



Date: Tuesday, 14 May 2024
Time: 1:30 pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Late Reports

Finance, Assurance & Risk Committee Meeting

14 May 2024

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones, Cr Benita Cairns, Cr Melissa Kaimoana

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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8 GENERAL ITEMS

8.1 ASSETS & INFRASTRUCTURE MONTHLY RISK UPDATE

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Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices:

1. WDC Service Delivery Risk Management Strategy_Draft [↓](#)
2. WDC Assets & Infrastructure Risk Register_Draft [↓](#)
3. Capex Project Summary [↓](#)
4. Revenue & Expenditure summary [↓](#)

PURPOSE

- 1.1 This report provides information for Committee on key risks for Council. No decisions are required by Committee at this stage.
- 1.2 This report has come to the Committee to ensure there is governance oversight on key risks across the Council, in particular the Assets & Infrastructure department, which holds the responsibility for the largest income and expenditure as well as the largest risks to Council.

RECOMMENDATION

The Pouwhakarae - Hua Pumau | Group Manager Assets & Infrastructure RECOMMENDS that Committee receive the report, and provide direction as required.

2. BACKGROUND

- 2.1 Council's core function of managing assets & infrastructure has the inevitable presence of risks.
- 2.2 Monthly updates are required to the Committee to ensure that there is governance oversight on managing these risks.
- 2.3 In 2022, a risk management strategy and risk register for the Assets & Infrastructure department was developed and intended to be used as the key risk process going forward for this department. Please see attachments 1 & 2 for further details on this (please note this is based on 2022, further updates to be provided in coming months).
- 2.4 Although this process is in place, it was not officially adopted, and sits in draft format. In order for this process to become embedded in Council, it needs to be adopted, officers need to use it, and there needs to be a governance oversight.

3. RISK REPORTING

- 3.1 Please see attached Capex Project summary (Attachment 3). This dashboard provides details surround capex projects (usually valued over \$100k), and commentary specifically around risks as well as any mitigation measures in place.
- 3.2 Please see attached Revenue & Expenditure summary (Attachment 4) for Assets & Infrastructure activities. This gives a high-level view on the financials for each activity.

3.3 Feedback required on format/details required for future reports.

Further Information

N/a

References (to or from other Committees)

For project specific details or further information, please see the Infrastructure Committee reports for the Asset & Infrastructure updates.

Project Number: 2-S5555.61

Service Delivery Risk Management Strategy

19 January 2022

CONFIDENTIAL



Recommendations Report
DRAFT





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Document History and Status

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Revision Details

Revision	Details



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Disclaimers and Limitations

This report (**'Report'**) has been prepared by WSP exclusively for Wairoa District Council (**'Client'**) in relation to Community Assets and Services risk management strategy and processes (**'Purpose'**) and in accordance with the WDC Risk Management Strategy – Phase 2 Offer of Service dated 10 September 2021. The findings in this Report are based on and are subject to the assumptions specified in the Report. WSP accepts no liability whatsoever for any reliance on or use of this Report, in whole or in part, for any use or purpose other than the Purpose or any use or reliance on the Report by any third party.

In preparing the Report, WSP has relied upon data, surveys, analyses, designs, plans and other information (**'Client Data'**) provided by or on behalf of the Client. Except as otherwise stated in the Report, WSP has not verified the accuracy or completeness of the Client Data. To the extent that the statements, opinions, facts, information, conclusions and/or recommendations in this Report are based in whole or part on the Client Data, those conclusions are contingent upon the accuracy and completeness of the Client Data. WSP will not be liable in relation to incorrect conclusions or findings in the Report should any Client Data be incorrect or have been concealed, withheld, misrepresented or otherwise not fully disclosed to WSP.

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1 Introduction

Inherent with delivering a wide range of services to the community, the Wairoa District Council (WDC) is exposed to a variety of internal and external factors that add uncertainty to the successful delivery of services. These uncertainties are termed “risks” and, left unchecked, have potential to adversely affect the delivery of services.

The objective of risk management is to assess which risks pose unacceptable threats and advance plans to address them. A risk-based approach to assessment and mitigation enables WDC to make more informed, defensible decisions regarding the allocation of resources and planning future works, thereby enhancing the ability to deliver efficient and effective services.

1.1 Background

While WDC’s leadership and management have established and documented a risk management policy and framework, implementing good risk-based asset management practice and decision-making at a service delivery level can be a challenge.

Over the last 18 months, WSP have been engaged by Wairoa District Council (WDC) to support the improvement of risk management practices for infrastructure-based services and activities. The process to date has included:

- Review of current risk management practices
- Workshops with staff to help understand the principles of risk management and highlight key risks they are aware of
- Development of a Draft Service Delivery Risk Management Strategy to support the improvement process
- Implementation of the corporate risk management policy through development of updated Activity Risk Registers

1.2 Existing risk management documentation

1.2.1 *Corporate risk management policy (2017)*

Council adopted a Risk Management Policy on 5 December 2017. This is a Council-wide policy overseen by the Chief Executive Officer. Staff, contractors, and elected members have a shared role to play in the identification, reporting and management of risk through risk management processes being integrated with planning processes and embedded in management activities.

1.2.2 *Risk management framework review (2018)*

Council previously commissioned a Risk Management Framework Review, completed by Crowe Horwath in March 2018. A full report was provided to Council including improvement recommendations for future implementation. It is not known if these recommendations have been implemented.

1.2.3 *Corporate risk register template (2021)*

A Corporate Risk Register template spreadsheet was provided as an input into the CAAS risk review. This template provided a revised “Consequence Table” to be used instead of the 2017 Policy Appendix 2: Consequence Levels. The key consequence categories are:

- Human
- Financial
- Regulatory
- Operations
- Employees
- Image and Reputation

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1.2.4 Activity management plans & risk registers (2021)

Risk management features in all current Activity Management Plans (AMPs). However, the existing Risk Registers are out of date (last reviewed in 2017) and a key improvement item of the AMPs is to complete a review of risk management processes for all Activity areas.

1.3 Strategy purpose & scope

This Service Delivery Risk Management Strategy builds on the Draft Service Delivery Risk Management Strategy documented in July 2020.

The key objective of this Service Delivery Risk Management Strategy is to take WDC's existing foundational risk management framework components and apply it in our individual Service Areas in a way that provides value.

A further objective is to improve WDC team's knowledge and capability for practically based risk management.

As we have worked to implement the Risk Policy and incorporate risk into our Service Delivery approach, it has become apparent that further guidance is required on how to apply the policy and manage risk in practice.

The scope of this Strategy includes:

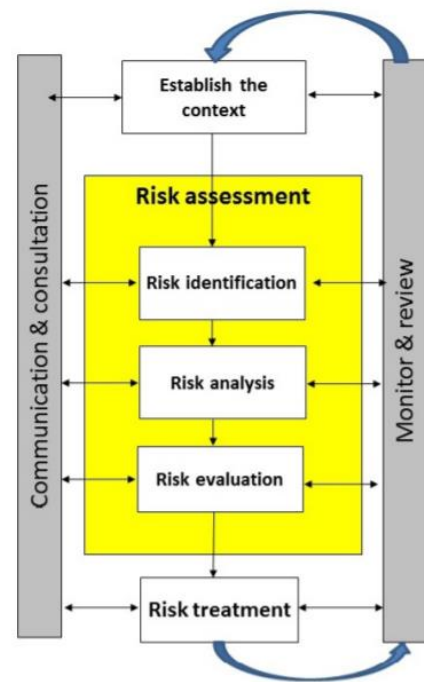
- **Risk Management Policy:** recommended changes to WDC's Risk Management Policy, which provides overarching principles and approach to risk management.
- **Service Delivery Risk Management Guidelines:** how the Policy can be applied to risk management approach for Service level risk management.
- **Asset Criticality:** how critical assets are identified and managed and develop a consistent way of assessing criticality.

2 Risk management policy

2.1 Approach to risk management

WDC's current corporate Risk Management Policy (adopted in 2017) defines an approach to recognise and manage the risks that have the greatest potential to affect Council's organisational objectives and the four well-beings: social, economic, environmental and cultural. WDC's risk management process (shown to the right) is based on the international standard for risk management, ISO 31000.

This policy has been used as the basis for completing the review of risk and development of Risk Registers for Community Assets and Services (CAAS). In implementing the policy principles and guidelines, we have found there are a number of opportunities for enhancement and clarification within the policy. This section provides key outcomes and recommendations from the CAAS risk review process.



2.2 Establishing the context

ISO 31000 outlines the need to clearly establish the scope, context and criteria for risk management activities. Establishing the risk management scope within an organisation is essential for outlining how the risk management process will be managed at different levels within an organisation, and risk registers can be structured accordingly.

The current policy outlines the risk context (levels of risk) in two key areas:

- Section 5 – Roles: This section outlines the “Three Lines of Defence” approach to responsibilities for risk management.
- Section 6 – Types of Risk: This section describes a prioritised approach to understanding the types of risk that WDC needs to identify, manage and report.

Risk levels are discussed with differing terminology throughout these sections.

2.2.1 Levels of risk

Section 6 of the policy describes levels of risk (Types of Risk) as:

- **Strategic:** generally emanate from WDC's strategic activities, systems and processes and would impact or impede achievement of WDC's strategies
- **Tactical:** generally emanate from key project activities, systems and processes and would impact or impede achievement of project objectives
- **Operational:** generally emanate from business unit and team activities, systems and processes and would impact achievement of specific business unit objectives

This section of the Policy also includes a further table that expands on this by providing four broad categories of risk, and types of risk within each category:

- **Operational:** potential losses or adverse impacts resulting from inadequate or failed internal processes, people and systems or from external events, excluding strategic risks
- **Asset:** the potential of financial loss or adverse impacts arising from WDC's assets
- **Financial:** the potential for loss or adverse impacts resulting from WDC's finance activities

