

# RISK MANAGEMENT POLICY

Directorate:	Corporate Performance
Responsible Manager:	Manager Governance, Property and Risk
Review Due:	September 2028
Adoption:	Council
Date Adopted:	16 September 2024

## Acknowledgement

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Central Goldfields Shire Council acknowledges and extends appreciation for the Dja Dja Wurrung People, the Traditional Owners of the land that we are on.

We pay our respects to leaders and Elders past, present and emerging for they hold the memories, the traditions, the culture, and the hopes of all Dja Dja Wurrung People.

## 1. Purpose

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This Risk Management Policy (Policy) outlines Central Goldfield Shire Council's (Council's) key commitments to risk management, including its approach to identifying, assessing and managing risk and opportunities associated with Council services, operations and facilities.

It outlines the requirements and responsibilities for Council, Councillors, Council staff, volunteers, contractors and special committees and emphasises that management of risk and reporting on risk is everyone's responsibility.

The aim of the Policy is to ensure a greater consistency of informed management decision making and the subsequent alignment of management and operational resources.

## 2. Objectives

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Council's objectives for applying risk management practices are to:

- Increase the likelihood of achieving Council's strategic objectives;
- Increase stakeholder confidence;
- Improve resource allocation and planning;
- Balance effective financial management;

- Deliver high quality services to our customers;
- Increase health and safety standards in the workplace; and
- Support our approach to legislative and regulatory compliance.

These objectives are realised through improved risk practices due to the fact that effective risk management enhances decision-making capabilities even in situations with varying levels of uncertainty. The greater the uncertainty and significance of a decision, the greater the benefits derived from adopting a risk-based approach to decision making.

### 3. Application and Scope

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This policy applies to Council, Councillors, Council staff, volunteers, contractors and special committees, and recognises that successful risk management depends on input from all Council representatives.

The Policy applies to all Council owned and/or operated equipment, land, property and facilities, all services provided to the community and internal functions and processes including:

- Strategic planning;
- Human Resource Management;
- Financial Management;
- Project Management; and
- All other areas of decision making.

### 4. Definitions

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**ARC** means the independent Audit and Risk Committee

**Council** means Central Goldfields Shire Council

**Council Staff** means all permanent and temporary full-time and part-time council employees, and contractors and consultants while engaged by Council.

**EMT** means the Executive Management Team comprising the CEO and General Managers

**The Act** means the Local Government Act, 2020

**Risk Appetite** means the amount and type of risk that an organisation is willing to pursue or retain, to achieve its organisational objectives.

**Risk Management Framework** means the components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organisation.

**Risk Management Policy** means a statement of overall intentions and directions of an organisation related to Risk Management approved by the CEO and ARC.

**Risk Register** means structured document that records information about risks faced by an organisation.

**Risk Tolerance** means an organisation's readiness to bear risk after Risk Treatment.

**Risk Treatment** means the process to modify Risk, including Controls and Risk Treatment Plans.

## 5. Policy

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### 5.1. 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 a strong culture will contribute to improved decision-making, enhance resilience and help Council to achieve its organisational objectives.

Council has committed to implementing a risk maturity program across the organisation to embed its risk practices and improve its risk culture. This initiative encompasses development and improvement of processes, facilitation of open discussions on risk matters, and ongoing awareness and risk training for all staff. As part of this, Council will also conduct evaluations to assess its existing state of risk maturity and establish a benchmark for future assessments.

Additionally, the 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 business planning.

### 5.2. Risk Governance

Council is committed to ensuring the highest standards of governance is achieved and is proactive in its approach to risk management.

Council is committed to complying with its legal obligations, inclusive of risk management obligations established under local Government laws and State OHS laws, and other laws, as well as conducting risk management practices in accordance with AS/NZS ISO31000:2018 and the Victorian Government's Risk Management Framework.

An 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 is governed by an ARC Charter and will meet on a regular basis with risk management reports tabled in accordance with its annual Workplan, as required under Section 54 of the Act.

### 5.3. Risk Appetite

Council's "appetite" for risk is formally documented via its Risk Appetite Statements. The statements covers the extent of risk Council is prepared to take in pursuing its objectives, as well as document risk tolerances, being the maximum level of risk Council is willing to take for areas of material risk such as safety, reputation and compliance.

Council is committed to reviewing its risk appetite statements on an annual basis, ensuring they align with the evolving risk landscape and the community in which the council functions.

## 5.4. Risk Management Approach

Council is committed to incorporating the principles of risk management in every decision it makes.

Risk management involves a systematic method of identifying, analysing, assessing, and monitoring risks associated with any activity, function or process in a way that will enable an organisation to minimise losses and maximise opportunities. Risk management is as much about identifying opportunities as avoiding or mitigating losses.

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

- Regularly undertaking risk and opportunity assessments (identifying, analysing, evaluating) related to all aspects of operations, including identifying Strategic and Operational Risks.
- Managers leading risk assessments within their areas of responsibility.
- Engaging relevant stakeholders to provide input to develop risk and opportunity assessments.
- Providing the standardised tools (e.g. risk matrix, consequence tables, registers) for the organisation to be able to perform effective risk management.
- Documenting risks and opportunities in organisational registers and using organisational tools (risk management system, Pulse) when it becomes available.
- Evaluating the likelihood and potential impacts of identified risks and prioritising risks based on their significance and consequences.
- Identifying risk controls and developing and implementing additional 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 strategic objectives.

Council is committed to documenting its risk management processes, to ensure a consistent methodology is applied across Council when applying risk management practices.

It is important for both Council and its staff to recognise that risk management is a management process for effective decision making, with every member of staff effectively a "Risk Manager".

## 5.5. Risk Monitoring and Reporting

Council is committed to regularly monitoring and reporting on the effectiveness of its risk mitigation strategies, which is required to keep the ARC and EMT informed as to whether risks to Council's objectives, or areas of material risk, are tracking within risk tolerance. If risk is not monitored and managed effectively, there is the potential for the organisation to suffer loss and unable to achieve its objectives.

The Relevant Officer will report on its risk status to the EMT and ARC, via regular risk management updates and risk escalation pathways. Any risk identified as high or extreme through the risk assessment processes or the review of risk registers must be reported to EMT.

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.

Internal auditors will also 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.

### 5.6. Risk Resources

Council is committed to ensuring adequate resources are in place and that effective risk management systems are operational throughout the organisation.

Essential tools including procedures and registers, which are vital for facilitating an effective and consistent risk management practice, will be developed and made available to all staff. Once developed, these tools will be continued to be reviewed and improved as part of Council's risk improvement strategies.

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

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

### 5.7. Risk Management Framework

Council's Risk Management Framework comprises this Policy and several components that provide the foundation for managing risk throughout the organisation.

The components of the framework comprise:

- Risk Appetite Statement - (last reviewed August 2024)
- Risk Management Policy
- Risk Management Procedure
- Strategic Risk Register - (last reviewed August 2024)
- Operational Risk Register
- Business Continuity Plan
- Audit and Risk Committee
- Occupational Health and Safety Committee
- Internal and External Audit programs
- Several key business management policies

## 6. Roles and Responsibilities

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Responsibility for effective risk management is a shared commitment. The table below provides a broad outline of the responsibilities of primary stakeholders. Further comprehensive detail can be found in Council's subordinate Risk Management documentation.

Stakeholder	Responsibilities
Council	Responsible for the oversight of the organisation's approach to risk management including setting risk appetite.
Audit and Risk Committee	Responsible for providing advice on Council's risk management and that Council's risk are controlled and monitored
EMT	Responsible for implementing effective risk management practices including compliance with this Policy.
Managers	Responsible for identifying and prioritising material business risks and reporting on those risks. Managers are also responsible for implementation of the Risk Management Policy within their business units.
Manager, Governance Property and Risk	Responsible for developing risk strategies and processes, and facilitating risk engagement, management and reporting across Council
All Staff	Responsible for assisting in the identification and management of material risks within their area of activities including complying with the Risk Management Procedures

## 7. Review

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This Policy must be reviewed a minimum of once every 4 years.

## 8. Human Rights Statement

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It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights and Responsibilities Act (2006). Central Goldfields Shire Council is committed to consultation and cooperation between management and employees.

## 9. Relevant Legislation and Guidelines

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Local Government Act 2020

AS/NZS ISO 31000:2018