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Sponsor/Group:	General Manager – Business Services

Risk Management Policy

Ko te Puutaketanga

Purpose

1. To enable the achievement of HCC's operational, organisational, and strategic objectives through the appropriate management of risk.
2. To reduce potential impacts on the community and ratepayers by defining and supporting an organisational approach to managing risk across HCC activities.
3. To clearly articulate the roles and responsibilities of HCC in relation to risk management.
4. The Policy provides a framework for Council to effectively manage risks inherent to HCC services which can affect the achievement of its goals and objectives by:
 - a. Ensuring risk-based information is available to support good decision-making;
 - b. Providing assurance that risks are being appropriately identified, addressed, and managed.
 - c. Ensuring compliance with legislation and regulations.

Ko te Whaanuitanga

Scope

5. This Policy:
 - a. Applies to all HCC elected members, employees, contractors and activities.
 - b. Applies to all risk across HCC.
 - Risk disciplines such as Health and Safety, or, Programme and Project risk have specific detailed frameworks, however this policy outlines Council's risk philosophy across all risk types.

Ko ngaa Whakamaaramatanga

Definitions

Term	Definition in this Policy
Council	Hamilton City Council Elected Members.
Hamilton City Council (HCC)	Hamilton City Council as an organisation.
Risk	The effect of uncertainty on objectives. It can be understood as an event that could occur which would impact on an activities or organisation's strategy, purpose, or goals.
Level of risk	The magnitude of a risk or combination of risks expressed in terms of the combination of consequences and their likelihood.

Risk management	Coordinated activities to direct and control Council with regard to risk.
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 Council.
Risk appetite	The amount and type of risk that Council is willing to accept in pursuit of its objectives.
Extreme risk	A risk which is almost certain or likely to occur which will result in major or catastrophic consequences.

***Ko ngaa Tikanga Whakahaere Kaupapahere* Principles of Policy**

6. Effective risk management is an essential tool for good business practice.
7. Risk management is the responsibility of all elected members, staff, contractors, and volunteers as part of business-as-usual processes.
8. HCC continues to promote a risk-aware culture where staff can “speak up” and raise concerns early to ensure risks are managed efficiently. Risks are inherent to all business activities and therefore proactive identification is encouraged. All staff are empowered to identify risks and have tools and processes available to bring these to attention of Management and Council as required. Further details on “how” can be found in the Risk Management Framework.
9. HCC take a holistic view to risks by analysing a wide range of causes and consequences to ensure that the full picture is well understood. Identifying the diverse nature of risks ensures that the right controls are in place to actively manage and mitigate the specific causes and consequences.
10. Well-articulated risk appetite guides decision-making and ensures that risks are managed effectively while pursuing opportunities. At Council level, risk appetite is a driver of strategic risk decisions. At an executive level, risk appetite translates into a set of procedures to ensure that risk receives adequate attention when making decisions. At an operational level, risk appetite dictates operational constraints for routine activities.
11. Risk management requirements and practices will be regularly communicated throughout HCC through the adoption, delivery, and implementation of this policy.
12. The risk management policy and framework are aligned to the joint AS/NZS ISO 31000:2018 Risk Management Standard. The principles of which underpin all risk management activities undertaken within HCC.

***Ko ngaa Tikanga* Policy**

Risk Management within Local Government

13. Risk management enables the delivery of services through proactively identifying, managing, and mitigating potentially disruptive events.
14. Effective risk management ensures activities can continue to deliver key services despite disruption and reduce the risk of service outages, financial loss, and public harm. As a local territorial authority HCC has a responsibility to prudently manage operational and organisational risks. Within the

context of this policy this translates to risk management being a core responsibility for all services and activities so ratepayers, customers, and community are less likely to be impacted by preventable issues and significant risk events.

15. Risks must be considered in all strategies, policies, plans, reports, and as part of business-as-usual activity. The risk management policy and framework provide a consistent approach to risk to enable appropriate comparison so that decisions can be made that consider all potential impacts.

Reporting extreme risks

16. All risks that have a residual rating of 'extreme' are to be reported and communicated to the relevant General Manager immediately and subsequently reviewed and reported as outlined in Schedule 1.

Strategic and Organisational Risk Management

17. Council will receive reports quarterly highlighting the strategic, organisational, and any emerging risks at the relevant Committee. Council will receive a copy of the report 6 monthly to ensure all elected members are informed and understand the key risks for HCC. Council (or the relevant Committee) will review the risks as well as any controls or treatment plans.
18. Feedback regarding the effectiveness of these controls will be independently provided by Internal Audit on a periodic basis as determined by Internal Audit, or as requested by Council.
19. Audit New Zealand or other external parties may be requested to provide independent assurance on the effectiveness of controls in place at Council, as well as any other risk mitigation processes as required by Council, or as mandated by legislation.

Roles and Responsibilities

20. **Council is responsible for:**
 - a. Setting the risk appetite and leading a risk-aware culture across HCC.
 - b. Evaluating risks to the delivery of the Long-Term Plan and other key strategies and plans
 - c. Understanding the most significant risks to HCC including strategic and organisational risks and reviewing these annually.
 - d. Setting Council risk policies including determining the strategic approach to risk management.
 - e. Triennially, considering the need for an independent review of Council's risk management maturity, the risk management policy, and the risk management framework.
 - f. Reviewing the quality of risk information, reports and effectiveness of risk assurance practices.
21. **The Executive Leadership Team (ELT) is responsible for:**
 - a. Communicating significant risks to Council and where appropriate other key stakeholders.
 - b. Implementing the risk policies, standards, and guidelines.
 - c. Supporting the Council to set the risk appetite and tolerance levels and communicating these throughout the organisation.
 - d. Maintaining and monitoring the organisation's policies and practices for risk management.
 - e. Promoting a risk-aware culture across HCC.
 - f. Identifying managing, reviewing, and monitoring risks within their functional areas.

- g. Regularly updating their business unit/activity risk profiles against their business plans and reporting these as part of ongoing management reporting.
- h. Ad hoc Council and/or Strategic Risk and Assurance Committee (SRAC) reports as required.

22. The risk management team is responsible for:

- a. Maintaining and regularly reviewing the strategic and organisational risk register.
- b. Providing risk related mentoring, support and guidance to risk and control owners.
- c. Regularly reviewing operational risk registers with relevant leadership teams.
- d. Enabling all staff and leadership teams to manage relevant strategic, organisational, operational, and emerging risks.
- e. Advising Council on risk management practices to ensure they are adequate and appropriate.
- f. Regular review and update of the risk management policy and associated documentation.
- g. Preparing the quarterly reporting to the SRAC and any other risk management related reports as required.

23. People Leaders are responsible for:

- i. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.
- j. Ensuring staff understand and implement risk management processes.
- k. Ensuring Council and Committee reports have considered all relevant risks and their associated controls.
- l. Reporting on a regular basis to their General Manager on the status of processes in place for identifying and managing risks and controls as well as any material changes in relevant risks.

24. All staff are responsible for:

- a. Understanding and implementing HCC risk management processes.
- b. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.

***Ko te Aroturukitanga me te Whakatinanatanga* Monitoring and Implementation**

- 25. Implementation of the policy will be monitored by the General Manager Business Services.
- 26. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

***Ko ngaa Tohutoro* References**

- 27. [ISO 31000:2018 - Risk Management Standard](#)
- 28. Risk Management Framework - [D-3877566](#)
- 29. HCC Safety Management System Framework - [D-4252904](#)
- 30. Project Risk Management Framework - [D-2729329](#)

SCHEDULE ONE – Risk Matrix Risk Rating and Reporting

This matrix is used to map the likelihood and consequence levels of a risk and provide a pictorial representation of the relativity of that risk to other risks within an Activity Group and can also be used for mapping key risks across HCC.

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost Certain	H	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

‘Action and acceptance’ table

The following table details the required actions for each risk. By using this matrix, a decision can be made as to the level of escalation required for management to ‘accept a risk’:

ACTION AND ACCEPTANCE MATRIX FOR RESIDUAL RISK LEVELS	
E	<p>Extreme Risk – Immediate action required: risk escalated as appropriate. Treatment Plans and management responsibility specified with close scrutiny required. Further investment is required to reduce the level of risk.</p> <p>Only the Chief Executive and/or Council can accept this level of risk.</p>
VH	<p>Very High Risk – Executive Leadership Team attention advised. Treatment Plans and management responsibility specified with periodic scrutiny required. Further investment is required to reduce the level of risk.</p> <p>The relevant GM can accept this level of risk.</p>
H	<p>High Risk – Executive Leadership Team attention advised. Treatment Plans and management responsibility specified with periodic scrutiny required. Further investment into this risk may be required.</p> <p>The relevant General Manager (GM), Risk Owner, or Unit Manager can accept this level of risk.</p>
M	<p>Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures. It may not require further investment</p> <p>The relevant Risk Owner, or Unit Manager or can accept this level of risk.</p>
L	<p>Low Risk – Manage by routine procedures. Unlikely to require further investment and specific application of resources.</p> <p>The relevant Risk Owner, or Unit Manager or can accept this level of risk</p>

Risk Review and Reporting Table

The following table details the required level to which the different residual risk levels must be reviewed and reported.

Residual Risk Level	Audience	Operational and Emerging Risks	Strategic and Organisational Risks
Extreme	Council	Reported to the relevant committee or exec update as required.	Reported Quarterly through the Strategic Risk and Assurance Committee
	Executive Leadership Team	Monthly review required with monthly reporting to ELT	Monthly review
Very High	Council	Reported to the relevant committee or exec update as required.	Quarterly through the Strategic Risk and Assurance Committee
	Executive Leadership Team	Quarterly review required with monthly reporting to ELT	Quarterly review
High	Council	N/A	Quarterly through the Strategic Risk and Assurance Committee
	Executive Leadership Team	Quarterly review required with quarterly reporting to ELT	Quarterly review
Medium	Council	N/A	Quarterly through the Strategic Risk and Assurance Committee
	Wider Leadership Group	Six-monthly through leadership team reviews	Six-monthly
Low	Council	N/A	Quarterly through the Strategic Risk and Assurance Committee
	Wider Leadership Group	Six-monthly through leadership team reviews	Six-monthly

**Wider Leadership Group is to be interpreted as any staff member with specific business responsibilities, including but not limited to, General Managers, Unit Managers, Team Leaders and Project Managers.*