Risk Management Strategy 2022

1. RISK AND STRATEGY

Manningham City Council (Council) is an outward looking, outcomes focused organisation with a mission to deliver a financially sustainable Council that listens, consults and acts with integrity, value and transparency.

In the pursuit of our strategic goals and better outcomes for our community as outlined in the Council Plan, we must manage uncertainty, threats and risks whilst enabling value creation. Local Government faces emerging and challenging risks including; increasing operational costs and expanding community expectations, digital transformation and cybercrime, climate change and the COVID-19 pandemic. Failure to face up to and properly respond to immediate and longer term risks is a missed opportunity and it narrows options for managing these risks without the impact of significant consequences. To be effective with our service delivery and resources, we need to operate in a risk intelligent manner. This requires an organisational culture that delivers our strategy in a risk adaptive and effective way.

Council acknowledges embedding risk and building a risk culture is a journey. The initial risk focus is on ensuring organisational decisions are made within the broad risk appetite of the Council. Aspirationally, it wants to invest in a framework that not only manages uncertainty, but enables opportunities to be safely optimised through a strong performance culture.

This Risk Management Strategy outlines the risk management principles, the benefits, the risk management elements and the key success factors that will drive Manningham's risk maturity.

2. RISK MANAGEMENT PRINCIPLES

Council recognises that there are inherent risks associated with many of our activities. Council's policy is to apply a structured and consistent approach to managing risk in order to achieve our strategic objectives. The following principles as required by the AS ISO 31000:2018 standard have been applied to the design of the framework, so that risk management:

(a) creates and protects value;
(b) is an integral part of organisational processes;
(c) forms part of decision making;
(d) explicitly addresses uncertainty;
(e) is systematic, structured and timely;
(f) is based on the best available information;
(g) is tailored to the operations of Council;
(h) takes human and cultural factors into account;
(i) is transparent and inclusive;
(j) is dynamic, iterative and responsive to change; and
(k) facilitates continual improvement and enhancement of the organisation

3. BENEFITS OF RISK MANAGEMENT

Council sees the following benefits from having a strong, well embedded risk management framework:

- assists Council to achieve its strategic objectives and statutory responsibilities through the identification and effective control of risks;
- ensures a consistent and effective approach to risk management by providing structured methods for the exploration of threats, opportunities and resource allocations;
- guides decision making to create and protect value by establishing the right balance between the cost of control and the risks Council is willing to accept (risk appetite).
- encourages and empowers staff to proactively manage risk;
- demonstrates increased application of risk management principles into strategic planning, corporate governance, resource allocation, project management, decision making and operational service delivery;
- fosters and encourages a risk aware culture where risk management is seen as a positive attribute of decision making rather than a corrective measure;
- promotes stakeholder confidence and trust through increased process transparency;

4. KEY RISK MANAGEMENT ELEMENTS

Manningham is focused on evolving the elements of its risk intelligent framework and continually improving its performance. The key elements of the framework include:

- **Assurance – Three Lines of Defence**

The three lines of defence assurance model represents Council's governance oversight for the risk management framework.
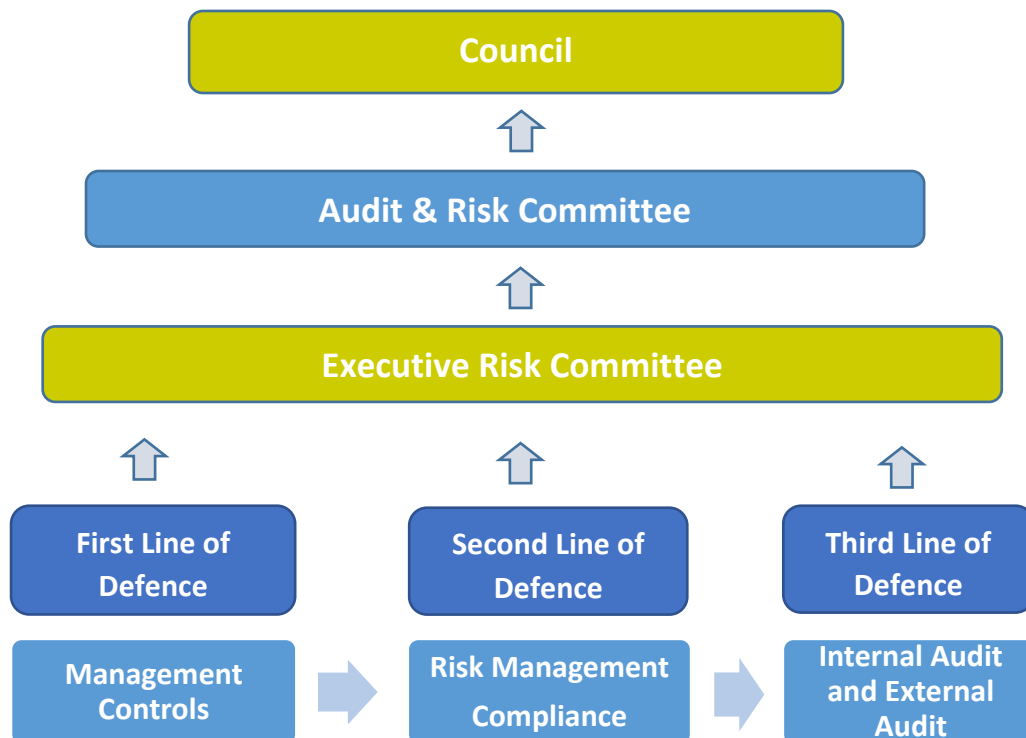
- **Risk Policy** – provides a common set of definitions and guidelines for how people throughout the organisation should identify, evaluate and communicate risk. It defines:
  - Risk governance;
  - Risk infrastructure and management;
  - Risk ownership – interaction between service units, Executive Management Team and the CEO;
  - Risk appetite;
  - Risk identification and assessment;
  - Risk monitoring – regular reporting and assessment of controls.

- **Risk Appetite Statement** - provides guidelines for the level of risk that the Council considers acceptable. The risk appetite treatment plan guide and frequency of reporting table as documented in the Risk Management Policy, serve as the fundamental standard by which risks and decisions are judged as acceptable or unacceptable following risk assessment. It defines likelihood and consequence criteria to be used to evaluate the significance of risk.

- **Risk Tolerance** – is the boundary set for risk taking in order to achieve Council's objectives and may be expressed in various ways depending on the nature of the risk. Risk tolerances are maintained through the governance, legal, strategy, policy and process frameworks of Council.

- **Risk Register** – a tool used to record risks, including their rating and treatments, and to monitor and report on risks. This includes both strategic and operational risks.

  Executive Risk Committee –comprises of CEO, Executive Management Team and the Risk and Assurance staff and oversees all aspects of the risk management framework.

- **Audit and Risk Committee** – a formal oversight and advisory committee consisting of independent and Councillor members formed under the Local Government Act 2020, that provides independent monitoring of risk management systems and controls.

5. KEY SUCCESS FACTORS

1 – Top down accountability

Council's Risk Management Strategy will be driven by the CEO, in conjunction with the Executive Risk Committee, with advisory input by the independent Audit and Risk Committee. The "Tone at the Top" is critical and will be achieved through the integration of risk into key strategic and corporate governance and management processes.

2 - Promoting a culture of Risk Management

Manningham will develop a culture of risk management within the organisation through the inclusion of staff in risk management processes but also through the provision of training, guidance and communication on risk management.

Whilst the CEO has responsibility for the overarching risk management framework, the implementation of risk management is the responsibility of all management and key staff involved in the process of risk identification, assessment, control and monitoring.

3 – Integration within existing management processes

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Risk management will be established and progressively integrated within existing management processes, including but not limited to Council strategic planning, business planning, development of business cases and evaluation, business continuity, stakeholder engagement and project management. Each process needs to be simple and relevant for day-to-day operations to ensure Management applies it for decision making.

4 – Adequate risk resources

The success of embedding the risk management framework is highly dependent on the quality and quantity of resources allocated to it. This includes staffing, systems and training. Resources will need to be available to monitor and update treatments and report on risk, as well as to train staff on how to manage risks.

5 – Risk assurance and reporting

Risk assurance and reporting are essential for effective risk monitoring and continuous improvement to risk control. Targeted and efficient reporting should cater for stakeholders to provide value. The Risk Management Policy and key committee workplans will document required reporting cycles.

6 – Continual review of framework

On a cyclical basis, the risk management framework will be reviewed by Management with advisory input from the Executive Risk Committee and Audit and Risk Committee. Success will be measured by Using the Risk Management Cultural Maturity Model to undertake performance management assessments to measure cultural maturity across the key elements of embedding and success.

The five stages of the Risk Management Cultural Maturity Model.

1. Fundamental
2. Developed
3. Systematic
4. Integrated
5. Advanced

6. CONCLUSION

Council is committed to continuously adapting and strengthening its risk management framework in order to better manage its businesses risks. For the organisation to operate in a risk mature manner, it will progressively translate the framework into action and integrate risk management practices into its operations. It will continually review and evaluate its risk capability to ensure it is able to efficiently deliver services within the Council's risk appetite, with a determination to build a high performance based culture.

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