

<b>Title:</b>	<b>Policy on Risk Management</b>
Policy No:	069
Adopted By:	Executive Leadership Team
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1	21/1247	16/7/13	Adopted
2	--	31/7/15	Annual review - no change
3	--	30/6/17	No change - ISO31000 reference

## 1 Policy Summary

The practice of risk management is recognised as being a core component of an organisation's corporate governance framework.

Risk management is defined through international standards as being an ongoing process of defined steps that are used to support all levels of an organisation's management in decision making processes by providing a greater awareness of the risks to, and impacts upon, all aspects of business activity.

## 2 Policy Objectives

The City of Darwin (Council) risk management framework and supporting strategies embrace the principles set out in the International Standard for Risk Management, ISO31000:2018, and the definition of risk :- *"The effect of uncertainty on objectives"*

Council is committed to a structured approach to managing risk in order to complement its financial and governance strategies. This will support the achievement of Council's core business objectives and increase stakeholder confidence in the ways in which Council conducts its business.

This will be achieved through the implementation and maintenance of approved, standardised risk management practises at the strategic and operational levels and for project management, occupational health and safety and environmental management initiatives.

Council's risk management strategies address the eleven core principles set out in ISO 31000:2018, with which an organisation's risk management strategy should seek to comply :-

1. Risk management creates and protects value
2. Is an integral part of all organisational processes
3. Forms part of decision making processes
4. Explicitly addresses uncertainty
5. Is systematic, structured and timely
6. Is based on best available information
7. Is tailored to the needs of individual organisations
8. Takes into account human and cultural factors
9. Is transparent and inclusive
10. Is dynamic, iterative and responsive to change
11. Facilitates continual improvement

## 4 Policy Statement

Through the adoption and implementation of its risk management framework and practices, Council aims to ensure that the potential for exposure to risk is identified, risks are assessed for severity, quality of internal control mechanisms are evaluated, treatment plans are implemented and risks are monitored, managed and reported on; with particular regard to the following :-

1. compliance with applicable legal and legislative frameworks, and with Government policy as it impacts on the operation of Council;
2. the effective delivery of services to ratepayers, clients and stakeholders;
3. exercising prudent financial and asset management, ethical conduct and meeting community expectations;
4. management of workers' safety, consistent with legislation, standards and defined guidelines;
5. management of environmental issues, consistent with legislation, standards and defined guidelines;
6. the management of Council's corporate responsibilities and the achievement of its strategic and operational objectives; and
7. the protection of the reputation of the City of Darwin and the elected representatives.

In accordance with these stated aims, Council will conduct its operations in a prudent manner whereby risks will be identified and assessed, effectively controlled, monitored and reported; and where relevant and appropriate to do so, transferred to others outside of the Council.

## 5 Legislation, terminology and references

This policy is supported by the following:-

1. International Standard for Risk Management ISO 31000:2018
2. City of Darwin Risk Management & Audit Committee terms of reference
3. City of Darwin Standard on Risk Management
4. City of Darwin Risk Management Lexicon

## 6 Implementation and delegation

The Council maintains a risk management framework that:-

1. Ensures that Council develops and maintains risk management plans as part of the annual strategic planning processes;
2. Develops and maintains processes to regularly identify and analyse strategic, operational and project specific risks;
3. Effectively assesses, evaluates and controls those risks
4. Regularly reports on compliance with legislation and policy;
5. Assesses the risks associated with corporate strategies, key business objectives, critical decisions, major business changes, project related activities and major procurement processes;
6. Ensures that a comprehensive internal control framework is in place, supported and driven by structured risk assessments, to protect Council assets from loss;
7. Where there is an identified practical, legal and/or commercial benefit, transfers risks to others outside of Council;
8. Provides a clear understanding of the principles of risk management for all employees and embeds a risk management culture within the organisation;
9. Utilises a risk based approach in the development of internal audit and control self-assessment programs;
10. Ensures outcomes from Council's internal audit and control self-assessment programs are used to continuously manage and improve risk assessments; and
11. Analyses all incidents that have placed Council at risk and identifies and effectively implements remedial action where required.

## 7 Evaluation and review

This policy will be reviewed every two years by the Executive Leadership Team.

Measurement of performance will be assessed by :

1. Monitoring and reporting on the implementation of strategic plans and successful management of associated risks;
2. Monitoring and reporting on the implementation of risk management plans and associated internal audit and control self-assessment programs;
3. Analysing the findings and recommendations of Internal Audit reports and the control self-assessment program, and their impact on the levels of risk as identified within operational and strategic risk assessments;
4. Analysing the outcomes from WHS inspections and reports and their impact on levels of risk; and
5. The Risk Management Framework will be subjected to external audit and quality review at such times as is determined by the Risk Management and Audit Committee.