

# RISK MANAGEMENT STRATEGY

2014-18



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# 1 PURPOSE

In accordance with good corporate governance the City Greater of Dandenong (Council) maintains a current Risk Management Strategy. The principles that underpin the risk management framework are outlined in the Risk Management Policy, inclusive of the Risk Appetite Statement.

Council recognises that risk exists in all aspects of its operations. It takes seriously the impact of risk on business continuity, and is committed to an approach that embraces a strong risk management culture, that fulfils its duty to provide a safe environment to the community it serves and its staff.

The Chief Executive Officer, Directors and Managers of the City Greater of Dandenong are committed to the pro-active management of all risks in a systemic way. The Risk Management Strategy 2014-18 is a four year strategic plan that sets out the Greater City of Greater Dandenong's risk management framework. Its scope covers the strategic and operational risk and its application is comprehensive, covering every employee of the organisation, councillors and contractors. Respective roles and responsibilities are outlined as part of the framework and procedure.

The risk management process makes a significant contribution towards establishing priorities in the allocation of resources. Managers at all levels are accountable and responsible for the management of risks within the areas of control.

Risk management is an integral part of Council's strategic management and planning process; Council is committed to managing risk in order to achieve its vision and objectives. The Council Plan for 2013-17 outlines Council's vision and objectives.

This includes the strategic objective of "a proactive council that listens and leads". This objective in part focuses on good corporate governance, inclusive of best practice risk management.

The City Greater of Dandenong is committed to:

- developing a culture where risk assessment and management is a part of everyday practice
- embedding risk management through the integration of techniques and processes within current systems and practices
- increasing the competency levels of staff in the management of risk, through accessibility to resources and tools, including training.
- improving the scope and type of management information available for the monitoring and review of risks
- financing the recurrent insurable risk in the most efficient way
- building resilience through the establishment of robust contingency management arrangements.

The effective implementation of this strategy will ensure that Council has the capability to minimise the risk to services and maximise our capacity to achieve our strategic goals. It is recognised that to be effective risk management must become part of the City's integrated corporate and business plans and everyday activities rather than operating in isolation. Building a culture of engagement with risk management ensures that it becomes the responsibility of every employee, contractor, volunteer and elected member of Council.

## 2 CONTEXT

This document outlines the Risk Management framework for the four year period from 2014-2018. It provides a strategic approach to managing business risks – both strategic and operational.

There are a suite of documents that outline the Risk Management framework.

- Risk Management Policy
- Risk Management Strategy and Procedure

It is important that this Strategy be read in combination with the Policy and Procedure

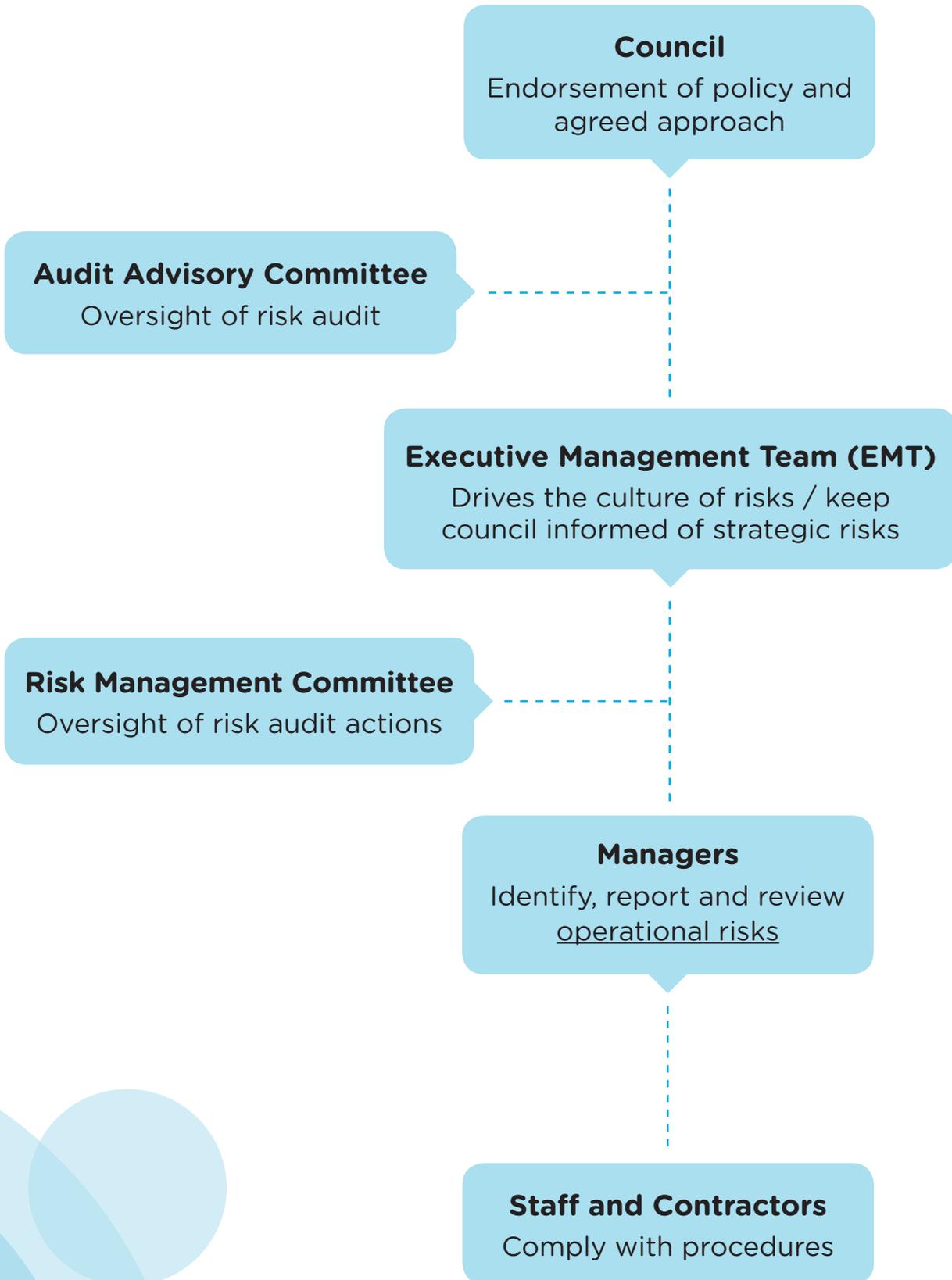
The objectives of this strategy relate to the application of the risk management approach to the range of activities that are undertaken across Council. Compliance with and achievement of specific Action Plan activities are the responsibility of identified departments. The Team Leader Risk Management and OHS has a corporate role in terms of providing an advisory service to all departments, developing competencies, reviewing and reporting to the Executive Management Team, Audit Advisory Committee, Risk Management Committee, and Council as required.

## 3 RISK MANAGEMENT FRAMEWORK

The Risk Management Framework, for the Greater City of Greater Dandenong is undertaken with a complete understanding of the operational environment. Council's risk management is driven by a framework that integrates risk management and business planning, to ensure that identified service level standards are maintained.

The diagram below demonstrates responsibilities and delegations for the implementation of the Risk Management Framework. The Councillors, Executive and management team, and staff are committed to the identification and management of all risks associated with the performance and delivery of council functions and services.

These processes are linked at each level of the organisation and the task based responsibilities of each section of the organisation are further detailed in the Risk Management Procedure.



# 4 OUR VISION

The Council vision is outlined in the Council Plan 2013-17: *The Greater Dandenong Council is a safe, vibrant city of opportunity for all - to visit, work, live and play.*

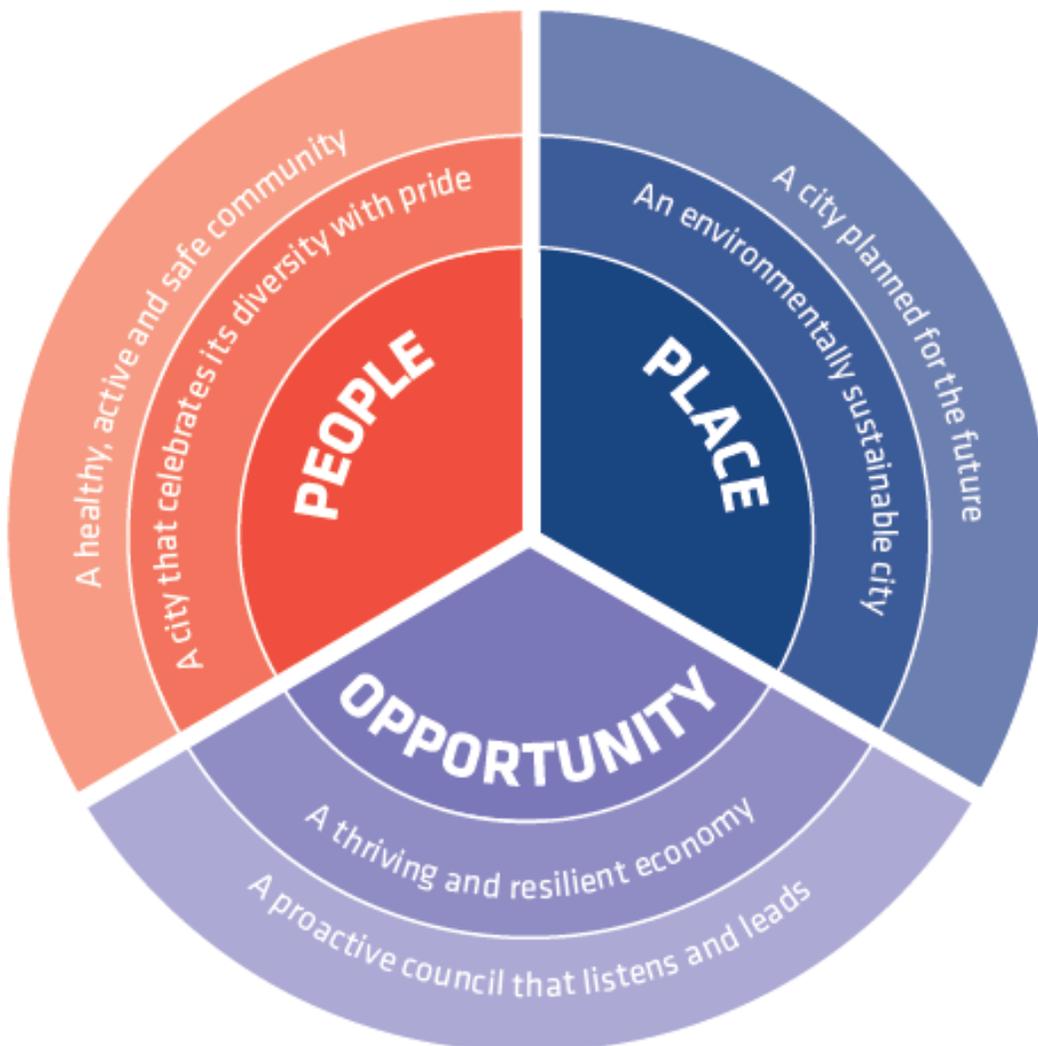
As an organisation the Greater City of Dandenong is committed to best practice and continuous improvement across all of the many service areas of council, and we are accountable to the community through regular reporting of the achievements of Council against our strategic objectives.

## 4.1 THE COUNCIL VISION

The Greater City of Dandenong will be known as a leading Council. Further to this, the Strategic Objective “A proactive council that listens and leads” includes good governance principles and risk management as priorities for the organisation. Action 6.8.5 specifies best practice risk management and the development of the Risk Management Strategy as outcomes for the Plan.

The strategic objectives of the Council Plan 2013-2017 are as follows:-

## STRATEGIC OBJECTIVES



Council & Community Plan



External Risks



**ORGANISATION**



Internal Risks



Functions and Service  
Delivery

Internal Risks are driven primarily by process delivery and the operations of Council services whilst the external environment risks are driven by the influence of the external environment on Council objectives.

# 5 RISK APPETITE

The Risk Management Policy includes a detailed Risk Appetite Statement which is the foundation of the Risk Management Framework. By fostering a vibrant risk management culture Greater Dandenong strives for excellence and ongoing improvement in its program delivery and aims at using “best practice” principles in the management of its resources. In the pursuit of these objectives Council has established a risk appetite which is defined as the willingness to accept a certain level of risk to achieve the agreed outcomes.

The key determinants of risk appetite are intrinsically related to the achievement of the Council Plan objectives and are categorised as outlined below. These risks are then analysed by the combination of the Consequence and Likelihood factors, which provide the inherent risk severity rating. Once determined, risk is then considered in the planning process and the allocation of resources.

Strategic Objective	Risk Appetite Determinant	Category
A proactive Council that listens and leads	Long term strategic priorities and community expectations are met	Reputation
A healthy and safe Council	The safety of our people	Public Safety / People
An environmentally sustainable city	The protection of environment	Environment
A thriving economy	An economy that adapts and changes to a changing environment	Financial Impact
A city planned for the future	The reliability and performance of our infrastructure	Business Continuity/ Interruption

## 5.1 STRATEGIC RISKS

In preparation for each four year Council Plan, the Strategic Risk Register is periodically reviewed and the outcomes utilised to inform several planning processes. Responsibility for identifying and monitoring Strategic Risk primarily rests with the Executive with delegations to the Risk Management Committee. The Strategic risks for Council are as follows:-

- extreme weather events impacting on infrastructure and service delivery.
- inadequate built environment to meet future needs
- inflexible planning systems impacting on attracting development
- cost shifting from Federal and State Government; and capacity to adopt to policy changes.
- influencing / affecting development costs to attract future development
- demographic changes effects capacity to deliver core services
- high cost impost in delivering and planning services to the community
- reputational damage arising from social media
- capacity to attract and deliver the range of services required with a limited skill base.

The Strategic Risk Register is reviewed annually by the Risk Management Committee and will be updated in 2016-2017 as part of the preparation for the renewal of the Council Plan

## 5.2 OPERATIONAL RISK

Risks associated with the delivery of services and the day to day business activities of the organisation. The scope includes ensuring there is effective and efficient use of Council's resources. Operational risks are primarily the responsibility of the Management Group, and the monitoring and reporting responsibilities reside with the Team Leader Risk Management and OHS. Council has established a risk management procedure whereby all departments review risks within their areas through the preparation of formal risk assessments in accordance with the Risk Management Standard (refer to Policy). It is in this context that all risk should be assessed.

In accordance with the Risk Management Policy and Procedure all Managers are responsible for periodically reviewing their areas of activity to assess potential risks, develop strategies to address those risks and determine the effectiveness of the control measures they have implemented.

An annual review of risk across the department shall be conducted. This review shall address the both the internal and external environments, and risk associated with business activities and/or service delivery. The review shall establish the level, nature and form of key threats and vulnerabilities and exposure of the department's activities. The department must also generate a plan to define where specific actions will be required which will be published as part of the annual presentation of the Department's Business Plan.

# 6 RISK ESCALATION

Where risks arise that are considered to be severe or major these risks must be escalated to the Executive for action and decision on the most appropriate treatment measures.

## 6.1 RELATIONSHIP WITH CORPORATE PLANNING AND REPORTING FRAMEWORK

There are several processes that occur across the organisation, and these culminate in the production of various strategies and plans. These are also business plans for each Department of Council. These planning processes are essential to ensure that service planning matches the needs of the community.

### 6.1.1 Corporate Reporting

All of the strategies and plans require monitoring and reporting to ensure accountability. Regular reports provided to Council demonstrate the outcomes achieved. The most regular

### 6.1.2 Department Business Plans

Include indicators from these two sets in addition to several other indicators so that all of council's operations are monitored and evaluated regularly to ensure high service standards.

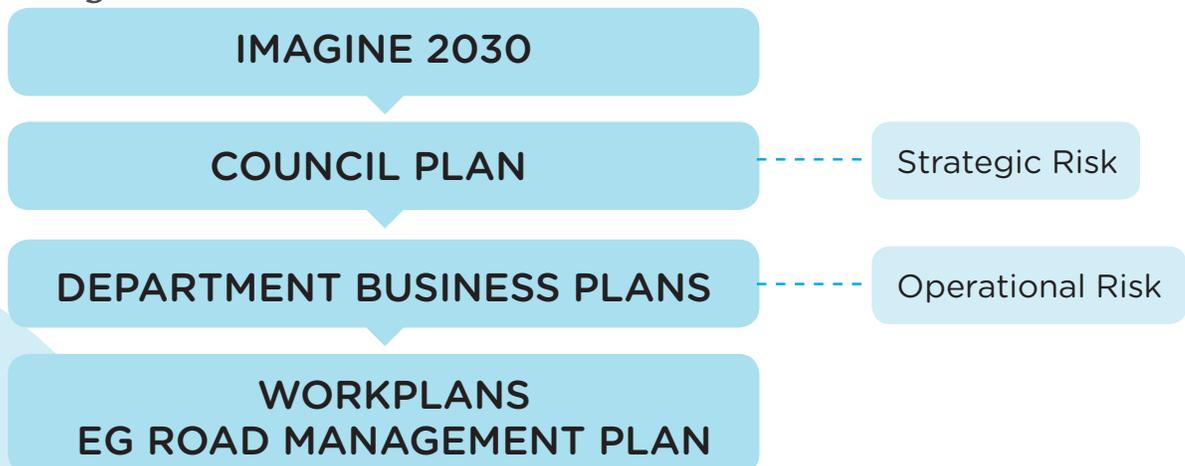
## 6.2 THE APPROACH

Effective risk management is based on a structured approach to the management of risk that emphasises a proactive rather than reactive response. Management of risk will be addressed in the following order:-

1. Eliminate the risk whenever possible
2. Transfer the risk in full or part
3. Reduce the risk by undertaking hazard analysis, process improvement and risk audits and developing procedures relating to all City activities.
4. Ensure the City carries adequate insurance for the risks remaining
5. If significant risks cannot be reduced or eliminated, consider avoiding activity

Risks are a function of service delivery and as such must be considered as part of each annual business plan.

## Imagine 2030



## ACTION PLAN

### Action Plan Review Key Risk Management Activities 2014-18

Objective	Activity	Responsibility	Due Date
<p>Embed risk management into the organisation through the integration of the risk management</p> <p>Recognise and align risk management with organisation's external and internal context and risk profile processes into the planning process</p>	<p>Development of the Strategic and Operational Risk Registers and further integrate the process of risk into planning.</p> <p>Investigate the integration of risk into the broader planning process</p>	Team Leader Risk Management and OHS	<b>2016</b>
Build robust contingency services to ensure the protection of Council assets and services	Annual test and review of Council Business Continuity Plan	Team Leader Risk Management and OHS	<b>Annual</b>
Ensure improved protection of the public, our employees, volunteers and our financial integrity	<p>Build and maintain a robust fraud protection framework</p> <p>Undertake a report review of all fraud risk management activities</p>	Team Leader Risk Management and OHS	<p><b>Annual review</b></p> <p><b>Policy updated every 4 years</b></p> <p><b>Control Plan updated annually</b></p>
Create and maintain a high level of consultation, awareness and ownership by both internal and external stakeholders	<p>Meetings held with key stakeholders on risk management</p> <ul style="list-style-type: none"> <li>• Contractors</li> <li>• Users Groups</li> </ul>	Team Leader Risk Management and OHS	<b>Ongoing</b>
Provide practical mechanisms and process for staff to implement the risk process	Undertake regular training and provide tools to enable the risk assessment process	Team Leader Risk Management and OHS	<b>Annually</b>
Continually monitor and review risk management to ensure we recognise and respond to change and all staff will be in a position to confidently plan and make informed, strategic, business and operational decisions	Support the implementation of Climate Change Action plan	Team Leader Risk Management and OHS	<b>2015</b>
Ensure better identification of threats and exploitation of opportunities	Develop a process for the strategic review of significant project	Team Leader Risk Management and OHS	<b>2016</b>
Ensure best value in the total cost of risk financing	Strategic analysis of Council risk financing program	Team Leader Risk Management and OHS	<b>Every 3 years in conjunction with tender</b>

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