

Risk Management Policy

Date initially adopted: February 2006

Responsible Service Area: Finance & Governance

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.

Policy Control Schedule

Policy Title: Risk Management Policy - 21/31545		Policy type: Council Policy
Current version approved: 4	Current version number: 1	Policy review date: May 2024
Parent policy: N/A	Child policy/policies: N/A	Policy responsibility: Coordinator Risk, Information and Integrity

- **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 advising risk 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 overseeing the 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 Management Definitions (appearing in alphabetical order)	
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.