

RISK MANAGEMENT POLICY

Policy Reference No.	POL/197
File No.	HCC11/656
Strategic Objective	5.3 Provide responsible and transparent governance, services and infrastructure which responds to and supports community needs
Adopted by Council	27 April 2020
Re-Adopted	
Date for Review	1 April 2025
Responsible Officer	Manager Governance
Department	Governance

RISK MANAGEMENT POLICY

1 POLICY STATEMENT

- 1.1 Council seeks to manage the financial resources and operations under its control in a prudent, risk averse manner. Risks will be identified, analysed and evaluated so that appropriate measures can be taken to treat the risk and manage the risk to minimise losses and maximise the opportunities of Council.
- 1.2 All risks to Council must be managed according to the principles, responsibilities, and supporting policy and procedure documented in this policy.

2 SCOPE

This policy is applicable to all staff and others, who undertake activities on behalf of Council. The policy principles apply to all of Council's operations.

3 BACKGROUND

- 3.1 Council has adopted and applied an organisation – wide risk management methodology. An organisation-wide risk management system examines all facets of an organisation's operations and ensures that everyone has a role to play in the management of risk. Emanating from this is an expectation that a risk management culture and responsibility will be embedded in Council.
- 3.2 The objectives of this policy are to:
 - 3.2.1 Embed the Risk Management approach across Council in accordance with best practice guidelines and the Risk Management Standard – ISO 31000: 2018
 - 3.2.2 Foster an environment where staff, assume responsibility for managing risks.
 - 3.2.3 Ensure that emerging risks are appropriately identified and managed.
 - 3.2.4 Ensure that adequate resources are provided to achieve risk management objectives.
 - 3.2.5 Assist in achieving Council's mission, values, role and key priorities as set out in its Council Plan.
 - 3.2.6 Help achieve good corporate governance outcomes.
- 3.3 The aim of this policy is to ensure that Council effectively manages risks across all Council activities by:
 - 3.3.1 Assigning specific roles, responsibilities and accountabilities to the Chief Executive Officer, Audit Committee, Governance and Risk Management Committee (Executive Management Team), Directors, Management and others.
 - 3.3.2 Promoting an organisational culture where risk management is integrated into everyday business operations.
 - 3.3.3 Providing direction for the systematic identification, assessment, and control and monitoring of all current and potential risks to Council through the Risk Management Framework, Risk Management Manual and Risk Management System.
 - 3.3.4 Providing risk management training and promoting risk management through awareness initiatives.

Policy Reference No:	POL/197	Responsible Officer:	Manager Governance
Date of Re/Adoption:	TBC	Department:	Governance
Review Date:	April 2023		

RISK MANAGEMENT POLICY

3.3.5 Utilising the risk management process and system during any phase of sourcing, evaluating, selecting and using assets and services

3.3.6 Evaluating and improving the effectiveness of Council’s approach to risk management at scheduled intervals.

3.4 To support this policy, the Risk Management Unit will coordinate and manage Council’s risk management approach.

3.5 A risk management system is in place to ensure that all risks identified are documented, assessed, controlled and reported.

3.6 To ensure this policy maintains its relevance and currency it will be reviewed on a three yearly cycle or as required to reflect changes to the context in which Council operates.

4 SUPPORTING DOCUMENTS

4.1 Risk Management Framework.

4.2 Risk Management Manual

4.3 Risk Management System

4.4 All other Council and Organisational Policies, Strategies and Procedures.

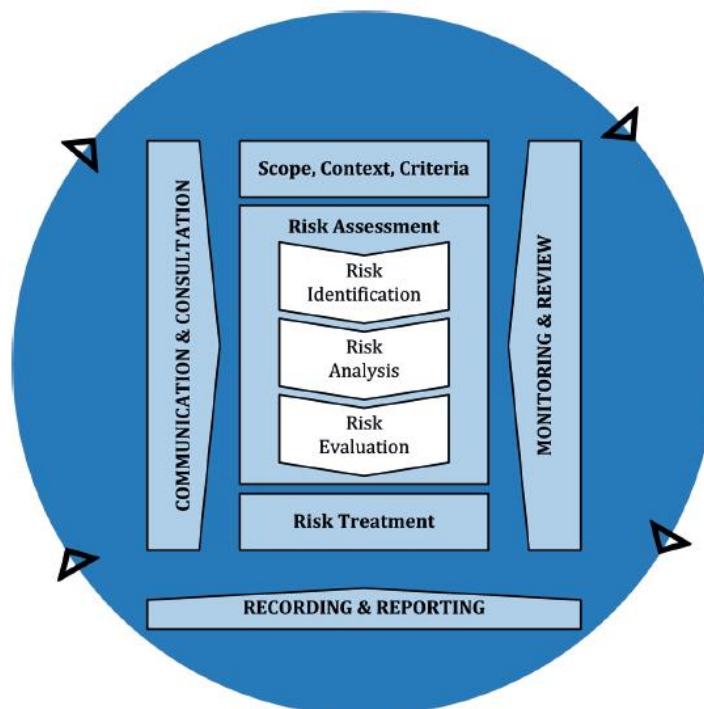
4.5 Fraud Control Policy, Plan and Staff Guide

4.6 ISO 31000: 2018 Risk Management – Principles and Guidelines on Implementation.

4.7 Applicable State and Federal Government Legislation.

5 PROCESS

5.1 The process underlying Council’s approach to risk management is derived from ISO 31000: 2018: Risk Management.



Policy Reference No:	POL/197	Responsible Officer:	Manager Governance
Date of Re/Adoption:	TBC	Department:	Governance
Review Date:	April 2023		

RISK MANAGEMENT POLICY

- 5.2 This process provides a systematic approach to organisational wide risk management:
- 5.3 All key stakeholders will be recognised and as appropriate be included in the risk management process of:
- 5.3.1 **Establish the Scope, Context & Criteria** - Establish the strategic or departmental risk management context in which the risk management process is to be applied.
 - 5.3.2 **Risk Identification** – the process of finding and describing risks which relate to Council. Identification must include all risks whether or not they are under the control of Council.
 - 5.3.3 **Risk Analysis** – identified risks are analysed by considering the impact they pose to Council, and the consequences and likelihood of the event occurring i.e. the level of risk. This enables risks to be understood and prioritised.
 - 5.3.4 **Risk Evaluation** - The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.
 - 5.3.5 **Risk Treatment – determining the most effective treatment** method(s) for the risk(s) based on the risk rating, and available resources.

6 PRIORITISING RISK TREATMENT METHODS

- 6.1 The following outlines the hierarchy of controls to guide Council officers as to the preferred options to treat risks, and the level of management attention required in managing and monitoring the risks. The following list from preferred, (A) to least preferred (F) is a guide only, and the decision to adopt any of these approaches is at the discretion of the relevant risk owner, in line with their risk appetite, legislative/policy requirements, and should be considerate of stakeholder expectations.
- A. Elimination or avoidance of the threat posed by the risk. If not practicable;
 - B. Substitution of less threatening alternatives; or if not practicable
 - C. Transfer a prudent level of remaining risk by taking out insurance, or share the risk by engaging a third party; or if not practicable
 - D. Isolate or otherwise contain of the threat, and for any residual risk; or if not practicable
 - E. Develop and apply administrative arrangements including policies, practices, processes, standard procedures, training and supervision; plus audit regimes to assure conformance with planned arrangements; or if not practicable
 - F. Accepting the residual level of risk.
- 6.2 It is critical that the implemented risk treatments are monitored and reviewed to verify that the risk has been appropriately managed. This process can also identify further improvements to the risk management process.

7 DEFINITIONS AND ABBREVIATIONS

CEO – Chief Executive Officer of Council

Audit Committee – Section 86 Committee of Hume City Council

Directors – Executive Officers of Council who report to the Chief Executive Officer

Governance and Risk Management Committee (Executive Management Team – comprising The CEO and Directors)

Policy Reference No:	POL/197	Responsible Officer:	Manager Governance
Date of Re/Adoption:	TBC	Department:	Governance
Review Date:	April 2023		
Page 4 of 7			

RISK MANAGEMENT POLICY

Management – includes Managers, Coordinators and Team leaders

Others – defined as those individuals performing Council directed activities e.g. contractors, consultants, volunteers, casual/temporary staff, work experience students.

Risk – the effect of uncertainty on Council's objectives, it is quantified in terms of consequences and likelihood.

Risk management – the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

Stakeholders – those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, or activity

8 ACCOUNTABILITIES

8.1 Chief Executive Officer (CEO)

8.1.1 The CEO is accountable to Council for Risk Management.

8.1.2 The CEO is responsible for ensuring that:

- a risk management program is in place
- Council's risk management performance is reviewed at scheduled intervals and reported to Council.

8.2 Audit Committee

8.2.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management investigation and follow up of any fraudulent acts or non-compliance.

8.2.2 Review the findings of any examinations by regulatory agencies and monitor that they are appropriately actioned by management.

8.2.3 Review Council's framework for managing and monitoring enterprise wide risk and evaluate whether management have addressed, considered and managed risks throughout the organisation.

8.2.4 Gain an understanding of the current areas of greatest financial and operational risk and how management is managing those effectively.

8.3 The EMT Governance and Risk Management Committee

8.3.1 The Committee is accountable to the CEO for the risk management program.

8.3.2 The Committee meets quarterly and meetings are generally held each February, May, August and November.

8.3.3 The Committee is responsible for Risk Management Framework and Policy and supporting documents monitoring and reviewing the Council's Risk Management performance at scheduled intervals reporting to Audit Committee the result of the review

8.4 Directors

Directors are accountable for managing risks in their area of responsibility by:

8.4.1 complying with the Risk Management Policy and applying the Risk Management Framework

8.4.2 using and maintaining the Risk Management System

Policy Reference No:	POL/197	Responsible Officer:	Manager Governance
Date of Re/Adoption:	TBC	Department:	Governance
Review Date:	April 2023		
Page 5 of 7			

RISK MANAGEMENT POLICY

8.4.3 ensuring human and financial resources are dedicated to risk management activities

8.4.4 monitoring and reviewing risk management performance at scheduled intervals

8.5 Managers

Managers are accountable for managing risks in their area of responsibility by:

8.5.1 complying with the Risk Management Policy and following the Risk Management Framework

8.5.2 ensuring all relevant risks are identified, assessed, controlled, monitored and documented through the Risk Management System

8.5.3 integrating risk management principles into the modification of existing/development of new policies and procedures

8.5.4 ensuring human and financial resources are dedicated to risk management activities

8.5.5 notifying the Risk Management Unit of emerging risks.

8.6 Staff/Others

Staff/others are responsible for:

8.6.1 complying with Council's Risk Management Policy, Framework, and supporting procedures

8.6.2 Promptly reporting all risks to their Manager/Council contact person.

8.6.3 Council requires all contractors engaged through Council's tender process to comply with Council's contract management policy and procedures which incorporate risk management processes.

8.7 Risk Management Unit

8.7.1 The Unit is accountable to the Manager Governance for the coordination, maintenance and promotion of the risk management approach and system

8.7.2 The Unit is responsible for:

- the continual improvement of the risk management system
- ensuring that risk management is incorporated into the Council planning cycle
- improving organisational capability in managing risks through the provision of training, awareness initiatives and advice
- maintaining a database of all risks and their treatment, which is accessible to staff
- the coordination of risk performance reporting to the EMT Governance and Risk Management Committee.
- implementing continuous improvement actions.

8.8 The monitoring and review of risk management performance incorporates all aspects of the integration of Risk Management Framework across Council. This is reported on by way of quarterly reports of progress against KPIs to both the EMT Governance and Risk Management Committee and the Audit Committee.

Policy Reference No:	POL/197	Responsible Officer:	Manager Governance
Date of Re/Adoption:	TBC	Department:	Governance
Review Date:	April 2023		
Page 6 of 7			

RISK MANAGEMENT POLICY

APPENDIX 1 - REPORTING OF RISK MANAGEMENT PERFORMANCE

Council has developed a range of Key Performance Indicators (KPIs) to measure, monitor and review the effectiveness of Risk Management performance.

Risk Management Key Performance Indicators (KPIs)		
Activity	Performance Indicator	Target
<i>Risk Management.</i>		
Review of Corporate Risks In the Risk Management System	Corporate Risks reviewed with Risk Owners annually.	100%
Review of Fraud Risk Register.	Fraud Risks reviewed with Risk Owners annually.	100%
Risk treatment actions overdue for High and Significant Risks in the Risk Management System	Percentage of risk treatment actions overdue associated with High and Significant Risks.	5% or lower
Ineffective control ratings assigned to a risk have at least one mitigation action.	All risks with a control rating of 'ineffective' have at least one active mitigating action.	100%
<i>Insurance</i>		
Days to respond to new insurance claims	Percentage of new claims responded to within seven days upon receipt of written claims notification.	100%
Insurance claims resolved; accepted, declined or referred onto other party.	Insurance claims completed within 45 days from receipt of the original correspondence.	75%
Insurance claim reviews which uphold the original liability decision.	Percentage of insurance claim reviews which uphold the original liability decision provided to the claimant.	90%
<i>Freedom of Information (FOI)</i>		
FOI applications for access to Council held documents	FOI applications are processed and a decision provided to the applicant within the statutory time limit. <i>(Subject to the provision of all documents from other Council departments, 14 days before the 45 day statutory time limit).</i>	100%

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