



Mildura Rural City Council

Risk Management Policy

Policy – OP110

| Prepared | Reviewed | Approved | Date |
|--|---------------------------|--------------------------------------|---------------|
| Governance & Risk | Executive Leadership Team | Chief Executive Officer | November 2021 |
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1. PURPOSE

The purpose of this policy is to establish Council's commitment to enterprise risk management principles in order to:

- increase the likelihood of achieving corporate objectives in line with the current Council Plan;
- encourage proactive management of risks and opportunities;
- establish a reliable and consistent basis for decision making and planning whilst considering risks and opportunities associated with the decision making process;
- improve operational effectiveness and efficiency;
- strengthen organisational resilience;
- enhance health and safety performance as well as reduce the environmental impacts associated with Council activities;
- improve the identification of opportunities and threats;
- improve financial reporting and governance in line with the consideration of risk issues as they arise;
- align with relevant standards and best practice guidelines; and
- comply with relevant legal and regulatory requirements.

2. POLICY STATEMENT

Mildura Rural City Council provides a comprehensive range of services to our community and whilst risk is inherent in all of our activities, the management of risk is good business practice, integral to good corporate governance and in some instances, a mandatory legal requirement.

Risk management is recognised as an integral process in the planning, prioritisation and delivery of services, activities and objectives outlined in the Council Plan.

The goal is not to eliminate risk, but rather to manage risks in order to maximise our opportunities and minimise negative outcomes. We will encourage the identification and reporting of risks, establish controls for identified risks, and prioritise those risks to effectively apply resources to their management.

Specific actions and targets arising from this Policy are referenced in the Strategic Risk Management Framework, which comprises Council's Risk Management Plan.

Council is committed to:

- applying risk management principles in its management of the municipality;
- will establish, resource and maintain a risk management system consistent with AS/NZS ISO 31000:2018 Risk Management – Guidelines;
- continuous improvement in risk management;
- the identification, measurement, monitoring and mitigation of risks wherever they present a threat or an opportunity to Council's objectives; and
- establishing a culture of risk consciousness within our organisation and promote risk awareness with our stakeholders.

3. PRINCIPLES

Council is committed to managing its risks and maximising its opportunities in order to meet its identified strategic objectives as defined within the Council Plan.

Council will utilise the risk management framework to support this objective:

- in accordance with International Standard of Risk Management (ISO31000);
- by making available sufficient resources to undertake risk management activities;
- by reviewing its Risk Management Policy and Framework periodically and in response to relevant events or changes in circumstances;
- by ensuring that accountabilities and responsibilities for managing risk are assigned, at appropriate levels throughout the organisation; and
- by considering objectives and criteria of all new projects, processes and activities, under review in light of the strategic objectives.

Council's risk management performance will be monitored periodically, against identified indicators for appropriateness.

4. RISK MANAGEMENT FRAMEWORK

Council's Risk Management Framework (RMF) provides the foundation and details of organisational arrangements (people, systems, policies and processes) which are directed towards managing risk and maximising opportunities.

The RMF is made up of the following key components:

- Risk Management Policy;
- Risk Management Strategy 2022-2026;
- Risk Management Procedure;
- Strategic Risk Register; and
- Operational Risk Register
- supporting policies that complement risk management such as fraud prevention, business continuity management, OH&S management systems and codes of conduct.

The RMF will enable:

- a formal, structured approach to risk management that is appropriate to Council's core activities and operating environment; and
- a risk management approach consistent with the principles of AS/NZS ISO 31000:2018.

5. RISK APPETITE

Council is not averse to accepting risk once a thorough risk assessment has been carried out and when appropriate contingency plans and mitigation strategies to manage or reduce risk have been developed.

In particular Council recognises that in order to achieve its objectives and capitalise upon opportunities it will need to accept some level of well managed risk inherent in the following activities:

- Improvements to services;
- Improved efficiency of Council operations;
- When the cost of mitigating risk is higher than potential loss (unintended consequences must be investigated and approval sought); and
- When short term resistance may be experienced but long term gains are proven.

There is no risk appetite in the following circumstances:

- Non-compliance with legal, professional and regulatory requirements;
- Compromising staff/contractor/public safety and welfare;
- Decisions that have a significant negative impact on Council's long term financial sustainability;
- Where an identified risk has a Residual Risk Rating of Extreme; and
- Residual Risk Ratings of High will only be acceptable where actively monitored and managed through an action plan.

6. GOVERNANCE

Policy Owner

The Manager Governance & Performance is responsible for monitoring this policy.

Compliance Responsibility (Roles & Responsibilities)

Councillors, management and Council staff are responsible for the identification, management and reporting of risk across all Council functions, activities and processes.

Council

Council is responsible for:

- approving the Council Plan and its objectives.
- Approving the annual budget, including risk management provisions.
- Ensuring Council decisions accord with this Policy.
- Fully considering risk management issues in reports put before Council.

Audit & Risk Committee

Monitors and reports on Council's risk exposure by periodically auditing risk management processes, internal controls and management information systems.

Chief Executive Officer

- Leads the establishment of a culture of risk awareness
- Ensures risk is managed across Council, by reviewing and approving the Risk Management Framework (RMF)
- Ensuring the risk management system is developed, implemented and operated as an integral part of the business; and continually improved
- Annually ensures a formal strategic risk assessment process is conducted and regularly reviews the effectiveness of the risk management activities across the organisation.

General Managers

In their areas of responsibility:

- Implement the Risk Management Policy, Strategy and Procedure
- Lead and champion a commitment to safe workplaces and an engaged, risk-aware culture
- Ensure risks on the risk registers have a 'risk owner' assigned
- Identify annually their strategic and operational risks
- Monitor and review risk treatment plans
- Ensure project plans and business cases always include a comprehensive risk assessment process

Governance & Risk Unit

- Administers the Risk Management Policy, Strategy and Procedure
- Supports, monitors, coordinates and reports on the implementation and continual improvement of Councils risk management processes and programs
- Assists Departments / Branches with the identification and management of their risks
- Manages Council's insurance portfolio
- Provides appropriate training and tools to the organisation

Managers, Coordinators, Team Leaders, Supervisors

In their areas of responsibility:

- Implement the Risk Management Policy, Strategy and procedure, integrated with business activities
- Budget for risk management measures
- Demonstrate a commitment to a safe workplace and enabling a risk-aware culture
- Create an environment where management of risk is accepted as the personal responsibility of all staff, contractors and volunteers
- Report on their management of operational risks
- Escalate those that exceed the risk appetite and assign 'risk owners' to risks.

All staff members and contractors

- Participate in relevant training
- Comply with Council's risk management requirements - notably identifying and reporting of financial and non-financial sources of risk and opportunity relevant to their areas of activity
- Contribute to maintenance of a safe and healthy workplace
- Minimise Council's exposure to risk where reasonably practicable.

7. Who is responsible for implementing this policy?

General Manager Corporate

8. Definitions

| Term | Definition |
|---------------------------|---|
| Risk | Is a chance that an event will occur that will impact on organisational objectives. It is measured in terms of consequence and likelihood. |
| Risk Management | Is a systematic application of management policies, procedures and practices to the tasks identifying, analysing, assessing, treating and monitoring risk and opportunity. |
| Risk Management Framework | Means the set of components that provide the foundations (policy, objectives and commitment to manage risk) and organisational arrangements (procedures, plans, relationships, accountabilities, resources, processes and activities) for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. |

9. Legislation and other references

9.1 Legislation

For further information related to this policy see:

- *Local Government Act 1989 and 2020*
- *Occupational Health & Safety Act 2004 (as amended)*
- *Victorian Charter of Human Rights and Responsibilities Act 2006 – Section 4 (as amended)*
- *Wrongs Act 1958 (as amended)*
- *Road Management Act 2004 (as amended)*
- *Trade Practices Act 1974 (as amended)*
- *Environment Protection Act 2017*

9.2 Documents

This Policy is implemented in conjunction with the following documents:

- Risk Management Strategy 2022 – 2026
- Risk Management Procedure
- AS/NZS ISO 31000:2009 *Risk Management – Principles and Guidelines*
- ISO/IEC 31010 *Risk Management – Risk Assessment Techniques*
- ISO Guide 73:2009 *Risk Management – Vocabulary*

- HB327:2010 *Communicating and Consulting about risk*

10. Risk Assessment Reference

Please tick the corporate risk(s) that this policy is addressing.

| | | | |
|----------------------------------|---|-------------------------------------|---|
| Risk Category | ✓ | Risk Category | ✓ |
| Asset Management | ✓ | Financial Sustainability | ✓ |
| Committees | ✓ | Human Resource Management | ✓ |
| Compliance – Legal & Regulatory | ✓ | Leadership & Organisational Culture | ✓ |
| Contract Management | ✓ | Occupational Health & Safety | ✓ |
| Contract Tendering & Procurement | ✓ | Organisational Risk Management | ✓ |
| Corporate Governance | ✓ | Project Management | ✓ |
| Environmental Sustainability | ✓ | Public Image and Reputation | ✓ |