

Audit and Risk Subcommittee
Wednesday 2 December 2020 at 1.00pm

AGENDA

Audit and Risk Subcommittee Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 2 December 2020, commencing at 1.00pm

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE AUDIT AND RISK SUBCOMMITTEE

Chairperson, Councillor Colin Kitchen

Councillor Amy Macdonald

Councillor Joce Yeoman

Ex-Officio Penny Smart

Councillor Rick Stolwerk

Independent Audit & Risk
Advisor Danny Tuato'o

Independent Financial Advisor
Geoff Copstick

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TITLE: Health & Safety Update

ID: A1390129

From: Beryl Steele, Human Resources Manager

**Authorised by
Group Manager:** Bruce Howse, Group Manager - Corporate Excellence, on date

Executive summary/Whakarāpopototanga

The presentations that will be presented at the meeting are listed below.

Recommendation

That the presentations:

4.1 Health & Safety Update

be received.

Attachments/Ngā tapirihanga

Nil

TITLE: Confirmation of Minutes - 6 October 2020

ID: A1391036

From: Judith Graham, Corporate Excellence P/A

**Authorised by
Group Manager:** Bruce Howse, Group Manager - Corporate Excellence, on

Recommendation

That the minutes of the Audit & Risk Subcommittee meeting held on 6 October 2020 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Audit & Risk Subcommittee Minutes 6 October 2020 [!\[\]\(c694a3ff3b077d76910920a6a1593ab4_img.jpg\) !\[\]\(42fc53a13f008e5bbf67aee5111990a5_img.jpg\)](#)

Audit and Risk Subcommittee
6 October 2020

Audit and Risk Subcommittee Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 6 October 2020, commencing at 10.30am

Present:

Chairperson, Councillor Colin Kitchen
Councillor John Bain
Councillor Amy Macdonald
Ex-Officio Penny Smart
Independent Financial Advisor Geoff Copstick
Independent Audit & Risk Advisor Danny Tuato'o

In Attendance:

Full Meeting

Group Manager Corporate Excellence – Bruce Howse
Finance Manager – Simon Crabb
Personal Assistant – Judy Graham
AON Client Relationship Manager- Matthew Wilson
AON Operations Manager -Deanna MacDonald

Part Meeting

Councillor – Rick Stolwerk
Councillor – Martin Robinson
Councillor – Jack Craw
Corporate Systems Champion - Kym Ace
Accounting Assistant – Shannon Wilson
Deloitte Audit Partner – Peter Gulliver *(item 5.1 only)*
Deloitte Associate Director – Vera Chain *(item 5.1 only)*

The Chair declared the meeting open at 10.40am.

Apologies (Ngā whakapahā) (Item 1.0)

Moved (Smart/ McDonald)

That the apologies from Councillor Joce Yeoman for non-attendance be received.

Carried

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

Audit and Risk Subcommittee
6 October 2020

Confirmation of Minutes - 24 June 2020 (Item 4.1)

ID: A1358805

Report from Judith Graham, Corporate Excellence P/A

Moved (Smart/Bain)

That the minutes of the Audit & Risk Subcommittee meeting held on 24 June 2020 to be confirmed as a true and correct record.

Carried

2019/20 Annual Report and Deloitte Audit Report (Item 5.1)

ID: A1362628

Report from Simon Crabb, Finance Manager

Moved (Smart/Bain)

1. That the report '2019/20 Annual Report and Deloitte Audit Report' by Simon Crabb, Finance Manager and dated 10 September 2020, be received.
2. That the Subcommittee endorse a recommendation to council that the Summary Annual Report, the Full Annual Report, and the financial statements for the year ended 30 June 2020 be adopted.

Carried

Deloitte Audit Partner Peter Gulliver went through the 2019/2020 annual report and highlighted a couple of areas in the investment property valuations in how they were valued and associated assumptions. Peter Gulliver also acknowledged the challenges Northland Regional Council have faced in result of COVID-19 Lockdown and gave praise to the finance team.

Audit & Risk Subcommittee agreed that there is a need to adopt an internal audit programme.

Action: Group Manager Corporate Excellence – Bruce Howse to report back to Audit & Risk Subcommittee meeting on 2 December 2020 regarding details on implementing an internal audit programme for Northland Regional Council.

Group Manager Corporate Excellence – Bruce Howse distributed a paper prepared by Audit Partner Peter Gulliver which outlined the audit hours that Deloitte has spent over past four year.

Secretarial Note: Peter Gulliver and Vera Chain left at this time. Meeting reconvened 11.22am.

Risk Management Activity- Update (Item 5.2)

ID: A1356751

Report from Kym Ace, Corporate Systems Champion

Moved (Smart/MacDonald)

ID: A1371948

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Audit and Risk Subcommittee
6 October 2020

That the report 'Risk Management Activity- Update ' by Kym Ace, Corporate Systems Champion and dated 26 August 2020, be received.

Carried

Corporate Systems Champion - Kym Ace gave a presentation on where Northland Regional Council are up to with the new risk management tool.
Audit & Risk Subcommittee have requested monthly reports to council on risk management.

Action: Corporate Systems Champion - Kym Ace and Independent Audit & Risk Advisor Danny Tuato'o to meet regarding Northland Regional Council risk management.

Business with Public Excluded (Item 6.0)

Moved (Smart/MacDonald)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
6.1	Confirmation of Confidential Minutes - 24 June 2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
6.2	Update form AON Insurance	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii) and the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).

3. That the Independent Financial Advisors be permitted to stay during business with the public excluded.

Carried

Conclusion

The meeting concluded at 12.25pm.

TITLE: Enterprise System Project Update

ID: A1386886

From: Carol Cottam, Information Services and Technology Manager

Authorised by Group Manager: Bruce Howse, Group Manager - Corporate Excellence, on date

Executive summary/Whakarāpopototanga

The purpose of the report is to provide and update on progress with the Enterprise System project.

Recommendation

That the report 'Enterprise System Project Update' by Carol Cottam, Information Services and Technology Manager and dated 18 November 2020, be received.

Background/Tuhinga

At the conclusion of the Request for Information phase, the Detailed Business Case for the Enterprise System project was presented to and endorsed by ELT on 2 July 2020, approving the project to proceed to the detailed procurement phase.

The detailed procurement phase of the project includes establishment of a project team, issuing a Request for Proposal, undertaking due diligence and includes supplier demonstrations to recommend a preferred supplier.

The Key Milestones for this phase of the project are:

Milestone description	Baseline date	Actual date
Issue Request for Proposal	18/09/2020	18/9/2020
Proposals Received	23/10/2020	23/10/2020
Complete Evaluation	09/11/2020	10/11/2020
Demonstrations Commence	16/11/2020	17/11/2020
Demonstrations Conclude	04/12/2020	
Moderation	07/12/2020	
Due diligence reference checks	10-12/12/2020	
Update to Audit and Risk	02/12/2020	
Recommendation of preferred supplier to ELT	17/12/2020	
Implementation Business Case	21/01/2021	
Workshop recommendation with Council	02/02/2021	
Recommendation to Council	23/02/2021	

At the time of writing this report, we are mid-way through the supplier demonstrations and the process is progressing well.

There has been a high level of engagement from the evaluation team and supporting staff.

Attachments/Ngā tapirihanga

Attachment 1: Risk Register - Enterprise System  

Enterprise System Refresh Project Risk Register



ID	Risk description	Risk Owner	Interested Parties	Communication method with interested parties	Inherent Risk			Mitigation Strategies or Controls	Control Effectiveness	Residual Risk			Trend	Agreed Actions to bring risk to stable position	Additional Comments (if any)
					Likelihood - Refer to Table 1	Consequence - Refer to Table 2	Risk - Refer to Table 3			Likelihood	Consequence	Risk - Refer to Table 3			
1	IF there is a recurrence of a lockdown due to COVID19 or a move to higher level THEN project timeline may be effected and 1 additional cost incurred	Bruce Howse	David Benfell Project Team Other staff	Teams Intranet Email	3	4	12	Ability to work remotely, have access to relevant systems, use of visual media for meetings, this would apply to both internal and external resources. Utilise Teams application	moderate	2	3	6		Ensure all staff have ability to work remotely. Confirm other external parties also have this ability.	
2	IF there is a Dependency on the implementation and data migration for SharePoint THEN this could impact the project timeline and 2 Enterprise project budget IF NRC Enterprise project resources are not available (unable to be seconded) or inappropriate THEN the project timeline and quality will be impacted	Carol Cottam	Information Leadership Project Team Other staff	Ensure project status report is current & shows time line & any issues	2	5	10	Resource planning, Change manager onboard feb 2021, keep ahead of project issues as they arise and address in a timely manner. Detail data migration plan and interfaces		2	2	4			
3	IF vendor resources are not available or inappropriate THEN the project timeline and quality will be impacted	Bruce Howse	Project team Other staff	Resource planning as part of the project	3	4	12	Complete internal recruitment into seconded roles with appropriate backfill, timing or recruitment, secure funding. Resource plan due end Feb 2021		2	2	4			
4	IF vendor resources are not available or inappropriate THEN the project timeline and quality will be impacted	PM	Project team	Vendor project plan ensure resources are scheduled	2	4	8	Negotiate fixed price contract with vendor with defined milestones, robust procurement process, reference checks, project timeline confirmed to secure vendor resources, good NRC project management		2	3	6			
5	IF NRC do not make timely decisions THEN the project will be delayed	Ben Lee	ELT Project team		4	4	16	Delegate decision making to appropriate level in project and identify products which require escalated approval, good project management. Keep senior management and governance informed, develop comms plan		2	3	6			
6	IF users don't develop the skills to operate the new system THEN they may require greater levels of support	Bruce Howse	Project team	Training Plan part of proj	3	4	12	Ensure appropriate training at go-live. Ensure training media readily available and comms plan in place. Identification of SME's and business owners. Identify train the trainer approach and resources		2	2	4			
7	IF other users do not accept the new system THEN the project will not have delivered the expected benefits/objectives	Bruce Howse	Project Team	Ensure thorough training	2	4	8	Benefits of new system not realised Ensure adequate communications during project and appropriate training at go-live. Ensure change management processes are in place. Organisational eldership to support adoption of new system, Processes need to align to new system, gain buy in from evaluation team		2	2	4			
8	IF contract negotiations are drawn out THEN the project start may be delayed	Bruce Howse			2	4	8	Negotiate contract in parallel with detailed design activity. Secure specialist legal skills for negotiation, costs may vary depending on supplier selected. Currently unbudgeted.		2	3	6			
9	IF system performance is poor THEN the adoption of the system will be impacted	Carol Cottam		Operations required for project ensure there is a solution architecture plan & thorough testing procedure in project plan	2	3	6	Non-functional requirements will be defined and tested during the project, also local internet may contribute, consider resilience and redundant internet design from NRC sites		2	2	4			
10	IF existing data is not of high quality or the conversion rules are complex THEN the ability to convert quality data will be impacted AND PROJECT WILL BE DELAYED	Carol Cottam		Data cleansing may part of the project plan	3	4	12	Minimise the amount of data to convert Start data cleansing early if required Archive non-migrated data. Data migration strategy/plan		2	3	6			
11	IF other internal stakeholders are not available THEN system design and change management engagement will be impacted	Bruce Howse			3	4	12	Engage key work groups on Project Board and escalate as required. Develop resource plan and gain commitment from key project team members and managers non-functional requirements, will include data recovery and security, are tested during the project and assurance obtained from vendor.		2	3	6			
12	IF the system is compromised from malware or hacked (Cyber Activity) THEN this will impact the project timeline and budget	Carol Cottam		Ensure all security has been implemented	2	5	10	NRC side increasing our security posture to limit exposure to cyber risks, proposing to increase investment in cyber support in LTP. Remain aware of what current cyber threats are. Ensure requirements in KFP are detailed and all processes are covered.		2	4	8			
13	IF after design workshops (deep dive) it is determined there is further work required THEN the project timeline and budget will be impacted	Bruce Howse/Carol Cottam		Review budget	3	3	9	No-one can approve variations/changes other than project sponsor. Project Governance to approve departure from standard software processes (non-adopt)		2	3	6			
14	IF other programmes affect the project schedule or scope THEN the project timeline could be impacted and costs could increase	Carol Cottam		Recourse planning	3	3	9	Prioritise through ELT and project governance, identify contention at earliest opportunity and discuss		3	2	6			

IF one of the selected vendors makes the decision to withdraw from the process THEN this limits the options and remaining vendors proposed application may not meet all requirements	Bruce Howse	3	3	9	Identify key requirements and be prepared to accept some compromises across the entire solution	1	3	3
IF contract negotiations fail with the preferred supplier THEN the project timeline will be delayed	Bruce Howse	2	3	6	Early conversation to access scope for negotiations	1	2	2
IF LTP funding is not approved THEN project does not proceed, additional resources will be required to maintain operations	Bruce Howse	1	5	5	Alternate option included in LTP. Alternate project to modernise T1 will be required, 6 FTE's required to be added to CX	2	3	6
IF a key SME/project resource resigns THEN there may be a delay in the project timeline and additional costs may be incurred	Carol Cottam	2	2	4	Build a level of resilience into project resources - backup/2IC	2	2	4
				0				0

Likelihood

The following table is used to analyse the likelihood of a risk occurring, e.g. how often the uncertain event is expected to occur pre-controls and post-controls (before and after existing and/or additional controls are considered):

Likelihood	Description	Probability
Frequent	Continuous or will happen frequently Will most certainly occur in the foreseeable future	5
Often	6 – 12 times per year Will possibly occur in the foreseeable future	4
Likely	1 – 5 times per year There is always a chance it will occur in the foreseeable future	3
Possible	Once every 2 to 5 years There is little chance of occurrence in the foreseeable future	2
Rare	Less than once every five years Occurrence is unlikely in the foreseeable future	1

Consequence

The following guide is used to analyse the consequence of a risk occurring, e.g. consequence if the uncertain event was to occur pre-controls and post-controls (before and after existing and/or additional controls are considered):

Consequence	Severe 5	Major 4	Moderate 3	Minor 2	Inconsequential 1
Risk Type					
Service Delivery	Serious loss of critical operational capability for more than 1 month and serious disruption to service levels	Serious loss of critical operational capability between 2 weeks and up to 1 month and major disruption to service levels	Serious loss of critical operational capability for over 2 weeks and some disruption to service levels	Loss of critical operational capability in some areas and some disruption to service levels	No loss of critical operational capability or negative disruption to service levels
Reputation	Insurmountable loss in community confidence. Negative multi-media nation-wide coverage for 2 weeks +	Large loss in community confidence that will take significant time to remedy. Negative multi-media nation-wide coverage for up to 2 weeks	Manageable loss in community confidence. Negative multi-media nation-wide coverage for several days	Loss of confidence among sections of the community. Negative multi-media nation-wide coverage for 2 days	Negative feedback from individuals or small groups in the community. Negative regional multimedia coverage for up to 2 days
Financial	Loss of \$500k or greater (for a single council activity)	Loss of \$250k to \$500k (for a single council activity)	Loss of \$140k to \$250k (for a single council activity)	Loss of \$50 to \$140k (for a single council activity)	Loss of less than \$50k (for a single Council activity)
Health and Safety People and/or Plant/equipment/facility	Fatality Major damage to plant of facility resulting in potential costs of >\$1m	>6 months off work/medical incapacity/Permanent Disabling Injury Serious damage to major plant or a facility costing between \$100,001 to \$1m.	Lost Time Injury>Restricted Work Injury Significant damage to plant, equipment or a facility costing between \$10,001 to \$100,000	First Aid/Medical Treatment Injury Minor plant and equipment damage requiring repairs or replacement costing \$1,001 to \$10,000	No injury/ No medical treatment < \$1,000 damage to plant and equipment
Legislative	Breach of legislation that cannot be resolved internally and may give rise to penalties of over \$10m	Breach of legislation that cannot be resolved internally and may give rise to penalties of up to \$10m	Breach of legislation that cannot be resolved internally and may give rise to penalties of up to \$1m	Breach of legislation which can be resolved internally and may give rise to penalties of up to \$250k	Breach of legislation which can be resolved internally and may give rise to penalties of up to \$50k
Infrastructure	Infrastructure is not operational. Significant improvements or repairs over \$10m are required. Unbudgeted and/or external resources are required to resolve	Infrastructure is not operational. Major improvements or repairs between \$1m to \$10m are required. Unbudgeted and/or external resources are required to resolve	Infrastructure is not fully operational. Moderate improvements or repairs between \$250k to \$1m required. Unbudgeted and/or external resources may be required to resolve	Infrastructure remains mostly operational. Minor improvements or repairs between \$50k to \$250k required which can be met by current budget and/or internal resources	Infrastructure remains operational. Improvements or repairs up to \$50k required which can be met by current budget and/or internal resources

Once risks have been analysed, the following matrix and ranking are used to evaluate the risk rating pre and post-controls. This is used to determine what action is required by council in relation to the risk:

	Consequence				
Likelihood	Inconsequential (1)	Minor (2)	Moderate (3)	Major (4)	Severe (5)
Frequent (5)	5 Moderate	10 High	15 Extreme	20 Extreme	25 Extreme
Often (4)	4 Low	8 High	12 High	16 Extreme	20 Extreme
Likely (3)	3 Low	6 Moderate	9 High	12 High	15 Extreme
Possible (2)	2 Low	4 Low	6 Moderate	8 High	10 High
Rare (1)	1 Low	2 Low	3 Low	4 Low	5 Moderate

TITLE: Insurance Update

ID: A1389846

From: Bruce Howse, Group Manager - Corporate Excellence

Authorised by Group Manager: Bruce Howse, Group Manager - Corporate Excellence, on

Executive summary/Whakarāpopototanga

This report provides a copy of the AON insurable risk profiling report that was produced following a workshop with council staff and AON. The AON report profiles councils risk across a number of areas and provides a summary of opportunities and actions that can be undertaken to further limit or mitigate NRC's risk exposure and optimise insurance outcomes.

An update is provided on the increased costs of insurance for 2020/21. There has been a 20% average increase in insurance premiums for this year which equates to a 14% increase in costs to council from \$369k in 2019/20 to \$420k in 2020/21.

Recommendation

That the report 'Insurance Update' by Bruce Howse, Group Manager - Corporate Excellence and dated 25 November 2020, be received.

Background/Tuhinga

Insurable Risk Profiling Report

The attached AON report profiles councils risk across a number of areas and provides opportunities for actions that can be undertaken to further limit or mitigate NRC's risk exposure and optimise insurance outcomes.

The AON report was produced following a workshop with council staff and AON. The main intention of the workshop was to identify opportunities to further limit or mitigate NRC's risk exposure and optimise insurance outcomes. A further workshop was then held with AON to prioritise the opportunities and determine actions to give effect to the opportunities.

Staff will undertake work to give effect to the actions identified in the report.

Increased Insurance Costs

There has been a 20% average increase in insurance premiums for this year which equates to a 14% increase in costs to council from \$369k in 2019/20 to \$420k in 2020/21. The breakdown of premium increases is provided in Table 1.


A 15% increase in premium cost was budgeted for this year, giving a total budget of \$412,942. A further 15% has been budgeted for in each following year of the draft LTP, including a \$28k provision for the risk pool ongoing liability in Year 1 of the draft LTP.


Revised quotes have been received from AON to assess the value in increasing excesses for a number of the insurable items to reduce cost. However, upon review the potential savings in insurance costs do not justify the revised risk and as such management has not directed AON to make changes to excesses. **Attachment 2** provides a breakdown of excesses and cover for 2019/20 and 2020/21 and highlights areas where changes have occurred.

Table 1. breakdown of premium increases.

Northland Regional Council Premium Summary			
	Total Ex GST 2019/2020	Total Ex GST 2020/2021	% Increase
Material Damage Fire	\$ 29,740.19	\$ 43,334.56	46%
Material Damage Ex Fire	\$ 47,468.92	\$ 55,156.33	16%
Business Interruption	\$ 2,348.76	\$ 3,521.77	50%
Infrastructure Cover	\$ 24,693.00	\$ 28,315.88	15%
Commercial Motor	\$ 61,308.06	\$ 53,886.75	-12%
General Liability	\$ 15,376.40	\$ 17,438.00	13%
Liability Excess Layer	\$ 9,626.89	\$ 11,833.39	23%
Professional Indemnity	\$ 50,778.47	\$ 65,797.00	30%
Employers Liability	\$ 1,291.34	\$ 1,510.00	17%
Statutory Liability	\$ 6,899.83	\$ 7,870.00	14%
Fidelity/Crime	\$ 6,682.79	\$ 7,316.51	9%
Personal Accident	\$ 8,143.75	\$ 8,963.00	10%
Travel	\$ 1,669.65	\$ 1,140.00	-32%
Harbour Masters & Wreck Removal	\$ 58,700.00	\$ 64,575.00	10%
Computer & Electronic Equipment	\$ 6,730.00	\$ 8,517.23	27%
Forestry	\$ 3,913.04	\$ 4,835.76	24%
Marine Hull	\$ 23,378.93	\$ 23,871.92	2%
Drone Cover	\$ 1,802.97	\$ 2,763.08	53%
Cyber	\$ 5,830.00	\$ 5,840.00	0%
Flyger road - Nursery	\$ 2,140.17	\$ 3,755.89	75%
TOTAL	\$ 368,523.16	\$ 420,242.07	20% Average

Attachments/Ngā tapirihanga

Attachment 1: Northland Regional Council Insurable Risk Profile 2020 [↓](#) 

Attachment 2: Insurance [↓](#) 



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Introduction

Overview

Northland Regional Council engaged Aon's expertise to facilitate an insurable risk profiling workshop. The workshop involved a cross-section of participants from different parts of the organisation. Key objectives of the process are to:

- Identify and describe insurable exposures to inform insurance coverage and limits.
- Evaluate Northland Regional Council's approach to risk governance and risk management, identifying opportunities for improvement.
- Develop an action plan to improve Northland Regional Council's risk profile and optimise insurance outcomes.

The overall risk profiling process is shown below.



Context

Against a backdrop of accelerated change and uncertainty, the way organisations purchase insurance is evolving. Our clients are looking harder at their insurance expenditure and are demanding more innovative solutions. As such, insurance is increasingly seen as one of several tools in an organisation's risk management toolbox. There is now a greater focus on optimising the organisation's overall risk management programme to create and protect value.

Risk management embraces a more integrated approach, connecting all relevant risks to overall objectives and strategy. This integrated approach aims to help with the setting of priorities, to ensure the success of strategy execution and to protect the interests of stakeholders. These good practices are reflected in important risk management standards such as ISO31000. Although the basic principles of risk management could apply to every organisation, the optimal level of investment can vary. The risk maturity goals of an organisation may differ depending on the way it is structured, the complexity of its processes, the markets it operates in, or the nature of its activities.

At Aon we help our clients to establish their risk management needs and ambitions, and to design plans to progress risk management to the desired maturity level. Within this report, we aim to provide an overview of your risk and insurance programme to help set your broad "next step" priorities. Based on the outcomes we are at your disposal to further analyse and define your organisation's risk management needs.

Scope

The workshop covered modules as shown below.



Risk Governance

High-level organisational governance practices, culture and decision-making systems.



Technology

First and third party cyber exposures and associated risk management.



Material Damage

First party asset exposures (including business interruption) and associated insurance and risk management.



Risk Financing

Risk tolerance, retained risk and available risk financing tools.



Third Party Liability

Combined liability exposures and associated insurance and risk management.



Miscellaneous

Selection of other insurable risks.

The following sections contain tables for each module covered in the workshop. These present ratings on key components of a robust risk and insurance programme. For each component workshop participants were asked to rate their level of agreement with a statement that encompasses good performance in that area. Ratings can be used to identify potential areas and priorities for improvement. The scale used is shown below.



Further commentary on Northland Regional Council's insurable exposures and risk management can be found in Appendix A: Workshop Notes.

Results Summary

Risk Governance

Component	Rating				
	1	2	3	4	5
High Level Commitment			●		
Executive Leadership		●			
Transparent Risk Communication			●		
Culture of Risk Ownership				●	
Data and Analytics			●		
Stakeholder Participation				●	
Risk-Based Decision Making				●	
Risk Quantification			●		
Optimised Risk Profile			●		

Material Damage

Component	Rating				
	1	2	3	4	5
Quality Asset Data			●		
Damage to Single Site				●	
Business Interruption				●	
Regional Event				●	
Damage to Construction Works			●		
Network Resilience				●	
Climate Change				●	
Claim Preparedness				●	

Third Party Liability

Component	Rating				
	1	2	3	4	5
Public Liability				●	
Professional Liability				●	
Statutory Liability				●	
Management Liability			●		
Environmental Damage			●		
Harbourmaster's Liability		●			
Regulatory Compliance				●	

Quality Management				●	
Change Management			●		
Contract Management		●			
Communication Channels				●	
Claim Preparedness			●		

Technology

Component	Rating				
	1	2	3	4	5
Data Breach			●		
Network Interruption			●		
IT Security and Continuity			●		
Cyber Security Human Factors			●		

Risk Financing

Component	Rating				
	1	2	3	4	5
Holistic Approach			●		
Risk Retention Capability			●		
Risk Communication			●		

Opportunities and Actions

The following table lists opportunities for improvement and associated priorities and actions. Aon is at Northland Regional Council's disposal to assist with implementation of actions as required.

Opportunity	Priority	Action
Data and Analytics: opportunity to develop a unified asset management system which could drive potential to better understand risk and explore information on precursors / risk drivers.	High	Implementing enterprise asset management system (in progress). Timeframe: April 2022
Quality Asset Data: Insurance valuations recently completed for property assets. Opportunity for desktop peer review.	High	Aon to arrange call with valuations team for potential peer review and consideration of other assets. Timeframe: March 2021
Quality Asset Data: opportunity to consider buildings NRC wouldn't replace like-for-like. Significant portion of portfolio. Could insure for just demolition costs.	High	Property team to review schedule. Timeframe: March 2021
Business Interruption: opportunity to develop BCPs for loss of critical functions.	High	In progress. BCP framework to be developed and distributed to organisational managers by March 2021. Largely completed and operational by June 2021 (including scenario exercise).
Regional Event: opportunity to undertake loss modelling to determine NRC Probable Maximum Loss to inform sublimit. Aon to clarify how premium is allocated and who would get priority in a claim >\$125m (group limit).	Low	Memorandum of Understanding started. Aon provide update. Timeframe: December 2020
Climate Change: opportunities to consider reinstatement strategies based on understanding of climate exposures and have proactive discussions with insurers.	High	Property team to review schedule. Timeframe: March 2021
Management Liability: opportunity to review D&O requirements for council and what cover is available.	Medium	Aon to provide update on D&O exposures for Councils. Timeframe: March 2021
Harbourmaster's Liability: opportunity to look at costs of increasing this limit to \$10m. Potential to undertake a risk quantification study of potential wreck removal costs (involving quotes from salvors).	Medium	Aon to provide information on cost. Timeframe: March 2021
Contract Management: opportunity to drive consistency around procurement and contracts to keep pace with organisational growth. Potential to review contracts where third-parties limit liability towards NRC.	Medium	Short form contract updated, includes minimum PL and PI limits. Internal audit planned for procurement processes. Timeframe: November 2021
Data Breach: opportunity to classify sensitivity of data and consider potential data breach scenarios, including financial impact and adequacy of \$2m limit.	Medium	NRC developing data strategy. This process to include data classification and estimation of financial impacts (based on number of records and breakdown of costs, e.g. potential fines).

		Timeframe: November 2021
Cyber Security Human Factors: opportunity to continue promoting awareness of cyber security through, education and training.	Medium	In progress – ongoing.
Claim Preparedness: opportunity for Aon claims team to run a session around 60:40 to improve awareness and understanding of central government response. Potential to improve staff awareness of contentious scenarios which could result in a claim.	Medium	Aon to arrange contact with specialist claim team. Timeframe: March 2021
Risk Financing: opportunity to highlight risk-based asset management strategies and governance frameworks/effectiveness with insurers.	High	Aon to contact NRC in August 2021 to discuss potential to highlight approach.
Damage to Forestry: reinstatement costs for the poles at Flyger nursery are not currently covered, potential to get these included in the sum insured? Consider if this should be a full forestry policy now. Opportunity for insurance valuations.	Medium	NRC to establish values. Aon to advise appropriate policy. Timeframe: June 2021
Motor Vehicle: potential to review deductible levels and what premium impacts this could have.	Medium	Aon to provide update. Timeframe: December 2020
Group Life, Health and Benefits: opportunity to purchase Group Life instead of Personal Accident to provide wider coverage (and employee benefit).	Low	Aon to provide further information on price and structures. Revisit in 6 months' time. Timeframe: June 2021

Northland Regional Council Insurable Risk Profile | 2020

Appendix A: Workshop Notes



Risk Governance

Component	Statement	Workshop Comments	Rating
High Level Commitment	The Board understands and commit to risk management.	<p>Very diverse range of risks makes it difficult to achieve consistent understanding, e.g. oil spill, infrastructure, projects, consenting, regulations, political. Several Councillors replaced every election cycle.</p> <p>Audit and Risk Committee meetings are held quarterly. Reporting to Council soon to be monthly. Independent risk advisor. Audit and Risk Committee.</p> <p>Emerging risks include:</p> <ul style="list-style-type: none"> Water resilience Job market. Water staff leaving for other agencies. Changes in IT system. Directives from Central government. Climate Change RMA reform. 	3
Executive Leadership	Senior leaders drive risk management processes and development.	<p>The organisation has an assigned Risk Manager.</p> <p>There is moderate level of uptake and use of risk processes throughout the organisation.</p> <p>Risk management roadmap based on AoG Risk Maturity Assessment. Rating moving towards a 3.</p>	2
Transparent Communication	Risk There is consistent and routine risk reporting throughout the organisation.	<p>There is generally consistent use of risk terminology throughout the organisation. Ongoing improvements.</p> <p>Risk communication includes:</p> <ul style="list-style-type: none"> Kicking off training provided for Councillors. Intranet has a hub for risk management. ISO9001 quality management systems. LTP new initiatives, project planning includes risk. Reports to council include risk. 	3
Culture of Risk Ownership	Risk There is a risk culture that encourages engagement and accountability at all levels.	<ul style="list-style-type: none"> There is a good culture of risk ownership and accountability throughout the organisation. There is an open culture around negative outcomes. 	4

Component	Statement	Workshop Comments	Rating
		<ul style="list-style-type: none"> Good culture around putting your hand up. Grow and learn philosophy. Never persecute people. Very good around H&S. Top of mind. 	
Data and Analytics	The organisation uses internal and external data and information to identify existing and emerging risks.	<p>Examples of internal and external risk data that the organisation draws on includes:</p> <ul style="list-style-type: none"> Local govt network – SOLGAM, special interest groups. Independent advisors, e.g. investment. BERL data on trends. Proactively seek data from Met Service / Niwa around climate or drought risks. Lag indicators in H&S and HR. Residents surveys, staff surveys, etc. <p>Asset management system for all assets (and associated training) could provide opportunity to explore information on precursors / risk drivers.</p>	3
Stakeholder Participation	Stakeholders collaborate in risk management, strategy development and policy setting.	<p>Major stakeholders (e.g. suppliers, partners, customers, community) include:</p> <ul style="list-style-type: none"> District councils, e.g. water resilience, especially around natural events such as drought. Government agencies. Councillors. CCOs Community Fonterra Refinery Northport Civil Defence <p>Good shared understanding of risk within Civil Defence Emergency Management, anything around plans. Lots of stakeholder involvement in plans.</p>	4
Risk-Based Decision Making	Risk information is incorporated into decision making and the governance processes.	<p>There is good use of risk information in strategic planning, investment decisions or projects. Examples include:</p> <ul style="list-style-type: none"> LTP process Project planning Contracts Investment <p>Debriefs on events and projects.</p>	4

Component	Statement	Workshop Comments	Rating
Risk Quantification	Quantification methods are used to understand risk and demonstrate added value through risk management.	<p>Risk assessment criteria are a mix of quantitative and qualitative.</p> <p>The organisation does not yet evaluate the effectiveness of risk management activities. Linkage between controls & risk is on road map. Internal/external audit looking at control environment.</p> <p>Forecasts produce single point estimates. Forecast budget – track against progress.</p> <p>NRC models / explores effects of different scenarios on rates, effects of taking on a work programme.</p> <p>Modelling around drought and impacts of drought.</p> <p>Coastal hazard modelling. River risk scenario modelling for flood scheme assets.</p>	3
Optimised Risk Profile	The organisation leverages risk management to create and protect value.	Risk appetite statements reflect opportunities, but risk is primarily focused on preventing negative outcomes.	3

Material Damage

Component	Statement	Workshop Comments	Rating
Quality Asset Data	There is clarity around assets owned and valuations data is suitable for insurance purposes.	Good understanding of assets owned. Assets added directly to insurance schedule. Smaller assets added annually. Book values completed annually. Insurance valuations recently completed for property assets. Aon to arrange call with valuations team for potential peer review and consideration of other assets. Aon to follow up around specific arrangements for Kaipara Service Centre (interaction with NRC and tenant). Opportunity to consider buildings NRC wouldn't replace like-for-like. Significant portion of portfolio. Could insure for just demolition costs.	3
Damage to Single Site	Understanding of potential for a site-specific event and alignment with risk decisions.	Main office building- valued for \$11m for replacement. Uncertainty around whether it could be replaced for that. Fire loss limit is \$20m (any one loss and in the aggregate).	4
Business Interruption	Understanding of potential for business interruption from an event and alignment with risk decisions.	AICOW \$5m shared limit. No major sources of revenue (small amount from pilotage). No business continuity plans (BCPs) in place. Opportunity to develop these for loss of critical functions.	4
Regional Event	Understanding of potential for a regional event and alignment with risk decisions	Hazard assessment completed. Financial impact done for flood scheme. Aon to follow up around any loss modelling completed (regional and NRC-specific) and if there is an NRC sublimit. Opportunity to determine NRC Probable Maximum Loss to inform sublimit. Clarify how premium is allocated and who would get priority in a claim >\$125m.	4
Damage to Construction Works	Understanding of potential for damage to construction works and alignment with risk decisions	Works include: <ul style="list-style-type: none"> Kaipara Service Centre (new build). Kensington renovations. Aon recommends principal controlled insurance. NRC very involved in monitoring and managing construction risk.	3
Network Resilience	There is a shared understanding and defined approach to improving network resilience	Two brand new flood protection schemes. Older scheme in Kaitaia. Criticality assessments undertaken to identify critical assets and prioritise asset management. Based likelihood and consequence of failure– fees into asset management and renewals.	4

Component	Statement	Workshop Comments	Rating
Climate Change	The organisation has climate governance arrangements in place and considers direct and indirect climate risk	Major exposures are flood schemes, increased risk of higher rainfall. Build climate change into flood mapping. This is used in designs. Regional report done with NIWA. Climate change working party. Inter-council climate change governance groups. Climate risk strategy. Risks on register around climate change A lot of land in CBD subject to sea level rise. Opportunities to consider reinstatement strategies and have proactive discussions with insurers.	4
Claim Preparedness	There are claims processes in place and clarity around insurance and government response	Small items maybe not directly raised. Very responsive from a property perspective – good awareness. Opportunity for Aon claims team to run a session around 60:40.	4

Third Party Liability

Component	Statement	Workshop Comments	Rating
Public Liability	Understanding of potential liability for damage, personal injury or pure economic loss and alignment with risk decisions.	Standard Regional Council exposures. Burst of flood banks leading to third party property damage. Only if NRC was negligent, e.g. designed to a lower level than should have. \$15m general liability limit with excess limit cross all groups.	4
Professional Liability	Understanding of potential liability incurred by giving negligent advice or through a breach of professional duty and alignment with risk decisions.	Hypothetical issue caused by resource consent granted by NRC. Example of land instability allegedly attributed to earthworks undertaken by NRC, however, consent not the reason for the loss. No external advisory services provided by NRC.	4
Statutory Liability	Understanding of fines or penalties imposed for breaches of statutes and alignment with risk decisions	Standard exposures, mainly Health and Safety. Staff on water, driving. Construction activity.	4
Management Liability	Understanding of potential liability resulting from mistakes or deliberate acts of directors / officers and alignment with risk decisions.	Northland Inc (arrange own insurance). Marsden Maritime (NRC majority shareholder). Conflicts of interest through procurement process. Aon to provide update on D&O exposures for Councils.	3
Environmental Damage	Understanding of potential environmental liability and alignment with risk decisions.	Examples include: <ul style="list-style-type: none"> Gradual site contamination. Leaking pipeline. Old landfill sites (none owned by NRC). NRC has a site occupied by Balance (fertiliser). Buildings have asbestos. No Environmental cover in place. Aon to provide more information. Suitable for known sites with potential to pollute. Site-specific.	3
Harbourmaster's Liability		Largest exposure would be around a Harbourmaster direction/decision going wrong, e.g. damaged vessel allowed into harbour and runs aground. Wreck removal the more likely scenario. \$5m probably not sufficient to cover costs of a credible wreck removal where vessel owner is not insured. Opportunity to look at costs of increasing	2

Component	Statement	Workshop Comments	Rating
		this limit to \$10m. Potential to undertake a risk quantification study of potential wreck removal costs (involving quotes from salvors).	
Regulatory Compliance	Statutory requirements are understood and monitored.	Externally driven, e.g. audit requirements. Managed with spreadsheet. Audit has identified key legislation. Individual managers responsible for legislation outside of key legislation. This is checked through the QMS.	4
Quality Management	Quality management systems are in place to prevent and mitigate liability exposures.	ISO 9001 certified – regulatory services, some of environmental services, maritime, some of corporate (HR, H&S, information management), land management. Not certified – property, biosecurity, finance, transport, customer services, civil defence, communications, planning & policy, etc. Generally, an underlying quality culture. Suppliers required where it is a requirement, e.g. H&S, goods that require accreditation. Resourcing done through LTP process. Well-placed resources.	4
Change Management	Change management systems are in place to prevent and mitigate liability exposures.	Central government initiatives: RMA, fresh water policy, three-waters reform. Emerging risks monitored. Succession planning. Ways to capture knowledge. Leadership training. Identifying staff with management potential. A lot of cross over within teams. Varies within the organisation.	3
Contract Management	Contract management systems are in place to prevent and mitigate risk	Many low risk contracts, some high risk. Considering specialist advice around procurement / contracting advice. Driven by growth of the organisation. Contracts where other party limits liability. Mixed bag. Crossed out in construction. Opportunity to advise insurers where liability limited. Minimum cover usually required for contractors. Rating varies across divisions.	2
Communication Channels	There are clear channels of communication between departments.	Silo culture raised in staff survey, but perception is there is large cross over. Work from home policy implemented. Communication being maintained (part of terms of the policy).	4

Component	Statement	Workshop Comments	Rating
Claim Preparedness	There are claims processes in place and clarity around insurance response.	Potential opportunity for improvement of staff awareness of contentious scenarios which could result in a claim.	3

Technology

Component	Statement	Workshop Comments	Rating
Data Breach	Understanding of data breach exposures and alignment with risk decisions	<p>PII on staff. Amount of information will increase. Will be more systematic, i.e. moving from excel to databased.</p> <p>Commercial / financial information around consents data.</p> <p>Opportunity to classify sensitivity of data.</p> <p>Health monitoring.</p> <p>Confidential items in Council agenda, e.g. procurement.</p> <p>Opportunity to review data breach exposures and \$2m limit adequacy.</p>	3
Network Interruption	Understanding of network interruption exposures and alignment with risk decisions	<p>Significant work around understanding this profile.</p> <p>Civil Defence – telemetry systems are critical (weather related). Most systems not able to be re-established easily. Resident in local data centre but not cloud base.</p> <p>Normal operating business state.</p> <p>Office 365.</p> <p>Financial system – could do without for approximately 2 weeks in a normal state but would be critical in an emergency state.</p> <p>Costs to re-establish in an emergency could be greater than \$2m limit.</p>	3
IT Security and Continuity	The organisation maintains effective IT security and is prepared to manage a disruptive event	<p>Disaster Recovery Plans in place. Worked as normal during Covid.</p> <p>Programme of work in place based on risk.</p> <p>Actively monitoring files moved across network.</p>	3
Cyber Security Human Factors	Staff are aware of exposures and trained appropriately	<p>Training and testing done but risk assessment has identified awareness needs to improve.</p> <p>Opportunity around education and training.</p>	3

Risk Financing

Component	Statement	Workshop Comments	Rating
Holistic Approach	There is a holistic approach to risk financing which considers the range of tools available.	No disaster reserve fund. Large debt headroom. 85m cap, currently at 14m. Good liquidity. Opportunity to outline an insurance strategy considering wider range of tools. Opportunity to consider deductibles on vehicle policy.	3
Risk Retention Capability	Retained risks are understood and managed in relation to risk tolerance.	Unbudgeted expenditure \$50k. Financial strategy limited to 10% rise. \$400,000 unbudgeted loss would cause a 1% increase in rates. Opportunity to roll CCO insurance in with council insurance.	3
Risk Communication	Risk understanding and management is actively communicated to insurance markets to differentiate the organisation.	Opportunity to highlight risk-based asset management strategies and governance frameworks/effectiveness with insurers.	3

Miscellaneous

Risk	Description	Insurable Exposures	Cover
Aviation Incident	Physical damage or liability relating to the use or management of airports, aircraft or UAVs.	Use of drones.	Aviation - UAV
Marine Incident	Physical damage or liability arising out of the use of watercraft.	Material exposure. Buoys to hold water monitoring equipment. Approximately 30k each. Opportunity to add to schedule.	Marine Hull Harbourmaster and Wreck Removal
Motor Vehicle Incident	Loss or damage to vehicles or third-party liability in connection to vehicles.	Material exposure. Opportunity to review deductible.	Motor Vehicle
Employer's Liability	Damages for claims from an employee sustaining personal injury during their employment.	Material exposure. Review whether this is necessary.	Employer's Liability
Personal Accident	To provide cash benefits in the event of death or disablement following accident to insured person.	Applies to accidental death only. Cover originally intended to cover costs of a byelection.	Personal Accident
Employment Liability	Disputes Liability for claims against employers arising from disputes such as wrongful termination, harassment and discrimination.	Material exposure.	Not insured.
Employee Crime	Financial loss due to employee crime, e.g. theft, fraud, embezzlement.	Material exposure.	Not insured.
Travel Incident	Baggage, medical costs and other travel related risks.	Material exposure.	Business Travel
Damage to Forestry	Damage to forestry due to specified perils including, but not limited to, fire and lightning.	Material exposure.	Nursery

Risk	Description	Insurable Exposures	Cover
		Opportunity to review. Poplar poles growing rapidly. Large now. Opportunity to get insurance valuations.	
Loss of or Damage to Fine Art	Loss of or damage to fine art, e.g. due to fire, theft.	Limited exposure.	Sublimit under MD policy.
Event Incident	Liability relating to an event or first party losses from cancellation, abandonment, disruption or rescheduling of an event.	No material exposure identified.	Not insured.
Agricultural Incident	Physical damage or liability relating to bloodstock, farms, livestock or growing crops.	Material exposure.	Farm
Rolling Stock Incident	Physical damage to rolling stock.	No material exposure identified.	Not insured.
Group Life, Health and Benefits	Benefits including a variety of special forms of insurance including life insurance, long term disability, salary continuance, medical expenses and superannuation.	Opportunity to purchase Group Life instead of Personal Accident to provide wider coverage (and employee benefit). Aon to provide further information on price and structures. Revisit in 6 months' time.	Not purchased

Attachment 2: Schedule of insurance policies showing changes in premium, excess and cover from 2019/20 to 2020/21.

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
Material Damage Fire/ Material Damage Ex Fire	Material damage cover insures Council against loss or damage to physical assets including buildings, contents, plant and equipment & field equipment	\$56,176,887	\$79,557	\$5,000	\$56,046,605	\$102,012	\$5,000	Comment from AON "The premium savings for the MD fire only policy would be fairly light by way of indication the insurer has suggested that there might be a saving of ~\$1,500 to \$10,000 excess and a saving of ~\$5,000 to increase to a \$50,000 excess"
Liability Excess Layer - National Councils Collective	Additional Layer over and above the \$15,000,000 Liability insurance	\$145,000,000	\$9,627	\$15,000,000	\$145,000,000	\$11,833	\$15,000,000	
Public Liability	Public Liability Insurance, often referred to as General Liability, gives you peace of	\$15,000,000	\$15,376	\$10,000	\$15,000,000	\$17,438	\$10,000	

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
	mind, protecting council business against such claims by providing compensation for property damage, and personal injury or death in circumstances that are not covered by the Accident Compensation Commission (ACC)							
Professional Indemnity	Protects Council and staff against any financial losses or legal action taken against Council for services or advice you have provided.	\$15,000,000	\$54,820	\$25,000	\$15,000,000	\$65,797	\$25,000	
Contract Works - Kensington PRF Funded	It is designed to cover work that's underway and can pay to repair or redo the work in progress if it's damaged by an insured event like fire, flood, storm, vandalism or theft. This can include the cost of the labour, materials and tools to get the work back to the stage it was at before it was damaged.	\$6,936,859	\$19,733	\$5,000	\$8,200,000	\$3,345	\$5,000	Currently Extended to the 16th Dec 2020 (20/21 invoice is for the extension)

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
Commercial Motor	Protects any vehicles used for Council purposes against property damage and liability	\$2,099,776	\$61,308	\$500	\$2,119,942	\$53,887	\$500	AON have put the question to the Motor Underwriter for options with a \$1,000 and \$5,000 excess
Employers Liability	Employers Liability insurance provides cover for claims made by employees against employers for injuries or illness occurring in the workplace - that falls outside the scope of cover provided by ACC.	\$1,000,000	\$1,410	\$1,000	\$1,000,000	\$1,510	\$1,000	
Statutory Liability	A statutory liability policy is designed to protect Council from fines, penalties and reparation under the health and safety legislation imposed by the courts for unintentional breaches of most laws in New Zealand. It also covers the legal costs of investigating and defending claims	\$2,000,000	\$7,369	\$10,000 except for - \$25,000 claims arising from Health and Safety and Resource Management Act	\$2,000,000	\$7,870	\$10,000 except for - \$25,000 claims arising from Health and Safety and Resource Management Act	

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
Harbour Masters Liability	** Wreck removal excess is \$100,000	\$40,000,000	\$58,700	\$20,000	\$40,000,000	\$64,575	\$50,000	Underwriter has increased their minimum excess from \$20,000 to \$50,000 - Chances are Slim to get it put back to \$20,000
	Sums which the Insured is legally liable for whilst exercising the statutory powers and. duties of Harbour Master.							
UAV Hull and Liability Insurance	UAV Hull/ Drone cover of devices for the named Pilots	\$20,691	\$1,745	\$500	\$28,892	\$2,763	\$500	
	Includes a \$1,000,000 Third party liability							
Forestry Cover	Standing Timber - Mt Tiger forest 12 Blocks. Fire Fighting Levy, ReEstablish & Removal of Debris, Hail Strike and Claims Preparation	\$3,392,373	\$3,913	\$25,500	\$3,359,144	\$4,836	1.5% of the Sum Insured of each and every Forest Location with Area Damaged minimum	Comment from AON "Forestry insurer has removed cover for Infrastructure - Spoke to Forestry Manager about this"

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
							\$10,000, maximum \$2,500,000 Each & Every Single Cause	
Marine Hull	Covers Marine Hull and Navigation Aids - accidental loss or damage to boats used for commercial purposes; it includes salvage costs, and third party liability cover (\$5M). Vessels insurance covers accidental loss or damage to the vessel	\$3,004,128	\$23,379	Various	\$3,057,653	\$23,872	Various	
Infrastructure	Flood Protection (Awanui, Kaeo, Whangarei Urban) Covers Physical loss caused by a Natural Castastrophe Event including: Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrotherman & Geothermal Activity and Subterranean Fire	\$33,823,963	\$24,693	\$100,000	\$35,696,710	\$28,316	\$100,000	Valuations were done June 2020 and now include the Panguru Scheme

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
Computer & Electronic Equipment Breakdown	Covers Accidental damage including breakdown and the restoration of Data/Loss of Software	\$906,806	\$6,730	Various	\$1,173,829	\$8,517	Various	
Crime	Responds to claims for direct loss to Council arising from any fraudulent or dishonest act or acts committed by employees and third parties. Given the nature of this cover it is incumbent upon Council to maintain strictly confidentiality as to the existence or otherwise of such cover	\$1,000,000	\$6,683	\$25,000	\$1,000,000	\$7,317	\$25,000	
Personal Accident	Financial and other assistance for Council, your employees and their families in the event of an employee's accidental injury or death	Various	\$8,144	7 day wait period for Weekly Injury Benefit and Weekly	Various	\$8,963	7 day wait period for Weekly Injury Benefit and Weekly	

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
				Sickness Benefit			Sickness Benefit	
Travel	Covers Employees from financial losses occurred during international and domestic business trips	Various	\$1,670	\$250 for Mobile Electronic Equipment. 7 days wait period for Temporary Total Disablement. No other excesses	Various	\$1,140	\$250 for Mobile Electronic Equipment. 7 days wait period for Temporary Total Disablement. No other excesses	
Cyber	Provides cover in the event that Council is a victim of a data breach. It covers the financial consequences of lost or stolen employee or customer data, including damages claims and loss of profit, while it also covers the cost of restoring or recollecting data following a breach	\$2,000,000	\$5,830	\$25,000	\$2,000,000	\$5,840	\$25,000	
Flyger Road	Covers the Flyger Road Nursery -Including standing Timber - Poplars, Total Span	\$394,481	\$3,092	\$500	\$480,153	\$3,756	\$500	- To increase the excess from \$500 to \$5,000 there would be a \$600

Insurance Policy	Covers	2019-20 Cover \$	2019-20 Premium Pa	2019-20 Excess	2020-21 Cover \$	2020-21 Premium Pa	2020-21 Excess	Comments
	Shed and Equipment used on the nursery							saving - Has also had a claim since last renewal

TITLE: Risk Management Activity Update

ID: A1387123

From: Kym Ace, Corporate Systems Champion

**Authorised by
Group Manager:** Bruce Howse, Group Manager - Corporate Excellence, on date

Executive summary/Whakarāpopototanga

The Risk Management Activity Update Report outlines the summary of Council's progress in risk management related activities including updates on Corporate and Group risks, risk management maturity assessment and the risk management maturity roadmap

Recommendation(s)

1. That the report 'Risk Management Activity Update' by Kym Ace, Corporate Systems Champion and dated 18 November 2020, be received.
 2. That Subcommittee conforms that it is comfortable that the management actions are adequate to respond to the findings of the Risk Management Maturity Assessment
 3. That Subcommittee notes the risk maturity roadmap update.
-

Background/Tuhinga

Risk Register:

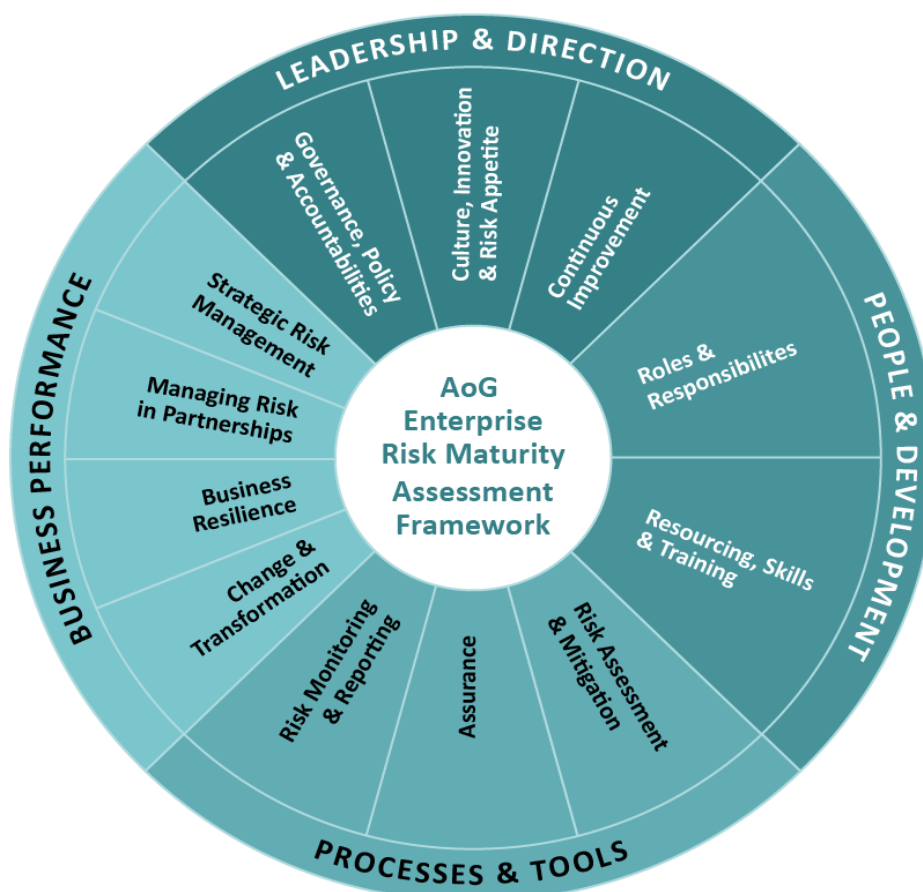
The corporate and group risks, their risk types, pre-control (inherent) and post control (residual rating) and trending are summarised in Appendix 1.

Risk Maturity Matrix:

The All-of-Government (AoG) enterprise risk maturity framework was used as the benchmark to assess our risk maturity. The framework enables agencies to objectively measure the current level of risk maturity and identify improvement opportunities. It is grouped into four key dimensions:

- Leadership & Direction
- People & Development
- Processes and Tools
- Business Performance

An overview of the framework is provided in the below graphic:



With input from ELT, it was determined that given NRC's size, scale and mandate a minimum maturity level of "3" would need to be attained using the AoG model.

The review determined across all dimensions within the framework NRC scored below the minimum threshold of '3'. The framework dimensions that noted the largest maturity gaps included:

1. Leadership and Direction:
 - Establishing a long-term vision for risk management to provide a frame that enables continuous improvement
2. People and Development:
 - There are limited resources across the business (e.g. risk champions) that can assist with embedding a consistent approach to risk management. These champions would need to be supported by adequate training.
3. Processes and Tools:
 - An absence of a formal (lines of defence) assurance framework that could guide an internal audit programme and the execution of audits within the programme.
4. Business Performance:
 - Partnership An absence in policy for the assessment of risk in partnership and the regular performance management of these partners
 - An absence of a comprehensive Business Continuity Plan (other than Covid).

The full risk assessment maturity gaps using the AoG model is outlined in the spider diagram below:



The following section outlines the key decisions recommended by ELT regarding this assessment and the roadmap to implementation:

Element	Attribute	Improvement opportunity/ Management actions	By Whom	Due Date
Leadership & Direction	Governance, Policy & Accountabilities	* Risk training for:		
		• Councillors and	Danny Tuato'o	Commencing Dec 2020
		• staff.	TBC	TBC
		* The senior leadership team to provide specific direction around the management of top risks and start to challenge risk and assurance information: action taken and the potential impact on other areas/groups and partners.	ELT	Quarterly
	Culture, Innovation & Risk Appetite	* Review risk appetite statement in the framework, get approval of ELT and endorsement from A&R Subcommittee.	Kym Ace	Jun-21
		* Utilise the risk appetite statement to define risk tolerance levels for individual risks	Risk Owners	Dec-21
	Continuous Improvement	*Perform a review of the effectiveness of risk management practices on a formal basis, consider if an external audit is warranted.	Bruce Howse	Jul-21
People & development	Roles and Responsibilities	* Ensure risk management roles and responsibilities are communicated for all risk areas and across all business activities	TBC	TBC
		* Ensure adequate support is provided to corporate risk management roles and responsibilities to drive elements of good practice across council activities	Bruce Howse	On-going

	Resources, Skills & Training	* Develop structured risk management training for roles with risk management responsibilities	TBC	TBC
		* Consider the development of risk champions in various business activities. This could potentially be the risk treatment stakeholders	ELT	Apr-21
Processes & Tools	Risk Assessment & Mitigation	* Develop / review all tools, templates and training to enable staff to perform risk assessment processes to ensure consistency across council activities.	Kym Ace	Ongoing
		* Implement a process to evaluate the effectiveness of existing treatments in the assessment of risk ratings. (i.e. do the risk treatments correlate to the residual risk ratings) e.g. H, M, L scoring system.	Bruce Howse Kym Ace	Jun-21
	Assurance	* Risk gaps and emerging risks included as a standard ELT and A&R agenda item at least quarterly	Bruce Howse Kym Ace	Ongoing
	Risk Monitoring & Reporting	* Develop a practical and fit-for-purpose risk reporting model that meets the needs of ELT, A&R and council.	Bruce Howse Kym Ace	June 21 and ongoing
		* Provide these risk reports to ELT and A&R to assist decision making and management action	Kym Ace	Quarterly - on going
Business Performance	Strategic Risk Management	* Enhance and/or ensure that the LTP cycle includes a review of the risks as well as external trends and indicators.	Kyla Carlier	Underway
	Managing Risk in Partnerships	* Enhance Project, Contract and Procurement Management practices to perform assessment of	Kym Ace	Align with Enterprise system


		risks and the regular performance monitoring of partners.		
	Business Resilience	*Develop a comprehensive BCP ensuring alignment between disruptive and extreme event assessment and BCP planning as well as longer term investment planning	Kym Ace Framework only. OMT - detail	Apr-21 1/8/2021
	Change & Transformation	*Review existing policies, frameworks and templates and develop as necessary to ensure formal monitoring and assurance regimes are in place for significant change initiatives. This assurance should be independently performed.	Bruce Howse Carol Cottam	Align with Enterprise system

Full details for each individual dimension and the specific assessment gaps can be found in Appendix Two:

Lastly, NRC will need to maintain the following success factors throughout our risk management journey:

- 1 Buy-in and tone at the top. Risk management practices are more effective when they are supported by senior managers. Managers and leaders need to be actively involved in risk management activities, encourage risk-related conversations and apply risk-based decision making
- 2 Clear direction by Governance. Audit & Risk Subcommittee should provide input into Council's risk appetite, assist management in risk assessment, and define what risk information they want to receive
- 3 Risk culture. Risk management process improvement requires Council to not only have tools and processes, but also to embrace a culture of risk awareness and transparency. All staff have a role to play and should be encouraged to actively participate in Council's risk identification, communication or response
- 4 To support this journey, Council should support its staff with a relevant risk related training and awareness programme.

Attachments/Ngā tapirihanga

Attachment 1: Appendix 1- Risk Register Summary [↓](#) 

Attachment 2: Appendix 2 - Detailed Risk Maturity Assessment This attachment will be sent separately [↓](#)

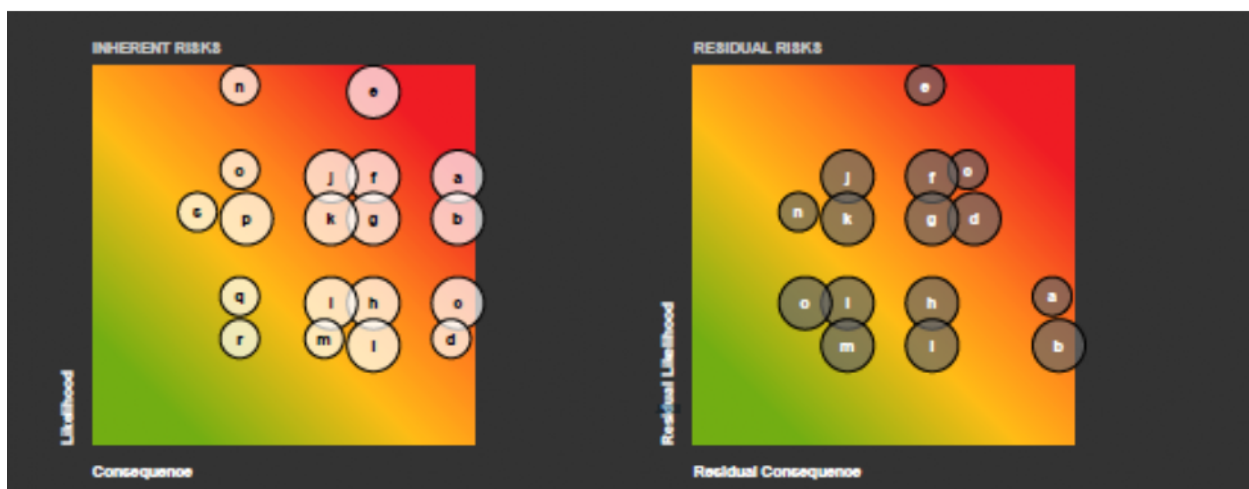
Appendix 1 Corporate and Group Risk Register

Risk Trend

Trending up

No Change to Risk Profile

Trending down



1. Treaty Settlements

- (f) There is a risk that Northland Treaty settlements will result in take-on costs for NRC
(c) Corporate Risk Register, Corporate Risk, Environmental Services, Financial, Service Delivery
Owner: Ben Lee



RESIDUAL 16.0 EXTREME
INHERENT 16.0 EXTREME

2. Core IT applications/systems are not designed and/or implemented to support all organisational processes

- (e) There is a risk that our core IT applications/systems are not designed and/or implemented to support all organisational processes as an integrated single solution. There are gaps in our core systems such as People & Capability, Enterprise Assets, Customer Relationship Management, and Contract Management. Current systems are unable to support organisational needs and we cannot deliver the tools that are required by staff to support them in delivering the LTP activities. Systems will break if nothing is done. For all documents: <https://thehub:8443/documents/FA108896>
(e) Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 15.0 EXTREME
INHERENT 20.0 EXTREME

3. Cyber security attack

- (a) There is a risk of cyber security attack causing disruption to Council systems and possible loss of data
(d) Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 12.0 HIGH
INHERENT 20.0 EXTREME

4. Climate Change Risk - extreme weather resulting in flood

- (b) NRC does not provide the necessary response to an extreme weather resulting in flooding impacting council's infrastructure and the community.
(d) Corporate Risk Register, Corporate Risk, Environmental Services, NRC - Whole Organisation, Service Delivery
Owner: Jonathan Gibbard



RESIDUAL 12.0 HIGH
INHERENT 15.0 EXTREME

5. Climate Change Risk - extreme weather impacting CDEM responsiveness

- (b) There is a risk that CDEM responsiveness will be impacted by an extreme weather event resulting in the community being compromised.
(d) Corporate Risk Register, Corporate Risk, Customer Services - Community Resilience, Service Delivery
Owner: Tony Phipps



RESIDUAL 12.0 HIGH
INHERENT 15.0 EXTREME

6. Biosecurity could not defend an enforcement action that was challenged because of a lack of documented process controls

(a)
(d)

There is a risk to council that Biosecurity could not defend an enforcement action that was challenged, because there is a lack of clear documented processes that are consistently followed.

Corporate Risk Register, Environmental Services, Group Risk, Reputation, Service Delivery

Owner: Jonathan Gibbard



RESIDUAL
12.0
HIGH

INHERENT
20.0
EXTREME

7. Poor state of Sustainable Solvents Site

(e)
(f)

There is a potential risk to Council regarding the Sustainable Solvents Ltd site in Ruakaka because of the poor state of the site. Potential further enforcement costs, with no chance of cost recovery from offender.

Corporate Risk Register, Financial, Group Risk, Regulatory Services, Reputation, Service Delivery

Owner: Colin Dall



RESIDUAL
12.0
HIGH

INHERENT
20.0
EXTREME

8. Investment portfolio financial risk

(b)
(f)

There is a risk councils investment performance will be impacted by:

- financial Investment market volatility
 - Marsden Maritime Holdings dividend diversion
 - Falling fees and charges in economic recession
 - Dependency on commercial returns in volatile time, resulting in revenue and service delivery being impacted.
- (Note: 40% of revenue is non-rates)

Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation

Owner: Bruce Howse



RESIDUAL
12.0
HIGH

INHERENT
15.0
EXTREME

9. Non-compliance with Health and Safety at Work Act 2015

(b)
(a)

There is a risk that council does not provide a safe and health work environment for staff, contractors or visitor events that may result in loss of life or permanent disability therefore not complying with Health and Safety at Work Act 2015

Corporate Risk Register, Corporate Risk, Health and Safety, NRC - Whole Organisation

Owner: Bruce Howse



RESIDUAL
10.0
HIGH

INHERENT
15.0
EXTREME

10. Climate Change risk - Council's policy and planning controls do not manage the risks adequately resulting in the community being compromised

(j)
(g)

There is a risk that Council's policy and planning controls do not manage the risks associated with climate change adequately (e.g coastal inundation due to sea level rise) resulting in the community being compromised

Corporate Risk Register, Corporate Risk, NRC - Whole Organisation, Reputation, Service Delivery

Owner: Jonathan Gibbard



RESIDUAL
9.0
HIGH

INHERENT
12.0
HIGH

11. Changes in central Government policy impacting council's budgets and activities.

(g)
(g)

There is a risk to NRC that central government policy could change at any time outside the legislative process, which can potentially impact Council's budgets and operational activities. These changes can cause significant costs to ratepayers with little consultation and no useful rights of appeal.

Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery

Owner: Bruce Howse



RESIDUAL
9.0
HIGH

INHERENT
12.0
HIGH

12. Core IT Systems / Applications will stop working

(g)
(g)

There is a risk that our core IT systems/applications will stop working and vendors will cease support as they are end of life resulting in productivity and security issues.

Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery

Owner: Bruce Howse



RESIDUAL
9.0
HIGH

INHERENT
12.0
HIGH

13. Spatial data storage integrity and management

(f)
(g)

There is a risk that the storage, integrity and management of spatial data doesn't follow acceptable information management practices and standards this can result in duplication of data.

Corporate Risk Register, Corporate Excellence, Group Risk, Service Delivery

Owner: Bruce Howse



RESIDUAL
9.0
HIGH

INHERENT
16.0
EXTREME

14. Inability to deliver on councillor expectations

- (k) There is a risk that NRC is unable to deliver on councillor expectations
(j) Corporate Risk Register, Corporate Risk, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Ben Lee



RESIDUAL 8.0 HIGH
INHERENT 9.0 HIGH

15. Changes in political direction

- (n) There is a risk that changes in political direction will result in activity resources (\$, people, etc.) having to be redirected.
(j) Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery Owner: Ben Lee



RESIDUAL 8.0 HIGH
INHERENT 10.0 HIGH

16. Keeping on top of / Resourcing legislative and plan/policy changes

- (f) There is a risk that we don't keep on top of legislative and plan/policy changes because of lack of resources or information. This may result in us being challenged and potentially judicial review
(j) Corporate Risk Register, Corporate Risk, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Ben Lee



RESIDUAL 8.0 HIGH
INHERENT 16.0 EXTREME

17. Employment documentation not being saved to EDRMS

- (k) There is a risk of incomplete employment documentation (especially signed agreements and signed variations to contracts) because Managers are not saving these in the EDRMS. This may result in incorrect decisions.
(h) Corporate Risk Register, Corporate Risk, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

18. Procurement

- (h) There is a risk that council fails to comply with best practice procurement activity as a result of:
 - Not following AOG guidance
 - Not following policy and procedures
This may result in:
 - Sub-optimal procurement decisions
 - Legal challenge
 - Risk of fraud
Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 8.0 HIGH

19. Hydrometric network

- (k) There is a risk that hydrometric data will not be available caused by the loss of a hydrometric network site which may result in us not knowing what is happening (ties into civil defence).
(h) Corporate Risk Register, Group Risk, Regulatory Services, Service Delivery
Owner: Colin Dall



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

20. Information assets stored outside of core business systems

- (g) There is a risk that NRC information assets is stored outside of core business systems (EDRMS, network drives) and are therefore not easily discoverable or protected.
(h) Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 12.0 HIGH

21. Data loss through theft, unauthorized access or distribution

- (k) There is a risk of data loss through theft, unauthorised access or unauthorised distribution of information resulting in damage to reputation and information security.
(h) Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

22. Hilltop database support

- (g) There is a risk that we will be unable to get adequate support for the Hilltop database caused by the product being sold to Hill Laboratories. This may result in data issues and product instability.
- (h) Corporate Risk Register, Group Risk, Regulatory Services, Service Delivery
Owner: Colin Dall



RESIDUAL 6.0 MODERAT
INHERENT 12.0 HIGH

23. Personnel - Loss of knowledge and skills

- (k) There is a risk of loss and skills caused by staff leaving or absent (e.g. on leave) or a lack of succession and developments plans that may result in gaps in knowledge and information.
- (h) Corporate Risk Register, Corporate Risk, Financial, Health and Safety, NRC - Whole Organisation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

24. Theft and inappropriate use of council assets

- (p) There is a risk of theft or and inappropriate use of council assets
- (h) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, Health and Safety, NRC - Whole Organisation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 6.0 MODERAT E

25. Conflict of Interest

- (k) There is a risk of corruption where a conflict of interest exists
- (h) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

26. Bribery and inappropriate receipt of gifts & secondary employment

- (l) There is a risk that bribery and inappropriate receipt of gifts & secondary employment - could result in inappropriate decisions being made, fraud, bad press etc.
- (h) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 6.0 MODERAT E

27. Kensington redevelopment H&S Construction Site

- (l) There is a health and safety construction site risk associated with the Kensington redevelopment.
- (h) Corporate Risk Register, Corporate Excellence, Group Risk, Health and Safety
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 6.0 MODERAT E

28. Dargaville redevelopment H&S construction Site

- (l) There is a health and safety construction risk associated with the Dargaville construction site
- (h) Corporate Risk Register, Corporate Excellence, Group Risk, Health and Safety
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 6.0 MODERAT E

29. Information incorrectly stored and therefore not complying with the Public Records Act

- (k) There is a risk that information is stored incorrectly and therefore doesn't comply with the Public Records Act and/or Information Management Standards
- (k) Corporate Risk Register, Corporate Excellence, Financial, Group Risk, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 6.0 MODERAT
INHERENT 9.0 HIGH

30. Climate Change Risk - changes in Government Policy - impacting council's strategies, plans, policies and service delivery (e.g. national risk reduction plans)

(g)
(k)

There is a risk that council's plans, policies and service delivery will be impacted by changes in government climate change policy.
Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Jonathan Gibbard



RESIDUAL
6.0
MODERAT

INHERENT
12.0
HIGH

31. Supplier Invoice Fraud

(l)
(k)

There is a risk of supplier invoice fraud
Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
6.0
MODERAT

INHERENT
6.0
MODERAT E

32. Marine Farm abandoned structures

(f)
(k)

There is an environmental risk that abandoned marine farm structures will cause navigational safety issues and resulting cleanup costs (Kaipara Harbour)
Corporate Risk Register, Group Risk, Regulatory Services, Reputation
Owner: Colin Dall



RESIDUAL
6.0
MODERAT

INHERENT
16.0
EXTREME

33. Dam Failure

(o)
(k)

There is a risk of dam failure as a result of the dam register not actively being managed. This may result in potential impact to councils resources to investigate any resulting event. This mainly relates to non-consented dam structures.
Corporate Risk Register, Group Risk, Regulatory Services, Reputation
Owner: Colin Dall



RESIDUAL
6.0
MODERAT

INHERENT
8.0
HIGH

34. Capability and operational capacity to manage events and directives

(k)
(k)

There is a risk that Northland Regional Council does not possess the capability and operational capacity necessary to provide the required response to events (including natural hazard, pollution, biosecurity and emergency events, or Government direction) that may result in us being unable to deliver our LTP activities and services.
Corporate Risk Register, Corporate Risk, Finance, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
6.0
MODERAT

INHERENT
9.0
HIGH

35. Fraud Corruption and Dishonesty

(c)
(b)

There is a risk that NRC does not mitigate exposure to fraudulent, corrupt or dishonest activities that may result in negative multi-media coverage requiring significant additional work to repair stakeholder confidence.
Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
5.0
MODERAT

INHERENT
10.0
HIGH

36. Operational capacity of NRC buildings in the event of a fire or other disaster

(d)
(b)

There is a risk that the operational capacity of NRC buildings would be impacted in the event of a fire or other disaster.
Corporate Risk Register, Corporate Risk, Financial, Health and Safety, Legislative, NRC - Whole Organisation, Service Delivery
Owner: Bruce Howse



RESIDUAL
5.0
MODERAT

INHERENT
5.0
MODERAT E

37. Maritime operational risks: ship grounding/ collision, major shipping incident and failure of system

(c)
(b)

There is a risk of a maritime incident (including a ship grounding / collision or a major shipping incident) caused by an accident or system failure that may result in unlimited liability or action being brought against NRC.
Corporate Risk Register, Corporate Risk, Customer Services -Community Resilience, Financial, Group Risk, Health and Safety, Service Delivery
Owner: Tony Phipps



RESIDUAL
5.0
MODERAT

INHERENT
10.0
HIGH

38. Investment level in RSHL do not sustain IRIS product

- (I)** There is a risk that the IRIS product maintenance and development cannot be maintained because of the investment levels required into sustain RSHL.
Corporate Risk Register, Financial
Owner: Malcolm Nicolson



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

39. Decision being made which breaches delegated authority

- (I)** There is a risk that a decision is challenged caused by a breach in delegated authority. This may result in a judicial or audit review with associated reputational and political exposure.
Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation
Owner: Ben Lee



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

40. Policy and procedures inconsistently applied effecting decision

- (I)** There is a risk that if policies and procedures are inconsistently applied decision will be affected that may result in dissatisfied staff and stakeholders.
Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

41. Climate change - Greenhouse gas emission

- (k)** There is a risk that council is perceived to be inadequately addressing greenhouse gas emissions from its own operations
Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Jonathan Gibbard



RESIDUAL 4.0 MODERAT
INHERENT 9.0 HIGH

42. Access issues to field sites

- (b)** There is a risk that landowners might not allow access across private land to field sites.
Corporate Risk Register, Group Risk, Regulatory Services, Service Delivery
Owner: Colin Dall



RESIDUAL 4.0 MODERAT
INHERENT 15.0 EXTREME

43. Advising public on environmental incidents

- (h)** There is a risk that protocol is not followed in advising stakeholders and the public of environmental incidents. This may result in public health not being protected.
Corporate Risk Register, Group Risk, Regulatory Services, Reputation
Owner: Colin Dall



RESIDUAL 4.0 MODERAT
INHERENT 8.0 HIGH

44. Contract Management

- (k)** There is a risk that contract management activities do not deliver the objectives caused by not having a system and adequate processes to manage contracts. This may result in compromised service delivery, cost overruns, or actions taken that don't align to the project
Corporate Risk Register, Corporate Risk, Financial, Health and Safety, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 9.0 HIGH

45. Timesheet and expense claim fraud

- (p)** There is a risk of timesheet and expense claim fraud
Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

46. Northland Transport Alliance (NTA) triangular employment issue

- (I) There is a risk that NRC will be implicated in a NTA triangular employment issue should a PG claim be made by a non NRC employee. This may result in potential reputation damage and/or reputational damage.
(I) Corporate Risk Register, Corporate Excellence, Customer Services -Community Resilience, Financial, Group Risk, Legislative, Reputation
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

47. Recruitment Fraud

- (p) There is a risk of recruitment Fraud
(I) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

48. Theft of Bus Service Revenue

- (p) There is a risk of theft of Bus Service Revenue
(I) Corporate Risk Register, Customer Services -Community Resilience, Financial, Fraud, Dishonesty and Corruption, Reputation
Owner: Bruce Howse



RESIDUAL 4.0 MODERAT
INHERENT 6.0 MODERAT E

49. Divisions in Council

- (g) There is a risk that divisions develop in council that result in council not working as one team with a common purpose
(I) Corporate Risk Register, Reputation
Owner: Ben Lee



RESIDUAL 4.0 MODERAT
INHERENT 12.0 HIGH

50. Councillors influenced/captured by local interest group

- (g) There is a risk that council will be influenced/captured by a local interest group that could effect their ability to make regional decisions
(I) Corporate Risk Register, Corporate Risk, Financial, Reputation, Service Delivery, Strategy, Governance and Engagement
Owner: Ben Lee



RESIDUAL 4.0 MODERAT
INHERENT 12.0 HIGH

51. Legal risk

- (C) There is a risk that NRC does not comply with legislation that may result in a breach of legislation that cannot be resolved internally and may rise to a judicial review or action and potentially penalties.
(I) Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Service Delivery
Owner: Bruce Howse



RESIDUAL 3.0 LOW
INHERENT 10.0 HIGH

52. Material mis-statement of the financial statements

- (I) There is a risk of Material mis-statement of the financial statements
(I) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 3.0 LOW
INHERENT 6.0 MODERAT E

53. Organisational capability and continuity would not be maintained because of a lack of succession planning.

- (r) There is a risk that either organisational capability and continuity would not be maintained because of a lack of succession planning. This may result in loss of knowledge, no backup, increased attrition costs, work streams being compromised.
(I) Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL 3.0 LOW
INHERENT 2.0 LOW

54. Contractor vs Employee

- i** There is a risk of a service provider being taken on as a contractor vs an employee caused by processes not being followed. This may result in Council being taken to the Employment Authority and potentially having to pay costs (including annual and sick leave).
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
6.0
MODERATE

55. Disclosure of private information

- i** There is a risk that private information is disclosed caused by accidental or malicious acts which may result in NRC breach of legislation and potentially costs incurred.
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
6.0
MODERATE

56. Breach of legislation because of lack of knowledge of wider legislative requirements

- i** There is a risk of breach of legislation caused by a lack of knowledge of wider legislative requirements resulting in potential legal challenge and/or litigation
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Service Delivery
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
4.0
MODERATE

57. Non-compliance with the Vulnerable Children's Act

- i** There is a risk of non-compliance with the Vulnerable Children's Act caused by having a molester interacting with children or being unaware of the requirements resulting in potential legal challenge and/or litigation
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
4.0
MODERATE

58. Variation to employment agreements having incorrect/inappropriate wording

- i** There is a risk of variation to employment agreements having incorrect/inappropriate wording caused by Managers not consulting with HR resulting in non-compliance with legislation.
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
6.0
MODERATE

59. Managers not following proper disciplinary procedures

- i** There is a risk that managers do not following proper disciplinary procedures caused by lack of knowledge and robust processes resulting in a personal grievance payout and bad publicity.
- i** Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
6.0
MODERATE

60. ReCoCo work program doesn't deliver shared capabilities within the required timeframe

- j** There is a risk that the ReCoCo work program doesn't deliver shared capabilities in a timeframe that meets NRC needs resulting in NRC needing to pursue alternatives, increasing investment required.
- n** Corporate Risk Register, Corporate Excellence, Group Risk, Service Delivery
- Owner: Bruce Howse



RESIDUAL
3.0
LOW

INHERENT
12.0
HIGH

61. Organisational culture - silo mentality

- q** There is a risk of service inefficiencies caused by organisational culture and silo mentality which may result in:
- double up activities
 - not the best solution implemented
 - adverse effects on other departments
- m** Corporate Risk Register, Corporate Risk, Financial, NRC - Whole Organisation, Reputation, Service Delivery
- Owner: Ben Lee



RESIDUAL
2.0
LOW

INHERENT
4.0
MODERATE

62. Payroll Fraud

- (m) There is a risk of payroll fraud
(m) Corporate Risk Register, Corporate Excellence, Financial, Fraud, Dishonesty and Corruption, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
2.0
LOW
INHERENT
3.0
LOW

63. Flyger Road Nursery - strategy and LTP LOS

- (I) There is a risk that we will not meet our soil conservation strategy and LTP levels of services caused by poles not being available from the Flyger Road Nursery
(m) Corporate Risk Register, Environmental Services, Group Risk, Service Delivery
Owner: Jonathan Gibbard



RESIDUAL
2.0
LOW
INHERENT
6.0
MODERATE

64. Loss of physical information due to natural disaster

- (c) There is a risk that physical information assets are lost due to a natural disaster (flood, etc.) that may result in us being unable to answer information requests.
(o) Corporate Risk Register, Corporate Risk, Financial, Legislative, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
2.0
LOW
INHERENT
10.0
HIGH

65. Theft of Koha

- (s) There is a risk of theft of koha
(o) Corporate Risk Register, Financial, Fraud, Dishonesty and Corruption, NRC - Whole Organisation, Reputation, Service Delivery
Owner: Bruce Howse



RESIDUAL
2.0
LOW
INHERENT
3.0
LOW

Placeholder for Attachment B

Risk Management Activity Update

Appendix 2 - Detailed Risk Maturity Assessment This attachment will be sent separately

TITLE: Internal Audit Programme

ID: A1388420

From: Bruce Howse, Group Manager - Corporate Excellence

Authorised by Group Manager: Bruce Howse, Group Manager - Corporate Excellence, on

Executive summary/Whakarāpopototanga

A schedule of items for an internal audit programme has been identified for the next three years, subject to annual budget (\$52k), as presented in Table 1. The findings from the internal audit programme will be reported to the Audit and Risk subcommittee as the work is completed.

Table 1. Proposed 3-year internal audit programme

Year 1 - 2020/21	Year 2 – 2021/22	Year 3 - 2022/23
<ul style="list-style-type: none">• FNDC rates collection, audit to confirm robustness of collection of NRC rate revenue and general title arrears recovery process.• Human resources procedures.• Fraud control environment.• Insurance – AON insurable risk review (completed).	<ul style="list-style-type: none">• WDC rates collection.• Property management.• Procurement.• Risk management.	<ul style="list-style-type: none">• KDC rates collection.• Externally managed funds – SIPO, governance, reporting, treasury management.• Legislative compliance.

Other items that have been identified for internal audit include:

- Asset management - once Enterprise System is implemented and operational
- Cyber security audits
- User fees and charges
- Business continuity plan – once developed and operational
- Health and safety
- Record keeping compliance

These items are beyond the scope of the current budget for internal audit but could be exchanged for the items included in Table 1.

Direction is sought from the Audit and Risk subcommittee on the proposed 3-year internal audit programme.

Recommendation(s)

1. That the report 'Internal Audit Programme' by Bruce Howse, Group Manager - Corporate Excellence and dated 23 November 2020, be received.

2. That the Audit and Risk subcommittee review the proposed 3-year internal audit programme, make any amendments considered necessary, and endorse the programme.

Attachments/Ngā tapirihanga

Nil