

Wagga Wagga City Council

RISK MANAGEMENT POLICY

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5	Res No: 09/077	27 July 2009
6	Res No: 11/314.2	12 December 2011
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9	Res No: 17/279	28 August 2017
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PART 1: INTRODUCTION

Risk is defined as the effect of uncertainty on objectives, and this uncertainty can have financial, operational, environmental and/or reputational consequences.

Wagga Wagga City Council understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve its strategic, operational, financial and regulatory objectives.

Council recognises that whilst risk is inherent in all its activities, the management of that risk is an integral part of good management practice and fully supports risk management as a central element in its Good Governance Framework. Therefore, all Wagga Wagga City Council departments and operations will adopt a risk management approach consistent with AS/NZS ISO 31000:2009 in their planning, approval, review and control processes.

Risk management is a systematic process that involves establishing the context of risk management, ~~identifying~~ identifying risks, analysing risks, evaluating risks, treating risks, periodic monitoring and communication. Risk management does not eliminate all risk. The application of risk management thinking, principles and practices aims to help Council deliver quality services, improve decision making, set priorities for competing demands/resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of Council's objectives.

Council is committed to the formal, systematic and proactive management of risks.

The purpose of this policy is to establish and communicate Council's approach for managing enterprise wide risks and to establish clear objectives to ensure that all ~~levels of~~ Councillors, Committee members, -management, staff, contractors and volunteers are aware of and responsible for the management of risk which will allow Council to maximise opportunities and minimise negative outcomes.

1.1 Policy Objectives

Wagga Wagga City Council aims to:

- Maintain the highest possible integrity for services ~~it provides~~ sd by the Council,
- Safeguard its assets, including people, property and financial resources,
- Create an environment where all ~~Council~~ Councillors, Committee members, employees, contractors and volunteers assume responsibility for managing risk,
- Establish a formal, structured risk management framework that is appropriate to Council's activities and operating environment,
- Adopt a risk management approach consistent with the principles of Australian and New Zealand risk management standard AS/NZS ISO:31000:2009 where ~~by~~ risks are identified, analysed, evaluated, treated, monitored and communicated,
- Maintain a register of identified risks applying to Council,

- Establish and as necessary review Council's risk appetite,
- Review Council's risk management framework through periodic reviews,
- Involve Councillors, management, staff and key service providers in Council's risk management process as appropriate,
- Establish mechanisms to appropriately deal with risk,
- Demonstrate transparent and responsible risk management processes aligned with accepted best practice standards and methods.

1.2 Scope of Policy

This policy applies to all Councillors, Committee members, management, staff, contractors and volunteers across all Council activities and processes.

1.3 Definitions

Risk	Effect of uncertainty on objectives
<u>Risk appetite</u>	<u>The amount and type of risk an organisation is prepared to pursue or take</u>
Risk management	Coordinated activities to direct and control an organisation with regard to risk
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation-
Risk Management Policy	Statement of the overall intention and direction of Council related to risk management
Risk Management Plan	Plan that establishes Council's risk profile for each year, including strategies intended to reduce identified risks

1.4 Risk Appetite

Wagga Wagga City Council supports creativity and innovation by aligning it with an active approach to risk management, balancing its exposure to risk against the expected benefit to the community in accordance with the Community Strategic Plan – Wagga View 2040.

In considering its approach to risk, Wagga Wagga City Council's appetite increases for risks that seek to continually improve the services we provide and the way we do business, without compromising integrity. In particular:

Financial Risk

Council encourages innovation and has a medium appetite for risks where a positive benefit or return to the community can be anticipated or demonstrated.

Governance and Compliance Risk

Council has a low appetite for compliance breaches, or a lack of transparency and integrity. While minor breaches may occur from time to time due to inadvertent human error and the complexity of our organisation, acts of internal fraud, corruption, collusion or theft will not be tolerated.

Reputational Risk

Council has a medium appetite for risks that improve our ability to meet customer expectations.

Environmental Risk

Council is committed to the principles of ecologically sustainable development and has a low appetite for risks that result in significant and irreparable damage to the environment.

Service Delivery Risk

Council has a medium appetite for risks that improve operational efficiency and service delivery.

Health and Safety Risk

Council has no appetite for risks that compromise the health and safety of staff, volunteers, contractors and/or members of the public and will seek to mitigate such risks as far as reasonably practicable.

~~Wagga Wagga City Council supports creativity and innovation by aligning it with an active approach to risk management, balancing its exposure to risk against the expected return or benefits to the community in accordance with Council's corporate vision and values.~~

~~In considering its approach to risk, Wagga Wagga City Council has considerable appetite for risks that seek to continually improve the services we provide the community and the way we do business. In particular:~~

Financial Risk

~~Council has a *low appetite* for risks that negatively impact on its long term financial sustainability however accept a higher risk if a commercial return is attached to it.~~

Governance Risk

~~Council has a *low appetite* for compliance breaches. We acknowledge that while minor breaches may occur from time to time due to inadvertent human error and the complexity of our organisation, there is *no appetite* for internal fraud, corruption, collusion or theft.~~

Community and Reputational Risk

~~Council has *no/low appetite* for risks that may result in widespread and sustained damage to its reputation.~~

~~Council has a *medium appetite* for risks that maintain and/or improve levels of service to the community.~~

Strategic Risk

~~Council encourages innovation and has a *medium appetite* for risks where a positive benefit or return to the community can be anticipated/demonstrated.~~

~~Council has a *medium appetite* for risks that improve efficiency, reduce costs and/or generate additional sources of income.~~

Environmental Risk

~~Council is committed to the principles of ecologically sustainable development and has *no appetite* for risks that result in significant and irreparable damage to the environment.~~

Operational Risk

~~Council has a *low appetite* for risks that significantly impact on its ability to recruit and retain skilled staff.~~

~~Council has a *medium/high appetite* for risks that improve operational efficiency and service delivery.~~

Health and Safety Risk

~~Council has *no appetite* for risks that compromise the safety and welfare of staff, volunteers, contractors and/or members of the public.~~

1.5 Related Documents

- [Community Strategic Plan – Wagga View 2040](#)
- [Council's Delivery Program and Operational Plan](#)
- Risk Management Framework
- Risk Management Plan
- [Good Governance Framework](#)
- [Code of Conduct](#)
- [POL 080 Work Health and Safety Policy](#)
- [POL 081 Business Continuity Policy](#)
- [POL 100 Fraud and Corruption Prevention Policy](#)
- [POL 101 Legislative Compliance Policy](#)
- [Local Emergency Management Plan](#)
- [Business Continuity Plan](#)
- ~~Good Governance Policy (POL 099)~~

PART 2: POLICY CONTENT

~~The~~ Wagga Wagga City Council is committed to ensuring a strong risk management culture exists and will undertake a range of activities to help promote and embed enterprise wide risk management practices by:

- managing risk based on AS/NZS ISO 31000:2009 Risk Management and other relevant guidelines and standards;
- maintaining policies that complement risk management such as fraud prevention, business continuity management, WHS management systems, good governance and code of conduct;
- aligning risk management to Council's existing planning and operational processes;
- allocating sufficient funding to risk management activities;
- providing [Councillors and all Council](#) staff with sufficient and appropriate training;
- including risk management responsibilities in job descriptions and staff performance appraisals;
- discussing risk management issues and incidents at team meetings;
- including risk management information and updates in Council reports and on Council intranet/internet sites;
- Updating its Risk Management Plan annually;
- Making informed judgements concerning the level and cost of risks involved in achieving cost-effective outcomes;
- Maintaining a risk management component in its project management [software methodology](#).

Council supports the following principles as listed in AS/NZS ISO 31000:2009:

- **Risk management creates and protects value**

Risk management contributes to the demonstrable achievement of objectives and improvement of performance ~~en~~in, for example, human health and safety, security, legal and regulatory compliance, community acceptance, environmental protection, product and service quality, project management, efficiency in operations, governance and reputation.

- **Risk management is an integral part of all Council processes**

Risk management is not a stand-alone activity that is separate from the main activities and processes of Council. Risk management is part of the responsibilities of management and an integral part of all Council's processes, including strategic planning and all project and change management processes.

- **Risk management is a part of decision making**

Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

- **Risk management explicitly addresses uncertainty**

Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

- **Risk management is systematic, structured and timely**

A systematic, timely and structured approach to risk management contributes to efficiency and consistent, comparable and reliable results.

- **Risk management is based on the best available information**

The inputs to the processes of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

- **Risk management is tailored**

Risk management is aligned with Council's external and internal context and risk profile.

- **Risk management takes human and cultural factors into account**

Risk management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of Council's objectives.

- **Risk management is transparent and inclusive**

Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of Council, provides that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

- Risk management is dynamic, iterative and responsive to change**
 Risk management continually senses and responds to change. As internal and external events occur, context and knowledge change, monitoring and review of risks takes place, new risks emerge, some change and others disappear.
- Risk management facilitates continual improvement of Council**
 Council will develop and implement strategies to improve their risk management maturity alongside all other aspects of Council.
- Risk management is the responsibility of all Council staff**
 Within each specialist area, all staff are responsible for applying the risk framework to identify, assess, communicate and mitigate risks.

PART 3: POLICY IMPLEMENTATION GUIDELINES

This policy will be implemented through Council's *Risk Management Framework* and annual *Risk Management Plan* as shown below:

