Chairperson and Subcommittee Members
AUDIT AND RISK SUBCOMMITTEE

6 AUGUST 2015

Meeting Status: **Public**

Purpose of Report: For Information

RISK MANAGEMENT FRAMEWORK UPDATE

PURPOSE OF REPORT

1   This report updates the Audit and Risk Subcommittee on the on-going implementation of the integrated risk management framework.

DELEGATION

2   The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section *C.3.7 – Risk Management*

      7.9   *Ensure that Council has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Council's significant risks.*

      7.10   *Review and evaluate Council's risk management framework and make recommendations to the Corporate Business Committee on risk mitigation.*

BACKGROUND

3   In January 2015, Council contracted an independent consultant to develop a proposal to establish an effective Enterprise Risk Management (ERM) framework. The draft proposal, including a possible implementation plan was presented to the Audit & Risk Subcommittee at its meeting on 12 February 2015.

4   The Subcommittee requested further investigation be carried out:

- to more precisely determine the current level and effectiveness of risk management practices across the whole of Council;

- to identify the highest value opportunities for improvement; and

- to recast a more tailored, prioritised implementation plan.

5   Interviews were held with a number of councillors and senior managers and a review and analysis of key documentation was undertaken. The initial findings from the interviews and analysis were grouped into key themes and presented to the Subcommittee at its meeting of 5 May 2015.

6   In addition, a refined project implementation plan, encompassing the assessed and agreed priorities was agreed to by the Subcommittee.

ISSUES AND OPTIONS

7   Based on the work to date, a number of risk management implementation priorities were identified. These priorities are noted below, along with the target date for their completion and an update on their current status.

Implementation Priorities

Implementation Priority	Target Completion Date
Develop a Risk Management Strategy	end of August
Develop a Risk Management Policy	end of August
Communicate RM Strategy and Policy to whole of Council	end of August
Establish annual Risk Workshop for Senior Leadership Team (SLT)	mid-November
Establish quarterly Risk Workshops / Reviews at a Group level	starting in 2015/16
Develop a Risk management Education Programme and integrate where appropriate with 'Open for Business' and 'Caring, Dynamic, Effective' projects	Starting in next round
Provide greater incentives for implementation of RM practices in the project management manual and consider wider applications of principles	September
Reinforce sound risk management thinking and expectations within the Communications team to leverage better performance across critical parts of the business	end of October
Review and report on the implementation of the project management manual requirements, especially risk management, across a sample of projects	November
Discuss opportunities for improving the line of sight between strategy and day to day activities, integrating risk management considerations	November
Evaluate linkages to and mutual support from the business continuity project	November

8   Since the last update, the focus has been on drafting the key foundation documents, including:

- Risk Management Strategy;
- Risk Management Policy; and
- A training guide.

The draft documents are now being finalised for review by the Senior Leadership Team, which is expected to take place in August

Next steps

9   The next steps continue to be progressing the revised implementation plan, noting that the implementation of an effective ERM is a continuously evolving process which may require iterations at each stage of implementation. Therefore a balance must be struck between making progress on agreed deliverables and on-going review and adjustment of the model.

10   The next quarter will not be delivering a lot of 'on-the ground' activity, as it coincides with the Annual Report preparation, which is a priority for some key parts of the organisation. A focus will be on developing the agenda and supporting material for the Risk Workshops.

CONSIDERATIONS

Financial Considerations

11   The majority of this work programme will be internally delivered, with initial support from external advisors.

12   These costs will be managed within the 2014/15 and 2015/16 budgets. No new budgets are required.

Legal Considerations

13   There are no legal considerations at this time.

Policy Implications

14   An Enterprise Risk Management Policy has been drafted, and pending Senior Leadership Team approval should become operative in September. The Policy will inform an integrated risk management framework that provides focus, facilitation and engagement on how:

- Policies, procedures and programmes are developed to manage identified risks; and

- Risks are managed at essential levels of activity to support the achievement of relevant objectives.

Tāngata Whenua Considerations

15   There are no tāngata whenua considerations.

Publicity Considerations

16   There are no publicity considerations at this stage.

SIGNIFICANCE AND ENGAGEMENT

17   This matter has a low level of significance under the Council Policy.

RECOMMENDATIONS

18   That the Audit and Risk Subcommittee notes the progress against the revised Enterprise Risk Management Implementation Priorities.

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