

RISK MANAGEMENT POLICY A89710	Adopted	Ordinary Council Meeting	15 December 2015
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Risk Management Policy

PURPOSE

To identify and manage risks which could prevent the Council from achieving its strategic objectives.

The Councils 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.

DEFINITIONS

Council	The Opotiki District Council Elected Members
'High' or 'Extreme' rated risks	are risks defined by using the organisation's 'Likelihood and Consequence tables' in the risk management framework.
Organisational Risk Register (ORR)	The risk register containing the highest level risks faced by the organisation. Risks are grouped by portfolio and assigned a portfolio manager. Individual risks have mitigation treatments.
Risk	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 co-ordinator	The Council staff member responsible for co-ordination of risk management within the organisation. Chair of risk forum and management of ORR.
Risk forum	An internal review and evaluation group, chaired by the risk coordinator, consisting of staff for across the organisation, each skilled in aspects of risk management related to their area of business. The risk forum assess and evaluate current risk profiles at project and operational levels and assess if any new risks are escalated to the ORR.
Risk management	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.

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Risk management framework	A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout ODC.
Risk portfolio manager	Staff assigned responsibility to manage risks within their portfolio. Includes all risk treatment management.
Opotiki District Council or ODC	The Opotiki District Council as an organisation

POLICY STATEMENTS

1.0 Risk

1. The Opotiki District Council (ODC) recognises 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 Framework and a range of risk management processes and tools that apply across the organisation.
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. At the strategic level all prioritised risks (High and Extreme level) are contained within the organisational Risk Register (ORR), which is reviewed and reported quarterly by portfolio managers and the risk coordinator to the Executive team and the Audit committee. The ORR is managed via the online Promapp risk module.
4. All business units are required to maintain their own Operational Risk Registers and to review them every twelve months. These are managed via the online Promapp risk module.
5. Project risks are assessed and managed by the project lead/ project manager and escalated immediately if a high or extreme risk is identified. Project risks are managed in a project specific risk register within the organisation's project management software.
6. Risk events will derive from, or can be categorised in one or more of the following ways. These are identified against each risk as risk categories. ODC has defined seven risk categories as follows: Finance, Governance, Control and Compliance, Information Management, Operations and Service Delivery, People, Planning and Strategy, Property and Assets.
7. New risks may be identified at any time by any member of staff and logged in the appropriate Risk Register. Staff must immediately report to the risk coordinator any High or Extreme strategic level risks that arise during the course of the year.

2.0 Risk Appetite

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 ODC provide on behalf of the community, provided the resultant exposures are acceptable.

The Opotiki District Councils 'Likelihood and Consequence tables' and risk score matrix (see p.12 in the risk management framework) are used to determine a risk score and to categorise a risk into one of four risk levels (Low, Moderate, High and Extreme). Each risk level has a suggested action plan for appropriate management. The risk appetite is defined as the level of risk that is willing to be accepted by Council. This is ultimately set by Council through its Audit and Risk committee through the ongoing monitoring of the Council's risk profile.

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ROLES AND RESPONSIBILITIES

All Opotiki 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 Opotiki 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.

RELATED DOCUMENTS AND PROCESSES

- Risk Management Framework
- Promapp integrated risk management module (operational & strategic risks)

POLICY REVIEW

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