

# AGENDA



P O Box 747, Gisborne, Ph 06 867 2049 Fax 06 867 8076  
Email [service@gdc.govt.nz](mailto:service@gdc.govt.nz) Web [www.gdc.govt.nz](http://www.gdc.govt.nz)

MEMBERSHIP: Bruce Robertson (Independent Chair), Andy Cranston, Larry Foster, Pat Seymour, Terry Sheldrake, Rehette Stoltz (Mayor) and Josh Wharehinga

**AUDIT & RISK Committee**  
DATE: Wednesday 18 May 2022  
TIME: 9:00AM  
AT: Te Ruma Kaunihera (Council Chambers), Awarua, Fitzherbert Street, Gisborne

## AGENDA – OPEN SECTION

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# Audit and Risk

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<b>Reports to:</b>	Council
<b>Chairperson:</b>	Independent Chairperson
<b>Membership:</b>	Mayor Stoltz, Deputy Mayor Wharehinga, Chairs
<b>Quorum:</b>	Half of the members when the number is even and a majority when the membership is uneven.
<b>Meeting frequency:</b>	Quarterly (or as required)

## Purpose

To assist the Council to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting practice and, where relevant, accounting policy;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The Audit and Risk Committee Chair is responsible for submitting an annual report to the Council covering the Committee's operations and activities during the preceding year.

## Terms of Reference

### Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation, should it be required.
- Seek confirmation annually, and as necessary, from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

## **Risk Management**

- Review and consider Management's risk management framework in line with Council's risk appetite – which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by Management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework. Consider emerging significant risks and report these to Council, where appropriate.

## **Internal Audit**

- Review and recommend the annual internal audit plan; such plan to be based on the Council's risk framework.
- Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of Management's response to internal audit recommendations.
- Monitor compliance with the Delegations Manual.

## **External Audit**

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. This includes the adequacy of the nature and scope of the audit, and the timetable and fees.
- Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.

## **Compliance with Legislation, Standards and Best Practice Guidelines**

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

## **Powers**

The Audit and Risk Committee, within the scope of its role and responsibilities, is authorised to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);

The Audit and Risk Committee has no executive powers and is directly responsible to Council.

### 3.1. Confirmation of non-confidential Minutes 16 March 2022

# MINUTES

## Draft & Unconfirmed



P O Box 747, Gisborne, Ph 867 2049 Fax 867 8076  
Email [service@gdc.govt.nz](mailto:service@gdc.govt.nz) Web [www.gdc.govt.nz](http://www.gdc.govt.nz)

MEMBERSHIP: Bruce Robertson (Independent Chair), Andy Cranston, Larry Foster, Pat Seymour, Terry Sheldrake, Rehette Stoltz (Mayor) and Josh Wharehinga

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## MINUTES of the AUDIT & RISK Committee

Held via Audio Visual Link on Wednesday 16 March 2022 at 9:00AM.

### PRESENT:

Independent Chair Bruce Robertson, Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, and Crs Andy Cranston, Larry Foster and Pat Seymour.

### IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Lifelines David Wilson, Director Internal Partnerships James Baty, Acting Director Liveable Communities De-Arne Sutherland, Director Environmental Services & Protection Helen Montgomery, Chief Financial Officer Pauline Foreman, Chief of Strategy & Science Jo Noble, Cr Sandra Faulkner, Governance Advisor Tania Clarke and Committee Secretary Jill Simpson.

The meeting commenced with a karakia.

#### 1. Apologies

MOVED by Cr Seymour, seconded by Cr Foster

That the apology from Cr Sheldrake be sustained.

**CARRIED**

#### 2. Declarations of Interest

There were no interests declared.

#### 3. Confirmation of non-confidential Minutes

##### 3.1 Confirmation of non-confidential Minutes 23 November 2021

MOVED by Bruce Robertson, seconded by Cr Stoltz

That the Minutes of 23 November 2021 be accepted.

**CARRIED**

The project methodology for the Woody Debris Emergency Response Plan is currently being developed with the key role being the Project Manager.

### **3.2 Action Sheet**

#### **4. Leave of Absence**

There were no leaves of absence.

#### **5. Acknowledgements and Tributes**

There were no acknowledgements or tributes.

#### **6. Public Input and Petitions**

There were no public input or petitions.

#### **7. Extraordinary Business**

There was no extraordinary business.

#### **8. Notices of Motion**

There were no notices of motion.

#### **9. Adjourned Business**

There was no adjourned business.

### **10. Reports of the Chief Executive and Staff for INFORMATION**

#### **10.1 22-62 Ernst & Young Audit Plan - 30 June 2022**

Stuart Mutch and Loren Hunt of Ernst & Young (EY) attended and outlined that there are two areas to draw attention to, being infrastructure assets and the number of capital works underway.

All infrastructure assets are being revalued in the current year. Impacting on this will be the supply chain costs of assets.

The major projects underway are the Olympic Pool, Wastewater Treatment Plant and Waipaoa Flood Control Scheme so the audit focus will be on the capitalisation of the costs of these projects as well as the project progress to date comparative to budget.

There is also interest in the monitoring of the projects and the funding received, along with the related funding conditions.

A watching brief will also occur on the 3-Waters Reform and will work with Council to assess the impacts.

Council has also received several different types of grants during 2021 to support areas of Roading, the Olympic Pool and the Wastewater Treatment Plant. Each of the funding types are subject to different funding conditions and will require reporting. The review will focus on the appropriateness of revenue recognition of the projects in line with the progress of the projects and accounting standards.

Questions of clarification included:

- Annual Report sign-off process will be completed before Council elections.
- The financial impact on business as usual from COVID-19 is a task or discussion for management with appropriate messaging in the Annual Report. Separate reporting could be considered specifically identifying how COVID-19 is impacting Council both operationally and financially.

- There have been discussions with management regarding potential impacts of the kiwifruit revaluations. From an immediate perspective it is around appropriateness of disclosures in the financial statements and if an obligation exists at 30 June to return the rates.

Chair Bruce Robertson stated that in terms of the audit focus, the disclosures in the Annual Report are a matter of significance for elected members and recognising that COVID-19 is having a very real impact, and this should be reflected in a relevant way.

MOVED by Cr Seymour, seconded by Cr Foster

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

## **10.2 22-45 Internal Audit Report**

Internal Audit Partner Tina Swann attended.

Questions of clarification included:

- The 19km bluffs on the East Cape Road were excluded from the PGF funding as there was no business case. Options are being investigated on a long term solution for this area and will be bought back to Council and to Waka Kotahi on the next steps. Currently the road is open to residents and 4-wheel drive access only. There will be a press release once timeframes are known.
- The majority of fringe benefit tax is for vehicle use. Another area may be health insurance but this will be because of conditions of employment. It would be useful when PWC do a review they start from a position of 'what should be subject to fringe benefit tax'. Their scope should include all those transactions that should attract fringe benefit tax.
- Climate Change is reported on in the Strategic Risk Management Report. Being carbon neutral by 2030 is an emerging risk and will be captured going forward.
- The Enterprise Solutions Project is fully managed through the Major Projects environment which has monthly reporting and a full risk assessment associated with every step of the project. There is a specific Project Manager and a specific Change Manager along with others that are involved to ensure adequate controls are in place. It is a long term project. Council is now working with a vendor following an appropriate procurement process. The budget for the project has been planned for appropriately through the Annual Plan and Long Term Plan process and sits around \$5m quantum and has had sign-off at a Governance level.

- Noted that at the end of the year the focus should be on where we want to put our effort in terms of internal audit for the following 3 years.

MOVED by Bruce Robertson, seconded by Cr Cranston

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

### **10.3 22-43 Health and Safety Update**

Health & Safety Manager David Wilkinson attended and advised that Council has secured a large number of RATs kits from the Bay of Plenty Local Authorities Shared Services (BOPLASS).

There has been an increase in violence and physical abuse to staff. Online situational awareness training has been completed by some of Council's teams. The support of the Director of Community Lifelines and his team was acknowledged for providing dedicated health and safety components in some of the larger projects involving multiple contractors.

Director Internal Partnerships James Baty advised that Council is in a continuous cycle of review in terms of the use of "My Vaccine Passes" at Council facilities. A specific look at the risk assessment associated with the use of them in Council facilities will be undertaken in a 'Tairāwhiti' context as around the country communities are reaching peaks at different times. It requires a methodical approach in terms of understanding the risk. Council's risk assessment relates to the risk of COVID-19 infection and transmission at our venues and workplaces and Council's duties under the Health & Safety at Work Act in taking reasonable and practical steps to reduce the risk.

Questions of clarification included:

- About 15 individuals from different Hubs along with off-site facilities meet on a quarterly basis and are active in health and safety. Council aims for a 2 year period for health and safety elected representatives to be thoroughly trained and then move aside allowing someone else to have the benefit of that training. Staff participation and engagement could be better. There is a lot of emphasis on the initial health and safety induction to encourage staff to have an active participation in health and safety. It is an ongoing area for improvement of worker engagement. A very good tone is set at the top for health and safety culture. It is a standard item on the Central Organising Roopu Agenda.
- Wellbeing of staff can be difficult to report on. A number of staff are impacted both in terms of positive COVID-19 test results and household contacts across the organisation. A Working Group has been set up along with an internal contact tracing system. It is important to keep connected with staff both in terms of their wellbeing and any other support they may require. Our response across the board is proportional to the type of wellbeing experience that staff are experiencing.

- In terms of business continuity, mitigations have been put in place e.g. rostering and ensuring staff have the resources they require. It is pointed out to staff that working remotely does not have to mean that you are remote so connecting with people is an important part of the process.
- Prior to implementing "My Vaccine Pass" at Council facilities extra security was put in place and Council maintains a strong relationship with the local Police.
- Section 34 of the Health & Safety at Work Act relates to overlapping duties and who has the influence over the risks generated. A jumping platform was installed in the Inner Harbour to encourage children to jump in that specified area. Council, Eastland Port and Coastguard have an overlapping duty to consult, cooperate and coordinate the activities and ensure the safety of people using the facilities. It was reported that the Port will be taking action and making it a safer spot for children to use.
- Asbestos on Titirangi is located outside of the easily accessible area. It is currently being assessed and more information will be provided to the Committee.

The fines relating to non-compliance around the COVID-19 framework are primarily retail shops where they have not displayed the QR Code Scanner and have not followed processes as outlined in the Work Safe Guidance.

MOVED by Bruce Robertson, seconded by Cr Seymour

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

#### **10.4 22-50 2021-22 Insurance Renewal**

Senior Procurement Advisor Andrew Haughey attended. Chief Financial Officer Pauline Foreman advised that the report is in three parts ie the insurance renewal process, Insurance Strategy and an update on meetings with the Port.

Points of clarification were:

- Council's largest forest is Waingake (Pamoq) and there is a Joint Venture with Juken. Juken takes responsibility for the insurance. Council's other large Crown forest is Waerenga-a-Kuri and Council takes public liability insurance on behalf of the Crown. Other small woodlots are covered by insurance.
- Public liability insurance relating to fire in forestry will be reported at the next meeting.
- There is a lag timeframe in receiving insurance schedules. Council's insurance schedules go from November to October which encompasses two financial years.
- Important to have regular updates on the progress of the Insurance Strategy as there are actions in the strategy that are important to the renewal process. It addresses the smart way of covering our risks, what risks Council covers themselves and how.



- A meeting has taken place with Eastland Port, Council and Insurers. Eastland Port have a Wreck Removal Cover for their business interruption. Eastland Port require all small ships eg launches, fishing vessels etc to carry insurance and it is sighted. The Maritime Act states that all ships entering New Zealand must carry insurance.
- It is likely that as the last person standing, the responsibility of final costs not recovered from other parties may fall upon Council.
- The \$1.3m insurance premium is from November 2021 to October 2022 and the account has been paid in full and upfront.
- The Wreck Removal cover has been increased from \$5m to \$10m.

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

**Secretarial Note:** The meeting adjourned at 10.40am and reconvened at 10.45am.

### 10.5 22-63 Council Strategic Risk Management Report

Risk Partner Steve Breen attended and answered the following points of clarification:

- Further work is being carried out to better define the risk events relevant to climate change and natural environment ie are we clear about the definition of a risk event for our natural environment and equally do we have a clear definition of a risk event as it relates to climate change. The assessment will come down to what kind of controls, therefore actions, we implement to prevent either risk event from happening, however if that risk was to occur what mitigation actions would be taken to minimise the impact.
- The People and Capability Strategic Risk moved from moderate to major, based on national shortage of attracting people to fill vacant roles.
- In the Finance area, additional resources will be sort from accounting firms should we not be able to fill vacancies in the short term.
- In terms of the Resource Management Act review a panel of consultants was established and there are six different consultants that Council can use on an ongoing basis. This entailed a large investment in procurement upfront however it has streamlined what is an eight year project. This has also enabled those consultant firms to know what their forward work programme could look like allowing them to invest in additional capacity as well. Prices have increased across the board which reflects the demand.

- Risk events relating to the Natural Environment and Climate Change should be kept as separate events.
- Concern was raised regarding Council's decision to bring forward the recommended 2040 net carbon zero to 2030 which is a risk for Council along with the cost of achieving this.

MOVED by Cr Seymour, seconded by Cr Foster

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

### **11. Public Excluded Business**

**Secretarial Note:** These Minutes include a public excluded section. They have been separated for receipt in Section 11 Public Excluded Business of Council.

### **12. READMITTANCE OF THE PUBLIC**

MOVED by Bruce Robertson, seconded by Cr Wharehinga

That:

1. The Council re-admits the public.

**CARRIED**

### **13. Close of Meeting**

There being no further business, the meeting concluded at 12.44pm.

Bruce Robertson  
**INDEPENDENT CHAIR**

### 3.2. Action Sheet

Meeting Date	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
22/09/21	10.2	21-137 Draft Insurance Strategy & Wreck Removal Cover	Completed	Provide a further update to the Committee on the relationship between the Port and Gisborne District Council with respect to insurance and risk responsibilities.	Andrew Haughey	<b>25/02/2022 Andrew Haughey</b> A report is on the Audit & Risk Agenda for 16 March Committee Meeting.	16/03/22
23/11/21	15.1	Additional Action Items	Completed	<b>Action Register Item 10.2 Insurance Strategy and Wreck Removal Cover:</b> A report will be presented to the Audit & Risk Committee on 16 March 2022.	Andrew Haughey	<b>25/02/2022 Andrew Haughey</b> A report is on the Audit & Risk Agenda for 16 March Committee Meeting.	16/03/22
16/03/22	10.3	22-43 Health and Safety Update	In progress	Provide the Committee with further information on the asbestos located on Titirangi.	De-Arne Sutherland		27/04/22

Meeting Date	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
16/03/22	10.4	22-50 2021-22 Insurance Renewal	Completed	Public liability insurance relating to fire in forestry to be reported on at the May meeting.	Andrew Haughey	<p><b>09/05/2022 Andrew Haughey</b></p> <p>Our Public Liability Cover applies to our forest assets, in the event when Council is legally liable from a fire(event) within Gisborne District Council forests, we are covered up to \$15 million.</p> <p>An example is, a fire started due to a lightning strike, the Council would not be legally liable for the damage caused by the fire to neighbouring landowners.</p> <p>For the Council to be legally liable, there generally must be some negligence on the part of the Council such as a fire is accidentally started by a Council staff member.</p>	27/04/22

## 10. Reports of the Chief Executive and Staff for INFORMATION



22-102

**Title:** 22-102 Council Strategic Risk Management Report  
**Section:** Finance & Affordability - Performance  
**Prepared by:** Steve Breen - Risk Partner  
**Meeting Date:** 18 May 2022

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Legal: No

Financial: Yes

Significance: **Low**

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### Report to AUDIT & RISK Committee for information

#### PURPOSE

The purpose of this report is to inform the Audit & Risk (A&R) Committee on the status of Gisborne District Council's strategic risks.

#### SUMMARY

Management continues to review Council's strategic and organisational risks and apply the risk appetite framework to each to assess their inherent risk, the control environment to manage that risk, and the resulting residual risk.

This report provides a status update for the:

- Procurement strategic risk, as noted in this previous report to A&R Committee as 'Moderate' now assessed as 'Major' due to the potential for costs to increase as a result of inflation, increased scarcity of materials and competing work demands on contractors could mean that costs exceed the Council's Moderate financial risk appetite of 5-25% difference in budget and impact \$150,000 - \$500,000.
- Updates relating to:
  - Civil Defence', 'Health and Safety', 'People and Capability', 'Finance', and 'Fraud and Corruption', 'Legal Compliance' and 'Natural Environment' strategic risks which follow the risk profiles as reported to the 16 March 2022 A&R Committee meeting and progress on the remaining strategic risks.
  - Individual strategic risks and their risk appetites.

A Deep dive on 'Civil Defence Response and Recovery' (as a component of the Civil Defence strategic risk) is to be conducted as part of the 18 May Audit & Risk Committee meeting and forms a separate part of the meeting under public excluded and referenced in **Public Excluded Report 22-114**.

The decisions or matters in this report are considered to be of **Low** significance in accordance with the Council's Significance and Engagement Policy.

## **RECOMMENDATIONS**

**That the Audit & Risk Committee:**

- 1. Notes the contents of this report.**

*Authorised by:*

**Pauline Foreman - Chief Financial Officer**

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**Keywords:** audit & risk, strategic risk, CDEM

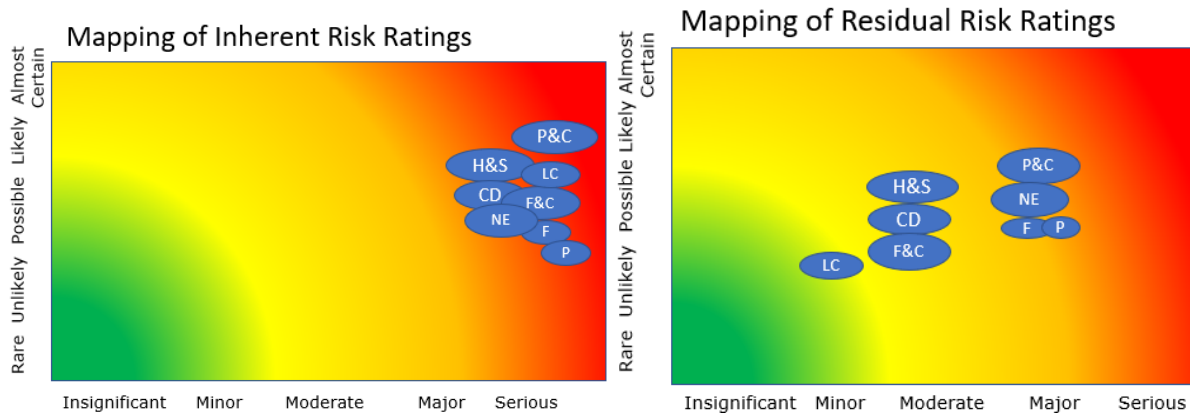
## BACKGROUND

1. This report provides an update on Council's strategic risks and risk activities for the period ending May 2022.
2. The Council is progressively applying its risk appetite framework to each of the Council's 13 identified strategic risks. Each strategic risk will be assessed in terms of its inherent risk, the control environment to manage that risk, and the resulting residual risk.
3. Work is being undertaken across all the strategic risks and the Strategic Risk Update Summary Table below shows the completed risk assessments to date and where the risk assessments and deep dives for each risk are proposed.

### Strategic Risk Update Summary Table

Strategic Risk	Inherent Risk	Residual Risk	Proposed Deep Dive	Risk Assessment completed by
Health and Safety	Serious	Moderate	23 November '22	Completed
Civil Defence	Serious	Moderate	18 May '22 (Response & Recovery)	Completed
People and Capability (including projects/change management and service delivery)	Serious	Major	Completed	Completed
Impact of Externally Driven Change	New risk: level to be determined following deep dive	New risk: level to be determined following deep dive	Completed	21 September '22
Overall Council Strategy (including strategic relationships)	To be reassessed following deep dive	To be reassessed following deep dive	23 November '22	21 September '22
Treaty Commitments	New risk: to be determined following deep dive	New risk: to be determined following deep dive	21 September '22	21 September '22
Financial (including fraud and corruption)	Serious (Major)	Major (Moderate)	Completed	Completed
Capital Projects	New risk: to be determined following deep dive	New risk: to be determined following deep dive	tbc	18 May '22
Natural Environment (including ability to monitor and report)	Major	Major	tbc	18 May '22
Legal Compliance	Minor	Minor	21 September '22	Completed
Infrastructure Asset Management	To be reassessed	To be reassessed	21 September '22	July '22
Procurement	Serious	Major	Completed	18 May '21
Business Continuity (including Information and Technology (IT))	To be reassessed	To be reassessed	Completed (IT deep dive)	21 September '22

4. A residual risk 'heat map' forms part of risk reporting and has been provided below for the risks assessed to date: 'Health and Safety' (H&S); 'Civil Defence' (CD), 'People and Capability' (P&C); 'Finance' (F), 'Fraud and Corruption'(F&C); 'Legal Compliance' (LG) and 'Natural Environment' (NE):



5. More risks will be added to the heat maps as they are assessed. The maps are supported by the summary table as below:

No	Risk	Inherent	Control Environment	Residual	
1	Health and Safety (H&S)	Serious		Moderate	
2	Civil Defence (CD)	Serious		Moderate	
3	People and Capability (P&C)	Serious		Major	
4	Impact of Externally Driven Change	Serious	tbc	tbc	
5	Overall Council Strategy (including strategic relationships)	Serious	tbc	tbc	
6	Treaty Commitments	Major	tbc	tbc	
7	Financial (F), including Fraud and Corruption, (F&C)	Serious		Major	
8	Capital Projects	Major	tbc	tbc	
9	Natural Environment (including ability to monitor and report)	Serious		Major	
10	Legal Compliance	Serious		Minor	
11	Infrastructure Asset Management	Serious	tbc	tbc	
12	Procurement (P)	Serious		Major	
13	Business Continuity (including Information and Technology)	Serious	tbc	tbc	
		<b>Control Environment:</b>	Controls are present and effective	Controls ineffective in some areas	Controls are missing or not effective



## DISCUSSION and OPTIONS

### Civil Defence Emergency Management (CDEM) Strategic Risk

6. The Civil Defence Emergency Management (CDEM) strategic risk is defined as the risk that the CDEM Group 'is unable to provide appropriate response and recovery operations.'
7. The current residual risk level for **CDEM** is assessed as '**Moderate**,' which is within our overall Council risk appetite.
8. This 'Moderate' level of risk has been achieved by revising the existing CDEM risk bowtie following the September A&R Committee meeting resulting in a number of additional actions (treatments) being added. These 'treatments' are proposed or are in progress as follows:
  - a. **Further training is scheduled: In Progress.** Training for Civil Defence operational team (supported by National Emergency Management Agency (NEMA)) is ongoing. May require additional budget where risks and specific training are identified.
  - b. **Workshop with Councillors to assist clarifying Council CDEM operational responsibilities and accountabilities: Proposed.** Civil Defence involves both local Council and NEMA roles and responsibilities. Clarity of both will improve resource allocation and responsiveness.
  - c. **The existing Civil Defence Risk Bowtie has been updated and the revised draft is being reviewed: In Progress.** Service improvements since the bowtie was developed have overtaken the current version, which requires updating to reflect the current operating environment.
  - d. **Establish a natural hazards work programme to monitor and manage natural hazards: Proposed.** Adopt the same approach as taken with water security. May require additional budget and/or reprioritisation of existing work commitments.
  - e. **Implementation of medium-term actions of 2018/19 CDEM Review Plan recommendations: In Progress.** Majority of short-term recommendations implemented but ongoing delivery of full recommendations required. May require additional budget and/or re-prioritisation of existing work commitments
  - f. **Sharing of local and national expertise and resources to ensure the right level of decision-making experience and competency for an event. In Progress.** This will also build relationships and the development of consistent operational platforms between regions.
9. This active focus on the treatments identified will reduce the residual risk level to 'Moderate' which meets the Council's risk appetite.

10. Operationally, Council is able to meet its Civil Defence commitments. However, the region has experienced 2 significant flood events and a heavy rain event in the last 3 months. Overall, the response and recovery systems employed have enabled Council to meet its Civil Defence obligations. The events have shown where the systems are working effectively and where the Council could improve its approach to dealing with these types of events in the future. Management is taking the opportunity to brief the Committee on this during the deep dive session under the Public Excluded part of the 18 May Committee meeting.

#### **Health and Safety Strategic Risk**

11. The Health and Safety (H&S) strategic risk is defined as 'the inability to adequately protect Council staff and the community, from hazards or events which compromise their physical and emotional wellbeing, while delivering Council services'.
12. The current residual risk level for **Health and Safety** is assessed as '**Moderate**' which is within Council's overall risk appetite.
13. This assessment is based on the continued delivery of the treatment options identified and managing the emerging risk of increased staff turnover and challenges with replacing key roles with suitably qualified persons. This creates pressures on mental wellbeing for teams with less resources and increased workloads (staff and leadership), with loss of experienced individuals/managers who were competent around H&S and risk management for their teams. This emerging risk is being managed through the actions being delivered under 'People and Capability' below.

#### **People and Capability Strategic Risk**

14. The People and Capability (P&C) strategic risk is defined as 'the Council doesn't have the right people with the right skills and attitudes'.
15. The current residual risk level for **People and Capability** is assessed as '**Major**' which is outside Council's overall risk appetite.
16. Council's response to this risk is identified in **Report 22-24**.
17. While there is a national shortage of talent contributing to the difficulty in attracting talent to fill the roles available, Council is using contracted personnel and consultants where possible to maintain service delivery.
18. The following additional treatments are proposed in support of the existing controls in place:
  - a. Applying Exit interviews are conducted to determine root cause for leaving so that preventative interventions can be developed: **Complete**.
  - b. Active succession planning introduced to critical areas of Council: **In Progress**.
  - c. Dashboard of key metrics reported to COR meetings: **Complete**.

## Finance Strategic Risk

19. The Finance strategic risk is defined as 'failure to be financially sustainable'.
20. The current residual risk level for **Finance** is assessed as '**Major**' which is outside Council's overall risk appetite.
21. This 'Major' level of risk is a continuation of management taking a more prudent approach to Finance given the current uncertainty in the financial operating environment. This approach seeks to minimise the impact of an economic or financial shock and while this is outside Council control and is not something we have experienced yet; the assessment is that this is probable. Therefore, a prudent approach is to treat this area of risk accordingly and introduce further actions to manage the impact if an event were to occur.
22. The additional actions focus on three areas of activity: Treasury management; insurance cover; and exposure to CCTO liabilities with the following treatments being introduced to our existing controls in order to bring the residual risk back from Major to within Council's risk appetite:
  - a. **Treasury:** Increased monitoring and cashflow forecasting, close monitoring of interest rate movements to cover requirements, ability to reprioritise spending (case-by-case assessments), scenario modelling: **In Progress.**
  - b. **Insurance:** Group interest rate strategy review that policies are adequate: **In Progress.**
  - c. **CCTO liabilities:** Review of CCTO operation and activity: **In Progress.**
23. Treasury management is being driven by disruption to the supply chain potentially requiring Council to pay a premium in order for works to be completed and against a background of rising interest rates. While current controls are present and effective, increased monitoring of planned delivery and cashflow forecasting will assist in achieving optimal prices.
24. Management is currently working through an insurance strategy to ensure that group insurance policies are adequate. This involves working through the valuation process and assessing the existing cover and contributes to the risk assessment of Major as it is currently a work in progress.
25. While the CCTO is a limited liability company the Council may be exposed to liability at a group level. Management is therefore currently reviewing this potential exposure and erring on the side of caution with the assessment of Major until this review is completed.

## Procurement

26. The Procurement strategic risk is defined as 'failure to optimise the supply of cost-effective & quality goods and services over the long term'.
27. The current residual risk level for **Procurement** is assessed as '**Major**' which is outside Council's overall risk appetite.

28. This 'Major' level of risk is a continuation of management taking a more prudent approach to procurement within Council's financial operating environment given the on-going uncertainty in the wider business environment. This uncertainty impacts Procurement through increasing inflation; the disrupted supply chain causing scarcity of materials; and on-going competition for contractors and workers to carry out work.
29. This approach seeks to minimise the impact of an economic or financial shock and while this is outside Council control and is not something we have experienced yet, the assessment is that this is probable. Therefore, a prudent approach is to treat this area of risk accordingly and introduce further actions to manage the impact if an event were to occur.
30. The additional actions focus on three areas of activity:
  - a. **Review** where 'design and build' **procurement strategies** maybe more appropriate for planned projects. **Ongoing business practice.**
  - b. A **review of resources** including both supplies and contractors. This review maps the constraints against what we have planned to do within LTP timeframes. **Ongoing business practice.**
  - c. **Rationalisation Plan** formulated where constraints of supplies and contractors cannot be managed within the timelines of Annual Plan budgets. This may mean projects are pushed out to be later than expected but aiming still to be within the LTP framework. **Initiated if resources are deemed to be at critical level.**

#### **Fraud and Corruption**

31. The Fraud and Corruption strategic risk is defined as 'wrongful or criminal deception for personal gain'.
32. The current residual risk level for **Fraud and Corruption** remains assessed as '**Moderate**' which is within Council's overall risk appetite.
33. This 'Moderate' level of risk is based on the additional treatment identified in the March assessment now adopted as a control: the implementation of the new Fraud, Corruption, and Bribery Policy adopted at the **23 June 2021 Audit & Risk Committee** meeting (report reference: **21-90**) and the following treatment:
  - a. Review of Conflict of Interest Policy including reviewing it against consistency of all organisational policies. **In Progress.**
  - b. Review of systematic mechanisms for recording and capturing conflicts, including actions that may need to arise from recorded conflicts. **In Progress.**

#### **Legal Compliance Strategic Risk**

34. The Legal Compliance risk is defined as 'legal and policy non-compliance'.
35. The current residual risk level for **Legal Compliance** is assessed as '**Minor**' which is within the Council's overall risk appetite. The basis for this assessment remains the same as when assessed for the 16 March 2022 A&R meeting as follows:

- 36. The existing Legal Compliance risk bowtie has been reviewed and remains at a 'Minor' level of risk. There have been additions to two controls to improve their effectiveness as follows:
  - a. Control 3: Framework, processes, guidance documentation and best practice, peer networks, sector groups, list serves.
  - b. Control 8: Review and improvement of systems and processes.
- 37. This 'Minor' level of risk has also been achieved through the introduction of a review action (treatment) for several controls to confirm that their systems and processes have been updated since the risk bowtie was first developed, as follows:

Existing Control	Additional Treatment	Status
1. Legal and compliance register/staff attestation, hire practices, expectations framework, training.	Establish compliance register.	Proposed
1. Legal and compliance register/staff attestation, hire practices, expectations framework, training.	Review hire practices, expectations framework, training are up-to-date.	Proposed
2. Internal policy management framework, governance work programme, internal communication, training for relevant staff, e.g. warrants.	Review that processes are up-to-date.	Proposed
3. Regular reporting and review process.	Review that process is being followed.	Proposed
4. Formal training programmes, internal legal support, peer networks, sector groups, list serves.	Review that processes are up-to-date.	Proposed
7. Review response to non-compliance.	Review that processes are up-to-date.	Proposed

- 38. Operationally the Council is meeting its legal compliance commitments. However, it is timely since the previous Legal Compliance risk bowtie was completed, to check that systems and processes are working as intended or if further improvements can or need to be made to meet new legislative requirements.
- 39. This active focus on the treatments identified will continue to maintain the residual risk level at 'Minor' which is within Council's risk appetite.

**Natural Environment Strategic Risk**

- 40. The Natural Environment strategic risk is defined as 'failure to sustainably manage our natural environment'.
- 41. The current residual risk level for **Natural Environment** is assessed as '**Major**' which is outside the Council's overall risk appetite of 'Moderate'.

- 42. This assessment is based on the need to increase the capability and capacity of the staff resource available for this area of work. There is currently a nationwide shortage of people who have the necessary skills and expertise required which has the potential to impact on Council's ability to maintain effective staffing levels.
- 43. Management is taking several steps to address this area of risk which is part of the wider approach being taken by Council to improve recruitment and retention levels. The result of these actions will see the residual risk reduce from 'Major' to 'Moderate', which is within the Council's risk appetite.
- 44. Management is further reviewing the existing Natural Environment risk bowtie for improvements to the risk causes and consequences and their associated preventative and mitigating controls. This is to better align actions and resources to the current operating environment and managing this area of risk within Council's risk appetite. A further report to this Committee will identify these proposed changes.
- 45. The following table summarises the additional actions (treatments) being taken or are proposed to bring this area of risk within Council's risk appetite and to further improve how this area of risk is managed:

Additional Treatment	Status
Review of resourcing required to meet communications, monitoring, reporting and enforcement requirements across those controls requiring them.	Proposed
Hiring practices reviewed to improve recruitment and retention outcomes.	In Progress

- 46. Operationally the Council is meeting its Natural Environment compliance commitments and this focus on updating the risk bowtie and the treatments identified are intended to return the residual risk level to within Council's risk appetite.

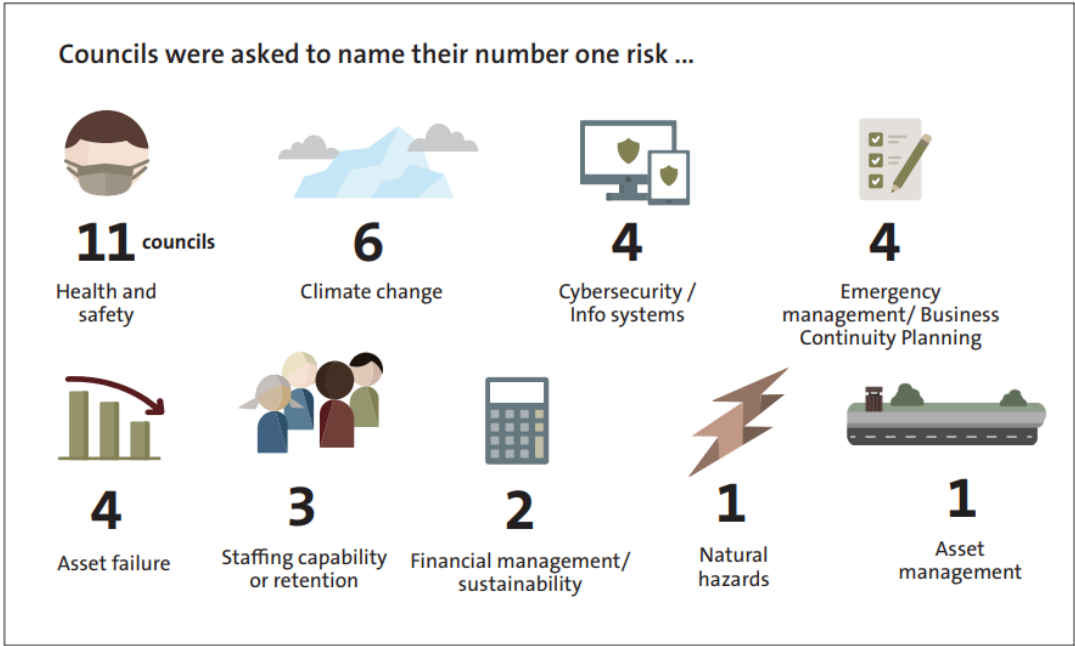
**General Risk Management**

- 47. Management continues to develop and complete the risk assessments for the remaining strategic risks. This work is being disrupted because of Council's need to comply with the national response to the COVID-19 pandemic. The move to the traffic light system of dealing with COVID-19 outbreaks, followed shortly thereafter by the emergence of the Omicron variant nationally and in Tairāwhiti, has meant additional effort has been required by Council to meet its obligations for keeping its personnel and the wider community safe and minimising the impact of COVID-19.
- 48. This additional effort has directly impacted the Business Continuity Risk with Council registering for the Close Contact Exemption Scheme Critical Services Register and identifying the critical workers to be covered by this register. Council Managers have been updating their Business Continuity Plans alongside this effort to account for operational changes needed because of the emergence of the Omicron COVID-19 variant.

- 49. The Procurement strategic risk is in its final stages of consultation across Council functions to ensure that the risk bowtie and residual risk assessment more accurately reflect the operating environment and account for changes introduced since the original bowtie was developed.
- 50. This work finalising the Procurement risk assessment process is required as part of the process for completing the risk assessments for 'Infrastructure Asset Management' and 'Capital Projects' and further work is being carried out to better define the Capital Projects risk alongside the existing Major Projects workstream.
- 51. Management has been working through the new strategic risks of 'Impact of External Change' and 'Treaty Commitments' to better define the nature of their risk to the Council and how they relate to, or impact on, the existing risks of 'Overall Council Strategy' and 'Strategic Relationships'.
- 52. It is intended that the 3-year internal audit programme will be developed over the coming 6 months as management complete the risk assessments and identify those areas of risk control to be included in the programme.

**Local Government Risks**

- 53. **Attached** is the Controller and Auditor-Generals 2021 publication on the key risks both central and local government are currently facing (**Attachment 1**).
- 54. This report highlights that Councils across Aotearoa are facing a wide range of risks including those relating to health and safety, climate change, cyber security, and emergency management. The diagram below shows the top risks identified by Councils in the Auditor-Generals report:



55. This report recommends that Councils should have a risk management framework in place but recognises there are many available. This report has used two frameworks for reference: the 'Australia NZ International Standard ISO31000:2009: Risk Management' and the 'All-of-Government Enterprise Risk Maturity Assessment Framework'. GDC Council is following the former framework and will review its framework approach against the latter to ensure it is following best practice.
56. The Auditor-General report made recommendations for how Councils can improve their risk management practices, including by:
- having someone who is responsible for enabling and driving good risk management practices throughout the Council;
  - integrating risk management into all council activities, particularly strategy-setting and decision-making. As an example, some councils that have declared climate emergencies do not identify climate-related risks as a separate key risk for the Council;
  - improving the training and support provided to elected members, particularly in their roles and responsibilities for effective risk management; and
  - carrying out regular reviews of risk management activity to inform progress and areas of improvement.
57. Council management will be incorporating these recommendations into the application of its risk management framework as part of the actions it will take as a result of this report.

## ASSESSMENT of SIGNIFICANCE

Consideration of consistency with and impact on the Regional Land Transport Plan and its implementation

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance

Inconsistency with Council's current strategy and policy

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance

The effects on all or a large part of the Gisborne district

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance

The effects on individuals or specific communities

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance

The level or history of public interest in the matter or issue

**Overall Process:** **Medium** Significance

**This Report:** **Low** Significance



58. This report is part of a process to arrive at a decision that will/may be of **Low** level in accordance with the Council's Significance and Engagement Policy.
59. This report is part of the Council risk management process and will inform future Council decision-making across Council functions and therefore the level of significance will be informed by the functions this process is applied to.

## **TANGATA WHENUA/MĀORI ENGAGEMENT**

60. The level of engagement has primarily been internally facing to date as the areas of risk are identified. This will then inform the level of engagement and process for engagement to be followed.

## **COMMUNITY ENGAGEMENT**

61. The outcomes of determining the Council's strategic risks and risk appetite for each will inform Council's decision-making and the allocation of resources to deliver the Long Term Plan objectives supported by an appropriate risk management strategy and approach.
62. The level of community engagement will be determined by the areas of risk identified and the degree to which they directly affect the community.

## **CLIMATE CHANGE – Impacts / Implications**

63. The level of climate change impact and its implications will be determined by the areas of risk identified and the extent to which they affect climate change.

## **CONSIDERATIONS**

### **Financial/Budget**

64. There are no direct financial implications in relation to receiving this report.
65. The financial impact will be determined by the resource allocation required to meet Council's risk appetite for the areas of risk identified.

### **Legal**

66. This report is part of Council's obligations to operate in a prudent manner by identifying and reducing relevant risks to the delivery of its services and activities.

## **POLICY and PLANNING IMPLICATIONS**

67. This report is consistent with Council's Risk Management Framework.

## **RISKS**

68. This report is part of Council's wider organisational risk management process which seeks to minimise risk across the Council organisation. The process being undertaken as set out in this report will be applied to map the rest of the strategic risks.

## NEXT STEPS

Date	Action/Milestone	Comments
May onwards	Determine if the Council is currently exposed to any risks beyond its risk appetite.	Complete in conjunction with Internal Audit for the assurance programme. Reported within Audit & Risk Committee
May onwards	Develop the annual internal audit plan.	Complete in conjunction with the profiling of each strategic risk and subject to further consideration by Audit & Risk Committee.
May onwards	Plan and conduct deep dive risk sessions with the Audit & Risk Committee.	Complete in conjunction with Internal Audit for the assurance programme. Reported within Audit & Risk Committee.

## ATTACHMENTS

1. Attachment 1 - OAG Local Government Risk Management Report [22-102.1 - 36 pages]



B.29[21i]

## Our observations on local government risk management practices



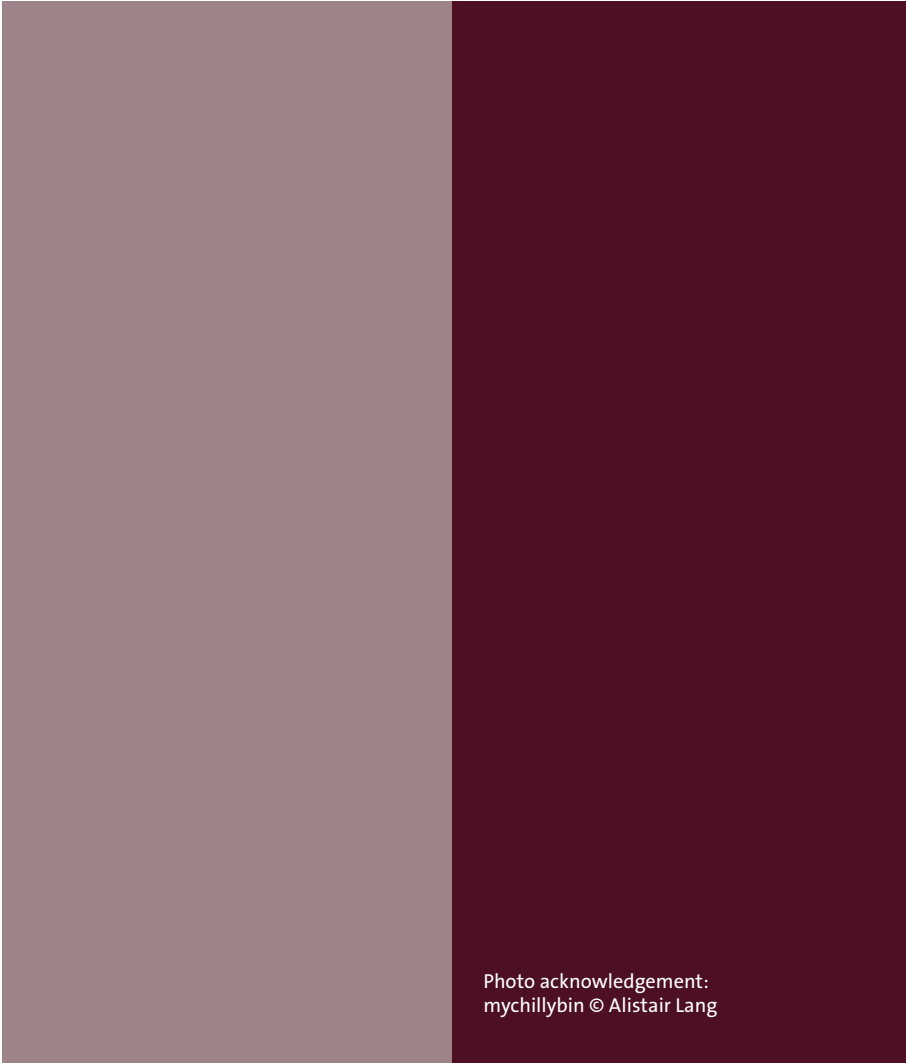


Photo acknowledgement:  
mychillybin © Alistair Lang

# Our observations on local government risk management practices

Presented to the House of  
Representatives under section 20 of  
the Public Audit Act 2001.

October 2021

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# Auditor General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. However, even before Covid-19, councils were operating in a complex environment that was becoming more challenging and uncertain.

We have recently seen service disruptions from core council infrastructure failures, the impacts of climate change with more frequent droughts and flooding, increasing pressures from growth, and financial pressures associated with all of these.

Councils are also grappling with meeting increasing standards and the uncertainties of proposed regulatory changes, such as the resource management reforms and the Three Waters Reform programme.

As councils seek to achieve their objectives and meet the needs and expectations of their communities in an increasingly complex environment, it is essential that they clearly understand the risks they face and how to manage those risks.

My Office has previously reported that risk management was one of the least mature elements of governance in the public sector. Therefore, I wanted to know about councils' current risk management practices.

Councils provide a wide range of critical services to their communities. Given the consequences if these services fail, I expected that all councils would have a formal risk management framework in place that is fully integrated into their strategies, business activities, and decision-making.

I also expected risk management to be supported by appropriate resourcing and training. I expected this to cover:

- governance;
- processes to identify, analyse, and monitor risks;
- effective approaches in place to manage risk; and
- regular formal reviews of risk management practices to identify areas for improvement.

Some councils do not currently have a formal risk management framework. In my view, those councils should prioritise putting a formal risk management framework in place. Councils also need to consider whether risk management is part of their organisational culture and integrated into the decisions they make.

We saw several positive examples of a strong risk culture in the councils we looked at. These councils had an appropriate focus on, and a maturing approach to, risk management.

That every council now has an audit and risk committee (or similar), with most having some level of independent membership, is a step in the right direction. Although audit and risk committees have a role in setting up and monitoring risk frameworks, elected members are ultimately responsible for their council's risk management.

This report describes some positive examples that we saw during our work. These include:

- establishing the desired risk management maturity level, with a clear plan to achieve this;
- developing risk management guidelines to support greater consistency of practice throughout the council;
- using risk champions to help embed a risk management culture and support staff in their roles;
- embedding risk management into reporting to elected members to improve advice from staff, which provides elected members with greater confidence in their decision-making; and
- embedding climate risks into their overall risk context to make it a consideration for all strategic decision-making.

Despite this, the councils we looked at are still largely using basic risk management practices. However, they plan to improve their risk management practices over time.

To support good governance, elected members need to maintain an overall view of their council's strategic objectives, be aware of obstacles to achieving those objectives, and receive assurance that their council is managing risks well. In my view, more could be done to support elected members as they consider the risks faced by their council, particularly how they factor this into their decision-making.

Risk management should not be viewed as a separate process but integrated into all decision-making.

To improve their risk management practices, I expect councils to:

- have someone who is responsible for enabling and driving good risk management practices throughout the council;
- integrate risk management into all council activities, particularly strategy-setting and decision-making. As an example, some councils that have declared



climate emergencies do not identify climate-related risks as a separate key risk for the council;

- improve the training and support provided to elected members, particularly in their roles and responsibilities for effective risk management; and
- carry out regular reviews of risk management activity to inform progress and areas of improvement.

Specialist tools, such as quantitative risk assessment, could also be more widely applied. This would give managers and governors a better understanding of the risks to delivering complex programmes of work and how they could reduce their exposure to those risks.

I encourage chief executives and elected members to consider the maturity of their existing risk management practices and prepare a clear plan for improving that maturity. We provide examples in this report to help with this.

I acknowledge that implementing risk management practices takes time and resourcing. However, the consequences of not adequately managing risk are significant. They can often result in large and unexpected expenditure, service failure, and a loss of public trust and confidence.

I acknowledge the work that organisations such as Taituarā – Local Government Professionals Aotearoa do in fostering networks to improve risk management practices in councils (for example, through its annual risk management forum). Grassroots sharing is important, and fostering networks is fundamental to learning and improving.

I thank the councils that responded to our risk management survey and the staff of Auckland Council, Environment Canterbury Regional Council, Queenstown-Lakes District Council, and Waipā District Council for their openness and co-operation during our consideration of their risk management practices. All these councils have shown strong improvements in their risk management processes and practices during the past few years, and I commend them for this.

Nāku noa, nā



John Ryan  
Controller and Auditor General  
18 October 2021

## Our recommendations

We recommend that councils:

1. prioritise putting in place a formal risk management framework if they do not have one;
2. ensure that elected members get the training and support that they need to carry out their risk management roles and responsibilities;
3. consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments, given that the assessments that many councils make, particularly on the delivery of their capital expenditure programmes, need a high level of judgement; and
4. assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

## 1

## Introduction

- 1.1 Our 2016 report *Reflections from our audits: Governance and accountability* noted that risk management is one of the least mature elements of governance in the public sector.
- 1.2 Effective risk management is a critical part of successfully delivering an organisation's strategy. Identifying, understanding, and managing risk is also a fundamental part of effective governance. When risk is not managed effectively, assets or projects can fail. This can erode the public's trust and confidence in an organisation.
- 1.3 Good governance that is informed by an understanding of risk tolerance not only avoids failures but can also mean that the organisation does not miss opportunities to improve its financial or operational performance.<sup>1</sup> Governing bodies that think strategically and consider their organisation's role in a wide context are more likely to identify and be in a position to take opportunities to improve their performance or to achieve benefits faster.
- 1.4 The local government sector has recognised the need for improvement in risk management. In June 2016, Local Government New Zealand submitted a business case to central government to establish a local government risk agency. The agency would work with councils to achieve a more consistent and higher standard of risk management practice.<sup>2</sup> To date, no such agency has been established.
- 1.5 In our audit work, we often see instances where councils do not have effective risk management.
- 1.6 Given this context, we carried out work to better understand the current state of councils' risk management, where the challenges and issues are, and what support councils need to improve how they manage risk.

### What we expected to see

- 1.7 Effective risk management by public organisations involves identifying, analysing, mitigating, monitoring, and communicating risks as part of their business activities.
- 1.8 To determine what we should expect to see in council risk management, we looked at several risk management standards or frameworks. These included:
- the *Australia NZ International Standard ISO 31000:2009: Risk Management*; and
  - the *All-of-Government Enterprise Risk Maturity Assessment Framework*.

<sup>1</sup> Risk tolerance is an organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objective, see *ISO Guide 73:2009(en) Risk management — Vocabulary* at iso.org.

<sup>2</sup> For more information on the Local Government Risk Agency, see [lgnz.co.nz](http://lgnz.co.nz).

- 1.9 Based on these and our own work, we identified four elements of risk management that we expect all councils to have. They are:
- a risk management framework in place to identify, analyse, and monitor risks;
  - effective approaches in place to identify and manage risk, with effective oversight by elected members and appropriate involvement by their audit and risk committee;
  - regular formal reviews of their risk management practices that inform areas for improvement; and
  - mechanisms for communicating with their communities about the risks they face and how they are managing those risks.

### How we carried out our work

- 1.10 The observations we make in this report are based on:
- our observations of how Auckland Council, Waipā District Council, Environment Canterbury Regional Council, and Queenstown-Lakes District Council manage risk;
  - the results of a survey we sent to all councils (except the four councils listed above);
  - discussions we had with select audit and risk committee chairpersons; and
  - the knowledge we have developed through our work, which includes our audit work and discussions with council staff and elected members.
- 1.11 The survey questions are set out in Appendix 1.

### Structure of our report

- 1.12 In Part 2, we set out what we mean by risk management.
- 1.13 In Part 3, we outline the importance of having a commitment to risk management.
- 1.14 In Part 4, we discuss the need for clear governance and management roles and responsibilities.
- 1.15 In Part 5, we summarise the top risks identified by councils.
- 1.16 In Part 6, we set out what councils should be doing to improve their risk management.

## 2

# What we mean by risk management

- 2.1 Councils should have a clearly defined framework for managing risk.<sup>3</sup> A risk management framework supports a consistent approach to managing risks throughout a council. It also provides a way for a council to compare the different types of risk that it must deal with, whether they are project-based risks, day-to-day operational risks, or longer-term strategic risks.
- 2.2 We do not endorse a particular risk management framework – there are many available. However, based on well-recognised risk management frameworks<sup>4</sup> we have identified some core elements a risk management framework should have, including:
- a structure for the governance of risk management, with defined levels of accountability and reporting mechanisms. This includes appropriate involvement by audit and risk committees (see Part 4);
  - process(es) that are applied across a council to:
    - identify, analyse, and evaluate risks and their significance;
    - monitor and review risks to ensure that a council understands what could get in the way of achieving its strategic objectives;
    - treat risks to ensure that these are being appropriately managed; and
  - ongoing monitoring and review of the risk management process as a whole to ensure that it remains effective and councils continue to mature their risk management practices as planned (see Part 6).
- 2.3 The framework should be appropriate for the objectives the council is seeking to achieve and the main issues, drivers, and trends that could get in the way of it achieving them. It is important to have a risk management framework in place that is applied consistently and effectively. This will help council staff assure elected members that risk is being well managed. It will also better inform elected members’ decision-making, which in turn enhances the community’s trust and confidence in their council.
- 2.4 The Chief Executive of Environment Canterbury told us that “ultimately, risk is the language that helps staff and elected members make better decisions”.

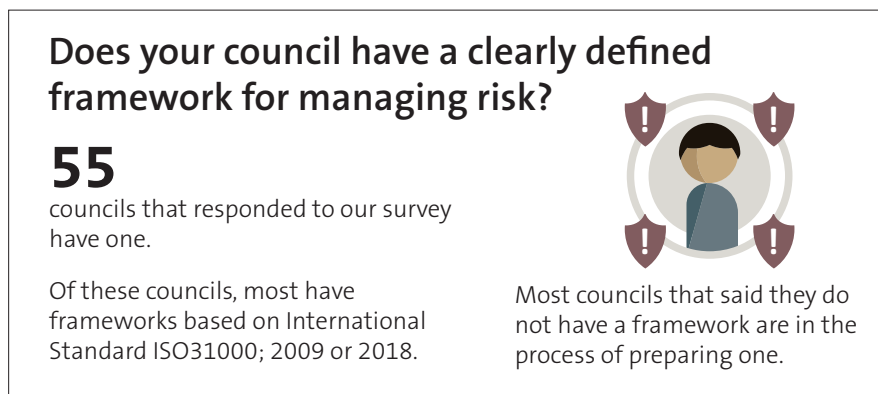
3 Our definitions of risk and risk management are from *ISO 31000:2009: Risk Management*. We define **risk** as the effect of uncertainty on objectives. We define **risk management** as the co-ordinated activities to direct and control an organisation with regard to risk.

4 For example, we looked at *ISO 31000:2009: Risk Management* (and its 2018 update) and the *All-of-Government Enterprise Risk Maturity Assessment Framework*.

## Not all councils have a risk management framework

- 2.5 Our survey of risk management practices asked whether councils have a clearly defined risk management framework. Of the 63 councils that answered this question, 55 said they had a risk management framework. Most of these said that their framework was based on the *International Standard ISO 31000* (2009 or 2018). Of the eight councils that said they did not have a framework, seven said that they were preparing one (see Figure 1).

**Figure 1**  
Whether councils we surveyed have a risk management framework



Source: Office of the Auditor-General.

- 2.6 Councils provide critical services to their communities. Because there are serious consequences if these services fail, it is imperative for all councils to have a formal risk management framework in place.

---

### Recommendation 1

We recommend that councils prioritise putting in place a formal risk management framework if they do not have one.

---

## Tailoring risk management to the needs of the council

- 2.7 There are many risk management frameworks that councils can base their framework on. Councils need to tailor their risk management framework to their circumstances – including their operating context, culture, strategic objectives, risk appetite,<sup>5</sup> and risk tolerance. In Figure 2, we describe Environment Canterbury Regional Council’s approach to managing its risks.

**Figure 2**  
**Environment Canterbury Regional Council's approach to risk management**

Environment Canterbury Regional Council has a decentralised approach to risk management. The Council adopted its formal Risk Management Policy and Framework in 2017. However, the Council's journey of risk management maturity and readiness started when it developed stronger project management processes in 2014. It then emphasised health and safety management in 2016.

The Council's Risk Management Policy and Framework does not mandate specific risk management processes. Instead, it encourages risk thinking.

Under the Council's model, elected members and senior management set the tone for what they expect for risk management. Each group in the Council is expected to take responsibility for its own risk management, and risks are managed throughout the organisation rather than centrally. In effect, elected members and senior management empower staff to identify, manage, and monitor risks.

The Council has organised its services into the following portfolios:

- air quality;
- biodiversity and biosecurity;
- freshwater management;
- climate change, hazards, risk, and resilience;
- regional leadership; and
- transport and urban development.

The Council also has functional areas, such as project management and health and safety. Risk management is carried out at each of these portfolio and functional areas. Relevant managers are responsible for managing the risks in their domains. The managers receive support to establish and strengthen their risk management practices when they need it.

This approach means staff can choose how to identify, assess, and respond to risks. This has been welcomed by staff, who can focus on their actual risks rather than the risk management tool given to them.

Elected members receive regular updates from management on how the Council is managing identified risks through portfolio committees and the performance, audit and risk committee.

The Covid-19 pandemic delayed a regular review of the Council's top risks by elected members. This had not been done when we completed our work.

## Councils had appropriate policies and processes in place

2.8

The four councils we looked at had the policies and processes in place that we expected to see. These include:

- a risk management policy;
- appropriate processes and procedures to identify, analyse, and evaluate risks;
- allocated responsibility for the overall leadership of risk management in the organisation; and
- some way of distinguishing between strategic, operational, and projects risks to effectively oversee and monitor risks at the right level.

- 2.9 The four councils we looked at tailored their risk management policies to their needs. Council staff also actively considered these policies when carrying out their risk management roles and responsibilities, including when they managed projects and made decisions more generally.
- 2.10 In general, the four councils we looked at capture project risks on an ongoing basis. Strategic risks are usually reset on an annual basis through workshops with senior leadership teams and elected members.
- 2.11 For example, Auckland Council uses a variety of tools and approaches to identify risks. These include:
- risk appetite statements, which are directives from the executive leadership team and endorsed by elected members, to indicate their comfort levels for risk;
  - brainstorming sessions with experienced and knowledgeable staff;
  - structured techniques (such as strengths, weaknesses, opportunities, and threats (SWOT) analysis; process mapping; and bow-tie analysis<sup>6</sup>);
  - annual strategic, council planning, budget, and risk identification workshops;
  - regular compliance reviews (internally and externally);
  - quarterly reassessment of top and emerging risks with the senior leadership team and the audit and risk committee;
  - assignment of ownership and accountability for top risks;
  - divisional and departmental risk registers in place; and
  - independent reviews of the council's actual risk maturity compared with its desired level of maturity.

### Councils need to focus on achieving consistent risk management practices

- 2.12 Some staff we interviewed said that their council finds it challenging to achieve consistent risk management practices throughout the organisation. This is because different teams apply different risk management processes or apply the same processes inconsistently. This can affect the quality of advice provided to senior management and elected members, and the robustness of decisions made.
- 2.13 Waipā District Council provides Risk Management Guidelines, and staff training and support, to help improve the consistency of risk management practices throughout the organisation. The guidelines provide different approaches to identifying risks, tools for risk analysis, guidance on writing risk statements, and an explanation of the “likelihood” and “consequence” ratings and how these translate into inherent risk assessments and the suggested treatment options.

<sup>6</sup> **Bow-tie analysis** is a visual way of showing the effects of a hazard, the risk it presents, the consequences, and the controls that should be implemented.



## 3

## Committing to risk management

- 3.1 Council staff and elected members need to understand the importance of managing risk and having a strong and sustained commitment to effective risk management.
- 3.2 Council staff and elected members should express this commitment by:
- setting the tone from the top and expressing a commitment to risk management through a risk policy;
  - integrating risk management throughout the council – particularly in its setting of strategic priorities and decision-making processes;
  - being appropriately resourced with staff who are adequately trained and experienced in risk management; and
  - elected members having a shared understanding of their roles and responsibilities in risk management (see Part 4).
- 3.3 The four councils we looked at are strongly committed to risk management and recognise its importance to achieving their objectives.

### Councils should have someone responsible for leading risk management

- 3.4 Our survey asked councils whether they had a dedicated risk manager. If they did not have a dedicated risk manager, we asked why. If they did have a dedicated risk manager, we asked who the risk manager reported to (see Figure 3).

**Figure 3**  
Whether the councils we surveyed had a dedicated risk manager



Source: Office of the Auditor-General.

- 3.5 Of the councils that did have a dedicated risk manager, seven risk managers reported to their chief executive.
- 3.6 Although not all councils can afford to have a dedicated risk manager, they should have someone responsible for enabling and encouraging good risk management practices.<sup>7</sup> The risk manager is not responsible for managing risk but helps lead and monitor risk management processes throughout the council.
- 3.7 If a council has an internal audit function, then the internal auditor should not be responsible for risk management decisions. Internal audits provide assurance that risk management activities are appropriately designed and implemented, and that they are operating effectively.
- 3.8 Internal audits are risk based, which means internal auditors need access to risk information. Sometimes, the internal auditor is asked to co-ordinate or aggregate risk intelligence. However, if the internal auditor is seen to have responsibility for risk management, then their independence might be questioned.

### Councils need to improve the integration of risk management into council activities

- 3.9 From the councils we looked at, we saw that it can be challenging for councils to integrate risk management into their activities, particularly when making decisions about operational risks.
- 3.10 Figure 4 describes how, to support effective decision-making, Auckland Council includes a risk section in all governance reports.

**Figure 4**  
**Auckland Council includes a risk section in all governance reports**

Auckland Council includes a risk section in its report for governors (including local boards). The report template provides report writers with guidance on how to fill out the risk section. This section must be populated.

The Council also runs an ongoing quality advice programme. As part of the programme, training and guidance is provided to report writers who advise decision-makers about risks and mitigations.

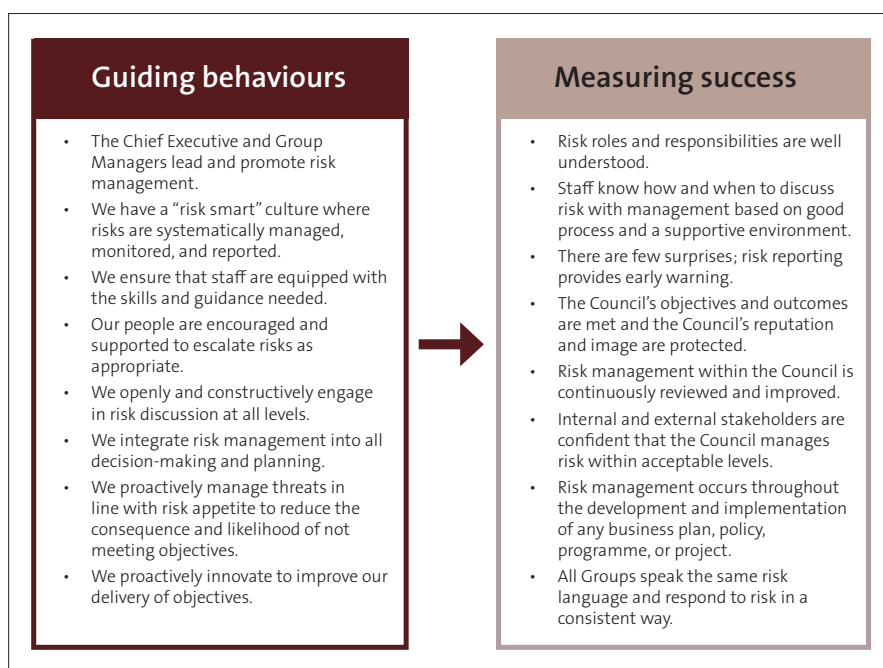
Having a risk section means that staff are prompted for their consideration and management of risk. Staff we spoke to said that there has been an increased commitment and understanding of what risk management is and why it is important.

Auckland Council has enforced this discipline for some time. This and its other initiatives, which include increasing risk management conversations throughout the Council, have improved the quality of reports going to the governing body.

## Culture is critical to integrating risk management

- 3.11 Effective risk management is not just about the systems and processes in place (the “architecture”) – it is also about how staff implement it in their day-to-day work. Councils should consider how to implement an appropriate culture in their organisation that would best support integrating risk management into all their activities.
- 3.12 Hastings District Council’s Chief Executive expressed a commitment to risk management in the Council’s Enterprise Risk Management Policy and Framework. In that commitment, the Chief Executive notes:
- Risk management enhances our service culture and should be engrained in our DNA. Risk management is a continuous journey of learning and its application underpins our ability to deliver positive outcomes for our community.*
- 3.13 As Figure 5 shows, Hastings District Council’s framework describes guiding behaviours (such as “we openly and constructively engage in risk discussion at all levels”) and how success will be measured (such as “staff know how and when to discuss risk with management based on good process and a supportive environment”).

**Figure 5**  
Hastings District Council’s Risk Management Policy and Framework



- 3.14 The way that risk is considered by elected members, at a council's audit and risk committee, and by management (collectively and individually), creates a culture. That culture has a significant bearing on whether a council will successfully identify and manage risks.
- 3.15 In Figure 6, we describe Auckland Council's use of risk champions to support its risk management culture.

**Figure 6**  
**Auckland Council's use of risk champions**

Auckland Council has designated between 50 and 60 staff as risk champions. The risk champions are important for embedding good risk management culture and good practice throughout the Council.

One risk champion we spoke to described their work as an advocacy role, promoting good practice in risk management. They saw the value of their role in increasing the conversation about risk management throughout the Council and, in particular, supporting their department to improve how it considers and manages risks.

Before Covid-19, the risk champions met every two months to look at risks throughout the Council. Risk kōrero were reinstated in January 2021. The January meeting discussed how to effectively integrate risk management into everything the Council does. The risk champions were briefed on the Council's latest reassessment of its top risks, and they provided feedback on the likelihood and impacts of each risk at a divisional and departmental level.

This information has been recorded and informs the assessment and management of the Council's top risks. The Council continues to develop a programme for the risk champions, including holding regular meetings.

**Staff and elected members need more support and training**

- 3.16 Staff and elected members need to understand why risk management is important to their council's business, how it relates to their roles, and the part it plays in good decision-making.
- 3.17 We found that councils in general recognise that they need to do more in respect of training and development, and have ongoing conversations, so that elected members and staff understand their role in managing risk. This would help them more consistently consider and discuss risks and their impact on the council's decision-making.
- 3.18 Elected members often receive information about a council's risk management activities and their role in risk management as part of their post-election induction. However, we found that subsequent workshops or training sessions often did not happen. One council scheduled a follow-up forum that only a small number of elected members attended.
- 3.19 Queenstown-Lakes District Council has a risk management intranet page with links to relevant resources. The Council also provides internal training on new aspects of its risk management processes to some staff. Staff with stronger risk management backgrounds run the training.

- 3.20 Auckland Council identified four high-risk areas needing consistent training (cyber security, integrity, health and safety, and privacy). The Council made online learning modules mandatory for all staff and included them in the onboarding programme for new staff. Overall, about 80% of all Auckland Council staff have completed the training to date.
- 3.21 Auckland Council also provides risk management training and “how to” guidance to staff and elected members in conjunction with its organisational development programmes. These include the Kura Kawa (elected member development programme) and the staff quality advice and risk champions programmes.

### Risk aware versus risk averse

- 3.22 Risk management practices are not usually designed to eliminate all of an organisation’s exposure to risk.
- 3.23 We heard through our work that councils can have a risk averse<sup>8</sup> culture across both elected members and staff, which reflects a conservative risk appetite. Because of councils’ obligations to be financially prudent and accountable to their communities, this is not surprising.
- 3.24 Councils are also at times subject to significant scrutiny not just from their communities but also central government and interest groups, such as residents’ or ratepayers’ associations.
- 3.25 However, risk management is not just about avoiding or reducing the impact of bad outcomes. Risk management is also about supporting an organisation to succeed.
- 3.26 As well as posing a threat, risk can be an opportunity for developing innovative ways of working. Not looking for or not taking opportunities when they arise also has risks. There is a difference between being “risk aware” and “risk averse”.
- 3.27 Councils need to understand and be transparent about the risks they take on and the benefits they seek. Not all initiatives will succeed, and sometimes the speed of implementation can deliver benefits quickly but put the cost or quality of those benefits at risk. Using reliable information to balance risk and return is part of good risk management.
- 3.28 Councils need to consider value creation and the potential for innovation when setting their risk appetite. The need for innovation has never been more important given the challenges councils are facing to deliver services to communities within budgetary pressures.

<sup>8</sup> According to the *Cambridge Dictionary*, being **risk averse** means being unwilling to take risks or wanting to avoid risks as much as possible.

## 4

## Clear governance and management roles and responsibilities

- 4.1 Councils should have a structure for how they govern and manage risk, with defined levels of accountability. Roles and responsibilities for the governance and management of risk are often split between different individuals and teams. Therefore, it is vital that these roles and responsibilities are documented and understood. This includes the roles and responsibilities of elected members and audit and risk committees.
- 4.2 Collectively, elected members are responsible for setting the risk management tone and objectives for their council. They are also responsible for overseeing the council's strategic, financial, operational, and reputational risks. This is because elected members are ultimately accountable to the public for their council's performance.
- 4.3 Audit and risk committees can support elected members in risk management. However, there should be clear lines of communication between the audit and risk committee and the elected members about risk management.

### Audit and risk committees' important role in risk assurance

- 4.4 Audit and risk committees could be better thought of as risk and assurance committees. Their focus should be on risk, and their purpose should be to provide assurance to elected members that their council is managing risk well.
- 4.5 Risk is the effect of uncertainty on achieving an organisation's objectives. Therefore, it is important that audit and risk committees have a good understanding of what their council is trying to achieve now and in the long term. Audit and risk committees should also understand the council's key risk areas, including the likelihood of those risks occurring and the consequences if they do.
- 4.6 Audit and risk committees can help a council by:
- reviewing the effectiveness of a council's risk management framework, policies, processes, and controls, which provides assurance to elected members that there are effective internal controls to manage risks and that the risk management framework is fit for purpose and used effectively;
  - providing assurance that a council's strategies are achieving their intended objectives;
  - helping elected members test and challenge new ideas and business-as-usual operations so that the council improves and meets its objectives; and
  - providing an opportunity for the chief executive or other senior managers to test ideas in a constructive forum.
- 4.7 In our view, each council should consider the appropriate functions and role of its audit and risk committee for risk management. Audit and risk committees should have the training and support they need to carry out their role.

- 4.8 We saw effective risk management in the four councils we looked at. The audit and risk committees of these councils had clear roles and the right experience and skillsets for the types of risks their councils face. The four councils' audit and risk committees all received updates from risk managers at each committee meeting.
- 4.9 The audit and risk committee chairpersons we spoke to noted that their council's processes have matured significantly. This was often demonstrated during the response to Covid-19, with audit and risk committees playing a critical role.
- 4.10 In Figure 7, we describe Waipā District Council's audit and risk committee's role in risk management.

**Figure 7**  
**Waipā District Council's audit and risk committee**

We saw some good practice applied by Waipā District Council's audit and risk committee. The committee was established in September 2015, and an independent chairperson was appointed in December 2019. The committee is a sub-committee accountable to the elected members for the Council's risk management activities.

The committee's role in risk management is to:

- ensure that the Council's risk management framework is current, comprehensive, and appropriate;
- assist the Council in determining its risk appetite;
- review the effectiveness of the Council's risk management framework and internal control systems; and
- review risk management reporting quarterly.

The committee meets quarterly and is provided with a Quarterly Risk Management Report. The report provides an update on key insights; strategic, operational, and project risks; emerging risks; an update on the mitigation actions taken; internal audit activities; and how the implementation of the risk management strategy is progressing.

The main purpose of the quarterly reports is to provide a basis for discussion and start effective risk conversations.

The committee asks the following three questions to hold management to account:

1. Are management happy with where risk management is at?
2. If not, what do they need to do to respond to that risk?
3. Does management have the support they need to respond to risk?

Standing items on the committee's agenda cover:

- a "deep-dive" discussion on one of the Council's top risks (this is on a rotating basis, with the intent that each top risk is discussed once a year);
- an organisational risk discussion with the Chief Executive; and
- a group risk discussion with each of the group managers on a rotational basis that covers what is on the manager's work programme, what is on their upcoming work programme, and what "keeps them awake at night".

There are clear lines of communication between the committee and the full Council.

The Council reviews the performance and effectiveness of its audit and risk committee through an annual perceptions survey. All elected members and key staff members who work regularly with the committee complete this survey. The first survey was carried out soon after the committee was established and acts as a baseline. Subsequent survey results provide a long-term view of the committee's effectiveness.

## Improving elected member confidence in risk management

- 4.11 Identifying, understanding, and managing risk is a core part of the role of elected members. Elected members should:
- establish a tone at the top that promotes a risk-aware culture;
  - set the council's risk policy and approach;
  - be informed about risks and the measures that management is taking to manage significant risks; and
  - ensure that the council has appropriate processes for identifying, assessing, and responding to risks in keeping with its risk approach and that these processes are operating effectively.
- 4.12 We saw a need for councils to have a stronger focus on the role that elected members play in risk management. This includes ensuring that elected members are getting the training and support they need to carry out their risk management roles and responsibilities.
- 4.13 Elected members need to be able to make informed decisions about how to deliver their council's objectives that have been set in consultation with their community. They also need to understand the implications of these decisions.
- 4.14 This includes understanding the risks associated with progressing a proposed course of action and how their council is managing these risks. Elected members need to be able to test the information they receive from council staff and make well-informed decisions.
- 4.15 It is important that elected members understand the context in which they are making decisions on behalf of their community and the implications of the risk information staff provide to them.
- 4.16 Staff and elected members need to discuss risk and how it should be managed in a clear way. Good communication between elected members and management is essential to set risk management expectations, including roles and responsibilities and the council's risk appetite and risk tolerance levels.

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### Recommendation 2

We recommend that councils ensure that elected members get the training and support that they need to carry out their risk management roles and responsibilities.

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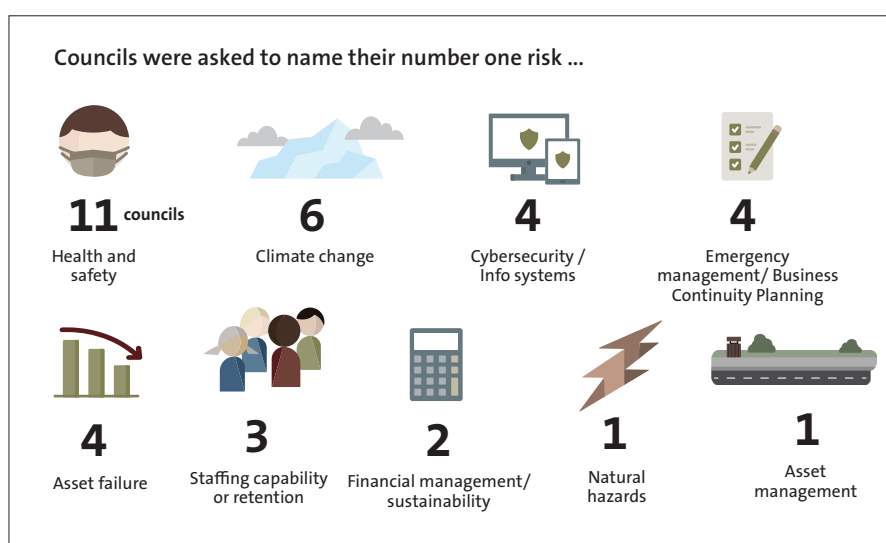


## 5

## Councils' top risks

- 5.1 The risks councils face are wide ranging. They include risks related to health and safety, the impacts of climate change, fraud, cyber-security, asset failure, cost escalation, drinking water quality, and changes in regulatory standards.
- 5.2 We asked councils what they identified as their top five risks. Of the 56 councils that responded to this question, 11 said that health and safety was their number one risk and six said the impact of climate change was their number one risk (see Figure 8).

**Figure 8**  
The top risks identified by councils were wide-ranging



Note: This is a sample from the responses received from the 56 councils, not a total list.

- 5.3 In our local government work, we often find instances where poorly managed conflicts of interest and procurement risks reduce the public's trust and confidence in a council. However, not many councils we surveyed listed conflicts of interest or procurement as a top risk.
- 5.4 We looked at two specific risks – climate change and asset management (including asset failure) – and considered how three councils were looking to mitigate the risks that they had identified.

### Climate change

- 5.5 Six councils in our survey said that their number one risk was responding to climate change impacts. Several other councils included this in their top five risks.

- 5.6 Climate change poses risks to council activities, and council activities affect the climate. Councils need to:
- advise their elected members of these risks;
  - communicate these risks to their communities; and
  - make informed decisions about how to manage their assets and deliver services in response to these risks, including assessing options and their cost implications.
- 5.7 As at February 2020, 17 councils have declared climate emergencies (see Appendix 2). However, in their responses to our survey, some of those councils did not have climate-related risks in their top five risks.
- 5.8 This might be because those councils are not integrating their climate-related strategy and/or policy decisions into their risk management practices. Another reason might be that councils have incorporated climate change-related risks into other risk categories, such as asset failure.
- 5.9 If councils are to make well-informed decisions about their climate change work programmes, it is important that they integrate their decision-making and risk management. This also demonstrates to their communities that they are acting on their climate emergency declarations.
- 5.10 The Task Force on Climate-related Financial Disclosures framework has been developed to provide clear and comprehensive information on the impacts of climate change. The framework is structured around four core categories, one of which is risk management. Councils are encouraged to become familiar with the framework.<sup>9</sup>
- 5.11 In Figure 9, we describe Queenstown-Lakes District Council's approach to embedding a consideration of climate change risks into its current and future risk context.

<sup>9</sup> Matt Raeburn and Rick Lomax (July 2021), "TCFD framework and climate change obligations", *Local Government Magazine New Zealand*, pages 40-42.

**Figure 9**  
**Queenstown-Lakes District Council's approach to embedding a consideration of climate change risks in its risk context**

Queenstown-Lakes District Council has taken steps to embed climate change into its current and future risk context. The Council identified ineffective planning for climate change as one of its top five risks.

The Council adopted a climate action plan after consulting with its community, holding workshops, and commissioning scientific research on climate change impacts and implications for the district until the end of the century.

The climate action plan has the following five key outcomes:

1. The community looks to the Council for leadership and action.
2. Queenstown-Lakes District has a low-carbon transport system.
3. Built environment and infrastructure are climate responsive.
4. Communities are climate conscious and resilient.
5. The economy and natural environment thrive together.

The plan is supported by a range of actions that involve – and need implementation support from – all directorates of the Council. When consulting the community on its 2021-31 long-term plan, the Council sought views on whether to maintain its current level of investment into activities to achieve climate goals or to increase this investment. The plan is aligned with the Council's other strategies and outcomes.

Actions under the climate action plan to date include forming a Climate Reference Group and developing a draft Emissions Reduction Masterplan and Sequestration Plan for the district. The plan notes that the Council will develop a performance framework and identify key performance indicators.

The Council considers that there is good engagement with the climate action plan and strong community support, both in terms of adapting to climate change effects and reducing emissions. The Council aspires to have net zero carbon emissions in communities in the district as part of its Vision 2050 strategy.

Council officers report on progress in implementing the Council's climate action plan as a standing item in the Audit Finance and Risk Committee agenda and identify areas for further investment and action. The reports update the committee on progress in achieving the five outcomes, actions in the plan, priorities for the next quarter, actions that have been delayed or rescheduled, risk mitigations, and updates on changes in the operating environment (such as the Climate Change Commission's advice).

## Asset management

- 5.12 Many councils' top risks relate to asset management. Councils are responsible for managing assets with a combined value of more than \$160 billion. Councils deliver core services to their communities through these assets. Councils are accountable for the decisions they make about how these assets are managed.
- 5.13 Climate change, natural hazards, growth, increasing environmental and health standards, regulatory change, understanding the condition of existing infrastructure, and funding constraints all affect whether councils achieve their asset management and service delivery objectives.

- 5.14 Many assets are also coming to the end of their useful life, and performance issues might arise as a result. We have previously highlighted concerns that councils might not be sufficiently reinvesting in their critical infrastructure assets. This is based on planned renewals expenditure being less than the forecast depreciation charge.<sup>10</sup>
- 5.15 Recently, as part of their 2021-31 long-term plan consultation, several councils identified that they have been underinvesting in their assets.<sup>11</sup> Some communities are already experiencing asset failures because of this underinvestment.
- 5.16 To manage infrastructure assets, councils need to have reliable information about the condition and performance of their assets. Reliable asset information is important for mature asset risk management.
- 5.17 However, many councils struggle with getting reliable asset information, despite the benefits. In Figure 10, we describe Waimakariri District Council's approach to managing its assets.
- 5.18 To govern the management of assets effectively, elected members should ask questions and/or receive information (preferably trend information) about the following:
- What is the knowledge we have about our assets?
  - What percent of our assets have been inspected and when?
  - How are we monitoring the performance of our assets?
  - What are the asset failure trends?
  - What do we spend on reactive versus planned maintenance versus relevant benchmarks?
  - Does our future investment programme adequately consider risk and allow the council to take a risk informed investment approach?

<sup>10</sup> Office of the Auditor-General (2020), *Insights into local government: 2019*, paragraph 1.10.

<sup>11</sup> For example, see Central Hawke's Bay District Council (2021), *Facing the Facts: Consultation Document Long Term Plan 2021-2031*, page 2.

**Figure 10**  
**Waimakariri District Council's asset planning and information**

Waimakariri District Council recognises that good asset planning and information helps manage risks at a strategic level and when it responds to an immediate issue, such as the Canterbury earthquakes in 2010 and 2011. When the earthquakes happened, the state of its assets held few surprises for the Council. Within days of the earthquakes, the Council was able to make significant decisions about replacing pipes to restore assets and accommodate the required future growth in the district.

For many years, the Council has prioritised its understanding of what assets it owns, where those assets are located, hazards that might affect its assets, and where there is capacity for growth – including population, demographic, and industry changes. The Council has collected all of the important information for reticulation pipes, such as pipe diameter, ground conditions, and how deep the assets are.

The Council has assessed vulnerable and critical assets, and it has plans in place to renew these assets before they fail.

The Council has taken a long-term view in preparing its infrastructure strategy. As a result, it has ring-fenced the money it needs for its asset renewals. The Council has also costed the likely impact of another natural disaster and has sufficient “head room” in its financial strategy to respond to such an event.

There is a strong commitment to resourcing for both staff and technology. The Council actively recruits interns and graduate engineers and provides them with training. This supports a sustainable workforce.

The Council reviews its risk register quarterly and reports a reasonable level of detail. The Council has recognised that it needs to improve its reporting to elected members, noting that reporting often influences the desired change. The Council currently provides detailed asset management plans and reports compliance on performance measures and the capital works programme to its elected members. However, this does not report on service level outcomes, and the Council has noted that this is a matter it could report on.

- 5.19 We have reported that many councils plan to invest in their assets at significantly increased levels. However, they have struggled to achieve their capital expenditure programmes.<sup>12</sup>
- 5.20 Project delays or deferrals are typically the most common reasons councils give for spending significantly below their capital expenditure budgets. These delays can be caused by re-prioritising council projects, internal delays (such as consenting issues), and contractual delays (such as tender processes taking longer than expected). These risks are often not well described or understood when capital programmes are approved.
- 5.21 In Figure 11, we describe Waipā District Council's approach to managing the risk of not delivering its capital works programme.

<sup>12</sup> Office of the Auditor-General (2020), *Insights into local government: 2019*, page 13, and Office of the Auditor-General (2019), *Matters arising from our audits of the 2018-28 long-term plans*, pages 19-20.

**Figure 11**  
**Waipā District Council's approach to managing the risk of not delivering its capital works programme**

Waipā District Council staff told us that the Council's most pressing risk is how to deliver its capital works programme to provide the infrastructure to support expected high levels of growth.

The Council continually reviews project risks and assigns these to "owners" where appropriate. Project managers identify risks at a project level, but the owner of the work programme is expected to consolidate risks at a programme level. This enables cross-organisation responses to be prepared.

Risks filter down through the Council's business planning process and are reported to the audit and risk committee quarterly. The key purpose of the report is to provide a base for discussion and start effective risk conversations by the committee. The report provides the committee with the results of the quarterly review of risks, an update on the status of the mitigation measures, and an update on the implementation of the risk management strategy. The executive also carries out a quarterly review of the report in the lead-in to the audit and risk committee review.

- 5.22 Councils need to deliver large and complex capital programmes. This was reinforced in councils' 2021-31 long-term plans, where capital expenditure forecasts continue to significantly increase over long-term plans.
- 5.23 We consider that, given the complexity of decisions that councils need to make about large infrastructure projects, they could make more use of specialised risk management techniques. We have seen limited use of such techniques by councils.
- 5.24 Quantitative risk analysis or assessments can assist councils in decision-making by providing a probability associated with particular outcomes. This would enable councils to understand what controls or interventions are likely to have the greatest effect on reducing risk.
- 5.25 Councils cannot make strategic decisions if they do not know where their risks are and what effect they have.

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**Recommendation 3**

We recommend that councils consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments, given that the assessments that many councils make, particularly on the delivery of their capital expenditure programmes, need a high level of judgement.

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## The failure of important relationships is a strategic risk

- 5.26 Councils depend on successful relationships to achieve their strategic objectives – including relationships with neighbouring councils, central government, mana whenua, and their council-controlled organisations.
- 5.27 We saw councils recognising the failure of key relationships as a strategic risk. In Figure 12, we describe Auckland Council's identification of its inability to achieve Māori outcomes as a top risk.

### Figure 12 Auckland Council – achieving Māori outcomes

In May 2020, Auckland Council identified its inability to achieve Māori outcomes because of Covid-19 as a top risk. The Council noted that Covid-19 was expected to have serious and prolonged effects on all vulnerable communities. There was a potential risk that the Council might be unable to meet its responsibilities to Māori, which would have a range of significant impacts and consequences.

Risks have been defined in three related parts as the risk of:

- not delivering on commitments to mana whenua, iwi, mataawaka, and Māori communities and customers;
- not honouring te Tiriti o Waitangi principles and not maintaining the Council's Treaty-based partnerships with Māori; and
- Māori reporting distrust and lack of confidence in the Council.

# 6

## Improving risk management

- 6.1 An audit and risk committee chairperson we spoke to said that risk management is a journey, not a destination.
- 6.2 There are many risk management maturity assessment frameworks available, including the *All-of-Government Enterprise Risk Maturity Assessment Framework*.<sup>13</sup> This covers:
- **Leadership and direction:** governance, culture, and continuous improvement;
  - **People and development:** roles and responsibilities, resourcing, skills, and training;
  - **Processes and tools:** risk assessment and mitigation, assurance, and risk monitoring and reporting; and
  - **Business performance:** strategic risk management, managing risk in partnerships, business resilience, and change and transformation.
- 6.3 Councils can use the *All-of-Government Enterprise Risk Maturity Assessment Framework* to assess their current maturity and help determine what they need to do to improve maturity.

### Approaches to improving risk management maturity are unique to each council

- 6.4 The four councils we looked at acknowledged they needed to improve their risk management maturity and are doing so.
- 6.5 Environment Canterbury Regional Council plans to continue further integrating its risk management thinking and processes into its organisational culture and practices. To date, the integration of risk management has been deliberately gradual. Environment Canterbury Regional Council has prioritised working with staff who are more receptive to improving their risk management practices in the first instance.
- 6.6 In Figure 13, we discuss Waipā District Council's approach to applying a change management lens to improving its risk management maturity.



**Figure 13**  
**Waipā District Council’s approach to applying a change management lens**

In 2018, Waipā District Council had external consultants complete a maturity assessment of its risk management framework and supporting processes. This work was part of the Council’s internal audit plan. The aim was to identify areas for improvement.

The consultants rated the Council as having “sustainable” risk management. The ratings the consultants used were “weak”, “sustainable”, “mature”, “integrated”, and “advanced”. The Council intends to move its rating from “sustainable” to “mature” over three years. The rating “mature” is considered best practice for the local government sector.

The consultants recommended that the Council:

- develop a formal risk management strategy and processes for monitoring and reporting key risks;
- consolidate key risks in the strategic risks register and avoid duplication of enterprise-wide risk registers;
- clarify roles and responsibilities of the audit and risk committee and the finance and corporate committee for risk monitoring and oversight; and
- develop more awareness, guidance, and uplift in ownership and capability of frontline staff to enable them to use risk management strategically.

The Council developed a three-year risk strategy that set out initiatives designed to achieve a “mature” rating:

- In Year 1 (2019/20), the Council developed documents that provided the foundation for risk management in the Council.
- In Year 2 (2020/21), the Council focused on organisation-wide awareness building and capability development to carry out risk management, making managing risk more systematic by building the risk management framework into the organisation.
- In Year 3 (2021/22), the Council will re-evaluate the risk strategy.

The Council is implementing this strategy through a risk management improvement programme. It also has a change management plan to support implementing this programme. Applying a change management lens has been core to the Council’s risk management strategy.

The Council carried out a risk and compliance survey in January 2020 to gauge the level of awareness, knowledge, and understanding of business risk and compliance throughout the organisation. The results established a baseline and informed the content of the change management plan.

A key part of the Council’s risk management strategy has been setting up a Risk and Compliance Oversight Group, which includes staff from the organisation. This Group supports the implementation of the risk management strategy, champions risk management, provides advice and support to staff, and provides a channel for communications.

To date, the Council has appointed a dedicated business resilience and risk advisor role and an independent chairperson of the audit and risk committee, and it has laid the foundations of its risk management framework.

- 6.7 Every council should assess the level of risk management maturity it needs and establish a formal plan to achieving that maturity. Councils should carry out progress reviews to inform progress.

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**Recommendation 4**

We recommend that councils assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

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**Aspects of risk management that councils need to improve**

- 6.8 Based on the risk management practices of the four councils we looked at, the results of our survey, and our audit work more generally, we consider that most councils have a basic level of risk management maturity.
- 6.9 Throughout this report, we have identified key areas that councils should focus on to improve their risk management practices. They are:
- someone in the council being responsible for enabling and driving good risk management practices throughout the organisation;
  - assessing the level of risk management maturity they currently have and the level they desire;
  - formally documenting the risk management practices they expect staff and elected members to apply;
  - integrating risk management into all council activities, particularly strategy-setting and decision-making, with a particular focus on embedding the coverage of risk in reports to elected members;
  - improving the training and support provided to staff and elected members on their risk management roles and responsibilities;
  - ensuring that their audit and risk committee is clear about its role in gaining assurance over the management of risk;
  - regularly reviewing risk management activity to inform progress and areas of improvement; and
  - making greater use of quantitative risk analysis or assessments to support relevant decision-making.

# Appendix 1

## Survey questions

Question
Does your council have a clearly defined framework for managing risk?
Please explain why your council does not have a defined framework for managing risk.
What is the framework for managing risk based upon?
Does your council have a dedicated risk manager role?
Please briefly explain why your council does not have a dedicated risk manager role.
What role within your council does the dedicated risk manager report to?
How many full time equivalents (FTEs) are there in your council that have risk management as a dedicated component of their role (as specified in their job/role description)?
What is the primary role that your council's Risk and Assurance Committee (or equivalent) plays in relation to risk management?
Please list what your council has identified as its top 5 risks.
If the following: climate change; financial management, and/or; provision of infrastructure; do not feature in your top 5 risks, where do they sit in your council's risk management priorities (please answer as numbers). If you have mentioned any of these 3 issues as your answers to the previous question, please simply re-enter the position(s) they belong to in the top 5 list of risks.
What support, guidance and tools would help your council to improve the maturity of its risk management?

## Appendix 2

# Councils that have declared climate emergencies

Council	Date climate emergency declared
Auckland Council	11 June 2019
Bay of Plenty Regional Council	27 June 2019
Central Otago District Council	25 September 2019
Christchurch City Council	23 May 2019
Dunedin City Council	25 June 2019
Environment Canterbury Regional Council	16 May 2019
Greater Wellington Regional Council	21 August 2019
Hawke's Bay Regional Council	26 June 2019
Hutt City Council	27 June 2019
Kāpiti Coast District Council	23 May 2019
Nelson City Council	16 May 2019
Ōpōtiki District Council	5 September 2019
Porirua City Council	26 June 2019
Queenstown-Lakes District Council	27 June 2019
Wellington City Council	20 June 2019
Whangarei District Council	25 July 2019
Whanganui District Council	11 February 2020

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Office of the Auditor-General  
PO Box 3928, Wellington 6140

Telephone: (04) 917 1500  
Email: [reports@oag.parliament.nz](mailto:reports@oag.parliament.nz)  
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**Title:** 22-103 Health and Safety Update  
**Section:** Health & Safety  
**Prepared by:** David Wilkinson - Health & Safety Manager  
**Meeting Date:** Wednesday 18 May 2022

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Legal: No

Financial: No

Significance: **Low**

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## Report to AUDIT & RISK Committee for information

The purpose of this report is to update the Audit & Risk Committee with specific information on critical health, safety and wellbeing risks, and controls to mitigate these risks at all Gisborne District Council workplaces.

### SUMMARY

The Gisborne District Council has duties under the Health & Safety at Work Act 2015 (HSWA) and its associated Regulations. These include:

- Applying due diligence to ensure Council, through its Chief Executive, provides resources and support to meet legal health and safety obligations.
- Ensuring that significant health and safety risks have been identified and that robust controls are implemented to mitigate these risks, and that they are reviewed regularly.
- Assurance that all workers are confident that Council is providing a safe workplace for its workers and other persons.
- Confirming that Council is compliant with health and safety legislation and striving to continuously improve health and safety systems and culture.
- Ensuring all workers are valued and that their health, safety and wellbeing is essential to the overall success of Gisborne District Council.
- Ensuring senior management and councillors are aware of their duties under s.44 "Due Diligence" and understand Council risks and resources available to mitigate.
- Providing key information relating to these matters at a governance level.
- Specific focus on the present COVID-19 situation, working collaboratively with the risk manager to ensure we have plans, controls and resources available.

The decisions or matters in this report are of **Low** significance in accordance with the Council's Significance and Engagement Policy.

### RECOMMENDATIONS

**That the Audit & Risk Committee:**

**1. Notes the contents of this report.**

*Authorised by:*

**James Baty - Director Internal Partnerships**

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**Keywords:**health & safety, health & safety at work act,

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## BACKGROUND

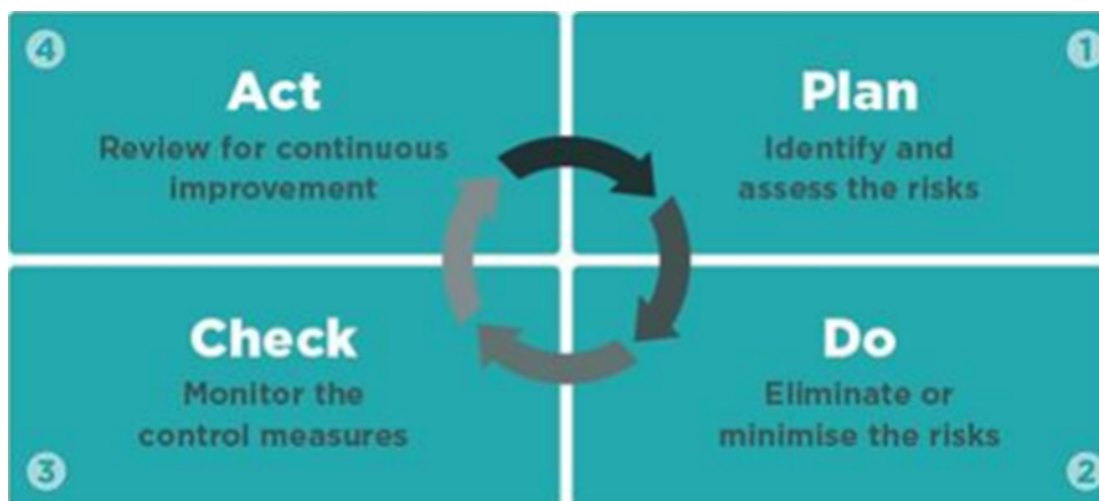
1. The Health & Safety at Work Act (HSWA) provides regular opportunities to review case law and related precedents together with frequent Regulator media reports. Since the last Committee meeting WorkSafe have announced changes to health and safety regulations providing more clarity and certainty for businesses and better health and safety for workers. These proposed changes focus on plant, machinery, structures, scaffolding, vehicles and tools. Consultation will commence early 2022 with the final regulations expected to be in place by late 2022.
2. Our focus continues to be on critical risks, staff wellbeing, and building a culture where all our workers feel supported, understand the risks associated with their work, and what controls are needed to mitigate these. Accordingly, this report provides several updates.

## DISCUSSION and OPTIONS

3. Gisborne District Council recognises that a well-functioning health and safety system relies on participation, leadership and accountability. HSWA sets out the principles, duties and rights in relation to workplace health and safety. A guiding principle of HSWA is that workers and others need to be given the highest level of protection from workplace health and safety risks, as is reasonable.
4. A review of Council's strategic risks included Health & Safety, resulting in several options to ensure ongoing continuous improvement.

### Identified Health and Safety Operational Risks

5. Healthy and safe work starts with identifying and understanding what our work-related health and safety risks are. It then involves implementing what is reasonable and practicable to eliminate those risks. Where the risk cannot be eliminated, it must be minimised so far as is reasonably practicable.
6. We follow the "Plan-Do-Check-Act" four steps model to help manage our work health and safety risks:





7. We focus on critical risks first before managing less serious risks. Teams are required to review work activities on an ongoing basis and to identify any new risks that need to be managed. We work with other businesses where we have shared work risks (e.g. share a workplace or in a contracting chain). In addition, we ask workers for input on not only identifying health and safety risks but also when choosing solutions. We believe people are more likely to take responsibility and make good choices if they have been involved in the conversation, remembering that workers are the eyes and ears of our business. They could suggest practical, cost-effective solutions and often do.
8. Teams have identified their operational risks and these, together with controls, are reviewed on an annual basis or post any incident/accident. We have introduced a business partnership model with teams assigned their health and safety support. To support we have implemented a Business Partnership Model where the HomeSafe team collaborate and review team risks developing minimum risk guidelines for staff and contractors to follow.
9. A list of 28 outstanding critical risks identified have now all been successfully closed off, leaving only identified operational critical risks to be managed.
10. Much of Council's medium- to high-risk work is undertaken by contractors. Before becoming a Council approved contractor, a health and safety assessment is undertaken with the contractors who are required to pass a pre-qualification check of their health and safety systems using our pre-qualification system SHE. 'SHE' helps us make smarter health and safety decisions, all backed by data and supported by rigorous process. Changes to the pre-approval process (cross-accreditation with Totika) have been ratified and additional training for staff across Council is under way. Council staff who engage medium- or high-risk contractors then undertake a check of any qualifications, licensing, safety plans and associated documentation before work commences. Monthly monitoring of contractors undertaking physical work is required by the person responsible for engaging or a suitable project consultant/team. Examples are the floodwater and roading network maintenance projects which have dedicated health and safety roles to verify and assure performance that is overseen by the HomeSafe team.
11. Staff retention has been identified as an elevated risk and has included Health & Safety Representatives leaving which take time to bring replacements up to speed.
12. Our top ten identified operational risks are:
  - Conflict, violence, and aggression
  - Falls from heights
  - Driving and vehicle safety
  - Working in the road corridor
  - Contractor management
  - Confined spaces and access
  - Isolated, remote, lone working
  - Hazardous substances, including asbestos
  - Mental health and wellbeing
  - Staff turnover and retention.

13. HomeSafe and Risk teams remain vigilant across the ever-changing COVID-19 situation across New Zealand and worldwide. Vaccination passports have ceased as a requirement at Council facilities and a mandated proposal around our vaccination policy will shortly be out for staff consultation. Council has significant stocks of RAT test kits to support MOH and CCES (close contact exemption scheme) supplies.
14. Clear documentation is available to all staff via Naumai (staff intranet) and other communication channels, ensuring we are well prepared – particularly in terms of resources, business continuity plans and PPE.

## Compliance

15. Workplace health and safety is not just about compliance with every letter of the law. It is about making sure our basic proposition about workplace health and safety is cemented in our organisation's culture. To this end, several compliance initiatives are under way or completed with health and wellbeing a key focus.
16. Gisborne District Council continues to play a key role in the local Te Tairāwhiti Asbestos Liaison Protocols where Council, Hauora Tairāwhiti, Fire & Emergency New Zealand and WorkSafe jointly support the reduction of occupational and public health risks associated with the exposure to asbestos.

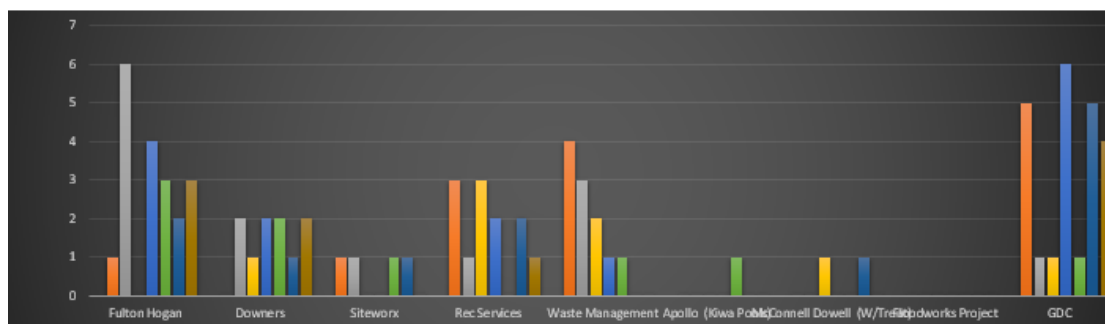
## Contractor Management

17. Working closely with approved contractors includes regular meetings where health and safety is reviewed, including accident and incident data. Additional contractor near miss reporting is monitored to evaluate trends and comparisons with reported Injury rates (**Table 1.0**) The benefit of collaboration not only ensures that Council complies with requirements under Section 34 of HSWA (overlapping duties) but also achieves benefits when exchanging learnings. A recent 'meet and greet' Korero of all Contractors involved in the new road maintenance contract took place and was an excellent opportunity to increase cross collaboration between PCBU's

**Table 1.0**

### Near Miss reporting - Tier 1 Contractors

	2021				2022				
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Fulton Hogan	1	6	0	4	3	2	3	1	2
Downers	0	2	1	2	2	1	2	1	1
Sitework	1	1	0	0	1	1	0	1	1
Rec Services	3	1	3	2	0	2	1	1	0
Waste Management	4	3	2	1	1	0	0	2	1
Apollo (Kiwa Pools)	0	0	0	0	1	0	0	0	0
McConnell Dowell (W/Treat)	0	0	1	0	0	1	0	1	0
Floodworks Project	-	-	-	-	0	0	0	0	0
GDC	5	1	1	6	1	5	4	2	3



18. Gisborne's branch of NZISM (New Zealand Institute of Safety Management) continues to promote safety in Tairāwhiti. Members include many of Council's key contractors who get opportunities for training and personal development. Face to face meetings and informative site visits have been curtailed due to COVID.
19. To ensure all elected members fulfil due diligence in their capacity as an officer, health and safety reports to the Audit & Risk Committee will also be included in the subsequent Council agenda. The updates to the Governance Structure and Terms of Reference ([Report 20-219](#)) will mean that such information in the future will be accompanied by any recommendations from the Audit & Risk Committee.
20. Part of the role of an Officer of a PCBU <sup>[1]</sup> is to ensure that there is a safe workplace and that Council has required resources available. We achieve this in several ways:
  - a) COR (including the Chief Executive) meet weekly and discuss health and safety. Regular reviews of health and safety risks are undertaken – including general data, trends, accident data, critical risks and changes to guidance, standard operating procedures and health and safety information.
  - b) The Chief Executive and COR ensure sufficient finance is made available as and when required.
  - c) Directors attend Health and Safety Committee meetings.

[1] Person in Control of a Business or Undertaking

### **Keep Up-to-date with Health and Safety Matters**

21. Due diligence includes taking reasonable steps to acquire, and keep up-to-date with, knowledge of work health and safety matters Section 44(4)(a) of HSWA.

### **Whakaari/White Island update**

22. WorkSafe laid charges against 13 parties, three of which were under HSWA Section 44: "Officers Duties". All 13 defendants initially pleaded not guilty. Recently one party, Inflight Charters Ltd pleaded guilty and is awaiting sentencing. The next hearing and trial is set for July 2023. A venue for the trial is yet to be confirmed. The outcome will likely lead to an increased awareness of Officer Duties under Section 44 of HSWA.
23. There have been 2 x workplace fatalities at Ports (Auckland and Littleton) in April 2022.

### **Worker Participation**

24. One of the key requirements of health and safety legislation is that it is mandatory to have active worker participation. We formally apply this in two ways:
  - a) By having nominated Health and Safety Representatives, who cover a specific work group across Council. Currently each representative operates in this role for a period of two years. Health and Safety Representatives are consulted on worker health and safety matters, involved in investigations, meet quarterly and are given a variety of training opportunities during their term.
  - b) All workers are encouraged to report accidents, incidents and near misses through the VAULT system (our health and safety management platform). A mobile VAULT app is available, staff are encouraged to use, and recent uptake has been encouraging.

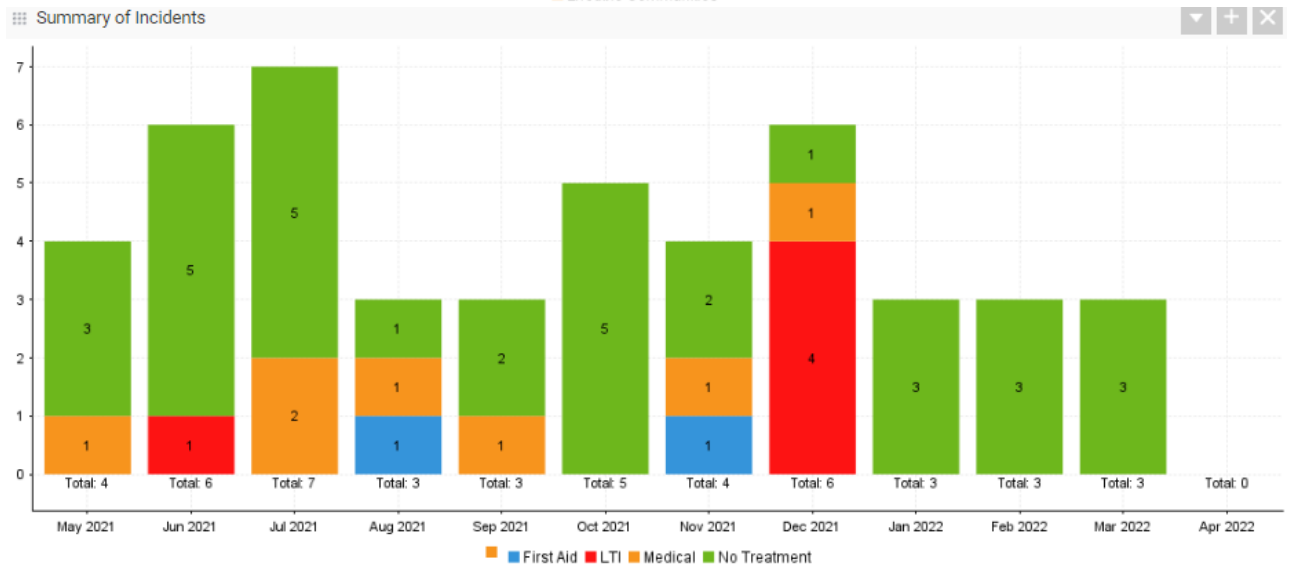
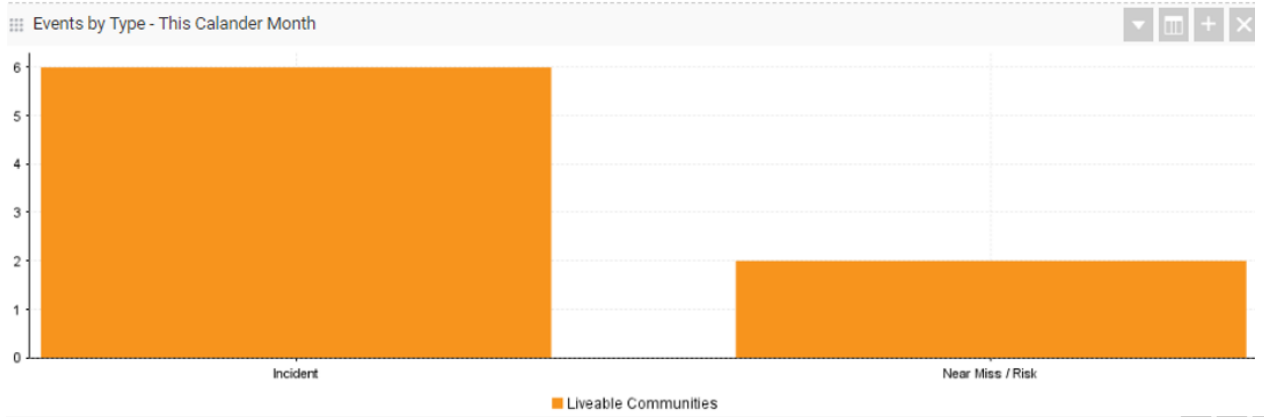
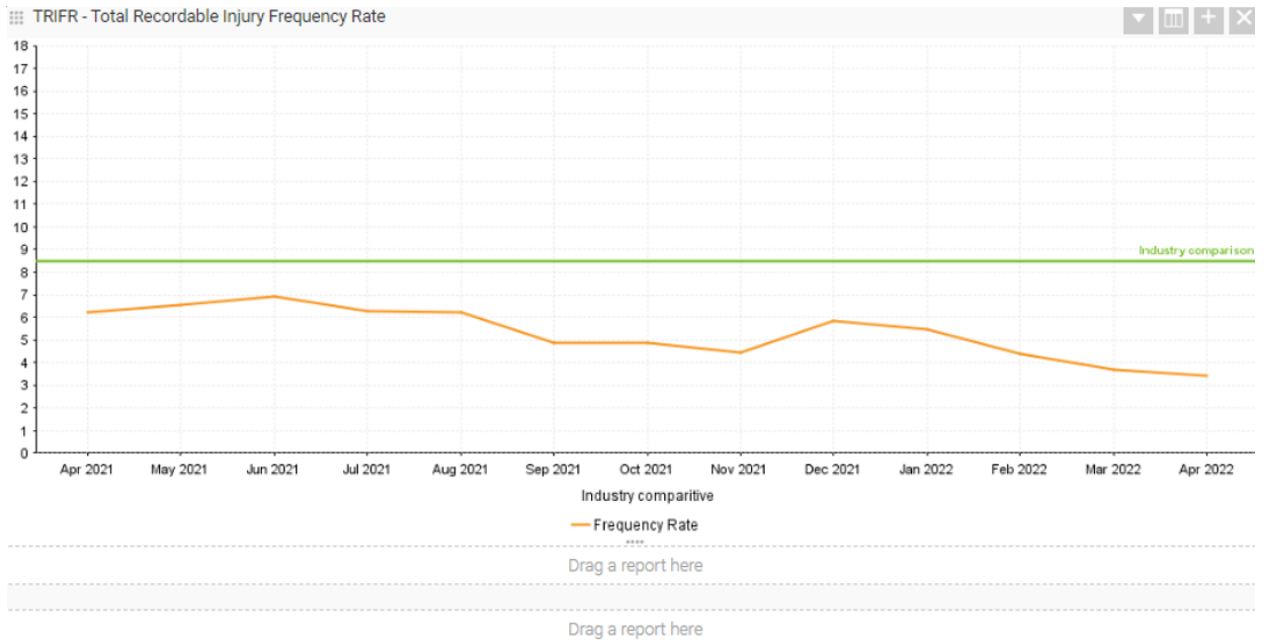
## Our Key Processes

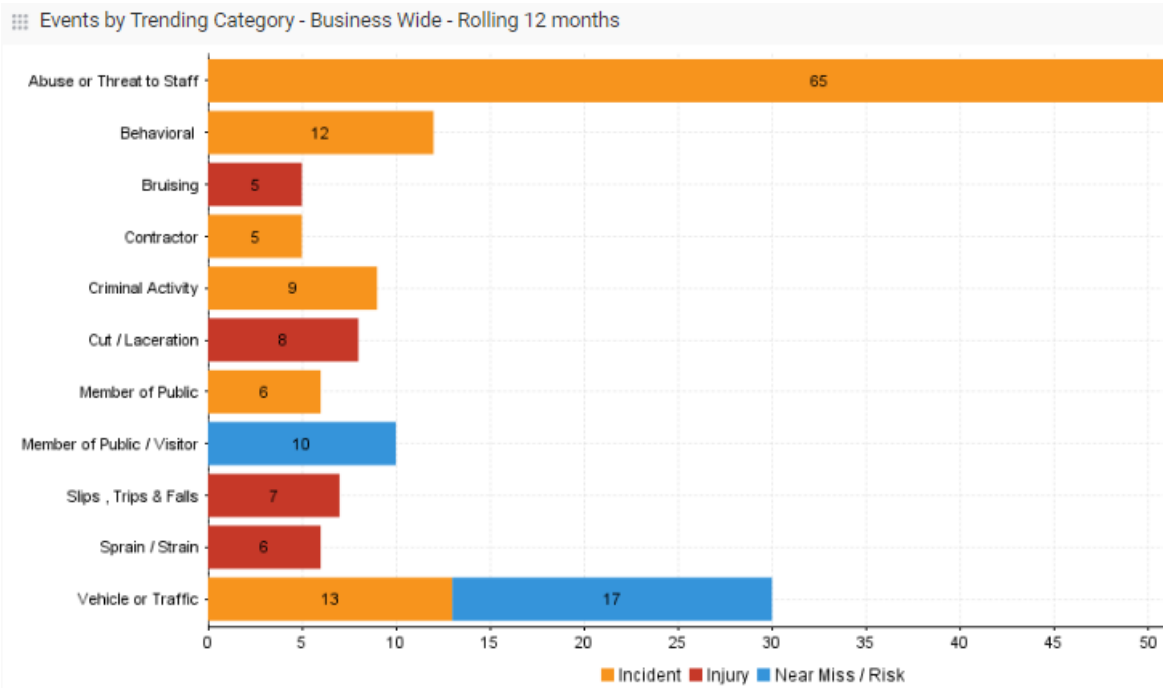
- Facilitate **Employee Participation or WEPR** (worker engagement, participation and representation) process in line with HSWA regulations.
- Manage the VAULT health and safety system which aligns with AS/NZ 4801 Occupational Health and Safety Management systems and provides a repository for all health and safety information, hazard registers, risk registers, compliance registers and monitors improvement actions and investigations.
- Lead the Health and Safety Risk Management process which is a core function of the VAULT system. The risk module has a sophisticated structure that fully integrates with all outputs of VAULT where risk assessments and controls are monitored and continually improved.
- Contribute to the **BOPLASS Mahi Tahī LG Collaboration Portal** which provides a shared resource where Council health and safety policy, guidance and related material is freely available, and members meet on a quarterly basis.
- Coordinate the **Audit and Review Process** from within VAULT. Scheduling and improvement actions are applied to individuals and monitored until close-out.

## Process Gaps or Improvement Opportunities

25. Improvement opportunities identified include:

- Some aspects of VAULT remain not well understood or utilised. Additional training has been offered and is ongoing, targeting managers and their teams.
- Staff and contractors encouraged to ensure prompt reporting of events that include near misses.
- Health and wellbeing initiatives require further development and implementation – additional HomeSafe resource engaged, and wellbeing team assembled.
- Managers/Team Leaders regularly engage with those working from home.
- Health and safety culture recognition and rewards scheme requires formalisation.
- Audit and review of major contractors is ongoing and requires further enhancement.
- Accountability – annual health and safety KPIs assessment and review requires completion following year-end.
- Staff turnover adds pressure to depleted teams, and our People & Capability team who front recruitment. Increased focus on staff recruitment, retention and succession planning continues.

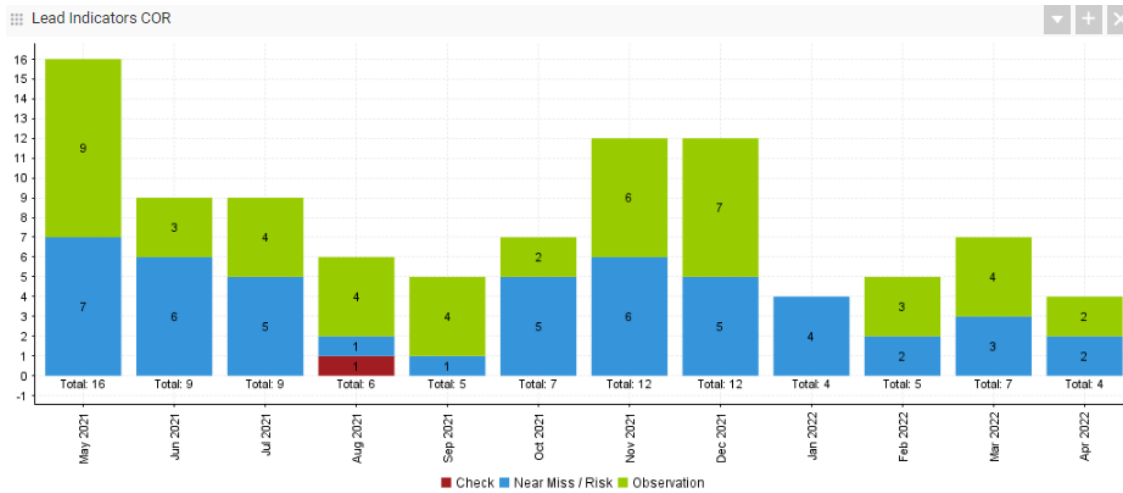




Incident	Fav	Adverse
Abuse or threat to staff		> 4
Behavioral		> 4
Contractor & Contractor Management		-
Member of public		-
Slips, Trips & Falls		-
Bruising	< 1	
Vehicle or traffic	< 1	
Criminal Activity	< 7	
Sprain/Strain	< 3	
Contractor	< 1	
Cut/Laceration	-	
Member of public/Visitor	-	

Variance from last report (March)

- Abuse and behavioural incidents increase (Library), continued compliance with requirements/COVID-19.



- Low reporting for January due to holidays and many staff working from home.

#### Key/Explanation:

- **Total Recordable Injury Frequency Rate (TRIFR):** Shows our performance gauged against similar organisations. It is an industry standard reporting calculation based on (recorded incidents x 200,000) / total number of hours worked.
- Events by trend (last 12 months) highlight top 3 events as: vehicle and driving, conflict and aggression and an increase in criminal damage to Council facilities.

#### Contractor reporting

26. With significant numbers of contractors engaged in Council work, many on short duration works, obtaining accurate and timely data can be challenging. Main Contractors continue to have regular meetings with their Council counterparts where health and safety is the first item on the agenda. Incidents, accidents and near misses are reviewed and any recommendations arising shared.

#### Notifiable events:

- In the past 12 months no Council staff have been involved in events requiring notification to WorkSafe.
- One notifiable event incurred by contractors was notified to WorkSafe.
  - Waste Management – worker under training fell from refuse truck, injuring arm.

#### Other events of note:

27. An incident has been fully investigated involving poor parental supervision of a toddler within the therapy pool facility of the Olympic Pool.

## ASSESSMENT of SIGNIFICANCE

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

**Overall Process:** Low Significance

**This Report:** Low Significance

Inconsistency with Council's current strategy and policy

**Overall Process:** Low Significance

**This Report:** Low Significance

The effects on all or a large part of the Gisborne district

**Overall Process:** Low Significance

**This Report:** Low Significance

The effects on individuals or specific communities

**Overall Process:** Low Significance

**This Report:** Low Significance

The level or history of public interest in the matter or issue

**Overall Process:** Low Significance

**This Report:** Low Significance

28. The decisions or matters in this report are considered to be of **Low** significance in accordance with Council's Significance and Engagement Policy.

## TANGATA WHENUA/MĀORI ENGAGEMENT

29. While no tangata whenua engagement was required to complete this report we are respectful when partnering with our community and organisations and ensure Te Tiriti o Waitangi – The Treaty of Waitangi is recognised in our daily work.
30. HomeSafe team actively promote the principles of Te Tiriti o Waitangi – The Treaty of Waitangi.

## COMMUNITY ENGAGEMENT

31. No community engagement was required to complete this report. All teams – including HomeSafe – are responsible for the safety and wellbeing of our workers and community. Contractor management and requests for service from our community may require input and guidance from the HomeSafe team.

## CLIMATE CHANGE – Impacts / Implications

32. There are no impacts or implications on climate change, however we require regular re-evaluation of risks from the impact of increased extreme weather events.

## CONSIDERATIONS

### Financial/Budget

33. Any financial implications relating to this report will be met from within existing budgets.



## **Legal**

34. HSWA and associated regulations were introduced in 2016 and have now embedded. Significant fines have been highlighted in the media for PCBUs who have not taken all reasonably practicable steps to mitigate health and safety risks. Any notifiable events have the potential to be investigated by the Government regulator (WorkSafe).

## **POLICY and PLANNING IMPLICATIONS**

35. There are no policy and planning implications to consider. Health and safety is inherent in all areas of Council work.

## **RISKS**

36. HSWA and its associated regulations require a PCBU<sup>[1]</sup> to take all reasonably practicable steps to ensure the safety of its workers. There remains a risk to workers, Council reputation and regulatory censure due to any unidentified or unknown risks or failure of workers to follow safe work procedures. Risks to Council workers' health and wellbeing have increased, compounded by COVID-19 and associated requirements, including working from home. The majority of known critical risks identified are well managed.
37. Staff turnover and availability of competent replacements can also have a detrimental effect on business operations and indeed added pressure on teams that may be under resourced until replacements sourced.

[1] Person in Control of a Business or Undertaking

## 11. Public Excluded Business

### RESOLUTION TO EXCLUDE THE PUBLIC

#### Section 48, LOCAL GOVERNMENT OFFICIAL INFORMATION and MEETINGS ACT 1987

That:

1. The public be excluded from the following part of the proceedings of this meeting, namely:

**PUBLIC EXCLUDED Business**

Item 11.1 22-99 Litigation Risk and Legal Issues

Item 11.2 22-114 Strategic Risk Deep Dive Background Report

2. This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole of the relevant part of the proceedings of the meeting in public are as follows:

Item 11.1 7(2)(g) Maintain legal professional privilege.

Item 11.2 7(2)(i) Prevent the disclosure or use of official information for improper gain or improper advantage.