Risk Management Policy

A4665990

1. Purpose and Intent

Frankston City Council acknowledges risk will manifest in the pursuit of achieving strategic outcomes and opportunities that present from time to time. It acknowledges that is has an obligation to ensure that it:

- creates and protects value in the organisation by managing risks;
- makes decisions;
- sets and achieves objectives and;
- improves performance.

2. Scope

Frankston City Council is committed to risk management as an integral part of its corporate governance and operations. In managing such risks and assessing opportunities, Council acknowledges that well informed decisions must be made.

In order to achieve this, decisions are to be made in accordance with the relevant law[1] and in accordance with the overarching governance and supporting principles of the Local Government Act 2020.

This policy is developed having regard to the framework set out in the International Standard for risk management ISO 31000: 2018.

3. Definitions

Risk - 'The chance of something happening that will have an impact on initiatives, service performance standards or community wellbeing'. Noting that:

- 'something happening' is the event
- 'chance' is the likelihood of it occurring
- 'impact' is the consequence or impact if it occurs.

Risk Management – describes the planned and systematic approach used to identify, analyse and evaluate the business risk facing Frankston City Council.

Risk Management Framework – set of components that provide the foundations and organisational arrangement for designing, implementing, monitoring, reviewing and continually improvement risk management throughout the organisation.

Compliance – adhering to the requirements of laws, industry and organisational standards and codes, principles of good governance and accepted community and ethical standards.[2]

Business Continuity – approach adopted to managing disruption-related risk.[3]

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[1] Local Government Act 2020 – Section 9 (2)(a)
[2] 'Compliance' as defined by AS/NZS 3806:2006 – Compliance Programs
[3] 'Business Continuity' as defined by AS/NZS 5050:2010 – Business continuity – managing disruption-related risks

Fraud – dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.[4]

Corruption – the misuse of public power or position.[5]

Integrity and Ethical behaviours – encompasses the spirit of the law and the organisation's culture and key moral principles that are consistent with society value that is guide day –to-day decision making processes when conflicting obligations and responsibilities arise.

4. Authorisation

This Policy is managed by the Procurement, Property and Risk Department, and is approved by Frankston City's Mayor and Council's Chief Executive Officer (CEO):

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Mayor, Frankston City Council   CEO, Frankston City Council

in accordance with Frankston City Council resolution at its Council Meeting on 11 July 2022.

5. Policy

Frankston City Council acknowledges risk will manifest in the pursuit of achieving strategic outcomes and opportunities that present from time to time. It acknowledges that it has an obligation to ensure that it:

- creates and protects value in the organisation by managing risks;
- makes decisions, with priority to be given to achieving the best outcomes for the Frankston municipality, including future generations;[6]
- sets and achieves objectives and;
- improves performance by pursuing innovation and ensuring that planning and the delivery of services to the community is in accordance with the service performance principles.[7]

It also acknowledges that managing risk:

1. Requires an iterative and an integrated approach to strategic planning, monitoring and performance reporting is to be adopted and strategic planning must identify and address the risk to effective implementation; [8]

2. Requires making informed decisions;

3. Is part of governance and leadership and fundamental to managing the organisation at all levels;

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[4] 'Fraud' as defined by AS/NZS 8001 Fraud and Corruption control
[5] Corruption' - https://www.ibac.vic.gov.au/reporting-corruption/what-can-you-complain-about/what-is-corruption
[6] Local Government Act 2020 – Section 9 (2)(b)
[7] Local Government Act 2020 – Section 9 (2)(e) and Local Government Act 2020 – Section 106
[8] Local Government Act 2020 – Section 85

4. Is part of all activities and includes interaction with our community;

5. Considers the external and internal context, including human behaviour and cultural factors;

6. Extends to include the social, economic and environmental sustainability of the municipal district, including mitigation planning for climate change risks, is to be promoted; and [9]

7. Requires the ongoing financial risks to be monitored and managed prudently having regard to economic circumstances, acknowledging that 'financial risks' relates to the financial viability of Council, the management of current and future liabilities of the Council and the beneficial enterprises of the Council.[10]

6. Roles and responsibilities

<u>**Council**</u>

Review the Risk Management Policy as required and provide adequate budgetary provision for risk management strategies to be implemented.

<u>**Audit and Risk Committee**</u>

Effective management and monitoring of the:

- Risk management framework;

- Risk appetite statement and alignment with risk profile;

- Risk profile and changes occurring ;

- Risk treatment plans for significant risks and timeliness of mitigating actions and progress against those plans;

- Annual insurance programme;

- Compliance Management process through the review of systems and processes for monitoring compliance with relevant legislation and regulations and monitoring compliance with various Codes of Conduct to Councillors, employees and contractors;

- Approach to Business Continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested;

- Fraud Prevention policies and controls and reports of actual or suspected instances of fraud and corruption;

- Adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment;

- Internal Audit Charter to determine that it provides an appropriate functional and organisational framework to ensure it operates effectively and without limitations; and

- The performance and subsidiary company's.

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[9] Local Government Act 2020 – Section 9(2)(c)
[10] Local Government Act 2020 – Section 101

Chief Executive Officer

Has the ultimate responsibility for ensuring that risks are actively managed, that an adequate framework exists and risk is embedded across the organisation and within significant corporate processes.

Management

Promote a positive risk culture and ensure that risks within their jurisdiction are identified, assessed and managed in accordance with the Risk Management Framework

Staff

Understand and apply the Risk Management Policy and Risk Management Framework and actively contribute to the management of risks within the scope of their work and to report unmitigated risks in a timely manner.

7. Policy non-compliance

Non-compliance with this Policy has the potential to adversely impact the organisation or the community in the following areas:-

Corporate	Community
• Reputation	• Healthy Community
• Financial / Capital Works	• Stronger Families
• People and Public	• Safe Community
• Legal / Compliance	• Community Strength
• Environment	• Sustainable Economy
• Assets	• Skilled Community
• Service / Performance	• Sustainable Environment

8. Related documents

- Local Government Act 2020
- Public Interest Disclosure Act 2012
- Independent Broad-based Anti-corruption Commission Act 2011
- ISO 31000: 2018 – Risk Management - Guidelines
- Frankston City Council Plan 2021-2025
- Councillor Code of Conduct
- Audit and Risk Committee Charter – 10 August, 2020
- Staff Code of Conduct
- Risk Management Framework
- Fraud Corruption and Prevention Plan

9. Implementation of the Policy

This Policy (in conjunction with other Related Documents) will be published on Council's website and intranet, so that it can be used by Council officers to inform decisions about managing risks.

Managers, Coordinators and Team Leaders will be responsible for educating their staff about this policy.

10. Document History

Date approved	Change Type	Version	Next Review Date
29 May 2012	Initial adoption	1.0	
24 March 2014	Revision	1.1	
18 February 2019	Review and amendment	2.0	2021
11 July 2022	Review and amendment	2.1	2025