RISK MANAGEMENT STRATEGY
FY 2021-2024

Contents

1. CONTEXT

Our organisation

Greater Dandenong City Council is a culturally diverse organisation that provides a wide range of local government services to its community. Many of these services are provided in-house.

We have a workforce of over 900 employees who work across four directorates:

John Bennie, Chief Executive Officer

Jody Bosman, Director City Planning, Design and Amenity
- Building and Compliance Services
- Regulatory Services
- Planning and Design

Martin Fidler, Director Community Services
- Community Arts, Culture and Libraries
- Community Wellbeing
- Community Care
- Community Development, Sport and Recreation

Paul Kearsley, Director Business, Engineering and Major Projects
- Transport and Civil Development
- City Projects and Asset Improvement
- Infrastructure Services and Planning
- Economic Development
- South East Business Networks (SEBN)
- Business and Revitalisation
- Major Projects

Kylie Sprague, Executive Manager Communications and Customer Service

Michelle Hansen, Executive Manager Finance, and Information Technology

Lisa Roberts, Manager Governance

Anthony Camillo, Manager People, Culture and Innovation

Corporate Services
- Customer Service
- Financial Services
- Governance
- Information Management Services
- Media and Communication
- People and Procurement Services

Our Community Vision

The City of Greater Dandenong is a home to all. It's a city where you can enjoy and embrace life through celebration and equal opportunity!

We harmonise the community by valuing multiculturalism and the individual. Our community is healthy, vibrant, innovative and creative.

Our growing city is committed to environmental sustainability.

Our Strategic Objectives

- A socially connected, safe and healthy city
- A city of accessible, vibrant centres and neighbourhoods
- A Council that demonstrates leadership and a commitment to investing in the community
- A city that supports entrepreneurship, quality education and employment outcomes
- A green city committed to a sustainable future
- A Council that demonstrates leadership and a commitment to investing in the community

Our Council Values

Council's core values are defined by our REACH principles which outline how we interact with our community.

REACH stands for:

Respectful – *towards our community, empathy with each other, and understand our roles and responsibilities*

Engaged – *in working together to challenge the status quo to reach better outcomes*

Accountable – *take responsibility for our actions and pride in our achievements for our community*

Creative – *we ask ourselves what is possible and strive for excellence*

Honest – *we are truthful even when people may not want to hear it and act with humility striving to apply the highest standards of ethical behaviour to everything we do.*

SWOT Analysis

	Positive	Negative
Internal	**S**trengths • Top-Management committed to improving Risk Management performance • Risk Management Team is located in the Corporate Services Department which enables great opportunities for full business integration of Risk Management with OHS, HR, Finance, IT, and Corporate Planning • Competent, stable in-house Risk Management personnel • Excellent technology available • Managers and leaders are receptive of a new way of doing Risk • Highly and widely experienced risk staff, well-connected across local government and other sectors	**W**eaknesses • Historic instability and turnover of Risk Management Team personnel has resulted in risk management immaturity • Risk Register is cumbersome and contains many risks that are no longer relevant, are duplicates of other similar risks, and makes managing risks at a corporate level inefficient and ineffective • Risk management framework only focused on negative risk (threat), yet contemporary risk frameworks also include positive risk (opportunity) – CGD's risk appetite reflects opportunities, but this is not applied, to date • High insurance deductibles resulting in a high number of under-deducible insurance claims being managed in-house put a strain on internal resources • Risk management capability maturity is 'Developed', as determined by self-assessment and Crowe internal audit
External	**O**pportunities • Technology now available to automate or simplify many Risk Management administrative processes • Further explore latest research and practice in risk management • Collaborate further with neighbouring councils to adopt regional approaches to managing shared risks • Improve use of external consultants to help guide the adaptation and implementation of Council's risk management framework • Use external claims management administrators to handle under-deductible claims in order to free up in-house Risk Management personnel • Learning competence framework is under development, and risk management can be incorporated into this from the start	**T**hreats • Financial strain due to COVID • Growing community expectations for a more accountable, effective, and efficient local government • Increased complexity and uncertainty due to increasingly rapid changes in climate, technology, society, and globalisation • Hard insurance market means that the current deductibles are likely to be retained, or even increased • Resistance within operational units to developing new skills outside their "traditional" responsibilities and comfort areas

2. PURPOSE

The Risk Management Strategy ensures that Council and management have a common and clear view of the purpose of risk management, and activities to be pursued to enhance risk management capability.

An effective risk management strategy ensures the risk management framework is suitable to the context of Council and the environment we operate in. It enables Council to:

• Prioritise monitoring activities (such as risk capability maturity assessments)

• Assist in the direction of resources to support gaps in risk management capability

• Strengthen its approach to continual improvement.

3. RISK APPETITE & APPROACH

The Risk Management Policy includes a detailed Risk Appetite Statement which is the foundation of the Risk Management Framework.

The key determinants of risk appetite are intrinsically related to the achievement of the Council Plan objectives and are categorised as outlined below. These risks are then analysed by the combination of the Consequence and Likelihood factors, which provide the inherent risk severity rating. Once determined, risk is then considered in the planning process and the allocation of resources.

The Council Plan 2021-25 (incorporating the Municipal Public Health and Wellbeing Plan) Revised 2022 was adopted at the Council Meeting on Monday 27 June 2022. The Plan has a focus for the next four years on achieving the following objectives:

Strategic Objective	Risk Appetite Determinate	Risk Category
A socially connected, safe and healthy city	Services and infrastructure that foster connectedness and safety	Reputation / Public Safety
A city that respects and celebrates diversity, our history and the arts	The fostering of diversity and inclusion throughout our city	Reputation
A city of accessible, vibrant centres and neighbourhoods	The protection of the environment and delivery of services	Environment
A green city committed to a sustainable future	The reliability and performance of our infrastructure	Environment / Business Continuity / Reputation
A city that supports entrepreneurship, quality education and employment outcomes	An economy that adapts and changes to a changing environment	Financial
A Council that demonstrates leadership and a commitment to investing in the community	Long term strategic priories and community expectations are met	Reputation

Effective risk management is based on a structured approach to the management of risk that emphasises a proactive rather than reactive response. Management of risk will be addressed in the following order:

1. **Eliminate** the risk whenever possible
2. **Transfer** the risk in full or part
3. **Reduce** the risk by undertaking hazard analysis, process improvement and risk audits and developing procedures relating to all City activities.
4. Ensure Council carries **adequate insurance** for the risks remaining
5. If significant risks cannot be reduced or eliminated, **consider avoiding the activity**

Risks are a function of service delivery and as such must be considered as part of each annual business plan.

4. RISK MANAGEMENT OBJECTIVES

Council has an overarching strategic objective to achieve at least 'Advanced' level in each of the nine elements of the [Risk Management Capability Maturity Model](#) by 30 June 2024.

The Risk Management Policy provides details on Council's commitment to risk management. The Risk Management Framework provides guidance on how we manage risk and continually improve our risk management capability.

The nine elements of Risk Management Capability Maturity adopted by Council are:

Element 1. Establishing a **risk management policy**

Element 2. Establishing a **risk management framework**

Element 3. Defining **responsibility** for managing risk

Element 4. Embedding **systematic risk management** into business processes

Element 5. Developing a **positive risk culture**

Element 6. **Communicating and consulting** about risk

Element 7. Understanding and managing **shared risk**

Element 8. Maintaining risk management **capability**

Element 9. Reviewing and **continually improving** the management of risk
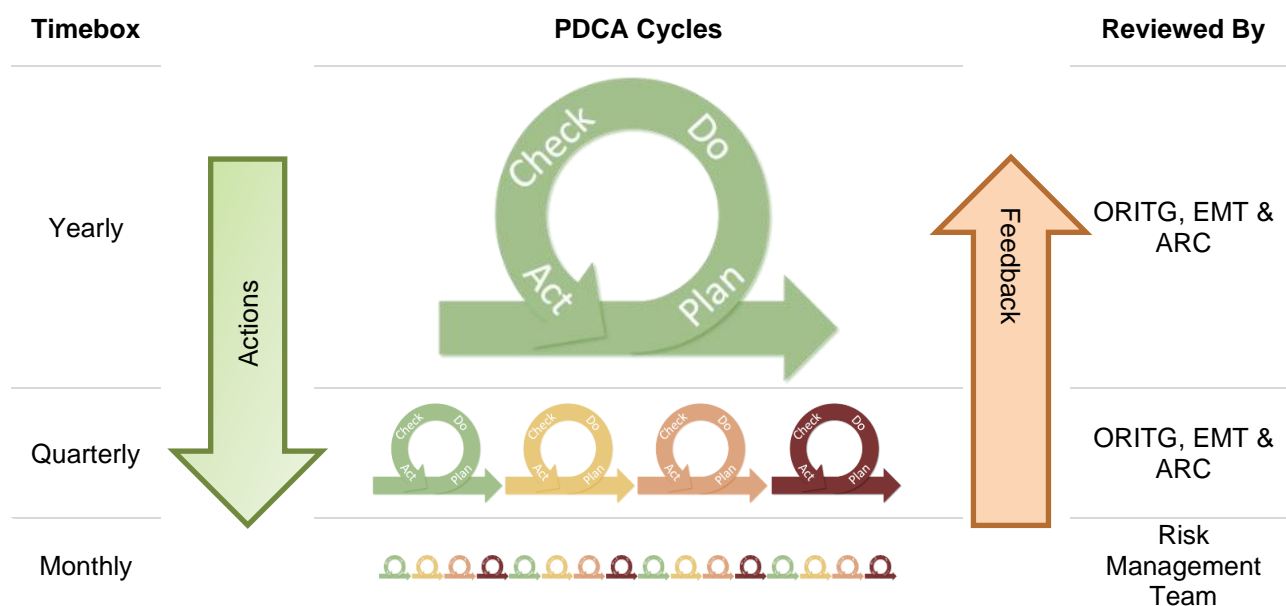
	Fundamental	Developed	Systematic	Integrated	Advanced	Optimal
1. Risk Management Policy			Current maturity June 2021			
2. Risk Management Framework		Current maturity June 2021				
3. Responsibility		Current maturity June 2021				
4. Systematic risk management	Current maturity June 2021					
5. Positive risk culture	Current maturity June 2021				Target Risk Management Capability Maturity by 30 June 2024	
6. Communication & Consultation	Current maturity June 2021					
7. Shared risk	Current maturity June 2021					
8. Capability		Current maturity June 2021				
9. Continual improvement			Current maturity June 2021			

Each year, Council will review its risk management capability maturity via self-assessment and determine actions required to progress at least one maturity level towards 'Advanced' capability maturity.

An annual Risk Management Capability Improvement Plan sets out priorities and proposed actions.

5. AGILE STRATEGY & PLANNING APPROACH

The Risk Management Strategy will be implemented and reviewed using an Agile approach to the Plan, Do, Check, Act continual improvement cycle. Using this approach allows us to review progress and make any necessary adjustments annually, quarterly, and monthly, while not losing sight of longer-term strategic objectives.

Timebox	PDCA Cycles	Reviewed By
Yearly		ORITG, EMT & ARC
Quarterly		ORITG, EMT & ARC
Monthly		Risk Management Team

6. ANNUAL RISK MANAGEMENT CAPABILITY IMPROVEMENT PLAN FY 2021-2022

Risk Management Objective	Activity	Responsibility	Due Date
1. Establish a risk management policy	Review risk management policy	Team Leader Risk Management & OHS	December 2021
	Conduct a risk appetite review workshop with EMT and new councillors upon release of the Council Plan	Team Leader Risk Management & OHS	December 2021
2. Establish a risk management framework	Set up regular meetings with the ORITG	Team Leader Risk Management & OHS	September 2021
	Review Risk Management Framework	Team Leader Risk Management & OHS	December 2021
	Review Risk Management Procedure	Team Leader Risk Management & OHS	December 2021
3. Define responsibility for managing risk	Include in Risk Framework and procedure review	Team Leader Risk Management & OHS	December 2021
4. Embed systematic risk management into business processes	Add Risk Management Strategy Actions in Pulse Corporate Plan	Team Leader Risk Management & OHS	September 2021
	Assign responsibility and key controls against Council's Climate Change Risk Register's identified Extreme Inherent Risks	Climate Emergency Implementation Group	December 2022
5. Develop a positive risk culture	Develop and conduct a risk culture assessment tool, set a target for desired culture, and develop a plan to achieve it.	Team Leader Risk Management & OHS	March 2022
	ORITG to meet 6-monthly to conduct horizon scan	Team Leader Risk Management & OHS	June 2022

Risk Management Objective	Activity	Responsibility	Due Date
6. Communicate and consult about risk	Review risk management consultation, communication and reporting processes as part of Risk Management Framework Review	Team Leader Risk Management & OHS	December 2021
7. Understand and manage shared risk	Discuss with ORITG: - Shared risk across business units - Shared risk across sector, suppliers and other agencies	Team Leader Risk Management & OHS	June 2022
	Conduct climate change vulnerability and adaptive capacity assessments across business units to increase awareness and identify priorities	Sustainability Team	Ongoing
8. Maintain risk management capability	Establish a continuous professional development program for Risk Management Team members	Team Leader Risk Management & OHS	June 2022
	Include risk management in organisational training matrix, and training needs analysis processes	Team Leader Risk Management & OHS	December 2021
	Conduct an org-wide training needs analysis for risk management	Team Leader Risk Management & OHS	December 2021
	Develop and implement a risk management training plan	Team Leader Risk Management & OHS	June 2022
9. Review and continually improve the management of risk	Establish a cyclical PDCA approach to improving the management of risk that involves consultation with ORITG, EMT, and ARC	Team Leader Risk Management & OHS	June 2022
	Review potential options for control effectiveness self-assessment and reporting	Team Leader Risk Management & OHS	June 2022
	Review risk reporting format in consultation with ORITG, EMT and ARC	Team Leader Risk Management & OHS	June 2022

7. EFFECTIVENESS MEASURES

Overall, Council will be confident that the Risk Management Strategy is effective if it achieves continued increase in risk management capability maturity in each of the nine elements of the Risk Management Capability Maturity Model year on year as determined by self-assessment and external audit.

8. APPENDICES

Appendix A – Risk Management Capability Maturity Model

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	Fundamental	Developed	Systematic	Integrated	Advanced	Optimal
Element 1: Establishing a risk management policy	• A Risk management policy (policy) has been endorsed by the accountable authority • The Policy defines the approach and rationale for managing risk • Communication and understanding of the policy varies • Understanding of the entity's appetite for risk is inconsistent.	• The Policy has been communicated throughout the entity • An innate understanding of risk appetite by senior executives is implied in risk documentation, in particular its consequence and likelihood tables.	• The Policy outlines the required accountability and responsibility for managing risk • A common definition of risk exists and is applied throughout the entity • Risk appetite statement is high-level and qualitative.	• The Policy includes a vision for the continuing development of its risk management program • The Policy contains a high-level risk appetite statement with both qualitative and quantitative elements, linked to business strategies • The Policy is reviewed and updated to reflect changes in the operating environment as they occur.	• The Policy defines linkages between risk and strategy • The Policy is reviewed and updated on an annual basis or more regularly if needed • Risk appetite statements for each source or category of risk exists and include measures that enable effective monitoring and review.	• The Policy considers the management of risk as an integral part of the governance system, reflecting the link between risk and realising strategic objectives • The Policy contains information for all staff and stakeholders on resources and processes dedicated to the management of risk.
Element 2: Establishing a risk management framework	• The risk management framework (framework) is articulated at a high level, but not integrated with the operations and overarching governance practices • Resources allocated to manage risk are limited and often shared across other responsibilities • The Framework and systems used to manage risk may not be widely understood or practiced.	• The Framework articulates the risk management methodology and processes required to manage risk • The effectiveness of the framework is reviewed on an ad-hoc or informal basis.	The Framework: • Has been implemented and supports a consistent approach to risk identification, assessment, evaluation and treatment • Has annually reviewed performance measures • Has resources allocated to implement, monitor and review • Explains requirements for reporting the status of key risks including managing shared risk.	• The Framework is embedded in the operations of the entity and is part of its overarching governance and management framework • Techniques for identification, assessment, evaluation and treatment of risk are applied consistently across all business units • Reporting on the status of key risks and control performance including effectiveness of the framework occurs quarterly.	• The Framework includes measures for accountability and management of risk and controls at business unit and program/project levels • Key risk indicators measure the overall performance of the framework • Tools exist to guide decision making and support regular risk reporting and escalation • Risk management data is centrally stored and accessible.	• Techniques exist to identify, analyse and measure current, future and emerging risks • Centralised real-time risk information is readily available • Risk appetite informs risk related discussions • Performance reporting measures and monitors risk exposures • Information flows effectively as a result of no duplication of effort in risk roles.
Element 3: Defining responsibility for managing risk	• Responsibility for the management of risk has been articulated in the accountable authority instructions.	• The Accountable authority instructions and policy articulate who is accountable and responsible for the management of risk, and the implementation of the framework • The Management of risk is not specified in individual's performance agreements.	• A dedicated risk manager or team is responsible for implementing the framework • Accountability and responsibility for managing risk is clearly defined and linked to staff performance • Accountability and responsibility for managing, or oversighting risk is included in the charters of executive committees or audit and/or risk committee.	• Formalised governance structures assess and oversee risk management at business unit and executive levels • Formal governance structures assess the risks associated with the development or implementation of new policies/programs/services. • The Risk manager or team coordinates the implementation of the framework, risk profiles and action plans.	• Senior leadership supports the risk manager or team to facilitate, challenge and drive capability • The Risk management team regularly report to senior executive, the audit committee or the accountable authority on the performance of the framework • Executives approve the entity's risk appetite and oversee the continual improvement of the framework.	• Managers and supervisors monitor the risks and risk profiles of their areas of responsibility and ensure staff adopt the framework as developed and intended.
Element 4: Embedding systematic risk management into business processes	• Branch and business unit risks are reviewed annually, however do not inform business planning, budgeting and reporting • Risk definitions are inconsistently understood as there is limited guidance for identifying risk processes or differentiating between risk classes.	• Enterprise-wide risks are considered in business planning, budgeting and reporting processes • There is No evidence of the identification of specialist categories of risk, such as fraud, or business continuity in these processes.	• Framework is embedded in operational, process and reporting frameworks • Managing risk is part of the overarching governance framework and recognised as key to effective business planning • Risk identification, assessment, monitoring, communicating and reporting processes are consistent • Risk profile enables the prioritisation of audit and assurance activities.	• Risk management occurs at policy, program and/or service delivery level • Risk appetite has been defined and communicated to facilitate strategic and operational planning Specialist risk programs are documented and included in regular reporting to senior executive and/or the accountable authority.	• The Entity's approach to managing risk is fully integrated with the overarching governance framework and recognised as key to effective business planning • Opportunities for improvement and good practice are identified through analysing risk information • A comprehensive set of risk appetite and tolerance statements, including KPI's, that cascade from highlevel down to detailed exist.	• Risk management processes are utilised at enterprise, business unit, program and project levels for all risk activities • Formal mechanisms exist to build and maintain organisational resilience • Risk appetite statements, including tolerance and limits are used consistently across the entity to inform decision making.
Element 5: Developing a positive risk culture	• Officials understand and agree on the need and value of effective risk management • Senior executives and line managers demonstrate the importance of managing risk in line with the framework and systems.	• The Framework is integral to the entity's operating model • Lessons learned are communicated to staff • A Common understanding of the meaning of good risk management results in a consistent use of language and understanding of risk related concepts.	• Surveys and external reviews undertaken are analysed to provide insights into the entity's risk culture • Loss incidents are analysed and areas for improvement identified. This includes acknowledging good risk management practice and speaking with staff regularly about opportunities to better manage risk.	• Senior executives are held accountable through performance agreements for managing risk including responsibility for strengthening the risk culture of their teams • Risk culture is formally and regularly assessed with recommendations identified for improvement • The Framework is integrated with its overarching governance framework.	• Officials are comfortable raising concerns with senior managers and those being challenged respond positively • A senior executive level sponsor leads and promotes the management of risk • Lessons learned from positive and negative situations.	• Culture demonstrates and promotes an open and proactive approach to managing risk that considers both threat and opportunity • Demonstration of good risk management practices are communicated and rewarded.
Element 6: Communicating and consulting about risk	• No common risk language is used with limited risk reporting • Branches and/or business units communicate with their stakeholders, but this information is not shared across the entity • Communication of risk issues is as requested which may lead to a duplication of information across the entity.	• Communication with senior executive and/or the accountable authority is limited to specialist risks • A Common risk language is used and understood by the risk management function and senior leadership teams, but these terms are not consistently understood across the entity.	• A common understanding of the principles and importance of managing risk exists • Timely communication of risk information is acknowledged as important • While areas for improvement are identified, feedback is not commonly used to improve • External communication occurs to inform stakeholders of the management of key risks and the risk management approach.	• Risk terminology is understood by all staff, providing a consistent approach to managing risk • Communicating and escalating risk issues is considered in the day to day activities of staff • Reporting formats have been agreed and are tailored to target audiences.	• A consistent approach to communicating and discussing risk enables staff to understand how risk management contributes to achieving the objectives • Staff are informed of the entity's risk appetite • Evidence of the integration of risk information with key operational systems exists.	• The importance of communicating risk is apparent across the entity via - common understanding of risk management principles, escalating risk issues as they arise and informing internal and external stakeholders in a timely manner.
Element 7: Understanding and managing shared risk	• There are no formal arrangements in place to discuss and understand shared risks.	• The Policy defines shared risk • The Framework reflects the requirement to consider shared risk in supporting guidance and documentation • Informal arrangements are in place to discuss and understand shared risks.	• The Framework provides guidance on how to identify, assess, communicate and contribute to the management of shared risk • Formal governance arrangements are in place to discuss and understand shared risks.	• Senior executive champion shared risk behaviours by demonstrating a collaborative approach to managing shared risk • A common understanding of accountabilities and responsibilities for managing shared risk exists.	• The culture of the entity is one where identifying and managing shared risk is considered important • Agreed governance arrangements are in place to discuss, understand and effectively manage both current and emerging shared risks.	• Shared risk and the arrangements for managing it, are reflected in the governance framework and business processes • Established mechanisms and protocols for recording, monitoring and reporting on managing shared risk exist.
Element 8: Maintaining risk management capability	• There are limited resources available for the management of risk • Key individuals are provided limited risk management training • Informal processes exist to exchange risk information.	• The role of implementing the framework is shared with other responsibilities • Staff are able to develop risk management skills through access to regular training • Risk information is disseminated and shared across the entity informally.	• Dedicated resources are responsible for implementing the framework with a well-developed understanding of operations • Levels of risk competence are identified for each level of the entity • An effective flow of information through the entity exists • Risk information is stored centrally and accessible for key staff.	• The Risk manager or risk management team is responsible for assisting branches or business units to identify and evaluate risk in a consistent structured approach • A consistent approach to identifying and developing risk management skills internally exists • Real-time risk information is stored centrally, accessible by all staff.	• Operational budget reflects the cost of managing key risks • There is a demonstrated culture of knowledge sharing • Risk management information systems are used to undertake data analysis and inform organisational decisions.	• Risk resources are allocated based on detailed data analysis • Ongoing costs of implementing the framework are identified and managed within operational budgets • Demonstrated understanding of the need to build risk capability, focusing on priority areas for improvement, addressing underlying issues and utilising the skills of existing resources.
Element 9: Reviewing and continuously improving the management of risk	• There is limited oversight of the effectiveness of the framework • The reporting and consideration of risk issues is performed in an uncoordinated manner.	• Reviews of the effectiveness of the framework are undertaken on an ad-hoc basis by the internal audit function • Accountability for the oversight of key risks is unclear.	• Reviews on the performance elements of the framework are completed and reported to senior management regularly to establish review and monitoring plans • Regular reviews and evaluation of all material risks are undertaken • Regular risk reporting occurs in an agreed format • Dedicated staff are responsible for implementing the framework.	• Scheduled risk review and monitoring plans occurs across all branches and business units • Risk reporting includes qualitative and quantitative criteria to assess performance • Regular reviews of compliance with the risk framework are undertaken by internal audit • Ongoing oversight and monitoring of the risk function occurs to identify opportunities for improvement.	• The Framework contains real-time validation and assurance processes • Risk processes are independently assessed regularly • Review and monitoring plans are established and monitored independently • The Accountable authority and senior executive agree target maturity states and identify resources and investment to achieve these.	• Comprehensive data supports continuous review, monitoring and learning • The allocation of resources for managing risk is considered in the business unit operating budget, including the treatment of key risks and the costing of opportunities for improved processes or additional programs.