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Report To: Audit and Risk Committee

Meeting Date:	13 October 2026
Subject:	**Risk Management and Mitigation**
Type:	Decision Required
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1. Purpose of Report

1.1 The purpose of this business paper is to provide an update on the Strategic Risks reviewed at a Council workshop and recommend to Council that they be adopted.

2. Suggested Resolutions

2.1 The following are suggested resolutions only and do not represent Council policy until such time as they might be adopted by resolution.

1 The business paper on Risk Management and Mitigation be received.

2 The Audit and Risk Committee recommends that Council approve the revised schedule of nine strategic risks as follows:

1 Health Safety and Wellbeing
2 Data and Information Security
3 Climate Change and Natural Hazards
4 Response to Significant Internal and External Disruptions
5 Organisational / Workforce and Capacity
6 Critical Asset Failure
7 Financial Management and Sustainability
8 Key Stakeholder Relationships
9 Iwi, Mana Whenua and Māori Relationships

3. Strategic Risk Register

3.1 Council at its workshop on the 28 September 2026 considered the refinement and review of its Strategic Risks. The Audit and Risk Committee Independent Chair was present at the workshop for these considerations.

- Council had identified 11 strategic risks for the council and community previously:

1. Health Safety and Wellbeing
2. Cyber Security
3. Climate Change and Adaption
4. Significant Internal and External Disruptions
5. Programme and Project Delivery
6. Theft Fraud and Corruption
7. Fit for Purpose Assets
8. Three Waters Infrastructure
9. Financial
10. Stakeholder Relationships
11. District Vibrancy / Growth

These were reviewed as part of the workshop.

- An updated version of 9 Strategic Risks is outlined below:

1. Health Safety and Wellbeing
2. Data and Information Security
3. Climate Change and Natural Hazards
4. Response to Significant Internal and External Disruptions
5. Organisational / Workforce and Capacity
6. Critical Asset Failure
7. Financial Management and Sustainability
8. Key Stakeholder Relationships
9. Iwi, Mana Whenua and Māori Relationships

- The rationale for the changes to the Strategic Risks follows:

Strategic Risks – Proposed / ~~Removed~~	**Rationale for change:**
SRO1 – Health, Safety and Wellbeing	Keep the risk the same but make clear that it is wider than just WDC staff and includes contractors, the community and other stakeholders.
SR02 – Data and Information Security	This risk was expanded to include the inappropriate use of AI and other wider Information Technology / Information Systems / Information Management issues. Include Capability / Project Management commentary as a risk driver
SR03 – Climate Change and Natural Hazards	This is looked at for WDC as the risk of impacts rather than a reduction of our carbon footprint. This section now also include our natural hazards. There is a limit to what WDC can do to address climate change. The concept is to reduce the risk of impacts to our people, property and environment. Carbon Footprint – doing already i.e. less paper, fewer flights, hybrid vehicles, etc. Risk Driver - note that Financial Sustainability is a limiting factor
SR04 – Response to Significant Internal and External Disruptions	This is now planned to include emergency management. Business continuity planning goes across all risks but is dealt with in this section. Risk Driver – now includes "political change" disruption
~~Programme and project delivery~~ (removed)	Merged into Critical Asset failure which we plan to expand to cover project delivery.
~~Theft, fraud and corruption~~ (removed)	Merged into financial risk
SR05 – Organisational / Workforce Capacity	New Strategic Risk. There is benefit to splitting this risk from Health and Safety and Wellness because they are very different topics. Retention of the right staff and other people is critical in our smaller organisation and an everchanging environment. This is different from keeping people safe.
~~Fit for purpose assets~~ (removed)	To be included in Critical Asset Failure and now incorporates stormwater (previously under 3 waters) and programme and project delivery.
~~Three Waters Infrastructure~~ (removed)	Water and wastewater no longer part of WDC's operations. Stormwater included in Critical Asset failure. Little rationale to keep stormwater separate.
SR06 – Critical Asset Failure	Revised risk heading of Critical Asset Failure and now incorporates stormwater (previously under 3 waters) and programme and project delivery.

Strategic Risks – Proposed / ~~Removed~~	Rationale for change:
SR07 – Financial Management and Sustainability	Now includes fraud and corruption risk.
SR08 – Stakeholder Relationships	Looking at relationships from a wide ranging perspective of stakeholders and particularly central government regulatory and legislative reform. Separate out iwi, mana whenua and Māori into separate strategic risk.
SR09 – Iwi, Mana Whenua and Māori Relationships	New Strategic Risk given the significant importance of Iwi, Mana Whenua Relationships

3.2 Each of these Strategic Risks will be reviewed in more detail through Audit and Risk workshops. It is proposed to convene a workshop for this purpose after each scheduled meeting of the Committee as follows:

	ARC Workshop October 2026 (1)	ARC Workshop February 2027 (3)	ARC Workshop May 2027 (3)	ARC Workshop August 2027 (2)
SRO1 Health, Safety and Wellbeing		✓		
SR02 Data and Information Security	✓			
SR03 Climate Change and Natural Hazards			✓	
SR04 Response to Significant Internal and External Disruptions		✓		
SR05 Organisational / Workforce Capacity		✓		
SR06 Critical Asset Failure				✓
SR07 Financial Management and Sustainability				✓
SR08 Stakeholder Relationships			✓	
SR09 Iwi, Mana Whenua and Māori Relationships			✓	

4. The Year Ahead – Priorities and Focus Areas

4.1 The plan for the next 12 months has remained unchanged and is included in this paper for completeness only.

4.2 Council's focus will be on moving from framework design to implementation and embedding, particularly in the following areas.

EMBEDDING RISK INTO CONTRACT MANAGEMENT

4.3 Contract management is a core activity of Council and a key area of risk exposure, particularly for infrastructure, capital projects, and service delivery. The year ahead will see risk management more strongly built into the full contract lifecycle:

- Planning and procurement – ensuring that risk assessments are completed at the outset of major procurements and that risk allocation is built into contract structures, evaluation criteria, and negotiation strategies.

- Contract execution and delivery – actively monitoring contract risks (e.g., performance, financial, health and safety, supply chain, regulatory) and ensuring that mitigation actions and controls are documented, owned, and tracked.

- Contract variations and close-out – assessing risk implications of contract changes and capturing lessons learned for future procurements and risk assessments.

4.4 Standardised risk clauses, checklists, and templates (aligned to the RMF) will be used to promote consistency and to ensure that risk considerations are not treated as a separate or optional process.

INTEGRATING RISK INTO DECISION MAKING AND GOVERNANCE

4.5 Risk will also be more explicitly incorporated into Council's broader decision-making processes:

- Committee and Council reports – strengthening the quality and consistency of risk sections in reports so that elected members can clearly see:
  - The key risks associated with proposed decisions
  - The likely consequences and likelihood of those risks
  - The mitigation measures that are in place or proposed.

- Business planning and project initiation – requiring documented risk assessments as part of business cases, project plans, and other key planning artefacts.

- Executive oversight – including risk as a standing item in Executive Team agendas and performance discussions, with a focus on key enterprise and operational risks, trends, and emerging issues.

4.6 The goal is for risk to be a natural and routine part of how decisions are framed and taken.

DEVELOPMENT OF A CENTRALISED OPERATIONAL RISK REGISTER

4.7 A key deliverable for the coming year will be the development of a more centralised, organisation-wide operational risk register:

- Scope and purpose – the central register will not replace local registers where these are needed for day-to-day management. Instead, it will:
  - Capture the most significant operational risks across all key services and functions
  - Provide a single, consolidated view for senior management and the Audit and Risk Committee
  - Highlight interdependencies and systemic issues that might not be visible in individual registers.

- Approach and methodology – the central register will apply the assessment criteria, rating scales, and categories defined in the RMF, ensuring consistency across the organisation.

- Governance and reporting – the central register will be:
  - Owned and maintained by management
  - Reviewed regularly by the Executive Team
  - Presented to the Audit and Risk Committee in future reporting cycles, with a focus on key changes, emerging risks, and the effectiveness of controls.

4.8 The first iteration of this consolidated operational risk register is expected to be developed over the coming reporting period, with the intention to provide an initial view to the Committee as part of future reports.