

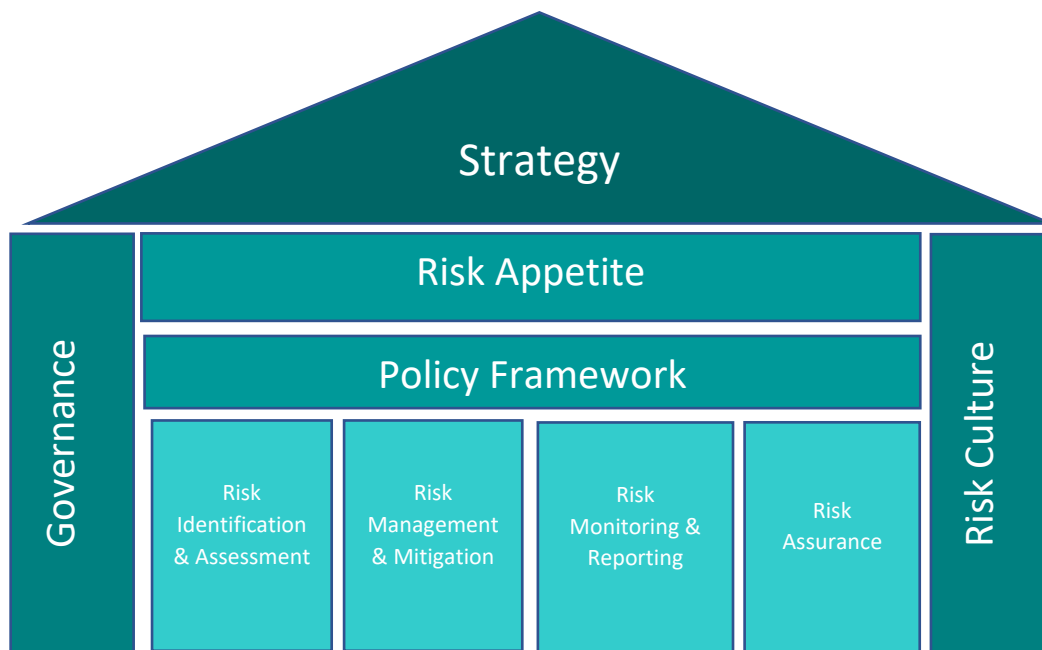
Introduction

Risk Management is an essential component of Council’s governance framework and supports the achievement of Council’s goals and objectives. Effective risk management increases the probability of successful outcomes whilst protecting the reputation and sustainability of Council.

The risk appetite is the amount of risk an organisation is willing to accept in pursuit of its strategic goals. The Risk Appetite Statement (RAS) considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in this area.

How risk appetite fits within Council

The risk appetite of Council informs the strategic decision-making process. The diagram below shows how the Risk Appetite Statement fits into the organisation and informs risk management.



Our community is at the centre of everything we do. The community’s priorities and aspirations for the future as well as their wellbeing form the basis of our Community Strategic Plan. The needs of our community are front of mind in the development of our risk appetite as we balance the achieving of the goals set by our community with the risks inherent in the environments in which we deliver those outcomes.

Risk Appetite

Council, its subcommittees, management and staff (including contractors and volunteers) will consult Council’s Risk Appetite in both strategic and operational decision making. The Council’s vision and strategic objectives will necessitate that Council accept some risks that accompany growth, transformation, innovation and are proportionate with the potential reward.

Overall, Council has a balanced approach to its risk appetite aligned to its strategic objectives. Council’s approach to risk appetite is to minimise our exposure to risks to our people and their safety, our reputation and corporate governance whilst accepting and encouraging an increased degree of risk in pursuit of our key strategic directives.

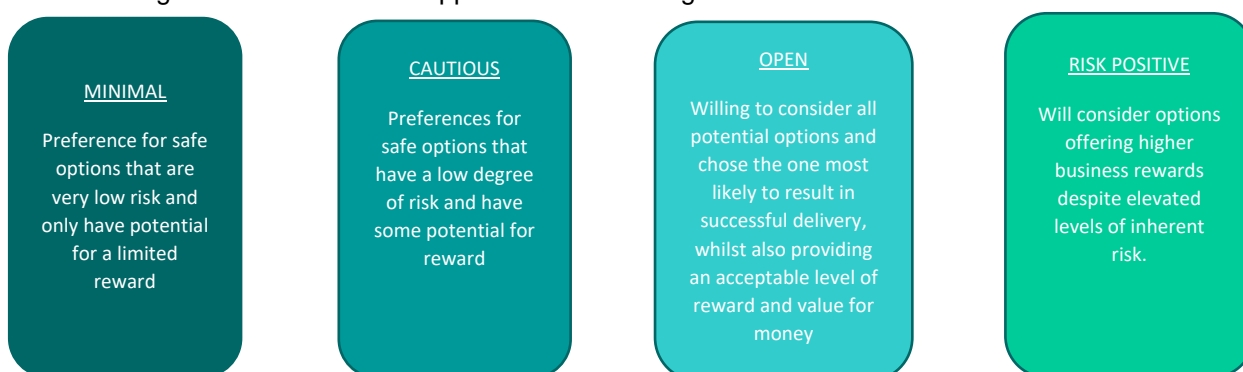
The key challenges in achieving this balance are to ensure:

- ethical and effective governance practices including responsible stewardship of resources
- realisation of opportunities and allowing growth, transformation and innovation while avoiding unnecessary negative impacts
- avoidance of a risk averse culture which stifles growth, transformation and innovation rather than supports it through the correct assessment and management of risks

It is acknowledged that Council may at times undertake activities that inherently carry greater risks. As a result, Council's risk appetite in a particular risk category may on occasion be different to the risk level of particular activity or project within that category. The Risk Management Plan will detail requirements for identifying and managing risks at activity or project level.

Risk Appetite Ratings

Council categorises its level of risk appetite into four categories as can be seen below:



Risk Tolerances

Risk tolerances are the boundaries set for risk taking. The risk appetite statement informs the development of risk tolerances for Council and provides guidance on how the Risk Appetite Statement is to be applied to everyday business actions and decisions.

While risk appetite is a qualitative statement, risk tolerances operationalise the statement by using quantitative measures where possible to better enable monitoring and review.

The Risk Appetite will set the tone for risk taking in general, whilst the tolerance informs:

- Expectations for mitigating, accepting and pursuing certain types of risk
- Boundaries and thresholds for acceptable risk taking
- Actions to be taken or consequence for acting beyond appropriate tolerances

Implementation of the Risk Appetite Statement

Council's appetite for and tolerance of risk as outlined in the Risk Appetite Statement (RAS) form the basis of our approach to managing risk in our day-to-day activities. The RAS informs the Enterprise Risk Management Policy and Framework which provide the structure for our risk management processes.

Staff are responsible for managing their risk environment. This includes having appropriate controls in place and monitoring their effectiveness. These risks are identified, assessed and managed at both enterprise level ('top-down') and at operational level ('bottom-up'). Risk registers are used to document the risks. Risks outside the appetite or agreed tolerance levels should be managed in line with this RAS and should be reported to the Executive Management Committee. The Executive Management Committee up is accountable for compliance with this RAS. Risk appetite also needs to be articulated for discussion at Council meetings and at the Audit Risk and Improvement Committee meetings.

Risk Management Framework

Council's Risk Management Framework aims to effectively identify and manage risk across the organisation. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls.

Risks are identified, analysed, evaluated and monitored at both an organisational (top-down) and operational (bottom up) level.

Council has ultimate accountability for this process. The Risk Management Framework is reported to the Audit Risk and Improvement Committee on a quarterly basis.

Risk Assessments

The Governance and Customer Service Division maintain a register of Corporate and Business risks Council faces in its day-to-day operations and the control framework which is in place to mitigate risks. These Registers consider risks from within Council and external sources and are reviewed regularly. Risk Registers are also updated where necessary when there are key changes in policies, structures or functions and in response to incidents.

All risks which are judged as unacceptable at Divisional level are reported to the Audit, Risk and Improvement Committee and remedial action plans to reduce these risks to acceptable levels are reported, where appropriate, to the Executive Management Committee.

Divisions are required to manage their specific operational risks in a manner which is consistent with this Statement, and to manage and address any risks outside appetite or agreed tolerance levels. Departmental risk appetite settings in their Risk Registers for groups of risks with a similar nature must also be consistent with this Statement.

Review

This Risk Appetite Statement is reviewed annually or whenever there is a significant change to the Council's operating environment. This review is coordinated by the Governance and Risk Manager. Changes to the Risk Appetite Statement must be approved by the Executive Management Committee and are presented to the ARIC for review and comment before providing to Council for endorsement.

Wollongong City Council’s Risk Appetite Statement

Below are the Risk appetites and tolerance levels determined for Wollongong City Council. Our risk appetites and our risk management framework support our decision making and ensures Council makes appropriate and informed decisions.

Risk Category	Context	Risk Appetite Rating	Risk Tolerance Levels	
			Council will tolerate	Council will not tolerate
Our People and Safety	<p><i>We support a safe and healthy workforce that treats everyone fairly.</i></p> <p><i>Council has minimal appetite for work practices, actions or inactions that compromise the wellbeing and safety of people including staff, contractors, volunteers and community.</i></p>	Minimal	<ul style="list-style-type: none"> • Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities. • Minor morale issues relating to improving workforce performance. • Minor staff grievances that can be dealt with through normal internal mechanisms. • Practices that are not in line with best practice if safety and duty of care is not compromised. • Minor morale and staff grievances due change within the organisation due to innovation or change management processes leading to more efficient and effective outcomes. 	<ul style="list-style-type: none"> • Actions or behaviours that are deliberate and willingly contravene the Code of Conduct and WHS policies and procedures. • Actions which do not align to WCC values of respect, sustainability, courage, integrity and one team. • Practices that knowingly compromise staff well-being, workplace or community safety (including discrimination, harassment or bullying). • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Councillors or Employees. • Events that occur arising from untrained employees or failed internal processes. • Unsafe infrastructure and work environments
Infrastructure	<p><i>Council is committed to continuous improvement in order to provide excellent infrastructure services that provide benefits to our Community.</i></p> <p><i>Council is open to taking moderate levels of risk to enhance our City’s infrastructure.</i></p>	Open	<ul style="list-style-type: none"> • Moderate financial and reputational impacts arising from the implementation of new of innovative technologies. • Moderate impacts leading to short term disruption to community due to implementation of construction procedures which provide value for money provided community has been informed • Moderate short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains. 	<ul style="list-style-type: none"> • Failure of third-party contractors to provide services within budget and agreed timeframes. • Non-completion of a significant portion of new or renewal infrastructure projects beyond financial year (or scheduled completion period if project runs across multiple years). • Significant delays to projects that are considered within Council control • Asset failure significantly earlier than the projected lifespan of the asset • Failure to administer and manage contracts appropriately

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			<ul style="list-style-type: none"> • Moderate impacts to infrastructure due to implementation of new technology, innovation initiatives or projects. • Unforeseen interruptions of up to 2 days to critical infrastructure from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project 	<ul style="list-style-type: none"> • Significant foreseeable variations in contract price due to aspects of the project within the control of Council • Failure to escalate critical infrastructure damage or issue within 2 hours. • Failure to develop plans to respond to a disruption and ensure continuity of operational infrastructure. • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Councillors or Employees.
Service Delivery	<p><i>Council delivers a range of community services, events and facilities which contribute to our City.</i></p> <p><i>Council is open to creativity and innovation and is willing to take some level of risk to deliver efficiencies, enhance capabilities and provide a service to be proud of to our community.</i></p> <p><i>Council is open to taking moderate risk to enhance service delivery.</i></p>	Open	<ul style="list-style-type: none"> • Unforeseen interruptions of up to 2 days to critical business functions from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Unforeseen interruptions of up to 7 days to less critical business functions from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Moderate reputational impact from community complaints relating to service quality or new initiatives to deliver enduring benefits to our community. • Moderate impacts to service delivery due to implementation of new technology, innovation initiatives or projects. • Moderate impacts arising from innovations and ideas that contribute and encourage creating a flexible workforce. 	<ul style="list-style-type: none"> • Failure to significantly meet our service commitments and community expectations • Failure to demonstrate a commitment to delivering quality services to our Community, Councillors, Customers and Employees/ • Failure to document and follow policies and procedures that impairs the quality of service delivery or results in service interruptions. • Failure to develop plans to respond to a disruption and ensure continuity of critical business functions. • Failure to escalate a critical business function outage within 2 hours.

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<p>Environmental</p>	<p><i>Council recognises the importance of conserving and enhancing our environment and understands that sustainability considerations in all council decisions is important.</i></p> <p><i>Council have a cautious appetite for environmental impacts arising from normal business activities, however, is open to innovative practices for the betterment of the environment.</i></p>	<p>Cautious</p>	<ul style="list-style-type: none"> • Environmental impacts offset by other activity resulting in a net environmental benefit. • Minor environmental impacts from uncontrollable or unforeseen events or in order to deliver enduring benefits to our community well into the future. • Changes to procedures and practices to accommodate improved environmental outcomes • Minor cost impacts in the selection of products, services that have a significant positive impact on the environment 	<ul style="list-style-type: none"> • Decisions that do not appropriately consider the principles of ecologically sustainable development or the Council value of Sustainability. • Failure to minimise significant impacts on biodiversity and reduce our ecological footprint. • Decisions, activities and practices that result in long term or irrevocable environmental damage or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to human life. • Activities and practices that knowingly compromise the environment, are reasonably foreseeable and preventable. • Failure to meet environmental commitments or legal requirements resulting in EPA fines or penalties.
<p>Financial</p>	<p><i>Council recognises the financial risks involved in delivering a wide range of services, programs and capital projects.</i></p> <p><i>Council has a cautious appetite for variation in financial performance as long as long-term financial sustainability is not threatened</i></p>	<p>Cautious</p>	<ul style="list-style-type: none"> • Minor unforeseen and unavoidable budget variations of up to 4% favourable and 2% unfavourable for divisional budgets • Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project • Short Term (less than 12 months) negative performance from commercial business aspects if core services are not affected • Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs. • Calculated financial risks to deliver infrastructure, improve service delivery or promote ecological sustainability. • Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers. 	<ul style="list-style-type: none"> • Financial activities and/or investment practices that contravene legislated or policy requirements • Failure to maintain or implement effective systems, processes and controls which adequately protect Council from fraudulent activity • Fraudulent or corrupt financial transactions • Actions that have a significant negative impact on long term financial sustainability. • Available funds below target over a five-year period • A three-year average operating deficit.

			<ul style="list-style-type: none"> Capital expenditure budget delivered within 5% variance in a single year and a 2% average over a 3-year period 	
Information Technology	<p><i>Our assets (including information) are vital in maintaining our business practices and therefore Council has a cautious approach to safeguarding from both external and internal threats, misuse, modification and unintended damage.</i></p> <p><i>Council's aim is to protect our assets contained within our ICT systems and services. We will be successful through the application of appropriate internal controls, a cyber aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of the external threat landscape and consistent management of our third-party providers.</i></p> <p><i>Council has an open appetite for risks associated with Information Technology Systems.</i></p>	Cautious	<p>Cyber Security</p> <ul style="list-style-type: none"> Some cyber threats which if they were successful would have a minor or limited impact upon Council's business because they do not compromise the integrity, confidentiality or availability Council information or assets Timely remediation of identified cyber security control weaknesses 	<p>Cyber Security</p> <ul style="list-style-type: none"> Cybersecurity threats that could have been prevented through judicious application of technical and behavioural controls. An unprepared response in the event of an external cyber attack Significant threats to assets arising from external malicious attacks Misuse, inappropriate distribution or loss of sensitive or confidential council information due to the actions of staff
		Open	<p>IMT Systems and Services</p> <ul style="list-style-type: none"> Scheduled outages that are agreed to by the business owners and are regarded as part of normal business activities Implementation of new technologies which create new opportunities for business improvement and innovation of systems which also could involve some minor to moderate risk. 	<p>IMT Systems and Services</p> <ul style="list-style-type: none"> Prolonged unplanned outages of critical Council systems and services Failure to maintain systems and services which adequately protect Councils data and information and maintain adequate audit trails A lack of diligence in relation to information security the procurement and implementation of ICT systems and services Data loss due to inappropriate data management processes Poor information governance processes Failure to maintain recovery plans in place and test plans on a regular basis

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<p>Governance</p>	<p><i>Council is committed to good governance and meeting legislated and regulatory requirements in a consistent and fair manner.</i></p> <p><i>Council has minimal appetite for significant breaches of legal obligations or contractual agreements that result in fines, penalties or reputational damage.</i></p> <p><i>Council will seek innovative approaches to governance practices subject to compliance with legislation and protection of our interests</i></p>	<p>Minimal</p>	<ul style="list-style-type: none"> • Decisions made on merit in accordance with Council values that are not in line with professional advice. • Minor technical breaches that have been considered by Council. • Temporary non-compliance due to unrealistic regulatory timeframes. • Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate • Streamlined governance processes subject to effective controls remaining in place 	<ul style="list-style-type: none"> • Corrupt or fraudulent conduct by staff, councillors or contractors • Unreasonable delays when reporting, investigating or correcting any fraudulent, improper, unethical or corrupt conduct. • Any instances where Council Officials knowingly break the law, fail to comply with legal obligations or recklessly breach internal policies. • Material breaches of legislation or the Code of Conduct • Failure to consider expert / professional legal advice. • Unauthorised release of confidential information. • Any behaviour which gives rise to extensive litigation and indictable offences. • Failure to comply with Government Directions or orders
<p>Reputation</p>	<p><i>Council recognises the importance of protecting its reputation.</i></p> <p><i>Council does however understand that negative publicity may occur where there is competing priorities and interests in the Community.</i></p> <p><i>Council has a cautious appetite for significant impacts on Council's reputation.</i></p>	<p>Cautious</p>	<ul style="list-style-type: none"> • Moderate adverse local media and social media scrutiny or a number of complaints relating to action which delivers longer term benefits to the community. • Isolated minor incidents, concerns and complaints that can be resolved by management. 	<ul style="list-style-type: none"> • Improper, unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with our Council values and policies. • Material breaches of the Code of Conduct. • Failure to uphold the probity of council decision-making. • Any failure to avoid or appropriately manage conflicts of interest. • Failure to act in a fair, honest, transparent and accountable manner. • Decision-making that is not open, honest and transparent and reflects the long-term interests of the community. • Failure to notify Executive of significant incidents that may impact Council reputation in less than 24hrs of the incident occurring.

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| | | | <ul style="list-style-type: none">• Complaints that are not responded to in a prompt and professional manner within 10 days. |
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RISK APPETITE

MINIMAL RISK APPROACH	<p>Minor incidents or injuries that occur in undertaking normal business activities despite best efforts to avoid or mitigate.</p>		<p>Innovative enhancements to existing equipment or procedures to enhance worker safety.</p>
	MINIMAL RISK	PEOPLE AND SAFETY	RISK POSITIVE
	<p>Risks that result in minor critical infrastructure repairs or inconvenience to the community</p>		<p>Opportunities that arise during a project to amend approach that saves time or resources.</p>
	MINIMAL RISK	INFRASTRUCTURE	RISK POSITIVE
	<p>Risks that may result in minor disruption to critical Council services (less than 2 days) or short-term disruption to less critical services.</p>		<p>Creativity and innovation in modes of service delivery to deliver efficiencies, enhance capabilities and provide a service to be proud of to our community.</p>
	MINIMAL RISK	SERVICE DELIVERY	RISK POSITIVE
	<p>Risks of minor and/or short-term environmental impact necessary in order to achieve key objectives.</p>		<p>Consideration of non-traditional products and methodologies that improve environmental outcomes.</p>
	MINIMAL RISK	ENVIRONMENTAL	RISK POSITIVE
	<p>Calculated financial risks to deliver important infrastructure, improve service delivery or promote ecological sustainability.</p>		<p>Acceptance of minor increase in project / procurement costs to realise greater overall benefits in other areas.</p>
	MINIMAL RISK	FINANCIAL	RISK POSITIVE
<p>Risks relating to minor downtime or outage in a single area that are incidental to normal business activities despite best efforts to avoid or mitigate.</p>		<p>Adoption of new technology that benefits customers or improves process, despite initial knowledge gaps and need for change management.</p>	
MINIMAL RISK	INFORMATION TECHNOLOGY	RISK POSITIVE	
<p>Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate.</p>		<p>Streamlining of governance processes, based on maintaining effective controls, to improve staff efficiency.</p>	
MINIMAL RISK	GOVERNANCE	RISK POSITIVE	
<p>Localised negative publicity due to making decisions in an environment where there are competing priorities and interests.</p>		<p>Actively pursuing actions and capitalising on opportunities to exceed expectations of customers and enhance Council's reputation.</p>	
MINIMAL RISK	REPUTATION	RISK POSITIVE	

RISK POSITIVE APPROACH