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Council Report | Te Rīpoata Kaunihera ā-rohe

A unique place. An inspiring future. He Wāhi Tūhāhā. He Āmua Whakaohooho.

QUEENSTOWN LAKES DISTRICT COUNCIL

Audit, Finance & Risk Committee
3 October 2019

Report for Agenda Item | Rīpoata moto e Rāraki take 3

Department: Corporate Services

Title | Taitara Risk Management Update

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

1   The purpose of this report is to provide a governance update regarding the progress of the work programme and change management plan to support the deployment of the new QLDC Risk Management Framework.
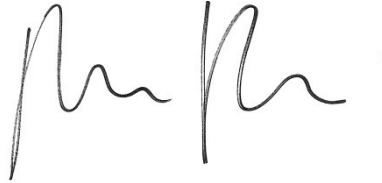
RECOMMENDATION | NGĀ TŪTOHUNGA

2   That the Audit, Finance & Risk Committee:

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

Prepared by: Reviewed and Authorised by:

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18/09/2019   19/09/2019

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CONTEXT | HOROPAKI

3 The Risk Management Group (RMG) has been established to lead the development of a risk management culture throughout the QLDC organisation. With the support of this group a new Risk Management Policy and Techone Risk Register have been deployed to help provide a foundation for the pursuit of the following objective:

- Establish a risk appetite model that allows the Risk framework to be tailored to the QLDC context;
- Develop a clear, streamlined reporting process;
- Simplify the process of risk management with clear objectives, roles and responsibilities, principles and process guidelines; and
- Build a healthy risk management culture across all management and governance tiers.

4 The purpose of this Risk Update is to support the Audit, Finance & Risk Committee with their governance monitoring of progress towards the above Risk Management objectives.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

5 The following operational actions have been completed since the last update to the Audit, Finance And Risk Committee on 6th June 2019:

- **Knowledge Management:** An external consultancy (Effectus) has been engaged to help facilitate the development of a Knowledge Management departmental risk register. A departmental workshop was conducted in July that involved a risk presentation and team breakout sessions to identify risks across the department. These risks were then collated and analysed by Effectus to produce a draft operational risk register for the department. This register is now under review to evaluate key themes and treatment strategies and how they cross-reference to risks within the Organisational Risk register.
- **Property & Infrastructure:** Internal workshops have been conducted by the P&I Leadership team to discuss and evaluate the role that risk plays within the directorate. A facilitated leadership session was conducted in August to discuss the role that risk plays in decision-making, investment prioritisation, scenario analysis/planning and treatment control activity within the directorate. Following this discussion session, P&I leaders have collated an updated draft register of key P&I risks. This content is also being reviewed to confirm how they how they cross-reference to risks within the Organisational Risk register.
- **Response Framework:** An integrated Response framework is being developed as part of our focus on Organisation Resilience. As illustrated in Figure 1 this model looks to support our Risk Management culture by establishing clear structures to support the following response levels:
  - Council disruption (Business Continuity Framework)
  - Non-emergency community disruption (Operational Incident framework)
  - Emergency event (CDEM framework)

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6   The intent of this integrated model is to help develop a common approach and set of expectations around how disruption (from minor to catastrophic) is managed at QLDC. Having scalable response methodologies, team structures and communication protocols, which are practiced as regularly as possible is key to developing the response readiness of the organisation. It also provides a key foundation for supporting multiple risk treatment strategies for the management of potential disruption events.
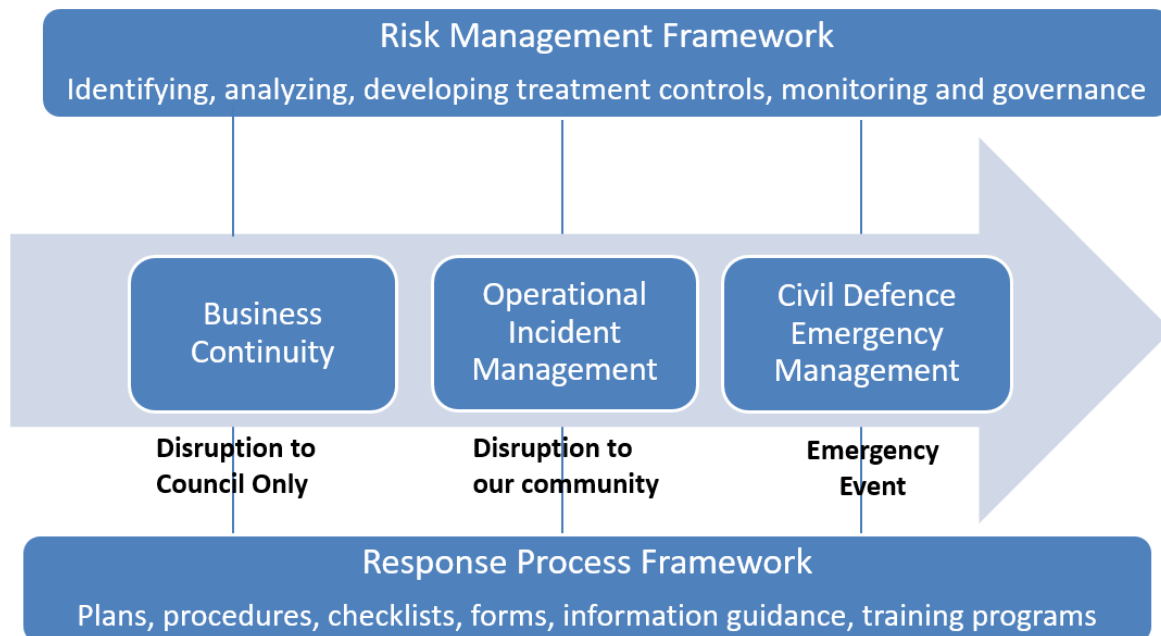
Risk Management Framework
Identifying, analyzing, developing treatment controls, monitoring and governance

Business Continuity	Operational Incident Management	Civil Defence Emergency Management
Disruption to Council Only	**Disruption to our community**	**Emergency Event**

Response Process Framework
Plans, procedures, checklists, forms, information guidance, training programs

Figure 1: QLDC Response Framework model (draft)

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> **SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA**

7   This matter is of **low** significance, as determined by reference to the Council's Significance and Engagement Policy because it will:

- Not significantly impact on the environment, culture and people of the District
- Not significantly affect individuals, organisations, groups and sectors in the community
- Not be inconsistent with existing policy and strategy
- Will not significantly impact the objectives set out in the Financial Strategy, Ten Year Plan and Annual Plan

8   As the significance of this matter is low and only for noting, no consultation with the community or local iwi is required.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

9   This matters relates to the management of all Strategic and Operational risks that are documented within the QLDC Risk Register. The development of the Risk framework helps

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to support the development of a more engaged and capable risk culture across the Council; leading to more effective risk identification, evaluation and mitigation outcomes.

10 The development of the Response framework, while being a risk treatment activity, does carry some risk in relation to RISK00038 Lack of Alignment- Strategy and Policies. The risk of misalignment will be mitigated by basing the framework on clear standards that reflect best practice including A*S/NZS 5050:2010- Business Continuity-Managing Disruption*.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

11 There are no financial implications associated with this matter.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

12 The following Council policies, strategies and bylaws were considered:

- QLDC Risk Management Policy

13 The recommended option is consistent with the principles set out in the above policy.

14 This matter supports the Ten Year Plan/Annual Plan through ensuring that effective mitigations are in place that support risks that could impact plan objectives.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 0 TE KĀWANATAKA Ā-KĀIKA

15 The recommended option:

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