

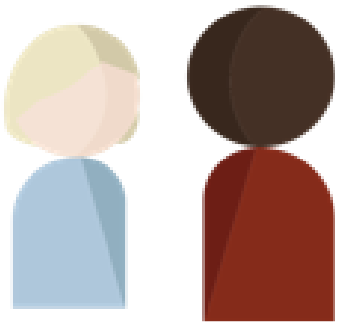


Our observations on local government risk management practices

Our process



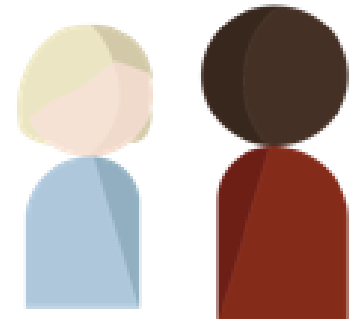
- Case studies of:
 - › Auckland Council
 - › Environment Canterbury
 - › Queenstown-Lakes District Council
 - › Waipā District Council
- Sent a survey to all other councils



What did we expect to see?



- A risk management framework in place to identify, analyse, and monitor risks.
- Effective approaches in place to identify and manage risk, with effective oversight by elected members and appropriate involvement by their audit and risk committee.
- Regular formal reviews of their risk management practices that inform areas for improvement.
- Mechanisms for communicating with their communities about the risks they face and how they are managing those risks.



What we found



- Some councils do not currently have a formal risk management framework.
- Several examples of a strong risk culture.
- Many councils lack someone responsible for leading and monitoring risk management processes throughout their council.
- More could be done to support elected members.
- Specialist tools, such as quantitative risk assessment, could be more widely applied

The top risks identified by councils were wide-ranging



Councils were asked to name their number one risk ...



11 councils

Health and safety



6

Climate change



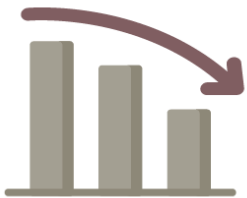
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Cybersecurity / info systems



4

Emergency management / Business Continuity Planning



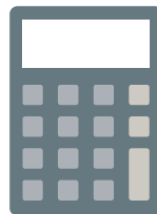
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Asset failure



3

Staffing capability or retention



2

Financial management/ sustainability



1

Natural hazards



1

Asset management

Recommendations



- Councils prioritise putting in place a formal risk management framework if they do not have one.
- That elected members get the training and support that they need to carry out their risk management roles and responsibilities.
- Consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments.
- Councils assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

Observations from case studies



- Tailored risk management framework
- Policies and processes were in place
- Embedding risk into reports to governors
- A framework for understanding risk management of CCOs
- Use of risk champions
- Accessible risk resources
- Oversight by audit and risk committee (ARC)



Observations from case studies



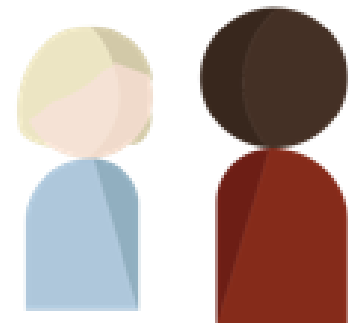
- “Top risk” workshop with ARC and leadership team
- Embedding climate change into current and future risk context
- Strong health & safety focus
- Maturity assessments undertaken and used to inform improvements required



What next ... and other work of interest



- Strategic supplier: Understanding and managing the risks of service disruption
- Update of audit committee guidance
- Focus areas in councils' 2021-31 LTPs include:
 - Info about assets condition & performance
 - Climate change impacts



Thank you!

