

## **RISK MANAGEMENT CHARTER 2016**

### **1 CONTEXT**

Taupō District Council is a local authority which operates in a highly visible and accountable political and statutory environment.

Council's high level goals and objectives are established through Statute and consultation with the community and are principally documented in Council's Long Term Plan and Annual Plan. Council's performance relative to those goals and objectives is assessed and reported on through the preparation of an Annual Report.

### **2 POLICY AND OBJECTIVES**

It is Council policy to implement and maintain a Risk Management system that reflects best practice.

Key objectives are:

- To provide a logical and systematic method for identifying and managing risk within the organisation that will assist the organisation to meet its goals and objectives efficiently and effectively. This is achieved by aligning key organisational objectives, risks and mitigating controls.
- To consider concepts of risk appetite (is prepared to accept) and risk tolerance (is able to accept) as an integral part of ensuring there is a consistent and appropriate risk culture in the organisation.
- To minimize losses and maximize opportunities – Risk Management is as much about defining opportunities as avoiding and mitigating losses.
- To improve the decision-making capabilities of frontline staff recognising that the greatest knowledge and capacity for the management of risk often rests with those who are closest to the action.

### **3 STRATEGY**

Overarching strategies for managing risk within Council are:

- Council's Chief Executive will establish and implement a Risk Management system that is relevant to the organisation and which reflects the provisions of this Charter. The overarching objective of that Risk Management system will be to identify, and where feasible, mitigate risk factors that might prevent Council achieving its objectives.

Risk Management systems established within Council will reflect prevailing best practice including relevant industry standards – especially AS/NZS ISO 31000.2009 *Risk Management Guidelines and Principles* and HB 4360.2004 *Risk Management Guidelines* which can be used as a supplementary handbook and guide in the provision of practical advice.

- The ongoing effectiveness of Council's Risk Management systems and compliance with them by employees will be demonstrated by appropriate reporting to Council, and Council's Committees reflecting delegations made to those Committees.

#### **4 SCOPE**

Risk Management should be integrated into Council’s culture, philosophy, practices and plans, rather than being viewed or practiced as a separate program. When this is achieved Risk Management becomes the business of everyone in the organisation.

Risk Management practices should be applied to the following wherever they are relevant to meeting Council objectives:

- Existing activities and functions
- New activities and projects, especially those proposed within relevant planning documents, e.g. Long Term Plan and Annual Plan.

Further, the scale and application of risk management practices (including documentation) should reflect the scale and significance of both the activity being reviewed and the underlying Council objective. Risks to Council meeting its objectives should be managed in accordance with the law of diminishing returns.

#### **5 COMMITMENT**

Risk Management is regard as an essential business discipline and core competency of each Group within the organisation. Day-to-day management of risk is the principal responsibility of respective Managers and staff.

All of Council’s elected representatives and staff shall be committed to implementing and maintaining a Risk Management system within Council that reflects the provisions of this Charter.

#### **6 APPETITE FOR RISK**

To meet its objectives the Taupo District Council will generally operate within a low overall risk range. The Taupo District Council’s lowest risk appetite will relate to financial, safety and compliance objectives, including employee health and safety, with a marginally higher risk appetite towards its strategic, reporting, and operations objectives. More specifically its appetite for risk is as follows:

No Appetite	<ul style="list-style-type: none"><li>• For actions or decisions that have a significant impact on Council’s long term financial sustainability</li><li>• For anything that unreasonably compromises peoples safety and welfare</li><li>• For internal fraud, collusion, theft and associated reputational risk.</li><li>• For non compliance with Legal and Regulatory obligations.</li><li>• For unauthorised release of confidential information</li></ul>
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<p style="text-align: center;">Low Appetite</p>	<ul style="list-style-type: none"> <li>• For system failures or information and data security breaches</li> <li>• For third party (contractors) failure.</li> <li>• For risks arising from failure to meet customer &amp; ratepayer commitments.</li> <li>• For risks arising from breaches of internal policies and standing orders</li> </ul>
<p style="text-align: center;">Medium Appetite</p>	<ul style="list-style-type: none"> <li>• For risks associated with the implementation of change and key strategic plans.</li> <li>• For risks associated with implementing 'The Way That We Work' for staff and being the best that we can</li> </ul>
<p style="text-align: center;">High (considerable) Appetite</p>	<ul style="list-style-type: none"> <li>• For developing and implementing improvements to service delivery</li> <li>• For seeking improved efficiency of Council operations</li> </ul>

## **7 RESOURCING**

Annual resourcing will be established through the annual estimates process.

## **8 MONITORING AND REVIEW**

The Risk Management Charter will be reviewed on an annual basis by Council's Audit & Risk Committee.

The annual risk management programme for Council will form part of the overall work programme for the Council's Audit & Risk Committee.

Reporting on the risk programme will be undertaken at meetings of the Audit & Risk Committee as scheduled throughout the year.

## **9 AUTHORITY**

All areas of the organisation will be open to Risk Management initiatives and in carrying out their functions all Risk Management and/or Internal Audit staff will have access to all other Council staff, information, records, documents, reports and property. Risk Management and/or Internal Audit staff have direct access to non-Executive appointees or co opted to any established Audit and Risk Committee or other appropriate Committee as determined by Council.