

Enterprise Risk Management Direction

TO	Audit and Risk Committee
FROM	Pieter Labuschagne - Risk Manager
DATE	26 February 2019
SUBJECT	Enterprise Risk Management Direction

1 Purpose of Report

To provide the committee of progress made with an overview of Enterprise Risk direction demonstrated through:

- A progress update on the TCDC Enterprise Risk Management Roadmap; and
- Enterprise Risk activities

2 Background

The Audit Committee requested KPMG as Internal Auditors to undertake a high-level assessment of TCDC's existing Enterprise Risk Management (ERM) processes and provide recommendations for improvement. KPMG performed a maturity assessment of TCDC's Risk Management Framework and risk profile during August 2015. They assessed TCDC's risk management journey as heading in the right direction. The results of this review indicate that TCDC's risk maturity is developing from a fairly weak maturity to a more sustainable level.

The report highlighted opportunities to improve the processes to embed risk management in the day-to-day business. The key areas highlighted for improvement were:

- Risk Management Framework, Policies
- Clarity of roles and responsibilities
- Risk Appetite
- Risk Culture
- A robust top-down view of risks
- Risk training.
- Risk reporting to the Leadership Team and Audit and Risk Committee.

KPMG also drafted a Council Risk Appetite late 2016 after they held workshops with Council and the Strategic team, but it was never finalised.

3 Discussion

The earlier reported key areas highlighted for improvement formed the basis for KPMG to develop a detailed roadmap presented to Council in December 2016 to guide the enhancement of TCDC's risk management framework over the next 3 years to achieve a "mature" state. They also assisted TCDC in identifying the short term, medium term and long-term actions to achieve this state. This stalled roadmap was recently refreshed by the Legal, Audit and Risk Group and will be agreed with the business to form the base for future actions taken to embed risk management in TCDC.

The Legal, Audit and Risk Group is now fully established and is working with the organisation in recognition of the strategic importance of ERM and the need to enhance the maturity of risk management at TCDC. It is also recognised that risk management is a journey, to fully achieve a risk management culture that will take time and change management.

The Legal, Audit and Risk Group is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support.

Governance guidance materials will be reviewed regularly to ensure they reflect the needs of the organisation and are compatible with the Council structure having the flexibility to adapt to new and changing structures. New ways to engage with managers and leaders to help with the understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda.

The risk management (and related governance) intranet pages are continually being improved. New training with accompanying companion guidance will be developed and rolled out as indicated in the proposed Enterprise Risk Management Roadmap.

The following activities also contained in the Enterprise Risk Management Roadmap are already underway that demonstrates the progress of Enterprise Risk Management within Council:

- An Enterprise Risk Management Policy was developed and will be implemented shortly
- The Enterprise Risk Management Framework and Guidelines was overhauled and will be re-introduced shortly
- An Enterprise Risk Management Strategy was developed and will be implemented shortly

The Legal, Audit and Risk Group intend to embed risk management into all business activities and decision-making processes through their continued focus placed on change management during discussions with the business. The goal is to create a culture that is conducive to effective risk management through encouraging open and upward communication, sharing of knowledge and best practices, continuous process improvement and a strong commitment to ethical and responsible business behaviour. This journey involves frequent and regular risk management workshops at various levels of the organisation in addition to relevant training.

The Legal, Audit and Risk Group will undertake a Risk Appetite workshop with TCDC leadership during the next quarter and a separate Risk Appetite workshop with Council after the elections. It will ensure an understanding of the risks that Council is prepared to pursue, retain or take hence it is envisaged to refresh the Risk Appetite annually.

4 Suggested Resolution(s)

That the Audit and Risk Committee:

1. Receives the 'Enterprise Risk Management Direction' report, dated 26 February 2019