

Audit, Finance & Risk Committee

8 July 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Assurance, Finance & Risk

Title | Taitara: Assurance & Risk Update July 2025

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide a governance update regarding the status of the Queenstown Lakes District Council (QLDC) risk context and the overall programme of works being undertaken within the Assurance and Risk Team.

Recommendation | Kā Tūtohuka

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

Prepared by:



Name: Gareth Noble

Title: Risk & Compliance Manager

Reviewed and Authorised by:



Name: Katherine Harbrow

Title: General Manager Assurance, Finance & Risk

Context | Horopaki

1. This report seeks to support the governance role of the Audit, Finance & Risk Committee by providing an update on the following topics:
 - A. Material changes in Council risk context; and
 - B. Assurance & Risk Work Programme

Analysis and Advice | Tatāritaka me kā Tohutohu

A. Material Changes in Council Risk Context

2. During the reporting period, the Assurance and Risk Team commenced fourth quarter (Q4) risk review meetings with Tier 3 Managers to identify emerging risks, review existing risks and to document treatment plans. At these meetings, external compliance obligations (legislative requirements) are also discussed with managers.
3. At the time of writing, the TechOne Risk Register has 34 Tier 1 Risks (↔1), 302 Tier 2 Risks (↓55), 183 treatment plans (↑36), associated with 277 risks (↑59 - increase in risks with active treatment plans). **Attachment A** provides a summary of Tier 1 risks recorded in the TechOne Risk Register. There have been no material changes in QLDC's risk profile during the reporting period.
4. Despite no material changes in risk profile, during the reporting period, an improved understanding of existing risks has been developed. On 26 May 2025 the Council considered options for the arrangements for delivering water services, in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024. Consultation on delivery models closed on 29 June 2025. This context is captured within RISK10021 'Ineffective operations and maintenance of property or infrastructure assets'. This risk has been assessed as having a very high residual risk rating. As outlined in the Council report of 26 May 2025 'The changes to the regulatory environment for water services are designed to mitigate this risk'. This risk remains very high.
5. QLDC's risk register captures the potential impact of the global and national risk landscape. These are captured at a macro level (Tier 1) and in all cases have connected Tier 2 risks. The material Tier 1 risks drivers that have specifically been considered during this reporting period include:
 - Central Government reforms' impact on Council achieving its objectives (RISK10019 – remains moderate)
 - Economic impacts and prosperity (RISK10003 – remains high)
 - Health, safety or wellbeing incident affecting employee (RISK10032 – remains moderate) and health, safety or wellbeing incident affecting member of the public (RISK10048 – remains moderate) specifically in relation to threatening behaviours. A 'Managing Unreasonable Conduct' Guide has been implemented.

6. A number of operational Tier 2 risks have also been identified this reporting period and are currently being analysed. Should these risks be determined to have a material effect on Council's risk profile, they will be reported to the Audit, Finance & Risk Committee at the appropriate time:
- Loss of integrity of our Property and Infrastructure assets (control, visibility and/or data integrity) (RISK200049)
 - During a review of QLDC's information technology (IT) controls as part of quarterly risk workshops, consideration was given to controls relating to operational technology (OT- technology supporting infrastructure assets and facilities), and it was determined that there may be different risks associated with IT and OT and a new risk was documented. An analysis of the new risk is currently being undertaken considering existing controls.
 - Lack of clearly defined Second Line Assurance roles and responsibilities (RISK200051)
 - Item 12 'Internal Audit Report July 2025' of this agenda, reports on the findings of internal audits undertaken between April and June 2025. In considering the findings, a new risk has been recorded relating to clarity regarding responsibilities for Second Line Assurance. An analysis of the new risk is currently being undertaken.

B. Assurance & Risk Work Programme

7. The Risk Management Policy v.4 was adopted at the 20 March 2025 Council meeting. The Policy will be reviewed when the Audit, Finance & Risk Committee Terms of Reference are agreed at the commencement of the next triennium.
8. Further changes to the Risk Register and associated Risk Register Dashboard are currently being implemented and are expected to be 'live' by the end of 2025. These changes will implement workflow enabling officers to propose changes to existing risk details and treatment plans, as well as identifying emerging risks. The workflow will provide for proposed changes to be considered by the Assurance & Risk Team, prior to being approved by the relevant Risk Owner or Manager. Only once approved will new risks or changes to risk details be visible in the Risk Register Dashboard. The proposed changes will provide increased maturity in the management of risks, providing greater ownership of risk data. Currently amendments to the risk register can only be made by the Assurance & Risk Team.
9. An update of the External Mandatory Obligations Register was released in May 2025, and a Policy Dashboard (mandatory internal obligations) was released in June 2025. A Compliance Management Policy has been drafted and is currently being reviewed internally. It is anticipated that the Policy will be considered by the Audit, Finance & Risk Committee in late 2025.
10. Item 12 'Internal Audit Report July 2025' of this agenda reports on the findings of internal audits undertaken between April and June 2025 and provides the forward programme for internal audit. Item 11 'Insurance Update July 2025' of this agenda reports on the April insurance renewal.

11. Options have not been presented as this report is for noting purposes only.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

12. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it will not:

- significantly impact on the environment, culture, and people of the district
- significantly affect individuals, organisations, groups, and sectors in the community
- be inconsistent with existing policy and strategy
- significantly impact the objectives set out in the Financial Strategy, Long Term Plan and Annual Plan.

Māori Consultation | Iwi Rūnaka

13. As the significance of this matter is low, no consultation with the community or local iwi is required.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

14. This matter relates to the management of all Strategic and Operational risks that are documented within the QLDC Risk Register. The QLDC Risk Management Framework and risk management maturity work programme helps to support the development of a more engaged and capable resilience culture across the Council, leading to more effective risk identification, evaluation, and mitigation outcomes.

Financial Implications | Kā Riteka ā-Pūtea

15. There are no financial implications associated with this matter.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

16. The following Council policies, strategies and bylaws were considered:

- Our Vision and Mission - QLDC — considered during risk identification, analysis, evaluation and treatment planning.
- QLDC Risk Management Policy
- Climate Action Plan
- QLDC Long Term Plan
- QLDC Spatial Plan
- 30 Year Infrastructure Strategy

17. The recommended option is consistent with the principles set out in the Risk Management Policy.

18. This matter supports the Long Term/Annual Plans through ensuring that effective mitigations are in place that support risks that could impact plan objectives.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

19. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The recommendation in this report is appropriate and within the ambit of Section 10 of the Act because a Risk Management Framework supports QLDC in achieving its strategic and operational objectives.

20. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Tier 1 Risk Summary
---	---------------------