

APPENDIX E

RISK MANAGEMENT CHARTER 2013

1 CONTEXT

Taupo 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 organization that will assist the organization to meet its goals and objectives efficiently and effectively. This is achieved by aligning key organizational objectives, risks and mitigating controls.
- 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 recognizing 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 organization 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 organization.

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 organization. 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 RESOURCING

Annual resourcing will be established through the annual estimates process.

7 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.

8 AUTHORITY

All areas of the organization 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.