

ARF004 Asset Management Risk

Risk Status Progress Report for February 2022

Prepared: 23/12/21

Description of risk and impact

Full Asset Life Cycle Asset Management requires a “system thinking” integrated approach (enterprise asset management) to optimise the whole life cycle of our assets. This ensures fit for purpose, cost effective assets are designed, constructed, maintained and disposed of in a sustainable manner, to the benefit of our communities, ensuring kaitiakitanga and enduring resilience.

Existing Treatments

The inherent risk profile has not changed due to delays in the implementation of the proposed treatments.

Issue	Treatment to date	Further planned treatment	Responsible
No current Asset Management Information System (resulting in piecemeal asset information, including number of assets).	An Asset Management Information System, IPS by INFOR, has been chosen and statements of works signed. A development IPS environment (DEMO) has been set up where data migration, systems integrations and financial asset management configuration is underway in preparation for production system go live (PROD).	Production system go live is being rescheduled following phase 2 which is about optimising and automating business processes. Dynamic reporting of assets will also be configured after the system go live.	Programme Darwin
Incomplete condition assessment information.	A budget of \$1.6m for FY22 to FY24 was approved. A Project lead for the asset condition and data capture programme has been appointed and a timeline for packages of work is nearing completion.	The FY22 budget of \$1.6m is progressing well. A procurement plan to the value of \$690k was approved in October 2021. Scope includes: <ul style="list-style-type: none"> • Safety audit of FNDC playgrounds • Condition Assessment and Conservation Plan for FNDC heritage buildings 	Asset Management

Issue	Treatment to date	Further planned treatment	Responsible
		<ul style="list-style-type: none"> Condition Assessment and Conservation Plan for FNDC object assets and statues <p>A procurement plan is currently underway for CCTV amounting to a value of \$1.5m over a 3-year period. The focus of this package of work will cover the Kaitaia, Kaikohe and Paihia catchment areas.</p> <p>Additionally, a procurement plan to condition assess dams and reservoirs is also being prepared.</p>	
Asset Management Plans (AMPs).	As part of the Long-Term Plan process, a combined draft Asset Management Plan for 3 Waters and District Facilities was prepared and provided to Audit (<i>this is required for audit purposes only</i>).	The AMP is now in use across the Asset Management Team. <i>This issue is considered resolved</i>	Asset Management
The current renewals programme is typically based on age rather than condition.	The proposed Condition Assessment programme will allow a condition-based renewals programme.	This is a 10-year programme. As data becomes available condition-based renewals will be implemented.	Asset Management
Lack of integrated performance and reliability data from operations.	Integration of operational performance and reliability data from operations will be developed. This will enable optimised investment decisions for renewals noting the relationship between cost, level of service and risk.	<p>Work on the relationship (relating to the data and information interface) has seen initial workshops with Far North Waters and Rec Services focused on refreshing Program Darwin objectives and their stakeholder role(s).</p> <p>The Condition Assessment programme data capture is also well underway so the data can be turned into useful information as we wait for Darwin to be fully operational</p>	Programme Darwin Asset Management
Operating run to failure of assets rather than	Continued Asset Planning will ensure all of lifecycle for	Utilising data for the Condition Assessment programme to allow	Asset Management

Issue	Treatment to date	Further planned treatment	Responsible
<p>programmed maintenance based on:</p> <ul style="list-style-type: none"> Asset class Failure mode Life cycle cost modelling Predictive, preventative, risk-based maintenance 	Council's assets are addressed.	preventative programmes to be identified and developed	Infrastructure Operations
The lack of integration of growth impacts when considering asset renewal (we need to operate in a "systems" approach).	An enterprise asset management philosophy was adopted, January 2020.	While some aspects relate to the development of all streams of Programme Darwin, work is underway with the combined planning functions of Council to establish how growth is included in all future asset decisions	<p>Programme Darwin</p> <p>Asset Management</p> <p>Infrastructure Planning</p> <p>Strategic Planning</p> <p>District Planning</p> <p>Financial Planning</p>
Lack of a robust project management framework.	A Project Management Framework has been adopted.	<p>This is now embedded across the team and is now subject to continuous improvement.</p> <p><i>This issue is considered resolved.</i></p>	PMO / PDT / Asset Management

Where are the gaps? / what more could we be doing?

- Planning analysis and data analysis to enable data-driven decision-making (particularly providing advice in relation to Levels of Service, robust options analysis and rating impact trajectories). This will improve with the implementation of the new Asset Management System (AMS) and aid in decision making while the AMS is being implemented
- Better articulating the link between all forms of planning within Council to the operationalisation of those, and the process for how we consider and integrate these aspects
- Capturing our data better – equipment criticality, feeding this into decommissioning plans and the asset lifecycle
- Consultation – our open and transparent policy for consultation with all stakeholders particularly Iwi, impacts the time it takes to renew consents and implement projects. This activity needs to be

reflected in all project timelines particularly within our LTP commitments. In the past this time and resource commitment has been significantly underestimated.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Decline		Responsible:	GM IAM	Date accepted:	30/05/19	Six monthly