Risk Management Policy

Policy Endorsement:	Council
Policy Superseded by this Policy:	Risk Management Policy version 006
Directorate:	Corporate Services
Responsible Officer:	Manager, People, Culture and Innovation
Policy Type:	Legislative

File Number:	A2730707	Version No:	007
1st Adopted by Council:	Minute No. 632 27 January 2015	Last Adopted by Council: **November 14th 2022**	Minute No. **620**
Review Period:	Every 2 years	Next Review:	September 2024

This page has been left intentionally blank.

TABLE OF CONTENTS

1. POLICY OBJECTIVE (OR PURPOSE)

Greater Dandenong City Council ("the Council", "Council", "GDCC") is committed to identifying and managing risks associated with the performance and delivery of municipal functions and services.

A risk management framework and system has been established and is maintained, to assist Council officers to identify, assess, and manage risks arising from their activities, the delivery of services and activities, and in pursuing the goals of the Council Plan and Annual Business Plan.

This policy commits Council to developing a "risk-aware" culture, assigning roles and responsibilities, aiding effective decision-making, and monitoring and reviewing GDCC's risks and control measures.

Council has a responsible approach to risk management; however, its risk appetite is not one of eliminating all risks in all circumstances. Risk will be managed to acceptable and defined levels in pursuit of GDCC's vision.

The organisation has a generally low appetite for risk, to minimise the negative impacts on stated objectives, but will accept a degree of risk commensurate with both the potential reward and with GDCC's role in the community.

2. BACKGROUND

Council recognises that risk arises in many, if not all aspects of the business of managing the organisation and municipality and providing asserts and services to our community.

Risk management will therefore be an integral part of Council's strategic and operational management and planning and implementation processes.

Council is committed to effectively managing risk to achieve its vision, Council plan and strategic goals.

GDCC has developed and implemented a risk management system, comprising formal documentation including this policy, in accordance with the framework set out in the International Standard ISO 31000:2018 - Risk Management, as is relevant and applicable to Council's specific needs and requirements.

This version of the Risk Management Policy results from internal review, including formal Internal Audit findings, and reflects the commitment to continuously refresh and update the risk management system.

3. SCOPE

This policy applies to all Councillors, staff (including agency staff), contractors and volunteers of the Greater Dandenong City Council.

Everyone has responsibility for the effective management of risk.

4. DEFINITIONS

A common understanding of the terms relating to risk management is a starting point for achieving a common approach to managing risk across Greater Dandenong City Council.   This procedure and the definitions below are consistent with the International Standard for Risk Management (ISO 31000:2018). Unless otherwise specified within this policy, the following words and phrases are defined to mean the following in terms of this policy.

Risk	Risk is defined as the effect of uncertainty on objectives. Risk is often expressed in terms of combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.
Risk Appetite	Risk Appetite is the level of risk that an organisation is prepared to accept in pursuit of its objectives before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings
Risk Management	Risk Management is defined as the coordinated activities to direct and control an organisation with regards to risk
Risk Management Framework	A Risk Management Framework is an overview of the various elements that comprise Council's risk management system, providing the foundations and organisational arrangements for the design, implementation, monitoring, review and continuous improvement of risk management throughout the organisation.
Risk Source	Risk Source is an element which alone or in combination has the potential to give rise to risk
Risk Treatment	Risk Treatment - an action, procedure, physical device or other measure taken to reduce the likelihood and/or the consequences of an identified event (see also Control)
Audit	Audit is an independent, objective assurance and/or consulting activity designed to add value and improve an organisation's operations. Audit helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Consequence	A Consequence is an outcome of an event, affecting objectives
Control	A Control is a measure that maintains and/or modifies risk; controls can include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk Controls may not always exert the intended or assumed modifying effect.
Event	An Event is an occurrence or a particular set of circumstances. It can have one or more occurrences. An event can have several consequences. An event can be an unexpected outcome, or an expected outcome that does not occur. An event can be a source of risk.
Likelihood	The Likelihood is the chance of an event happening; can be expressed relatively or probabilistically
Objectives	Objectives can have different aspects, (such as financial, health and safety, technology, and environmental goals) and can apply at different levels (such as organisation-wide, operational-, project-, product- and process-level)
Stakeholder	Stakeholder (or "**interested party**") - a person, or group of people, or organisation that can affect, be affected by, or have the perception that they are affected or can affect a decision or activity

5. POLICY

Council's risk management system provides the basis for managing risks consistently across the organisation. Nonetheless, all departments are responsible for identifying, assessing and managing risks arising from their responsibilities, programmes, services, assets they manage, policies, procedures and expenditure.

Additionally, the effectiveness of risk controls should be assessed and decisions made whether further treatments are needed to address these risks.

Decisions about whether to mitigate a particular risk - fully or partially – must be based on its impacts on Council, mitigation costs and the expectations or requirements of our community or other stakeholders.

Where risks are considered 'cross-sectional', i.e., owned by one area and managed by another (e.g., IT-related risks), a process is established for ensuring the risks are both communicated, and action agreed, between the areas concerned.

Council provides its staff with information, tools and processes to enable such risk management steps and has developed a framework describing the various elements of GDCC's risk management system.

Key aspects of our processes and risk management system include:

- identifying strategic risks, and regularly reviewing these, and implementing appropriate controls in response, including accountability for their implementation. The effectiveness of these controls will be monitored;

- the Executive Management Team has oversight of strategic risks, and, with the Audit & Risk Committee, the efficacy of the overall risk management system;

- Departments have responsibility for identifying, assessing and managing risks arising from their areas of responsibility;

- risk issues are considered as part of Council and Annual Business planning (particularly Strategic Risks), programme development, event delivery, and the range of services, asset provision and other activities of Council.; and

- risk management resources are available internally and externally to facilitate, inform, and review risk management activities across GDCC.

By the application of this policy, the Greater Dandenong City Council - through the Chief Executive Officer and EMT - will ensure that:

- Council and all staff can confidently plan and make informed strategic, business and operational decisions; and

- Reasonably foreseeable risks and emerging risks will be identified, evaluated, assessed, and prioritised, and risk controls implemented.

5.1 RISK APPETITE

Council has a responsible approach to risk management; however, our risk appetite is _not_ one of eliminating all risks in all circumstances.

Risk will be managed to acceptable levels in pursuit of our vision that Greater Dandenong is a safe and vibrant city of opportunity for all - to visit, work, live and play.

Thus, the organisation has a generally low appetite for risk, to minimise negative impacts on stated objectives, but will accept a degree of risk commensurate with both the potential reward and with GDCC's role in the community.

The detailed Risk Appetite Statement is provided in the Risk Management procedures.

6.   RESPONSE TO THE OVERARCHING GOVERNANCE PRINCIPLES OF THE _LOCAL GOVERNMENT ACT 2020_

The Risk Management Policy is compatible with and supports and upholds the overarching governance principles of Section 9 of the _Local Government Act 2020_, particularly, but not restricted to:

- achieving the best outcomes for the municipal community, including future generations; (Section 9b)

- promoting the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks (Section 9c);

- pursuing innovation and continuous improvement (Section 9e);

- collaborating with other Councils and Governments and statutory bodies (Section 9f);

- ensuring the ongoing financial viability of the Council (Section 9g); and

- ensuring the transparency of Council decisions, actions and information (Section 9i).

Additionally, the policy is a mechanism to ensure that the following principles of the _Local Government Act 2020_ are supported:

- the public transparency principles (section 58);

- the financial management principles (section 101); and

- the service performance principles (section 106).

As a Council Policy, the Risk Management Policy is available to the public. Stewardship of the policy and its associated actions is suitably delegated and resourced within the existing budget.

Associated procedures, including the management of documentation and identifying information (such as for reactive claims management in response to liability claims), provide for both privacy and confidentiality, whilst broader transparency is also provided by Council being subject to internal and external audit and FOI access (as applicable), as well as the legal discovery process (in the case of liability claims, for example).

7.   CHARTER OF HUMAN RIGHTS AND RESPONSIBILITIES ACT 2006 - COMPATIBILITY STATEMENT

All matters relevant to the Victorian Charter of Human Rights and Responsibilities have been considered in the preparation of this policy and are consistent with the standards set by the Charter. The particular sections in the Victorian Charter of Human Rights and Responsibilities that relate to this policy are:

•   Section 8 - Right to recognition and equality before the law

•   Section 13 - Right to privacy and reputation

•   Section 20 - Property rights

8.   RESPONSE TO THE GENDER EQUALITY ACT 2020

Council's *Diversity, Access and Equity Policy* and the *Gender Equality Act 2020* have been considered in the preparation of this policy but are not relevant to its contents. There is no need for a Gender Impact Assessment of this policy because it:

•   is purely administrative in its nature and does not have the potential to influence broader social norms and gender roles; and

•   is purely administrative in nature and does not benefit any one gender group over any other.

9.   CONSIDERATION OF CLIMATE CHANGE AND SUSTAINABILITY

This policy does have an impact on Council's *Declaration on a Climate and Ecological Emergency* or *Climate Change Emergency Strategy 2020-2030* and the requirements of the *Local Government Act 2020* in relation to the overarching governance principle on climate change and sustainability.

The risk management framework, as applied to date, recognises Climate Change and Adaptation as a Strategic Risk, and that key controls are identified in the *Climate Change Emergency Strategy 2020-2030*. Risk management methodology and the commitment to consider risk in decision-making is embedded in Councils' response to climate change.

10. RESPONSIBILITIES

The following responsibilities summarise the detailed information provided in the Risk Management Procedures (internal document).

10.1 COUNCIL

Council (and/or relevant Delegated Committees) endorses the Risk Management Policy, including the Risk Appetite Statement (as expressed in the policy).

Additionally, Councillors review and consider identified strategic risks when developing and/or updating the Council Plan, and key strategies and plans.

Further, this policy commits Councillors to:

- considering risk issues and any trade-offs in their decision-making; and

- reporting any risk concerns, control failures, or other events that need to be addressed to the Risk Management Team and/or line management, as appropriate.

10.2 CHIEF EXECUTIVE OFFICER AND EXECUTIVE MANAGEMENT TEAM

The Chief Executive Officer and Executive Management Team provide leadership in establishing and encouraging a "risk aware" culture by:

- reviewing and approving the Risk Management Policy, Framework, Strategy, Procedures and other elements of the risk management system, including the risk categories used at GDCC ;

- contribute to any review and update of the Risk Appetite Statement (as facilitated by the Risk Management Team, see below) and approve the adoption of any updated version;

- considering risk in decision-making, and policy and strategy development;

- ensuring that risk management processes are implemented across all risk categories; and

- identifying strategic risks and controls and advising the Audit and Risk Committee and Council of the following:

  - o reviewing the progress of identified risk treatments and actions;

  - o informing the Audit & Risk Committee of emerging or changed Strategic Risks; and

  - o developing the risk-based Internal Audit programme.

10.3 MANAGERS

Managers are responsible for:

- identifying, reporting on and reviewing operational risks in their business area(s);

- Implementing relevant controls for risks identified as needing treatment;

- Identifying and implementing further controls as required;

- ensuring that staff apply risk management procedures in operational areas, and to relevant Strategic matters, as required;

- reporting newly-identified risk issues, failed controls or other events that need to be addressed; and

- identifying and assessing risks when business planning, scoping projects, issuing contracts, etc.

10.4 COUNCIL OFFICERS, EMPLOYEES, STAFF AND COUNCILLORS

Risk Management at Greater Dandenong City Council is the responsibility of everyone at Council. Councillors, staff (including agency staff), contractors and volunteers are responsible for implementing risk treatments as per their authority and responsibilities, in day-to-day work and tasks.

10.5 AUDIT & RISK COMMITTEE

The Audit and Risk Committee acts within the provisions of the *Local Government Act 2020* to:

- monitor risk management performance, including receiving reports on the risk management implementation at Council, emerging issues, and data and analysis;

- monitor extreme and high exposure risks;

- provide advice to Council and the CEO as required; and

- provide feedback for updating risk management documentation, such as this policy, the risk framework, and risk procedures.

10.6 RISK MANAGEMENT TEAM

The Risk Management Team within Council is responsible for:

- providing oversight of the strategic risk profile, reviews and audit actions;

- facilitating the development and update of risk profiles, reviews and audit actions;

- reviewing, updating and implementing this Risk Management Policy, Framework, Strategy and Procedures, and other risk management tools as required;

- supporting Council officers to identify, implement and review the effectiveness of risk controls;

- identifying and arranging appropriate training to develop risk management knowledge and skills across the organisation; and

- reporting newly-identified risk issues, failed controls, or other events that need to be addressed to Managers, EMT and/or the Audit & Risk Committee, as necessary.

11. REPORTING, MONITORING AND REVIEW

The following information summarises the detailed information provided in the Risk Management Procedures (internal document).

Periodic reports concerning the following are provided to the Executive Management Team and the Audit & Risk Committee (quarterly, for the latter):

- significant changes to the risk management system, such as updates to risk management documentation: policy, framework, appetite statement, procedures, etc;

- strategic risk updates, risk treatment implementation progress, significant matters arising from operational risk assessments;

- reporting of significant events, claims and other matters that require a risk management response or approach to address; and

- internal audit reports, highlighting risk management implementation and risk assessments of any gaps or improvements identified by the internal auditor.

12. REFERENCES AND RELATED DOCUMENTS

Legislation

- *Local Government Act 2020*

Related Council and Other Policies, Procedures, Strategies, Protocols, Guidelines

- Greater Dandenong City Council Annual Business Plan (as updated)
- Greater Dandenong City Council Council Plan (as updated)
- Greater Dandenong City Council Risk Management Framework 2022
- Greater Dandenong City Council Risk Management Procedures 2022
- Greater Dandenong City Council Risk Management Strategy (as updated)
- International Standard for Risk Management (ISO 31000:2018)