

14. Risk and Assurance Update

Reference / Te Tohutoro: 22/304506

Report of / Te Pou
Matua:

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Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	<p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.</p> <p>s7(2)(e) - The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.</p> <p>s7(2)(f)(ii) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p>
Plain English Reason:	<p>The content of this report is legally privileged.</p> <p>To prevent improper use or misinterpretation of risk information.</p> <p>To prevent the use of Internal Audit findings and identified control weaknesses from being used for improper advantage.</p>
Report can be released:	<p>Due to the nature and sensitivity of this information, it is not anticipated that there be a specific date or event that allows for the release of this information.</p> <p>The information will be released in full or part as appropriate upon periodical review by the Head of Risk and Assurance to confirm when it is no longer deemed to require public exclusion for the applicable reasons above.</p>

1. Brief Summary

- 1.1 The purpose of this report is for the Audit and Risk Management Committee (ARMC) to:
- Be informed of the status, progress and results of risk and assurance activity completed since the last ARMC meeting.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information in the Risk and Assurance Report.
2. Receives the litigation risk update contained within this report, in lieu of a full report.
3. Recommends the Council receives the information in the Risk and Assurance Report.
4. Recommends that the Council agrees that the information in the Risk and Assurance Report will be released in full or part as appropriate upon periodical review by the Head of Risk and Assurance and when it is no longer deemed to identify control weaknesses that could be used for improper advantage and no longer needs to be withheld to protect from improper pressure or harassment affecting the conduct of public affairs.

3. Litigation Risk Update

- 3.1 In relation to the matter [REDACTED] a full updating report has not been completed for the next Committee meeting because there is nothing substantive to update in this matter.
- 3.2 In lieu of a full report, the following has occurred since the previous report to the Committee:
- 3.2.1 The plaintiffs have instructed new counsel and re-pleaded the claim, which has made the claim clearer. Council have filed a new statement of defence in response to the new claim, however, in substance the claim and the Council's defence is the same so the risk profile remains the same.
- 3.2.2 [REDACTED]
- 3.2.3 [REDACTED]

4. Risk Management Activity

- 4.1 The primary enterprise risk management focus in the past quarter has been completing workshops with unit level managers (Heads of Service and their direct reports). These meetings have provided the team an opportunity to introduce ourselves to the organisation, communicate our enterprise risk management approach, and build relationships and trust with the business units.

4.2 Across 23 workshops we have gained direct insight into the challenges that management is facing. We have collected a lot of information that we are now reviewing and categorising to uncover themes and develop improved strategic and operational risk registers.

4.2.1 The value of updating our risk registers in this way is to:

- reduce the size and complexity of the registers so they are more relevant,
- enable alignment of our strategic and operational level risks,
- ensure that mitigations and controls are clearly aligned and able to be assessed,
- ultimately, support initiatives designed to reduce our overall risk profile.

4.3 There are a number of themes emerging that we can relate now:

4.3.1 Business unit silos: There are challenges to ensure business units are sharing information and have an understanding of each other services. This is particularly identifiable for shared corporate enabling services.

4.3.2

4.3.3 Pandemic pressures: The impact of Covid-19 results in heightened challenges to balance such as workforce pressures and cost escalations.

4.4 **Risk Management Advisory support**

4.4.1 There has been increasing demand for risk advisory support from staff. All requests have been actioned. Most requests relate to staff needing to initiate or complete a risk assessment around an activity or advising on a course of action.

4.4.2 In response to this demand and to support general improvement in practice we have developed a team member / advisor level training package. Two trial sessions have been scheduled with different reference teams. Staff will be provided general advice, a selection of refreshed templates and will exercise doing key assumptions checks and preparing a basic risk assessment.

- Supporting staff to engage in risk thinking, conducting key assumptions checks and confidently prepare basic risk assessments will elevate the organisational risk management capability.

4.5 **Activity planned for the next quarter**

4.5.1 The following are the focus areas for risk management activity in the next quarter: Risk policy review, Fraud policy review, Protected Disclosure policy review, Review of risk IT solution.

5. Internal Audit Activity

5.1 Internal Audit follows a risk based approach as promoted by the Institute of Internal Auditors (IIA) in order to provide assurance that significant risks are being managed within the organisation's risk appetite. A significant step by the team has been the completion of a documented internal audit methodology, this will support consistent high quality reviews. This methodology was assessed and professionally endorsed by our internal audit partner firm KPMG.

5.2 Terms of reference documents have been prepared for all remaining audits scheduled this year. This represents a significant effort in itself as these are usually developed in detail during the audit planning phase. By taking this step and initiating these reviews concurrently, we are more likely to complete reviews in a timely manner as it provides management with

more time to respond to requests for information, however we note that delays are likely due to Covid-19 disruption.

- 5.3 Part of our internal review of internal audit, we identified the need to improve our monitoring of actions. A revised approach has been developed that consolidates a number of action monitoring approaches into one, this approach may extend to other similar functions such as Health, Safety and Wellbeing where improvements and corrective actions are identified. This monitoring system improvement is aligned with our methodological approach to how audit recommendations and management actions are agreed and scheduled. Ensuring that risks are mitigated through completed management actions is a key part of internal audit's value proposition.

Reviews in progress	Status	Resource	Comment
Health and Safety Management System	Closing	CCC	This report is near complete and will be reported at the next meeting.
Revenue: Debtors & Rates	Fieldwork	CCC	Focus on overall debt management (including rates) rather than focusing on specific key debtors.
Fraud Prevention and Governance	Initiation	External	To ensure the Council has sufficient fraud prevention in terms of both soft and hard controls. To ensure independence this review is being led externally.
Procurement / Contract Management	Initiation	CCC	To assess management capacity and capability to procure and manage service providers.
Facilities: Maintenance and Security	Initiation	CCC	To assess the safety and security of Council staff and to ensure facilities are being maintained properly.
Cyber: Culture and Behaviours	Initiation	External with CCC support	Focus on the human behaviours associated with digital changes (as opposed to tools)
Capital Spend / Project Management	Initiation	CCC with external support	Significant pre-work has been done to refine the scope, which will examine capital project budget estimations and subsequent lifecycle management.
Legislative / Statutory Compliance	Initiation	CCC with external support	To review our compliance framework and develop a repeatable process for future management reviews.

Attachments / Ngā Tāpirihanga

There are no appendices to this report.

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

Confirmation of Statutory Compliance / Te Whakatūrutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Authors	Nicholas Hill - Head of Risk & Assurance [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Approved By	Leah Scales - Acting General Manager Resources/Chief Financial Officer