# PURPOSE

The primary purpose of this policy is to promote an integrated, holistic approach to enterprise risk management and to ensure that all risks that could affect the achievement of our objectives are identified, assessed and treated to an acceptable level. The embedding of the Risk Management Framework into strategic and operational processes supports the organisation to make informed decisions for the benefit of Council and the community.

# Scope

This policy applies to all employees, councillors, contractors and volunteers in relation to Council’s activities and outlines the expectations and processes for managing risk

# Objectives

The key objectives of our risk management are to:

* Develop and embed a culture of effective risk management by taking a systems approach to integrating risk management.
* Provide the business with appropriate tools to support risk decision making and management reporting by providing mechanisms for employees to assess, prioritise, manage and monitor all material risks in a consistent and effective manner.
* Facilitate the achievement of strategic, operational and project objectives and priorities by reducing threats and maximising opportunities.
* Provide assurances that critical risks are being managed effectively.

# POLICY PRINCIPLES

* **Risk management creates and protects value** by contributing to the achievement of objectives and improvement of business performance.
* **Risk management is an integral part of organisational processes** by it not being a stand-alone activity that is separate from the main activities and processes of Council.
* **Risk management is part of decision making** and assists decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.
* **Risk management explicitly addresses uncertainty** and the nature of that uncertainty, and how it can be addressed.
* **Risk management is systematic, structured and timely** by contributing to efficiency and to consistent, comparable and reliable results.
* **Risk management is based on the best available information** and the inputs to the process of managing risk are based on multiple information sources (such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement)
* **Risk management is tailored** by aligning existing processes.
* **Risk management takes human and cultural factors** into account by recognising the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the Council’s objectives.
* **Risk management is transparent and inclusive by** the timely involvement of stakeholders and, in particular, decision makers at all levels of Council.
* **Risk management is dynamic, iterative and responsive to change by** continually responds to change.
* **Risk management facilitates continual improvement of the organisation by** identifying, developing and implementing strategies to improve risk management maturity across Council.

# Relationship to the Maroondah 2040 Community Vision

Council’s risk profile is linked Maroondah 2040 outcome areas.

# Alignment with Council’s mission and values

Council continues to build upon its culture of risk management as an integral part of corporate governance and operations, developing strategies and systems to minimise risks. This ensures sustainable delivery of services and amenities enjoyed by ratepayers, residents and visitors. The identification and management of risk will continue to be undertaken in a systematic process, implementing the principles set out in AS/NZS ISO 31000.

# Background/Context

Council maintains a strong culture of risk management practices and is working towards developing a consistent and systemic process across the organisation.

# Policy position

Council is committed to embedding enterprise risk management to create and maintain an environment that enables Council to deliver high quality services. To meet this commitment, risk management is every employee’s responsibility.

# Policy implementation

This policy is supported by Council’s Risk Management Framework.

# ROLES AND RESPONSIBILITIES

Managing risk requires leadership, commitment and accountability.

Clear lines of responsibility and accountability for managing risks have been established across Council and are summarised as follows:

* **Councillors** are responsible for ensuring that strategic planning and organisational operations are managed within an effective Risk Management Framework.
* **Audit and Risk Advisory Committee** members are accountable for independently reviewing Council’s Risk Management Framework and evaluating whether the strategies are robust and able to support the management of risk across Council activity.
* **Chief Executive Officer and Directors** are accountable for the implementation and maintenance of risk management policies and processes across the organisation. They are responsible for raising awareness and leading the culture of managing risk responsibly across the organisation and for identifying and managing strategic risks.
* **Service Area Managers** are accountable for implementing the risk management practices within their area of responsibility. This includes ensuring the discipline of risk management is consistent with Council’s processes and risks are identified, managed, reviewed and updated regularly.
* **Team Leaders** are accountable for advisingrisk management matters that should be included in forthcoming budgets to their service area manager and are responsible for the day to day management of risk.
* **The Risk Management Team** is accountable for overseeingthe development, facilitation and implementation of the Risk Management Framework.
* **The Risk Management Advisory Group** meets regularly to provide strategic advice to the Risk Management Team and monitors implementation of the Risk Management Framework enterprise-wide.
* **All Employees** are responsible for applying risk management practices in their day-to-day Council activities and systemically identifying, analysing, evaluating, treating and reporting risk appropriately.

# Related legislation

Local Government Act, 1989.Occupational Health and Safety Act 2004.

# Related policies, strategies, procedures and guidelines

* ISO 31000: Risk management-Principles and guidelines
* AS 8001-2008 Fraud and Corruption Control
* Maroondah 2040
* Service Delivery Plans

# Definitions

| **Risk Management Definitions (appearing in alphabetical order)** | |
| --- | --- |
| Communication and consultation | Continual and iterative processes that an organisation conducts to provide, share or obtain information and to engage in dialogue with stakeholders regarding the management of risk. |
| Consequences | Outcome of an event affecting the objectives. |
| Control | Measure that is modifying risk. |
| Establishing the context | Defining the external and internal parameters to be taken into account when managing risk, and settling the scope and risk criteria for the risk management policy. |
| Event | Occurrence or change of a particular set of circumstances. |
| External context | External environment in which the organisation seeks to achieve its objectives. |
| Internal context | Internal environment in which the organisation seeks to achieve its objectives. |
| Level of risk | Magnitude 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 in order to identify change from the performance level required or expected. |
| Review | Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives. |
| Risk | Effect of uncertainty on objectives. |
| Risk analysis | Process to comprehend the nature of risk and to 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 or risk analysis with risk criteria to determine whether the risk and/or its magnitude are acceptable or tolerable |
| Risk identification | Process of finding, recognising and describing risks. |
| Risk management | Coordinated activities to direct and control an organisation with requirement to risk. |
| Risk source | Element which alone or in combination has the intrinsic potential to give rise to risk. |
| Risk management framework | Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. |
| Risk management plan | Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk. |
| Risk management policy | Statement of overall intentions and direction of an organisation 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 any set of risks. |
| Risk source | An element either alone or in combination 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. |
| *Reference: AS/NZS ISO 31000:2018 Risk management - Principles and guidelines.* | |

## SUPPORTING DOCUMENTS

## AUTHORISATION

This plan has been authorised by the Maroondah City Council in August 2019.

Any queries in relation to this plan can be addressed to the Risk Management Team.

## REVIEW

This plan is to be reviewed every three years.

In reviewing the Plan these points need to be considered:

* Are the objectives still relevant and appropriate?
* Are the objectives being met to successfully manage Council’s risk?
* Has there been any significant changes to the operating conditions?
* Has there been any changes to our risk maturity which should be reflected in this framework.