

# Risk Management Policy

Policy Owner:	Chief Executive
Date approved:	1 March 2018
Next review date:	March 2021
Document number:	1982658
Engagement required:	N/A

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## 1 Purpose

To explain the system the Council has in place to identify and manage risks which could prevent the Council from achieving its strategic objectives or maintain business continuity at a strategic, operational and project level.

The Council's approach to risk management, the risk management process, and the main risk reporting procedures are set out in detail in the Risk Management Framework, which supplements this document.

## 2 Definitions

**Business Continuity Management (BCM)** means the ability of WDC or part thereof, to continue to provide minimum service levels to customers during and following any event which affects WDC's normal capacity to deliver those services.

**Council** means the Waikato District Council Elected Members

**High or Extreme Rated Risks** means Risks defined by using the organisation's Likelihood and Consequence Tables in the risk management framework.

**Organisational Risk Register (ORR)** means the risks register containing the organisation's strategic risks and the highest level operational risks. Risks are grouped by portfolio and their association with business structure. Individual risks can have mitigation treatments applied to avoid, transfer or minimize their likelihood or impact.

**Risk** means an uncertain event or condition that, if it occurs, has a positive or negative effect. Risks can occur from various sources (such as financial, reputation/image, environmental, etc.) and be relevant at either project, operational or strategic levels within the organisation. A risk is quantified in terms of likelihood (probability of occurrence) and consequence (impact).

**Risk Appetite** refers to the level of risk that the Council is willing to accept.

**Risk Assessment** refers to the overall process of identifying, analysing and evaluating risks. It includes qualitative and in some cases quantitative assessment.

**Risk & Innovation Improvement Team Leader, and Risk Advisor** means the Council staff members responsible for co-ordination of risk management activity within the organisation including administration of ORR.

**Risk Management** means the culture, processes, coordinated activities and structures that are directed towards managing adverse effects. The risk management process involves communicating, consulting, establishing context, identifying, assessing and evaluating, treating, monitoring and reviewing risks.

**Risk Management Framework** means a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout WDC.

**Waikato District Council (WDC)** means the Waikato District Council as an organisation

### **3 Policy statements**

#### **3.1 Risk**

- 3.1.1 The Waikato District Council (WDC) recognizes that it is obliged to manage effectively and to review regularly its risks at a strategic, operational and project level. The organisation has done this by developing a Risk Management and Framework and a range of risk management and business continuity processes and tools that apply across the organisation.
- 3.1.2 Risk assessment is a major consideration in planning and budgeting processes at all levels in the organisation. Risks must be considered and documented as part of the justification for all new projects. Risk assessment and monitoring must form part of the management of operational activities.
- 3.1.3 All strategic risks are contained within the organisational Risk Register (ORR), which is reviewed and reported quarterly by the Risk Advisor to the Audit and Risk Committee and Monthly to the Executive Leadership Team. The ORR is managed via the online Promapp risk module. As a minimum, the strategic risks are to be reviewed annually.
- 3.1.4 All business units are required to maintain their own operational risk registers. They are managed via Activity Risk Registers and or the online Promapp risk module. Operational risks and any associated treatments must be regularly assessed for currency. As a minimum, operational registers are to be reviewed every six months.
- 3.1.5 Project risks are assessed and managed by the Project Manager and escalated immediately where risk exceeds organisational risk appetite. Project risks are recorded in a project specific risk register within the organisation's project management software.
- 3.1.6 Risk events will derive from, or have consequences in one or more of the identified risk portfolios. They are identified against each risk as risk consequence categories. WDC has eight risk consequence categories defined as follows:
  - a. Business Continuity
  - b. People
  - c. Financial
  - d. Reputation/Image
  - e. Compliance regulatory
  - f. Environmental
  - g. Political & Strategic
  - h. Technical

3.2 New risks may be identified at any time by any member of staff and logged in the appropriate Risk Register. Staff must report to the Risk Advisor that exceed organisational risk appetite arise during the course of the year.

### 3.3 Risk Appetite

Risk appetite is defined as the level of risk that Council is willing to accept for each of the risk portfolios to achieve objectives. This is ultimately set by Council based on recommendations from the Audit and Risk Committee and the Executive Leadership Team. Risk appetite statements, included in the Risk Management Framework, provide the current risk appetite for the organisation. It should be noted that risk appetite will evolve as strategy changes.

The Chief Executive and the Council encourage the taking of controlled risks to better improve the efficiency and effectiveness of the services and functions that Council provides on behalf of the community, provided the resultant exposures are acceptable.

The Risk Management Framework contains 'Likelihood and Consequence tables' and a correlating matrix that can be used to determine a risk score and to categorize a risk into one of four risk levels (Low, Moderate, High and Extreme). Each risk level has a suggested action plan for appropriate management.

### 3.4 Roles and Responsibilities

All Waikato District Council employees have a responsibility to manage risk in accordance with the Risk Management Policy, Risk Management Framework and Promapp risk management processes.

Council, through its Audit and Risk Committee, have a focus on strategic level risks and have a significant role to play in ensuring the ongoing integrity and transparency of risk management and risk reporting at Waikato District Council. It provides governance for the organisation's risk management. In this role the Audit and Risk committee shall:

- a. Review the organisations risk register (ORR)
- b. Audit the current risk controls and seek assurance of the ongoing management of these controls
- c. Provide guidance on the organisation's risk exposure (effectively establishing the Council's risk appetite) including the identification of new strategic level risks.

## 4 **Policy review**

This policy will be reviewed as deemed appropriate by the Audit & Risk Committee, or at least once every three years.