Risk Management Policy

Date Authorised by Council:	12 August 2020
Commencement Date:	13 August 2020
Review Date (2 years from authorised date):	August 2023
Responsible Department	Business Transformation

This policy has been authorised.

Cathy Henderson
Chief Executive Officer

1   INTRODUCTION

Moreland City Council (Council) is committed to embedding risk management practices in all business processes. Council recognises the value of risk management in supporting the achievement of its strategic and operational objectives. Proactive Risk Management supports the protection of Council employees, assets, service delivery, financial sustainability and the community.

2   CONTEXT

The Risk Management Policy outlines Council's commitment to the key principles that guide risk management practice across the organisation. This Policy applies to all Council activities and Council services, its employees, contractors and extends to interactions with external stakeholders.

2.1   Alignment

ISO 31000 - This Policy aligns with the principles and requirements of International Standard ISO 31000:2018 - Risk Management guidelines. It is implemented through Council's Enterprise Risk Management Framework which provides a structure for the identification, management and monitoring of risk at Council, led by the Integrity, Risk and Resilience Unit.

Organisational Context

- Enterprise Risk Management Framework
- Audit and Risk Committee Charter
- Risk Management Committee Charter
- Fraud and Corruption Prevention Policy
- Cyber Security Policy
- Occupational Health and Safety Policy
- Business Continuity Plan
- Disaster Recovery Plan
- Emergency Management Plan
- Council Plan

Legislative Context

The Local Government Act 2020 requires all local government to uphold the principles of accountability, integrity and transparency-central principles and requirements that underpin local government democracy, accountability, conduct and enable the community to hold Council to accountable. Council is required to establish an Audit and Risk Committee in accordance with the Act to monitor and provide advice on risk management and fraud prevention systems and controls in conjunction with other functions.

Key principles of the Act include:

- the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted (governance principle);
- innovation and continuous improvement is to be pursued (governance principle);
- strategic planning must identify and address the risks to effective implementation (strategic planning principle);
- financial risks must be monitored and managed prudently having regard to economic circumstances (financial management principle).

3 OBJECTIVES

Council is committed to Risk Management best practice. This Policy commits Council to a risk management approach that is:

- Central to Council's strategic decision making, informs business planning and budgeting processes.

- Systematic, structured, timely and aligns with best practice governance practices.

- Transparent and inclusive of all facets of Council business both Strategic and Operational.

- Dynamic, iterative, responsive and;

- Provides value for Council and its community.

4 POLICY DETAILS

4.1 Risk Appetite Statement

Risk appetite is the type and extent of risk that Council is prepared to accept or avoid. It informs the risk process, controls and assurance activities.

Council has a low appetite in accepting risks that disrupt its services, damage its reputation or expose it to financial loss or regulatory non-compliance. Council is willing to accept a higher level of risk only where substantial community benefits ensue and the risk can be effectively mitigated.

In pursuing opportunity due consideration must be given to the level and type of risk Council is willing to accept. The following statements are a guide to Council's risk appetite.

Operations / IT (Activities or Service Delivery)	
Information Technology	Council has a very low appetite for risks to the security and availability of its core business systems or misuse of its ICT systems.
Operations and Service Delivery	Council has very low appetite for providing poor quality or inadequate services.
	Council has a low appetite for risks that detract from its strategy being achieved.
Financial	
Financial Health	Council has no appetite for risks causing failure to the achievement of the 10 year financial targets.
Financial Management	Council will ensure strong financial management with excellent budgeting and forecasting.
External Audit	Council has no appetite for risks that cause inaccurate reporting or breaches of Statutory deadlines
Environmental Impact	
Strategies	Council has a low risk appetite for any risks which unfavourably impacts on the environment or the achievement of Council's environmental objectives.
	Council has zero risk appetite for any breaches of Environment Protection and Biodiversity Conservation Act.
	Council recognises that achieving our environmental objectives may involve a degree of risk and has a high risk appetite for strategies that respond to our sense of urgency and current climate emergency.
People and Safety	
Safety	Council has zero appetite for OHS risks that endanger the safety of employees and visitors or impact their wellbeing.
Employee Development	Council has a high appetite for attracting talented people to Council.
Attraction and Retention	Council has a moderate appetite for driving staff mobility.
Public Image and Reputation	

Brand	Council has a low risk appetite for things which would impact negatively upon its reputation, 'brand' or ethical standing.
Governance / Compliance	
Compliance	Council has no appetite for deliberate or purposeful violations of law, legislative or regulatory requirements and zero tolerance for intended breaches.
Governance	Council will make and implement decisions in the best interests of the community.
	Council has zero tolerance for corrupt conduct or fraudulent activities and is committed to preventing, deterring and detecting fraudulent and corrupt behaviour in the performance of Council activities.
	Council has a very low appetite for risks causing data leakage with zero tolerance for intended breaches.
Projects	
Project Governance	Council has zero appetite for projects that fail to have in place clear governance structures and Gold category projects that fail to assess and manage risk.
Project Delivery	Council has a high appetite for undertaking innovative projects that meet the Council's priorities and strategic objectives. These projects will not be pursued by compromising our low appetite for risks that are assessed as having potential to result in major reputational damage to Council or impact delivery of the broader Capital Works program.

4.2   Risk Management Principles

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

The principles of Risk Management provide guidance on the characteristics of effective and efficient Risk Management practice across the organisation.

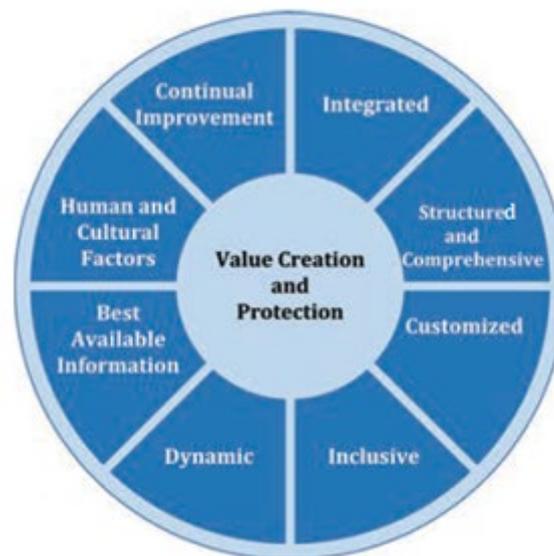The Risk Management Principles are depicted in Figure 1.

Figure 1 – Risk Management Principles

Council articulates the Risk Management Principles as follows:

- **Integrated** and embedded across all departments, activities and Council services. Consistent with Council's statutory obligations.the Risk Management Committee and Enterprise Risk

Management Framework will provide a **structured and comprehensive** system of ensuring Risk Management is embedded across the organisation.

- Risk Management practices are **customised** to Council through the Enterprise Risk Management Framework, which is tailored to Council's strategic and operating context.

- **Inclusive** of all key stakeholders and with representation across the organisation, to ensure ample engagement, accountability and responsibility – factors that enhance Risk Management maturity.

- Utilised in a proactive, ongoing and **dynamic** manner, which infers that effective Risk Management at Council will evolve and adapt to changes in the internal and external context.

- The **best available information** regarding what has occurred in the past, what is currently occurring and what may occur in the future will be obtained by the Integrity, Risk and Resilience Unit and provided to relevant stakeholders including the Risk Management Committee.

- **Human and cultural factors** are acknowledged as being instrumental to an integrated Risk Management model, thereby embracing all contributions and view-points.

- Council will commit to **continuously improving** Risk Management practices to ensure successful execution of strategic and operational objectives.

For this policy to be effective, it is essential that all employees demonstrate commitment to respecting the Risk Management principles in their daily work activities. Employees are supported and guided by the Integrity, Risk and Resilience Unit and the system which records, monitors and reports on risks.

5 ROLES AND RESPONSIBILITIES

Party/parties	Roles and responsibilities	Timelines
Councillors	Leadership through the adoption of the Risk Management Policy and Risk Appetite Statements. Reviewing and adopting the strategic risk profile.	Biannually
CEO	Ensures that risk is managed in accordance with Council's Risk Management policy and Enterprise Risk Management Framework. Promotes a risk management culture across Council and its operations.	Ongoing
Director of Business Transformation	Champions the activities to support improvements in risk management maturity and further embed risk management outputs within the Organisation. Chairs the Risk Management Committee as the Executive sponsor and embeds risk culture at an Executive level through leadership of implementation activities.	Ongoing
Corporate Governance Manager	Provides corporate leadership through the Audit and Risk Committee, Risk Management Committee and all associated risk management activities that integrate risk management with business operations.	Ongoing
Directors/CEO Direct Reports	Identifies and leads management of corporate risks that could impact the Strategic Priorities of the Council Plan. Develops corporate mitigation strategies to assist their Departments, Branch or Service in reducing or eliminating the effect of identified risks, which could impact financial, community, environmental or organisation goals; with the support of the Risk Management Committee.	Ongoing
Risk Owners	Appointed person that either has direct responsibility for the area where the risk originates (root cause) or where the risk has direct impact (consequence) and therefore, is responsible for ensuring that the risk is appropriately managed through treatments and/or controls	Ongoing

	where applicable. The appointed Risk Owner should seek support from the Risk Management Committee lead from their department, Risk Champion or Risk, Resilience and Insurance Officer where appropriate to ensure the risk is accurately recorded and defined in the risk registers.	
Branch Managers	Ensures Unit Managers and/or specialist staff within their department are adequately managing their risks. Has overall responsibility for ensuring that Branch risks have effective controls and treatment plans in place.	Ongoing
Employees	Understand their responsibilities for engaging in the agreed Risk Management practices relevant to their area. Actively participating in the identification, assessment, treatment, monitoring and prevention of risk.	Ongoing
Audit and Risk Management Committee	To strengthen risk management across Council, drive continuous improvement and monitor internal controls in accordance with the Committee Charter and Work Plan.	Quarterly
Risk Management Committee	Key management governance committee for risk management across the organisation and operates as a sub-committee of the Executive Group. It is responsible for providing senior management detailed and timely insight into Councils key risks and controls.	Ongoing
Chief Risk Officer	Leads and drives the efficient and effective governance of significant risks, and related opportunities across Council.	Ongoing
Integrity, Risk and Resilience Unit	Supports the CEO, Executive, Management and staff in the implementation and ongoing management of risk. Leads the development and implementation of the Enterprise Risk Management Framework. Oversee systems, processes and committee supporting risk management practice. Provides risk management advice and tools to the Directors and Senior Managers, including reviewing key risk information to identify trends, providing training and facilitating risk workshops.	Ongoing

6 MONITORING, EVALUATION AND REVIEW

Performance and conformance of this policy is measured by Key Risk Indicators (KRI) which are performance measures used to track the value add that risk management is making to the organisation. The KRI's that will be tracked are described in the Framework.

To ensure effectiveness, continued application and relevance, this policy must be reviewed annually by the Integrity Risk and Resilience unit.

7 DEFINITIONS

Term	Definition
Risk	Effect of uncertainty on objectives
Risk Management	Coordinated activities to direct and control an organisation with regard to risk
Enterprise Risk Management Framework	Provides a structure for the management of risk at Council. It includes guidance on methodology and describes the tools, systems and processes that support all employees in enacting their responsibilities relating to Risk Management.

Risk Management Policy	Statement of overall intentions and direction of an organisation related to risk management
Risk Appetite	The type and extent of risk that Council is prepared to accept or avoid. It informs the risk process, controls and assurance activities.
Strategic Risk	External and internal risks that will prevent Council from meeting the objectives outlined in the Council Plan.
Operational Risk	Risks are linked to the Business Plan objectives and take into consideration risks which will prevent branches from delivering their annual business plans and ongoing services to the community

7 REFERENCES

- International Standard ISO 31000:2018 Risk management - guidelines