

Risk Management Policy



Approved by:	Council
Group:	Strategy and Corporate Planning
Responsibility:	Risk and Assurance Manager
Date adopted:	15 February 2024
Review:	Every 3 years or as required This Policy does not cease to have effect because it is due for review, or being reviewed
Consultation:	Not Required
Policy Type	Internal Corporate Management

Policy Purpose

1. To confirm and document Timaru District Council (Council)'s commitment to, and principles and objectives in relation to, risk management;
2. To formalise, standardise and structure the approach to risk management across all functions and activities of Council, in conjunction with the Risk Management Framework (#1641141).
3. To assist Council to meet its stated objectives and Community Wellbeing Outcomes, in line with the requirements of local government as stated in section 10 of the Local Government Act 2002, and;
4. To assist to enhance the trust that stakeholders – especially residents of the Timaru District – and partners have in Council because risk is demonstrably managed prudently and methodically.

Scope

5. This policy applies to all activities of Council, and all those who perform those activities on behalf of Council. This includes Elected Members, employees, contractors and volunteers. For the avoidance of doubt, Council Organisations such as Venture Timaru and Timaru District Holdings Limited are not currently within scope, but this is subject to change.

Definitions

6. Inherent risk: The expression to describe un-managed risk.
7. Residual risk: The expression to describe managed risks (after factoring in the efficiency of existing treatments).

8. Risk: Risk is the effect of uncertainty on objectives. A future event which, if it happens, will have an impact on one or more of TDC's objectives. This could be an opportunity as well as a threat. The five basic categories of risk are Governance, Strategic, Business, Operational and Project, where one specific risk often encompasses aspects of more than one category.
9. Risk appetite: The level of risk Council is willing to accept, tolerate or be exposed to at any given time, in the pursuit of its objectives.
10. Risk assessment: The approach and process used to prioritise and determine the likelihood of risks occurring and their potential impact on the achievement of the Council's objectives. The process of risk identification, risk analysis, risk evaluation and identification of controls needed to mitigate the risk, and who is responsible for this.
11. Risk aware: Having a process in place that allows management to know which risks are being taken, what controls are in place to manage them and what is the level of risk vs Risk Appetite.
12. Risk management: Coordinated activities to direct and control an organisation with regard to risk.

Policy Statements

Risk Management Objectives

13. Council's Risk Management Objectives are as follows:
 - (i) To ensure that risk management is integrated into all areas of Council's business operations to support the delivery of the Long-Term Plan's Levels of Service by:
 - i. Developing and implementing the Risk Appetite Statements, Risk Management Policy and supporting tools and processes;
 - ii. Allocating appropriate resources for risk management; and
 - iii. Assigning roles, delegation authorities, responsibilities and accountabilities with respect to risk management and communicating these at all Council's levels.
 - (ii) To consistently evaluate risk across Council to provide a reliable source of information for decision-making and planning;
 - (iii) To ensure decisions made are aligned with Council's Risk Appetite, are undertaken within Risk Tolerance levels and are executed with sufficient independent oversight, and;
 - (iv) To develop and embed a risk-aware culture amongst Council employees, where risk management is seen as a positive attribute of decision-making and employees assume responsibility for managing risks.
14. The objectives will be achieved through the application of the eight Risk Management Principles and the Three Lines Model, as outlined in the Risk Management Framework.

15. The specific roles and accountabilities of all parties in managing risk is outlined in the Roles and Responsibilities section of the Risk Management Framework.

Risk Appetite

16. Council acknowledges and accepts that, in the course of undertaking its duties and functions, it will encounter elements of risk that may be potentially either beneficial or detrimental to achieving its objectives. Taking on risk to achieve Council objectives is recognised as necessary, and some of these risks will be significant.

17. The Risk Appetite is determined by the Elected Members of Council, and may be amended from time to time subject to the needs and wishes of Council. It is a dynamic articulation and responsive to changing circumstances. The current Risk Appetite is expressed in the Risk Appetite Statements, located in Appendix A of this policy.

18. The Elected Members of Council commit to setting risk appetites in a responsible and prudent manner, with a focus on Council's objectives and Community Wellbeing Outcomes, and their statutory obligations.

19. Officers will provide Council with advice to inform the setting of the Risk Appetite, including providing them with information in a relevant, full and timely manner, and advising if the nature or relevant particulars of a risk is changing.

20. Management will utilise the risk appetite statements to create risk assessment criteria definitions, and this will be used in the risk management process. Further information is available in the Risk Management Framework.

Risk Culture

21. To promote a positive risk culture, Council is committed to an environment where:

- (i) All employees can openly talk about risks and uncertain issues without fear or blame;
- (ii) Appropriate risk taking behaviours are rewarded, and inappropriate behaviours are challenged / sanctioned;
- (iii) Risk event reporting is encouraged and seen as a routine;
- (iv) Issues are identified for learning purposes, continuous improvement and reduce uncertainty of future event;
- (v) All employees understand the specific risks and risk areas they are accountable for and are given appropriate training to manage them; and
- (vi) Risk management skills and knowledge are valued, encouraged and developed.
- (vii) Identified risks are to be "owned".

22. Council expects all parties within the scope of this policy to identify, manage and monitor risk pro-actively, in good faith, and in a manner consistent with Council's role as a public organisation.

Monitoring

23. Risks will be identified and monitored on an ongoing basis by all areas of Council, in line with the Roles and Responsibilities outlined in the Risk Management Framework.

24. The Risk and Assurance Unit will assist all parties to successfully undertake their roles and responsibilities.; additionally, they will perform an across-Council co-ordinating, monitoring and reporting function. The Audit and Risk Committee (ARC) will review reports and provide professional guidance to officers to assist with monitoring.

Reporting

25. Reporting will be undertaken as per the following table. The nature and frequency of the reporting will differ depending on Residual Risk Rating.

Who	What	When
Risk and Assurance Manager	Produce the reports on: <ul style="list-style-type: none"> - Strategic Risk Register; - Extreme and High Business Risks; and - Council-wide Risk Register 	As required
	Report to the ARC on significant increase in the residual rating of the strategic risks	As required
Senior Leadership Team	Receive Reports from the Risk and Assurance Manager on the Top Strategic Risks and Extreme and High Business Risks	Quarterly, or as new High or Extreme Business Risks are identified
Audit and Risk Committee	Review of Strategic and Governance Risks	Quarterly as a standing item
	Review of Extreme and High business risks	Biannually
	Review of the Council-wide Risk Register	Annually

26. Operational risk is managed by Unit Managers within Council. Project risks are project specific, and reported on an exception basis. As such, neither risks is necessarily formally reported on at a regular frequency, unless officers deem it appropriate.

Delegations, References and Revision History

Delegations

Identify here any delegations related to the policy for it to be operative or required as a result of the policy

Delegation	Delegations Register Reference
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N/A

References

Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)

Title	Relevant Reference within Document				
Risk Management Framework (#1641141)					
Revision History					
Summary of the development and review of the policy					
Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
V1 - draft	Risk and Assurance Manager				

Appendix A: Risk Appetite Statements

Note: these statements are subject to change by Council at any time; their review and amendment will not necessarily align with the review of the Risk Management Policy.

Employees

We will continue to provide opportunity to develop the human capability within the organisation, accepting a **Low** level of risk, as we recognise that positive, engaged and capable people are central to the Council's ability to meet its strategic objectives.

Environmental

We have **No** Appetite for the risks that result in the significant and irreparable damage to the environment and **Low** Appetite for decisions that do not support ecologically sustainable development and strengthen our ability to deal with the impacts of Climate change.

Financial

We have **Low** Appetite for risks that negatively impact on Council's core financial business and accept a **Moderate** risk for commercial opportunities.

Council has **No** Appetite for internal fraud, corruption, collusion and theft perpetrated by its staff. (loans)

Health, Safety and Wellbeing

We have **No** Appetite for practices or behaviours that could be expected to lead to staff being harmed while at work.

Infrastructure / Operations. Customers / Service Delivery.

We have **Moderate** Appetite for risks that will impact our capability to deliver our major projects and programmes.

We accept a **Low** level of risk to ensure efficient delivery of asset planning and maintenance activities that underpin agreed levels of service.

Council has a **Low** Appetite for disruptions to its operations and processes. These disruptions will only be accepted if they were unavoidable as part of a transformational change or strategic initiatives and will not impact service delivery to our customers and communities.

Legislative

We have **No** Appetite for deliberate or purposeful violations of legislative or regulatory requirements, and any identified breaches of legislative compliance will be remedied as soon as practicable.

We accept a **Low** level of risk as a cost trade-off to ensure efficient delivery of the regulatory and legislative function to meet the agreed levels of service.

Reputation / Stakeholder

We accept a **Moderate** risk level, as we recognise there are inherent risks in any relationship that are outside the Council's control.

We will undertake further community development, accepting a **Moderate** level of risk, to ensure that communities are well informed, resourceful, connected, trusting,

respectful and participatory.

Information Management

We recognise and accept a **Moderate** level of risk associated with applications, systems and processes that may provide innovative solutions to Council's operations (*Ongoing Development*). We have **No** Appetite for threats to our assets arising from external malicious / cyber-attacks (*Security*). We have **No** Appetite for risks to the availability of systems which support our critical business functions (*Processing*).

We have **No** Appetite for the deliberate misuse of our information and **Low** Appetite for the compromise of processes governing the use of information, its management and publication.