

Report 16.187
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Committee Finance, Risk and Assurance Committee
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Risk Management Policy

1. Purpose

To update the Committee on changes to the Risk Management Policy.

2. Background

Council formally established risk reporting in 2009 and introduced a Risk Management Policy in 2012.

Our adoption of risk management processes and practices and reporting has evolved over time.

The introduction of the Quantate risk management register has been a cornerstone in establishing ownership and evaluation of risks.

Risk assessment was incorporated as part of the Project Management Policy in 2014 and is presently under review to align the Risk Management criteria (likelihood and consequences) with the Quantate risk criteria.

3. Policy Update

Since the original paper was written there has been some advancement in risk management thinking and our understanding.

Audit NZ reviewed our policy in 2014 and provided some suggested changes, and we have over time accumulated more knowledge on risk management practise through discussion with colleagues and attending risk management conferences.

Our policy is based on AS/NZS ISO 31000:2009 (ISO 31000). This is a somewhat academic and complicated document and is supported by two further documents SA/SNZ NB 89:2013 and SA/SNZ HB 436:2013, NB: (SA/SNZ are Australian and New Zealand Standards committees).

These two documents assist by expanding on ISO 31000 since the standard was launched in 2009, and help to interpret the intent of the standard. They also provide some useful tools to assist with risk management assessment etc.

The ISO 31000 standard is presently under a welcomed review intended to make it a more user friendly and a less academically focused document.

The key changes we have made to the policy are to expand on the ISO 31000 process, this is referred to in section 7- figure 1, added in an internal audit function (section 6) and have recorded the Council's risk management objectives (section 4), and Council's risk appetite (section 8.1 - figure 3) - with the latter based on the sources of risk.

Section 11 includes a section on the 'three lines of defence'. This is a useful model as it provides clear lines of accountability at all levels in the Council, and aligns with the Quantate risk register. Quantate provides for ownership of risks and controls that are both regularly monitored and can be reported on.

4. The decision-making process and significance

No decision is being sought in this report.

5. Recommendations

That the Committee:

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

Report prepared by:

Report approved by:

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Attachment 1 – Risk Management Policy May 2016