



Meeting of the Risk and Audit Committee

Date: 1 May 2024
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Attachments Excluded From Agenda

Item	Title	Page
4.	Risk Management update	
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Managing uncertainty effectively

Risk management update for the Risk and Audit Committee

Hawke's Bay Regional Council

May 2024

Update for Council on risk within HBRC

This document provides an update for the Risk and Audit Committee on risk management with Hawkes Bay Regional Council (HBRC), including:

1. How risk management fits within the wider planning, deliver, reporting and governance cycle within HBRC
2. What risk management looks like within other local authorities and the focus taken here to address common needs and challenges
3. Consideration of the top strategic risks as identified by external parties such as public sector monitoring agencies, international consultancies and other local authorities
4. HBRC's strategic risk profile, reflecting sentiment of both ELT and councillors in terms of confidence or concern associated with each of the areas of risk/uncertainty

Section	Purpose
Section 1: Risk management within other territorial local authorities	Provides an overview of how other organisations, particularly territorial local authorities approach risk management and the perspectives of the Office of the Auditor General. Also provides a view of the top strategic risks that others see, as a way of sense-checking the strategic risk profile of HBRC
Section 2: Strategic risk profile	Presents the strategic risk profile as a one page dashboard, heat-mapped to reflect the relative levels of confidence/concern in the eyes of ELT and Council.
Appendix 1: Recap on HBRC's strategic risk approach	Reminder of the logic behind this strategic risk approach, including the concept of the Enterprise Dashboard, supporting One Page Management Plans, confidence/concern assessment approach, and how this fits into the wider planning, delivery and performance reporting cycle

How the strategic risk approach works within HBRC

The appendix to this paper describes how this strategic risk approach works, the concepts and language used and why this approach is being taken.

In short, the purpose is to enable a top down shared view of HBRC strategic risks with transparency as to what each of these risks mean to HBRC and how they are managed, monitored and acted upon.

Deliberately, the language of *risk* is being downplayed and substituted with *uncertainty*. This reflects the definition of risk ('the effect of uncertainty on objectives') and to enable a more balanced pragmatic focus on:

- What is most important to HBRC (our purpose and commitments)
- What could impact on this (uncertainty leading to upside opportunities or downside threats)
- How are we managing this (as described within each of the one-page management plans that support the strategic risk profile)
- What are we confident or concerned about (as an intuitive way of scoring risk)
- What can we live with and what might we need to do something about (as a way of enabling risk-based decision making and resource allocation)

Section 1: Risk elsewhere

Overview of risk approaches, challenges and strategic risks faced by others

Perspective from the Office of the Auditor General

In mid 2021, the Office of the Auditor-General undertook a review of risk management practices across local government. This was in response to disruption resulting from core council infrastructure failures, the impact of climate change, growth pressures, the impact of the covid-19 and wider financial pressures being faced across the sector. In part this was as a follow-up to the 2016 report *Reflections from our audits: Governance and accountability*, that noted that risk management is one of the least mature elements of governance across the public sector.

The points below reflect the key findings from the Office of the Auditor-Generals report – *Our observations on local government risk management practices*, published in October 2021.

Not all councils have a risk management framework	Need to tailor risk management to the needs of the council
Councils had appropriate policies and processes in place	Councils need to focus on achieving consistent risk management practices
Councils should have someone responsible for leading risk management	Councils need to improve the integration of risk management into council activities
Culture is critical to integrating risk management	Staff and elected members need more support and training
Need to distinguish risk aware versus risk averse	Recognise Audit and Risk Committees' important role in risk assurance
Improve elected member confidence in risk management	

What we see elsewhere (other territorial local authorities)

Language

- Traditional language around risk, issue, control, treatment, mitigation, audit, compliance
- Little focus on the central area of uncertainty

Focus

- Very biased to the negative – i.e. the downside of risk
- Blurred distinction between risk, threat, issue

Risk identification

- Detailed risk registers, several dozen to several hundred individual risks
- Often multiple risk registers, topic specific – eg for strategic risk, health & safety risk, cyber risk, project risk, asset risk, operational risk, organisational risk
- Some have risk registers for individual departments / operational areas
- Individual project risk registers for individual projects
- Risks identified through a mix of bottom-up (by topic or operational area) and top down (particularly at the strategic risk level) approaches
- Little distinction between levels of risk – i.e. whether a risk is a risk in its own right, a general category of related risks, or a sub-risk of a wider risk

Long term plan

- Some identification of risk as part of the LTP process, generally at a Group of Activity level
- Disconnect between risks identified in the LTP and supporting risk registers

Risk framework

- Detailed documents describing the Policy and Framework, aligned with ISO31000
- In several cases documents quite dated and not reflecting subsequent organisational changes
- Little awareness or use by staff (outside the risk team)

Risk analysis and evaluation

- Consideration of inherent and residual risk
- Some limited consideration of target risk levels
- mathematical likelihood and impact scoring basis on multi-category risk assessment matrices, generally a rating from 5 to 25
- Limited description of the controls or direct link of the risk to the business processes/activities that address these risks
- Inconsistent analysis of where risks sit with respect to an agreed risk appetite
- Limited use of risk metrics or key risk indicators

Risk reporting

- Mostly quarterly point-in-time risk reporting to the Executive
- Governance reporting on risk generally to the Risk & Audit Committee rather than full Council
- Reporting generally limited to the Top 10 risks, plotted on a 5x5 matrix and with a sentence or two of supporting narrative
- Some use of dashboard reporting
- Separate reporting of Top 10 risks vs topic specific risks such as Health & Safety or Cyber risk
- Risk reports for 'noting' and discussion, not decision making
- Risk reporting often separate and disjointed from monthly or quarterly organization performance reporting

Risk responsibilities

- Mostly dedicated Risk Managers or Head of Risk and Assurance, generally at a tier 3 level
- Some use of Risk Champions across the organization (dotted line reporting to the Head of Risk)
- Ultimate accountability usually with the GM Corporate Services
- Growing use of Independent Chairs for Audit and Risk Committees
- Risk owners sometimes assigned for individual risks (typically at tier 3 or 4 business manager level)

Risk appetite

- Defined in subjective terms, as a point on a spectrum between adverse to open (or similar language)
- Specific appetite points for specific categories of risk (eg reputational, financial, legal, health & safety, etc)
- Little distinction between attitude, appetite, capacity, limits and tolerance
- Some limited use of quantitative risk tolerance boundaries
- Generally a disconnect from the stated risk appetite and 1) point in time performance and 2) decision making

Operating model

- Often a lack of clearly defined 'operating model' describing how the organization operates (aside from the organization structure) from a people, process, technology perspective
- Articulation of key business processes not always in place
- Business processes not consistently described/documented, except where subject to quality management/ISO9001
- Difficult to identify risks across the operating model and controls that address these risks

Lines of defence

- Inconsistent use of a 'three-lines' or similar model to link risk to link operational management to risk management and assurance
- Risk and assurance functions are often combined

Risk and decision making

- Agendas clearly describe the business of Executive and Council meetings
- Papers support key decisions
- Some papers explicitly identify risks relevant to these decisions, but not always
- 'Risk' typically a separate agenda item, for 'noting', disconnected from the rest of the agenda

What does 'good' look like, and what are we doing at HBRC

Good practice expectations for risk management have been described within the *Government Enterprise Risk Management Assurance Framework*, published by the Department of Internal Affairs.

The current and future focus for risk within HBRC is outlined below, aligned to this good practice guide.

Aspect	What good looks like	Current focus	Next steps
Leadership & Direction	Governance, Policy & Accountabilities There is clear accountability and authority for managing risk at the leadership level	<ul style="list-style-type: none"> - Collective accountability of ELT defined for identifying and managing risk across HBRC - ELT Owners and Business Leads assigned for each area of strategic risk - The role of the Risk and Audit Committee defined for governance over the system of risk management 	<ul style="list-style-type: none"> - To update supporting documentation (the Risk Policy and Risk Framework) to reflect current ways of working
	Culture, Innovation & Risk Appetite Leadership promote a culture of risk informed decision making based on a clear understanding of acceptable and unacceptable risk	<ul style="list-style-type: none"> - ELT role modelling risk leadership 	<ul style="list-style-type: none"> - The Risk Appetite Statement to be updated to reflect the expectations of Council
	Continuous Improvement Leadership drive improvements in risk management	<ul style="list-style-type: none"> - This process is driving continuous improvement in risk management, including across strategic, operational and programme/project risk 	<ul style="list-style-type: none"> - Focus on identifying critical controls and ensuring the efficiency and effectiveness of core business processes
People & Development	Roles & Responsibilities - Staff clearly understand their roles and responsibilities for managing risk	<ul style="list-style-type: none"> - Risk related accountabilities have been defined 	<ul style="list-style-type: none"> - Use of internal communication mechanisms to raise awareness and understanding with staff
	Resources, Skills & Training – Resourcing is sufficient and are staff adequately trained and experienced in risk management	<ul style="list-style-type: none"> - With the resignation of the Risk Manager (Helen Marsden), temporary support arrangements are in place while the long term staffing and resource needs are determined 	<ul style="list-style-type: none"> - Appoint a permanent Risk Manager - Bring together those with risk related roles (for example within programme/project delivery) to share concepts, tools and ways of working for risk on a consistent and integrated basis

What does 'good' look like, and what are we doing at HBRC

Aspect	What good looks like	Current focus	Next steps
Processes & Tools	Risk Assessment & Mitigation - There are effective processes in place for the identification, assessment and mitigation of risks	- A programme of workshops undertaken to build one page management plans that assess and mitigate risks	- Embedding practice of ongoing monthly update and confirmation of risk assessments captured within each one-page management plan
	Assurance - There an effective assurance framework in place	- One page management plans explicitly link risk to control and assurance activities - Several sources of assurance including quality management reviews, internal audit reviews, s17a reviews and external financial audit	- Refresh of the assurance framework, based on an industry standard <i>line of defense</i> basis - Identification of critical controls and explicit linking of assurance (both self assessment and internal audit) to critical controls
	Risk Monitoring & Reporting - Risk monitoring and reporting supports decision making and management action	- One page management plans identify relevant metrics to feed into wider organisational performance reporting - The strategic risk profile (Enterprise Dashboard) is provided to ELT monthly	- Increasing alignment and integration of risk reporting and wider management reporting
Business Performance	Strategic Risk Management - There is effective anticipation and management of strategic risks	- This risk approach enables the anticipation and management of strategic risks	- Intention to integrate risk into the strategic planning cycle, as part of the development of the LTP and Annual Plans
	Managing Risk in Partnerships - There are effective arrangements for managing risk with partners	- The focus to date has been to roll out this risk approach, from a top down basis, within HBRC	- To consider how expectations of third parties for risk management will be described and enabled
	Business Resilience - There are effective mechanisms in place to monitor, respond, anticipate and learn from disruptive and extreme events	- Explicit identification of <i>disruption to service</i> as an area of strategic risk - One page management plan developed describing how this is addressed	- To review business continuity planning arrangements to link risk to resilience
	Change & Transformation - There is a portfolio approach to managing risk for significant change initiatives	- This risk approach is being adopted for the NIWE Resilience Programme	- Extension of this risk approach to other major change programmes

Key strategic risks, as identified by others

A review has been undertaken as to the major areas of risk identified by other organisations as a way of validating the strategic risk profile of HBRC.

From this, the following risk themes were identified.

Sources:

- The OAG's report into risk within local government
- DPMC's New Zealand national risk register
- LGNZ's key risks/issues for local government
- Top risk reports for several other major local authorities
- Risk profiles for several central government public sector organisations
- White papers and thought leadership from external professional services consultancies, including PwC, KPMG, EY, Deloitte, AON, Grant Thornton and others, across NZ, Australia and the UK

Very common risk themes were identified. All of these are reflected within the Enterprise Dashboard (strategic risk profile) or supporting One Page Management Plans (risk assessments).

Cyber attacks / data breach / information security	Climate change	Business resilience / continuity / emergency management	Regulation / legislative change	Asset management / asset failure
Economic uncertainty / cost pressures / inflation / funding sustainability	Reputation harm / brand damage	Disruptive technology / AI	Supply chain disruption / depth of market	Societal change / ESG / loss of trust in institutions
Health risks / pandemic	Social inequity	Staff capability and capacity / skill shortages / retention	Geopolitical conflict	Organisational culture and behaviour
Decision making	Fraud / corruption / bribery	Te Tiriti / mana whenua engagement	Strategic relationships / partnerships	Clarity of vision / purpose
Adaption to major change	Natural hazards / earthquake / flood / weather / tsunami	Malicious attack	Programme / project failure	Sector reform

Section 2: Strategic risk profile

HBRC's Enterprise Dashboard as a way of visualising strategic risk in terms of our purpose, success and uncertainty (risk presenting opportunity or threat)

HBRC Enterprise Dashboard: Combined ELT and Council assessment

Purpose:

What matters the most to us...



A healthy environment and a resilient and prosperous community

Trust, confidence and continuing social license to operate...

...from our community, mana whenua, partners and stakeholders...

...resulting from our work to protect and manage the region's precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing and connectivity

Nic

Success:

Success looks like ...

A. We keep our community safe through the work we do

L

Iain

B. We understand the expectations and needs of the community we serve and our plans meet community needs

L

Chris

C. We deliver on the commitments we make

S

Susie

D. We live our values of collaboration, accountability, transparency, integrity and excellence

L

Te Wairama

E. We uphold the principles of Te Tiriti o Waitangi in all that we do

S

Te Wairama

Water
Water quality, safety and climate-resilient security

Land
Climate-smart and sustainable land use

Biodiversity
Healthy, functioning and climate-resilient biodiversity

Infrastructure & Services
Sustainable and climate-resilient services and infrastructure

Uncertainty:

Major areas of uncertainty associated with our role, activities and commitments are...

By uncertainty, this means things that could lead to upside opportunity or downside threat (i.e risk)

1. Effectiveness of Governance and Partnerships <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Katrina</div> </div>	2. Effectiveness of Policy and Regulation <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">M</div> <div style="border: 1px solid black; padding: 2px;">Katrina</div> </div>	3. Effectiveness of integrated catchment management <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	4. Effectiveness of infrastructure asset management <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Chris</div> </div>	5. Effectiveness of emergency management <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">L</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	6. Effectiveness of transport management <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">L</div> <div style="border: 1px solid black; padding: 2px;">Katrina</div> </div>
7. Culture, capability and capacity of people <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">M</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>	8. Capability and capacity of service providers and partners <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">M</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>	9. Effectiveness of technology <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>	10. Health, safety, resilience and wellbeing of people <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Chris</div> </div>	11. Effectiveness of funding and financial management <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">L</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>	12. Effectiveness of programme and project delivery <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">M</div> <div style="border: 1px solid black; padding: 2px;">Chris</div> </div>
13. Coordination and connectedness of activity and decision making across HBRC <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	14. Legislative and regulatory compliance by HBRC <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">M</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>	15. Impact of external change and reform <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Katrina</div> </div>	16. Effectiveness of external partner and stakeholder relationships <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	17. Resilience from disruption to operations <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	18. Effectiveness of investment strategy <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Susie</div> </div>
19. Effectiveness of communication, consultation and engagement <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Te Wairama</div> </div>	20. Our impact on the environment <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">L</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>	21. Security, integrity and privacy of information <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Chris</div> </div>	22. Effectiveness of NIWE Resilience Programme <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">S</div> <div style="border: 1px solid black; padding: 2px;">Iain</div> </div>		

Key:

High confidence G Y A R High concern

High alignment H M S L Low alignment

Accountability for risk at ELT (exec lead) / business level (business lead)

Schedule of planned deep dives

Area	To date	May 24	Jul 24	Oct 24	Feb 25	May 25	Jul 25	Oct 25
A. We keep our community safe through the work we do								
B. We understand the expectations and needs of the community we serve and our plans meet community needs								
C. We deliver on the commitments we make								
D. We live our values of collaboration, accountability, transparency, integrity and excellence								
E. We uphold the principles of Te Tiriti o Waitangi in all that we do								
1. Effectiveness of Governance and Partnerships								
2. Effectiveness of Policy and Regulation								
3. Effectiveness of integrated catchment management								
4. Effectiveness of infrastructure asset management								
5. Effectiveness of emergency management								
6. Effectiveness of transport management								
7. Culture, capability and capacity of people								
8. Capability and capacity of service providers and partners								
9. Effectiveness of technology								
10. Health, safety, resilience and wellbeing of people								
11. Effectiveness of funding and financial management								
12. Effectiveness of programme and project delivery								
13. Coordination and connectedness of activity and decision making across HBRC								
14. Legislative and regulatory compliance by HBRC								
15. Impact of external change and reform								
16. Effectiveness of external partner and stakeholder relationships								
17. Resilience from disruption to operations								
18. Effectiveness of investment strategy								
19. Effectiveness of communication, consultation and engagement								
20. Our impact on the environment								
21. Security, integrity and privacy of information								
22. Effectiveness of the NIWE Resilience Programme								

Appendix 1: Strategic risk approach

Recap on the logic, language and concepts underpinning this approach within HBRC

Strategic risk profile and risk management plans

HBRC Enterprise Dashboard (i.e. risk profile)

A simple one-page visual representation of HBRC's risk profile. Expressed in terms of

- **Purpose:** what do we care about the most?
- **Success:** what does success look like?
- **Uncertainty:** what are the major areas of uncertainty we need to manage effectively to be successful?

The statements on this dashboard (success and uncertainty related to success) represents the major things that matter for HBRC.

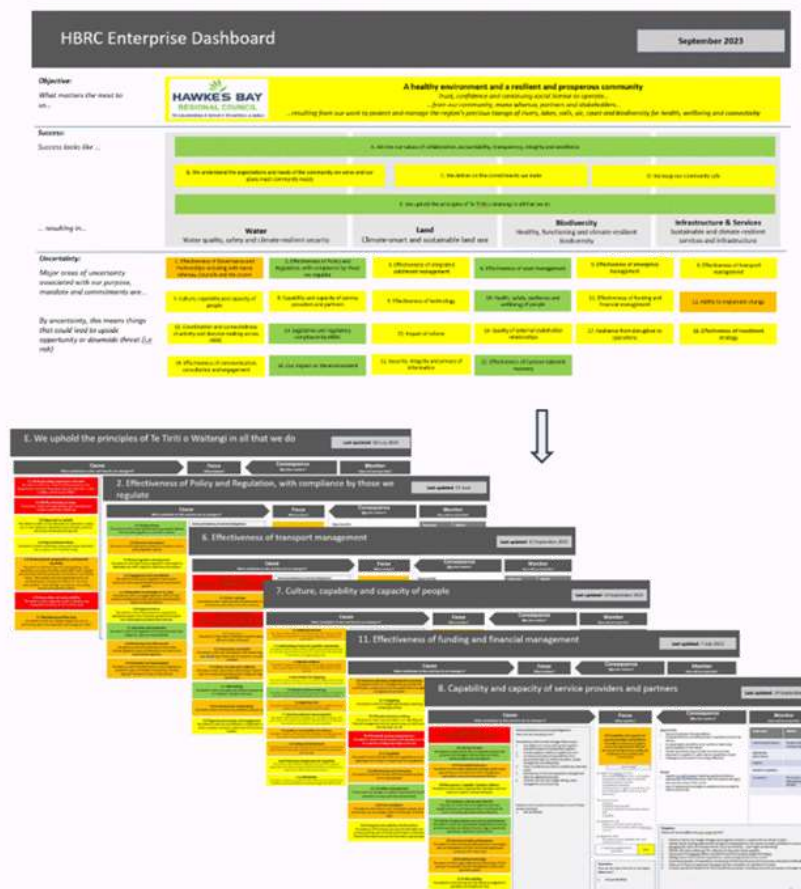
Regular Sentiment Surveys provides a way to represent the collective views of ELT and Council so as to enable focus on areas of collective concern, areas where there are differences of views across ELT/Council, and areas where the risk profile is changing.

One Page Management Plans (i.e. risk management plans)

Each statement is supported by a one-page management plan that provides transparency as to:

- What this area of risk (success or uncertainty) is
- Why this matters (the consequences to HBRC expressed in terms of opportunity or threat)
- What contributes to this (things that might cause this risk to eventuate)
- How this is managed (through management practices and control)
- How this is monitored (and reflecting within regular management reporting)
- Based on the above, what might need to be done differently

During workshops, areas of higher concern (amber or red) were identified and initial response plans developed.



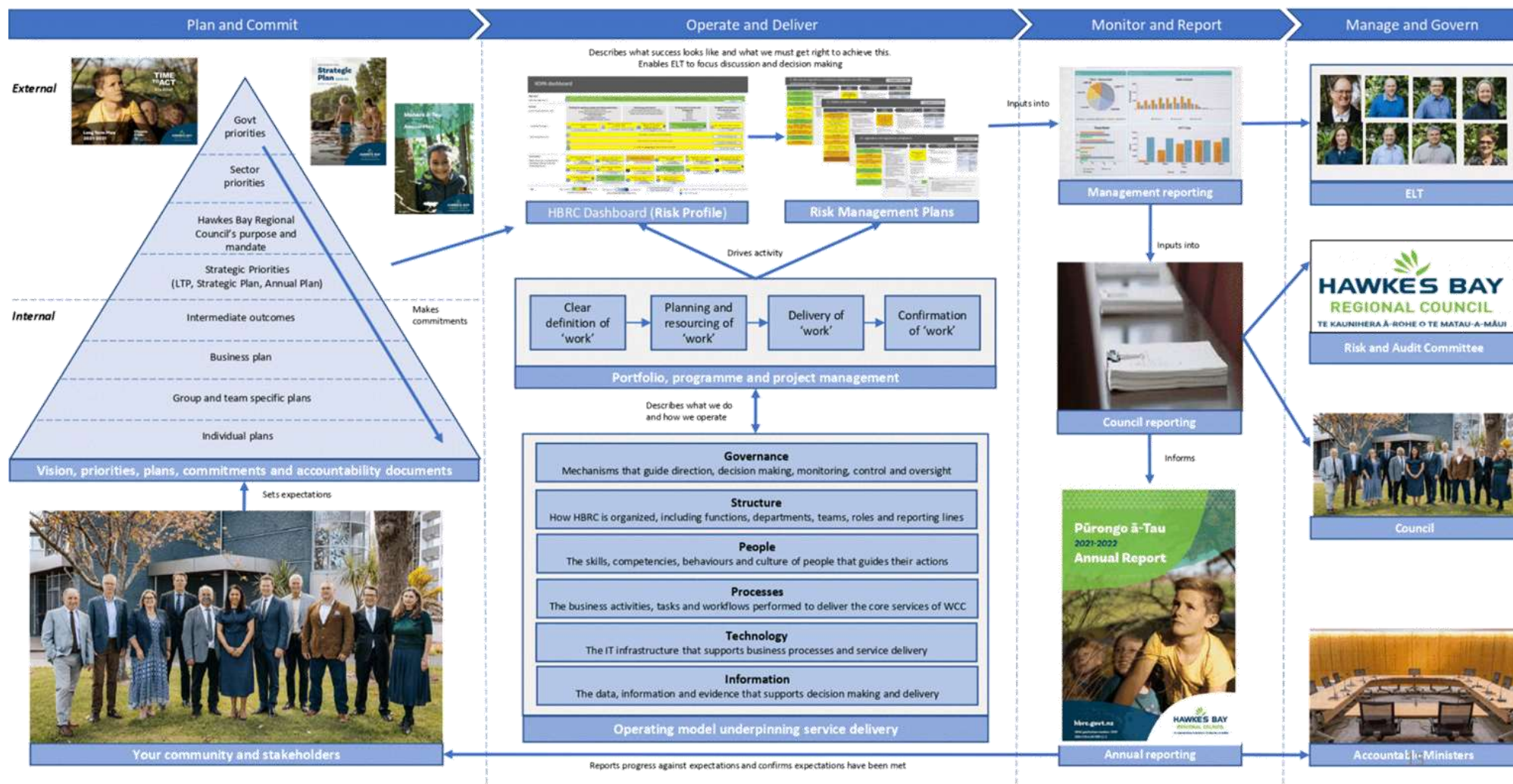
Defining risk in terms of relative confidence or concern

Risk scoring simplified:

- A survey to gauge the relative level of confidence/concern associated with each statement on the HBRC Enterprise Dashboard (risk profile)
- Collective view. Reduces the impact of individual cognitive bias and provides a perspective as to the degree of alignment or divergence of view across the executive and Council
- Enables an equal upside of where focus might be on capturing opportunity (as opposed to solely mitigating risk/threat)

Rating	What this means in terms of threat	...or in terms of uncertainty	... and in terms of opportunity
Red	Extreme risk Very significant potential impact on your organisation's operations, people, rightsholders and wider stakeholder trust and confidence Current management practices (controls/mitigations) insufficient to reduce potential exposure to an acceptable level	Extreme volatility Very uncertain or changeable environment, that presents major downside (threats) or upside (opportunities) Insufficient or ineffective mechanisms to monitor or respond appropriately to the threats or opportunities that may present themselves	Extreme opportunity Very significant areas of opportunity or potential for positive change Current plans, initiative or projects do not fully capture these opportunities and significant gaps exist between what we want to achieve and what we are currently doing to achieve this
<i>Cannot live with this, intervention required as a matter of priority</i>			
Amber	High risk Relatively high level of exposure or impact to your organisation Some controls or mitigations in place however these may not be sufficient to reduce exposure to an acceptable level	High volatility Quite a changeable environment with respect to areas of major priority or commitment to your organisation A lower level of ability to respond quickly than is desirable	High opportunity A relatively high level of opportunity or potential to do things differently Some initiatives in place but may not be sufficient to deliver on our commitments or achieve SOI/business plan objectives
<i>Uncomfortable to live with this and we need to do something different</i>			
Yellow	Moderate risk A reasonable level of risk faced by your organisation but with a level that your are able to respond to Some controls in place, but could do more or uncertain as to the effectiveness of these controls in practice May cause some pain or disruption, potentially could mitigate further, but broadly in line with risk appetite	Moderate volatility Some level of uncertainty or variability faced Reasonable mechanisms to identify and respond to threats or opportunities, should they present themselves	Moderate opportunity A reasonable level of opportunity to do things better, more consistently and effectively Some controls in place, but scope to strengthen, enhance and improve these Reasonable opportunity to increase the level of assurance that what we expect to occur is in place and working effectively
<i>Can live with this but would like to do more</i>			
Green	Low risk Relatively low level of exposure, but not necessarily no risk Confidence that effective management practices and controls in place	Low volatility Highly stable or predictable, little impact on your mandate, commitments or priorities Effective mechanisms identify and respond to change	Low opportunity Major areas of opportunity have been captured Little areas of major improvement or potential for positive change Effective initiatives in place to deliver on commitments
<i>Comfortable to live with this</i>			

Integrating risk into the system of planning, management and governance



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GAP Analysis Report

Report Number: 64-0238003-00G

Date: 30 November 2023

Hawke's Bay Regional Council

Contact: Nancy Barlow

Location: 159 Dalton Street Napier South, Napier 4110

ECAAS Pty Ltd
GPO Box 1818
Auckland 1141

CERTIFICATION SCOPE

STANDARD(S)/CRITERIA

- ISO 45001:2018 Occupational Health and Safety Management System

MANAGEMENT SYSTEM SCOPE

The scope of the management system applies to the Hawke's Bay Regional Council (HBRC) activities that include:

- Collection, storage, and retrieval of relevant data.
- Provision of information based on that data to inform policy and strategy.
- Issuing and monitoring of resource and other consents / approvals as part of regulation, to meet the requirements of relevant legislation.

The provision of local government services to the Hawkes Bay Regional Council from the following teams:

- Environmental Science, Environmental Information, Consents, Compliance and Harbour Master
- Works Group (WG) including Civil Construction, Asset, and Infrastructure Maintenance.

INDUSTRY CODE(S)

7530
7313
3109
7311

AUDIT COMPLIANCE STATEMENT

AUDIT CONDUCT REQUIREMENTS

The audit was satisfactorily conducted in accordance with relevant ECAAS Certification Procedures and the requirements of the following Normative References:

- ISO 17021-1:2015
- ISO 17021-10:2018 (OHSMS)
- IAF MD 4:2023 (ICT)
- ISO 19011:2018

AUDIT OBJECTIVES

The purpose of the Gap Analysis was to identify those areas in the integrated management system that require significant further development before the certification process can be commenced. The gap review is intended to provide the organisation with a better understanding of the current status of its management system, it is not intended to provide a comprehensive listing of all current non-compliances.

During the gap review the following issues were reviewed:

- the client's location and site-specific conditions;
- the client's status and understanding regarding requirements of the standard, in particular with respect to the identification of key performance or significant aspects/hazards, processes, objectives and operation of the management system;
- processes and location(s) of the client, and related statutory and regulatory aspects and compliance (e.g. quality, typical safety risks, etc.)
- the organisation's internal audit process; and
- the organisation's corrective action and management review processes.

During the audit the above audit objectives have been fulfilled.

Client: Hawke's Bay Regional Council
Report: 64-0238003 - 00G
Date: 30/11/23



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AUDIT EXECUTION

AUDIT PLANNING

The purpose of the audit was to review the system's maintenance and compliance with the requirements of the organisation and the standard. A copy of the Audit Plan was provided to you prior to the audit outlining the proposed scope of the audit.

During the Audit, the following deviations from the original Audit Plan had to be made: (please specify any deviations from the audit plan (incl. the reason) and any significant issues that have impacted on the audit program)

- None

AUDIT TEAM

AUDITOR	ROLE	QMS EMS OHSMS	ISIC Codes
Marchand le Roux	Lead Auditor	OHS	7530 7313 3109 7311

AUDIT CONDUCT

The GAP Analysis was conducted remotely on 28 November 2023 - 29 November 2023 and included a review of documentation, operations and staff interviews. The GAP Analysis included a review of documentation, site survey and interviews.

ATTENDANCE REGISTER

PARTICIPANT	ROLE	Opening Meeting	Closing Meeting
Nancy Barlow	Health, Safety & Wellbeing Senior Advisor	X	X
Kirsty McInnes	Team leader Health, Safety & Wellbeing	X	X

INTERVIEWED

PARTICIPANT	ROLE
Nancy Barlow	Health, Safety & Wellbeing Senior Advisor
Kirsty McInnes	Team leader Health, Safety & Wellbeing

EXECUTIVE SUMMARY

IDENTIFIED ISSUES

Issues requiring attention that were identified during the gap review are detailed in Attachment 1 of this report.

Please note that the findings are based on a sample of issues reviewed and should not be interpreted as an exhaustive summary of all non-conformities of the system.

Please do not hesitate to contact us if you have any queries about the report or what steps you are required to take before the certification process can formally commence.

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ATTACHMENT 1: GAP ANALYSIS FINDINGS

Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
4.1	Internal/External Issues				The scope document (4.3 HSMS Scope) was presented however this provides an overview of the organisation and does not include specific internal and external issues as required. A process to determine and monitor these issues still needs to be established.
4.2	Interested Parties				The scope document (4.3 HSMS Scope) was presented however this provides an overview of the organisation and does not include specific interested parties or their needs and expectations as required. A process to determine and monitor the requirements of these parties still needs to be established.
4.3	Scope Suitability				The scope document (4.3 HSMS Scope) was established however it currently only provided an overview of the activities of the organisation and it did not include any details of the boundaries and applicability of the OH&S management system.
4.4	Management system and its processes				The Management system and its processes were documented in the HBRC HSMS August 2022
5.1	Leadership and Commitment				It was clear that the management system still required more work and strong leadership would be required to ensure the management system is established and can achieve the outcomes required.
5.2	Policy				<p>The Health and Safety Policy Statement was documented in Section 1.1 on page 7 of the HBRC HSMS August 2022</p> <p>Gaps:</p> <p>The commitment to provide safe and healthy working conditions for the prevention of work-related injury and ill health could be better worded. "Striving to" is not the same as "committing to"</p> <p>The commitment to continual improvement of the OH&S management system could be included as the current commitment is limited to safety management practices: "Hawkes Bay Regional Council's health and safety management practices will be subject to continuous improvement processes."</p>

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Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
					<p>The commitment to eliminate hazards and reduce OH&S risks could be added and the current commitment is limited to Identify and manage risks and hazards.</p> <p>The wording related to providing a framework for setting the OH&S objectives could be build out.</p> <p>A commitment to consultation and participation of workers, and, where they exist, workers' representatives was not yet included in the policy statement.</p> <p>The Following commitments was clearly visible: c) includes a commitment to fulfil legal requirements and other requirements;</p>
5.3	Roles, Responsibilities and Authorities				<p>General responsibilities related to health and safety were communicated through Job Descriptions.</p> <p>The Job Descriptions of the HSL Team Leader and the HSW Advisor did not yet include the specific responsibilities related to implementation and reporting of performance in relation to ISO 45001:2018.</p> <p>Top management has not yet assigned the responsibility and authority for: a) ensuring that the OH&S management system conforms to the requirements of ISO 45001:2018; b) reporting on the performance of the OH&S management system to top management.</p>
5.4	Consultation and Participation				<p>The HSW Committee meeting was established.</p> <p>However, the additional topics requiring consultation and participation as specified by ISO 45001:2018 still needs to be included: The following is required: d) emphasize the consultation of non-managerial workers on the following: 1) determining the needs and expectations of interested parties (see 4.2); 2) establishing the OH&S policy (see 5.2);</p>

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Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
					<p>3) assigning organizational roles, responsibilities and authorities, as applicable (see 5.3);</p> <p>4) determining how to fulfil legal requirements and other requirements (see 6.1.3);</p> <p>5) establishing OH&S objectives and planning to achieve them (see 6.2);</p> <p>6) determining applicable controls for outsourcing, procurement and contractors (see 8.1.4);</p> <p>7) determining what needs to be monitored, measured and evaluated (see 9.1);</p> <p>8) planning, establishing, implementing and maintaining an audit programme(s) (see 9.2.2);</p> <p>9) ensuring continual improvement (see 10.3);</p> <p>e) emphasize the participation of non-managerial workers in the following:</p> <p>1) determining the mechanisms for their consultation and participation;</p> <p>2) identifying hazards and assessing risks and opportunities (see 6.1.1 and 6.1.2);</p> <p>3) determining actions to eliminate hazards and reduce OH&S risks (see 6.1.4);</p> <p>4) determining competence requirements, training needs, training and evaluating training (see 7.2);</p> <p>5) determining what needs to be communicated and how this will be done (see 7.4);</p> <p>6) determining control measures and their effective implementation and use (see 8.1, 8.1.3 and 8.2);</p> <p>7) investigating incidents and nonconformities and determining corrective actions (see 10.2).</p>
6.1.1	Risk and Opportunities				HSRWP Risk Assessment and Risk Maturity process from 25 September 2023 determined risks and opportunities.
6.1.2	Hazard identification and assessment of risks and opportunities				HBRC Organisational Risk Assessment June 2022 was established and identified Hazards, Risks and controls. Improvement opportunities/suggestions was made through Section reports.
6.1.3	Determination of legal requirements and other requirements				The scope document (4.3 HSMS Scope) Included a list of applicable legislation, however the applicable requirements was not currently documented. Once identified the organisation needs to determine how these legal requirements and other requirements apply to the organization and what needs to be communicated, as well as take these legal requirements and other requirements

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Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
					into account when establishing, implementing, maintaining and continually improving its OH&S management system.
6.2	Objectives and Planning				Although a safety strategy and HSW workplan was established, the organisation has not yet established OH&S objectives at relevant functions and levels in order to maintain and continually improve the OH&S management system and OH&S performance. Planning related to objectives would also need to be completed once objectives have been established.
7.1	Resources				Resources were being provided for the implementation of the Safety management system. A Health, Safety & Wellbeing Team leader and Senior Advisor was appointed to establish and implement the safety management system. Systems and equipment were also being provided as required.
7.2	Competence				Competency requirements was determined by line management and was listed in Job Descriptions. Records of competency was recorded in the Hazmate system. Training module – HSW Driving LUV (Side by side) Training register.
7.3	Awareness				Awareness of the Safety Management system was raised through Inductions, onboarding, the Hub (Intranet), Internal Notice Board, Team connect meetings, all staff meetings.
7.4	Communication				Various processes and examples of internal and external communication was sighted during the review, however a formal process to identify and plan the implementation of the communication requirements still needs to be established. Examples sighted included: Communication plans – Project Land Campaign land categorisation Health and Safety Forum 14 November 2023 HBRC HSMS August 2022, section 6.2.1 Notifiable Illness or Injury Team meetings and emails
7.5	Documentation				A document control procedure was in the process of being developed to provide guidance on how document control was managed in the organisation. Documents was currently loaded into and accessed through the organisations Sharepoint.

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Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
8.1.1	Operational Planning and Control				The organisation identified operational controls and the organisation policies (Motor Vehicle Use and Safety Driving Policy 17/11/2022, Test and Tag policy 27/11/2023, lone isolated worker emergency alert device use policy 05/07/2023. Codes of practice and work methods that included: Waterweed cutting operations September 2023, Use of LUV's July 2023, Burning rubbish piles.
8.1.2	Eliminating hazards and reducing OH&S risks				The hierarchy of control did not currently include the consideration of the reorganisation of work. The hierarchy of control was documented in section 3.2 Risk Hierarchy of Control, of the HBRC HSMS August 2022.
8.1.3	Management of change				A change management process still needs to be established.
8.1.4	Procurement				Procurement Policy September 2023 was established and contained details in section 5.10 of Health and Safety requirements. The policy also included details of contractor and outsourced activities.
8.2	Emergency preparedness and response				Element 7 of the HBRC HSMS August 2022, Emergency Response Emergency management programmes and emergency management plans was established. Training and testing records was also sighted.
9.1.1	Monitoring, Measurement, Analysis and Evaluation				Although safety performance information was available and reported on a Monthly and Quarterly basis the planning related to monitoring and measurement was still in the process of being formally established. The organization shall determine: a) what needs to be monitored and measured, including: 1) the extent to which legal requirements and other requirements are fulfilled; 2) its activities and operations related to identified hazards, risks and opportunities; 3) progress towards achievement of the organization's OH&S objectives; 4) effectiveness of operational and other controls;

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Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
					<p>b) the methods for monitoring, measurement, analysis and performance evaluation, as applicable, to ensure valid results;</p> <p>c) the criteria against which the organization will evaluate its OH&S performance;</p> <p>d) when the monitoring and measuring shall be performed;</p> <p>e) when the results from monitoring and measurement shall be analysed, evaluated and communicated.</p>
9.1.2	Evaluation of compliance				A process to evaluate and document compliance with legal and other requirements still needs to be established.
9.2	Internal Audit				<p>The last HSW internal review was done in detail, however the review was conducted against the ACC Workplace Safety Management Practices (WSMP) Audit Standard and not against the requirements of ISO 45001.</p> <p>The audit program needs to be updated to reflect the requirements on ISO 45001:2018 Section 9.2.2.</p> <p>Note - It's important to select auditors and conduct audits to ensure objectivity and the impartiality of the audit process. Currently done by the Health, Safety & Wellbeing Senior Advisor.</p>
9.3	Management Review				<p>The Executive Leadership Team in conjunction with HSW should review the HSMS</p> <p>Annually, however this was not done over the last period. The Management review requirements was documented in Section 9.3 on page 40 of the HBRC HSMS August 2022. The agenda items listed would need to be updated and aligned with the input requirements listed in section 9.3 of ISO 45001:2018. The method for documenting the required outputs also still need to be establish.</p>
10.2	Incidents, Nonconformities and Corrective Actions				<p>Incidents was reported using a SharePoint link/ Form and details was recorded on the Consolidated incident report.</p> <p>Sighted: 20230314 Consolidated incident report 1 Dec to 1 March</p>

Clause	Description	Meet Requirements	Partially meet requirements	Do not meet requirements	Comment
					Non-Conformances other than those identified during the internal review are not currently being identified and recorded.
10.1, 10.3	Continual Improvement				Improvements was identified as part of the incident reporting and review process. Improvement suggestions could also be made through section reports. The non-conformance process and Management review still needs to be established to drive further continual improvement.

AUDIT FINDINGS

1. Internal/External Issues - The scope document (4.3 HSMS Scope) was presented however this provides an overview of the organisation and does not include specific internal and external issues as required. A process to determine and monitor these issues still needs to be established. (4.1)
2. Interested Parties - The scope document (4.3 HSMS Scope) was presented however this provides an overview of the organisation and does not include specific interested parties or their needs and expectations as required. A process to determine and monitor the requirements of these parties still needs to be established. (4.2)
3. Scope Suitability - The scope document (4.3 HSMS Scope) was established however it currently only provided an overview of the activities of the organisation and it did not include any details of the boundaries and applicability of the OH&S management system. (4.3)
4. Leadership and Commitment - It was clear that the management system still required more work and strong leadership would be required to ensure the management system is established and can achieve the outcomes required. (5.1)
5. Policy - The Health and Safety Policy Statement was documented in Section 1.1 on page 7 of the HBRC HSMS August 2022. However the following gaps were identified:
 - The commitment to provide safe and healthy working conditions for the prevention of work-related injury and ill health could be better worded. "Striving to" is not the same as "committing to"
 - The commitment to continual improvement of the OH&S management system could be included as the current commitment is limited to safety management practices: "Hawkes Bay Regional Council's health and safety management practices will be subject to continuous improvement processes."
 - The commitment to eliminate hazards and reduce OH&S risks could be added and the current commitment is limited to Identify and manage risks and hazards.
 - The wording related to providing a framework for setting the OH&S objectives could be built out.
 - A commitment to consultation and participation of workers, and, where they exist, workers' representatives was not yet included in the policy statement. (5.2)
6. Roles, Responsibilities and Authorities - General responsibilities related to health and safety was communicated through Job Descriptions, however the Job Descriptions of the HSL Team Leader and the HSW Advisor did not yet include the specific responsibilities related to implementation and reporting of performance in relation to ISO 45001:2018. (5.3)
7. Consultation and Participation (5.4) - The HSW Committee meeting was established, however the additional topic requiring consultation and participation as specified by ISO 45001:2018 still needs to include:

The following is required:

d) emphasize the consultation of non-managerial workers on the following:

- 1) determining the needs and expectations of interested parties (see 4.2);
- 2) establishing the OH&S policy (see 5.2);
- 3) assigning organizational roles, responsibilities and authorities, as applicable (see 5.3);
- 4) determining how to fulfil legal requirements and other requirements (see 6.1.3);
- 5) establishing OH&S objectives and planning to achieve them (see 6.2);
- 6) determining applicable controls for outsourcing, procurement and contractors (see 8.1.4);
- 7) determining what needs to be monitored, measured and evaluated (see 9.1);
- 8) planning, establishing, implementing and maintaining an audit programme(s) (see 9.2.2);
- 9) ensuring continual improvement (see 10.3);

e) emphasize the participation of non-managerial workers in the following:

- 1) determining the mechanisms for their consultation and participation;
- 2) identifying hazards and assessing risks and opportunities (see 6.1.1 and 6.1.2);
- 3) determining actions to eliminate hazards and reduce OH&S risks (see 6.1.4);
- 4) determining competence requirements, training needs, training and evaluating training (see 7.2);
- 5) determining what needs to be communicated and how this will be done (see 7.4);
- 6) determining control measures and their effective implementation and use (see 8.1, 8.1.3 and 8.2);

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- 7) investigating incidents and nonconformities and determining corrective actions (see 10.2).
8. Determination of legal requirements and other requirements - The scope document (4.3 HSMS Scope) included a list of applicable legislation; however, the applicable requirements were not currently documented. Once identified the organisation needs to determine how these legal requirements and other requirements apply to the organization and what needs to be communicated, as well as take these legal requirements and other requirements into account when establishing, implementing, maintaining and continually improving its OH&S management system. (6.1.2)
9. Objectives and Planning - Although a safety strategy and HSW workplan was established, the organisation has not yet established OH&S objectives at relevant functions and levels in order to maintain and continually improve the OH&S management system and OH&S performance. Planning related to objectives would also need to be completed once objectives have been established. (6.2)
10. Documentation - A document control procedure was in the process of being developed to provide guidance on document control was managed in the organisation. Documents was currently loaded into and accessed through the organisations Sharepoint. (7.5)
11. The hierarchy of control did not currently include the consideration of the reorganisation of work. The hierarchy of control was documented in section 3.2 Risk Hierarchy of Control, of the HBRC HSMS August 2022. (8.1.2)
12. Management of change - A change management process still needs to be established. (8.1.3)
13. Monitoring, Measurement, Analysis and Evaluation - Although safety performance information was available and reported on Monthly and Quarterly the planning related to monitoring and measurement was still in the process of being formally established. (9.1)
- The organization shall determine:
- a) what needs to be monitored and measured, including:
 - 1) the extent to which legal requirements and other requirements are fulfilled;
 - 2) its activities and operations related to identified hazards, risks and opportunities;
 - 3) progress towards achievement of the organization's OH&S objectives;
 - 4) effectiveness of operational and other controls;
 - b) the methods for monitoring, measurement, analysis and performance evaluation, as applicable, to ensure valid results;
 - c) the criteria against which the organization will evaluate its OH&S performance;
 - d) when the monitoring and measuring shall be performed;
 - e) when the results from monitoring and measurement shall be analysed, evaluated and communicated.
14. Evaluation of compliance - A process to evaluation and document compliance with legal and other requirements still needs to be established. (9.1.2)
15. Internal Audit - The last HSW internal review was done in detail, however the review was conducted against the ACC Workplace Safety Management Practices (WSMP) Audit Standard and not against the requirements of ISO 45001. (9.2)
- The audit program needs to be updated to reflect the requirements on ISO 45001:2018 Section 9.2.2.
Note - It's important to select auditors and conduct audits to ensure objectivity and the impartiality of the audit process. Currently done by the Health, Safety & Wellbeing Senior Advisor.
16. Management Review - The Executive Leadership Team in conjunction with HSW should review the HSMS Annually, however this was not done over the last period. The Management review requirements was documented in Section 9.3 on page 40 of the HBRC HSMS August 2022. The agenda items listed would need to be updated and aligned with the input requirements listed in section 9.3 of ISO 45001:2018. The method for documenting the required outputs also still need to be establish. (9.3)
17. Incidents, Nonconformities and Corrective Actions) - Non-Conformances other than those identified during the internal review are not currently being identified and recorded. (10.2)
18. Continual Improvement - Improvements was identified as part of the incident reporting and review process. Improvement suggestions could also be made through section reports. The non-conformance process and Management review still needs to be established to drive further continual improvement. (10.3)

DISCLAIMER

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