APPENDIX ONE – RISK APPETITE STATEMENT

Overall Risk Appetite	We want everyone to take responsibility for the management of risk in our organisation. Specifically, we are willing to engage with higher levels of risk where the outcomes would benefit our employees, contractors and community. Conversely, we have little to no appetite for engaging with risk that could harm our employees, contractors and community.
Definitions	*Cautious Appetite: Seek safe delivery options. Remain with existing situation. Appetite for risk taking is limited, this can be due to stringent legislative constraints and/or significant consequences.* *Accepting Appetite: Prepared to invest money, time and/or resources for an overall benefit to community or stakeholders. Acknowledge that potential loss from a risk is not great enough to warrant spending money to avoid it.* *Controlled Appetite: Is a tightly controlled environment with stringent process and procedures to follow with a strong accountability framework to measure and monitor compliance.*

Strategic Risk	**Risk appetite statement**	**Source / Indicator**	**Risk tolerance range**		
			Acceptable	**Tolerable**	**Unacceptable**
Financial	A **cautious appetite** for financial volatility and desire to carefully control costs. We will monitor this by: • We operate within the approved organisational budget expenditure limit of ≤10.0% (Operational, Capital and Labour).	Annual Councillor approved budget	1.0% – 5.0%	5.0 – 10.0%	>10.0%
	• Decrease in rates debtors from prior financial year by 10.0%		= or >10.0%	9.9% - 8.0%	<8.0%
	• Working capital ratio to be >100%		>100%	100% - 90%	<90%
	• Effective capital works planning, with Council having a <15% Capital Works underspend at the end of the Financial Year in the Capital Works program		= or < 15%	16 – 30%	>31%

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	• Suppliers paid in 30 days or less		30 days or less	30 – 35 days	>35 days
	• Completing the Local Government Performance Reporting bi-annually and the ratio's quarterly to Councillors and A&R Committee.		Quarterly		Less than Quarterly
	• Completing the Financial Reporting to VAGO and Local Government Victoria within required timeframes	Sector VAGO Audits Local Government Report	Days Late =0	No tolerance	No tolerance
Talent Management	An **accepting appetite** for applying new approaches to ensure we remain an employer of choice in our region, while maintaining safety and service levels. We will do this by: • maintaining an annualised staff turnover rate of 18% or less over a rolling 12-month period.	Sector Average staff turnover based on 22/23 VAGO LG Audit Results	≤18%	19% – 21%	≥21%
	• ensuring our rate of staff absenteeism remains at ≤5% in each month.		<5.0%	5.0% – 7.0%	> 8.0%
	• less than five accepted workers' compensation claims annually.	2019 sector benchmark	<5	5 –7	>7
	• Maintain the number of staff with excess of 8 weeks leave at <10%.	Key Pay Reports	<10.0%	10.0% - 15.0%	>15.0%
Reputational	A **cautious appetite** to lose a valued position of trust with our community. We will maintain a level of community engagement of at least 60%.	Councillor - approved minimum level	≥60%	55% – 60%	≤55%
	We will address all complaints within their required timeframes in accordance with Council's Complaints Handling Policy		Complaints open >28 days	28 days	<29 days

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
Innovation	An **accepting appetite** to innovate through projects and R&D to benefit our community. We accept that 10% of project effort may not result in immediate or direct community benefits as long as lessons are learned for future services and products.	Annual Councillor approved budget	≥10%	10% – 20%	>20.0%
Corporate Governance, Compliance and Liability	A very **controlled appetite** for information security breaches, frauds or proven ethical complaints. We maintain a zero tolerance for such events. We will monitor this level by: • Reporting on Number of Policies overdue, with a zero tolerance to overdue legislative policies, and 60 days for administrative policies.	Government Information Security Policy Standard, Compliance Standard	Legislative Policies & Plans 0 instances Administrative Policies & Plans Completed and adopted within >60 days	Administrative Policies & Plans Completed and adopted within 60 – 70 days	Legislative Policies & Plans 0 instances Administrative Policies & Plans Completed and adopted > 70 days
	• Number of extreme consequence level audit actions not rectified within one month.	Internal and External Audits	Completed and adopted within >30 days	Completed and adopted within 30 – 60 days	Completed and adopted > 60 days
	• Engaging an Internal Auditor and establishing a functioning Audit and Risk Committee that meets at minimum quarterly.	Auditor engagement and A&R Committee meetings	Engage auditor for maximum 5 years – with current program in place A&R Committee meets five times per year as minimum	Engage auditor for maximum 5 years – with current program in place A&R Committee meets four times per year as minimum	No active contract in place. A&R Committee meets three times or less per year.

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	• Maintaining an Audit and Risk Committee Workplan.	A&R Committee Charter	Reviewed annually	Reviewed annually	Not reviewed annually
	• Reporting quarterly to Council and the Audit and Risk Committee on the Performance Management Framework Indicators, that are based on Council's Risk Appetite.	Financial and Non-Financial Performance Report	Quarterly report	Quarterly reporting	Quarterly reporting missed and/or delayed without prior consent of A&R Committee
	• Monitoring the number of Public Liability Claims, Significant legislative breaches and reporting to Council and A&R Committee quarterly.		0	0	>0
	• 100% of Staff to be up to date and completed Governance and Compliance Training and Induction Program.		100% complete	98% and above complete.	<98% complete.
	• ~~Encouraging a 'just' culture that allows staff and community to identify and register risks, issues or complaints without fear of reprisal.~~				
Programs and Projects	An **accepting appetite** to apply for funding opportunities and/or utilise Council funds to delivery programs and project that meet Council Plan objectives and community expectations. We accept that to secure funding and to deliver additional projects and programs (in addition to current offered programs) our full-time equivalent employees may increase up to 1 FTE per $5 million additional funds received.	Council Plan objectives. Priority Project List.	1 FTE increase	1.5 FTE increase	2 FTE increase
	We will aim to apply for and be successful in securing funding opportunities in excess of $1.5 million per year, in addition to already secured operational funding.		= or >$1million	Between $999k - $900k	<$900k

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	We will ensure all contracts are current and no contracts are past due date.	Contracts Register	0 due	1 due	>1 due
Strategy Execution and Change Management	An **accepting appetite** to be agile on the delivery of the Council Plan objectives to meet the changing internal and external environment. We accept that our Council Plan actions will be an evolving action plan being reviewed annually. We will monitor our Strategy Execution and Change Management by: • Monitoring the number of overdue Strategies and Plans	Council Plan	0 instance	1 instance	2 instances
	• Delivery on each Year of Action Plan annually		1 x action not delivered	2 x actions not delivered	3 x actions not delivered
Security and Technology	A very **controlled appetite** for security breaches and technology failures, due to our ICT environment not being maintained. We maintain a zero tolerance for such events. We will monitor this by: • Aiming to have 80% of help desk tickets resolved.	Contractor Compliance Reports	0 instances >80%	80.0% - 75.0%	0 instances <75.0%
	• Ensuring all back-ups of all systems are completed and successful each day.		1 daily back-up	1 daily back-up	0 daily back-up achieved
	• Ensuring intrusion detection that monitors network traffic, searches for threats and suspicious or malicious activities.		Daily testing	Daily testing	O daily testing achieved

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	• Internal testing of staff knowledge and awareness of malicious activities.		Weekly testing	Weekly testing	0 weekly testing achieved
	• Reporting annually on ICT Strategy completion	ICT Business Transformation Strategy	1 x action not delivered	2 x actions not delivered	>2 x actions not delivered
Environment and Sustainability	A **controlled appetite** for environment and sustainability breaches. We will maintain a zero tolerance for such events. We will monitor this level by: • Adequate annual EPA approvals in place for saleyard and landfills.		0 instances		0 instances
Political	A **cautious appetite** to jeopardise a well-developed political relationship across all levels of government. We will maintain a level of respect and advocacy at a Councillor Senior Management Level to achieve positive outcomes for our community. We will monitor this by: • Recording the number of advocacy events attended by Councillors and Senior Management, with the aim to attend at minimum 10 per year.	Advocacy events and meetings	> 10 events per year	8 events per year	< 8 events per year