RISK MANAGEMENT POLICY

Policy Number:	2.4.1
Approved by:	Council
Date Approved:	July 2025
Date of Next Review:	July 2026
Applicable to:	Councillors, Council employees and temporary staff, volunteers, contractors and consultants engaged by Council and members of delegated committees
Responsible Officer:	Manager Governance
Related Policies:	Acceptance and Declaration of Gifts, Benefits and Hospitality Policy Child Safe Policy Climate Change and Sustainability Policy Conflict of Interest Policy Corporate Credit Card Policy Fraud and Corruption Control Policy Mandatory Notification Policy Occupational Health and Safety Policy Privacy and Data Protection Policy Procurement Policy Public Interest Disclosures Policy
Related Documents:	Risk Management Strategy Risk Appetite Statements Risk Management Procedure Risk Management Toolkit Risk Register Road Management Plan AS ISO 31000:2018 – Risk Management – Guidelines
Statutory Reference:	*Local Government Act 2020* *Local Government (Planning and Reporting) Regulations 2020*

OVERVIEW

This policy guides decisions about managing risks so that Council can meet the objectives in the Risk Management Strategy. This includes decisions relating to:

- strategy, procedures and other elements of the Risk Management Framework (the Framework)

- how risk management is embedded into decision making across Council

- identifying the culture Council wants with regard to managing risk
- governance and compliance including mandatory requirements and other obligations

- how managing risk helps Council continually improve

- how Council can achieve an appropriate level of risk maturity.

WHAT IS RISK?

Risk is inherent in all aspects of council operations, whether managing a project, dealing with customers, making decisions about the future, or deciding not to take any action at all. Council

manages risk every day, by simply making choices – particularly where there is an element of uncertainty within that decision.

Australian Standard AS ISO 31000:2018 – Risk Management – Guidelines defines risk as "*the effect of uncertainty on objectives*". To qualify as a risk, the three factors of effect (consequence), objectives and uncertainty must be present.

WHAT IS RISK MANAGEMENT?

Risk management is the coordinated activities of assessing, controlling, monitoring and reviewing risk in the pursuit of objectives. To effectively manage risk is to understand and manage the uncertainties relevant to the achievement of those objectives. Good risk management sets an appropriate balance between realising opportunities and minimising losses. Effective risk management must be integrated into Council's strategy, planning and operations.

RISK MANAGEMENT PRINCIPLES

Risk management:

- is integrated into organisational processes and decision making

- is systematic, structured, and comprehensive

- is based on the best available information

- is customised to Council's operating environment

- takes people and cultural factors into account

- is dynamic, ongoing and responsive to change

- is transparent and inclusive

- considers opportunities and associated risks

- facilitates continual improvement.

WHERE DOES COUNCIL STAND ON RISK?

Council is committed to achieving effective and responsible risk management, ensuring that its activities and assets do not place people, property or the environment at unreasonable levels of risk. An integrated and consistent approach is adopted to ensure that significant risks are identified and addressed during planning, decision-making and everyday operations. Staff with supervisory responsibilities are accountable for ensuring that all staff manage the risks within their work areas.

The aim of risk management is to minimise losses and maximise opportunities. Council's present risk management processes are predominately focused on the minimisation of loss. Opportunities are pursued, providing risks have been adequately managed and accepted.

Council's risk management objectives are to:

- embed risk management into all aspects of Council's corporate planning, operations and governance

- foster a culture that embraces accountability for risk management lawfully, ethically and responsibly

- promote and support best risk management practices throughout Council

- equip staff and management with the knowledge and ability to identify, analyse, report and prioritise areas of existing and emerging risk

- implement effective processes to reduce and/or manage risk

- continuously improve risk assessment, monitoring and reporting standards

- undertake risk assessments for key operations, projects and strategies and maintain a comprehensive and regularly updated risk register to identify and monitor operational and strategic risks, and response plans

- allow for the effective allocation and use of resources

- provide a basis for higher standards of accountability through the creation of effective performance objectives and measurement of performance against these objectives

- manage appropriate cover and minimise costs associated with insurance and litigation.

FRAMEWORKS AND PROCESSES

In developing a risk management framework, Council has adopted the provisions of the Victorian Government Risk Management Framework (VGRMF). The VGRMF promotes the use of AS ISO 31000:2018 – Risk Management – Guidelines which provides an internationally accepted basis for best practice risk management.

The Framework comprises of a:

- Risk Management Strategy

- Risk Management Policy

- Risk Appetite Statements

- Risk Management Procedure

- Risk Management Toolkit

- Risk Register.

This standardised approach to risk management is designed to ensure risk management is an integral part of all Council decision-making processes. The Framework is used to minimise foreseeable disruption to operations, financial loss, harm to people and damage to the environment and property. Such a program actively promotes and supports effective risk management practices throughout Council via the provision of ongoing education and instruction to managers and staff, alongside an extensive register of risks in Council's online risk management system.

Council recognises that risk appetite varies according to the activity undertaken, that acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate threat risk are established.

The Council and leadership team work together to review Council's risk profile in accordance with agreed timeframes. The Audit & Risk Committee receives and assesses reports that provide evidence to verify we are meeting legislative and regulatory requirements. Assurance is provided by the internal audit program and assurance mapping.

CULTURE

One of the most crucial elements of a successfully integrated Framework is a workplace culture that promotes and facilitates its proactive use, and to have it embedded into Council's day-to-day operations, service and processes.

The risk culture can be defined as the system of values and behaviours that exist throughout the organisation which shape Council's decisions around risk. Risk management is a corporate priority that requires all staff to actively participate in the risk management process. Council seeks to reinforce a positive risk culture where everyone believes that thinking about and managing risk is part of their job.

SHARED RISK

"Shared risk" within the VGRMF are risks shared by two or more agencies that require coordinated management by more than one agency. The responsibility for managing a shared risk is shared by all the relevant agencies and benefits from a coordinated approach where one agency takes the lead role. The Corporate Management Team (CMT) has an important role in using their influence to work with other agencies on sharing the management of risk. In respect to shared risk management, cross-agency communication will be used to promote information sharing to support the early identification and effective management of these risks.

STATE-SIGNIFICANT RISK

State significant risks are risks where the potential consequences or impacts of the risk on the community, the Government and the private sector are material at the State-wide level. They may be the extension of an existing agency risk which, beyond a certain threshold, becomes severe enough to have statewide implications or it could be the aggregation of many agency-specific risks.

Council will refer to the State Government who will identify and provide guidance in relation to state significance risks. It is recognised that climate change may exacerbate some risks and/or present emerging risks.

SUPPORTING COUNCILLORS

Councillors are provided with regular risk management workshops to build their understanding of the risk management framework and to support them in their role of setting Council's risk appetite. Additionally, a risk management section is included in each Council Meeting report item to support decision making.

Risk management reporting is provided to Council, through the Audit & Risk Committee, including the following:

- Advising on emerging risks and any variation to existing risks;
- Reporting of strategic risks and high and extreme operational risks; and
- Providing an update on the implementation of the Framework and key risk management activities.

MANAGEMENT OF INSURABLE RISK

Council makes best use of available resources and assets to manage risk and minimise loss.

Insurance is used to transfer or manage the risk of financial loss. Council maintains a comprehensive insurance policy portfolio to address the risks that cannot be adequately mitigated.

Consideration is regularly made to the level of risk and whether insurance cover should be increased, reduced or waived based on the risk appetite.

Insurable risk is minimised by the following actions:

- Programmed inspection of assets and action taken to address risks.

- Adoption and update of Council's Road Management Plan.

- Reviewing insurance claims to identify trends in risk areas, annual review of specific risk strategies, and review of assessments undertaken by insurers.

RISK MANAGEMENT ROLES AND RESPONSIBILITIES

Successful implementation of the Framework requires a consistent and systematic approach at all levels of Council. Managers, employees and contractors are responsible for ensuring that risk management is given high priority within all Council operations.

Council

- Defines the risk appetite, including tolerances, with the support of the CMT

- Contributes to the development of the Framework and monitors its implementation

- Provides adequate budgetary provision for the financing of risk management including approved risk mitigation activities

- Ensures that a positive risk culture is in place

- Appoints and resources the Audit & Risk Committee

- Provides leadership, oversight, guidance and direction.

Audit & Risk Committee

- Monitors and provides oversight and advice on risk management and fraud prevention systems and controls

- Oversees internal and external audit functions

- Provides oversight of the operation and implementation of the Framework.

Chief Executive Officer

- Ultimate responsibility for ensuring risk is effectively managed across the Council

- Ensures Councillors are aware of risk management objectives, their responsibilities and training requirements.

Corporate Management Team

- Responsible for monitoring the corporate implementation of the Framework

- Demonstrates a positive, risk-aware culture to the organisation

- Instils a culture of acting lawfully, ethically and responsibly

- Promotes effective management of identified risks across all operations

- Responsible for the recognition and adoption of risk management as a key function of Council, and to ensure the inclusion of risk management as a priority within Council's strategic plan, within all staff position descriptions, within the annual report and other Council documentation

- Ensures resources are appropriately allocated to meet Council's risk management requirements including identification of emerging risks.

Managers, Coordinators and Team Leaders

- Demonstrate a positive, risk-aware culture to the organisation
- Support and encourage a risk aware culture within the organisation by promotion of the Framework
- Responsible for the identification, review, and analysis of all risks within their division or business unit
- Responsible for the application of appropriate treatments to all risks within their division or business unit
- Ensure adequate protection of staff, assets and operations from risks through appropriate budgeting and implementation of loss control programs
- Ensure liability risks to customers are effectively managed
- Ensure all staff are conversant with and understand the role of risk management within Council operations
- Liaise with the Coordinator Work Health and Safety to ensure provision of a safe and healthy work environment and implementation of appropriate safe work practices and control measures
- Ensure the supervision and audit of contractors to ensure risk management policies and procedures are applied
- Each Business Unit Manager is accountable for implementing the Framework through appropriate actions in their business unit. This includes ensuring that the overall risk profile entered by staff into the risk register is current, accurate and reviewed in accordance with corporate timelines.

Manager Governance

- Responsible for the Framework's design, implementation and update
- Facilitate regular risk reporting to CMT, the Audit & Risk Committee and Council.

Coordinator Governance and Risk

- Promote implementation of risk management strategies and programs designed to minimise risks and potential losses
- With guidance from the General Manager Corporate Services and Manager Governance, formulate a list of annual objectives to support the Framework
- Develop, review, and enhance risk management related policies and procedures
- Scheduling of organisational wide risk management induction and training
- Maintain and administer the risk register and coordinate the review of all risks by risk owners
- Support the development, maintenance, and review of Council's Business Continuity Plan
- Review and provide input into the insurance portfolio and claim procedures
- Provide advice and training on risk management principles and processes.

Employees, Volunteers and Contractors

- Manage risk within their area of influence
- Follow risk management policy and procedures
- Participate in a risk-aware culture

- Assess emerging risk and monitor change in known risks
- Contribute to the continuous improvement of the Framework, processes and culture.

Internal Auditor

- Provides an independent review function which provides information about the effectiveness of the Framework through the design and delivery of an internal audit.

External Auditor

- Victoria's integrity system includes the Independent Broad-based Anti-corruption Commission (IBAC), Victorian Ombudsman and Victorian Auditor-General's Office (VAGO). These three agencies promote risk management by ensuring that Council continues to operate in the best interests of Victorians and is free from fraud and corruption.

REVISION HISTORY

VERSION	DATE	SUMMARY OF CHANGES
1.0	June 2022	Updated Responsible Officer title No changes applicable at this review as a larger review is being undertaken and due by June 2023
2.0	June 2023	Sections added to align with Victorian Government Risk Management Framework (VGRMF) Risk Management template. Updates made to risk management roles and responsibilities. Updates made to position titles due to organisational change.
2.1	July 2024	Addition of role of 'external auditor' under our risk management roles and responsibilities.
2.2	July 2025	"Applicable to" and "Related policies" updated. Removal of "Scope" section. Update to staff position titles throughout policy. Minor grammatical changes to improve readability.