


Risk Management Policy

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CEO Signature			Date 04/09/23
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Macedon Ranges Shire Council acknowledges the Dja Dja Wurrung, Taungurung and Wurundjeri Woi Wurrung Peoples as the Traditional Owners and Custodians of this land and waterways. Council recognises their living cultures and ongoing connection to Country and pays respect to their Elders past, present, and emerging. Council also acknowledges local Aboriginal and/or Torres Strait Islander residents of Macedon Ranges for their ongoing contribution to the diverse culture of our community.

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Purpose

The purpose of the Macedon Ranges Shire Council Risk Management Policy is to:

- Ensure everyone who is engaged with Council has an understanding of their roles and responsibilities in relation to risk management.
- Recognise that risk management is an integral part of good governance and leadership.
- Recognise that risk management contributes to the continuous improvement cycle.
- Recognise that managing risk is an iterative process that assists Council in setting strategy, achieving objectives and making informed decisions.

Scope

This Policy applies to Councillors, Audit and Risk Committee members, Council employees, volunteers, contractors and service providers who undertake activities on behalf of Council.

Policy Statement

To support Council achieve its objectives, Council will:

- Implement a Risk Management Framework consistent with AS ISO 31000:2018, ensuring an annual review.
- Ensure that risks are managed in a consistent and comprehensive manner.
- Ensure staff receive education and support to fulfil their risk management responsibilities.
- Integrate risk management process into Council decision making processes.
- Work in partnership to support the identification and management of shared and state significant risks.
- Maintain and regularly review its strategic and operational risk profile against Council plan and operational objectives.
- Promote and support Council to demonstrate a positive, risk-aware culture.

Commitment

Council is committed to implementing consistent and comprehensive risk management practices across all activities and functions to increase the likelihood of achieving its objectives, whilst encouraging a high level of accountability and management at all levels. Risk management is integrated into business activities and decision making across Council.

Council manages risks and reviews its performance in accordance with the risk management framework, risk management principles are applied throughout all Council policies, and risk management is inclusive of the management of opportunities.

Council acknowledges that risk management supports decision making through a better understanding of risk exposure. Effective risk management safeguards Council's reputation, assets, staff and public welfare whilst also creating a supportive work environment for staff that reduces high staff turnover.

Council will endeavour to provide adequate resources to ensure risks can be managed effectively. Council periodically monitors and reviews its risk management framework for accuracy and relevance. Council manages conflicts of interest in line with its risk management framework.

Positive Risk Culture

Council's positive risk culture supports everyone engaged with Council at every level to appropriately manage risk as an intrinsic part of everyday activities. Council supports open discussions about uncertainties and opportunities and encourages the application of the risk escalation process. Council's leadership team works with staff to control risks and continuously seek out new opportunities to enhance innovation.

Roles and Responsibilities

Councillors, in their role as Council

- Ensure that an appropriate risk management framework is in place and authorises the risk management policy.
- Ensure that a positive risk culture is in place.
- Define Council's risk appetite and tolerances.
- Direct strategy and review strategic risks.
- Contribute to the identification and management of shared and state-significant risks.
- Ensure that risks of significance (as defined by Council officers) and state-significant risks are reported to the appropriate Minister or department.

Audit and Risk Committee

- Provide oversight on significant strategic and operational risk exposures and control issues, including fraud and corruption risks, governance issues, and other matters needed or requested by Council.
- Monitor the effectiveness of Council's risk management framework and assess the impact on its control environment and insurance arrangements.
- Monitor Council's risk appetite, risk culture and the degree of alignment with Council's risk profile.
- Monitor Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans.
- Review Council's Quarterly Risk Management Reports.
- Monitor Council's approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

Risk Management Committee

- Monitors the effectiveness of the risk management framework and recommends improvements to internal processes.
- Provides expertise and advice for Council's operational and strategic risks.
- Champions Council's positive risk culture.

- Monitors the management of the internal audit program and identifies areas of risk from the strategic and operational risk management processes to recommend for audit

Internal Auditor

- Reports to the Audit and Risk Committee on the effectiveness of internal controls and risk management processes.
- Reports to the Audit and Risk Committee on the effectiveness of management of strategic risks.
- Supports the positive risk culture.

Chief Executive Officer

- Leads the development, implementation and review of the organisation's risk management framework and compliance obligations.
- Endorses key policies and procedures for Council.
- Ensures the management of risk is adequately resourced.
- Monitors the organisation's internal and external contexts and contributes to the identification and management for new, changing or emerging risks.
- Monitors Council's operational and strategic risk profiles.
- Ensures risk management is embedded in strategic and operational planning and reporting.
- Ensures that the executive team, and the rest of the organisation, understand their responsibilities to managing risk.
- Champions Council's positive risk culture.
- Provide leadership and stakeholder engagement in relation to the identification and management of significant shared and state significant risks, by building relationships with other agencies, and engaging with stakeholders to manage shared risk effectively.
- In the event of a conflict of interest, the CEO will designate the appropriate Risk Owner.
- Ensure adequate claims management capability, resources and structured processes are in place.

Senior Leadership Team

- Champions Council's commitment to managing risk and supports the risk management framework and policy.
- Ensure staff within their area attend scheduled risk management training.
- Contributes to the identification and management of new, emerging, shared and state significant risks.
- Participates in the development, testing and embedding of the organisation's risk management framework.
- Assist staff to treat risks by immediate local action, appropriate strategies and collaborative practice between work areas.
- Monitors strategic and operational risk profiles and uses them as a source of risk management insights.

- Assesses the organisation's key risk indicators for changes in the likelihood or consequences of risks.
- Monitors Council's internal and external context for new risks.
- Identifies risk owners for new risks to ensure appropriate management of risks.
- Ensures that risk owners have the knowledge, authority and resources to manage risk effectively.
- Communicates risk information across Council.
- Advises responsible bodies of new risks and changes to strategic risks.
- Allocates appropriate resources to managing risk.
- Demonstrate a positive risk culture across Council.

Risk and OHS Unit

- Coordinates the periodic review of the risk management policy and other elements of the risk management framework.
- Designs processes for managing risk and support implementation across Council.
- Informs the Audit and Risk Committee and Council management of risks and issues.
- Support staff to understand their roles and responsibilities with respect to risk management.
- Analyses key risk indicators and the risk register and provide insights on risk.
- Assesses the internal and external context for new risk.
- Prepares reports to the Audit and Risk Committee and Executive Leadership Team.
- Demonstrates a positive risk culture across Council.
- Provide advice, training and support on risk management techniques.
- Actively seek out a broad range of risk assessment techniques and tools to support risk management.
- Maintains a register of all insurance and indemnities and manage insurance claims processes.

All Staff, Volunteers and Contractors

- Understand and support Council's risk management framework.
- Participate in risk training.
- Demonstrate Council's positive risk culture.
- Assesses new risks and monitor changes in known risks.
- Contributes to the continuous improvement of risk management frameworks, processes and culture.
- Manages risk within their area of influence.

Gender Impact Assessment

In accordance with the Gender Equality Act 2020, a Gender Impact Assessment was not required in relation to the subject matter of this policy.

Definitions

Term	Definition
Audit and Risk Committee	<p>The Audit and Risk Committee (the Committee) is a committee established by Council in accordance with section 53 and 54 of the Local Government Act 2020 (LGA).</p> <p>The Committee is not a delegated committee of Council and does not have executive powers nor authority to implement actions in areas over which Council management (management) has responsibility, nor any delegated financial responsibility. The Committee does not have any management functions and is therefore independent of management. The Audit and Risk Committee powers are outlined in the Audit and Risk Committee Charter.</p>
Consequence	<p>Outcome of an event.</p> <p>A consequence can be certain or uncertain and can have positive or negative or direct or indirect effects on objectives.</p>
Control	<p>Measure that maintains and / or modifies risk.</p> <p>Controls include, but are not limited to, any process, policy, device, practice, or other conditions and / or actions which maintain and / or modify risk.</p>
Event	<p>Occurrence or change of a particular set of circumstances.</p> <p>An event can have one or more occurrences and can have several causes and several consequences.</p>
Executive Leadership Team (ELT)	<p>A management team that comprises the Chief Executive Officer and Directors.</p>
Likelihood	<p>Chance of something happening.</p> <p>In risk management, 'likelihood' is used to refer to the change of something happening, whether defined, measure or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically.</p>
Opportunity Risk	<p>An opportunity risk is defined as an uncertainty that if it occurs would have a positive effect on achievement of objectives.</p>
Risk	<p>Effect of uncertainty on objectives.</p> <p>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.</p> <p>Objectives can have different aspects and categories and be applied at different levels.</p>
Risk Assessment	<p>The overall process of risk identification, risk analysis and risk evaluation.</p>
Risk Analysis	<p>Process to understand the nature of the risk and to determine the level of risk.</p>

Term	Definition
Risk Appetite	The types and amounts of risk that an organisation is willing to accept in the pursuit of its strategic and business objectives.
Risk Criteria	Terms of reference against which the significance of risk is evaluated. Based on organisational objectives and internal and external contexts. Risk criteria can be derived from standards, laws, policies and other requirements.
Risk Culture	Refers to the system of beliefs, values and behaviours throughout an organisation that shapes the collective approach to managing risk and making decisions. A positive risk culture is one where every person in the agency believes that thinking about and managing risk is part of their job.
Risk Management	Coordinated activities to direct and control an organisations decisions about risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Management Policy	Statement of overall intentions and direction of an organisation related to risk management
Risk Maturity	The benchmarking of an agency's risk management framework relative to leading practice
Risk Owner	Person or unit with the accountability and authority to manage risk.
Risk Profile	Is a description of any set of risks. The set of risks can contain those that relate to the whole organisation or part of the organisation
Risk Register	Record of information about identified risks.
Risk Source	Element which alone or in combination has potential to give risk to risk.
Risk Tolerance	The organisations readiness to bear the risk and risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Risk Treatment	Process to modify risk, it can involve: avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk, taking or increasing the risk in order to pursue an opportunities, and/or removing the risk source.
Senior Leadership Team (SLT)	A management team that comprises the Chief Executive Officer, Directors and Managers.
Senior Management Team (SMT)	A management team that comprises all Managers.

Term	Definition
Stakeholder	Person or organisation that can affect or perceive themselves to be affected by a decision or activity.

References

- > AS/NZS ISO 31000:2018 – Risk Management – Principles and Guidelines
- > Victorian Government Risk Management Framework

Related Policies

- > Risk Management Guidelines
- > Risk Management Procedure
- > Risk Appetite Statement
- > Audit and Risk Committee Charter

Related Legislation

- > *Local Government Act 2020*