

Audit, Finance & Risk Committee
5 March 2020

Report for Agenda Item | Rīpoata moto e Rāraki take 3

Department: Corporate Services

Title | Taitara Risk Management Update

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to provide a governance update regarding the progress of the work programme and change management plan to support the deployment of the new QLDC Risk Management Framework.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That the Audit, Finance & Risk Committee:
 1. **Note** the contents of this report.

Prepared by:

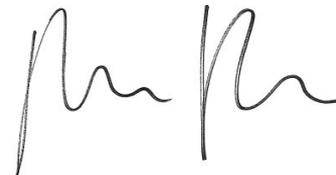


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CONTEXT | HOROPAKI

- 3 The Risk Management Group (RMG) has been established to lead the development of a risk management culture throughout the QLDC organisation. With the support of this group a new [QLDC Risk Management Policy](#) and QLDC Risk Register were deployed in 2019 to help provide a foundation for the pursuit of the following objectives:
- Establish a risk appetite model that allows the Risk framework to be tailored to the QLDC context;
 - Develop a clear, streamlined reporting process;
 - Simplify the process of risk management with clear objectives, roles and responsibilities, principles and process guidelines; and
 - Build a healthy risk management culture across all management and governance tiers.
- 4 The purpose of this Risk Update is to support the Audit, Finance & Risk (AFR) Committee with its governance monitoring of progress towards the above Risk Management objectives. The following section highlights key actions that have been progressed since the last update to the AFR Committee on 3 October 2019.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 5 **Risk Register Updates:** the following risks have been added to the QLDC Risk Register since the last AFR Committee meeting:
- RISK00056- Risk of ineffective provision for the future planning and development needs of the district;
 - RISK00057- Risk of ineffective privacy controls and protection of data held by Council; and
 - RISK00058- Risk of damage to the environment from landfill contamination.
- 6 These risks relate to known areas of focus for the council and their addition to the register will allow them to be referenced in future Council reporting to help support context setting and recommendations.
- 7 **Organisation Resilience:** To help drive a healthy risk management culture a focus has been placed on developing the Organisational Resilience of QLDC. Organisation Resilience relates to the “ability to absorb the effects of uncertainty and disruption, minimise adverse impacts, respond effectively, maintain or recover functionality, and adapt in a way that allows for learning and thriving.”¹ The concept of resilience encourages us to seek out and address areas of vulnerability, so that we are better equipped to deal with the impact of shocks and stresses to the organisation. The implemented Risk Management framework provides a key foundation for the identification of these areas of vulnerability both in the form of specific risks, as well as risk category themes.
- 8 **Disruption Management:** “Disruption Management” is a key theme within the QLDC Risk Register. Disruption relates to any event that significantly upsets the “business as usual”

¹ National Disaster Resilience Strategy: Section 4.2

routine of the organisation to a point where a coordinated “leadership response” is required. Because disruption events are uncertain and unpredictable in scale and target, we need to adopt agile and scalable response structures and processes. To help enable this QLDC has identified the following three levels of disruption risk.

1. Business Continuity Disruption

- Any incident or event that interrupts the delivery of Council services. For this level of disruption the QLDC Business Continuity plans, team structures and processes will be activated.

2. Community Disruption

- Any non-CDEM incident or event that causes a significant impact to the local community and for which QLDC is considered to be the lead agency. Examples include: 3W infrastructure failure, infrastructure accident, non-life threatening landslide over council controlled road

3. Emergency Event

- Any event that triggers the activation of the Emergency Operations Centre (EOC) and Civil Defence Emergency Management (CDEM) response plans. Examples include: earthquake, flood, bushfire, snow storm, pandemic, life-threatening landslide

9 For each of these three levels a robust and scalable procedural framework is being developed to help embed a common set of expectations and norms around what we do before and after disruption strikes. The following sections provide an update on the progress of these work programs

10 **Business Continuity Policy:** A new policy for Business Continuity Management has been developed. This policy defines the guiding principles and response process structures that will help QLDC to effectively manage Business Continuity disruption. The objectives of this policy are to:

- Develop our Organisational Resilience through enabling an adaptive, supportive and response-ready culture;
- Reduce the residual Business Continuity risk levels across the QLDC organisation;
- Improve the “readiness” of the organisation to respond to disruption events;
- Ensure that response activations deliver an optimal outcome; and
- Ensure that the recovery from Business Continuity disruption events is effectively managed to return Council operations to an equal or improved level of service.

11 **Business Continuity Plans (BCP):** Business Continuity Plans are used to help optimise the response to and recovery from specific disruption scenarios. By developing these plans in advance there is an opportunity to design the blueprint for an effective response prior to it happening. Having a clear plan in place helps to ensure that the response will be effective and efficient and minimizes the risk that key considerations will be overlooked. An updated library of BCPs is under development that will have a similar format and content structure. These BCPs will be a part of the treatment strategy for Business Continuity risks that are listed in the QLDC Risk Register.

- 12 **Significant Incident Policy:** A new policy for Significant Incident Management is under development. This policy defines the guiding principles and procedural framework that will enable QLDC to effectively manage significant, non-emergency level incidents that impact the community. The structure of the policy closely mirrors the Business Continuity Management Policy, however it has a more outward looking focus on incidents that impact the community and involve external stakeholders (e.g. Council contractors) in the response process.
- 13 **Incident Management Plans (IMP):** Incident Management Plans are similar to BCPs however their focus is more technical and often more time critical. These plans relate to what to do when a significant incident occurs, with a key focus on the protection of people, property and infrastructure assets. A library of IMPs is under development as part of the 3W & Roding incident management work program which involves a review of existing procedures and plans utilised by our contractors (e.g Veolia, Downer etc). An IMP relating to Security Incidents (i.e. lockdown events) is also under development. These IMPs will be a key element of the treatment for several of the Community risks that are listed in the QLDC Risk Register
- 14 **CDEM Procedures:** A review of all QLDC CDEM information resources has been completed and a new information structure has been implemented. This exercise has involved updating and creation of new CDEM procedure library to help build an improved CDEM knowledge base to support the training and development of EOC staff, volunteers, Elected Members and Community Response Groups. The testing of new digital platforms to support our Emergency Management capability has also been a key recent focus.
- 15 **CDEM Response Plans:** A library of Response Plans for CDEM scenarios is also under development. These scenario plans relate to such events as Flooding, Red-Zone Fire, Pandemic etc. and will support our response readiness by detailing a high level response strategy that includes stakeholder responsibilities, hazard information, monitoring thresholds and checklists for key activities. Recent focus areas include:
- Updating the Flood Response Plan with learnings from the recent high-lake level events in December and February
 - Meeting with the SDHB and Otago Emergency Acting Director to offer our support in the event that some or all of our EM Framework needs to be stood up in response to the coronavirus (covid-19) threat.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 16 This matter is of **low** significance, as determined by reference to the Council's Significance and Engagement Policy because it will:
- Not significantly impact on the environment, culture and people of the District;
 - Not significantly affect individuals, organisations, groups and sectors in the community;
 - Not be inconsistent with existing policy and strategy; and

- Will not significantly impact the objectives set out in the Financial Strategy, Ten Year Plan and Annual Plan.

17 As the significance of this matter is low and only for noting, no consultation with the community or local iwi is required.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

18 This matters relates to the management of all Strategic and Operational risks that are documented within the [QLDC Risk Register](#). The development of the Risk Management Policy and work of the Risk Management Group helps to support the development of a more engaged and capable risk culture across the Council, leading to more effective risk identification, evaluation and mitigation outcomes.

19 While being a risk treatment activity in itself, the development of the various Response policies and plans framework does carry some risk that they will be misaligned and poorly connected (RISK00038 Lack of Alignment- Strategy and Policies). The risk of this misalignment will be mitigated by ensuring that all policies align fully with best practice standards and recognised response models/systems such as:

- ISO: 31000 Risk Management Principles and Guidelines;
- AS/NZS 5050:2010- Business Continuity-Managing Disruption; and
- CIMS4 Edition 3- Coordinated Incident Management System.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

20 There are no financial implications associated with this matter.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

21 The following Council policies, strategies and bylaws were considered:

- QLDC Risk Management Policy.

22 The recommended option is consistent with the principles set out in the above policy.

23 This matter supports the Ten Year Plan/Annual Plan through ensuring that effective mitigations are in place that support risks that could impact plan objectives.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

24 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by [explain how it will help];
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;

- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.