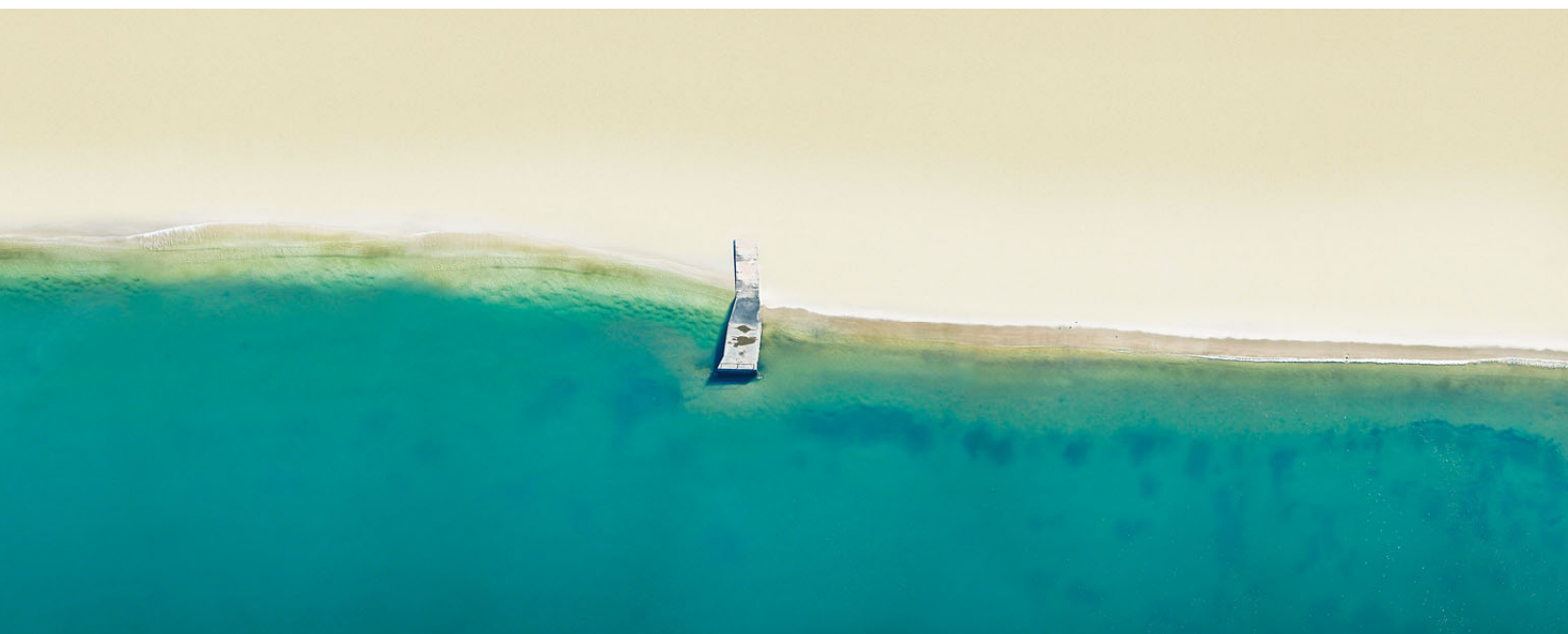# Risk Management Policy

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Risk Management Policy
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1 Introduction

1.1 Background

Bayside Council understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve strategic, operational, financial and regulatory objectives.

Risk management involves coordinated activities to direct and control the organisation with regard to risk. It is a systematic process that involves establishing the context of risk management, identifying risks, analysing risks, addressing risks, monitoring risks and communication and consultation.

Risk management explicitly addresses uncertainty but, whilst it is based on the best available information, does not eliminate all risk. The application of risk management thinking, principles and practices aims to help Council deliver quality services, improve decision-making, set priorities for competing demands/resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of objectives.

1.2 Purpose

The purpose of this Risk Management Policy is to communicate Council's commitment to managing enterprise-wide risks and establish clear responsibilities to ensure that all levels of Council, management and staff are aware of and responsible for the management of risk.

1.3 Scope of Policy

This policy applies to all Council officials, including elected representatives and / or Administrators, staff, contractors and volunteers across all Council activities and processes.

2 Policy Statement

2.1 Mandate and Commitment

Bayside Council is committed to the formal, systematic, structured and proactive management of risks across the organisation.

Council recognises that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a mandatory legal requirement. In particular, effective risk management can lead to better decision-making and planning as well as better identification of opportunities and threats.

2.2 Risk Management Framework

Council's risk management framework is a set of components that provides the foundations and organisational arrangements for designing, implementing, monitoring reviewing and continually improving risk management throughout the organisation.

Council is committed to maintaining an effective, efficient and tailored risk management framework that consists of:

- this policy
- a risk management strategy
- an annual risk management program
- supporting policies that complement risk management such as fraud; prevention, business continuity management, WH&S management systems and code of conduct
- allocation of risk management responsibilities through relevant position descriptions
- identifying and monitoring risks within the selected risk management computer system
- reporting risk status and effectiveness of controls to the Risk and Audit Committee.

The framework will enable:

- a formal, structured approach to risk management that is appropriate to Council's activities and operating environment; and
- a risk management approach consistent with the principles of AS/NZS ISO 31000:2009.

3   Risk Appetite

Risk appetite is the amount and type of risk that Council is prepared to tolerate or accept in the pursuit of our objectives. It is expressed in the form of a risk appetite statement which covers a number of critical risk categories.

Council generally has no appetite for risks which are assessed as **Extreme** or **Very High** risks as defined in the related document ***Risk Management Strategy***. In particular, Council has no appetite for risks which will:

i.   have a significant negative impact on Council's long term financial sustainability result in major breaches of legislative requirements and/or significant successful litigation against Council

ii.   compromise the safety and welfare of staff, contractors and/or members of the community

iii.   cause significant and irreparable damage to the environment

iv.   result in major disruption to the delivery of key Council services

v.   result in widespread and sustained damage to Council's reputation

vi.   have a significantly impact on Council's ability to recruit and retain staff.

It must be noted that Council provides a large and diverse range of services to a large and diverse population. In order to provide these services Council must accept and take some level of risk. Council therefore has a moderate appetite for risks which need to be taken in order to:

i.   improve efficiency, reduce costs and/or generate additional sources of income

ii.   maintain and, where necessary, improve/deliver improved levels of service to the community.

The level of risk that is acceptable will be assessed and determined on a case by case basis. The Risk Appetite table that follows provides an overall expression of

Council's risk appetite. Council's risk appetite will be regularly reviewed and updated as required (at least annually).

Council's current risk appetite statement is expressed in the table below:

Risk Category	Generally Within Risk Appetite	Generally Outside of Risk Appetite
Environmental Risks	Risk of minor and/or short term environmental impact necessary in order to achieve Council's key objectives or in order to deliver enduring benefits to our community well into the future. Council has a moderate appetite for managed risks associated with decisions that promote ecologically sustainable development,	Risks which may have significant long term negative or irrevocable environmental consequences or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to human life. Decisions, activities, and practices that knowingly compromise the environment and are reasonably foreseeable and preventable. Decisions, activities, and practices that fail to meet environmental commitments or legal requirements resulting in EPA fines or penalties.
Workplace Health and Safety Risks	Whilst Council will attempt to avoid or control all safety hazards as far as practicable it is acknowledged that minor incidents or injuries may occur in the course of undertaking normal business activities.	Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses (including those that have a long term impact on staff health, wellbeing or morale). Practices that knowingly compromise staff wellbeing or workplace safety (including discrimination, harassment or bullying).
Strategic Risks	Risks that may result in the need for minor re-prioritisation of resources to enable objectives to be achieved. Council has a moderate appetite in terms of the operational risk associated with the implementation of change and key strategic plans.	Risks that may result in Council's ongoing viability being brought into question or multiple key objectives not being achieved
Compliance and Regulation	Council has a low appetite for non-compliance with legal, professional and regulatory requirements. Council has a low appetite for compliance breaches.	The Council recognises the need to place high importance on compliance and regulation and has no appetite for breaches in statute, regulation, professional standards, ethics, bribery or fraud. Council has no appetite for significant breaches of legal, professional and regulatory obligations emanating from legislation or contractual arrangements that result in fines, penalties or significant reputational damage

Risk Category	Generally Within Risk Appetite	Generally Outside of Risk Appetite
Financial Risks	Calculated financial risks to deliver important infrastructure or improve service delivery that do not place Council's long term financial sustainability at risk Minor unforeseen and unavoidable budget variations Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs. Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers.	Council has no appetite for decisions which may have a significant negative impact on Council's long term financial sustainability or are highly speculative Council has no appetite for risks of internal fraud, collusion, theft and associated losses and reputational damage. Council has no appetite for decisions that would cause council to become unable to pay its debts as and when they fall due. Council has no appetite for financial activities and/or investment practices that contravene legislated or policy requirements. Council has no appetite for a failure to maintain or implement effective systems, processes and controls which adequately protect Council from fraudulent activity Council has no appetite for fraudulent or corrupt financial transactions.
Human Resources	Minor unforeseeable or unpreventable incidents or issues that arise from dealing with a diverse workforce. Short term pressure on staff due to elevated turnover. Council has a low appetite for risks arising from inadequately trained staff or failed internal processes. Council recognises that its staff are critical to achieving its objectives and therefore the support and development of staff is key to making Council an inspiring and safe place to work. Council has a medium appetite for risks associated with decisions that involve staffing or culture to support transformational change and ensure Council's processes are continually improving. Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities. Minor morale issues relating to improving workforce performance. Minor staff grievances that can be dealt with through normal internal mechanisms.	Reasonably foreseeable serious and preventable issues. Insufficient staff numbers or capabilities to provide critical services Council has no appetite for risks compromising staff safety and welfare. Council has no appetite for risks significantly impairing its ability to recruit and retain quality staff. Actions or behaviours that are deliberate and willingly contravene the Code of Conduct and Council policies and procedures. Actions which do not align to Council's values of respect, sustainability, courage, integrity and one team. Events that occur arising from untrained employees or failed internal processes.

Risk Category	Generally Within Risk Appetite	Generally Outside of Risk Appetite
Operational Activities	Risks that may result in minor disruption to critical Council services (less than 2 days) or short term disruption to less critical services (less than 10 days) Council has a low appetite for operational risks arising from failure to meet customer commitments and/or suitability of advice. Council has a low appetite for third party partner (contractors) failure. Council has moderate appetite for managed risks associated with improvements to service delivery; and Council has a moderate appetite for managed risks associated with improved efficiency of Council operations. Council has a moderate appetite for impacts to service delivery due to implementation of new technology, innovation initiatives or projects. Council has a moderate appetite for impacts arising from innovations and ideas that contribute and encourage creating a flexible workforce. Council has a moderate appetite for impacts leading to short term disruption to community due to implementation of construction procedures which provide value for money provided community has been informed Council has a moderate appetite for short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains. Council has a moderate appetite for impacts to infrastructure due to implementation of new technology, innovation initiatives or projects. Council has a moderate appetite for unforeseen interruptions of up to 2 days to critical infrastructure from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. Council has a moderate appetite for minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project	Risks that disrupt critical Council services for beyond 2 days or less critical services beyond 10 days A failure to significantly meet our service commitments and community expectations A failure to develop plans to respond to a disruption and ensure continuity of critical business functions. A failure to complete of a significant portion of new or renewal infrastructure projects beyond financial year (or scheduled completion period if project runs across multiple years). Significant, delays, or foreseeable variations in contract price, to projects that are considered within Council control.

Risk Category	Generally Within Risk Appetite	Generally Outside of Risk Appetite
Reputational	Localised, short term negative publicity as a consequence of making decisions in an environment where there are competing priorities and interests Moderate adverse local media and social media scrutiny or several complaints relating to action which delivers longer term benefits to the community. Isolated minor incidents, concerns and complaints that can be resolved by management. Council has a moderate appetite for reputational impact arising from community complaints relating to service quality or new initiatives to deliver enduring benefits to our community.	Long term sustained negative publicity that damages Council's reputation and takes a long time to repair. Council has no appetite for reputational risks associated with any form of official misconduct or criminal conduct. Improper, unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with Council's values and policies. Material breaches of the Code of Conduct including any failure to avoid or appropriately manage conflicts of interest.
Public Safety and Wellbeing	Risks that result in some inconvenience to the community that is necessary in order to achieve Council's key objectives	Risks that may lead to serious loss, injury or illness to third parties resulting in litigated claims against Council. Practices that knowingly compromise public safety (including discrimination, harassment or bullying). Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to the public.

Risk Category	Generally Within Risk Appetite	Generally Outside of Risk Appetite
Information	Council has a low appetite for information systems failures. Scheduled outages that are agreed to by the business owners and are regarded as part of normal business activities Implementation of new technologies which create new opportunities for business improvement and innovation of systems which also could involve some minor to moderate risk. Timely remediation of identified cyber security control weaknesses Council has a minor appetite for a failure to maintain recovery plans in place and test plans on a regular basis	Council has no appetite for information and data security and / or privacy breaches. Council has no appetite for prolonged unplanned outages of critical Council systems and services. Council has no appetite for failure to maintain systems and services which adequately protect Council's data and information and maintain adequate audit trails. Council has no appetite for a lack of due diligence in relation to information security and the procurement and implementation of ICT systems and services. Council has no appetite for data loss due to inappropriate data management processes Cybersecurity threats that could have been prevented through judicious application of technical and behavioural controls. Significant threats to assets arising from external malicious attacks. Misuse, inappropriate distribution, or loss of sensitive or confidential council information due to the actions of staff.
Fraud and Corruption	Council has no appetite for fraud and corruption	Council has no appetite for internal/external fraud, corruption, collusion, bribery, or theft.

4 Implementing Risk Management

4.1 Implementation

Council is committed to ensuring that a strong risk management culture exists where employees are risk aware, understand the consequences of their decisions and are confident to raise issues when necessary. In doing so Council will develop and maintain a risk management plan that:

- aligns risk management processes to Council's existing planning and operational processes
- allocates sufficient funding and resources to risk management activities
- provides staff with appropriate training in risk management principles
- assigns clear responsibilities to staff at all levels for managing risk
- embeds key controls to manage risks into business processes
- establishes appropriate mechanisms for measuring and reporting risk management performance
- communicates risk management policies, plans and issues to staff and other stakeholders
- takes human and cultural factors into account; and
- is dynamic, iterative and facilitates continual improvement.

4.2 Procedures

Procedures that support this policy, may be approved by the General Manager from time to time.

5 Policy implementation

5.1 Policy responsibilities

Council is ultimately responsible for adopting and committing to this risk management policy, identifying and monitoring emerging risks and fully considering risk management issues contained in Council reports.

The *General Manager* is responsible for leading the development of an enterprise risk management culture across the organisation and ensuring that the Risk Management Policy and Plan are being effectively implemented.

The *Risk & Audit Committee* is responsible to review and advise Council as to whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud and theft.

The *Manager Governance & Risk* is the Risk Champion responsible for establishing the process for the management of risk throughout the Council.

The *Coordinator Risk Management* is responsible for the provision of advice and service assistance to all areas on all risk management matters.

The *Internal Auditor* is responsible for providing independent assurance with respect to the effectiveness of the enterprise risk management framework and internal controls.

Directors are responsible for ensuring that the Risk Management Policy and Plan are being effectively implemented within their areas of responsibility.

Managers at all levels, are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all staff, volunteers and contractors. Managers are accountable for the implementation and maintenance of sound risk management processes and structures within their area of responsibility in conformity with Council's risk management framework.

All staff are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Staff are responsible and accountable to be risk aware and for taking practical steps to minimise Council's exposure to risks including contractual, legal and professional liability in so far as is reasonably practicable within their area of activity and responsibility.

5.2 Procedures

Procedures that support this policy, may be approved by the General Manager from time to time.

6 Document Control

6.1 Review

This policy will be reviewed within 12 months of a new term of Council or more frequently in the event of any material changes in circumstances.

The General Manager and Manager Governance & Risk may approve non-significant and/or minor editorial amendments to this document that do not change the policy substance.

6.2 Related Documents

- ISO 31000:2009
- Bayside Council Risk Management Strategy

6.3 Version History

This policy has been harmonised from documents from former Councils.

Version	Release Date	Author	Reason for Change
1.0	14/06/2017 (Council) 18/05/2017 (R&A Cttee)	Coordinator Risk Management	New document
2.0	09/09/2021 (Executive)	Coordinator Risk Management	Review and update to risk appetite.