

# **Top 12 Organisational Risks**

July 2019

Total Score by impact, probability & multiplier	
High	60+
Medium	20-59
Low	<20



Probability <12



Probability 1-3 years



Probability 3+ years

ID#	Score	Risk description	Impacts	Treatments	Residual Risk Score	Status	Risk Governance (A)accountable (R)responsible
ARF 001	63	<b>Climate Change &amp; Natural Disasters</b> <ul style="list-style-type: none"> <li>Major flooding frequency</li> <li>Insurance losses &amp; assets</li> <li>Frequent weather events</li> <li>Effect on Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Large / long term financial exposure &amp; investment</li> <li>Political pressure</li> <li>Public pressure / impacts</li> <li>Negative press and PR</li> <li>High demand on specialist resource / contractors</li> </ul>	<ul style="list-style-type: none"> <li>Robust district climate change plan developed and integrated into district &amp; annual plans</li> <li>Investment plan linked to plans</li> <li>Long term expense factored into all planning and budgeting processes</li> <li>Regional and national support options explored (financial)</li> </ul>	30	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP endorsed 8 April, 2019	CEO (A) GM SP&P (R)
ARF 002	51	<b>Building Consents – BCA status</b> <ul style="list-style-type: none"> <li>BC Accreditation at risk</li> <li>November IANZ assessment</li> <li>Remediation actions tight timeframes before assessment</li> </ul>	<ul style="list-style-type: none"> <li>Political pressure</li> <li>Reputational impact</li> <li>Remediation Overheads Impact on culture and staff morale</li> <li>Customer costs / delays</li> <li>IANZ manager appointed to oversee remediation</li> </ul>	<ul style="list-style-type: none"> <li>Building Consent action plan &amp; remediation actions</li> <li>Management support for BCA action plan</li> <li>Outsourced surge capacity options for processing</li> <li>Administration process changes and automation</li> </ul>	18	Identified Jan, 2019 SLT Endorsed 1 April, 2019 HLTP endorsed 8 April, 2019	CEO (A) GM DS (R)
ARF 003	46	<b>Health &amp; Safety Vulnerabilities</b> <ul style="list-style-type: none"> <li>Legal complexity</li> <li>Long term ramifications</li> <li>Executive accountability</li> </ul>	<ul style="list-style-type: none"> <li>Legal and fine exposure (\$300K-\$3m)</li> <li>Reputational / media exposure</li> <li>Remediation activity cost, delay impacts</li> <li>Political pressure on management</li> </ul>	<ul style="list-style-type: none"> <li>Robust H&amp;S planning, monitoring and reporting</li> <li>Ownership &amp; sponsorship from Council / SLT (reviews)</li> <li>H&amp;S Culture strategy / constant vigilance</li> <li>Accountability of contractors for compliance</li> </ul>	34	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP endorsed 8 April, 2019	CEO (A) Mgr. P&C (R)
ARF 004	45	<b>Asset Management Risks</b> <ul style="list-style-type: none"> <li>Asset management framework &amp; Asset Management system</li> <li>Allocation of resources</li> <li>Large asset business cases</li> </ul>	<ul style="list-style-type: none"> <li>Replacement &amp; remediation costs</li> <li>Risk of unbudgeted spend</li> <li>Problem exacerbates if systems or processes don't change</li> <li>Rating implications</li> </ul>	<ul style="list-style-type: none"> <li>Policy, Framework, Methodology, process &amp; system approach</li> <li>Review effectiveness of AMP's</li> <li>Review financial processes and depreciation models</li> <li>Asset condition and clean, quality data should drive processes</li> <li>All projects require business case</li> </ul>	18	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP endorsed 8 April, 2019	CEO (A) GM IAM (R)
ARF 005	45	<b>Delivery of Services Risk (Affordability)</b> <ul style="list-style-type: none"> <li>Economic development</li> <li>Economic delivery (affordability)</li> <li>Alignment of financial &amp; regional strategies</li> <li>Current and future cost picture</li> </ul>	<ul style="list-style-type: none"> <li>Financial and remediation costs (large assets / services)</li> <li>Future cost forecasting including climate change modelling</li> <li>Rating implications</li> <li>Affordability pressures</li> <li>Political &amp; reputational pressure</li> </ul>	<ul style="list-style-type: none"> <li>Cost Blueprinting – big picture</li> <li>Revenue Review</li> <li>Cost and revenue forecasting (in addition to LTP budgeting)</li> <li>Review financial processes and models (eg. depreciation)</li> <li>Existing &amp; additional revenue streams investigated</li> <li>Scale back discretionary projects / focus on priorities</li> </ul>	26	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP endorsed 8 April, 2019	CEO (A) GM SP&P (R)

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					Residual Risk Score	Status	Risk Governance (A)accountable (R)responsible
ARF 006	45	<b>Projects / Priorities Delivery Delays</b> <ul style="list-style-type: none"> <li>Large infrastructure projects</li> <li>Capital asset delivery</li> <li>Priority initiatives</li> <li>Staff &amp; Skills capacity &amp; turnover</li> <li>Project management &amp; project governance capacity / skills</li> </ul>	<ul style="list-style-type: none"> <li>Project benefits affected</li> <li>Increased project costs</li> <li>Delayed services may affect ability to apply targeted rates</li> <li>Eroded public trust</li> <li>Unstaffed roles have impacts on the team</li> <li>Obsolescence bow wave from Capex underspend</li> </ul>	<ul style="list-style-type: none"> <li>Project Framework, methodology, processes, reporting and project governance needs implementing</li> <li>Review project resourcing level and contract for critical resource</li> <li>Complete Project prioritisation process and rationalise or freeze non critical projects</li> <li>Robust planning and business casing to support projects / quality data</li> <li>Avoid Capex underspend issues</li> </ul>	14	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP 8 April, 2019	CEO (A) GM IAM (R)
ARF 007	45	<b>Compliance – NRC Abatements</b> <ul style="list-style-type: none"> <li>10 active abatement notices</li> <li>Paihia waste water treatment plant environmental court ruling</li> <li>NRC relationship strained regarding our compliance history</li> </ul>	<ul style="list-style-type: none"> <li>Political pressure</li> <li>Reputational impact</li> <li>Remediation costs may need to be brought forward</li> <li>Legal costs and overhead</li> <li>Relationship with NRC</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable plan to remedy all abatement notices</li> <li>Relationship plan with NRC – map stakeholders (ops to management)</li> <li>Paihia Plan now endorsed by NRC</li> <li>Executive relationships positive</li> <li>Any additional funding requirements bought to Council</li> <li>Reduce future outstanding abatement timeframes to remedy</li> </ul>	18	Identified Jan, 2019 CEO Endorsed 8 April, 2019	CEO (A) GM IAM (R)
ARF 008	42	<b>Civil Defence</b> <ul style="list-style-type: none"> <li>The risk to Financial Capability and Public Health and Safety - if repeat of 2007 storm severity repeats</li> <li>Response staffing levels</li> </ul>	<ul style="list-style-type: none"> <li>Potential loss of life</li> <li>Public health risks</li> <li>Property damage</li> <li>Human and animal welfare</li> <li>Restoration capability and times of services, infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Set of fully trained staff for EOC</li> <li>Ongoing training pipeline</li> <li>Recovery funding options explored</li> <li>Regional CDEM support options and model understanding and operationalisation</li> <li>IAM Resilience programme established for known vulnerabilities</li> </ul>	38	Identified 29 Nov, 2018 SLT 1 April, 2019 HLTP, 8 April	CEO (A) GM IAM (R)
ARF 009	39	<b>Customer Service Delivery</b> <ul style="list-style-type: none"> <li>RFS process issues</li> <li>Inadequate timely communication with customer</li> <li>More online options for customers</li> </ul>	<ul style="list-style-type: none"> <li>Lower customer service ratings in some functions</li> <li>Political pressure</li> <li>Overheads to return to positive perception</li> <li>Impact on culture and staff morale</li> <li>Customer costs / delays</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience programme enhanced</li> <li>RFS Process redesign project needs implementing</li> <li>RFS Redesign project addresses process flows and regular communication with customer</li> <li>Council culture of customer first</li> <li>Enhanced communication &amp; online capability</li> </ul>	22	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP, 8 April	CEO (A) Mgr. P&C (R)
ARF 010	39	<b>Decision Quality – Information Risks</b> <ul style="list-style-type: none"> <li>Genesis in poor data /poor information</li> <li>Critical Information Assets</li> <li>Data governance and technical assurance</li> </ul>	<ul style="list-style-type: none"> <li>Increased risk of legal exposure</li> <li>Reputational damage</li> <li>Erosion of trust and confidence between elected members, public and staff</li> <li>Staff churn in key roles</li> <li>Financial implications</li> </ul>	<ul style="list-style-type: none"> <li>Business intelligence – “Data Driven Council”</li> <li>Key metrics dashboard</li> <li>Robust, peer reviewed business cases and papers</li> <li>Staff SME's to talk to papers with committees / council</li> <li>Additional layer of diligence &amp; verification for larger items</li> </ul>	14	Identified 29 Nov, 2018 SLT Endorsed 1 April, 2019 HLTP, 8 April	CEO (A) CEO (R) GM CS technical supporting

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 Probability <12    
  Probability 1-3    
  Probability 3+

ID#	Score	Risk description	Impacts	Treatments	Residual Risk Score	Status	Risk Governance (A)accountable (R)esponsible
ARF 011	39	<b>Organisational Cohesion risks</b> <ul style="list-style-type: none"> <li>Governance / management relationship optimisation / trust enhancement</li> <li>Culture of communication – internal and external</li> </ul>	<ul style="list-style-type: none"> <li>Governance &amp; decision quality &amp; integrity impacts</li> <li>Trust and confidence / morale between EM's, staff &amp; public</li> <li>Negative media &amp; political pressure</li> <li>Delays in decisions – papers left on the table</li> </ul>	<ul style="list-style-type: none"> <li>EM &amp; Management relationship &amp; comms charter, code of conduct &amp; culture programme</li> <li>Friction items to be worked through and agreed in advance of formal meetings</li> <li>Deliver on priorities (trust)</li> <li>Staff integrated to Council &amp; committee meetings – not tasked directly</li> <li>Quality data &amp; reporting</li> <li>Governance diagnostics work plan</li> </ul>	14	Identified 29 Nov, 2018  SLT Endorsed 1 April, 2019  HLTP, 8 April	CEO (A)  CEO (R)
ARF 012	39	<b>Contract Management risks</b> <ul style="list-style-type: none"> <li>Contract wording</li> <li>Contract breeches</li> <li>Contract, performance &amp; relationship management deficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Commercial impacts</li> <li>Service delivery / disruption impacts</li> <li>Commercial resource demand</li> <li>Reputational impacts</li> <li>Long term consequences</li> </ul>	<ul style="list-style-type: none"> <li>Hire dedicated contract specialists for large contracts</li> <li>Contract management system and processes optimised</li> <li>Asset management system implemented</li> <li>Enhanced reporting</li> </ul>	14	Identified 29 Nov, 2018  SLT Endorsed 1 April, 2019  HLTP 8 April	CEO (A)  GM IAM (R)

2018 Organisational Risk Appetite, Impact and Probability Scoring



Risk Category	Financial	FNDC Customer (ratepayer, resident or contractor)	Reputation	Compliance / Legal	Health & Safety																										
<b>Impact Statement</b>	Impact on FNDC Budget, Department or Team; and /or Impact on annual Council budget in \$	Financial impact to customers	Customer impact due to loss of a provision of essential service, or essential piece of infrastructure	The impact on FNDC's reputation	The legal impact on FNDC's legal adherence / regulatory compliance	The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable																									
<b>High to Intolerable Impact</b>	<ul style="list-style-type: none"> <li>&gt;10% of project or departmental budget;</li> <li>&gt;\$100,000 OPEX pa impact to Council budget; and/or</li> <li>≥ 0.3% rates increase</li> </ul>	>\$10K	<table border="1"> <tr> <td rowspan="3">People (Far North population)</td> <td>&gt; 1000</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>6 to 1000</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>&lt;6</td> <td>Green</td> <td>Green</td> <td>Yellow</td> </tr> <tr> <td colspan="5">Hours (delay)</td> </tr> <tr> <td colspan="5"> <table border="1"> <tr> <td>&lt;12</td> <td>12-24</td> <td>&gt;24</td> </tr> </table> </td> </tr> </table> <ul style="list-style-type: none"> <li>External reputation severely damaged, considerable effort and expense required to recover e.g.                             <ul style="list-style-type: none"> <li>2-5 years to re-establish confidence;</li> </ul> </li> <li>Loss of <b>national trust &amp; confidence</b> including government such as:                             <ul style="list-style-type: none"> <li>Trending presence in <b>national</b> and international media; and/or</li> </ul> </li> <li>&gt; 15% staff turnover pa and/or turnover of organisational critical roles</li> </ul>	People (Far North population)	> 1000	Yellow	Yellow	Red	6 to 1000	Green	Yellow	Yellow	<6	Green	Green	Yellow	Hours (delay)					<table border="1"> <tr> <td>&lt;12</td> <td>12-24</td> <td>&gt;24</td> </tr> </table>					<12	12-24	>24	<ul style="list-style-type: none"> <li>FNDC get challenged and are found to be non-compliant with :                             <ul style="list-style-type: none"> <li>criminal conviction and/or fines, penalties; or</li> <li>legal exposure in excess of \$500,000; and/or</li> </ul> </li> <li>Contract: <b>termination of contract</b> (breach / default etc)</li> </ul>	<p><b>Any loss of life</b></p> <p><b>Serious injury / disability</b> (as defined by the Act) to one or more lives and/or Public Health outcome</p>
People (Far North population)	> 1000	Yellow	Yellow		Red																										
	6 to 1000	Green	Yellow		Yellow																										
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<12	12-24	>24																													
<b>Medium Impact</b>	<ul style="list-style-type: none"> <li>1% - 10% of project or departmental budget; and/or</li> <li>\$50,000 to \$100,000 OPEX pa impact to Council budget and/or</li> <li>0.1 to 0.3% rates increase</li> </ul>	\$5K-10K	<ul style="list-style-type: none"> <li>External reputation damaged, effort and expense is required to recover; and/or</li> <li>Loss of regional trust &amp; confidence including iwi, funding partners and elected members such as:                             <ul style="list-style-type: none"> <li>Presence in <b>regional</b> / local media only; and/or</li> <li>1-2 years to re-establish confidence.</li> </ul> </li> <li>10- 15% staff turnover pa with "normal" turnover of organisational critical roles</li> </ul>	<ul style="list-style-type: none"> <li>FNDC get challenged and are found to be non-compliant with                             <ul style="list-style-type: none"> <li>fines, penalties or legal exposure &lt;\$500,000</li> </ul> </li> <li>Contract: receive written notice from the contractor threatening termination if not rectified</li> </ul>	<p><b>Minor harm and/or isolated recoverable illness</b></p>																										
<b>Low to None Impact</b>	<ul style="list-style-type: none"> <li>&lt; 1% of project or departmental budget; and/or</li> <li>&lt;\$50,000 OPEX pa impact to Council budget and/or</li> <li>&lt;0.1 rates increase</li> </ul>	<\$5k	<ul style="list-style-type: none"> <li>External reputation minimally affected, little effort or expense required to recover; and/or</li> <li>Loss of stakeholder trust &amp; confidence at local level                             <ul style="list-style-type: none"> <li>Presence in <b>local media only</b>; and/or</li> <li>&lt;1 year to re-establish confidence.</li> </ul> </li> <li>&lt;10% staff turnover pa</li> </ul>	<ul style="list-style-type: none"> <li>Might be challenged or threat of litigation:                             <ul style="list-style-type: none"> <li>but are compliant; or</li> <li>have the appetite to tolerate non-compliance cost (treating exceeds legal penalty we could receive.)</li> </ul> </li> <li>Contract: receive verbal advice that, if breaches continue a default notice may be issued; or results in meeting between two parties in which contractor expresses concern</li> </ul>																											

Category Impact Score	
High to Intolerable	5
Medium	3
Low to None	1

Probability Multiplier	
Risk expected to occur in Next 12 Months	X3
Risk expected to occur every 1-3 years	X2
Risk Expected to occur > 3+ years	X1

Scoring Process
INHERENT RISK - Assign Impact Score to each of the 5 categories as it exists today (untreated)
RESIDUAL RISK - Assign Impact Score to each of the 5 Categories after applying treatments
Add category scores (5) for INHERENT to get a single cumulative INHERENT RISK score
Add category scores (5) for RESIDUAL to get a single cumulative RESIDUAL RISK score
PROBABILITY – For both INHERENT & RESIDUAL RISK scores, multiply by the Probability
This will provide a total INHERENT RISK & RESIDUAL SCORE for each Risk Assessed
Populate both scores on the Risk Dashboard in the respective Risk Scoring Cells

INHERENT Risk Category	Score
FINANCIAL	5
CUSTOMER	3
REPUTATION	3
COMPLIANCE / LEGAL	1
HEALTH & SAFETY	1
<b>TOTAL</b>	<b>13</b>

**Example Scoring table**

Probability	Final Score
X2	26

Total Score by impact, probability & multiplier	
High	60+
Medium	20-59
Low	<20