

# Risk Management Policy

## Major Council Policy



**RURAL CITY OF WANGARATTA**

|   |                |                      |
|---|----------------|----------------------|
| Responsible Officer:<br><b>Governance &amp; Reporting Advisor</b><br><br>Authorising Officer:<br><b>Director Corporate Services</b> | Policy Type:   | Major Council Policy |
|   | Adoption Date: | February 2020        |
|   | Approved By:   | Council              |
|   | Review Cycle:  | Three (3) Years      |
|   | Review Date:   | February 2023        |
|   | WIM Reference: |                      |

### STATEMENT AND PURPOSE

This policy outlines Council's commitment to effective risk management.

### SCOPE

This policy applies to all Councillors, Council employees and associates of Council.

Associates of Council include contractors working in-house, staff on exchange, members of Special Committees, members of Advisory Committees, volunteers, work experience students, or graduate placements who perform work for Council, as well as external suppliers and other contractors and subcontractors.

### COMMITMENT

Risk is inherent in all activities and effective management of risk is good business practice. It creates value by minimising loss and identifying opportunities. It is often a mandatory legal requirement.

Risk will be managed consistent with the standard - *Australian/New Zealand Standards AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines*.

Risks will be managed strategically and effectively through a proactive, integrated and structured approach provided by the risk management framework that is based on the standard.

Risk management activities will be funded to support achievement of the organisation's objectives.

### POLICY

#### AIM

The risk management approach will aim to:

1. **Achieve Council objectives**
2. **Ensure a common understanding of risk across the organisation**
3. **Maximise value for money**
4. **Enhance governance**
5. **Implement robust controls for proactive and efficient responses to events that minimise loss**
6. **Enable the organisation to identify and capitalise on opportunities**

## RISK TYPES

Risks are classified into one of three categories: Strategic, Project or Operational.

|                          |   |
|--------------------------|---|
| <b>Strategic Risks</b>   | Major risks that affect achievement of strategic objectives.  |
| <b>Project Risks</b>     | Risks that have the potential to affect a project outcome.  |
| <b>Operational Risks</b> | Risk of loss or disruption to service due to poor or failed internal processes, errors, system failures or inadequate policies. |

## RISK MANAGEMENT PROCESS

The risk management process includes the following elements:

**Identifying...** risks to generate a list based on events that might create, enhance, prevent, degrade, accelerate or delay the achievement Council's objectives.

**Analysing and assessing...** risks, including identifying the causes and sources of risks, the positive and negative consequences, and the likelihood that those consequences can occur.

**Controlling...** risks through measures or actions that effectively reduce the risk.

**Evaluating...** risks to determine if further treatment is needed and setting the priority for that treatment.

**Treating...** risks where controls are not effectively reducing the risk or the risk to the organisation is unacceptable.

**Monitoring & Reporting...** on identified risks, incidents and trends.

**Embedding...** risk management practices into all processes through communication and consultation.

## PRINCIPLES

Risk management will be consistent with the principles identified in the standard – *Australian/New Zealand Standards AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines* – including the following:

1. **Creates and protects value**

2. **Forms an integral part of all processes**
3. **Is an essential part of decision making**
4. **Explicitly addresses uncertainty**
5. **Is systematic, structured and timely**
6. **Is based on the best available information**
7. **Is context aware**
8. **Recognises human and cultural factors**
9. **Is transparent and inclusive**
10. **Is dynamic, iterative and responsive to changes**

## **RISK APPETITE**

Risk is inherent in all activities. To support decisions that benefit the community and help to achieve objectives, Council has defined risk appetite statements for each of its strategic risk types.

The risk appetite statements are provided in the risk management framework and are defined for financial, reputational, environmental & public health, occupational health & safety and operational/process outcomes.

CMT will monitor the appropriateness of the risk appetite statements and adjust them if necessary.

## **RISK MANAGEMENT FRAMEWORK**

The risk management framework is designed to help apply this policy. It will ensure that risk management information is easily accessible and is used as an input to decision making and accountability at all levels of the organisation.

The framework provides the key principles, supporting processes and tools and summarises the responsibilities for risk management.

## **BREACHES**

Breaches of this policy will be referred to CMT for consideration and determination on what action to take.

## **MONITORING AND EVALUATION**

This policy will be reviewed by CMT and the Audit Advisory Committee every three years to ensure the content remains relevant and continues to reflect the organisations current risk management practices.

## **DEFINITIONS**

|                        |              |   |
|------------------------|--------------|---|
| <b>Risk Appetite</b>   | <i>means</i> | the level of risk an organisation is prepared to accept in pursuit of its objectives. |
| <b>Risk Management</b> | <i>means</i> | coordinated activities to direct and control an organisation regarding risk.          |

|                                  |              |  |
|----------------------------------|--------------|--|
| <b>Risk Management Framework</b> | <i>means</i> | a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. |
| <b>Risk Management Policy</b>    | <i>means</i> | a statement of the overall intentions and direction of an organisation related to risk management.   |
| <b>Risk</b>                      | <i>means</i> | the effect of uncertainty on your objectives.  |
| <b>Risk Tolerance</b>            | <i>means</i> | the maximum specific level of risk an organisation is willing to take regarding each risk.   |

## REFERENCES

### LEGISLATION

Local Government Act 1989

### EXTERNAL GUIDANCE

Australian/New Zealand Standards AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines

### INTERNAL DOCUMENTS

Risk Management Framework

Fraud and Corruption Control Policy

Fraud and Corruption Control Procedure

## REVIEW & APPROVAL

This policy will be reviewed in three years from the date of endorsement, or as required by legislation, or if Council determines a need has arisen.