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16. Treasury's Internal Audit (KPMG) completed a review of the FRaMES project with a focus on governance, risk and assurance practices in December 2023. All recommendations were actioned prior to the final report's presentation to the Audit and Risk Management Committee in May 2024. The FRaMES Project team (Project Team) will continue to work with Internal Audit through their 2024/25 program of work.

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# FRaMES Project Governance

Internal Audit Report  
May 2024

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## Report on a Page

### Project Context



**Project stage:** Gate 3 (procurement)

The FRaMES Project will be delivered through a series of stages providing iterative and incremental improvements. These will combine technology and business change to improve the whole-of-government financial and non-financial reporting and decision-making.

To date, the FRaMES project has completed:

- Strategic assessment
- Preliminary evaluations
- Business case

149

Entities using the current budget system (Tridata) which will adopt FRaMES

\$53.3m

Total approved project budget through FY27

### Review Objectives and Scope

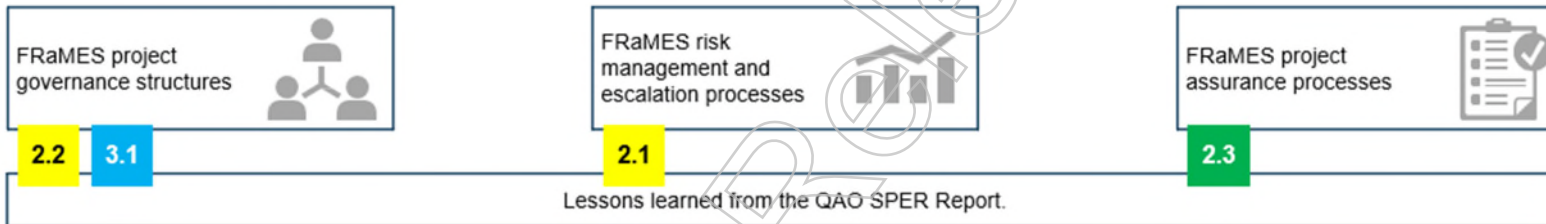


To consider the project governance, the suitability of assurance planning and risk management for the Financial Reporting and Management Enhanced Systems (FRaMES) project.

This internal audit reviewed the following:

- FRaMES project governance structures
- FRaMES risk management and escalation processes
- FRaMES project assurance processes
- Assessment and application of lessons learned from the QAO SPER Report

### Findings mapped to scope areas



### Findings

| 2.1   | 2.2   | 2.3  | 3.1                              |
|---|---|--|----------------------------------|
| FRaMES Project risk management practices are not defined or fully implemented | Uplifts to FRaMES governance body documentation and reporting | Documentation and tracking of assurance activities | Creation of an ICT sub-committee |

| Management Actions | 2.1   | 2.2   | 2.3  |
|--------------------|---|---|--|
|                    | <ol style="list-style-type: none"> <li>1. Document a risk management methodology for the FRaMES project.</li> <li>2. Review and update the FRaMES Project Risk Register.</li> <li>3. Complete a reconciliation of project risks rated over a defined threshold to planned assurance activities to identify and address any gaps.</li> </ol> | <ol style="list-style-type: none"> <li>1. Document a detailed terms of reference for both the Steering Committee and Project Board.</li> <li>2. Define membership requirements for governance bodies in the Governance Terms of Reference.</li> <li>3. Revise reporting to the Project Board and Steering Committee.</li> </ol> | <ol style="list-style-type: none"> <li>1. Document a comprehensive assurance plan.</li> <li>2. Implement a process for the tracking of all assurance actions in a central register, with assigned owners, due dates, completed activities and current status.</li> </ol> |

Note: Management have already completed all actions (see section 2 for details of findings and agreed management actions).



## Contents

|  |    |
|--|----|
| Report on a Page   | 2  |
| 1.0 Executive Summary                                      | 5  |
| 1.1 Background and Approach                                | 5  |
| 1.2 Scope and Objectives                                   | 5  |
| 1.3 Summary of Key Observations                            | 5  |
| 2.0 Findings and Agreed Management Actions                 | 7  |
| 3.0 Process Improvement Opportunities                      | 12 |
| 4.0 Appendices   | 13 |
| 4.1 Appendix 1 - Scope                                     | 13 |
| 4.2 Appendix 2 – Classification of Internal Audit Findings | 14 |
| 4.3 Appendix 3 – Stakeholder Consultations                 | 17 |

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|                             |  |
|-----------------------------|--|
| <b>Period of Review</b>     | December 2023 – February 2024                                |
| <b>Date of Final Report</b> | May 2024   |
| <b>Review Sponsor</b>       | Dennis Molloy – Deputy Under Treasurer, Economics and Fiscal |
| <b>Circulation</b>          | Audit and Risk Management Committee                          |
|                             | <b>Other:</b>  |
|                             | Will Ryan – Head of Fiscal                                   |
|                             | Section 73 - Irrelevant Information – Project Director       |

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## 1.0. Executive Summary

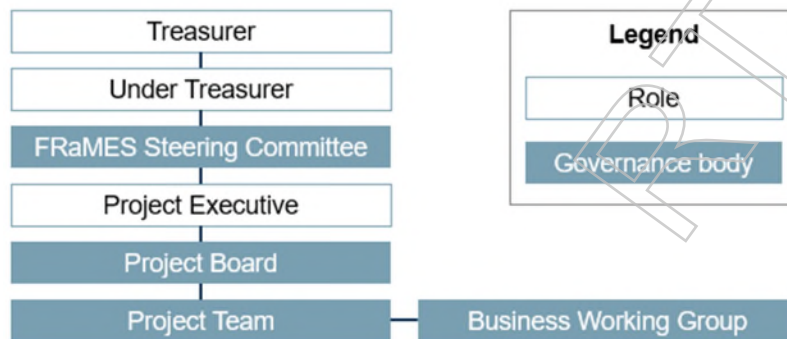
### 1.1. Background and Approach

In accordance with the FY2024 Internal Audit Plan, an internal audit of the Financial Reporting and Management Enhanced Systems (FRaMES) Project Governance has been completed.

Queensland Treasury ('Treasury') relies on a number of key systems, processes and capabilities that facilitate the planning, management, reporting and monitoring of the State's revenue and expenditure. The primary enterprise system used by Treasury and 149 public sector entities is Tridata, which was implemented in the late 1990's and designed to meet the core legislative and compliance requirements at that time. Tridata is now at the end of its useful life and presents known technology, business continuity and cyber security risk.

Treasury commenced the FRaMES Project to replace Tridata in September 2022. FRaMES will introduce technology and business changes across Treasury and public sector entities, including in the budgeting for, reporting on, and management of state finances.

A summary of the FRaMES governance structures and key positions is provided below:



The FRaMES Steering Committee has been established to provide advice, ensure delivery of the project outputs and the achievement of project outcomes. It is the peak governance body within the project governance structure, responsible for making decisions and managing business issues associated with the project.

### 1.2. Scope and Objectives

The objective of this internal audit was to consider the design adequacy of project governance, the suitability of assurance planning and risk management for the FRaMES project. See Appendix 1 for the full scope.

### 1.3. Summary of Key Observations

This internal audit identified **two medium** and **one low** findings and one process improvement opportunity (PIO). Treasury is committed to strong FRaMES project governance and recognises both the operational and strategic importance of the project. Specifically, the following positive practices were identified:

- Diverse skillsets and stakeholder representation exist on each FRaMES project governance body, including the appointment of an independent Steering Committee member with project management and system implementation experience.
- Some of the lessons learned from the QAO SPER Report have been reflected in the project risk register for consideration in future project stages.
- Activities completed including the Gate 3 Assurance Plan, align with Office of the Independent Assessor (QGCDG requirements) and Project Assurance Framework requirements.

Overall, considering the status and nature of project activities required within Gate 3, the majority of expected project governance processes and controls exist. However, improvements are required to better define the role and objectives of each of the core governance committees, and tailor project reporting accordingly. Further, greater focus is required to support

project risk management assessment and escalation, and to inform Treasury-wide risk information. Project assurance activities could also have clearer alignment to project risks.

The observations identified to date in some cases are forward looking. Addressing the items will strengthen governance and controls and prevent them from becoming more significant issues and impacting project objectives prior to moving into Gate 4.

The findings have resulted in a set of agreed management actions which will further strengthen FRaMES project governance. Management have already completed all actions (see section 2 for details of findings and agreed management actions). The following table summarises the findings.

| Description   | Rating |
|---|--------|
| FRaMES Project risk management practices are not defined or fully implemented | Medium |
| Uplifts to FRaMES governance body documentation and reporting                 | Medium |
| Documentation and tracking of assurance activities                            | Low    |

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## 2.0 Findings and agreed management actions

This outlines detailed findings from the review. These findings have been discussed with management and actions have been agreed to address the issues raised.

| 2.1 FRaMES Project risk management practices are not defined or fully implemented   | Priority   | <p style="text-align: center;"><b>Medium</b></p> <p style="text-align: center;"><i>Consequence Area/s: Financial/Fiscal; Service Delivery</i><br/> <i>Consequence: Moderate</i><br/> <i>Likelihood: Possible</i></p>   |
|---|--|--|
| Observation   | Risks  | Agreed Management Action   |
| <p><b>Background/Context</b></p> <p>Queensland Treasury has a Risk Management Policy and Risk Management Guide in place. It is currently undergoing review.</p> <p>The monitoring and management of project risks was raised as an area of weakness within the 2020 QAO SPER report. While no specific lesson learned was raised, it was noted that while the SPER project commenced in 2014 it did not define its method and classification of risks until 2018. There was also no process for escalating project risks to other parts of Treasury or to governing bodies.</p> <p>The FRaMES Risk Register tracks a significant number of relevant project risks (active and retired), related issues (realised risks) and opportunities.</p> <p><b>Observations</b></p> <p>Risk management activities are occurring within the FRaMES project, however, the methodology supporting the identification, assessment, monitoring and reporting of risks has not been defined and implemented. The risk register is outdated, and risks were not explicitly referenced in informing the development of the Gate 3 Assurance Plan.</p> <p>Specifically, Internal Audit identified the following:</p> <ul style="list-style-type: none"> <li>• <b>Risk management methodology and information:</b> There is no documented risk management methodology for the FRaMES project. Currently there are no defined likelihood and consequence scales supporting risk rating. Recorded risks do include both inherent and residual risk ratings with associated</li> </ul> | <ul style="list-style-type: none"> <li>• Insufficiently or inappropriately managed project risks may cause preventable operational impacts which impact project delivery and objectives.</li> <li>• Insufficient escalation of FRaMES project risks into broader Treasury risk management activities may negatively impact Treasury's understanding and resulting management of its risk profile.</li> <li>• Assurance activity is not optimised, leading to inadequate analysis and mitigation of risks which results in project issues.</li> </ul> | <p>Management will:</p> <ol style="list-style-type: none"> <li>1) Document a risk management methodology for the FRaMES project, including the following:                     <ol style="list-style-type: none"> <li>a) Likelihood and consequence scales with corresponding risk ratings. <b>(Completed)</b></li> <li>b) Requirements for the definition and tracking of treatment plans and controls, including minimum required treatment of risks, as aligned with risk appetite. <b>(Completed)</b></li> <li>c) Frequency of risk register review for currency, quality and completeness. <b>(Completed)</b></li> <li>d) Criteria for the selection of risks for escalation to governance body reporting. <b>(Completed)</b></li> <li>e) Processes for the escalation of FRaMES Project risks to Queensland Treasury risk registers. <b>(Completed)</b></li> </ol> <p>Note: The above items will be aligned to the Queensland Treasury Risk Management Framework where applicable. They should be reviewed as required to align with any relevant risk management framework uplifts completed as planned in FY25.</p> </li> <li>2) Review and update the FRaMES Project Risk Register in line with the requirements defined in Action 1. <b>(Completed)</b></li> <li>3) Complete a reconciliation of project risks rated over a defined threshold to planned assurance activities to identify and address any gaps. <b>(Completed)</b></li> </ol> |

|   |  |   |
|---|--|---|
| <p>likelihood and consequence ratings, however, the basis for these ratings is not defined.</p> <p>This impedes the aggregation, escalation and alignment of FRaMES risks to broader Treasury risk management practices. However, risk management activities are still occurring and being reported to governance bodies.</p> <ul style="list-style-type: none"> <li>• <b>Misalignment to the Queensland Treasury Risk Management Framework:</b> The Queensland Treasury Risk Management has not been applied for the project, acknowledging that it is not currently completely fit-for-purpose for a project of this nature. Planned uplifts will address this.</li> <li>• <b>Risk register review, quality and completeness:</b> The frequency and cadence of required risk register reviews is not defined. The risk register does list previous risk review dates but there are no planned or required review dates indicated. While Project Team members notes that reviews were occurring, consideration of the register noted:             <ul style="list-style-type: none"> <li>• Of the 24 active risks, 8 (33%) had treatment plans that were past their due dates but not marked as complete and 5 of those 8 were the only treatment plans in place for the associated risk.</li> <li>• Two treatment plans marked as complete were the only treatment plans in place for the associated risks.</li> <li>• While controls are listed for each risk, they are not comprehensive, rated for effectiveness or subject to testing.</li> </ul> </li> <li>• <b>Risk escalation:</b> The Project Initiation Document provides that all 'Extreme' and 'High' rated risks are reported to the Project Board and an action plan put in place. In practice, evidence of this was not consistently available.</li> </ul> <p>Review of three months identified that while risks were reported, they were not reported in line with the defined criteria. Of the seven high rated risks active at the time, only one was reported. Also, where risks were reported, these were not rated.</p> | <p style="text-align: center; opacity: 0.5; font-size: 48px; transform: rotate(-45deg);">             RELEASE         </p> | <p><b>Action Officer:</b> <small>Section 73 - Irrelevant Information</small> Project Manager<br/> <b>Responsibility:</b> <small>Section 73 - Irrelevant Information</small> Project Director<br/> <b>Implementation date:</b> N/A</p> |
|---|--|---|

|  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li> <b>Assurance planning:</b> An Assurance Plan was developed for Gate 3 of the FRaMES Project, using the Office of Assurance and Investment (OAI) template, with the plan endorsed by Treasury stakeholders and the OAI. Documented project risks are not explicitly used as an input to that plan for informing assurance activities and scope. While risks may be considered in the execution of assurance activities, key risks and how they are covered by planned external and management assurance activities are not stated in the assurance plan. This should include Project Gate Assurance Reviews, in addition to other independent and internal review activities.                 </li> </ul> |  |  |
|--|--|--|

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| 2.2 Uplifts to FRaMES governance body documentation and reporting  | Priority  | <p style="text-align: center;"><b>Medium</b><br/>                     Consequence Area/s: Financial/Fiscal; Reputation<br/>                     Consequence: Minor<br/>                     Likelihood: Possible</p>  |
|--|---|---|
| Observation  | Risks   | Agreed Management Action  |
| <p><b>Background/Context</b></p> <p>The FRaMES Steering Committee and Project Board receive reporting prepared by the project team to support their governance and decision making. The FRaMES Governance Terms of Reference defines the membership, roles and responsibilities for all project governance forums. The Project Initiation Document also includes some governance bodies roles and responsibilities. Treasury delegations apply to FRaMES activities.</p> <p><b>Observations</b></p> <p>FRaMES project governance bodies are in operation and reflected in current project governance documents, but further uplifts are required to ensure the defensibility of existing activities and the continued effective operation of those governance bodies as the project progresses. Specifically, Internal Audit identified the following:</p> <ul style="list-style-type: none"> <li>• <b>Definition of roles and responsibilities:</b> Roles and responsibilities for the Project Steering Committee and Project Board and interactions with other governance bodies, including references to applicable delegations (which are currently dispersed between existing documents), are not clearly documented. For example, in a comprehensive Terms of Reference including currently undocumented practices such as quorum, voting rights and clarity of accountabilities where they are shared between multiple stakeholders in that RACI.</li> <li>• <b>Governance body membership:</b> Membership requirements and skills analysis for the Steering Committee and Project Board have not been documented, however membership appears largely appropriate.</li> </ul> | <ul style="list-style-type: none"> <li>• Project governance bodies without appropriate membership and clearly defined roles and responsibilities may not offer sufficient independent and objective oversight and input, impacting the realisation of project objectives.</li> <li>• Incomplete reporting to governance bodies may lead to those governance not being aware of and therefore able to manage risk, opportunities and issues in a timely manner.</li> </ul> | <ol style="list-style-type: none"> <li>1 Document a detailed terms of reference for both the Steering Committee and Project Board which includes roles, responsibilities and accountabilities, including required interactions between governance bodies, quorum and voting rights. <b>(Completed)</b></li> <li>2 Define membership requirements for governance bodies in the Governance Terms of Reference, including skills mix and the alignment of current membership to requirements. <b>(Completed)</b></li> <li>3 Revise reporting to the Project Board and Steering Committee to ensure coverage of all relevant performance measures, as well as clear resulting actions, and consider differences in reporting between the governance bodies based on differing roles and responsibilities. <b>(Completed)</b></li> </ol> <p><b>Action Officer:</b> <small>Section 73 - Irrelevant Information</small> Project Manager<br/> <b>Responsibility:</b> <small>Section 73 - Irrelevant Information</small> Project Director<br/> <b>Implementation date:</b> N/A</p> |

|  |  |  |
|--|--|--|
| <p>The QAO SPER report identified steering committee composition as a key issue with the SPER project. A lesson learned included in that report recommends that project steering committees for major projects include representation from internal ICT and independent experts as well as the Office of Assurance and Investment (OAI). While the FRAMES project Steering Committee has ICT and independent representation, it does not currently include an OAI member. Current OAI involvement in the project would create conflicts of interest for an OAI Steering Committee member, however, governance documents do not state any justifications for not including an OAI member.</p> <ul style="list-style-type: none"> <li>• <b>Reporting:</b> Reporting to governance bodies on project health is largely duplicated between the Steering Committee and Project Board. Project reporting may include other items on a case by case basis, however, the consistent and detailed reporting over project status and key KPIs was predominantly covered by the dashboard. Project reporting for the three months included in-depth key matters, project scope items and deliverables, with a single page dashboard including high level updates on key achievements, plans, milestones, expenditure and schedules, and some risks and issues. Quality, scope and changes to benefits KPIs, as defined in the Project Initiation Document, were not included.</li> </ul> <p>Reporting also does not clearly denote the call to action or expectations of each governance group. The inclusion of risk elements in governance bodies reporting was also raised in Finding 2.1.</p> |  |  |
|--|--|--|

| 2.3 Documentation and tracking of assurance activities   | Priority  | <p style="text-align: center;"><b>Low</b><br/> Consequence Area/s: Reputation; Technological<br/> Consequence: Minor<br/> Likelihood: Unlikely</p>   |
|--|---|--|
| Observation  | Risks   | Agreed Management Action   |
| <p><b>Background/Context</b></p> <p>The scope and effectiveness of project assurance activities was raised as an area of weakness within the 2020 QAO SPER report. While no specific lesson learned was raised, it was noted that the scope of completed assurance reviews were not sufficient for identifying issues with vendor activities, and the concerns raised within the reviews were not fully addressed.</p> <p>An Assurance Plan was developed for Gate 3 of the Project detailing activities planned. An assurance review was previously completed for Gate 2, with resulting actions completed and reported to the Project Board and Steering Committee.</p> <p><b>Observations</b></p> <ul style="list-style-type: none"> <li>• <b>Documentation of assurance activities:</b> While there is a FRaMES Project Assurance Plan detailing activities for the Gate 3 phase, there is no documented plan for assurance for the remainder of the project. Also, the plan identifies Gateway assurance as the only assurance activity within Gate 3, with no reference to other activities stated to be occurring such as probity and technical reviews of contract management activities.</li> <li>• <b>Resourcing and logistics:</b> Project resource impacts and logistics for assurance activities are not considered in project documentation, such as project plans.</li> <li>• <b>Tracking of actions from Gateway assurance:</b> While actions were completed from previous assurance activities, those actions were not monitored to ensure clear oversight and tracking of progress. Acknowledging that previous assurance activities contained minimal actions (e.g. only six recommendations were raised in the Gate 2 Review Report), no process is defined to ensure appropriate oversight of actions, assigned ownership, due date and status going forward as required by the OAI.</li> </ul> | <ul style="list-style-type: none"> <li>• Insufficient independent assurance over FRaMES Project activities may lead to project issues not being identified and rectified in a timely manner, resulting project objectives not being achieved.</li> <li>• Inadequate technical assurance over solutions may limit the effectiveness of the implemented FRaMES solution.</li> <li>• Recommendations from assurance activities may not be addressed leading to more extensive issues being encountered.</li> </ul> | <ol style="list-style-type: none"> <li>1 Document a comprehensive assurance plan, including: <ol style="list-style-type: none"> <li>a) All assurance activities that are planned and/or already underway for Gate 3 (e.g. probity, technical reviews of contract management activities and assurances). <b>(Completed)</b></li> <li>b) Planned assurance activities for future project phases. <b>(Completed)</b></li> <li>c) Management of project resource impacts and other assurance logistics requirements. <b>(Completed)</b></li> </ol> </li> <li>2 Implement a process for the tracking of all assurance actions in a central register, with assigned owners, due dates, completed activities and current status. <b>(Completed)</b></li> </ol> <p><b>Action Officer:</b> <small>Section 73 - Irrelevant Information</small>, Project Manager<br/> <b>Responsibility:</b> <small>Section 73 - Irrelevant Information</small> Project Director<br/> <b>Implementation date:</b> N/A</p> |

### 3.0. Process Improvement Opportunities

| Ref. | Observation  | Improvement Opportunity  |
|------|--|--|
| 3.1  | <p><b>Creation of an ICT sub-committee</b></p> <p>The QAO SPER Report identified that the SPER project did not establish an ICT sub-committee to the Steering Committee to allow for sufficient oversight of the ICT component by ICT specialists when necessary for the project stage. While an ICT sub-committee is not required at the current stage of the FRaMES project, it should be considered as the project moves into the delivery phase. The FRaMES project does not currently have documented plans for the future state of its governance bodies, including intended structures for appropriate ICT oversight.</p> | <p>Consider the establishment of an ICT sub-committee or how the ICT technical input role can be fulfilled through the existing governance forums.</p> <p><b>Management Response:</b> Improvement opportunity will be considered as part of the Gate 4 governance structure.</p> |

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## 4.0. Appendices

### 4.1. Appendix 1 – Scope

#### Internal Audit FY24 – Financial Reporting and Management Enhanced Systems (FRaMES) project governance

##### Objective

The objective of this internal audit is to consider the project governance, the suitability of assurance planning and risk management for the Financial Reporting and Management Enhanced Systems (FRaMES) project.

Note: the internal audit will also set the foundation for future internal audit activity with relation to the FRaMES project.

##### Background

Treasury relies on a number of key systems, processes and capabilities that facilitate the planning, management, reporting and monitoring of the State's revenue and expenditure. The primary enterprise system used by Treasury and over 140 entities is Tridata, which was implemented in the late 1990's and designed to meet the core legislative and compliance requirements at the time. Tridata is at the end of its useful life and represents both a technology, business continuity and cyber security risk.

In September 2022, Queensland Treasury commenced the FRaMES Project, to develop a business case and process to replace Tridata. FRaMES will introduce technology and business changes across Queensland Treasury and government agencies and will provide product/s to budget for, report on and manage state finances; and aim to improve key processes.

The FRaMES Steering Committee (the Steering Committee) has been established to provide advice, ensure delivery of the project outputs and the achievement of project outcomes. It is the peak governance body within the project structure, responsible for making decisions and managing business issues associated with the project. Underpinning the Steering Committee are the Project Board, Project Team and Business Working Group.

The FRaMES Gate 3 Assurance Plan was developed and endorsed by the Office of Assurance and Investment in August 2023, detailing assurance activities and associated schedule and costs for Gate 3.

##### Risks

This internal audit is associated with the following risks:

- Project does not meet strategic objectives, business case objectives and/or fails to achieve value for money;
- Project does not meet quality, schedule and/or cost requirements, or risks are not identified and remediated in a timely manner;
- Project governance structure is ineffective, resulting in inadequate assignment of roles and responsibilities, reduced clarity over decision-making an inadequate oversight; and
- Assurance efforts do not adequately consider the project risk profile and work performed/planned is ineffective or inadequate.

##### Scope

This internal audit will review the following:

- FRaMES project governance structures, including:
  - Adequacy of governance arrangements, including within Queensland Treasury and impacted entities;
  - Selection and appointment of key stakeholders to governance bodies, including consideration of capacity and capability;
  - Clarity of roles and responsibilities for each governance body; and
  - Reporting to governance structures including clarity of metrics and associated assessment criteria.
- FRaMES risk management and escalation processes, including:

- Identification and completion of risk assessments in accordance with Queensland Treasury's risk assessment methodology;
- Reporting and monitoring of risks and issues to the appropriate governance forums; and
- Escalation and treatment of risks and issues to a tolerable level.
- FRaMES project assurance processes, including:
  - Adequacy of assurance plan, including alignment to relevant elements of the Queensland Treasury PAF and project risk profile; and
  - Monitoring and reporting over outcomes of assurance activities (including Gate 1 and 2 reviews).
- Assessment and application of lessons learnt from the QAO SPER Report.

##### Timing and reporting

The proposed reporting timeframes relating to this internal audit are outlined in the below table:

| Event     | Expected date  |
|-----------|----------------|
| Scoping   | Late November  |
| Fieldwork | Early December |
| Reporting | Early February |
| ARMC      | February       |

##### Resources

The following team members will be undertaking this review:

| Team                           | Role                          | Contact Information                 |
|--------------------------------|-------------------------------|-------------------------------------|
| Section 73 - Irrelevant Inform | Partner                       | Section 73 - Irrelevant Information |
|                                | Director                      |                                     |
|                                | Associate Director            |                                     |
|                                | Partner / Technology Risk SME |                                     |

##### Endorsements

This scope has been endorsed by:

| Endorsed by:                   | Role             |
|--------------------------------|------------------|
| Section 73 - Irrelevant Inform | Project Director |

##### Approvals

This scope has been approved by:

| Approved by: | Role   |
|--------------|--|
| Dennis Mollo | Deputy Under Treasurer, Economics and Fiscal |

### 4.2. Appendix 2 – Classification of Internal Audit Findings

Detailed below is the likelihood and consequence table used to assign an appropriate priority rating for issues identified in this review. This risk rating scale is aligned to the QT Risk Management policy and guidelines (Please refer to these documents for further information)

|                    |                       | Consequence – Refer to Consequence Ratings Table in the QT Risk Management Guidelines  |       |          |       |        |    |           |
|--------------------|-----------------------|--|-------|----------|-------|--------|----|-----------|
|                    |                       | Insignificant  | Minor | Moderate | Major | Severe |    |           |
| <b>Likelihood</b>  | <b>Almost Certain</b> | <ul style="list-style-type: none"> <li>The event is expected to occur either immediately or within a short period of time (several times a year)</li> <li>More than 80% probability</li> </ul> | M     | H        | H     | VH     | VH |           |
|                    | <b>Likely</b>         | <ul style="list-style-type: none"> <li>The event will probably occur in most circumstances (once every 1 to 2 years)</li> <li>51 – 80% probability</li> </ul>                                  | L     | M        | H     | VH     | VH |           |
|                    | <b>Possible</b>       | <ul style="list-style-type: none"> <li>Reasonable likelihood that the event will occur at some time (once every 2 to 5 years)</li> <li>11 – 50% probability</li> </ul>                         | L     | M        | M     | H      | VH |           |
|                    | <b>Unlikely</b>       | <ul style="list-style-type: none"> <li>Plausible but unlikely that the event will occur (once every 10 or more years)</li> <li>5 – 10% probability</li> </ul>                                  | L     | L        | M     | H      | H  |           |
|                    | <b>Rare</b>           | <ul style="list-style-type: none"> <li>The event will only occur under exceptional circumstances (once every 20 years or more)</li> <li>Less than 5% probability.</li> </ul>                   | L     | L        | M     | M      | H  |           |
| <b>Risk rating</b> | L                     | Low  | M     | Medium   | H     | High   | VH | Very high |

The below consequences rating table provides several categories to assist in assessing the consequences of a particular risk based on the applicable consequence types. Where a risk has multiple consequences and severity ratings differ, the consequence category providing the 'most conservative' result (i.e. the higher consequence rating) should be selected.

| Consequence                  | Insignificant   | Minor   | Moderate   | Major   | Severe   |
|------------------------------|---|---|--|---|--|
| <b>Financial</b>             |   |   |  |   |  |
| <b>Financial/fiscal</b>      | <ul style="list-style-type: none"> <li>&lt;1% impact to Treasury Annual Budget or State Budget/Fiscal position</li> <li>Balance sheet impact for government agency, e.g. cash flow/asset or liability value &lt;\$0.5 million</li> <li>Insignificant impact on project, program or service budget/finances, e.g. implementation of new technology is slightly behind schedule, over budget or under scoped</li> </ul> | <ul style="list-style-type: none"> <li>1-2% impact to Treasury Annual Budget or State Budget/Fiscal position</li> <li>Balance sheet impact for government agency, e.g. cash flow/asset or liability value \$0.5-1 million</li> <li>Minor but noticeable impact on project, program or service budget/finances, e.g. implementation of new technology is behind schedule, over budget or under scoped by 5%</li> </ul> | <ul style="list-style-type: none"> <li>2-5% impact to Treasury Annual Budget or State Budget/Fiscal position</li> <li>Balance sheet impact for government agency, e.g. cash flow/asset or liability value \$1-5 million</li> <li>Moderate impact on project, program or service budget/finances, e.g. implementation of new technology is behind schedule, over budget or under scoped by 10%</li> </ul> | <ul style="list-style-type: none"> <li>5-10% impact to Treasury Annual Budget or State Budget/Fiscal position</li> <li>Balance sheet impact for government agency, e.g. cash flow/asset or liability value \$5-20 million</li> <li>Major impact on project, program or service budget/finances, e.g. implementation of new technology is behind schedule, over budget or under scoped by 15%</li> </ul> | <ul style="list-style-type: none"> <li>&gt;10% impact to Treasury Annual Budget or State Budget/Fiscal position</li> <li>Balance sheet impact for government agency, e.g. cash flow/asset or liability value &gt;\$20 million</li> <li>Severe impact on project, program or service budget/finances, e.g. implementation of new technology is behind schedule, over budget or under scoped by 20%</li> </ul> |
| <b>Revenue exposure</b>      | <ul style="list-style-type: none"> <li>&lt;0.01% impact on collectable revenue source</li> </ul>  | <ul style="list-style-type: none"> <li>0.01%-0.1% impact on collectable revenue source</li> </ul>   | <ul style="list-style-type: none"> <li>0.1%-1% impact on collectable revenue source</li> </ul>   | <ul style="list-style-type: none"> <li>1-10% impact on collectable revenue source</li> </ul>  | <ul style="list-style-type: none"> <li>&gt;10% impact on collectable revenue source</li> </ul>   |
| <b>Non-financial</b>         |   |   |  |   |  |
| <b>Economic</b>              | <ul style="list-style-type: none"> <li>Insignificant change to the economy through one channel of market or non-market risk</li> </ul>  | <ul style="list-style-type: none"> <li>Minor change to the economy through one channel of market or non-market risk</li> </ul>  | <ul style="list-style-type: none"> <li>Moderate shock to the economy through two channels of market or non-market risk</li> <li>Noticeable increase in State expenditure streams resulting in need for moderate re-allocation of resources</li> </ul>  | <ul style="list-style-type: none"> <li>Major shock to the economy through one channel of market or non-market risk</li> <li>Major increase in State expenditure streams resulting in need for major re-allocation of resources</li> </ul>   | <ul style="list-style-type: none"> <li>Severe shock to the economy through multiple channels of market or non-market risk</li> <li>Severe increase in State expenditure streams resulting in need for whresourceolesale re-allocation of resources</li> </ul>  |
| <b>Environmental</b>         | <ul style="list-style-type: none"> <li>Temporary (a few days) localised environmental damage</li> <li>No need for study, correction or penalties</li> </ul>   | <ul style="list-style-type: none"> <li>Immediate (less than 6 months) environmental damage</li> <li>Damage is localised</li> <li>Study, correction and penalties are managed within operational budget</li> </ul>   | <ul style="list-style-type: none"> <li>Short-term (6 months to 1 year) environmental damage</li> <li>Damage is mostly localised, but has some migration to other sites</li> <li>Requires less than \$1 million for study, correction and/or penalties</li> </ul>   | <ul style="list-style-type: none"> <li>Medium-term (1-5 years) environmental damage</li> <li>Damage across multiple sites</li> <li>Requires \$1-5 million for study, correction and/or penalties</li> </ul>   | <ul style="list-style-type: none"> <li>Long-term (5 years or longer) environmental damage</li> <li>Damage across multiple sites, and migrating beyond</li> <li>Requires greater than \$5 million for study, correction and/or penalties</li> </ul>   |
| <b>Organisational effort</b> | <ul style="list-style-type: none"> <li>Minor business disruption or security threat that causes no material disruption to services. No impact on stakeholders. Incident absorbed by routine management.</li> </ul>  | <ul style="list-style-type: none"> <li>Localised business disruption or security incident. Minimal impact to stakeholders. Readily contained and absorbed through local unit management intervention in contingency mode.</li> </ul>  | <ul style="list-style-type: none"> <li>Moderate business disruption or security incident resulting in disruption to some critical services. Some inconvenience to stakeholders. Cross management intervention is required and effort in contingency mode.</li> </ul>   | <ul style="list-style-type: none"> <li>Significant business disruption or security incident resulting in prolonged disruption to critical services. Considerable impacts to stakeholders. Substantial senior executive intervention is required and effort in contingency mode.</li> </ul>  | <ul style="list-style-type: none"> <li>Extreme business disruption or security incident resulting in indeterminate prolonged suspension of critical services. Debilitating impact on stakeholders. Immediate senior executive and/or ministerial intervention required.</li> </ul>   |

| Consequence                        | Insignificant  | Minor  | Moderate   | Major  | Severe  |
|------------------------------------|--|--|--|--|---|
| <b>Regulatory &amp; legal</b>      | <ul style="list-style-type: none"> <li>Breaches of a technical nature that do not expose Treasury to legal action and can be managed through routine activities.</li> </ul>  | <ul style="list-style-type: none"> <li>Breach resulting in exposure to civil action but fairly unlikely.</li> </ul>  | <ul style="list-style-type: none"> <li>Breach resulting in threats of legal action (civil and criminal); investigation by an administrative body; registrations, licenses or permits being revoked, or adverse comments made in audits or ministerial inquiries.</li> </ul>                            | <ul style="list-style-type: none"> <li>Breach resulting in ministerial inquiry, warnings to senior management, fines or litigation greater than \$500,000, registrations, licences or permits being revoked or closure of a few key services.</li> </ul>   | <ul style="list-style-type: none"> <li>Breach resulting in parliamentary scrutiny, prosecution, imprisonment, fines or litigation greater than \$1 million or closure of multiple services.</li> </ul>  |
| <b>Reputation</b>                  | <ul style="list-style-type: none"> <li>Some attention from minor stakeholders with little to no publicity, able to be resolved by routine management processes without impact to Treasury's reputation.</li> </ul>           | <ul style="list-style-type: none"> <li>Limited damage to the department's reputation; minor negative local publicity or dissatisfaction with Treasury by local stakeholder groups.</li> </ul>  | <ul style="list-style-type: none"> <li>Some negative publicity or short-term damage to Treasury reputation at a state-wide level resulting in internal inquiry, potential for serious questions in parliament or disruption to some core services or loss of public confidence in Treasury.</li> </ul> | <ul style="list-style-type: none"> <li>Negative publicity or damage to Treasury's reputation at a national or state level resulting in ministerial inquiry, possible review of the administration of government, disruption to major Treasury services or loss of public confidence in Treasury.</li> </ul>  | <ul style="list-style-type: none"> <li>Significant and sustained negative publicity or damage to Treasury's reputation at a global, national or state level; resulting in government/ministerial censure, senior employee resignations/removals, parliamentary inquiry or significant long-term damage to public confidence in Treasury.</li> </ul> |
| <b>Workplace health and safety</b> | <ul style="list-style-type: none"> <li>No medical treatment required.</li> <li>Deviation with little to no potential to impact safe operations. Managed by operational employees using normal procedures.</li> </ul>         | <ul style="list-style-type: none"> <li>Minor injury requiring first aid treatment (e.g. minor cuts, bruises, bumps) that does not require attention by a medical practitioner or loss of time.</li> <li>Deviation with minimal potential to impact safe operations. Managed by operational employees using normal procedures.</li> </ul> | <ul style="list-style-type: none"> <li>Injury requiring medical treatment or lost time of less than four days.</li> <li>Deviation with some potential to impact safe operations. Managed by operational employees using non-normal checklist procedures.</li> </ul>                                    | <ul style="list-style-type: none"> <li>Serious injury (injuries) requiring specialist medical treatment or hospitalisation or lost time of greater than four days.</li> <li>Deviation impacting the continued safe operations. Managed by operational employees using multiple non-normal checklist procedures or additional actions.</li> </ul>       | <ul style="list-style-type: none"> <li>Loss of life, permanent disability or injury, or multiple serious injuries.</li> <li>State of emergency for an operational condition, impacting immediate safe operation. Management requires emergency actions by operational employees to preserve life.</li> </ul>  |
| <b>Service delivery</b>            | <ul style="list-style-type: none"> <li>No measurable impact on service delivery</li> </ul>   | <ul style="list-style-type: none"> <li>Short term interruption to the delivery of services</li> </ul>  | <ul style="list-style-type: none"> <li>Longer term interruption to the delivery services</li> </ul>  | <ul style="list-style-type: none"> <li>Restricted ability to continue delivering services</li> </ul>   | <ul style="list-style-type: none"> <li>Inability to deliver services</li> </ul>   |
| <b>Technological</b>               | <ul style="list-style-type: none"> <li>Systems are unable to meet the operational, technical and/or security needs of a single organisational function/service. Workarounds are available so there is no downtime</li> </ul> | <ul style="list-style-type: none"> <li>Systems are unable to consistently meet the operational, technical and/or security needs of a single organisational function/service. Workarounds are available so there is no downtime</li> </ul>  | <ul style="list-style-type: none"> <li>Systems are unable to meet the operational, technical and/or security needs of a single organisational function/service. Downtime is less than 1 day</li> </ul>   | <ul style="list-style-type: none"> <li>Systems are unable to meet the operational, technical and/or security needs of a single function/service, or multiple organisational functions/services. Downtime is greater than 1 day if there is a single impacted function, or less than 1 day for all functions if there are multiple functions</li> </ul> | <ul style="list-style-type: none"> <li>Systems are unable to meet the operational, technical and/or security needs of multiple organisational functions/services. Downtime is greater than 1 day in at least one function</li> </ul>  |

### 4.3. Appendix 3 – Stakeholder Consultations

The table below outlines all personnel who were involved in discussions and contributed to the findings detailed in this Internal Audit Report.

| Name                                | Title  |
|-------------------------------------|--|
| Dennis Molloy                       | Deputy Under Treasurer, Economics and Fiscal                       |
| John Clifton                        | Assistant Under Treasurer, Budget Strategy and Financial Reporting |
| Will Ryan                           | Head of Fiscal Policy; FRaMES Project Executive                    |
| Martin Costello                     | Chief Information Officer  |
| Section 73 - Irrelevant Information | FRaMES Project Director  |
|                                     | FRaMES Project Manager   |
|                                     | FRaMES Principal Project Officer                                   |

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