

Risk management

Policy No. 2310.100.E.R

1 Purpose

The purpose of this policy is to outline City of Darwin's principles and approach in relation to the management of organisational risks and hazards. City of Darwin 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

City of Darwin takes a risk-based approach to all operations, infrastructure and service delivery. This policy applies to all City of Darwin activities, including those which are externally provided or delivered.

3 Policy statement

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

3.1 Risk management principles

The principles considered within this policy and City of Darwin procedures are:

- 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
- demonstrated by commitment of Elected Members, Senior Management and staff.

3.2 Risk management design elements

The fundamental design elements within City of Darwin’s risk framework include:

- communicating management commitment to a proactive and aware risk culture
- providing 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 risk.

3.3 Risk management process method

The standardised process method within the City of Darwin 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 categories

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

These risks are captured in Strategic, Operational, and Project Risk Registers. The Strategic Risk Register is a finite series of risks that may impede the achievement of the Strategic Directions outlined in Darwin 2030. The Operational and Project Risk Registers deal with risks to achieving operational and project outcomes.

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
Assets and infrastructure	Damage to assets or infrastructure that may or may not result in delays to delivery, financial loss, and the use of business continuity plans.
Environment & waste	Harm to the environment and/or supporting ecosystems and areas or harm to waste management sites and areas.

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Responsible Officer: Chief Financial Officer

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Risk register category	Description
Financial	Financial loss where management of impact may not be absorbed within existing budget and current operational program.
Information technology and communications	Damage or disruption to ITC assets or systems that may or may not result in delays to delivery, legislative exposure, and the use of business continuity plans.
Legal and compliance	Breach of legislation or compliance requirements that may or may not result in litigation, financial or reputational consequences.
Operations and service delivery	Disruption to a service, project or customer that may or may not results in delays to delivery and the use of business continuity plans.
Reputation and brand	Media exposure that may or may not impact reputation, image, stakeholders or brand and may or may not require action or intervention.
Work health and safety	Harm or injury to persons, with potential medical treatment and work performance consequences.

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 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 the Risk Framework, policy and procedures.

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

The risk appetite for City of Darwin is established based on the residual risk identified for each consequence category for the organisation as per the table 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		*			

4 Definitions

Consequence is the outcome of an event. Consequences are grouped into categories.

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

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

Hazard is an element which alone or in combination has the potential to give rise to risk.

Risk Management is coordinated activity to direct and control an organisation's response to risk.

5 Legislative references

Local Government Act 2019 (NT) (Part 2.3)

6 Procedures / related documents

2310.010.I.R Procedure – Risk Management Framework

ISO 31000:2018 – Risk Management

7 Responsibility / application

The *Local Government Act 2019* (NT) 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.

City of Darwin 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 years or as necessary.

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