

WESTERN BAY OF PLENTY DISTRICT COUNCIL

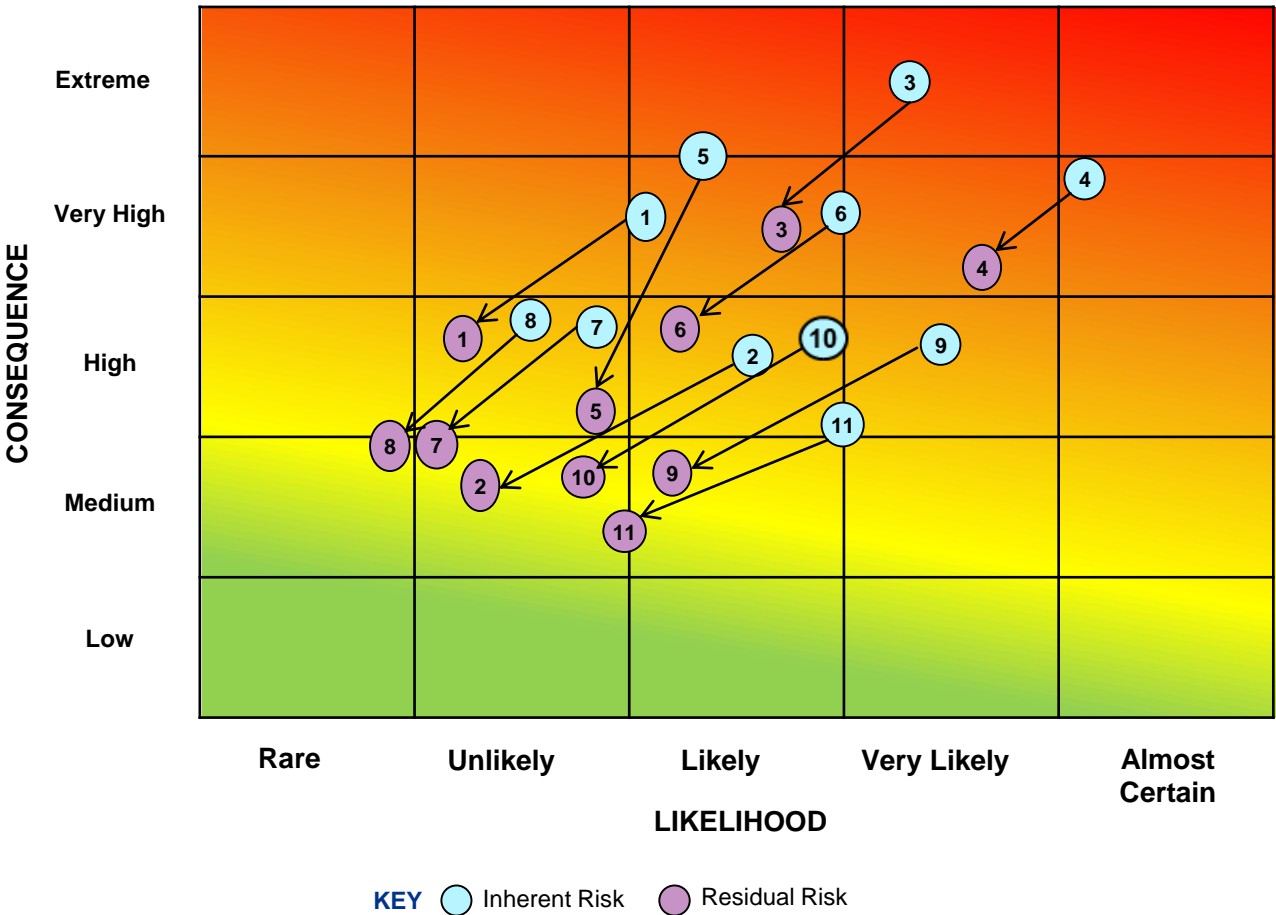
RISK PROFILE

May 2021

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Summary of Key Risks

The following are the top risks to the achievement of WBOPDC’s business objectives. Detail on each risk, associated mitigations and monitoring mechanisms are set out on subsequent pages.



#	Strategic Risk Areas
1	Health & safety compliance
2	Attraction, retention and engagement of key staff
3	Crisis management
4	External macroeconomic and other events e.g. horticulture disease and central government policy change
5	Digital ecosystem - resilience, cyber security, service delivery, data & information management
6	Renewals and maintenance of infrastructure
7	Project delivery management
8	Community engagement (general community and key stakeholders)
9	Regulatory compliance
10	Growth and impact on infrastructure planning
11	Risk of Fraud

Summary of Key Risks – Definitions

The Summary of Key Risks contains likelihood categories which can be given a probability percentage and description (see table below).

Rating	Probability	Description
Almost Certain	>90%	Virtually certain to occur in the next three years.
Very Likely	>70%	Will probably occur in most circumstances in the next three years. A common occurrence.
Likely	>40%	Could occur at some stage Some history of occurrence in the past.
Unlikely	>20%	Could occur but little chance of occurrence in the next three years.
Rare	<10%	May occur only in exceptional circumstances. No history, but a remote chance that it may occur.

Each square on the Summary of Key Risks table equates to a risk rating (below left) and each risk rating has a level of ownership within the organisation (in the table on the right).

High	High	Very High	Extreme	Extreme
Medium	High	Very High	Very High	Extreme
Low	Medium	High	Very High	Very High
Low	Medium	Medium	High	Very High
Low	Low	Low	Medium	High

Risk Rating	Risk ownership within Council
Extreme	Senior Management Team
Very High	Senior Management Team
High	Relevant General Manager
Medium	Third Tier Manager
Low	Relevant Manager

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
1. Health & safety compliance risks	High	Medium	Low
<ol style="list-style-type: none"> 1. Provision of a safe and healthy workplace for all employees. 2. Health & Safety at Work Act 2015 increases accountability for all levels of management. 3. Asbestos in our buildings identified as our major H&S risk. 4. Induction of all contractors onto our worksites to ensure any risks or hazards are highlighted. 			
Risk Appetite Rationale <ul style="list-style-type: none"> • Compliance with health and safety is important in terms of upholding Council's reputation and public perception. • Safety and well-being of people is one of Council's primary concerns. • Focussed on the 'right thing to do'. 			
Key Mitigations <ul style="list-style-type: none"> • Appropriate training in Health & Safety at Work Act is given to all staff. • Hazard Registers completed for all Council work sites. • Asbestos identified where present in all locations. Observational assessments are being completed. • All departments are represented on our Health & Safety Committee. • Vault Reporting system is used to record all accidents, injuries & near misses. • Use of the Contractor Pre-Qualification Scheme to ensure consistent H&S standards by all contractors used by Council. • Healthy Home Compliance certificates being completed for all of Council's pensioner housing. • Competent and qualified staff 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
<ul style="list-style-type: none"> • New Regulations on Asbestos Management - plans for each location where it is present • Asbestos Management Plan review • Officers (CEO and Group Managers) Due Diligence Plan 	Strategic Property Strategic Property Health and Safety	2020 - 21 Regularly Regularly	Ongoing Ongoing Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
2. Attraction, retention and engagement of key staff	Medium	Medium	Low
1. Uncertainty in the Local Government Sector 2. Competitive market and cost of housing . 3. Competition from other nearby Council employers. 4. Need to recruit specialist roles with skills that are in high demand. 5. Succession planning needed in areas with retiring staff.			
Risk Appetite Rationale			
<ul style="list-style-type: none"> Key staff are required to support Council's operations and drive achievement of strategic objectives. Difficulty in finding qualified individuals for specific roles i.e. Building Control. Developing the right culture. 			
Key Mitigations			
<ul style="list-style-type: none"> Innovative solutions by using staff from other Councils in Building Control and providing services to others. Training opportunities through local tertiary providers. Staff retention & succession planning exercises undertaken. Flex-working policy implemented. Reputation as 'good employer' Implementation of Future Ready initiative Identification of career opportunities through the identification of career paths. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Benefit and wellness initiatives	Various	2021	Ongoing
Future Ready programme	Various	2021	Ongoing
Provision of career opportunities	Various	2021	Ongoing
Rewards and Recognition	Various	2021	Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
3. Crisis management	Extreme	High	Medium/High
<ol style="list-style-type: none"> 1. Response to natural hazard disasters (earthquake, flood, tsunami & volcanic eruption). 2. Increased risk from climate change risks such as flooding, inundation, and coastal erosion. 3. Insurance – uncertainty over 60-40% arrangements with central government. 4. Ensuring that crisis, pandemic and business continuity plans are fit for purpose. 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> • Higher residual risk due to many of these factors being outside of Council's control. • There's a focus on particular areas, where risks and vulnerabilities are seen as higher (e.g. Waihi Beach, Maketu, Pukehina Beach). • Individual risk appetites for different sub-categories: Civil Defence: Moderate, Non-Civil Defence: High. 			
Key Mitigations			
<ul style="list-style-type: none"> • Council has a key role in local Civil Defence & Emergency Management, hosted in our building and supported by staff training & familiarity. • Collaboration with other Councils and Lifelines. • Natural hazard modelling for coastal erosion, flooding, tsunami has led to new mapping for the district. • Crisis, Business Continuity and Pandemic planning all undertaken. • Improved loss modelling & cover from insurance brokers Aon. Annual revaluations of all our assets for insurance purposes. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Natural hazard modelling to meet new Regional Policy Statement requirements	Tony Clow	2018-2023	Ongoing
Business Continuity Planning / Crisis Management Plan update	Various	2021	Ongoing
CDEM resourcing and training	Kerrie Little	2021	Ongoing
Building community resilience	Kerrie Little	2021	Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
4. External macroeconomic and other events e.g. horticulture disease and central government policy change	Extreme	High	Medium
1. Changes to management of 3 Waters & new government regulator for drinking water. 2. Review and change to the Resource Management Act 3. Central Government review of Local Government functions, purpose etc. 4. Environmental impacts from new policy directives and climate change locally. 5. International, national & local economic conditions. 6. Impact of Zero Carbon Amendment Bill. 7. Rooding policy decisions by Central Government affecting State Highways in particular funding 8. COVID-19 – government ability to continue effective management of COVID-19 risk.			
Risk Appetite Rationale			
<ul style="list-style-type: none"> Council’s aim is to get visibility to the best of their ability and influence where it can. 			
Key Mitigations			
<ul style="list-style-type: none"> Keep up to date with change proposals and consider potential impacts to Council, district and communities Joint government lobbying through sector groups such as LGNZ & Taituara. Use of local groups; SmartGrowth, Priority One, Urban Form and Transport Initiative (UFTI). Collaboration with other local Councils. Develop contacts with local business and industry groups to understand sector risks and drivers. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Implementatation of Future Ready initiative - purpose to ensure organisation is flexible, agile and successfully manages change no matter what reform or challenge come its way	CEO	2021-2023	In progress

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
5. Digital ecosystem – resiliency of systems, cyber security, IT service delivery, data and information management and compliance	High	Medium	Low
<ol style="list-style-type: none"> 1. Risk that WBOPDC systems are not resilient enough to provide continuity of services to the business. 2. Risk that WBOPDC security suites are not adequate to prevent cyber attacks. 3. Risk that IT are unable to deliver required level of services to the business. 4. Risk that the appropriate controls are not in place to manage data to the correct level of authorisation. 			
Risk Appetite Rationale <ul style="list-style-type: none"> • WBOPDC invest in the appropriate level of funding in order to mitigate the digital risks. • Technology is fundamental to the way Council does business and the risk profile is best practice and best of breed where economically viable. • If the data centre has a catastrophic failure Council could potentially lose one day's data. 			
Key Mitigations <ul style="list-style-type: none"> • WBOPDC operate best of breed infrastructure production with disaster recovery systems and cloud backups. All systems undergo regular maintenance. • Under policy Council uses expert third party advice and implementation of our security suite. WBOPDC has a fully zoned network security infrastructure. • WBOPDC employs an IT operations framework that includes full control reporting of system events, change management and service requests. Council IT governance and operational controls are audited annually by Audit NZ and we operate a continuous improvement programme of its systems and services. • There is an IT access policy in place setting out the control access levels for authorisation, authentication and administration of all corporate data. Council is compliant with Information Management legislation, for example Privacy Act and Public Records Act and have implemented Policy to manage. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Planning for migration to “software as a service” where appropriate when systems are renewed. Multi Factor Authentication for remote access has been deployed. Ozone ERP is to be replaced in the future, planning to go to local government ERP vendors through a tender evaluation in 2022. Datacom CRM pilot to commence in June 2021	Marion Dowd Richard Gilligan Marion Dowd		Ongoing Complete Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
6. Renewals and maintenance of infrastructure	High	Medium	Medium/Low
<ol style="list-style-type: none"> Does current infrastructure meet the needs of the current population? Will current infrastructure meet the needs of the population for the infrastructure's remaining estimated lifetime? Are growth estimates accurate? Risks from unexpected asset failures. Risks during purchase & construction of new assets. Contractors unwilling to tender, either due to difficulties working with Council's, lack of capacity or full order books. Potential negative impacts of COVID-19 on companies who may tender for work with Council – e.g. supply of raw materials from overseas. Problems arising from not following correct procurement processes. Impact of highway upgrades on adjacent underground utilities and the roading network. Impact of sea level rise on local government infrastructure. 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> Need to ensure our infrastructure is always fit for purpose Individual risk appetites for different sub-categories, e.g. Bridges: low, Renewals: moderate. 			
Key Mitigations			
<ul style="list-style-type: none"> Structure Plans estimate future asset requirements and growth profiles. Asset Management Plans in place for all infrastructure activities which predicts asset renewal requirements. Infrastructure spending is approved through the LTP/Annual Plan process. Significant improvement in procurement processes. Joint procurement e.g. solid waste, 3 waters maintenance contract, ONRC Road Maintenance Contract with Waka Kotahi Regional and subregional planning e.g. UFTI, SmartGrowth, Spaces & Places 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Implementation of Watercare IT system for 3 waters joint contract	Marion Dowd	2021 - 2022	Ongoing
Renewal of Joint Road Maintenance contract with NZTA	Gary Allis	2021 - 2023	Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
7. Project delivery risks	Medium	Medium	Medium
<ol style="list-style-type: none"> 1. Contracting market, shortage of resources 2. Consulting market, shortage of resources 3. Price pressure 4. Internal resourcing, shortage of skilled staff, salary pressure 5. Ability to receive funding from NZTA 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> • Utilise alternative procurement methodology e.g. collaborative contracts, Early Contractor Involvement (ECI), major variations to existing contracts, dispensation to procurement procedures. • Modification to levels of service and design standards to reduce price • Clearly defined risk ownership in contracts, Council takes more risk 			
Key Mitigations			
<ul style="list-style-type: none"> • Early contractor engagement on forward work programme • Timing work to ensure reliable pipeline • Engage Tier 2 and 3 contractors • Alternative procurement methods and contracts e.g. unit rates, hourly rate, ECI • Alternate procurement methods and contracts e.g. unit rates, hourly rate, ECI 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Future Ready Organisation initiative - development and implementation of project and change management frameworks	Various	2021 - 2023	Ongoing
Build internal staffing capacity and project specific resources e.g. Kerbside Westlink Contract extension with two year programme	Various G Allis	2021 - 2023 2021	Ongoing Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
8. Community engagement risks (general community and key stakeholders)	Medium	Medium/Low	Low
<ol style="list-style-type: none"> Obligation to engage with residents and community & demonstrate that this has been done. Fostering greater community participation. Providing good customer service. Use of Council land & venues for private events & Compliance with the Health & Safety at Work Act. 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> Council is very careful on external communications Customer service is important to us 			
Key Mitigations			
<ul style="list-style-type: none"> Survey conducted for community events run and supported by Council as appropriate Community Boards, Bang the Table, community events, connector groups all play a part in engaging with the community. Surveys are conducted to gauge community satisfaction. Community Engagement Framework now in place and staff trained. Comprehensive risk plans are required for events on council property. All dealings and approval of events on Council land has a process to go through and staff sign-off is required. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Community and Environment strategies are being developed Maintain engagement skills and provide ongoing training	Emily Watton David Pearce	2020-21 2021	Ongoing Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
9. Regulatory compliance	High	Medium	Low
<ol style="list-style-type: none"> 1. Loss of regulatory compliance accreditation from IANZ, MBIE and MPI. 2. Finding staff with the right skills and qualifications. 3. Lack of local training providers. 4. Employing external contractors & the impact on cost. 5. Failure to provide adequate Code of Compliance certificates. 6. Potential to delay development and building work. 7. Change to case law around 10 year liability for leaky building claims may lead to re-opening cases. 8. Failure of after hours contractor to provide services i.e. noise control, animal control etc 9. Abatement notices – inadequate process for review and monitoring, resulting in lodgement of appeals. 10. Infringement notices – not meeting legislative requirements which impacts on reputational and financial risk. 			
Risk Appetite			
<ul style="list-style-type: none"> • These risks are within Council's control and is important to Council's reputation of high quality service delivery 			
Key Mitigations			
<ul style="list-style-type: none"> • Quality & Systems specialist role created to ensure continuity of accreditation. • Use of PROMAPP to provide consistent documentation and processes. • Use of external contractors to cover workload. • Improved training & qualification process. • Development of earthquake prone building policy. • Sound procurement policy and practices for engaging contractors. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Work Programme developed using the suggested improvements from the QC's report on Bella Vista	Chris Nicholson et al	2020 / 2021	Ongoing
Reintroduce Cadet positions	Chris Nicholson et al	2021	Ongoing
Career progression framework	Chris Nicholson et al	2021	Ongoing
Maintain watching brief and develop responses to future legislation e.g. Resource Consent monitoring, RMA changes	Alison Curtis	2021	Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
10. Growth and impact on infrastructure planning	Medium	Medium	Low
<ol style="list-style-type: none"> 1. Incorrect growth assumptions, leading to incorrect estimates for costs and revenues. 2. Cost of infrastructure needed by new developments. 3. Ensuring sufficient land for housing demand 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> • Out of council's control but has a big impact on infrastructure planning and community wellbeing 			
Key Mitigations			
<ul style="list-style-type: none"> • Regular review of population growth estimation • Regular update of infrastructure schedules • Establishment of sub regional relationships to manage growth in partnership with local and central government agencies. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
Boundary changes relating to Tauriko West & planning for other areas	Phillip Martelli	2020	Complete
Infrastructure impact on planning, future development & financial reporting	Various	Ongoing	Ongoing
Development of Sub-Regional Housing Action Plan	Various	Ongoing	Ongoing

Key Risks

	Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
11. Risk of Fraud	Medium	Medium	Low
<ul style="list-style-type: none"> Ability of finance systems and dual controls to prevent fraud. Risk of increased fraud in times of financial stress. Management time required (remediation, court cases, etc) if fraud is discovered. 			
Risk Appetite Rationale			
<ul style="list-style-type: none"> Council has zero appetite for internal fraud. 			
Key Mitigations			
<ul style="list-style-type: none"> Dual authorisation for purchases. Purchasing and procurement process. Accounting checks and reconciliations on a regular basis. Conflict of interest declarations. External auditors (KPMG) and Audit New Zealand investigations. Delegated financial authorities and segregation of duties. Secure passwords. Checks on bank account number changes and changes to supplier records. Updated Fraud Policy issued to staff. 			
Significant Planned Additional Mitigations	Owner(s)	Timing	Status
<ul style="list-style-type: none"> Responses to audit issues raised Appointment of an Internal Auditor - recruitment commenced In-house internal audit function Six weekly meetings with Audit NZ 	Finance CFO CFO Finance	Annual 2021 2021 Six weekly	Ongoing Commenced Ongoing Ongoing