

Audit, Finance & Risk Committee

12 September 2024

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

Department: Assurance, Finance & Risk

Title | Taitara: Risk & Compliance Update September 2024

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 and compliance context, an update on the development of QLDC's insurance strategy, and the overall programme of works being undertaken within the Risk & Compliance Team.

Executive Summary | Whakarāpopototaka Matua

During the reporting period, the Risk & Compliance Team continued to meet with Tier 3 Managers to identify emerging risks, review existing risks, and document treatment plans. At these meetings external compliance obligations (legislative requirements) were also discussed with Managers. The Risk & Compliance Team will continue to meet regularly (approximately every 3 monthly) with Tier 3 Managers and Organisation Units to update risks and develop treatment plans based on priority.

At the time of writing, the TechOne Risk Register has 34 Tier 1 Risks, 362 Tier 2 Risks, 63 treatment plans, associated with 74 risks, with 64 identified controls, of which 35 controls have been fully implemented. The TechOne Risk register has been updated to incorporate improved management of risk data, including treatment plans and control tasks enabling improved tracking of risk mitigation activities. The development and documentation of treatment plans has been prioritised based on risk level. **Attachment A** provides a summary of Tier 1 risks recorded in the TechOne Risk Register.

During this reporting period a change was made to the description of RISK10021 'Ineffective operations, maintenance or renewal of property or infrastructure assets leading to failure(s)', to more appropriately reflect the nature of the risk. The risk rating 'very high' has been maintained.

This report provides an overview of significant changes to the Council risk context and/or update on treatment planning. In early 2021, QLDC became aware of a failure in the operation of the Shotover wastewater disposal field. The current field is not functioning in accordance with the original design nor the associated resource consent for discharges to land. The non-performance has led to permanent standing water and the occasional discharge of treated effluent beyond the designated disposal area. A review of the risks associated with the operation of the plant and disposal field are considered in this report.

An update on the implementation of risk treatment plans in relation to wildfire risks is also provided which outlines the controls that have been implemented to reduce the risk of fires and controls that reduce the number of users in reserves during periods of extreme fire conditions.

In April, the Chief Executive approved the Internal Assurance Plan January 2024 - June 2025, which was reported to the Audit, Finance & Risk Committee in June 2024. The Audit, Finance & Risk Committee also considered the Fraud Control Plan. The findings and recommendations of internal audits, and activities in accordance with the Fraud Control Plan are outlined in the Internal Audit Report - September 2024 (this Agenda).

The Risk & Compliance Team has taken ownership of the Protected Disclosures (Protection of Whistleblowers) Policy (the Policy) from People & Capability. The Policy has been reviewed and updated to ensure it is fit for purpose and to reflect the Protected Disclosures (Protection of Whistleblowers) Act 2022, which has come into force since the previous version of the Policy was adopted. Additional reporting guidance and associated tools have also been developed and the final Policy will be reported to the Audit, Finance and Risk Committee for review and endorsement, with a recommendation for adoption by Council, prior to the Policy being implemented.

Due to ongoing national and international circumstances impacting insurance premiums, QLDC has recruited a Senior Insurance Advisor, on a 6-month fixed term basis, to complete a detailed review of insurance policies, associated claims history and develop QLDC's insurance strategy. Recommendations from that review, will be reported to the Audit, Finance & Risk Committee. Following an open tender, on the 27th June 2024, Council delegated to the Chief Executive the power to enter into a contract with Aon for insurance brokerage services which includes the provision of associated insurance policies (for a maximum term of 5 years). A contract is now in place for brokerage services and the Risk & Compliance Team are working with Aon in preparation for the November liability and natural catastrophe cover (infrastructure) insurance policies.

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

22 August 2024

Reviewed and Authorised by:



Name: Stewart Burns
Title: Assurance, Finance & Risk General Manager
20 August 2024

Context | Horopaki

1. This report seeks to support the governance role of the Audit, Finance & Risk Committee by providing updates on the following topics:
 - A. QLDC Risk Management Framework
 - B. Significant Changes to Council Risk Context/update on treatment planning
 - C. Compliance Obligation Register
 - E. Fraud Control Plan and Protected Disclosures (Protection of Whistleblowers) Policy
 - F. Insurance Strategy
 - G. Risk & Compliance Team work programme
 - H. Procurement Team

Analysis and Advice | Tatāritaka me kā Tohutohu

2. The purpose of this report is to provide a governance update regarding the status of the Queenstown Lakes District Council (QLDC) risk and compliance context, an update on the development of QLDC's insurance strategy, and the overall programme of works being undertaken within the Risk & Compliance Team. This report does not require any decisions, but its intent is to provide advice and obtain feedback and guidance from the Audit, Finance & Risk Committee (the Committee), in accordance with the objectives of the Committee, including assisting the Committee to discharge its responsibilities for:
 - the robustness of the internal control framework and financial management practices;
 - the integrity and appropriateness of internal reporting and accountability arrangements;
 - the robustness of risk management systems, processes and practices;
 - compliance with applicable laws, regulations;
 - standards and best practice guidelines; and
 - the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.
- A. QLDC Risk Management Framework**
3. Since the last report, the Risk & Compliance Team has continued to work with Tier 3 managers to identify emerging risks, review existing risks, and document treatment plans. At these meetings external compliance obligations (legislative requirements) were also discussed with Managers. The Risk & Compliance Team will continue to meet regularly (approximately every 3 monthly) with Tier 3 Managers and Organisation Units to update risks and develop treatment plans based on priority.
4. Currently, the TechOne Risk Register has 34 Tier 1 Risks, 362 Tier 2 Risks, 63 treatment plans, associated with 74 risks, with 64 identified controls, of which 35 controls have been fully implemented. As summarised in **Attachment A**, of 34 Tier 1 Risks, two have a residual risk rating that is 'very high'; RISK10013 'unexpected change in cost or funding' and RISK10021 'Ineffective operations, maintenance or renewal of property or infrastructure assets leading to failure(s)'.

5. Both RISK10013 and RISK10021 have treatment plans in place, with current and future controls to mitigate the level of risk exposure. Controls relating to RISK100013, ‘unexpected change in cost or funding’ include the implementation of a ‘P3M3 roadmap’ (Portfolio, Programme, Project Management Maturity Model), with several activities to improve QLDC’s P3M3 maturity. In addition, the Finance Team implemented a Capital Assurance Framework, to review the ‘readiness’ of projects prior to their incorporation into the consultation draft 2024-2034 Long Term Plan. The Capital Assurance Framework will also be implemented during the development of Annual Plans. Other controls include the continued development of programme and project delivery frameworks, including the use of quantity surveying consultants in the development of project budgets.

6. As presented to the Audit, Finance & Risk Committee on 11 June 2024, Deloitte’s Audit of the draft Consultation Document and underlying information from the draft Long Term Plan 2024-2034, confirmed that capital programme ‘do-ability’ did not need to be an emphasis of matter. Two key strategies were considered by Deloitte, QLDC’s Financial Strategy and 30 Year Infrastructure Strategy and there were no material findings to report to the Committee. Significant assumptions were tested and worked through with the subject matter experts. The auditors commented on risks related to assumptions regarding funding from New Zealand Transport Agency Waka Kotahi and the forecasting of debt levels. Given the continuation of cost uncertainty (market volatility), and the need for new processes to be embedded, the risk level currently remains unchanged (very high).

7. During this reporting period a change was made to RISK10021. The risk rating ‘very high’ has been maintained, but the risk description has been amended as follows:

RISK10021	Short description	Long description
Previous Description	Ineffective operations and maintenance of property or infrastructure assets	There is a chance that QLDC fails to maintain or adequately operate its property or infrastructure assets to a minimum standard due to insufficient or inadequate planning of the operations and maintenance programme, or ineffective operations and maintenance service delivery will result in a failure of property or infrastructure services, a loss of community services, damage to Council assets, the environment or private property
Current description (updated 19/08/24)	Ineffective operations, maintenance or renewal of property or infrastructure assets leading to failure(s).	There is a chance that QLDC fails to effectively operate, maintain or renew its property or infrastructure assets to a minimum standard due to ineffective or inadequate planning, investment, and/or service delivery of the operations, maintenance and renewal programmes, will result in a failure of property or infrastructure services, a loss of community services, damage to Council assets, the environment or private property.

8. The risk level will continue to be reviewed to ensure that the rating is reflective of the effectiveness of existing and planned controls.
9. Further upgrades to the Risk Register are due to be implemented later this year. These upgrades will provide for better workflow, enabling risk owners and responsible officers to better manage their own risks and associated documentation of treatment planning. Currently, many treatment plans are summarised in the TechOne Risk Register (often with documents attached), with more detailed information being held elsewhere (e.g. Sentient PPM, QLDC's 'Portfolio Program Management' system).

B. Significant Changes to Council Risk Context/update on treatment planning

Risk Update: Failure in the operation of the Shotover wastewater disposal field

10. In early 2021, QLDC became aware of a failure in the operation of the Shotover wastewater disposal field. The current field is not functioning in accordance with the original design nor the associated resource consent for discharges to land. The non-performance has led to permanent standing water and the occasional discharge of treated effluent beyond the designated disposal area.
11. In light of the on-going non-conformance the Otago Regional Council (ORC) has issued two abatement notices to the QLDC. Additional expenditure has been incurred in managing the non-performance of the field, and new capital investment has had to be provisioned through the consultation draft 2024-2034 Long Term Plan. Since December 2023, the treatment plant itself has suffered two significant mechanical failures associated with the reactor tank (aeration diffusers and mixing systems), which has led to discharge of effluent to the disposal field that does not meet the quality requirements of the resource consent conditions. In these events the effluent has had elevated solids concentrations that exacerbate the performance issues experienced at the disposal field.
12. A risk review has been completed of associated risks by the Infrastructure and Operations Team and has been summarised below:
 - Public Health – there is a risk of human or animal exposure to the treated wastewater in situations where the treated effluent discharges beyond the fenced area and could lead to illness. This risk is low when the plant is performing normally as the effluent has pathogen levels below the bathing standard. The primary mitigation for this risk has been the recent construction of new deeper soakage basins which are proving effective at improving soakage rates, coupled with frequent inspections of the field (both in person and via CCTV).
 - Environmental – there is a risk that the performance of the disposal field degrades effluent quality and leads to poorer environmental outcomes. This risk is low when the treatment plant is performing well as the receiving environment (and path to it) is broadly the same i.e. the effluent is still soaking through the gravels. It should be noted that the disposal field was

not designed to provide treatment of the wastewater. However, as the treated wastewater is ponding with exposure to ultra-violet light (UV) prior to soaking away, some degree of degradation in the effluent quality is expected. The best mitigation for this is effective operation and maintenance of the treatment plant to ensure the best quality effluent is being discharged into the field, coupled with maximising the soakage within the field to reduce ponding time. The two process challenges reflect that the current mitigation is not effective, QLDC are working to utilise contractual mechanisms and increased internal resourcing to achieve improved management of the facility.

- Regulatory Action – there is a risk that the ORC will take further regulatory action, such as prosecution, leading to financial and reputational damage. To mitigate this risk QLDC are regularly communicating with the ORC, sharing updates on progress with both the interim and longer-term solutions.
- Reputational – there is a risk that the community and iwi will lose confidence in QLDC due to the prolonged challenges and/or through regulatory action.
- Business Continuity – there is a risk that a suitable disposal solution cannot be found, limiting the ability of the Shotover Wastewater Treatment Plant (WWTP) to service future growth or even the current connected population. There is a low risk that a technical solution does not exist, however, alignment between the affordability and cultural appropriateness of the solution is a potential challenge. The primary mitigation to this risk is to ensure early engagement with iwi through the development and assessment of options. It should also be noted that uncertainty around the future capacity of the Shotover WWTP is impacting planning around key growth areas (such as the Southern Corridor).

Treatment Planning Update: Wildfire on Council administered land

13. Thousands of people enjoy QLDC's Reserves each day. The highest risk consequence is the loss of human life if a wildfire was unable to be controlled effectively, or persons within the reserve are unable to be evacuated from the Reserve in the event of a fire. Some Council Reserves have greater exposure to this risk due to their vegetation type, topography, and visitor use.
14. As reported to the Audit, Finance & Risk Committee on the 7 March 2024, treatment plans have been developed and implemented to mitigate the risks associated with wildfires affecting Council administered land. The following paragraphs (paragraphs 15 to 20) provide an overview and update on treatment plan implementation.
15. As an Administering Body of Reserve land, QLDC set out to understand the threat of Wildfires. During this process a review was undertaken of QLDC's obligations and responsibilities relating to wildfire management to understand what reasonable and practical steps need to be taken to reduce the wildfire risks.

16. In 2023, QLDC implemented its wildfire prevention program in response to the wildfire threat. The program includes a set of protocols and guidelines to help Council make decisions on how to manage our high-risk reserves in extreme conditions. The program includes:

- Mitigations which aim to prevent fires, and
- Approaches that reduce the number of users in the Council's most at risk reserves during periods of extreme fire conditions.

17. The approach taken broadly reflects the 'bowtie method' to identifying both proactive and reactive treatment plans. A summary of treatment plan controls is provided below.

- Total Fire Ban - There is a total fire ban in place for the Ben Lomond, Queenstown Hill and Mount Iron Recreation Reserves and trails.
- Signage and education - Fire risk signage at primary entry points; education and community engagement on wildfire risk and mitigation.
- Activity and Event Management Guidelines – Reducing the risk of wildfire ignitions by managing the activities and events that may cause sparks or generate heat e.g. "hotworks". These guidelines are available publicly on the QLDC website.
- Environmental Monitoring Systems – QLDC has installed a network of pole-mounted environmental sensor units (five units respectively around Ben Lomond and Mount Iron Recreation Reserves). The sensors are 8.5 metres high and provide live micro-climate weather updates, air quality, and visual and thermal imaging which may also assist in early fire detection and provide localised information to inform fire weather indices.
- Closing Reserves – QLDC has produced a Reserve Closure plan which enables QLDC to close Reserves and remove public from reserves that have a high wildfire threat during periods of elevated wildfire danger to ensure public safety.

18. While the wildfire threat cannot be fully eliminated from our reserves, implementation of the wildfire prevention program will mitigate the risk to Council during periods of elevated wildfire danger.

19. Wildfire reduction mitigation does not only lie with QLDC, there are steps and actions other agencies, stakeholders and neighbouring landowners can take. There is no single solution to mitigate wildfire risk and a multifaceted approach is recommended. There is budget proposed through the consultation draft 2024-2034 Long Term Plan to implement additional actions in the wildfire programme which includes the consenting, design and construction of firebreaks on Ben Lomond, Queenstown Hill and Mount Iron.

20. A wildfire could have a devastating effect and severely impact people, landscapes and the economy, by implementing the wildfire prevention program QLDC is reducing the impact and consequence a wildfire could have on our district.

C. Compliance Obligation Register

21. QLDC engaged Wynn Williams (Legal panel member) to develop a compliance register of mandatory external (Legal) obligations. The register contains obligations that apply to QLDC because of its 'ordinary operations' as well as 'situational obligations' that are contingent on certain circumstances, where those circumstances occur relatively frequently. The register contains a total of 1086 obligations within 103 statutes and bylaws. The obligations register has been circulated to all Tier 3 Managers, and the Risk & Compliance Manager is discussing obligations and associated compliance controls with Tier 3 Managers during regular (approximately quarterly) risk meetings. Updates to the obligations register will be made every six months (next review due October 2024), to reflect new legislation or amendments to statutes. Once updated, the obligations register will be cross referenced with the delegations register to determine whether any associated amendments are required.

22. A Compliance Management Framework and associated Compliance Management Policy are intended to be implemented, once system requirements have been determined (building on the upgrades to the Risk Register and associated dashboard). While originally it was intended that the new Compliance Management System would be in place in 2024, due to other priorities, it is anticipated this will be delayed until 2025.

D. Internal Assurance, Fraud and Protected Disclosures (Protection of Whistleblowers) Policies

E. In April, the Chief Executive approved the Internal Assurance Plan January 2024 - June 2025, which was reported to the Audit, Finance & Risk Committee in June 2024. The Audit, Finance & Risk Committee also considered the Fraud Control Plan. The findings and recommendations of internal audits, and activities in accordance with the Fraud Control Plan are outlined in the Internal Audit Report - September 2024 (this Agenda).

23. The Risk & Compliance Team has taken ownership of the Protected Disclosures (Protection of Whistleblowers) Policy (the Policy) from People & Capability. The Policy has been reviewed and updated to ensure it is fit for purpose and to reflect the Protected Disclosures (Protection of Whistleblowers) Act 2022, which has come into force since the previous version of the Policy was adopted. Additional reporting guidance and associated tools have also been developed and the final Policy will be reported to the Audit, Finance & Risk Committee for review and endorsement, with a recommendation for adoption by Council, prior to the Policy being implemented.

F. Insurance Strategy

24. During 2023, losses associated with natural disasters continued to be high (US\$380 billion economic losses), being the eighth year where global losses were above US\$300 billion. The losses were associated with US\$118 billion insured losses globally; 66 natural catastrophes, of which 63 were weather related. 40% of global weather and climate related losses were covered

by insurance in 2023¹. This has led to continued insurance capacity issues and associated impact on premiums.

25. Given the ongoing national and international circumstances impacting insurance premiums, QLDC has recruited a Senior Insurance Advisor, on a 6-month fixed term basis, to complete a detailed review of insurance policies, associated claims history and develop QLDC's insurance strategy. Recommendations from that review, will be reported to the Audit, Finance & Risk Committee.
26. Following an open tender, on the 27 June 2024, Council delegated to the Chief Executive the power to enter into a contract with Aon for insurance brokerage services which includes the provision of associated insurance policies (for a maximum term of 5 years). A contract is now in place for brokerage services and the Risk & Compliance Team are working with Aon in preparation for the November liability and natural catastrophe cover (infrastructure) insurance policies.

G. Risk & Compliance Team work programme

Current Activity

Current activities of the Risk & Compliance Team are outlined in paragraphs 3 to 9 of this report.

Proposed Activity During Financial Year 2024/2025 (to end June 2025)

27. Prior to any further amendments to the Risk Management Policy, further improvements will be required to the TechOne Risk Register. The development of a new user interface functionality is currently underway and once those updates have been implemented, the Risk & Compliance Manager will seek guidance from the Risk Strategy Group and Executive Leadership Team on the following, before seeking recommendations from the Audit, Finance & Risk Committee on updates to the Risk Management Policy to:

- Reflect risk hierarchy and the interrelationships between risks
- Incorporate a 'three lines of defence model/three lines model' into the Risk Management Framework
- Provide a renewed understanding of risk appetite and its definition and representation (activity currently underway).

Following the consideration of the above by the Audit, Finance & Risk Committee, it is intended that a Council workshop will be held for elected members to provide feedback on a proposed draft Risk Management Policy, prior to it being considered for adoption by Council.

28. The Risk & Compliance Manager will seek guidance from the Risk Strategy Group and Executive Leadership Team on the following, before seeking recommendations from the Audit, Finance & Risk Committee:

- the development and implementation of an appropriate Compliance Framework and associated Compliance Policy. Within the broader risk management framework, a compliance

framework would establish the elements of a compliance management programme defining responsibilities for external mandatory (legal) obligations, external voluntary obligations that QLDC has chosen to comply with, and internally imposed obligations including, but not limited to QLDC policies.

29. As per the Council's 2024 Statement of Expectations (approved 14 December 2023) and the corresponding Queenstown Airport Corporation's (QAC) Statement of Intent (year ending 30 June 2025), QAC will provide an overview of the proposed Master Plan 2023 capital delivery programme project gateways and exception reporting framework to the Risk & Compliance Manager for review. Formal recommendations relating to this review will be presented to the Audit, Finance & Risk Committee for consideration, with exception reporting to occur thereafter, as and when required. The Risk & Compliance Manager has been working with QAC on the expectations for a reporting framework and a report is expected to be provided to the Audit, Finance & Risk Committee at the next meeting. The report on the review was originally scheduled for the 3 October 2024 Audit, Finance & Risk Committee meeting, but this meeting has been brought forward to September and it is not possible to complete the required review with QAC in time for that meeting. Therefore, the report will be presented to the Committee at its meeting on 5 December 2024.

H. Procurement Team

30. Ms Pamela Parker joined QLDC as Procurement Manager in July 2024. Handover of current procurement related activities has now been completed and Pamela will provide reports on the status of the procurement programme at future Committee meetings as appropriate.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

31. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021 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

32. 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

33. 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

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

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

35. 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

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

37. 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-Kīaka

38. 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, by providing a Risk Management Framework that supports QLDC in achieving its strategic and operational objectives. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

39. The recommended option:

- Can be implemented through current funding under the Long-Term Plan and Long Term 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
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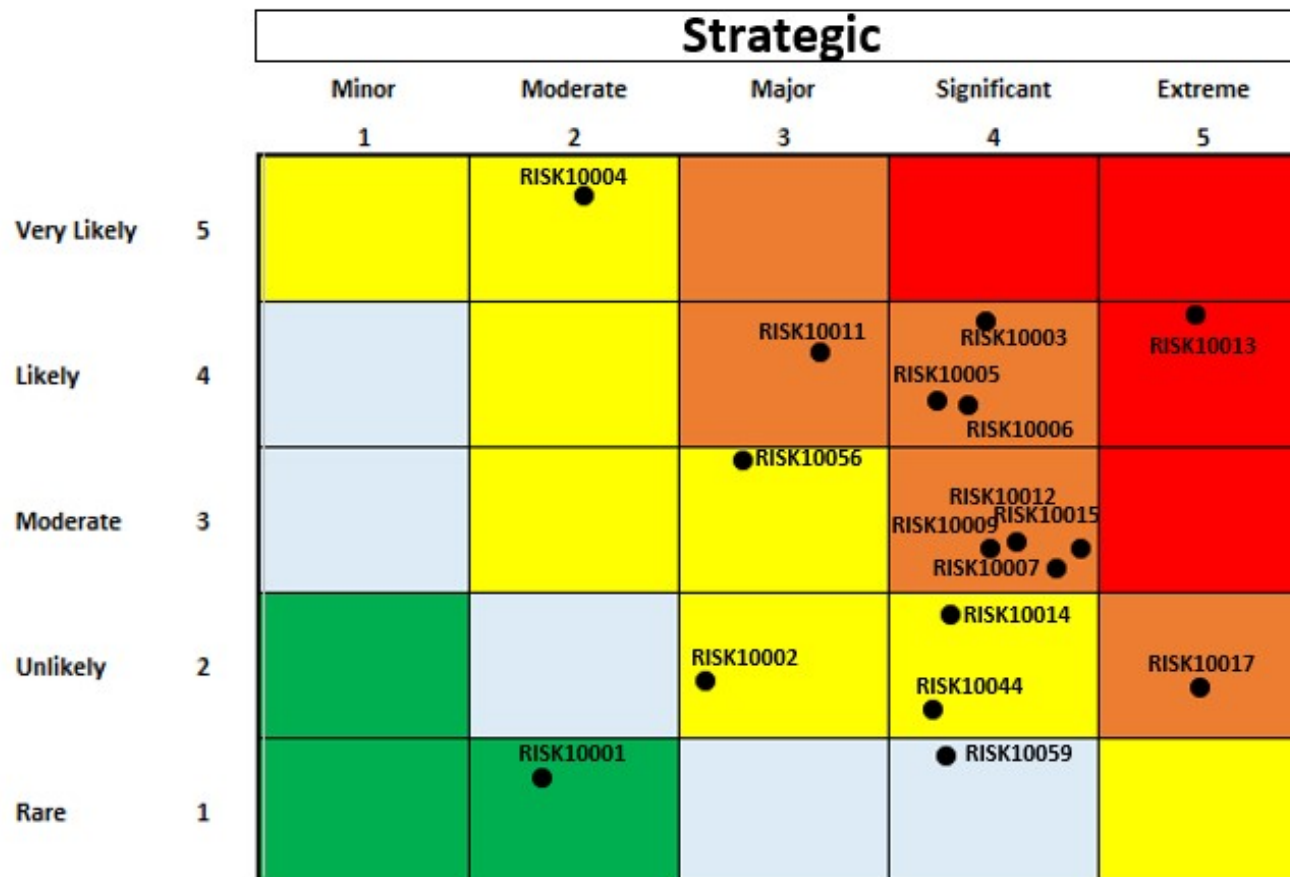
ⁱ AON (2024) 'Local Government Risk Forum'.

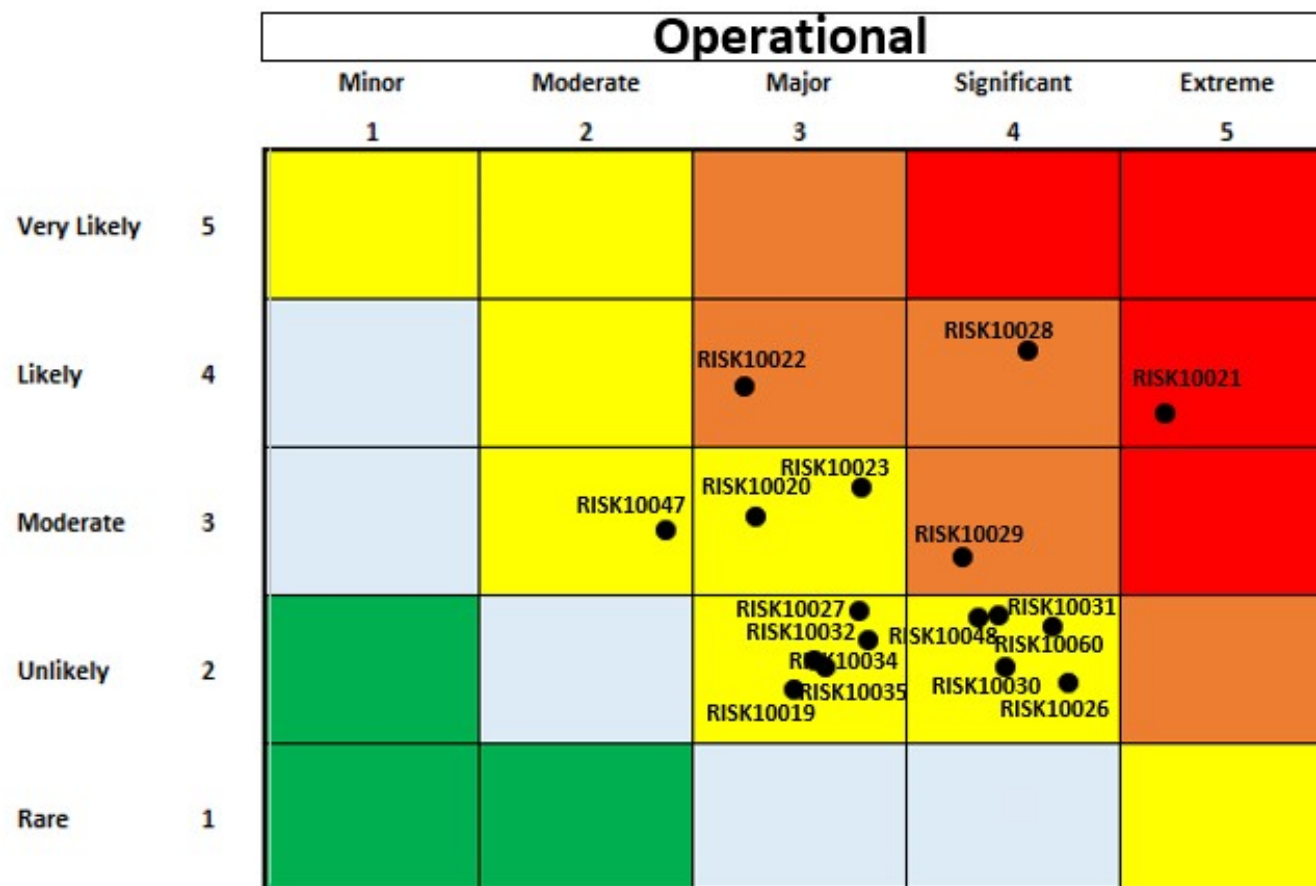
Attachment A

1 TIER 1 RISKS SUMMARY

Tier 1 risks were endorsed by the Audit, Finance and Risk Committee on 6 July 2024. Changes to Tier 1 risks were reported and noted by the committee on 7 March 2024.

Note: The location of the risks within each cell is random (system generated) and positioned to enable each individual risk to be identified.





Strategic Risks

Row Labels	Risk Title
RISK10001	Insufficient, inadequate or failure of digital and technology systems
RISK10002	Erosion of social cohesion
RISK10003	Economic impacts and prosperity
RISK10004	Community Partnerships do not achieve objectives
RISK10005	Ineffective planning for community services or facilities
RISK10006	Ineffective planning for property and infrastructure
RISK10007	Ineffective planning associated with natural hazards
RISK10009	Strategy for growth fails to meet objectives
RISK10011	Insufficient supply chain resource capacity and/or capability to support Council achieve strategic and operational objectives
RISK10012	Ineffective mitigation response to the declared climate and ecological emergency
RISK10013	Unexpected change in cost or funding
RISK10014	Ineffective Financial Strategy
RISK10015	Ineffective Governance
RISK10017	Ineffective Council response to, or recovery from a civil defence emergency event
RISK10044	Failure to work effectively with Mana Whenua
RISK10056	Ineffective provision for the future planning and development needs of the district
RISK10059	Ineffective planning and action to support climate change adaption

Operational Risks

Row Labels	Risk Title
RISK10019	Central Government reforms impact on Council achieving its objectives
RISK10020	Ineffective communication
RISK10021	Ineffective operations, maintenance or renewal of property or infrastructure assets leading to failure(s).
RISK10022	Ineffective operations and maintenance of community services or facilities
RISK10023	Disruption event to facility or service
RISK10026	Ineffective enforcement
RISK10027	Inadequate construction management causing failure of infrastructure service or property damage
RISK10028	Ineffective procurement
RISK10029	Ineffective compliance management practices
RISK10030	Audit of annual report or long-term plan identifies non-compliance/corrective actions
RISK10031	Ineffective complaints handling
RISK10032	Health, safety or wellbeing incident affecting employee
RISK10034	Inadequate resource management or building consent systems, processes and/or people capability results in poor development outcomes and liability
RISK10035	Ineffective business processes
RISK10047	Inadequate workforce capacity and/or capability to meet organisational needs
RISK10048	Health, safety or wellbeing incident affecting member of the public
RISK10060	Insufficient, inadequate or failure of information governance

Consequence and Likelihood matrices

From [QLDC Risk Management Policy](#)

9 APPENDIX A- RISK CONSEQUENCE TABLE

Risk Category	5- Extreme	4- Significant	3- Major	2- Moderate	1-Minor
Business Continuity	Extreme and prolonged loss (>3 days) of all key council service functions and/or ICT systems due to fault, cyber security incident, event, or mishap or non-delivery of project deliverables	Significant short-term loss (2-3 days) of some key council service functions and/or ICT systems due to fault, cyber security incident, event, or mishap or non-delivery of project deliverables	Major short-term loss (1-2 days) of some key council service functions and/or ICT systems due to fault, event, mishap or non-delivery of project deliverables	Moderate short-term loss (<1 day) of some council service functions and/or ICT systems due to fault, event, mishap or non-delivery of project deliverables	Negligible loss of service or ICT system access in relation to fault, cyber security incident, event, mishap or non-delivery of project deliverables
Community & Wellbeing	Extreme dissatisfaction and loss of long-term support from majority of community and key stakeholders. Death, multiple serious injuries or widespread critical health impact on community Extreme and prolonged outage to core community infrastructure (>3 days) or non-delivery of critical capital project milestone that significantly impacts community	Significant dissatisfaction and loss of medium-term support from significant section of the community and/or key stakeholders. Significant injuries or serious health impact on section of the community Significant outage to core community infrastructure (2-3 days) or delay in capital project milestone that significant impacts the community	Major dissatisfaction and loss of short-term support from small section of the community. Major injury or long-term health impact on individual member of community Major outage to core community infrastructure (1-2 days) or delay in critical capital project milestone that majorly impacts the community	Moderate dissatisfaction from small section of the community. Moderate injury or short-term health impact on individual member of community Minor short-term outage (hours) to community infrastructure or delay in capital project milestone that moderately impacts the community	Minor dissatisfaction from small section of the community. Minor injury or illness with no hospitalisation required Minor short-term outage to community infrastructure, or delay in project milestone that has no discernible impact on the community
Workforce	Extreme gap in workforce capacity or capability with no resourcing response options which results in significant prolonged drop in service levels	Significant but short-term gap in workforce capacity or capability with no resourcing response options which results in significant but short-term drop in service levels	Major workforce capacity or capability gap that is addressed through significant response measures or external resourcing e.g. contractors or. minor drop in service levels	Moderate workforce capacity or capability gap that is addressed through internal resourcing e.g. staff re-prioritisation, overtime. Minor drop in service levels	Short-term workforce capacity gap addressed through internal resourcing with no reduction in service levels
Environmental	Extreme and widespread environmental degradation/ damage with certain prosecution. Effects are long term and are not able to be fully mitigated.	Significant but localised environmental degradation/ damage with probable prosecution. Effects significant with options to fully mitigate damage within 5 years	Major localised environmental degradation/ damage with possible prosecution. Effects are major with options to fully mitigate damage within 1 year	Moderate localised environmental degradation/ damage with no prosecution. Effects are moderate with options to mitigate damage within 3 months.	Minor short term immaterial environmental degradation/ damage with no prosecution or mitigation required
Financial	Extreme financial loss (>\$10 million)	Significant financial loss (\$5-\$10M)	Major financial loss (\$2-\$5M)	Moderate financial loss (\$0.5-\$2M)	Minor financial loss (<\$0.5M)
Regulatory/Legal/ Compliance	Multiple breaches in statutory duty. Serious compliance findings uncovered through audit/ inspection. Serious court enforcement, prosecution or judicial review	Isolated breach of statutory duty. Significant compliance findings uncovered through audit/inspection. Serious court enforcement, prosecution or judicial review	Significant compliance findings uncovered through audit/ inspection. Major court enforcement, prosecution or legal decision loss	Minor compliance findings through audit/inspection. Minor court enforcement, prosecution or legal decision challenge	Minor findings through audit/inspection. Minor legal challenge
Strategic/Political /Reputation	Prolonged adverse national media coverage. Long term reduction in stakeholder confidence and reputation. Potential statutory management intervention.	Some adverse national media or prolonged local media coverage. Medium term reduction in stakeholder confidence and reputation	Adverse local media coverage only. Short term loss of stakeholder confidence and reputation	Short term adverse local media coverage. No significant loss in stakeholder confidence or reputation	Local interest/rumours. No loss in stakeholder confidence or reputation

Score	Likelihood	Single Event Description	Recurring Event Description
5	Very Likely	Very High probability (>90%)	Could occur several times a year
4	Likely	Likely probability (60%-90%)	May arise about once every 1-5 years
3	Moderate	Moderate probability (25% to 60%)	May arise about once every 5 years
2	Unlikely	Unlikely probability (2-25%)	May arise about once every 5 to twenty years
1	Rare	Low probability (<2%) of occurring in next 12 months Frequency of once every 20+ years	Unlikely during the next twenty years

Table 1: Likelihood Table

		Consequence				
		Minor	Moderate	Major	Significant	Extreme
Likelihood	Very Likely	M	M	H	VH	VH
	Likely	L	M	H	H	VH
	Moderate	L	M	M	H	VH
	Unlikely	i	L	M	M	H
	Rare	i	i	L	L	M

Figure 4: Risk Matrix