

Audit and Risk Committee
10 March 2017

Report for Agenda Item 3

Department: CEO Office

Risk Management Update

Purpose

- 1 To provide the committee with an update in relation to QLDC's risk management process, ethos and approach on-going.

Recommendation

- 2 That the Audit and Risk Committee:
 1. **Note** the contents of this report.

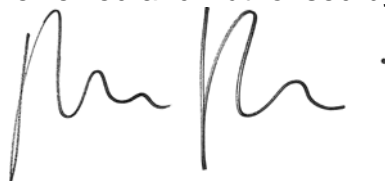
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23/02/2017

Background

- 3 In December 2014, the Council adopted a risk management framework and a risk register that details seven strategic risks:
 - a. SR1 Current and future development needs of the community (including environmental protection).
 - b. SR2 Business capability planning – delegation ownership and business continuity.
 - c. SR3 Management practise – working within legislation.
 - d. SR4 – Comprehension/disclosure of conflict in decision making processes (staff and elected members).

- e. SR5 Staff capacity (internally and contractually) to meet organisational needs.
 - f. SR6a Assets critical to service delivery (infrastructure assets).
 - g. SR6b Asset critical to service delivery (property).
 - h. SR7 Planning, training and capacity for emergency response.
4. For each of the strategic risks a mitigation plan was also adopted to monitor the controls in place.

Comment

- 4. In order to continue to mature the risk management culture across the organisation in partnership with the Audit, Finance and Risk Committee, it is timely to re-affirm key principles, review structures and tools and launch development initiatives.
- 5. QLDC is an organisation where discussion of risk is inherent to every decision, project and operational activity. Risk management should not focus purely on compliance, but should be central to strategy, governance, performance management, project management, quality management and continuous improvement. Risk management is an effective lever to drive change, as well as to apply the brakes.
- 6. It is essential to align risk management with the strategic framework of values, outputs and outcomes outlined within the Long Term Plan.
- 7. This approach will be most effectively driven from the top down, with the Audit, Finance and Risk Committee providing an important public forum for the discussion of significant, strategic risks and overview of the processes that will support effective mitigation and management. It will be an invaluable forum to monitor risk management performance, test key concepts and collaborate on new ideas.

Approach:

- 8. The structure and tools of the existing Risk Management Framework have been subject to a preliminary review and are considered to continue to provide a relevant, robust set of processes and mechanisms.
5. However, in advance of the next Committee the following actions will be undertaken to refresh and update the model:
- a. Re-establish the context for the risk framework, establishing the impact of rapid growth on the tools and parameters offered
 - b. Explore opportunities to define risk appetite at a governance and Executive Leadership Team level.
 - c. Review all of the tools provided and make recommendations for adjustment as appropriate (i.e. likelihood and consequence structures).

- d. Create a process for the removal and addition of risks from the Strategic Risk Register, the Strategic Risk Mitigation Plans and Operational Risk Registers.
 - e. Convene a Risk Management Working Group (RMWG). This group will meet monthly to review strategic and operational risk mitigation plans, reporting to the Executive Leadership Team. It will lead the development of risk management culture throughout the organisation, through effective process, technology, training, communications and engagement activities.
9. The risk register and the seven strategic risks are appended to this report and will be subject to a detailed review following the establishment of updated context and organisational risk appetite. A regular review schedule will be established on-going.
10. At each session of the Audit, Finance & Risk Committee, the RMWG will provide a report and a copy of the Strategic Risk Register. The report will address the following:
- a. Background
 - b. Progress and Developments
 - i. Risk Management Framework
 - ii. Strategic Risk Register
 - iii. Operational Risk Management
 - iv. Organisational Risk Management Culture – Health Check
 - c. Specific Risks and Matters for Consideration

Options

- 11 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:
- 12 Option 1 The report is for noting only.

Significance and Engagement

- 13 This matter is not significant as it is not considered to adversely affect the level of service or the manner or extent to which the Council delivers its services.

Risk

- 14 This matter relates to the strategic risk SR3 Management practice – meeting legislation, as documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because it is important that risks are

effectively mitigated to enable the Council to deliver levels of service and key projects stated in the Long Term Plan.

Financial Implications

15 The report is for noting. There are no cost implications arising from this report.

Council Policies, Strategies and Bylaws

16 The report relates to the Council's Risk Management Framework, which includes the Risk Management Policy.

17 This matter is included in the 10-Year Plan 2015-2025 (to be adopted) by means of risk disclosures.

Local Government Act 2002 Purpose Provisions

18 The content of this paper:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring that the risk events that could prevent the Council delivering these services/functions are mitigated.
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

19 No persons or parties are affected by the recommendation of this report.

Attachments

A Strategic Risk Register