



# Enterprise Risk Management Policy

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<b>Endorsement:</b>	27 February 2018 Risk Management Committee
<b>Authorisation:</b>	8 March 2018 Executive
<b>Expiry date:</b>	8 March 2021
<b>Responsible officer:</b>	Risk & Performance Manager
<b>Policy owner:</b>	Risk & Performance Manager

## 1. Purpose

Describe Melton City Council (Council)'s organisational approach to managing the significant risks to its operations and the organisation itself.

## 2. Scope

This policy applies across all of Council.

## 3. Definitions

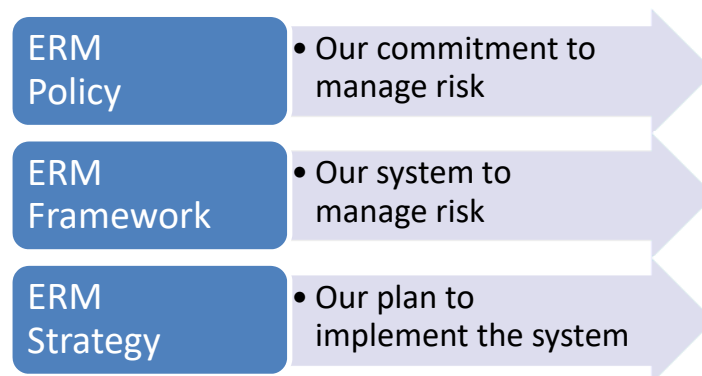
Word/Term	Definition
Risk	An event that may have an adverse impact on the achievement of objectives.  (An adverse impact may be in the areas of time, cost and/or quality.)
Objective	A desired or needed result to be achieved within a certain time, cost and/or quality.
ERM	Enterprise Risk Management – how risk management as a set of coordinated activities is applied at Council to manage the significant risks to operations and the organisation itself.
Significant risk	A risk with enough organisational impact that it should be escalated from operational or project management. This means that its level of consequence to the organisation, as defined in the Enterprise Risk Management Framework, is 'moderate' or greater.
Critical success factors	The things that must be in place for Council to operate effectively.  In the area of maintaining community confidence in Council they are: corporate image; governance; and local partnerships e.g. police, health, education and emergency services.  In the area of maintaining Council's financial capacity they are: financial management – income and expenditure; government partnerships; and investments.

	In the area of maintaining Council's service delivery capacity they are: developer partnerships; fixed assets; human resources; information management; organisational planning; outsourced service providers; and plant and equipment.
Strategic risk	Risk to the organisation's critical success factors. e.g. that a fire in a major civic facility will prevent Council delivering critical services to residents. Strategic risks are identified 'top down'.
Operational risk	Risk to one part of the organisation reaching its objectives. e.g. that a change of government policy will result in Council having to fund significantly increased kindergarten services. Operational risks are identified 'bottom up'.
Corporate risk	Risk to many parts of the organisation reaching their objectives. e.g. that developers will not conform with agreements with Council resulting in delays in building community assets. Corporate risks are identified 'bottom up'.

#### 4. Policy

Council is committed to achieving its objectives, and to protecting and maintaining the critical success factors that enable it to do so. Therefore it will implement, review and effectively resource its Enterprise Risk Management (ERM) Framework (the Framework). It will do this by developing, implementing and reviewing an ERM Strategy.

The respective contents of this policy, the Framework and the ERM Strategy are as follows:



<b>4.1</b>	<b>Adding value</b>
<p>'AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines' states that one of the principles of effective risk management is that it creates and protects value.</p> <p>Council sees ERM as adding value to the organisation because it:</p> <ul style="list-style-type: none"> <li>• Supports the achievement of objectives and protection of critical success factors</li> <li>• Improves operational and project activities</li> <li>• Increases the likelihood of project success</li> </ul>	

	<ul style="list-style-type: none"> <li>• Encourages and facilitates: <ul style="list-style-type: none"> <li>○ Regular critical evaluation of Council’s activities and business processes, which enables continual improvement</li> <li>○ Forward thinking and planning, which flow on to better decision-making and allocation of resources</li> <li>○ Coordination and integration of activities across Council.</li> </ul> </li> </ul>
<b>4.2</b>	<b>Alignment with other business processes</b>
	The ERM Framework will be practicable, aligned and integrated with other business systems and processes where possible.
<b>4.3</b>	<b>Alignment with 2017 – 2021 Council and Wellbeing Plan</b>
	ERM addresses Objective 5.4: An organisation that demonstrates excellence in local government leadership and customer and community service.
<b>4.4</b>	<b>Relationship to AS/NZS ISO 31000:2009</b>
	<p>The ERM Framework will conform to ‘AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines’ with the following exceptions.</p> <p>Council will use the definition of risk shown in Definitions, which is similar to its long-standing and accepted definition. It will not use the definition in the Standard, which it considers too abstract for effective use by those responsible for risk management.</p> <p>Council uses the terms ‘treat’ and ‘control’ interchangeably, and the terms ‘consequence’ and ‘impact’ interchangeably.</p>
<b>4.5</b>	<b>Evaluation</b>
	<p>The performance of the ERM Framework will be evaluated qualitatively and not quantitatively.</p> <p>This is because Council has identified no key performance indicators that support the required leadership and staff behaviours in managing risk.</p> <p>Qualitative evaluation will take place periodically by enquiring of key stakeholders whether the aims of this policy have been achieved.</p>

## 5. Responsibility /Accountability

<b>5.1</b>	<b>Chief Executive</b>
	<ul style="list-style-type: none"> <li>• Ensure effective implementation and review of the Framework, including allocation of resources</li> <li>• Identify, assess and review strategic and corporate risks</li> <li>• Ensure effective control of strategic and corporate risks, including recording; identifying and implementing treatments; and reporting</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensure general managers and managers use information from risk identification, assessment and treatment within the ERM Framework in decision-making and allocation of resources</li> <li>• Chair the Risk Management Committee</li> </ul>
<b>5.2</b>	<b>General managers</b>
	<ul style="list-style-type: none"> <li>• Control strategic and corporate risks as delegated</li> <li>• Assist Chief Executive in identification of strategic and corporate risks</li> <li>• Review corporate risks</li> <li>• Ensure managers identify, assess and ensure effective control of operational risks, including review and reporting</li> <li>• Ensure managers and coordinators use information from risk identification, assessment and treatment within the ERM Framework in decision-making and allocation of resources</li> </ul>
<b>5.3</b>	<b>Managers</b>
	<ul style="list-style-type: none"> <li>• Control strategic and corporate risks as delegated</li> <li>• Assist Chief Executive in identification of strategic and corporate risks</li> <li>• Identify, assess and review operational risks</li> <li>• Ensure effective control of operational risks, including recording; identifying and implementing treatments; and reporting</li> <li>• Ensure coordinators and other staff they nominate use information from risk identification, assessment and treatment within the ERM Framework in decision-making and allocation of resources</li> </ul>
<b>5.4</b>	<b>Coordinators and other staff as nominated by managers</b>
	<ul style="list-style-type: none"> <li>• Control operational risks as delegated</li> <li>• Assist managers in identification of operational risks</li> </ul>
<b>5.5</b>	<b>Risk Management Committee</b>
	<ul style="list-style-type: none"> <li>• Provide leadership and accountability for the Executive, managers, coordinators and staff, in accordance with the Committee's Terms of Reference</li> <li>• Review and evaluate the ERM Framework for effectiveness and conformance with this policy</li> </ul>
<b>5.6</b>	<b>Risk &amp; Performance Manager</b>
	<ul style="list-style-type: none"> <li>• Develop an ERM Strategy to implement and review the Framework</li> <li>• Coordinate the implementation and review of the Strategy</li> </ul>

	<ul style="list-style-type: none"> <li>• Report to the Risk Management Committee, the Audit Committee, and Council</li> <li>• Ensure the auditing of effectiveness of treatments of strategic and corporate risks</li> <li>• Provide training and induction on risk management</li> <li>• Provide expert advice to the organisation on risk management</li> </ul>
<b>5.7</b>	<b>Risk &amp; Performance Administration Support Officer</b>
	<ul style="list-style-type: none"> <li>• Provide administrative support to the Risk Management Committee</li> <li>• Maintain the Risk Register</li> </ul>
<b>5.8</b>	<b>All Staff</b>
	<ul style="list-style-type: none"> <li>• Identify significant risks to Council's operations and the organisation itself and escalate them in accordance with the ERM Framework</li> <li>• Use information from risk identification, assessment and treatment within the ERM Framework in decision-making and allocation of resources as appropriate</li> <li>• Otherwise undertake the duties above in conformance with the ERM Framework.</li> </ul>

## 6. References and links to legislation and other documents

Name	Location
2017 – 2021 Council and Wellbeing Plan	<a href="http://www.melton.vic.gov.au">www.melton.vic.gov.au</a>
AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines	Risk & Performance
Enterprise Risk Management Framework	Policy intranet
Enterprise Risk Management Strategy	Policy intranet