

► RISK MANAGEMENT POLICY

POLICY NUMBER: 24 (C)

NAME OF POLICY: Risk Management Policy

DATE OF NEXT REVIEW: October 2027

DATE APPROVED: 21 November 2023

RESPONSIBLE OFFICER: Manager Governance and Risk

REFERENCES: This policy should be read in conjunction with the following:

Local Government Act 2020

AS/NZ 31000:2018 Risk Management Guidelines

Council Plan 2021-2025

Audit and Risk Committee Charter

Risk Management Framework

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INTRODUCTION

As the local governing body responsible for strategic decision making and community resource management, Council faces a variety of risks and uncertainties when delivering its services. Proper management of these risks is essential to ensure the well-being and protection of our community, stakeholders, employees, and assets. Failure to manage these risks effectively could potentially impact Council's capacity to deliver services, efficiently manage resources, and achieve its overarching objectives.

PURPOSE

This Risk Management Policy (Policy) outlines Council's key commitments to risk management and high-level approach to effectively identify, assess and manage the risks and opportunities associated with its services, operations and facilities. It builds on Council's fundamental risk principles outlined in the Risk Management Framework and emphasizes the collective responsibility of all stakeholders in fostering a culture of accountable risk management.

SCOPE

This Policy is applicable to all Council staff, Councillors, volunteers, contractors and the Audit and Risk Committee.

The Policy applies to all Council owned and/or operated equipment, land and facilities ('our property'), internal functions, and services provided to the community.

OBJECTIVES

Council's objectives for managing risks and opportunities are to:

- Successfully meet our goals and objectives as outlined in the Council Plan.
- Deliver high quality services which make efficient use of the resources available.
- Support our approach to meeting legislative and regulatory requirements.
- Safeguard our assets – people, financial, property and information.
- Create an environment where all councillors, employees, volunteers and contractors will assume responsibility for managing risk.
- Continuously improve our strategies and performance, with the ambition to becoming a leading local council in Victoria with regards to risk management.

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POLICY

1. Risk Governance

Council is committed to ensuring the highest standard of governance is achieved, including the timely and systematic identification and management of risks and opportunities.

Council is committed to complying with its legal obligations, inclusive of legislated risk management obligations, as well as conducting risk management practices in accordance with AS/NZS ISO31000:2018.

The Audit and Risk Committee (ARC) has been established in compliance with the *Local Government Act 2020* (Section 53). The ARC is committed to strengthening Council's governance, financial and risk management practices by providing oversight, independent advice and monitoring of key processes. The ARC meets on a regular basis, as defined in the Charter, with risk management reports tabled in accordance with the annual Workplan, as required under Section 54(3) of the Act.

2. Risk Appetite Statement

Council has established its risk tolerances by setting risk appetite statements against key risk areas, aligned to Council's Plan. Council will review its risk appetite statements on an annual basis and will continue to align its risk appetite and values with those risks of the environment and community in which Council operates within.

3. Risk Management Framework

Council has put in place a Risk Management Framework, which articulates Council's risk management approach and methodology. The Framework has been developed in consultation with Council's Executive Team and Councillors. It sets the overarching direction and context for risk management activities to be consistently applied throughout Council. Council is committed to implementing the Risk Management Framework and continuously reviewing the Framework to ensure best practice principles continue to be applied.

4. Resources

Council is committed to ensuring adequate resources are in place and efficient risk management systems are operational throughout the organisation. Essential tools including procedures and registers, which are vital for facilitating effective risk management, will continue to be reviewed as part of Council's risk improvement

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strategies. These tools are to be employed when assessing risk to ensure consistency across the business.

Highlighting the collective responsibility, that risk management is ‘everyone’s responsibility’, Council requires everyone to undertake risk management awareness training, which includes an understanding of the individual’s role in risk management.

Additionally, Council has committed to evaluating and implementing a risk management software system. This will enable risk management within the system, fostering resilience, adaptability, and consistent reporting through the same system.

5. Risk Management Process

Council is committed to the ongoing identification, assessment and management of risks and opportunities associated with the performance of Council functions and the delivery of Council services, as far as reasonably practicable.

In determining its risks and opportunities, Council is committed to following a streamlined, systematic process including:

- Regularly identifying, reviewing and documenting risks and opportunities related to all aspects of operations, including identifying Strategic, Operational and Project Risks.
- Managers leading risk assessments within their areas of responsibility.
- Engaging relevant stakeholders to provide input to develop risk and opportunity assessments.
- Documenting risks and opportunities in organisational registers and using organisational tools (risk management system) when it becomes available.
- Evaluating the likelihood and potential impacts of identified risks and prioritising risks based on their significance and consequences.
- Developing and implementing strategies (Risk Treatment Plans) for high-priority risks and/or where risks are out of tolerance.
- Assigning responsibilities for implementing mitigation measures and monitoring process.
- Ensuring that mitigation strategies align with Council’s goals and objectives.

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6. Risk Monitoring, Assurance and Reporting

Council will regularly monitor the effectiveness of its risk mitigation strategies.

The Executive Team will oversee the implementation of the risk register, while Managers will review and evaluate risks, and the effectiveness of controls in the areas for which they are responsible. These processes will continually consider the changing environment, emerging risks and any new information as it becomes available.

Internal auditors will conduct independent reviews in accordance with the annually endorsed Internal Audit Plan, to assess the adequacy of risk controls and the extent of compliance with those controls. These internal audits and findings will be presented to the ARC for ongoing review and monitoring.

Council will report on its risk status to the Executive, ARC and Council, via risk escalation pathways and regular risk management updates. Communications on incidents, risk management strategies and accountabilities will also be provided to the broader organisation, where relevant. This ensures transparency in discussion and handling of risk-related information.

The risk management system, including the Risk Management Policy, Risk Management Framework and associated procedures, risk profile of the organisation and risk incidents, will be subject to review by the Executive and the ARC regularly to confirm that the system continues to be effective in managing risks and opportunities and to achieve continuous improvement.

7. Risk Culture

Council is committed to developing a positive risk culture that is aware, accountable, transparent and adaptable to change in the risk landscape. Creating such a strong culture will contribute to improved decision-making, enhance resilience and help Council to achieve its organisational goals and objectives.

To move forward on its journey toward improved risk management, Council will continue to implement a risk maturity program across the organisation. This initiative encompasses ongoing awareness and risk training for staff, improvement of processes and facilitation of open discussions on risk matters. Regular evaluations of the program's effectiveness will be conducted via an evaluation of risk culture maturity, with the aim of determining progress toward establishing a resilient and positive risk culture within the organisation.

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Additionally, Council will aim to integrate risk protocols into its day-to-day business-as-usual activities. Wherever practicable, risk management practices will be embedded into existing policies and procedures to manage significant risks and opportunities identified, including project management and business planning.

DEFINITIONS

The following terms are referred to in the policy.

Term	Definition
ARC	The Audit and Risk Committee
Council	Hepburn Shire Council
Council employees	Includes permanent and temporary casual, full-time and part-time council employees, and contractors and consultants while engaged by Council.
Councillors	The Elected Councillors of Hepburn Shire
EMT	Executive Management Team comprising the CEO and Directors
The Act	<i>Local Government Act 1989</i> <i>Local Government Act 2020</i>
Risk Appetite	The amount and type of risk that an organisation is willing to pursue or retain, to achieve its organisational objectives.
Risk Management Framework	Provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organisation.
Risk Management Policy	A statement of overall intentions and directions of an organisation related to Risk Management approved by the CEO and ARAC.
Risk Register	A structured document that records information about risks faced by an organisation.

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Risk Tolerance	An organisation's readiness to bear risk after Risk Treatment.
Risk Treatment	Process to modify Risk, including Controls and Risk Treatment Plans.

FURTHER INFORMATION

Any enquiries about the Policy should be directed to the Manager Governance and Risk.

IMPLEMENTATION

This Risk Management Policy is a public document available on Council's website.

The following staff have key responsibilities in implementing this policy:

- ARC - Responsible for overseeing the implementation of the risk management policy and risk management framework.
- Councillors – responsible for considering risk management in decision-making, and overseeing the management of Council's strategic risks.
- Executive Team – accountable for integrating risk management into decision-making processes, providing guidance on risk mitigation strategies, allocating resources, reporting to Council and promoting a culture of risk awareness.
- Managers - Responsible for identifying, assessing, and managing risks within their operational areas of responsibility. Responsible for escalation of high-risks.
- Employees – responsible for reporting on potential risks, adhering to risk mitigation measures, and actively participating in risk management training and initiatives.

All staff will be trained in their roles and responsibilities in risk management, including how to implement risk management practices across Council.

REVIEW

The Risk Management Policy will be reviewed every 4 years or as required by legislation or organisational changes.