Chairperson and Committee Members
AUDIT AND RISK COMMITTEE

3 MAY 2018

Meeting Status: **Public**

Purpose of Report: For Information

ENTERPRISE RISK MANAGEMENT FRAMEWORK UPDATE

PURPOSE OF REPORT

1   This report primarily updates the Audit and Risk Committee on the on-going implementation of the Enterprise Risk Management (ERM) framework.

DELEGATION

2   The Audit and Risk Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section B.3.
       Ensuring that Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation.

BACKGROUND

3   In February 2017, the Audit and Risk Committee endorsed a proposal to recommence and accelerate the development and establishment of Council's enterprise risk management framework, on the understanding that progress would require unbudgeted external consultant resources that would need to be funded from the 2017/18 Annual Plan through underspends across the organisation.

4   The key elements of the Enterprise Risk Management Framework include:
       • Risk Management
       • Business Continuity Management
       • Business Assurance
       • Procurement Improvement Programme

5   Independent consultants have been engaged to complete the work streams in a facilitative and collaborative manner with Council officers:
       • review and agree with management the areas of the business where risk management implementation will provide the greatest value;
       • develop a targeted programme of risk workshops at Council; Committee; Senior Leadership and Group levels; and encourage the right conversations;
       • work with the Council's business groups to socialise and incentivise the day-to-day management of risks in the more routine activities;
       • develop a risk communication/reporting process at, and between, the following levels;
              − Council/ Committees
              − Senior Leadership
              − Business Units / Groups
              − Projects, Asset Management

- provide Fraud Awareness training. PwC provided this training to the Leadership Forum in August 2017; and
- provide a Business Assurance Charter and Strategy.

6　As previously reported, the intended outcomes from achieving this implementation will include:
- stakeholders, external auditors, Council and management achieve high levels of assurance that the real risks are being identified and managed effectively;
- better decision making throughout the business through greater awareness of the real risks (threats and opportunities);
- clarification and socialisation of the notion of Council's risk appetite and tolerance.

ENTERPRISE RISK MANAGEMENT PROGRESS UPDATE

7　Guidance for the risk management, procurement and assurance work has been provided by independent consultants through a collaborative process with Council staff.

8　Since February 2017, the work has focussed primarily on tangible outputs, as discussed separately below.

Corporate Risk Profile

Current Status

9　As part of the implementation of Enterprise Risk Management (ERM) a risk profile, comprising a risk register and risk treatment plan, was established and reported to Audit and Risk for the first time in August 2017. The focus has been on identifying and managing the very highest strategic and operational risks the organisation faces.

10　The profile has been constructed through several iterations of discussions with individual GMs and consolidated conversation with the SLT team.

11　It is intended that the corporate risk profile will be reported to the Senior Leadership Team and then the Audit and Risk Committee on a quarterly basis

12　The corporate-wide risk profile (Extreme/High and Moderate level risks) is attached as Appendix 1.

Areas for Improvement

13　There is significant opportunity for the respective leadership teams within each group to engage, at least quarterly, on their group relevant risks so that the outputs can then be consolidated to better inform the corporate-wide risk profile,

14　Critical decision-making areas within the business to be identified to ensure that they are adequately supported by appropriate risk management practice and behaviour

Corporate Business Continuity Management System (BCMS)

Current Status

15   The BCMS also falls under the broad umbrella of ERM.

16   'Business Disruptions' is a high current risk on the corporate risk profile. Since November 2016, work effort includes the establishment of a Continuity Management Team in December 2016, the introduction of a BCP policy and the following Business Continuity Plans (BCPs) were developed in late 2016 /early 2017 to cover critical corporate activities.
- Corporate – Loss of Buildings
- Customer Services - Customer Call Management
- Finance (Payroll & Supplier Payments)
- HR (Payroll)

Areas for Improvement

17   Review and ensure corporate BCPs are fit for purpose

18   Conduct of a business impact analysis in the non-corporate side of the business to identify, and the carry out further required BCP development.

19   Establishment of a BCP test and exercise regime to raise awareness and provide confidence that the CMT structure and BCPs are fit for purpose.

20   Work continues on fully assessing and testing the ICT requirements necessary to fully enable and support the corporate BCPs, provided that an event has not resulted in wide scale ICT outages.

21   Further enhancement of the Continuity Management Team structure, resourcing, terms of reference and staff training.

22   Develop and establish multiple emergency communication channels to support any dislocated staff

Procurement Function Review

23   In late June 2017, a procurement specialist was engaged to complete an assessment of Council's current procurement function. This included a detailed review of the Council's procurement policy, procurement templates, interviews with Council officers and a supplier survey.

24   The revised procurement policy and staff manual is now being finalised following training workshops provided to staff. It will be reported back to the Operations & Finance Committee.

Internal Audit Programme

25   The Council does not currently have dedicated internal audit resources. At present, this is resourced externally through PricewaterhouseCoopers (PwC), similar to the model employed by Greater Wellington Regional Council. The following is an update on the key work in the area:

Fraud awareness training

26   PwC provided this training to the Leadership Forum in August 2017.

Review and assess the Council's Fraud Control Framework

27   This includes the Council's Protected Disclosures processes and materials. This review was completed in October 2017 and a programme for implementing PwC's improvement recommendations is being developed and will be presented to the Committee in July 2018.

Business Assurance Charter and Strategy.

28   This was presented to the Committee on 21 September 2017. The Strategy provides that budget permitting, up to four separate business assurance reviews are completed per financial year. The initial plan was approved by the committee in September 2017 and contained three areas of focus.
        •   Cash handling
        •   Unusual Transactions Analysis
        •   Procure to pay core financial controls

29   In February 2018, Council reported to the Audit and Risk committee the key findings and improvement recommendations from the PwC Cash handling Business Assurance review. A targeted work programme to best address the improvement recommendations on or before 30 June 2018 was also shared at this meeting.

30   Since the meeting, Council officers has made good progress and closed out the recommendations scheduled for completion before 31 March 2018.

31   Staff have however signalled that the work stream relating to the development of standard operating procedures across all cash handling sites are running behind schedule and that the risk exist that the target completion date of 30 June 2018 will not be met.

32   The main reasons for the delay in this work stream are a lack of resourcing and conflicting priorities within the finance team due to the change-over in key senior staff members and the development of the 2018-38 Long Term Plan.

33   The current approach is for Finance to partner with the Business Improvement Team with guidance from PwC to implement best practice cash handling procedures.

34   Officers have approached PwC for assistance with this work stream and at the time of writing this report were still working through the nature and extent of the services required and estimated fee.

35   At this stage it is anticipated the remaining two reviews will be completed by November to take account of the tax compliance review being completed in May and considerable work required for the Long term plan and annual report between June and September .

Tax Compliance and Governance

36   Council developed a Tax Governance Framework and strategy that was formally adopted by the Audit and Risk committee in February 2017 (Refer to Corp-17-190). This was in response to the IRD's Tax Compliance Review of Councils' Goods and services Tax (GST) and remuneration taxes in 2015/16, as well as strong signals from the IRD that their expectation is that large organisations, such as Council, should have tax risk management incorporated within its Enterprise Risk Management framework (ERM).

37   Since adoption of the Framework and strategy Council has completed the following actions:
- Reviewed and closed out the tax recommendations identified in the 2015/16 tax compliance review;
- Sought external advise on major tax issues; and
- Provided tax awareness training to relevant staff members. Two tax training sessions were held in February 2017 and 69 staff members attended.

38   In addition, the Tax Management Strategy requires that Council should undertake an independent external review of GST, PAYE/Withholding Taxes (WHT) and FBT every three years on a "rolling" format, with a different tax type being reviewed each year. Accordingly, Council has engaged PwC to complete a PAYE/WHT review for the 2017/18 financial year in May 2018.

39   The main objectives of the review will be:
- To provide management and the Audit and Risk committee with an independent assessment of Council's level of PAYE and WHT compliance;
- To determine whether Council has appropriately implemented the recommendations of the previous compliance review;
- Impending Inland Revenue's transformation of PAYE, assist with ensuring Council is ready to meet the proposed changes to how its payroll is processed.

40   Furthermore, an annual Tax update will be provided to the Audit and Risk Committee at the next meeting to be held on 19 July 2018. This will detail the findings of the scheduled PAYE/WHT review as well as all relevant tax developments and upcoming changes to tax legislation.

CONSIDERATIONS

Policy Implications

41   There are no further policy implications arising from this report.

Legal Considerations

42   There are no further legal considerations arising from this report.

Financial Considerations

43   The cost of the independent consultants and external internal auditor will be offset by savings across the organisation. No new budgets are required.

Tāngata Whenua Considerations

44   There are no tāngata whenua considerations.

Publicity Considerations

45   There are no publicity considerations at this stage.

SIGNIFICANCE AND ENGAGEMENT

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

RECOMMENDATIONS

47   That the Audit and Risk Committee notes the progress update regards the Council's Enterprise Risk Management Framework.

48   That the Audit and Risk Committee endorses the revised business assurance programme timeline.

Report prepared by: **Approved for submission by:**

Jacinta Straker   **Janice McDougall**
Chief Financial Officer   **Acting Group Manager**
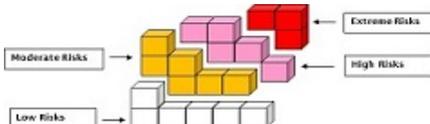   **Corporate Services**

Approved for submission by:

Sarah Stevenson
Group Manager
Strategy and Planning

Appendix 1: Corporate Risk Register.

Corporate-wide Profile - Extreme and High RIsks

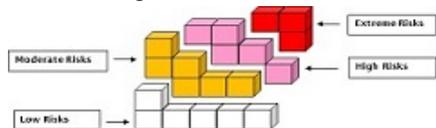| Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Sea Level Rise Erosion, property floods, property abandonment, early asset replacements, higher costs for more resilient assets is likely to result due to climate change and the inability to budget for its effects	Sea level rise	- Climate change, - Inability to budget for effects	- Erosion, property abandonment - Property floods - Greater costs - Early stormwater asset replacements - Higher capital costs for more resilient assets	Extreme	High	- Asset management plans - Risk and event targeted asset upgrades - Seawall and other protective measures - Proactive coastal hazards and climate change planning - LGNZ liaison - Council Climate Change Working Group	- Coastal strategy working group - Self insurance contingency strategy - Continually revise and enhance forecasts - Prioritise interventions to preclude house flooding - Mean high water surveys	GM Infrastructure Services and GM Strategy & Planning	Dec-18		On Track	On Track	Activity Management Plans updated and awaiting approval. Collaboration processes to be commenced. Self insurance contingency fund developed. Reprioritised stormwater plan established $239M. Mean high water survey underway
Infrastructure Service Disruption Loss of critical infrastructure and services for extended periods are likely to occur in an extreme natural event due to lack of resilience and inadequate insurance arrangements	Infrastructure service disruption	- Extreme natural event e.g earthquake, tsunami, flood - Lack of resilience - Inadequate insurance arrangements	- Loss of core infrastructure and services to the - Injuries, fatalities	Extreme	Moderate	- Asset replacement programme & condition assessments - Resilience programme - Insurance programme - Redundant network - Embedded water storage	- Self-insurance - AON / Tonkin Taylor / GNSR vulnerability / resilience modelling - Bulk mains vulnerability study - LGNZ liaison	GM Infrastructure Services	Dec-18		On Track	On Track	A self-insurance fund has been established for 2017/18. Council's reinsurance renewal strategy has now extended off-shore insurance underwriting to 50% (from 40%) Netwoirk resilience modelling (including landslip impacts on critical infrastruture networks) proceeding. Waikanae Water Treatment Plant programmed
Debt Levels Poor customer perceptions, financial losses, legal challenges, developer dissuasion, and reputational damage could result if the Open for Business initiative is not successfully implemented	Rising debt levels	-Trying to meet community expectations but lack of willingness to pay - Histirical asset decisions	- Reputational damage - Inability to increase debt - Debt cap breached faster - High debt levels and interest rate risk	High	Low	- Manage community expectations via elected members - Review rates - Long term planning - Financial strategy (closing depreciation / funding gap)	- Capital works programme reprioritisation - Treasury management controls - Developer contributions and other funds - Central government funding, provisional growth fund	Chief Executive	Feb-21		On Track	On Track	Target risk level lowered. The Council has reduced the 2017/18 capital works programme by $7.5 million to $27.5 million and asset expenditure from 2018/19 onwards is being reviewed and prioritised. Borrowings are targeted to not exceed 200% debt to revenue

Risk Level Legend

Extreme Risks
High Risks
Moderate Risks
Low Risks

Treatment Update Legend

URGENT ACTION NEEDED | WARNING | ON TRACK | COMPLETED

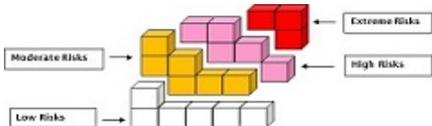| Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Fraudulent Activity Fraudulent activity could occur undetected due to inadequate monitoring, lack of strong physical and process controls resulting in financial loss, business interruption and reputational damage	Fraudulent activity	- Inadequate monitoring of processes and transactions - Lack of strong physical and process controls - Unauthorised misappropriation of council assets	- Financial loss - Business interruption - Reputational damage	High	Low	- Maintain awareness - Protected disclosures - Employee screening - Statutory year end audits - Internal controls	- Fraud awareness training - Enterprise risk management - Internal audit programme in place (to be agreed)	GM Corporate Services	Feb-21		On Track	On Track	PwC provided fraud awareness training in August 2017 and has since completed an assessment of the Council's fraud control framework and reviewed the Council's cash handling processes. Actions have been prioritised to follow the money handling activities. Implementation plan under development
Business Disruptions Extended non delivery of core services, financial losses, reputational damage could result due to lack of BCPs in some areas, loss of key systems, lack of resilience to ICT cyber-attack, insufficient staff, resources and lack of staff awareness	Business disruptions	- Lack of BCP's in some areas - Insufficient resources - Lack of staff awareness - Lack of staff - Loss of key system - ICT Cyber attack - Reliance on key staff	- Financial losses - Reputational damage - Non-delivery of core services - H&S compromised	High	Low	- Current business continuity processes (Corporate BCPs)	- Identify critical activities, ensure appropriate BCP's and critical resources in place - CMT training - BCP tests - ICT alignment with BCPs - Assess cyber risks and mitigate - Governance/SLT succession planning - Enterprise risk management	Senior Leadership Team	Dec-18		On Track	Attention	Agreed Corporate BCP's have been developed however the CMT needs to be re-established and the BCP's require full testing. The Chief Information Officer has reviewed these BCP's with regards to assessing the ICT support required, assuming no wide-scale ICT outages. Plan for further BCP development in non-corporate areas being worked on
Open for Business Poor customer perceptions of council, financial losses, legal challenges, developer dissuasion and reputational damage could likely result if the Open for Business initiative is not implemented or successful Also refer "Engagement Fatigue" risk	Not "Open for Business"	- Systems and processes not fully fit for purpose - Expert advice ignored - Poor customer service culture - Staff capacity / capability	- Reputational damage – council perceived as not helpful - Dissuades new developers - Sued - Loss claims - H&S compromised - Legal challenges - Financial losses	High	Low	- "Open for Business" initiative - Case/project management - Pre-application meetings	Continue to build on "Open for Business" initiative - Enhance systems and processes - Improve customer service culture - Ensure timely delivery - Integrated services	GM Regulatory Services	Dec-18		On Track	On Track	A new work plan has established for the Open for Business – Caring, Dynamic and Effective programme. Both the IANZ audit Customer Feedback project have been completed.

Risk Level Legend

Treatment Update Legend

| URGENT ACTION NEEDED | WARNING | ON TRACK | COMPLETED |

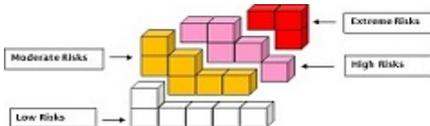| Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Wastewater Consent Paraparaumu Forbidden / more onerous discharge conditions and substantial costs to further treat/dispose are likely to result	Wastewater consent Paraparaumu	- Iwi/community concern regarding current arrangements - Bar raised on consent conditions	- Substantial costs to further treat and/or dispose - More onerous discharge conditions	High	Moderate	Maintain / strengthen Iwi/community relationship	- Maintain and strengthen iwi/community relationships - New consenting strategy	GM Infrastructure Services	Jun-18		On Track	On Track	Consenting strategy scoping document (programme of works, budget and implementation plan) complete. Tenders back for consenting work
Financial Management Unnecessary and/or poorly planned expenditure may occur, value not achieved and legal challenges could result due to poor project management, procurement, contract management, a 'use it or lose it' attitude of some project managers and operational inconsistencies across groups	Financial Management	- Lack of controls in project management, procurement, contract management - "Use it or lose it" attitude of some budget managers - Operational inconsistencies across groups	- Actual costs exceed budget - Unnecessary and/or poorly planned expenditure (hockey stick expenditure profile) - Lack of VfM expenditure - Legal challenges and costs	High	Low	- Monthly management reports provided to budget managers - SLT provided with monthly management report identifying financial risks - Quarterly financial and non-financial performance reporting to council	- Extensive review of Council's procurement function and budget management system - implement change where needed - Simplified council-wide contract registers (part of procurement review) - Further work on monthly reporting and education of managers	GM Corporate Services	Dec-18		On Track	On Track	Phase 2 of the procurement improvement programme is well underway. This includes design by consultation of a new procurement policy, procurement procedures manual, council-wide contracts register and procurement strategies for identified spend categories. Procurement policy workshops are close to completion. Work effort is being largely driven by an external consultant to enhance the capability of a fit-for-purpose decentralised procurement model.
Emergency Response Financial loss and reputational damage may result during a significant natural event due to a lack of preparedness, lack of unified response approach and loss of key staff	Emergency response	- Lack of preparedness and unified response approach - Loss of limited key staff	- Reputational damage - Financial loss - Injuries, fatalities	High	Moderate	- CD and emergency management systems - CD training and exercises	- Review emergency management plans and staff capability/resources - Enterprise risk management - New infrastructure resilience	GM Community Services	Dec-18		On Track	On Track	Impacts on the organisation from a major earthquake event are inevitable and difficult to mitigate significantly. CDEM training is provided regularly to staff required for CDEM responses and emergency management plans and key learning's are being reviewed regularly.

Risk Level Legend

Treatment Update Legend

17/04/2018

| URGENT ACTION NEEDED | WARNING | ON TRACK | COMPLETED |

Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Programme Budgets Programme budgets could be exceeded due external influences resulting in the slow down or postponing of projects/programmes	Programme budgets exceeded	- Global economic situation deteriorates GFC2 - Poor project management, procurement etc - Govt withdraw subsidies eg 60/40 insurance programme	- Projects slowed or halted - Rates not paid - Debt can't be serviced	High	Moderate	- Economic situation monitoring - Risk management - Project management systems	- More conservative/resilient forward programme - Project Management champion to roll-out of project management techniques and educate new/existing staff	Senior Leadership Team	Jun-19		On Track	On Track	Current risk level and target risk level increased. The business case methodology and templates have been refreshed and work will progress to improve project management capabilities across the organisation. The Council has also reduced the 2017/18 capital works programme by ~ $10 million to forecast $24.2 million and asset expenditure from 2018/19 onwards is being reviewed and prioritised. Establishment of a more robust PMO function is being considered
Health & Safety Harm occurs due to inadequate safeguards against extreme events and/or hazardous environments	Health and safety (Permanent item on register)	- Extreme events (eg natural hazard) - Hazardous environments - Poor hazard identification	- Injuries to people - Loss of reputation - Penalties, fines - Welfare staff exposure	High	Low	- Health and safety management systems - Asbestos management plan - Care register - Working alone policy - Resilience traning, safety in the workplace	- Adopt a risk rather than compliance based approach - H&S Plan - Management Systems - Leadership - Contractor management - Contractor training workshops - Procedures & forms update - HSNO consolidation\	Senior Leadership Team	Feb-22		On Track	On Track	Current risk level increased. Completed; - Asbestos management plan - Care register - Working alone policy - Resilience traning, safety in the workplace

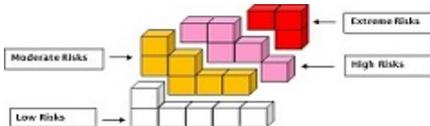Risk Level Legend

Treatment Update Legend

17/04/2018

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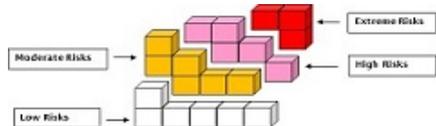| Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Staff recruitment and retention Additional costs, high staff stress, poor morale, loss of staff, loss of IANZ accreditation, poor decision making may result from difficulties in recruiting and retaining staff due more attractive work/salaries elsewhere and industry staffing fluctuations	Staff recruitment & retention	- Competing, more interesting work elsewhere - Fluctuations in some industries (consenting, building inspection) - Less desirable working location for some people - Better salaries elsewhere	- Additional costs eg consultants - Delays in critical work programmes, eg economic development strategy - Loss of IANZ accreditation- Shortage of building control staff - Poor staff morale - Less than optimal decision making - Corporate loss of institutional knowledge - Few staff=High workload=High stress	Moderate	Moderate	- Employ contractors/consultants - Succession planning - Workforce planning - Talent management - Short term workload management - Job grade and pay structure reviews - Adjust forward work programmes to align with capability	Continuous improvement	Organisational Development Manager			On Track	On Track	Risk accepted A Council-wide staff satisfaction survey has been completed.
New Asset Operational Deficiencies Assets transferred to KCDC are not fit for purpose due to lack of quality in design/construction	New Asset Operational Deficiencies	District Plan and consenting processes do not guarantee good design and/or sustainable assets Lack of proper design consideration up front Planning processes do not always meet engineering requirements	High costs to maintain or replace	Moderate	Low	District Plan Consent processes Hand over processes	Review handover"fit for purpose" processes. The scope of related work by the Business Improvement Team could be extended	GM Infrastructure Services	Dec-18		On Track	On Track	No specific update
Iwi Relationships Lack of Iwi capacity to participate in Council processes and decision making	Iwi Relationships	Lack of capacity	Delays, misalignment on key initiatives	Moderate	Low	- Proactively monitor and communicate with ART -Consultation and participation policies/contract - Maori Economic Development work programme - Iwi Relatinship Manager	Identify further initiatives that can influence positively e.g. GM level interaction with community leaders	GM Strategy & Planning	Dec-18		On Track	On Track	No specific update

Risk Level Legend

Treatment Update Legend

17/04/2018

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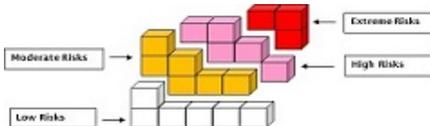| Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Engagement Fatigue Delays to critical works and reputational damage is likely due to over promising on programmes, legislative requirements, the need to extensively consult, community desire for transparency and participation Also refer to "Open for Business" risk	Engagement fatigue	- Need to extensively consult - Legislative requirements - Community desire transparency and participation - Business planning deficiences - Community perception of council	- Delays to critical works - Raising community expectations but disconnect with current resources - Reputational damage through lack of progress - Lack of progress - People opt out	Moderate	Low	- Consultation processes - Significance and engagement policies - Communication & engagement strategy - LG Act requirements	- Review the programme to ease the burden - More effective communication strategies - Continue connecting the dots blend / extend consultation topics - Adhere communication & engagement policies - Work programming - Improve business planninbg practices	Senior Leadership Team	Dec-18		On Track	On Track	Communications plans established for key activities Focussed communication on LTP being considered
Asset Investment Decisions Sub-optimal asset investment decisions, due various constraints, could potentially result in poor district outcomes, possible financial losses and/or failure to achieve KPIs	Asset investment decisions	- Weak strategic vision/plan - Funding limitations, poor prioritization - Expert advice not accepted - Poor or no business case justification	- Financial losses - Strategy not achieved - Reputational damage - Higher priority issues unresolved - Deliverables / KPIs not met	Moderate	Moderate	- Underpinned by Infrastructure and Financial Strategy- Activity management plans - Asset renewal programme - SLT and Council reviews and approvals - Business cases required	- Refreshed Business Cases and methodology - Activity Management Plans (refreshed for 2018 - 38) - Monthly / quarterly reporting	GM Infrastructure Services and GM Community Services	Dec-18		On Track	On Track	Moderate level of risk accepted however subject to continuous improvement. The 2018-38 Long Term Plan requires Activity Management Plans to be reworked and business cases are required to justify asset expenditure. The Council has also reduced the 2017/18 capital works programme and asset expenditure from 2018/19 onwards is being reviewed and prioritised.
Significant Contractual Disputes Contractual obligations not met or breached by the principal and/or contractor leading to disputes	Significant Contractual Disputes	Required contract management processes not followed, lack of consistency	Costs, fines Dispute Arbitration Judicial review	Moderate	Low	Contract Management Processes	Review current practices to ensure process consistency	GM Infrastructure Services	Dec-18		On Track	On Track	Procurement process improvements have provided for for better understanding of risks
Central Government Policy Uncertainty Unforeseen district impacts/opportunities bought about by the change in Government eg the potential allocation of GST generated from tourism into local govt	Central Government Policy Uncertainty	Development and introduction of new policies potentially affecting infrastructure development, housing, transport priorities, enviromental and community initiatives	Government intervention Delays in projects programmes Redesign Priority change Community dissatisfaction	Moderate	Low	Monitor policy announcements	Assess threats and opportunities	GM Strategy & Planning	Jun-18		On Track	On Track	Council monitoring the direct impacts and implications new policies may have on the Council business and the wider Kapiti community

Risk Level Legend

Treatment Update Legend

17/04/2018

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Risk Statement	Short Description	Cause	Impacts	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Status	Latest Treatment Status	Risk Treatment Update
Economic Development & District Growth Less actual economic development and growth than planned may occur and result in higher rates increases being required	Uncertainty in economic development and district growth	- Lack of capability to accurately predict / forecast - Expressway reshaping Kapiti	- Ad-hoc development and business growth unpredictable - Higher rates due lower than predicted growth	Moderate	Moderate	- Current forecasts - Stimulate Economic Development Leadership Group to deliver optimal outcomes - Constant review - Monitoring and quarterly reporting on resources and business land demand and supply underway (NPS-	Continuous improvement	GM Strategy & Planning			On Track	On Track	Risk accepted Research work continues to inform the development of a plan for business and talent attraction and retention that aligns with the Economic Development Strategy. Data collation and analysis is being extended to fully understand impacts of the Expressway on retail centres in the district
Procurement Process Failure Successful tenderer objection to procurement process Failure to follow procurement processes	Procurement Process Failure	Tender process not followed	Costs, fines, reputation damage	Moderate	Moderate	Procurement processes Audits	Continuous improvement	GM Infrastructure Services			On Track	On Track	Target risk level increased. Risk accepted
Environmental Non-compliance Harm to the environment, costs, fines due not following processes are failure to identify risks	Environmental Non-compliance	Process not followed or risks not anticipated	Costs, fine Environmental harm Reputation damage	Moderate	Moderate	Consent processes Operational procedures Risk management	Current risk level accepted	GM Infrastructure Services			On Track	On Track	Target risk level increased. Risk accepted

Risk Level Legend

17/04/2018

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