

# Risk Management Policy

## 1. Purpose

This policy outlines Council's commitment to the key principles that guide risk management practice across the organization. Council is committed to embedding risk management practices in all business processes and ensuring that all staff understand that the management of risk is everyone's responsibility. Proactive risk management supports the protection of community, employees, business assets, service delivery and financial sustainability. This approach is referred to as "Enterprise Risk Management", i.e., the management of all aspects of risk while pursuing opportunities across the organisation.

This policy, and its associated risk management framework, is applicable to all Council services, employees, contractors and extends to interactions with external stakeholders.

## 2. Background

### Risk

Risk is an everyday fact of life. In order to ensure Darebin can be innovative, plan for change, or undertake a new advocacy programme, risks need to be identified and managed. Not understanding risk or avoiding risk can be the greatest risk of all. Most importantly, risk management is about being proactive rather than reactive.

It is common to think of risk as what might go wrong in Darebin. But a more precise definition is the effect of uncertainty on Darebin's objectives. In this regard, risk includes both (a) potential threats to achieving those objectives (negative risk), and (b) potential opportunities for achieving those objectives (positive risk).

Threats and opportunities come and go, or evolve, as Darebin's internal dynamics change, as its relationships with stakeholders and supporters change, and as the external environment in which it operates changes. Keeping abreast of the risks that may affect Darebin must therefore be an ongoing activity.

### Risk Management

Risk management within Darebin is the application of management policies and processes to enable the systematic identification, analysis, treatment and monitoring of risk. It allows opportunities to be taken, when appropriate, while also minimising the likelihood and impact of undesirable events or outcomes.

Risk management aims firstly to anticipate risks. Then, in the case of negative risks, it aims to prevent them from eventuating or to minimize their impact if they do. In the case of positive risks, it aims to capitalise on opportunities that present themselves. This document is mainly concerned with managing negative risks.

## 3. Objectives

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

- Be central to Council's strategic decision making, informs planning and budgeting processes:
- Ensure systematic, structured, and timely practices aligned with excellent governance practices to identify, evaluate and mitigate risk through clear accountabilities:
- Be transparent, inclusive of all lines of business top down and bottom-up:

	<ul style="list-style-type: none"> <li>• Promote a culture of intentional risk awareness and management that will enable achievement of strategic goals and objectives; and</li> <li>• Support compliance with local/national regulatory requirements relating to risk management and reporting.</li> </ul>
<p><b>4. Policy Statement</b></p>	<p>Darebin’s Risk Management Policy is a high-level statement of its intentions and directions as to how risk management is managed. The Policy will be established by the Council and operationalised by the CEO and EMT. It is communicated to employees, contractors, and volunteers, as appropriate to ensure that all risk management processes and practices are carried out uniformly. The Policy is generally reviewed annually by Audit and Risk Committee or a relevant officer (Coordinator Risk and Improvement) to ensure it meets Darebin’s evolving needs and circumstances.</p> <p>The reason that these important core benefits are realized through improved management of risk, is because Darebin’s risk processes enhance its ability to make decisions under varying levels of uncertainty.</p>
<p><b>5. Risk Management Principles</b></p>	<p>The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives.</p> <p>The principles of Risk Management provide guidance on the characteristics of effective and efficient Risk Management practice across the organisation.</p> <p>Council articulates the Risk Management Principles as follows:</p> <ul style="list-style-type: none"> <li>• Integrated and embedded across all departments, activities, and Council services. Consistent with Council’s statutory obligations. The Risk and Integrity Group (RIG) and Enterprise Risk Management Framework will provide a structured and comprehensive system of ensuring Risk Management is embedded across the organisation.</li> <li>• Risk Management practices are customised to Council through the Enterprise Risk Management Framework, which is tailored to Council’s strategic and operating context.</li> <li>• Inclusive of all key stakeholders and with representation across the organisation, to ensure ample engagement, accountability, and responsibility - factors that enhance Risk Management maturity.</li> <li>• 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.</li> <li>• 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.</li> <li>• Human and cultural factors are acknowledged as being instrumental to an integrated Risk Management model, thereby embracing all contributions and viewpoints.</li> <li>• Council will commit to continuously improving Risk Management practices to ensure successful execution of strategic and operational objectives.</li> </ul> <p>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 Risk and Business Improvement Unit and the system which records, monitors, and reports on risks.</p>

## 6. Risk Appetite

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.

<b>Operations / IT (Activities or Service Delivery)</b>	
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 approaches.
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.
<b>Financial / Assets / Property Damage</b>	
Financial Health	Council has a low appetite for risks causing failure to the achievement of the 10-year financial targets.
Financial Management	Council has a low appetite for risks that cause anticipated budget variances and instability.
External Audit	Council has no appetite for risks that cause inaccurate reporting or breaches of Statutory deadlines
<b>Environmental Impact</b>	
Strategies	Council has a low-risk appetite for any risks which unfavourably impact on the environment or the achievement of Council's environmental objectives.
	Council recognises that it cannot mitigate environmental and climate risk on its own and it has a low-risk appetite for inadequate policy settings at other levels of government. 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.
<b>Governance / Compliance</b>	
Obligations/ 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 a very low appetite for risks causing data leakage with zero tolerance for intended breaches.
<b>Public Image, Political and Reputation</b>	
Brand	Council has a low-risk appetite for things which would impact negatively upon its reputation, 'brand' or ethical standing.
<b>People and Safety</b>	
Safety	Council has zero appetite for OHS risks that endanger the safety of employees and visitors or impact their wellbeing.

<b>7. Supporting Documentation</b>	<p>The Policy is supported by the following documentation:</p> <ul style="list-style-type: none"> <li>• Risk Management Framework</li> <li>• Risk &amp; Integrity Group Terms of Reference</li> <li>• Strategic &amp; Operational Risk Registers</li> <li>• Risk Assessment Templates</li> <li>• Risk Matrix and the Risk Assessment Criteria</li> <li>• Resources and systems allocated to risk management</li> </ul>	
<b>Definitions and Abbreviations</b>	<p><b>Risk</b> – risk is the chance of something happening that will have a positive or negative impact upon objectives. It is measured in terms of consequences and likelihood.</p> <p><b>Risk Management Framework</b> - 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.</p> <p><b>Operational Risk</b> - The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. E.g., business continuity plans, environmental risk, crisis management, process systems and operations risk, people related risks, health and safety and information technology risks.</p> <p><b>Strategic Risk</b> - Uncertainties and untapped opportunities that affect an organisation' s strategy and strategy execution.</p>	
<b>Roles and Responsibilities</b>	<b>Councillors</b>	<p>Councillors provide overarching leadership to Council and lead a risk-based approach informed by evidence that supports decision making. Council is required to establish an Audit and Risk Committee in accordance with Section 53 of the Local Government Act 2020. The Committee is further required to monitor and provide advice on risk management and fraud prevention systems and controls in accordance with Section 54(2c) of the Act.</p>
	<b>Executive Management Team (EMT)</b>	<p>Ensure that risk is managed in accordance with Council's Risk Management Policy and Enterprise Risk Management Framework.</p> <p>Promote a risk management culture across Council and its operations.</p>
	<b>Managers</b>	<p>Responsible for the management and oversight of risk across all areas of responsibility, including identification, assessment, mitigation actions and controls.</p>
	<b>Manager Governance &amp; Corporate Strategy</b>	<p>Mandated to provide leadership through the Audit and Risk Committee, Risk and Integrity Group (RIG) and all associated risk management activities that integrate risk management with business operations.</p>
	<b>Coordinator Risk and Improvement</b>	<p>Lead and deliver the risk management program across Council.</p> <p>Lead the embedding of risk management and risk maturity across Council.</p>

		<p>Provide risk management advice and tools to the Leadership Group, including reviewing key risk information to identify trends, providing training, and facilitating risk workshops.</p> <p>Support the CEO, Executive, Management and staff in the implementation and ongoing management of risk.</p> <p>Support the development and implementation of the Enterprise Risk Management Framework.</p> <p>Oversee systems, processes and committee supporting risk management practice.</p> <p>Work with GMs to ensure that risk management processes are implemented in accordance with the RMF.</p> <p>Support EMT to review and maintain the Strategic Risk Register.</p> <p>Review and revise relevant risk management policy, procedures, and documents.</p> <p>Prepare risk reports to Chief Executive Officer, EMT and Audit and Risk Committee as required.</p>
	<b>Risk Owners</b>	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 where applicable. The appointed Risk Owner should seek support from the Risk and Integrity Group lead from their department or Risk Champion, where appropriate, to ensure the risk is accurately recorded and defined in the risk registers.
	<b>Risk and Integrity Group (RIG)</b>	An internal governance group constituted to support the prevention, detection, and response to a range of risk and integrity matters.
	<b>Audit and Risk Committee</b>	Oversight of Council's risk management performance, internal control, and compliance processes in addition to its financial reporting responsibilities.
<b>Breach of Policy</b>	Breaches of this policy must be reported to Coordinator, Risk and Business Improvement ( <a href="mailto:inforisk@darebin.vic.gov.au">inforisk@darebin.vic.gov.au</a> ) for inclusion on the relevant register. This is in addition to any other reporting option outlined in this policy and includes suspected matters that require further investigation.	

## GOVERNANCE

<b>Parent Strategy/ Plan</b>	<ul style="list-style-type: none"> <li>• Risk Management Framework</li> </ul>
<b>Related Documents</b>	<p>This policy should be read in conjunction with Council's:</p> <ul style="list-style-type: none"> <li>• Code of Conduct and Disciplinary Procedures</li> <li>• Fraud Prevention Policy &amp; Corruption Control Framework</li> <li>• Social and Sustainable Procurement Policy, and</li> <li>• Gifts and Hospitality Policy.</li> </ul>

<b>Supporting Procedures and Guidelines</b>	
<b>Legislation/ Regulation</b>	<ul style="list-style-type: none"> <li>• Australian Standard for risk management (31000: 2018)</li> <li>• Local Government Act 2020</li> <li>• Independent Broad-Based Anti-Corruption Commission Act 2011</li> <li>• Charter of Human Rights and Responsibilities Act 2006</li> <li>• Public Interest Disclosures Act 2012</li> <li>• Public Interest Disclosures Regulations 2013</li> <li>• Australian Standard for fraud and corruption control (8001: 2008)</li> </ul>
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