision making that is evidence informed and is in the best interests of the community. 5.2 Prioritise responsible, sustainable and timely management of Maroondah's financial resources, assets, infrastructure and the natural environment. 5.4 Embed a culture of being collaborative, strategic and sustainable, implementing best practice principles, to further position Maroondah City Council as a leader in local government.

Related legislation and documentation

- AS ISO 31000:2018 – Risk Management – Guidelines
- Local Government Act 2020
- Local Government (Governance and Integrity) Regulations 2020
- Occupational Health and Safety Act 2004
- Public Interest Disclosure Act 2012
- Public Interest Disclosure Regulations 2019
- Victorian Government Risk Management Framework (VGRMF) 2020

Related Council policies, strategies, procedures and guidelines

- Council Plan 2025-2029
- Councillor Code of Conduct
- Councillor Gift Policy
- Discipline Policy HR 06-02
- Electronic Communications and Internet Use Policy
- Employee Code of Conduct (HR 06-06)
- Fraud and Corruption Control Policy 2024
- Gifts and Benefits Policy - Employees (HR06-06-01)
- Maroondah 2050 - Our future together
- Public Interest Disclosure Policy 2024
- Recruitment and Selection Policy (HR 02-01)
- Risk Management Framework 2025

Definitions

Key Term	Definition
Consequences	Outcome of an event affecting Council's objectives.
Control	Measure(s) that intends to modify the level of risk.
Event	Occurrence or change of a particular set of circumstances.
External context	External environment where the organisation seeks to achieve its objectives.
Internal context	Internal environment where the organisation seeks to achieve its objectives.
Level of risk	Impact of a risk, or combination of risks, expressed in terms of the combination of consequences and their likelihood.
Likelihood	Chance of something happening.
Monitoring	Continual checking, supervising, critically observing or determining the status, to identify change from the performance level required, or expected.
Review	Exploration undertaken to determine the suitability, adequacy and effectiveness of the subject matter, to achieve established objectives.
Risk	The effect of uncertainty on objectives.
Risk analysis	Process to comprehend/understand the nature of risk and subsequently determine the level of risk.
Residual risk	Risk remaining after risk treatment.
Risk assessment	Overall process of risk identification, risk analysis and risk evaluation.
Risk attitude	Organisation's approach to assess and eventually pursue, retain, take or turn away from risk.
Risk criteria	Terms of reference against which the significance of a risk is evaluated.
Risk evaluation	Process of comparing the results of a risk analysis against risk criteria, to determine whether the risk and/or its impacts are acceptable or tolerable
Risk identification	Process of finding, recognising and describing risks.
Risk management	Coordinated activities to guide and manage Council in regard to risk.
Risk source	Elements which alone or in combination have the intrinsic potential to give rise to risk.
Risk management framework	Set of components that outline Council's approach to designing, implementing, monitoring, reviewing and continually improving its risk management practices.
Risk management policy	Statement of Council's overall intentions and directions, related to risk management.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk owner	Person or entity with the accountability and authority to manage a risk
Risk profile	Description of a set of risks.
Risk source	An element either alone or in combination which has the intrinsic potential to give rise to a risk.
Risk treatment	Process to modify the risk.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

Review

This Policy is next scheduled for review in 2030/31.

It is recognised that, from time to time, circumstances may arise leading to the need for minor administrative changes to this Policy. Where an update does not materially alter this Policy, such changes will be made administratively.

Examples on non-material change may include a change to the name of a Council department, a change to the name of a Federal or State Government department, or a minor update to legislation which does not have a material impact.