

Report 13.764
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Committee Audit, Risk & Assurance Committee
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Summary Risk Report

1. Purpose

To update the committee on risk management and recent reporting changes we have implemented for the committee.

2. The decision-making process and significance

No decision is being sought in this report.

3. Background & comment

The Group's risks are reviewed by the Chief Executive, in conjunction with the General Managers and the Chief Financial Officer, at the quarterly review meetings.

Recent work in enhancing risk management reporting has been undertaken in conjunction with the Executive Leadership Team and our software supplier Quantate.

We have now grouped the 48 odd Councils risks into eleven **aggregated risk** categories. A single risk can be in more than category depending upon the category classification.

The 11 categories are then individually scored according to their over risk and modified/checked for reasonableness using the normal risk scoring criteria of likelihood and the confidence criteria.

High level controls have been assigned to these aggregated risk categories.

These controls are based around policies, procedures and process the Council has in place. The control owners are the Chief Executive, General Managers or Managers where the specific accountability can be directly identified.

The eleven categories are as follows:

Loss, failure or damage to assets
Services are severely curtailed
Physical harm to the general public
Health and safety of staff, contractors and volunteers
Financial
Subsidiary companies and Trusts
Legislative and regulatory
Political
Environmental damage
Projects
Human resources

The above categories are currently ranked in terms of risk severity with the loss, failure or damage to assets being the most highly scored/severe risk followed very closely by the next three.

Attachment 1 gives a summary of the above mentioned categories along with their scoring, context of the risk and controls.

Attachment 2 gives a listing of the Loss, failure or damage to assets as an example of what makes up each category.

4. Group risks reviews

As part of the process of keeping the Committee updated about risks it was agreed that at each Committee meeting one of the Council's Groups would do a brief presentation on their risks and the work they are presently completing around risk management.

We propose to begin this process in the next triennium. With this process, over time Councillors would get more meaningful reporting on risk and at the same time gain assurance that risks are being well managed, even though there may be no change to their risk assessments in the register.

5. Comments on current high profile risks

Consents

Environmental Consents

In late June, international Accreditation New Zealand (IANZ) revoked Christchurch City Councils building consent accreditation to process building consents. The reasons given for the loss related to long standing system inadequacies, notably the peer review, inadequate staff training, poor assessments, and significant time delays in processing the consents.

A concern was raised about GWRC's consenting processes.

Information was sent out to all Councillors' in the bulletin in early August indicating the robust process in place at GWRC. This was demonstrated through our involvement with national benchmarking, Ministry for the Environment surveys and our track record of no judicial reviews. These indicate our processes and outcomes are sound and would be considered best practice. The risk of our process faltering (which is not accreditation based) is considered low.

Public Transport

Transport has a minor regulatory role in the registration of bus services, but there is no accreditation process. The risk for us is non-compliance with NZTA rules.

NZTA withdrew funding from Otago Regional Council for their bus contracts due to differences in views about the contracting process. Given the importance of the NZTA funding we have a high interest in being compliant so the risk is judged as low.

Other Issues

Public Transport- Bus safety issues

In the last week of August there were a number of on street bus inspections of the NZ Bus fleet by the CVIU (Commercial Vehicle Inspection Unit). The inspections found 28 vehicles in need of repair, primarily due to oil and other material accumulating on engines posing a fire risk. NZ Bus has subsequently identified a gap in their steam cleaning process that has now been rectified.

While there are no legislative requirements for GWRC regarding bus safety (refer to Report 13.731), any shortage of vehicles has the potential to impact on the delivery of GWRC services, and there was some small impact from the August inspections. It is hoped that with the actions undertaken by NZ Bus the risk of any significant future impact should be small.

Council - Rate setting process

Christchurch City Council recently had an embarrassing technical issue in that it failed when setting its rates to formally resolve the due date for payment of them and any penalty fees.

It is standard practice for GWRC to include due dates for rates and penalty for its rates in Council resolutions.

Furthermore GWRC, as best practice, has the draft rates resolution externally review by Simpson Grierson on a regular basis to ensure the requirements of the Local Government (Rating) Act 2002 are complied with.

6. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

David Benham
Chief Executive Officer

Attachment 1 - High Level Summary Risks Report

Attachment 2 - Aggregate Risk Report - Loss, failure or damage to assets