

# Risk Management Policy



Merri-bek  
City Council

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Responsible Department	Business Transformation

This policy has been authorised.

## 1. Introduction

Merri-bek City Council (Council) is committed to embedding risk management practices in all business processes. Council recognises the value of risk management in supporting the achievement of its strategic and operational objectives. Proactive risk management supports the protection of Council employees, assets, service delivery, financial sustainability and the community.

## 2. Context

The Risk Management Policy outlines the principles that guide risk management practice across the organisation, to establish a consistent and organisation wide approach to risk management. This Policy applies to all Council activities and services, its employees, contractors and extends to interactions with external stakeholders. The Risk Management Policy outlines Council's commitment to the key principles that guide risk management practice across the organisation.

### 2.1 Alignment

This Policy aligns with the principles and requirements of International Standard ISO 31000:2018 Risk Management - Guidelines. This policy is one component of the broader Enterprise Risk Management Framework which provides a structure for the identification, management and monitoring of risk at Council includes guidance on methodology and describes the tools, systems and processes that support employees in enacting their responsibilities relating to risk management.

### 2.2 Organisational Context

The Local Government Act 2020 requires all Councils to uphold the principles of accountability, integrity and transparency as central principles and requirements that underpin local government democracy, accountability, and conduct, and enable the community to hold Council to account. Council is required to establish an Audit and Risk Committee in accordance with the Act to monitor and provide advice on risk management and fraud prevention systems and controls in conjunction with other functions.

Key principles of the Act include:

- The economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, are to be promoted (governance principle);
- Innovation and continuous improvement are to be pursued (governance principle);
- Strategic planning must identify and address the risks to effective implementation (strategic planning principle);
- Financial risks must be monitored and managed prudently having regard to economic circumstances (financial management principle).

## 3. Objectives

Council is committed to risk management best practice. This Policy commits Council to a risk management approach that is:

- Central to Council's strategic decision making, and informs business planning and budgeting processes;

- Systematic, structured, timely and aligns with best practice governance practices;
- Transparent and inclusive of all facets of Council business both Strategic and Operational;
- Dynamic, iterative, and responsive; and
- Provides value for Council and its community.

## **4. Policy details**

### **4.1 Risk Management Principles**

The key purpose of Risk Management is to identify and manage risks that can affect an organisation's ability to achieve its objectives. Effective risk management practices result in improved performance, encourages innovation, and supports the achievement of strategic objectives. The principles of Risk Management provide guidance on the characteristics of effective and efficient Risk Management practice across the organisation.

Council applies the Risk Management Principles as follows:

- Integrated and embedded across all departments, activities and Council services. The Integrity Risk and Resilience Unit ensures the Enterprise Risk Management Framework provides a structured and comprehensive system of Risk Management across Council.
- Risk Management practices are customised to Council through the Enterprise Risk Management Framework, which is tailored to Council's strategic and operational context;
- Inclusive of key stakeholders and with representation across the organisation, to ensure ample engagement, accountability and responsibility – factors that enhance Risk Management maturity;
- Utilised in a proactive, ongoing and dynamic manner, which infers that effective Risk Management at Council will evolve and adapt to changes in both the internal and external context;
- The best available information regarding what has transpired historically, 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;
- Human and cultural factors are acknowledged as being instrumental to an integrated Risk Management model, thereby embracing all contributions and view-points;
- Council will commit to continuously improving Risk Management practices to ensure successful execution of strategic and operational objectives.

For this policy to be effective, it is essential that all employees demonstrate commitment to respecting and upholding the Risk Management principles in their daily work activities. Employees are supported and guided by the Integrity, Risk and Resilience Unit and the Risk Management application which records and can report on Council's risks.

### **4.2 Risk Appetite**

Risk appetite is the amount and type of risk that Council is willing to accept in order to meet its strategic objectives. It expresses Council's attitude to risk taking and provides a framework to evaluate and escalate. Council's Risk Appetite is outlined in the Enterprise Risk Management Framework.

## 5. Roles and Responsibilities

Party/parties	Roles and responsibilities	Timelines
Councillors	Leadership through the adoption of Risk Appetite Statements and the annual reviewing of strategic risks.	Annually
CEO	Ensures that risk is managed in accordance with Council's Risk Management Policy and Enterprise Risk Management Framework. Promotes a risk management culture across Council and its operations.	Ongoing
Director Business Transformation	Champions the activities to support improvements in risk management maturity and further embed risk management outputs within the organisation. Chairs the Risk Management Committee as the Executive sponsor and embeds risk culture at an Executive level.	Ongoing
Manager Governance and Strategy	Provides corporate leadership through the Audit and Risk Committee, Risk Management Committee and all associated risk management activities that integrate risk management with business operations.	Ongoing
Directors	Identifies and leads management of risks that could impact the Strategic objectives. Develops corporate mitigation strategies to assist their Directorates, in reducing or eliminating the effect of identified risks, which could impact financial, community, environmental or organisation goals. Strategic risk ownership sits at Director level.	Ongoing
Risk Owner	Manager assigned responsibility for operational risks, including overseeing, supporting and reviewing the risk including its rating and associated risk mitigation activities with control and task owners. Operational risk ownership sits with Branch Managers.	Ongoing
Control Owner	Officer assigned direct responsibility for the ongoing delivery and monitoring of the risk mitigation activity the control describes. Undertakes periodic review of their controls along with the risk owner.	Ongoing
Task Owner	Officer assigned responsibility for the implementation and monitoring of new risk mitigation activities. Is responsible for progressing and updating the progress of their allocated tasks.	Ongoing
Employees	Participates in the identification and notification of risks to their supervisor. Follows risk management protocols to avoid or manage risk.	Ongoing
Audit and Risk Committee	Strengthens risk management across Council, drives continuous improvement and monitors internal controls in accordance with the Audit and Risk Committee Charter and Work Plan.	Quarterly
Risk Management Committee	Key governance committee for risk management across the organisation that operates as a sub-committee of the Executive Team.	Ongoing

	Responsible for providing senior management with detailed and timely insight into Council's key risks and risk mitigation activities.	
Chief Risk Officer	Leads and drives the efficient and effective governance of significant risks, and related opportunities across Council.	Ongoing
Integrity, Risk and Resilience Unit	Supports the CEO, Executive, Management and staff in the implementation and ongoing management of risk. Leads the development, implementation and review of the Enterprise Risk Management Framework and Risk Management Policy. Oversees systems, processes and committees supporting risk management practices. Reviews risk information to identify trends, provides training and facilitates risk workshops.	Ongoing

## 6. Monitoring, Evaluating and Review

Performance and conformance of this policy is measured by Key Risk Indicators (KRI) which are performance measures used to track the value add that risk management is making to the organisation. The tracked KRI's are described in the Enterprise Risk Management Framework.

To ensure effectiveness, continued application and relevance, this policy is reviewed every four years. A copy of this policy will be published on Council's intranet and website.

## 7. Definitions

<b>Term</b>	<b>Definition</b>
<b>Enterprise 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.
<b>Operational Risk</b>	Risks that arise from the everyday activities and operations of Council.
<b>Risk</b>	Effect of uncertainty on objectives.
<b>Risk Appetite</b>	The amount and type of risk that Council is willing to accept in order to meet strategic objectives.
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk.
<b>Risk Management Policy</b>	Statement of Council's overall intention and direction related to risk management.
	External and internal risks that arise from adverse events or circumstances that will prevent Council from meeting its strategic objectives.

## **8. Associated Documents**

The Policy is supported by the following associated documents:

- Audit and Risk Committee Charter (D23/520427)
- Business Continuity Plan (D21/145242)
- Council Plan 2021-2025
- Cyber Security Policy (D23/399889)
- Disaster Recovery Plan (D23/57778)
- Enterprise Risk Management Framework (D20/220268)
- Fraud and Corruption Control Policy (D23/92467)
- Merri-bek City Council Risk Appetite Statement (D22/19979)
- Municipal Emergency Management Plan (D21/499892)
- Occupational Health and Safety Policy (D22/30998)
- Risk Management Committee Charter (D22/258399)

## **9. References**

International Standard ISO 31000:2018 Risk management - Guidelines