

1 PURPOSE

The purpose of this policy is to outline City of Darwin's (CoD's) principles and approach in relation to the management of organisational risks and hazards. CoD is committed to an integrated system of risk management which forms an integral part of the broader governance and leadership frameworks and supports the creation and protection of long term community value.

2 SCOPE

This policy applies to Elected Members and all City of Darwin operations which includes, employees, consultants, contractors and any other relevant workplace participants, which operate within the Council environment.

Risk Management considers internal and external organisational influences and assists in setting strategy, achieving objectives, making informed decisions and guiding continuous improvement in management systems.

3 POLICY STATEMENT

City of Darwin's Risk Management systems are based on the principles contained within ISO 31000.2018 duly adapted for our organisational environment and requirements.

3.1 RISK MANAGEMENT PRINCIPLES

The principles considered within this policy and CoD procedures consider risk management to be;

- an integrated and integral component of organisational activities
- inclusive of stakeholder views and perceptions
- customised to include internal and external organisational requirements
- dynamic to respond to environmental and future changes
- operating within a structured and communicated framework
- lead by demonstrated commitment by Elected Members, Senior Management and staff

3.2 RISK MANAGEMENT DESIGN ELEMENTS

The fundamental design elements within the CoD risk framework include;

- communicating management commitment to a proactive and aware risk culture
- providing organisational and human resources appropriate to manage systems and outputs
- assigning and communicating roles and responsibilities for managing risk
- consideration, assessment and alignment of organisational objectives and plans to risk
- integration into strategic and other municipal planning and reporting frameworks
- provision of training, evaluation and reporting around hazards and emerging risks



3.3 RISK MANAGEMENT PROCESS METHODOLOGY

The standardised process methodology within the CoD risk framework includes;

- hazard and risk identification
- risk analysis and assessment
- risk evaluation and measurement
- risk treatment and control mitigation
- risk recording in registers and systems
- ongoing monitoring, reporting and review

3.4 RISK REGISTER (PROFILE) CATEGORIES

City of Darwin classifies, assesses and records risks in the category (profile) registers that are appropriate to CoDs current and emerging operating environment.

The risk register categories are subject to periodic review to ensure currency with operating environment, hazards and risks and may include the following areas;

Risk Register Category	Description
Strategic	Hazards and risks that may impact, impede or alter the achievement of strategic or broader municipal plans
Project	Hazards and risks that are specific to major projects or initiatives
Health & Safety	Hazards and risks that have the potential to cause harm or injury to employees, contractors or people in the community
Environment & Waste	Hazards and risks that have the potential to cause harm, injury or damage to the environment, and/or environmental or waste assets and infrastructure
Information Technology & Communications	Hazards and risks that may impact, impede or alter the delivery of ITC services, or ITC assets, infrastructure and data. The risks related to the security of information like confidentiality or integrity of customer's personal or business data. The access rights and/or privileges failure will lead to leakage of confidential data.
Legal and Compliance	Hazards and risks that result in exposure to legal penalties, financial forfeiture and material loss when an organisation fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.
Regulatory & Community Operations	Hazards and risks that may impact or impede the delivery of services, or disrupt, damage or alter the regulatory and community assets and infrastructure.
Engineering Operations	Hazards and risks that may impact or impede the delivery of services, or disrupt, damage or alter the engineering assets and infrastructure.
Business Continuity	Hazards and risks that may impact or impede or alter the resources affecting processes and delivery of products or services, such as loss of premise risk.

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3.5 RISK APPETITE

Risk appetite is defined in ISO 3100.2018 “as the amount and type of risk an organisation is willing to accept in pursuit of its business objectives”.

The risk appetite tolerances for City of Darwin are established on the identified residual risk for each consequence, (impact) category for the organisation. Once a risk is identified, it is initially measured in accordance with the risk framework. Controls or mitigations are then established or implemented to reduce the risk to as low as reasonably practical.

Some risks are unable to be reduced to a lower level through further treatment, transfer of risk, or by avoidance. These risks sometimes need to be accepted by City of Darwin even though the residual risk rating level may exceed organisational tolerances. Residual risks will be monitored, reported and periodically reassessed in accordance with risk frameworks, policy and procedures.

City of Darwin seeks to identify and report any residual risk that exceeds the established risk appetite to the Audit Risk Management Committee on a regular basis.

The risk appetite for City of Darwin is established based on the residual risk identified for each consequence (impact) category for the organisation and is per TABLE A below.

ACCEPTABLE RISK APPETITE		RISK SCORE - Level of residual risk (after treatment) that City of Darwin considers acceptable, with monitoring & controls, in pursuit of business objectives				
		VERY LOW	LOW	MEDIUM	HIGH	EXTREME
RISK CONSEQUENCE CATEGORIES	ASSETS & INFRASTRUCTURE			*		
	ENVIRONMENT & WASTE			*		
	FINANCIAL			*		
	INFORMATION TECHNOLOGY COMMS			*		
	LEGAL & COMPLIANCE		*			
	OPERATIONS / SERVICE DELIVERY			*		
	REPUTATION AND BRAND		*			
	WORK HEALTH & SAFETY		*			

TABLE A – RISK APPETITE MATRIX (COPY ALSO WITHIN RISK MANAGEMENT PROCEDURE)

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4 DEFINITIONS

Risk Appetite - the amount and type of risk an organisation is willing to accept in pursuit of its business objectives before action is deemed necessary to reduce the risk or monitor and control.

Risk Management - coordinated activities to direct and control an organisation regarding risk.

Risk Source (Hazard) – element which alone or in combination has the potential to give rise to risk.

Event – occurrence or change of a particular set of circumstances. An *event* can have multiple *consequences* and an *event* can be a *risk source*.

Control – is a measure that maintains or modifies risk and may include, but not limited to, a process, policy, device, practice or another actions.

Consequence (Impact) – the outcome of an *event*. *Consequences* are grouped into categories per Table A.

Likelihood (Probability) – chance of something happening.

5 LEGISLATIVE REFERENCES

Local Government Act 2019 – Part 2.3
ISO 31000:2018

6 PROCEDURES AND RELATED DOCUMENTS

2310.010.I.R Procedure - Risk Management Framework

7 RESPONSIBILITY AND APPLICATION

The Local Government Act and associated Regulations empower and require the Chief Executive Officer to establish and maintain a risk management framework and associated processes.

While the Chief Executive Officer is responsible for the implementation of this policy, all Elected Members and staff have responsibilities in relation to risk management.

The Risk Management and Audit Committee will review the effectiveness of the risk management framework and associated processes.

Council staff are responsible for identifying, assessing, managing and reporting risk.

The Chief Financial Officer is accountable for the overall management of this policy. This Policy will be reviewed every two (2) years or at such other time as necessary.

This policy applies to all Elected Members, Staff and Council Executive and Advisory Committees.

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