

Report 14.17
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Committee Risk and Assurance Committee
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Summary Risk Report

1. Purpose

To update the Committee and new members, on risk management and to provide a detailed account of risks in the Water Group as part of an on-going reporting by each Group within the Council.

2. The decision-making process and significance

No decision is being sought in this report.

3. Background

Each quarter the risks at group level at the Council are considered and reported to the Chief Executive. An example copy of the Water Group report is appended as **Attachment 1** and forms part of this report.

This process involves adding new risks, archiving old risks if they are no longer relevant, reviewing the controls (risk mitigation/modifying management strategies) and checking that the scoring of the risk reflects its current state.

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.

Two new risk scoring criteria Health & Safety, and Environmental were added to the consequence criteria used to score risks.

To recap the risks are scored according to their:

Likelihood of occurrence and *Consequence* of occurrence.

The Consequences criteria used are:

Stakeholder/Reputation
Operation capability
Financial
Environmental
Health & Safety

The two new consequence criteria have placed more emphasis on health & safety and environmental consequences. This change has resulted in some risk reclassification.

4. Comment on Current risks

There have been a number of changes to the register since they were last reported to the Committee. There are 23 new risks added to the register and 6 risks that have been deleted from the register, some of which have been amalgamated into existing risk which have been expanded.

There are now 53 risks in total recorded in the Quantate system. The risks and the controls to mitigate these risks all have owners who regularly monitor them to ensure they remain current.

The risks were reviewed with the assistance of Quantate's Chief Executive in September 2013 and a number of wording and scoring changes were made.

There was also a review of the risk wording for consistency undertaken by the communications department.

The relative scoring of risks (given the large number of new risks) still has some work to be done and it is providing us with some results that just don't look correct.

We will report on these risks once they have been moderated by the Executive Leadership Team. This will now become a common approach before they are presented to this Committee.

5. High Level Risk report

This report was presented to the Committee in September 2013 and has been updated to reflect the new risks. The high level report lists the risks of the organisation in eleven categories devised by the Executive Leadership Team. A single risk may be in multiple categories.

The category of Loss, failure or damage to assets remains the highest risk category followed closely by Services are severely curtailed and Physical harm to the general public.

Note the controls in place on the right hand side to modify these risks.

This report is appended as **Attachment 2**.

6. Water Group risk Management

The Water Group will present to you their risks. They will explain to you what the risk is in detail, what they are doing about each risk. This will include their risk management strategies and process they adopt.

They will touch on how their risks are incorporated into the planning process and will also discuss topical issues and their activities in the risk management area in general.

Their quarterly risk management for the Water Group report is appended as **Attachment 1** listing their presently reported risks.

A brief description of the columns and what the means is as follows:

Overall ranking by residual risk: Residual risk is the risk that remains after controls have been applied and is discussed further below. A lower number means it has a higher residual risk relative to others. Thus the first listed risk is presently the 7th highest/most important risk to the organisation.

Risk ID: This is a unique system number to assigned to a risk

Risk Category(s) Lists the categories that this risk is listed under in the high level risk report discussed above.

Description – Brief description of the risk.

Inherent Risk Classification – The risk is assessed or scored and placed into a classification category (Very High, High, Medium, or Low) before any controls are in place.

Controls: These are processes which mitigate/modify a risk. They reduce the likelihood of occurrence of a risk or reduce the consequences when it occurs or both.

Residual Risk Classification – This is the risk classification category after the controls have been put in place and are working as expected.

Risk Owner – The person responsible for the risk. There is also a person assigned to each control which is not normally the risk owner.

Status Change since last quarter – This provides any update on the risk and discusses any scoring or control change, or anything topical to report about.

7. Recommendations

That the Committee:

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

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Warren Tocker
Chief Financial Officer

Attachment 1 – Water Group – Quarterly Risk report – December 2013

Attachment 2 – High Level Summary Risk report – December 2013