



Report 08.652
Date 4 September 2008
File CFO/04/03/01

Committee Finance, Evaluation & Risk
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Implementation of an Assurance Framework

1. Purpose

To inform the Committee on progress in implementing a Risk Assurance Framework.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

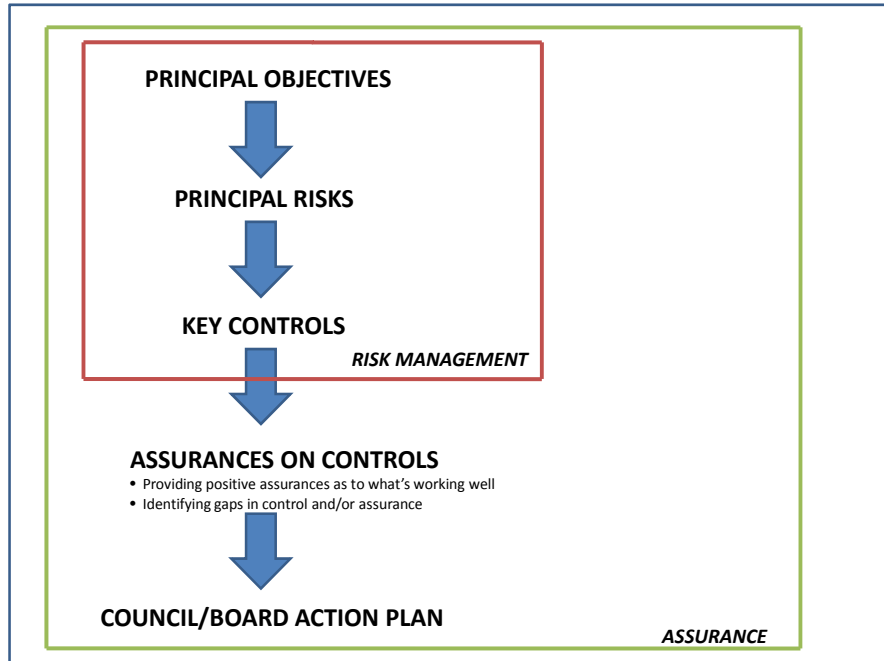
3. Background

At its meeting of 7 August the Committee considered the report from the Quorum Group on a Risk Assurance Framework.

This paper outlines the plan for implementation of that Assurance Framework and certain key elements of the Framework.

4. The Assurance Framework

The Assurance Framework which is being implemented at Greater Wellington comprises an integrated set of policies and processes. A simplified view of the Framework is set out in the diagram below:



Implementation of the Assurance Framework requires:

- *Identification and definition of roles and responsibilities for those who will actively participate in the process.*
- *Clear and unambiguous documentation of the criteria by which risk will be assessed.*

This should provide details concerning:

- The way in which risk has been *categorised*. Such categorisation should group risk events in a way which will be understood by those participating in the process.
- The way in which risk has been *calibrated* (using likelihood and consequence). Each element of this analysis should also be expressed in language which will be commonly understood and accepted across the organisation.
- *Documentation of the current set of significant risks.*

For each risk identified this should provide details concerning:

- The nature of the risk in question
- Its categorisation
- The likelihood and consequences of its occurrence
- The controls already in effect or proposed
- Residual risk after taking account of the controls.
- *Documentation of the method(s) of assurance for each of the significant risks.*

- *Establishment of a reporting framework which will enable effective monitoring of the management of risk within Greater Wellington.*

5. Quantate

Greater Wellington has recently purchased Quantate, a software tool designed to provide a comprehensive and integrated process for recording the management of risk within Greater Wellington.

In particular, Quantate provides a process for the assessment of risk in accordance with predetermined risk criteria. These criteria provide a robust and systematic means by which to quantify the *likelihood* of risk occurring and the *consequences* of that occurrence before and after taking account of the impact of *controls*.

A copy of the criteria used in Quantate is attached. (refer **Attachment 1**)

Quantate has been rolled out to each of the divisions for their review of the risks and controls for each of their activities.

This process will be completed in September at which point the risks across Greater Wellington will be reviewed by management prior to their presentation to the Committee in October.

While the implementation of Quantate has been coordinated by Finance, each division will have the responsibility for maintaining Quantate in respect of their area.

The risks documented in Quantate will be reviewed each quarter by each of the Divisions, the CEO and CFO. It is envisaged that there will be a report to the Committee six monthly.

6. Proposed timetable for implementation of the Assurance Framework

Item	Proposed date for completion
1. Identification and definition of roles and responsibilities	30 September
2. Documentation and discussion of the core criteria for the risk framework by senior management and FERC.	30 September
3. Approval of the core criteria by FERC and senior management.	23 October
4. Documentation of the current set of significant risks	31 October
5. Documentation of the method(s) of assurance for the significant risks	28 November
6. Implementation of reporting framework	21 December

7. Communication

No communications are necessary.

8. Recommendations

That the Committee:

- 1. **Receives** the report.*
- 2. **Notes** the content of the report.*

Report prepared by:

Report approved by:

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Attachment 1: Quantate Risk Criteria