

# **Auckland Council Risk Report**

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**December 2017**

## **Risk - Quarterly Update**

The Executive Lead Team (ELT) maintains a Top Risk Register which enables our leaders to identify and mitigate important risks. The treatments that are identified aim to reduce the impact of the risks should they transpire into actual incidents.

The Risk team regularly meet to discuss and review the Top risks with each ELT member and/ or their teams, and to update the top risks in line with changes to the business and the external environment.

Minor updates have been made in the Risk Report for the quarter end December 2017. Specifically:

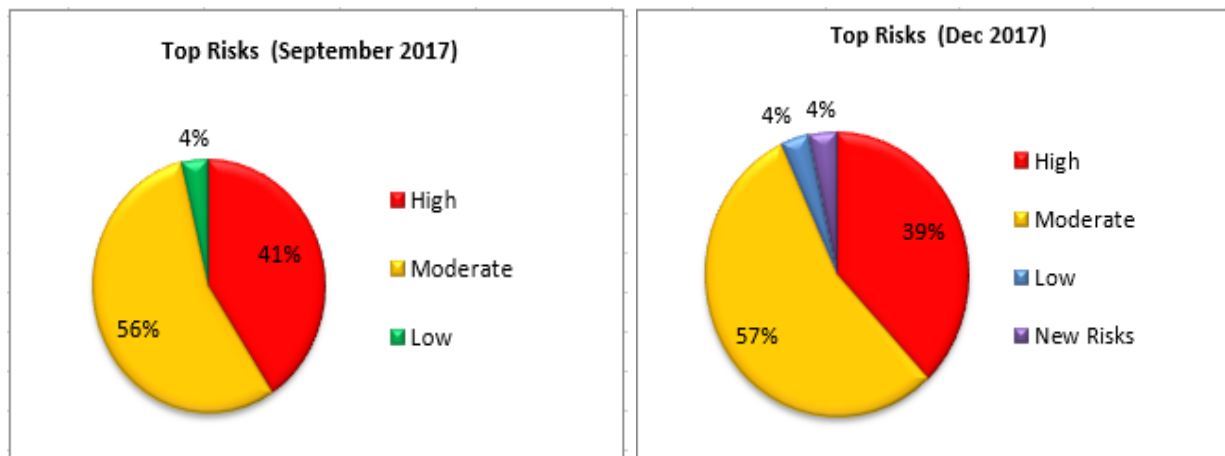
- The risk rating for the risk 'Inadequate consenting processes resulting in adverse outcomes for Council and customers (Regulatory)' has increased from 'moderate' to 'high' reflecting recent developments in the regulatory function. This relates specifically to risk of not meeting statutory timeframes for processing consents (particularly, building consents). A number of mitigations and controls are in place and a separate report is tabled at the meeting to report on this risk.
- A new moderate rated risk has been added. This relates to the potential impact of the signalled changes in policy and legislation by the new Government in the areas of housing, climate change, fuel tax, resource management and local government. The scope and details are not yet available and therefore the extent of any impact on council is unknown. Engagement with central government and monitoring is ongoing to mitigate this uncertainty.
- The Executive Leadership Team have highlighted a number of risks that will be reviewed (in terms of their risk description, treatment plans and ownership) as part of the top risk annual review process over the period February – March 2018.

Top risks continue to be reviewed by the risk owners and reported on a quarterly basis. The risk treatment update is provided in the tables below.

The table below reflects the Top Risks split by category and risk ranking:







Category	Risk Ranking			Total
	High	Moderate	Low	
People Risks	1	2	0	3
Reputational Risks	2	0	0	2
Financial Risks	2	0	0	2
Governance Risk	1	0	0	1
Strategic Risks	2	2	0	4
Legal and Regulatory Risks	4	1	0	5
Technology Risks	0	4	0	4
Operational & Service Delivery Risks	0	6	1	7
				28

## Top Risks









## Auckland Council Top Risk Report




#	Risk Description	Risk Assessment			Risk Treatment Update
		Risk Rating (Sept 2017)	Risk Rating (Dec 2017)	Risk Status	
<b>People Risks</b>					
1	<p><b><u>Health, Safety and Wellbeing</u></b> Major failure of HSW Procedures on Auckland Council Operations</p> <p><b>[Risk Owner: People and Performance (Patricia Reade)]</b></p>	High 	High 	No change 	<p>Implementation of a Safety Management System to consistently apply across all AC family operations. HSW management system will allow us to meet requirements of Health and Safety at Work Act (2015).</p> <ol style="list-style-type: none"> <li>1. Development &amp; implementation of a Corporate H&amp;S Strategy</li> <li>2. Development of a Corporate Health &amp; Safety Policy</li> <li>3. Implementation Safety Management System</li> <li>4. Implementation of Risk Manager system – completed</li> <li>5. Develop &amp; Implement Health and Safety Framework-framework completed and approved by ELT &amp; implementation commenced November 2017</li> </ol>

					<p>6. Set Corporate H&amp;S Standards for H&amp;S:</p> <ul style="list-style-type: none"> <li>o Policy &amp; Procedure control</li> <li>o Risk Assessment Framework</li> <li>o Incident, Near Miss Reporting &amp; Investigation</li> <li>o Contractor Management Procedures</li> <li>o Safety by design</li> </ul> <p>7. Write and develop Key Safety Requirements to support the business</p> <p>8. Develop Competency frameworks &amp; identify training requirements – Capability building</p> <p>9. Setting and Commencing Auditing Frameworks for assurance</p>
2	<p><b>Performance Culture</b> Low performing culture across Council results in low performance results in 6 focus areas, low staff morale, and high staff turnover.</p> <p><b>[Risk Owner: People and Performance (Patricia Reade)]</b></p>	Moderate 	Moderate 	No Change 	<p>Embedding a “High performance culture’ was endorsed as a priority by ELT at the strategy refresh. This will include a focus on performance and accountability for results, and ensuring that the attributes of a high performing culture are embedded in how we work. Engagement Survey action planning will need to be implemented by people leaders.</p> <p>Address leadership performance where needed with a focus on managing non-performance; Embed high performance behaviours through Customer Friendly Services Workshops; Refreshed Strategy (and new Whare) with 6 steps up underpinned by the 4 behaviours.</p>
3	<p><b>Leadership Capability</b> Ineffective leadership to develop and lead high performing teams, manage employee performance; resulting in low team productivity and performance, inappropriate restructuring, and high employee turnover</p> <p><b>[Risk Owner: People and Performance (Patricia Reade)]</b></p>	Moderate 	Moderate 	No Change 	<p>The strategy refresh recommendations covering leadership and culture were also endorsed by ELT. This is being progressed jointly by Strategy and Organisational Development. This will involve reviewing the planned programmes for 2017/18 and ensuring they are fit for purpose. The planned programmes are outlined below:</p> <p><b><u>My Time- implementation and embedding</u></b></p> <p>Launch My Time v2.0 portal improvements (completed) Launch My Time conversations eLearning (completed)</p>







				<p>Team plans are completed and reviewed quarterly to reflect organisation's performance cycle. Focus on individual goal setting aligned to team plans to ensure individuals and teams are working on the right things.</p> <p>Work with Business Partners to support embedding activity in departments (upon reviewing Culture and Engagement survey results)</p> <p>Improve visibility and increase access to staff recognition budgets. Set up regular reporting on budget vs spend for departments.</p> <p><b><u>Leadership Development</u></b></p> <p>Develop new leader on- boarding programme to develop competence and confidence in leading teams</p> <p>Develop People Leader development pathway to support development, from new to experienced leader,</p> <p>Support implementation of leader led forums (The Leadership Movement) to tackle common leadership challenges).</p> <p>Roll out the Leadership Compass to all leaders, Great leaders, great Auckland programme and Leaders worth Following series.</p> <p>Extend availability of just in time learning tools for leaders e.g. Tupu</p> <p><b><u>Other</u></b></p> <p>Manager support provided by P&amp;P Consultants where poor performance is a concern (BPs)</p> <p>Increased reporting and visibility on non-performance provided to ELT through P&amp;P using score-card.(BPs)</p> <p>Develop and implement council wide recognition programme (2017)</p> <p>Focus on developing people leaders and implementation of Compass (People leadership workshops)</p>
<b>Reputational Risks</b>				







4	<p><b><u>Housing and Growth Demand</u></b>  The ability for council to meet growth demand for housing and infrastructure needs. Combined effort by Auckland Council and CCO's to deliver roads, efficient public transport, and councils services in a rapidly growing city at the optimal time and in the right places.</p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	High 	High 	No Change 	<ol style="list-style-type: none"> <li>1. Continue internal governance and oversight c/- Housing steering group</li> <li>2. Complete the CME and compliance changes in Regulatory</li> <li>3. Embed the DPO model and grow capacity to lead complex development projects across council family</li> <li>4. Complete development and implement use of Forward Land and Infrastructure Planning (FLIP) model decision making tool</li> <li>5. Ongoing support for and review of strategic planning tools (e.g. ATAP, FULSS, Housing Accord, , spatial priority area approach)</li> <li>6. Communication and engagement enhanced, e.g.:</li> <li>7. Council family (e.g. CE growth and infrastructure meeting)</li> <li>8. Externally with the CE briefings, Auckland Infrast. &amp; Procurement Group etc.</li> <li>9. Alternative sources of funding (e.g. Housing Infrastructure fund), capex reviews supported.</li> </ol>
5	<p><b><u>Trust and confidence</u></b>  Goal is to drive collective ownership and support for trust and confidence in Auckland Council</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Communications &amp; Engagement Director (Karl Ferguson)]</b></p>				<p>The Communication and Engagement team has an active work programme in place to support trust and confidence in Auckland Council. Some favourable results are already starting to show, for example;</p> <ol style="list-style-type: none"> <li>1. Trust in Council decision-making and satisfaction with Council performance showing significant improvement. Both Satisfaction with Council Performance and Trust in Council Decision-making measures have shown significant improvement from 17% to 20% for the latest quarter rolling average (Q4 2016- Q3 2017).</li> <li>2. OurAuckland was cited as the primary media source for hearing news about council, over traditional media channels. (Citizen Insight Monitor results 2017)</li> <li>3. The OurAuckland website received over 2million visits,</li> </ol>







	<p><b>Sub-risk 1</b> Lack of awareness of council's delivery lowers trust and confidence.</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Communications &amp; Engagement Director (Karl Ferguson)]</b></p>	<p>High</p> 	<p>High</p> 	<p>No Change</p> 	<p>780,000 unique visitors &amp; 2.37 million page views in the 12 months to 30 June 2017. In Q1 17/18 there were 455,792 visits to the OurAuckland website. This is a 20% increase from Q1 16/17 (379,037). We use social media channels to communicate our performance and to bring news and information to a wider audience.</p> <ol style="list-style-type: none"> <li>4. Social media is also being used to reach younger audiences and some ethnic groups who are usually less engaged with council.</li> <li>5. Media favourability continues on a positive trend. Mayor Phil Goff continues to be the leading spokesperson.</li> <li>6. Diminished budget available to spend in FY18 will impact delivery across the work programme. The budget allocated to support service awareness and delivery of the organisation will mean we are reliant on our own channels to reach Aucklanders. As these are still growing and do not have the flexibility of targeted media spend, this represents a significant risk to T&amp;C. Demand for communication from the business is not diminishing so trade-offs will need to be made in terms of what can be supported.</li> </ol> <ol style="list-style-type: none"> <li>1. Proactive support for trust and confidence - led by C&amp;E. Creation of communication work programme, which has endorsement from international peer review and assessment, to specifically target driving trust and confidence. This includes service awareness and engagement awareness, both core to delivering on T&amp;C.</li> <li>2. T&amp;C is now a part of every council department's business plan, and this identification of how their work supports T&amp;C will ensure that this is an organisational priority.</li> </ol>
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	<p><b>Sub-risk 2</b> Issues management is not joined up across council group, leading to inconsistent messaging or poor reactive communication</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Communications &amp; Engagement Director (Karl Ferguson)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>3. Broader C&amp;E work programme also reviewed in terms of what will most drive T&amp;C, to proactively tell the story of council's performance, and to connect Aucklanders with their region, and with their council</li> <li>4. Channels are continually optimised to reach our diverse audiences with relevant information, and effectiveness of communication reach is measured via search and web analytics</li> <li>5. Work planning system in place which will enable team to track effort towards trust and confidence and organisational strategy objectives</li> <li>6. Pro-active summaries of communication messaging and content given to elected representatives to equip them to be 'the face of Council' and to tell the council story</li> <li>7. Pro-active publication of the organisation's performance plan and targets, to demonstrate our commitment to transparency.</li> </ol> <p><b>Management by C&amp;E team:</b></p> <ol style="list-style-type: none"> <li>1. C&amp;E have a strong role in the Auckland Crisis Management Team and actively contribute to Business Continuity Plans and Crisis Management exercises and reviews.</li> <li>2. C&amp;E media team respond to media enquiries in a timely fashion and hold proactive media briefings as issues arise.</li> </ol> <p><b>Management of risk across the council group</b></p> <ol style="list-style-type: none"> <li>1. Strategic Communications Forum, Marketing and Brand forum, and Consultation and Engagement Community Leadership Forum now operating with CCO managers, to align work across the council group.</li> <li>2. Ongoing discussion had with</li> </ol>
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	<p><b>Sub-risk 3</b> Organisational decisions, including actions of individuals and Elected Members, lowers Aucklanders trust and confidence in Auckland Council.</p> <p><i>*Note: This risk will be subject to review early 2018</i></p> <p><b>[Risk Owner: Communications &amp; Engagement Director (Karl Ferguson)]</b></p>	<p>High </p>	<p>High </p>	<p>No Change </p>	<p>CCOs about brand alignment to increase attribution of services to council.</p> <p>3. No surprises convention in place between council and CCO communication teams. The S17A Value for Money review of the communication and engagement function across the Council Group has been published.</p> <p>1. Organisational wide understanding of behaviours that support trust and confidence, this has been regularly discussed with SLT and ELT.</p> <p>2. C&amp;E and the Elected Member Reference group meet regularly, to brief them on communication work underway and their role in T&amp;C.</p> <p>3. Staff and elected representatives regularly reminded of their responsibilities and good practice behaviour under the Code of Conduct and Social Media guidelines.</p> <p>4. Senior leaders have clear understanding of the expectation of them to alert C&amp;E of any issues and build understanding of trust and confidence impacts with their teams.</p> <p>5. Organisation wide communication policy being reviewed in FY18 after S17A review has been completed and recommendations received and assessed.</p>
<b>Financial Risks</b>					
6	<p><b><u>Asset Performance</u></b> Infrastructure and physical assets: Inadequate asset strategy, planning, management and maintenance. Failed “high performing asset”. Asset not being fit for purpose over the life cycle resulting in missed opportunity.</p>	<p>High </p>	<p>High </p>	<p>No Change </p>	<p>1. Asset delivery governance via capital works and asset management steering group, supported by investment decision making disciplines and ‘Gateway’</p> <p>2. Asset performance, utilisation, condition and data improvement project successfully implemented</p> <p>3. CFAME (council wide asset management system to be rolled out)</p> <p>4. Community Services and</p>










	<b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b>				<p>Community Facilities structure reinforced</p> <ol style="list-style-type: none"> <li>5. Services and asset strategy aligned (joint between CFO and COO) that defines asset / non-asset solutions based on demand growth and changing demographic needs</li> <li>6. Project17 integrated region-wide FM contracts successfully let</li> <li>7. Smart Growth Portal (FLIP) progress as planned – contracts successfully let for analytics. Procurement risk with NEC Portal build, significant challenge getting through procurement and legal – still working through final details – contract in negotiation.</li> <li>8. Integrated and structured planning for asset acquisitions (including vested assets) to disposals led by the asset owner accountable for optimising whole-of-life costs / benefits / risks</li> <li>9. Risk assessment of catch pit assets in conjunction with Auckland Transport.</li> <li>10. Review of asset management of all built assets commencing (including assessment for fit for purpose, utilisation, asbestos and seismic issues).</li> </ol>
7	<p><b><u>Fraud &amp; Unethical Behaviour</u></b> Fraud, corruption or other unethical behaviour (i.e. failure to adhere to probity standards) perpetrated within Council that could lead to financial, reputational, and/or operational risk to council.</p> <p><b>[Risk Owner: Governance Director (Phil Wilson)]</b></p>	High 	High 	No Change 	<ol style="list-style-type: none"> <li>1. Treat as a leadership and culture initiative</li> <li>2. Internal Audit work program</li> <li>3. Fraud Risk Framework</li> <li>4. Fraud &amp; Whistleblowing Policy</li> <li>5. Integrity and Investigation Unit providing training, investigations and data analytical services.</li> <li>6. IS Security</li> <li>7. Security Forum (monthly)</li> <li>8. Insurance Policy related to fraud.</li> <li>9. Integrated and coordinated process for sharing of critical and relevant information between Internal Audit and Risk departments.</li> </ol>
<b>Governance Risk</b>					
8	<p><b><u>Council Governance</u></b> Our governance structures and practices across the Council group (incl. CCO's)</p>	High 	High 	No change 	<ol style="list-style-type: none"> <li>1. Policies and processes in place to ensure statutory compliance and transparency.</li> <li>2. Training &amp; Development for elected members and staff.</li> </ol>










	<p>meet legal and good governance standards and our decision making is at all times lawful, robust and of high quality.</p> <p><u>Local Government Commission (LGC) reorganisation risk:</u> Two reorganisation proposals for Auckland - Waiheke and North Rodney, are currently being considered by LGC.</p> <p><i>*Note: This risk will be subject to review early 2018</i></p> <p><b>[Risk Owner: Governance Director (Phil Wilson)]</b></p>				<p>3. Active stakeholder relationship plan.</p> <p>4. Centre of Excellence:</p> <ul style="list-style-type: none"> <li>o Governance framework review</li> <li>o Governance manual</li> </ul> <p>There is a LGC briefing on 30 November 2017 prior to the release of decision. A verbal update will be provided at the ARC.</p> <p>Waiheke and North Rodney Proposals: Governance Framework Review – addressing themes in the reorganisation applications and investigating options that may resolve the issues.</p>
<b>Strategic Risks</b>					
9	<p><b><u>Organisational Strategy</u></b> Successful implementation of the Organisational Strategy:</p> <ul style="list-style-type: none"> <li>• Not achieving the set 3 year performance targets.</li> <li>• Inability to successfully measure project delivery and outcomes</li> <li>• Inability to successfully design and implement enterprise wide change</li> </ul> <p><b>[Risk Owner: People and Performance (Patricia Reade)]</b></p>	High 	High 	No Change 	<ol style="list-style-type: none"> <li>1. Working towards obtaining greater accountability and ownership of the performance targets.</li> <li>2. Development of a performance framework</li> <li>3. Investment group to continue to bring in tighter control on spend.</li> <li>4. Conducting “health-checks” on project delivery</li> <li>5. Creating a stronger portfolio office to manage change</li> </ol>
10	<p><b><u>Environmental Sustainability</u></b> Degree in which environmental sustainability is</p>	High 	High 	No change 	<ol style="list-style-type: none"> <li>1. Establishment of new Natural Environment Strategy team, working to embed improved environmental outcomes in council activities</li> </ol>

	<p>embedded in Auckland Council activities, plans and strategies, influences ability to deliver positive environmental outcomes.</p> <p><b>[Risk Owner: Chief of Strategy (Jim Quinn)]</b></p>				<ol style="list-style-type: none"> <li>2. National Policy Statement on Freshwater Management work streams delivered by operational units</li> <li>3. Completion and implementation of Hauraki Gulf Marine Spatial Plan</li> <li>4. Hauraki Gulf forum (independent agency) monitoring reviews of overall health of marine ecosystem</li> <li>5. Chief Sustainability Office initiating and supporting sustainability initiatives across council and externally</li> <li>6. Active involvement in the special interest groups with other regional councils, many of which focussed on the environmental impact</li> <li>7. Ongoing review of plans and effectiveness</li> <li>8. Environmental monitoring and frequent reporting of data.</li> </ol>
11	<p><b><u>Stakeholder engagement</u></b> Developing effective engagement strategies with key stakeholders. Segments include: CCO's; Government; Community, Commercial partners</p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Partnership under the Realising Auckland's Potential initiative to promote Auckland Plan outcomes</li> <li>2. SPP initiative develops and promotes best practice</li> <li>3. Integrated approach across CCO's, supplier relationships, key accounts, corporate partnership, Auckland Conversations etc.</li> <li>4. Building internal capability</li> <li>5. Effective delivery of partnership programmes (e.g. DOC co-location, Housing for Older Persons, etc.)</li> <li>6. Director of Regulatory in discussions with MBIE regarding legislative and regulatory matters particularly on acceptance of new building product for use by the market.</li> </ol>
12	<p><b><u>Government Legislative Change</u></b> Change in Central Government (October 2017). Government signalling changes to legislation and policy affecting council group including in areas of building, housing, managing urban growth, regional fuel tax, climate change, and resource</p>		<p>Moderate</p> 	<p>New</p>	<p>Monitoring closely and considering changes in policy settings.</p> <p>Engaging in discussions with central government at every opportunity and maintaining channels to relevant Ministries and Ministers</p>










	<p>management.</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Acting Director Legal and Risk (James Hassall)]</b></p>				
Legal & Regulatory Risks					
13	<p><b><u>Building Control Compliance</u></b></p> <p>Future legal liability: lack of sufficient processes and safeguards to identify and reduce future exposure arising out of increased building and regulatory activity</p> <p>Key risk areas:</p> <ul style="list-style-type: none"> <li>• Capacity and capability to respond to growth</li> <li>• Quality systems,(note: AC does not do quality assurance for the entire process but only for given tasks i.e not having 24 hour oversight, accepting producer statements from engineers, cannot verify if things get undone after sign off)</li> <li>• Use of unauthorised building products</li> <li>• Inadequate inspection and Code Compliance Certificate process.</li> </ul> <p>Future legal liability: regulatory sign off on buildings at risk of fire from use of ACP cladding</p> <p>Increase in use of alternative products e.g prefabricated panels, and cross laminated timber that have not</p>	<p>High</p> 	<p>High</p> 	<p>No change</p> 	<ol style="list-style-type: none"> <li>1. Maintain risk-based processes and compliance management approaches</li> <li>2. Active management with central government on regulation, building product and system quality and liability issues</li> <li>3. Training and development of staff</li> <li>4. Work with industry to develop quality building systems and processes</li> <li>5. Active promotion of regulatory career paths as a career of choice</li> <li>6. Proactive inspection and assessment of all buildings 3 storeys and above with potential ACP type cladding for fire risks. Obtain support from MBIE on our building assessment methodology and how we give effect to our assessment system.</li> <li>7. Work with BRANZ to get system testing conducted on fixed-through ACM (aluminium composite material) panels vs face-fixed ACM panel systems.</li> <li>8. Advocacy to MBIE and BRANZ (where appropriate) for a national and consistent approach to regulation and product approvals.</li> </ol>










	<p>been independently tested and approved, - exposure to potential future legal liability</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>				
14	<p><b><u>Privacy and Confidentiality</u></b> * Policy or system breaches result in legal, financial and reputational exposures.</p> <p><b>[Risk Owner: Governance Director]</b></p>	<p>High</p> 	<p>High</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Auckland Council Customer Privacy Policy (April 2014)</li> <li>2. Proactive privacy program – training and awareness</li> </ol>
15	<p><b><u>Non-compliance</u></b></p> <p>Failure to comply with legislative obligations, resulting in unlawful action, exposure to litigation risk, regulatory and/or government sanctions and diminished trust and confidence in Council.</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Acting Director Legal and Risk (James Hassall)]</b></p>	<p>High</p> 	<p>High</p> 	<p>No Change</p> 	<p>Council has a council-wide compliance programme called “Do it Right” made up of targeted activities, resources and systems to support and enable staff on compliance matters.</p> <p>The programme includes reporting to the ELT and the Audit and Risk Committee.</p> <p>Key activities to support and ensure compliance include:</p> <ul style="list-style-type: none"> <li>• Compliance planning for Treasury and Transaction Services and other key departments underway.</li> <li>• Legislative change tracker - monitoring and ensuring readiness for new and changed legislation.</li> <li>• end of financial year compliance assurance process.</li> <li>• training, advice and compliance support by legal and risk on public law, commercial, property and regulatory compliance obligations.</li> <li>• Disclosure Committee established. Development of compliance assurance</li> </ul>




					<p>processes and policies for bonds and NZX obligations being considered.</p> <ul style="list-style-type: none"> <li>• Risk and compliance champion programme – network forum, training and raising awareness and capability</li> <li>• Online council legislative obligation register (Find a law) and information portal implemented and maintained (Do it Right Kotahi portal)</li> <li>• Phase 2 of the implementation progressing. Review of programme to be completed first quarter 2018.</li> <li>• Our Charter project.</li> </ul>
16	<p><b>Maori outcomes *</b> Council meets all established legal and other responsibilities to Maori and satisfies all reasonable expectations of responsiveness</p> <p><b>[Risk Owner: Governance Director (Phil Wilson)]</b></p>	Moderate 	Moderate 	No Change 	<ol style="list-style-type: none"> <li>1. Oversight by Auckland Council CE's leadership group on Maori transformation shift initiatives</li> <li>2. Treaty Settlements Manager appointed.</li> <li>3. Constant updating and monitoring of statutory obligation.</li> <li>4. Treaty of Waitangi audit work program.</li> <li>5. Monitoring and Reporting Framework</li> <li>6. Considerable effort has been applied to identifying and increasing budgets which contribute to Maori well-being.</li> <li>7. Review Te Whaka Angamua and other resources</li> </ol>
17	<p><b>Regulatory approvals</b> Inadequate consenting processes resulting in adverse outcomes for Council and customers</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	Moderate 	High 	Increase 	<ol style="list-style-type: none"> <li>1. Complete current improvement initiatives <ol style="list-style-type: none"> <li>a. Consenting Made Easy</li> <li>b. Customer enabled compliance</li> </ol> </li> <li>2. NewCore implementation (provide enterprise system consistency)</li> <li>3. Digital lodgement, processing, booking and tracking enhancements developed</li> <li>4. Recruitment and retention, including offshore attraction of skilled staff</li> <li>5. A number of controls and mitigations are in place – a separate report will be tabled to the Audit and risk committee and an item in the workshop.</li> </ol>
<b>Technology Risks</b>					
18	<p><b>Cyber Crimes</b> Malicious cyber-attack</p>	Moderate 	Moderate 	No Change 	<ol style="list-style-type: none"> <li>1. Intrusion prevention system deployed to end-point devices</li> </ol>

	<p>results in technology service disruption</p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>				<ol style="list-style-type: none"> <li>2. Review of technical security architecture</li> <li>3. Review of the deployment of the anti-virus solution and implementation of recommendations</li> <li>4. Increased communication to users to raise awareness</li> <li>5. Planning underway to replace internet content filtering solution</li> <li>6. Planning underway to inspect encrypted internet traffic</li> <li>7. Consideration of cyber insurance</li> </ol>
19	<p><b><u>Technology Failure</u></b> There is a risk that technology services may be disrupted as a result of a natural disaster, an accident or human error affecting the single data centre being used by Auckland Council</p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Second data centre has been set up, and services are now being migrated to the new data centre.</li> <li>2. Update of IS business continuity plan</li> <li>3. Implementation of revised major incident management process</li> </ol>
20	<p><b><u>Integrity of data and processes</u></b> Inability to optimise efficiencies and leverage off Group size</p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Optimise shared service opportunities across the group</li> <li>2. Achieved efficiency targets</li> <li>3. Insurance renewal</li> </ol>
21	<p><b><u>Accuracy of Data</u></b> Quality and accuracy of data to drive informed decision making. Lack of data or measurement processes around community facilities, libraries, park usage, halls, etc., to drive positive change and optimise service delivery.</p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Leveraging NewCore as one source of data 'truth'</li> <li>2. Embed FLIP</li> <li>3. Embed digital via the customer centric transformation initiatives</li> <li>4. Asset Management Information Strategy implemented to establish data standards and asset management systems enhancement</li> <li>5. CFAME (council wide asset management system enhancement to be rolled out) to effectively use and share asset information and knowledge</li> <li>6. Asset Information collection</li> </ol>



					<p>plan to enhance efficient collection of asset information on data, risks, condition, performance, fit-for purpose and utilisation</p> <p>7. Structured asset performance/condition monitoring and modelling to inform asset management strategies (e.g. renewals, repair &amp; maintenance, disposals)</p>
<b>Operational and Service Delivery Risks</b>					
22	<p><b><u>Procurement and Supplier Management</u></b> Procurement capability and maturity across the organisation is not developed enough to deliver against corporate strategy outcomes</p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Procurement policy</li> <li>2. System (SAP) initiated delegation of financial authority (DFA) requirements.</li> <li>3. Procurement enabling technology.</li> <li>4. Strategic Procurement Committee.</li> <li>5. Co-source procurement program.</li> <li>6. Fit for purpose department structure.</li> <li>7. Roll out of ARIBA – as a tool to measure benefit realisation, track supplier spend and ensure that approvals are aligned to Delegated Financial Authority.</li> <li>8. Consistent with WaterCare and Auckland transport</li> <li>9. Exceeded targets on FY18</li> </ol>
23	<p><b><u>Programme and Project Delivery</u></b> Inappropriate allocation of resources in the absence of clear linkage between the organisation strategy and delivery of the outcomes and goals in the LTP/AP</p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Processes in place to provide increasing transparency (for example, Investments Group) and regular reporting of all projects over \$5M to the Strategic Procurement committee.</li> <li>2. Internal training programme under review.</li> <li>3. Council wide maturity assessment being conducted.</li> <li>4. Expanded use of Sentient system to record projects.</li> <li>5. Projects referred to the Audit and Risk committee for independent review as requested by the CE, COO or Chair of the Strategic Procurement Committee.</li> </ol>
24	<p><b><u>Delivery of Commitments</u></b> Adoption of Long Tem Plan and Annual Plan</p> <p>Fluidity of central government policy and</p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Encouraging early engagement with elected members on key issues.</li> <li>2. Early engagement with Audit on key risks.</li> <li>3. Oversight by Audit and Risk Committee including process</li> </ol>

	<p>decision making leading to high levels of uncertainty of key aspects of the LTP, including transport programme.</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Acting Chief Financial Officer (Matthew Walker)]</b></p>				<p>assurance from Audit NZ and the Group CFO.</p> <p>4. Dialogue with NZTA to manage the heightened lack of certainty including discussions with Audit NZ.</p>
25	<p><b><u>Service Delivery</u></b> Delivery of service commitments: Inability to deliver against significant commitments (Auckland Plan, Long-term Plan, and Annual Plan). Being able to understand and deliver what's required as Auckland changes and grows.</p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Develop and implement Service Strategy, supported by Community Facilities Network Plan, Local Board plans and Asset Management programme</li> <li>2. Embed community empowerment model within ACE and extend progressively across council</li> </ol>
26	<p><b><u>Organisational change</u></b> Frequency of an impact on productivity and morale.</p> <p><b>[Risk Owner: People and Performance Director (Patricia Reade)]</b></p> <p><b>Sub group ELT</b></p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Support 'in flight' change programmes</li> <li>2. Incorporate a change policy for structural change (currently being developed in partnership with the PSA).</li> <li>3. Leverage the existing change management framework and guidance to provide a cohesive change approach to all change.</li> <li>4. Develop and embed an organisational governance framework for change</li> </ol>
27	<p><b><u>Natural Hazard</u></b> Significant disruption due to natural hazards (e.g. floods, earthquake, tsunami or volcanic eruption, etc.) and lifeline utility disruptions (e.g. Auckland region wide power, water or transportation</p>	<p>Moderate</p> 	<p>Moderate</p> 	<p>No Change</p> 	<p>Review Lifeline management plans with emphasis upon reducing exposure to hazard, responding to damage and quick recovery.</p>

	<p>disruption).</p> <p><i>*Note: This risk description will be reviewed early 2018</i></p> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>				
28	<p><b>NewCore:</b> Programme delivery and realisation of proposed benefits, in relation to:</p> <ul style="list-style-type: none"> <li>• Single platform</li> <li>• Efficient Streamlined processes</li> <li>• Cost saving</li> <li>• Time saving</li> <li>• Customer centric</li> </ul> <p><b>[Risk Owner: Chief Operating Officer (Dean Kimpton)]</b></p>	<p>Low</p> 	<p>Low</p> 	<p>No Change</p> 	<ol style="list-style-type: none"> <li>1. Go Live 5</li> <li>2. NewCore Exec Steering group, and governance structure in place</li> <li>3. Approved delivery structure and roll-out programme</li> <li>4. Regular reporting to Audit and Risk</li> <li>5. Staff training and implementation strategy (including transition to BAU support)</li> </ol>


The AC Enterprise Risk Management Framework defines the risk levels based on the “5x5 likelihood and consequences matrix” and the acceptability as shown below:


Consequences	5 Extreme	Moderate	High	High	Extreme	Extreme
	4 Major	Moderate	Moderate	High	High	Extreme
	3 Moderate	Low	Moderate	Moderate	High	High
	2 Minor	Low	Low	Moderate	Moderate	Moderate
	1 Insignificant	Low	Low	Low	Moderate	Moderate
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
		<b>Likelihood</b>				

Risk Status Update

The risk status update shows the movement of the risks from the previous period and is denoted by the following format:

 Decrease

 No Change

 Increase