

Risk Management Policy



Policy Type: Council
Version: 2.0
Date Adopted: TBC
Service Unit: Democratic Support and Corporate Governance
Directorate: CEO Office
Review Date: Two years from adoption

1. Purpose

The purpose of this policy is to guide Councillors, management, employees, volunteers, work experience students and contractors in the ongoing and systematic identification, assessment and management of risks and opportunities relating to Council strategic objectives and goals in the Council Plan, internal functions and service delivery.

2. Definitions

Term	Definition
Controls/ Risk Controls	Measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.
Corporate Risks	Those risks which may have an impact on the whole of Council i.e. more than one Directorate or Service Unit.
MSC	Moorabool Shire Council
Operational Risks	Those risks which may impact on the achievement of a particular Directorate or Service Unit plan objectives.
Risk	Effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.
Risk Treatment/ Risk Mitigation	Process to modify risk. Risk treatment can involve: <ul style="list-style-type: none">• Avoiding the risk by deciding not to start or continue with the activity that

Term	Definition
	gives rise to the risk; <ul style="list-style-type: none">• Taking or increasing risk to pursue an opportunity;• Removing the risk source;• Changing the likelihood;• Changing the consequences;• Sharing the risk with another party or parties; and• Retaining the risk by informed decision.
Strategic Risks	Those risks which are generally entity wide, may impact on the ability of Council to achieve its objectives set out in the Council Plan and/or the delivery of critical services.

3. Scope

This policy applies to all Moorabool Shire Council Councillors, employees, volunteers, work experience students and contractors working for Council.

This policy applies to all Moorabool Shire Council owned and/or operated equipment, land and facilities, internal functions and service delivery.

4. Non-Compliance

Violations of this policy may lead to disciplinary action (including dismissal) and/or action by the relevant regulatory authorities.

5. Policy

5.1. Overview

Moorabool Shire Council is committed to an ongoing and systematic identification, assessment and management of risks associated with the performance of Council functions and the delivery of Council services, as low as reasonably practicable.

5.2. Objectives

Moorabool Shire Council is committed to managing strategic, corporate and operational risk by identifying, analysing, evaluating, and treating risks in a logical and systematic fashion. The primary objectives are to:

- Ensure Council achieves its strategic objectives set in the Council Plan;

- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Recognise that risk management is an integral part of good management practice and decision making;
- Create a risk management environment that enables Council to safely deliver high quality services and meet objectives in line with our principle of seeking continuous improvement;
- Ensure resources and operational capabilities are identified and deployed responsibly and effectively;
- Consult with relevant stakeholders on key issues to improve trust and confidence;
- Demonstrate the application of the risk management process of identifying, analysing, evaluating, and treating risks as detailed in the Risk Management Standard ISO 31000:2018; and
- Identify and prepare for emerging risks, future events and potential changes both internally and externally.

5.3. Moorabool Shire Council's Risk Appetite

Moorabool Shire Council has a low to medium appetite for strategic risks related to service delivery, finance, health and safety, environment, reputation and legal/regulatory, where effective controls are in place. Where the level of risk cannot be reduced below a rating of high, close monitoring of risk controls is required to ensure that controls continue to be effective.

- Council accepts that strategic risks are often difficult to mitigate and control; as far as practicable Council will commit to actions which reduce the risk rating to medium;
- Council has zero tolerance for harm or injury to its employees or visitors and these harms will be mitigated and controlled down to a low risk;
- Council has zero tolerance for internal/external fraud or deception activities;
- Council has a low tolerance for operational risk. These risks will be mitigated and controlled to where the cost of control is equal to the marginal cost of the risk;

5.4. Responsibilities

5.4.1. Council

- Appoints representative members to the Audit & Risk Committee;
- Receives Audit & Risk Committee minutes;
- Receives a six-monthly report from the Audit & Risk Committee Chair; and
- Receives the Strategic Risks register and determines Council's Risk Appetite.

5.4.2. Audit & Risk Committee

- Monitor the compliance of Council policies and procedures with the overarching governance principles, the Local Government Act 2020, regulations and any Ministerial directions;
- Monitor Council financial and performance reporting;
- Monitor and provide advice on risk management and fraud prevention systems and controls; and
- Monitor the work and assess the performance of the internal and external auditors.

5.4.3. Chief Executive Officer

- Maintain overall responsibility for the development and implementation of the Risk Management Framework and ongoing monitoring and compliance of required outcomes;
- The implementation and maintenance of appropriate systems and processes to ensure risk limits are set at an appropriate level for Council; risks are identified and rated;
- Oversight of the Enterprise Risk Profile and associated controls and treatment plans;
- Ensure overall accountability, authority and resources for the Risk Management Framework including incorporation of risk management Key Performance Indicators into performance measures for General Managers, Managers and Staff;
- Ensure appropriate reporting of risk to the Executive Team, Audit & Risk Committee and Council; and
- Promote an environment and culture where risk is considered when making decisions which results in the best outcomes for the community.

5.4.4. Executive Team and Managers

Responsible for the overall stewardship, strategic direction, governance and performance of their business area. Each General/Executive Manager and Manager is accountable for identifying, managing, monitoring, reporting and managing activities associated with risk within their directorate including:

- Ensuring appropriate controls are in place to manage day-to-day risk activities and potential risk events arising in their departments;
- Ensuring that staff are familiar with the Risk Management Framework and setting the tone around accountability and ownership of risks, controls and risk events;
- Identifying, managing, monitoring, reporting and resolving risks and risk events, including overseeing the development and maintenance of a risk register relevant to their area;

- Ensuring there are appropriate risk management resources in place for the implementation of appropriate risk management processes; and
- Regular confirmation by the Executive of the risk profile and control assessments are current and accurate.

5.4.5. Democratic Support & Corporate Governance

- Provide support to management staff in relation to their obligations as they relate to risk (including the provision of support in the management of risk events);
- Establish, review and communicate relevant policies procedures, methodologies and tools;
- Implementation of appropriate communication and reporting framework to relevant stakeholders (Executive Team, Audit and Risk Committee and Council);
- Oversee the implementation, operation and annual review of the Risk Management Framework and Risk Management Policy;
- Review Strategic Risk Profile every six months and Service Unit (operational) risk registers annually;
- Facilitate the identification and monitoring of key Strategic Risks and confirming the appropriateness of risk treatments and controls;
- Ensure that appropriate staff are identified and appointed who are accountable for updating the Democratic Support and Corporate Governance team on key strategic and operational risks;
- Ensure that management staff establish a risk aware culture and that staff are adequately trained in risk management;
- Monitor Council's compliance with recommendations made by Council's internal and external auditors; and
- Ensure that risk management is incorporated into the development and implementation of Council's corporate and business planning process.

5.4.6. OHS Team

- Organise relevant training and development activities for OHS;
- Develop annual risk register reporting timetable for OHS;
- Support the development of a risk aware culture for OHS;

5.4.7. Risk and Control Owners

Employees who have been allocated the responsibility, authority and accountability to manage risks and/or controls.

- Ongoing management and monitoring of risks for changes in their consequence or likelihood;
- Identifying and assessing the appropriateness and effectiveness of controls being relied upon to manage risk;
- Deciding on the appropriate risk response for managing risks and ensuring effective implementation of risk treatment plans;
- Escalating any significant changes in existing, or new risks, as well as significant control failings/weaknesses or events that may arise;
- Ensuring effective and efficient control design and performance to manage the consequence and likelihood of the risk (in conjunction with the risk owner);
- Creating and implementing corrective action driven by the risk information e.g. audit findings, other assurance recommendations etc; and
- Escalating any significant control failings/weaknesses.

5.4.8.All Employees

- Help build a risk aware culture within the service unit;
- Comply with the Risk Management Policy and Risk Management Framework and other policies and procedures which are intended to reduce or remove risk;
- Assist in the systematic identification, assessment and management of risks using Moorabool’s Risk Management Methodology;
- Proactively participate in training related to risk management; and

5.4.9.Internal Auditors

- Ensure the internal audit plan takes into consideration identified high and extreme rated strategic and operational risks and associated response activities, including internal controls;
- Evaluate the effectiveness and application of the Risk Management Framework; and
- Report to the Audit & Risk Committee.

5.5. Risk Categories

Risks are classified into the following high-level categories, or sources of risk:

Risk Category	Definition / Examples
Financial	Insurance, Initiatives and Investments, Funding New and Existing Services, Fraud
People	Employees Retention/Succession Planning, Industrial/Employee Relations, Training & Development, Workplace

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Risk Category	Definition / Examples
	Injury/Illness/Wellbeing, Ethical Conduct, Physical Security, Ethical Conduct
Environment & Community	Flood, Storm, Lightning, Fire, Draught, Community Displacement, Environmental Harm
Political & Reputation	Change of Government, Community Expectations, Reputation, Ethical Political Conduct, External Communication, Planning, Customer Services, Marketing & Promotion
Contractual & Legal	Planning, Contract Management, Professional Liability, Public Liability, Statutory Compliance, Legislative Changes, Commercial & Legal Relationships, Physical Security
Business Continuity	Continuity of Internal and External Essential and Non - Essential Services, Resource Management, Marketing & Promotion
Intentional Harm	Sabotage, Vandalism, Terrorism, Arson, Theft, Fraud, Aggressive behaviour, Assault

Risk may take many forms and this list should not be considered as the only areas that require an analytical approach to risk management. Each decision made will require the level of potential risk to be considered.

5.6. Governance Structures

Section 9 of the *Local Government Act 2020* requires Council to, in its performance of its role, give effect to the overarching governance principles.

The principles require Council staff and Councillors to avoid conflicts of interest, act honestly, lawfully, impartially, with integrity and accountability; respect other peoples' beliefs and opinions; exercise reasonable care and diligence; to use public resources and manage financial risks prudently; consider the effect of decisions on future generations and ensure accurate and timely disclosure of financial information.

Councillors and Council Staff alike should strive to implement good governance principles in their roles as outlined below.

Local Government Victoria's Good Governance Guide (The Guide) states that:

“Good governance is about the processes for making and implementing decisions. It’s not about making ‘correct’ decisions but about the best possible process for making those decisions. Good decision-making processes and therefore good governance share several characteristics. All have a positive effect on various aspects of local government including

consultation policies and practices meeting procedures service quality protocols Councillor and officer conduct role clarification and good working relationships.”

The structure of the Governance Framework has been informed by a variety of respected governance models, including the Three Lines Model (Institute of Internal Auditors) and Committee of Sponsoring Organisations (COSO) (Internal Control-Integrated Framework) and the Governance Better Practice guides of the Australian National Audit Office and the Victorian Auditor-General’s Office. Guidance materials from the Local Government Inspectorate were used on the key elements of a governance framework for Local Government referenced when developing the Governance Framework.

5.7. Moorabool Shire Council’s Risk Management Framework

The aim of Moorabool's Risk Management Framework is to outline our methodology, overall approach to responding to risk along with our management practice.

The Risk Management Framework includes the:

- Risk Management Policy
- Strategic Risk Profile
- Fraud Management Policy
- Corporate Risk Register
- Operational Risk Registers
- Business Continuity Plan
- Occupational Health & Safety Policy
- Occupational Health & Safety Strategy

A range of plans, policies and processes that are intended to increase the likelihood of achieving objectives while minimising the risk of losses and harm.

6. Related Legislation and Documentation

- Local Government Act 2020
- Occupational Health and Safety Act 2004
- Audit & Risk Committee Charter
- Risk Assessment Template
- Fraud and Corruption Prevention System and Policy
- Public Interest Disclosures Policy
- Governance Framework
- Statutory Compliance Framework and Policy
- Records Management Policy

7. Council Plan Reference

Objectives: A Council that listens and adapts to the needs of our evolving communities
Context: Measure performance, communicate our results and continue to improve our services every day.

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8. Review

As a minimum, this policy will be reviewed every second year.