



NAPIER
CITY COUNCIL

Te Kaunihera o Ahuriri

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AUDIT AND RISK COMMITTEE

Open Agenda

Meeting Date: Thursday 4 April 2024

Time: 9.30am

Venue: Breakout Room 2
War Memorial Centre
Marine Parade
Napier

Committee Members **Chair:** Bruce Robertson

Members: Mayor Kirsten Wise, David Pearson, Councillor Sally Crown (Deputy Chair), Councillor Greg Mawson and Councillor Hayley Browne

Ngā Mānukanuka o te Iwi representative - Joe Tareha

Officer Responsible Deputy Chief Executive / Executive Director Corporate Services

Administration Governance Team

Next Audit and Risk Committee Meeting
Friday 14 June 2024

2022 TERMS OF REFERENCE - AUDIT AND RISK

<i>Reports to:</i>	<i>Council</i>
<i>Chairperson</i>	<i>Bruce Robertson (External Independent)</i>
<i>Deputy Chairperson</i>	<i>Councillor Crown</i>
<i>Membership</i>	<i>The Mayor</i> <i>Deputy Chair of Sustainable Napier Committee</i> <i>Chair of Prosperous Napier Committee</i> <i>External independent appointee</i> <i>Ngā Mānukanuka o te Iwi (Māori Committee) (1)</i> <i>Note: The Chief Executive and External Auditor are required to attend all meetings but are not members and have no voting rights.</i>
<i>Quorum</i>	<i>3 - One of which is an external appointee</i>
<i>Meeting frequency</i>	<i>At least quarterly and further as required</i>
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate Services</i>

Role

The role and scope, as well as any delegations of the Audit and Risk Committee are defined in the Audit Charter (*Doc Id 325090*).

Delegations

The role and scope, as well as any delegations of the Audit and Risk Committee are defined in the Audit Charter.

The Committee can make recommendations to Council or the Chief Executive as appropriate.

ORDER OF BUSINESS

Karakia

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the Chairperson including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Confirmation of minutes

That the Minutes of the Audit and Risk Committee meeting held on Wednesday, 13 December 2023 be taken as a true and accurate record of the meeting.133

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AGENDA ITEMS

1. OMBUDSMAN REPORT - COUNCIL MEETING AND WORKSHOP SETTING AMENDMENTS

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Official Information and Meetings Act 1987
<i>Document ID:</i>	1745863
<i>Reporting Officer/s & Unit:</i>	Anna Eady, Team Leader Governance

1.1 Purpose of Report

In October 2023 the Ombudsman released a report “Open for Business”, which followed an investigation into local council meetings and workshops. This report will set out our proposed improvement programme and the Council direction to meet the Ombudsman’s key recommendations.

Officer’s Recommendation

The Audit and Risk Committee:

- a. **Receive** the report titled Ombudsman Report – Council Meeting and Workshop setting amendments.
- b. **Note** officers have undertaken an assessment of Napier City Council’s current practices in relation to the Ombudsman’s *Open for Business* report and will make improvements to these practices.
- c. **Note** open Audit and Risk Committee meetings will be recorded and published on the Napier City Council website.

1.2 Background Summary

The Ombudsman reviewed eight local authorities’ to see whether their meetings and workshops complied with the Local Government Official Information and Meetings Act 1987 (LGOIMA).

The report is available at: <https://www.ombudsman.parliament.nz/resources/open-business-report-chief-ombudsmans-investigation-local-council-meetings-and-workshops>

The key issues highlighted in the Ombudsman’s findings are:

1. Whether council workshops should be held in public or public excluded;
2. If workshops are to be made more public, how that should be done;
3. How councils decide that meetings or workshops should be held in public excluded;
4. Public accessibility; and
5. The need for training for staff and elected members.

Napier City Council (NCC) is performing well in some of these areas, but there are areas which require attention. An improvement programme for NCC has been agreed to by the Elected Members and will now be put into action.

Issue 1: Workshops in public or public excluded?

The key issue for workshops is whether they should be held in public or in public excluded. NCC's practice has been that all workshops are by default public excluded. The Ombudsman's report makes it clear that this is not acceptable. It has now been agreed that the default setting for workshops is changed, and all workshops will be held in public unless they are covered by one of the relevant grounds in section 6 or 7 of the LGOIMA. If it is deemed necessary to hold a workshop in public excluded staff would be required to provide the reasoning.

A question that followed from this is whether Audit and Risk Committee meetings should have the same public accessibility setting as workshops. This Committee does not have the ability to make resolutions but makes recommendations to Council. In this regard, the Committee meetings are similar to workshops and therefore the decision has been made to have the same public access.

Issue 2: If workshops are to be made more public, how should it be done?

Workshops can be made more publicly accessible in the following ways:

(a) Before a workshop - notification

- at the beginning of each month a list of upcoming workshops will be published to the NCC website. The list will include:
 - o the topic of the workshops;
 - o the venue for the workshops;
 - o whether the workshops will be held in public or public excluded (and if public excluded, the reason for that);
- before each open workshop, or as soon as practicable after the workshop, workshop papers, presentations, and workshop notes are made public via a workshop page on the NCC website.

(b) At a workshop – how to make it public

It was decided the NCC will:

- Record the workshop and publish either a transcript, an audio recording, or a audio-visual recording on the NCC website, along with written workshop materials, and
- Make the workshop open for members of the public to attend in person.
- Keep written records of workshops and publish these.

The initial setting for public participation will be as observers only, similar to Council meetings, whilst the focus is on opening the workshops up and meeting the principles of openness and transparency. This is a setting which can be reviewed in the future.

Issue 3: How Councils decide that meetings or workshops should be held in public excluded

Council meetings are currently held in public unless it decides under section 48 of the LGOIMA that the meeting should be public excluded.

The Ombudsman notes that although the LGOIMA requires that a resolution to exclude the public needs to be recorded, it is not sufficient to only quote the ground of the LGOIMA that forms the basis for the decision.

The approach NCC will take is to make available:

- the general subject for the item; and
- the grounds under section 6 or 7 of the LGOIMA for excluding the public; and
- a plain English explanation, in reasonable detail, of how the ground from the LGOIMA applies to the subject matter (i.e. not just quoting the wording of the LGOIMA), and also how this was weighed against any countervailing public interest arguments for non-exclusion.

Staff will provide and record more detailed advice to elected members about the grounds for moving a meeting or workshop into public excluded, including advice relating to the public interest (when relying on a ground listed in section 7).

c) Release of public excluded material

The Ombudsman also notes that councils should consistently revisit public excluded material to reconsider whether it should be released when the reason for it being withheld no longer applies. This is an area where NCC could improve its practice.

Officers will ensure public excluded meeting reports include a sentence in the resolution stating whether the paper can be released to the public in due course and when that would be, for example either on a date or at the achievement of a particular milestone. For a public excluded workshop, a release statement could accompany the workshop material.

NCC does not currently have the capacity to go back through meeting and workshop information to manually release material into the public realm. However, if the above recommendation is followed it would be an easier process to release information proactively in the future, and in response to Official Information Requests.

Training with the Ombudsman's Office is scheduled for 9 April for staff and elected members, and this is one of the topics that will be discussed at that session, along with LGOIMA fundamentals and the differences between a meeting and a workshop.

Issue 4: Public accessibility

The Ombudsman's report also addresses the public's ability to access meetings and workshops, taking into account any disabilities or other challenges to attending meetings (for example because of the time at which a meeting is held).

Publishing recordings of workshops and the open Audit and Risk Committee meetings will assist with improving public accessibility.

An accessibility audit will be carried out by staff after the first tranche of changes have been implemented to assess if there are any barriers to public accessibility and how these can be remedied.

Issue 5: Need for training for staff and elected members.

The Ombudsman recognises that meeting all of his recommendations will have resource implications for councils. He also appreciates that this may be more difficult for smaller councils.

The Ombudsman's expectations are that councils will ensure they have resources to meet their obligations under LGOIMA, with arrangements in place to provide coverage for when key staff are away. Staff (including senior staff) should have regular training, good

resources and guidance material, and also be able to call on specialist expertise as required.

As already mentioned, initial training has been scheduled for elected members, senior leaders, and relevant staff. A training and induction plan will be developed as part of this project.

1.3 Issues

Simpson Grierson has stated that the Ombudsman's recommendations are just that, recommendations. They are not legal requirements. Each recommendation has been weighed against NCC's ability to implement them.

Changing the approach for workshops has financial, administrative and resource implications.

Moving to open workshops does place workshop presenters and elected members under more public scrutiny. The Ombudsman's view is that elected members have chosen to take a public role so acceptable levels of increased public scrutiny is part of that. The Ombudsman does not address the burden his recommendations place on council staff.

As Standing Orders do not apply in a workshop, guidelines for public workshops will need to be developed to give, the Chair especially, some tools to fall back on if required and manage any issues of liability.

As already stated, training for staff and elected members is required, to assist in assessing whether a topic for discussion meets the grounds for public exclusion, or whether the public interest outweighs those grounds.

1.4 Significance and Engagement

Community engagement is important to enable transparency and to inspire confidence in the Council's decision-making processes. If council workshops are accessible by the public, it promotes community engagement and provides the community with the information elected members are receiving prior to a decision being made.

1.5 Implications

Financial

There will be budget implications to for the workshop and Audit and Risk Committee meeting setting change. There will also be impacts on administrative resources to take notes at workshops and also to publish documents and recordings to the website. It is hard to quantify the financial impacts until the changes are underway. The estimated cost of venue hire, live streaming and recording currently for Council meetings is approximately \$10k - \$20k per annum.

Social & Policy

Nil

Risk

There is a risk that the tone or nature of workshops may change, due to increased public scrutiny. Attendees may not be as relaxed and inclined to discuss the material in the same way as they would in a closed session. Setting guidelines on Council Workshops will help to give clarity to officers and elected members on how to best use this mechanism. These guidelines will be developed as part of the improvement programme.

There may be situations where, due to technical difficulties a recording cannot be made. Whilst every effort will be made to ensure the recording will run smoothly if it does not the

workshop will proceed regardless and written notes and other documentation from the workshop will be made available in lieu of the recording.

As far as practically possible, it is not intended that there be recorded footage of the public released on NCC's online platforms, however there could be incidental capture of visitors. A sign will be put on the door of the workshop or meeting venue notifying public of the recording and the Chair will announce a recording is being taken at the start of a session that has public present. By remaining in the room following notification of recording it is understood that the public give consent to their image being inadvertently broadcast.

Public meetings and workshops are an open forum of statements, questions, and responses. Occasionally comments could be made which may be regarded as offensive, defamatory, inaccurate, or contrary to law. With publishing recordings of workshops and Audit and Risk Committee meetings, the potential audience is increased, which also increases the likelihood and/or severity of potential liability.

No protection is afforded to Councillors, employees or the public for comments made during meetings which are subsequently challenged in a court of law and determined to be inaccurate or defamatory. Whilst Council may not be liable for any inaccurate or defamatory comments made by an individual at a meeting, it may however, be liable if it publishes that material; albeit inadvertently.

To counter this risk, in the guidelines given to elected members and staff it will advise inaccuracies can be corrected, or in exceptional circumstances the recording can be interrupted or terminated as necessary. Following a recorded session, it is also possible for the full recording or part of a recording to be excluded from publication under the relevant section of LGOIMA.

1.6 Options

The options available to the Committee are as follows:

- a. To receive the report and note the intended actions by officers.
- b. To recommend alternative actions by officers for Council to consider.

1.7 Development of Preferred Option

If the preferred option is adopted, officers will continue to put the new processes in place as per the attached timetable in the Project Initiation Planning Guide.

1.8 Attachments

- 1 Summarised Project Initiation (Doc Id 1740461) [↓](#)

Project Initiation

PLANNING GUIDE

Background:

The office of the Ombudsman issued a report on the use of workshops and meetings of local councils titled 'Open for Business'. This report contains findings and can be considered a best practice guide for councils.

The former Governance Manager wrote a report to ELT with options and issues to consider regarding the findings. The Team Leader Governance took this report to ELT in December 2023.

In January 2024, Team Leader Governance wrote a draft report to Council for their consideration, however it became clear that before putting recommendations to Council, officers needed to think through how to implement improvements. Team Leader Corporate Planning worked with Team Leader Governance and undertook an assessment of our practices in relation to each of the Ombudsman's findings. The assessment highlighted that improvements can be made to Napier City Council's practices.

Description:

Develop and deliver an improvement programme of governance practices to meet the key findings of the Ombudsman's 'Open for Business' report.

Objectives:

To deliver an improvement programme so that Napier City Council is compliant with the findings of the Ombudsman's best practice report 'Open for Business'.

- To explore cost effective and efficient ways to best realise the intent of the 'Open for Business' report.
- To expedite the opening of workshops to the public.
- To make it easier for public accessibility of the end to end decision-making process from workshops to formal meetings.
- To enhance Napier City Council's reputation with the public in respect to being open and transparent.
- To improve the capability of Napier City Council staff to use LGOIMA provisions and champion being transparent to the community and open for business.

Deliverables:

Due to dependencies and resource availability, the project will be broadly phased as follows:

1. Phase One – (April - June) - open workshops to public to physically attend (immediate). This will include only the workshops where the business unit is happy that all content can be made publicly available immediately.
2. Phase Two – (July - September) – improved application of public excluded provisions, including improved staff capability across both Council meetings and workshops; and creating the right environment for workshops to be used appropriately.

2. HEALTH AND SAFETY REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1722342
<i>Reporting Officer/s & Unit:</i>	Adam McDonald, Health, Safety and Wellbeing Lead

2.1 Purpose of Report

The purpose of this report is to provide the Audit & Risk Committee (ARC) an overview of Health Safety & Wellbeing (HSW) activity, inform on the progress of initiatives underway to improve health, safety, and wellbeing, as well as key performance indicators covering the period December 2023 through to February 2024. The report enables the ARC to provide assurance to Council for the capability and functioning of Council's health, safety and wellbeing hazard and risk management system and associated programmes.

Officer's Recommendation

The Audit and Risk Committee:

- a) **Receive** the Health and Safety Report for the period December 2023 to February 2024.

2.2 Background Summary

Napier City Council (NCC) has duties under the Health and Safety at Work Act 2015 and subsequent regulations to ensure the safety of employees, and all other persons, at, or impacted by the work of Council. Duties of Council are upheld through the implementation of NCC's health and safety management system, that is guided by legislation, codes of practice, and is designed to address operational health and safety risks.

- a) Councils' strategic health and safety risk (SR14) has changed from a low risk assessment to high, with the operational health and safety risks (OR183 and OR328) unchanged and out of appetite.
- b) The health and safety quality improvement plan has been finalised and reviewed by the executive leadership team (see attachments). The plan aims to strengthen Councils Health and Safety Management system to effectively manage strategic and operational health and safety risks, and protect the health and safety of workers, workplaces, and those accessing Council services and facilities.
- c) There were two serious health and safety incidents, including one lost time injury, and one medically treated injury. There was one notifiable event to Worksafe, and one investigation for an incident involving a member of public.
- d) Health and safety performance indicators remain on track for the reporting period. The full breakdown of all quarterly health and safety reporting is included in the **attachments**.

Analysis and Advice

1. Reporting Period

Health, safety, and wellbeing data is captured and reviewed at the end of each month. The following report covers the period of December 2023 through to February 2024.

2. Health and Safety Manager Report

A highlight in this quarter has been the development of the health and safety quality improvement plan that aims to reduce the strategic and operation health and safety risks, and to progress the Councils goal of implementing best practice guidelines and international safety standards. The plan is set over an 18-month period to ensure legislative compliance and to strengthen Councils health and safety management system, covering policy, procedures, and relevant codes of practice. Built from the recommendations of the recent health and safety management system audit, the plan has been reviewed by members of the executive leadership team and ready for implementation.

Asbestos

Recognising the need for asbestos awareness training, the health and safety delivered training to all affected workers by mid-January 2024. To ensure full compliance with the asbestos regulation, asset specific asbestos management plans are required. This work is currently being coordinated by a project team within the infrastructure directorate and due for completion by end of March 2024 to ensure compliance.

Inductions

The People and Capability team continue to review and refine onboarding processes, which includes an induction for new and returning staff. We are balancing our people's time and investment in current manual processes, with investing in new system implementations / technology and content for online induction / onboarding. While this remains a work in progress, the health and safety team continue to work with managers and executive directors to ensure attendance to monthly inductions, using face to face delivery until a long-term solution is identified.

Quality Improvement (System improvement)

As we improve our approach to managing hazards and risks, the health, safety, and wellbeing team have begun implementation for the quality improvement plan.

Key activities over this reporting quarter have included the review and refresh of Councils health and safety policy and the upgrade of the MySafety 2.0 reporting system. Tasks and priorities for the ensuing quarter can be found in the attachments.

Overall, there has been good momentum for improving councils' approach to health, safety, and wellbeing with an opportunity to capitalise on the progress to date.

3. Risk Management

Risk no	Risk Issue	Inherent RA	Revised RA	Target RA	Risk Movement
SR14	Failure to maintain a safe and healthy workplace and safe systems of work (ie we do not proactively navigate H&S threats)	Extreme	High	Low	Low to High
OR183	Failure to manage health, safety, and wellbeing in the workplace	Extreme	High	Low	Nil
OR328	Failure to comply with the Health and Safety at Work Act 2015 and subsequent regulations.	Extreme	Medium	Low	Nil

Table 1: Health and safety strategic and operational risks

4. Hazards

Table 2: Hazards that require continuous and ongoing management at Council are outlined in the table below.

Hazard	Description	Current Controls	Planned Treatment Actions
Psychosocial harm	Factors in the work environment that can cause stress, strain, or interpersonal problems for the worker.	<ol style="list-style-type: none"> Wellbeing support provided by P&C, and HSW team. Employee Assistance Programme Mates4Life programme implementation 	<ol style="list-style-type: none"> Psychosocial risk assessment. Wellbeing project, strategy and action plan.. Mental health training for leaders and managers (L&D initiative).
Human behaviour	Aggressive and intimidating behaviour of members of public towards Council staff.	<ol style="list-style-type: none"> Security placed in high-risk facilities. Presence of city assist in high-risk areas. Aggressive customer training. 	<ol style="list-style-type: none"> Safety by design. CCTV surveillance. Proactive use of security guards
Dangerous work activity	Councils high risk work activity includes handling of hazardous substances, confined spaces, excavations, lockout / tag out, working from heights, roof access, hazardous waste disposal, excavations, and operating heavy machinery.	<ol style="list-style-type: none"> Staff training as required. Risk assessment and safety operating procedures. Permit to work system. 	<ol style="list-style-type: none"> Critical project and operational risks captured in the Council register. Internal audits.
Asbestos	Council owned assets that contain asbestos.	<ol style="list-style-type: none"> NCC Asbestos Management Policy. Documented policy and procedures for asbestos related work. 	<ol style="list-style-type: none"> Development of asbestos management plans for council owned assets. Ensure asbestos management plans for Council assets are provided to contractors. Delivery of asbestos awareness training.

<p>Contractors</p>	<p>Oversight of contractors to meet Councils duties as a PCBU that has control or influence over the work completed.</p>	<ol style="list-style-type: none"> 1. Contractor pre-qualification requirements. 2. Standardised health and safety requirements for contractors. 3. Review of safety plans and documentation. 	<ol style="list-style-type: none"> 1. Increasing emphasis on higher quality H&S pre-qualifications including Totika, ISO45001, SHE prequal, IMPAC. 2. Improved procurement processes to ensure contractors have sufficient health and safety prequalification and safety management. 3. Continued work with Project Managers for conformance with Council policy and procedures. 4. Increasing focus on contractor monitoring and auditing for health and safety performance. 5. Post contract evaluations for health and safety performance.
<p>Pool facilities</p>	<p>Council owned and operated pool facilities including ocean Spa, Napier Aquatic Centre and the pool located at Kennedy Park.</p>	<ol style="list-style-type: none"> 1. Health and safety training 2. Placement of lifeguards 3. External consultant support 4. Safety operating procedures 5. Pool safety operating manual. 6. Monitoring of water quality 	<ol style="list-style-type: none"> 1. Risk management training for managers 2. Quarterly risk reviews

5. Serious events

Table 3: Serious events in the December 2023 - February 2024 quarter

Type	Date	Location	Details	Treatment actions
Lost time injuries	29.02.24	Napier Library	Library worker tripped over a laptop bag that was left on the ground resulting in an upper and lower limb injury	<ol style="list-style-type: none"> 1. Worker required 10 days off work for rest, recovery, and rehabilitation. 2. Worker referred to occupational physiotherapist for return-to-work plan. 3. Trips and fall hazard included in hazard register. Manager to ensure workers are trained adequately to identify and eliminate trip hazards.
Medically treated injuries	16.02.24	City Services	Unsecured sheet of wood fell from 2-3m high landing on a worker's head causing a mild head injury.	<ol style="list-style-type: none"> 1. Worker attended The Doctors Napier for a medical assessment and treatment. 2. Corrective actions to ensure material and equipment is secured.
Notifiable events	12.12.24	Latham street pump station	High levels of ammonia detected.	<ol style="list-style-type: none"> 3. Notification to Worksafe. 4. Health and safety senior advisor engaged to assist in a risk assessment, and to adopt controls to minimise the risk of injury or illness in collaboration with subject matter experts.
Investigations	17.11.23	War memorial events centre	Member of the public tripped on a raised lip into a water feature causing significant injury	Please refer to investigation report in the attachment for further detail.

6. Performance reporting

Annual reporting

The following tables includes annual reporting for lead and lag health and safety performance indicators.

Table 4: Lag reporting in 2023

Reported Incidents (Total Company)	Q1 23	Q2 23	Q3 23	Q4 23	Total 2023	Annual target
Lost time injuries (LTIs)	2	1	3	0	6	<=8
Medically treated injuries (MTIs)	1	2	2	1	6	<=40
Total recordable injuries (TRIs)	3	3	5	1	12	<=48
Damaged property / Near Miss reports	21	36	45	60	162	<=180
Significant incidents or accidents involving contractors	1	2	2	0	5	<=5

Table 5: Lead reporting in 2023

Reported Incidents (Total Company)	Q1 23	Q2 23	Q3 23	Q4 23	Total 2023
Health and safety meetings	22	26	71	76	186
Internal health and safety audits	2	25	11	15	53
Inductions	74	99	78	43	294
Safety observations	29	57	90	109	273
Near miss reporting	21	33	41	56	151

Table 6: Lag reporting from 2020 - 2023

• Incomplete data

Reported Incidents (Total company)	2020	2021*	2022	2023	Annual Target
Lost time injuries (LTIs)	6	-	3	6	<=8
Medically treated injuries (MTIs)	11	-	3	6	<=40
Total recordable injuries (TRIs)	17	-	6	12	<=48
Damaged property / Near Miss reports	94	-	133	162	<=180
Significant incidents or accidents involving contractors	5	-	0	5	<=5

Table 7: Lead reporting from 2022 & 2023

Reported Incidents (Total Company)	Total 2022	Total 2023
Health and safety meetings	155	186
Internal health and safety audits	81	53
Inductions	104	294
Safety observations	200	273
Near miss reporting	126	151

7. Continuous improvement

Pivotal to protecting and enhancing the health, safety and wellness of Napier city council workers and workplaces is the continued improvement of Councils health and safety management system.

After developing the Health and Safety Improvement plan, the Executive Leadership Team reviewed and supported the plan and approach to ensuring the organization is fully compliant with legislation and initiates a program of work for a health and safety management system that aligns with best practice guidelines and international standards. All relevant documents are included in the attachments.

2.3 Attachments

- 1 Health and Safety report attachments (Doc Id 1746172) [↓](#)

3. RISK MANAGEMENT REPORT

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1744348
<i>Reporting Officer/s & Unit:</i>	Dave Jordison, Risk and Assurance Lead Alister Edie, Business Improvement Manager

3.1 Purpose of Report

To update the Committee on current developments and workstreams within the risk management framework and inform on the status of Council's strategic and operational risk profile and any emerging risks.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Receive** the report titled "Risk Management Report" dated 4 April 2024.

3.2 Background Summary

We have yet to complete a full review of the recommendations from the previous strategic risk workshop. New strategic risks were proposed, and various further actions and reviews of risk appetites were recommended. We will workshop these recommendations further with ELT, check our updated strategic priorities have sufficient risk assignment, before reporting back to this Committee.

A review of our risk management framework and risk maturity level is also being carried out by our internal audit provider. We will assess those recommendations when available and propose required improvements.

Various operational risks are out of appetite because sufficient review work has not been undertaken. We have reviewed the extreme revised risks where we believe controls are more sufficient or likelihood is less than reported. We will complete this review with risk owners and further review the high operational risks.

3.3 Issues

N/A

3.4 Significance and Engagement

N/A

3.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

Strategic Risks

At the meeting in September 2023 the Committee approved moving the following risks from strategic to operational:

- SR 14 Work Health & Safety - Failure to maintain a safe and healthy workplace and safe systems of work,
- SR24 Compliance & Liability – Failure to comply with legislation and other requirements, and
- SR27 The Council does not have the right people with the right capabilities.

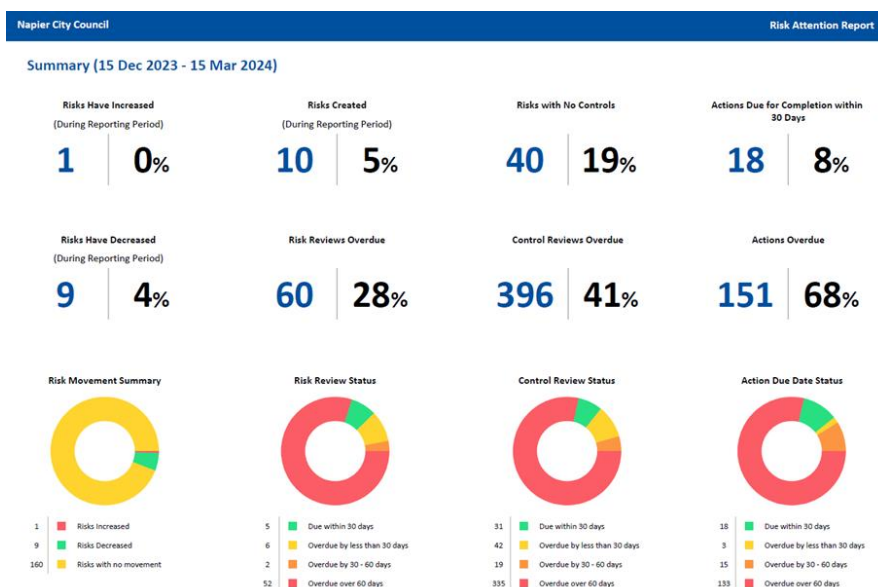
Strategic Risk SR14 Work Health & Safety - Failure to maintain a safe and healthy workplace and safe systems of work (i.e. we do not proactively navigate H&S threats) has also been increased to a high revised risk level. This was agreed with the chairman of the Audit and Risk committee because of the outcome of the internal audit of the Health and Safety activities. This now indicates that the level of effectiveness of controls need to be improved to meet our risk appetite level.

Operational Risks

A total of 81 operational risks exist, with 61 at high and 20 at extreme revised risk levels. This compares to the previous quarter’s total of 87, where 70 were high and 17 were extreme.

The primary cause of this increase is that additional risks have been created but the analysis and set up, including documenting the controls and revised risk level, has not been completed. Most of these new high and extreme risks are categorised as risks with no controls (40), so their revised risk level is equal to their inherent risk level e.g. extreme.

We have reviewed these extreme risks further ourselves, decreasing the revised risk level where we believe this is the real situation. 3 operational risks remain at extreme with the remainder moving to lower revised risk levels. We will review these risks thoroughly with risk owners, and complete the same exercise for high operational risks.



28% of risk reviews are showing as overdue because of staff not prioritizing the risk management process - or in some instances not understanding the process of amending

dates for the risk review, the control review, and adherence to the treatment action due dates.

To reduce overdue risk reviews and the overall usability of risk metrics, we are planning further training for Directors and tier 3 & 4 managers and are improving the documentation of the risk review process and procedures.

Two Operational risk reviews have resulted in an escalation of risk level:

- Operational risk OR332 Napier Aquatic Centre - Member of the public drowning, and
- OR316 Ocean spa - Member of the public drowning.

Both risks have been revised from a low to medium risk rating, resulting in an escalation through the director to the Chief Executive to accept the increased revised risk level. We are currently working through the risk analysis for the Kennedy Park pool, and this may also produce similar revised risk results.

There are also several instances where risk owners are creating new operational risks with the view of consolidating existing ones. The previous risks remain active until the setup of the new risks is complete, decreasing the useability of risk metrics.

Out of Appetite

There are currently 50 Operational risks showing as out of appetite, down from 120 in the previous period. This improvement is due to the required risk reviews taking place and the revised risk rating moving within appetite.

There are currently 6 strategic risks showing a revised risk level of out of appetite, predominantly due to the risk analysis being incomplete – this needs attention.

Emerging Risks

The following emerging risk has been added during the period:

- OR 334 Serious harm or fatality of Staff and/or Public from trade waste non-compliance.

The risk analysis for this operational risk is yet to be concluded, but currently the controls are showing very ineffective and require further work.

3.6 Preferred Option

Receive this risk management report

3.7 Attachments

Nil

4. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1742723
<i>Reporting Officer/s & Unit:</i>	Raewyn Fowler, Internal Audit Lead Talia Foster, Financial Controller

4.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council's Sensitive Expenditure Policy.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Receive** the 31 December 2023 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

4.2 Background Summary

The Sensitive Expenditure Policy approved by the Chief Executive on 17 March 2023 and endorsed by Council requires a report of all sensitive expenditure by the Chief Executive and by the Mayor to Audit and Risk Committee meetings (clauses 6.3 and 6.4). The policy also states that the expenditure items will be reviewed by the Chairperson or the Deputy Chairperson of the Audit and Risk Committee for compliance with this policy.

4.3 Issues

No issues

4.4 Significance and Engagement

N/A

4.5 Implications

Financial

N/A

Social & Policy

All sensitive expenditure transactions for the quarter ended 31 December 2023 are compliant with Council's Sensitive Expenditure Policy.

Risk

N/A

4.6 Attachments

- 1 Mayor Sensitive Expenditure report Oct to Dec 2023 (Doc Id 1746441) [↓](#)
- 2 CE Sensitive Expenditure report CE Q2 Oct to Dec 2023 (Doc Id 1746440) [↓](#)

5. INTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1742724
<i>Reporting Officer/s & Unit:</i>	Raewyn Fowler, Internal Audit Lead

5.1 Purpose of Report

The purpose of this report is to provide the Committee with a summary of the internal audit recommendations progress to date.

Officer's Recommendation

The Audit and Risk Committee:

- a) **Receive** the Internal Audit Recommendations Progress Report.

5.2 Background Summary

Napier City Council contract to Crowe to provide internal audit services. The internal audits performed by Crowe include a written report on issues found with recommendations and agreed management actions to be taken by Council staff to address the issues raised. In addition, PWC provide Council regular taxation internal audits – these are also included in the progress report provided. The agreed management actions are now being followed up by the relevant Council management and progress on actions to date is being tracked and reported (refer attachment).

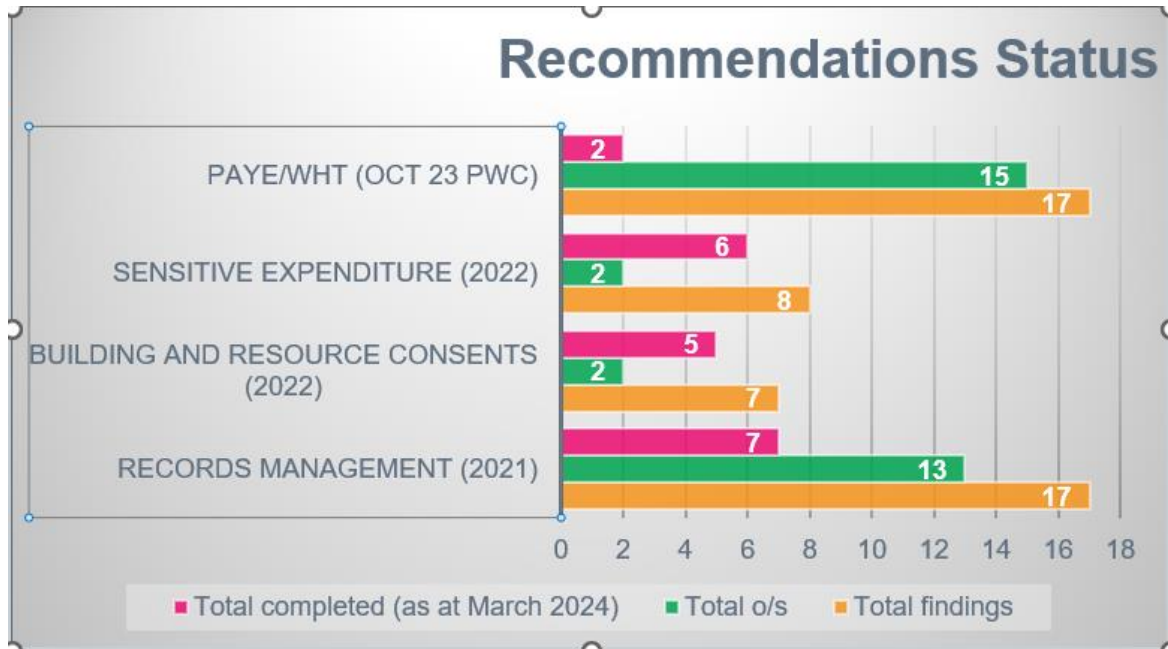
5.3 Issues

There are four internal audits that have outstanding actions (in progress) these being:

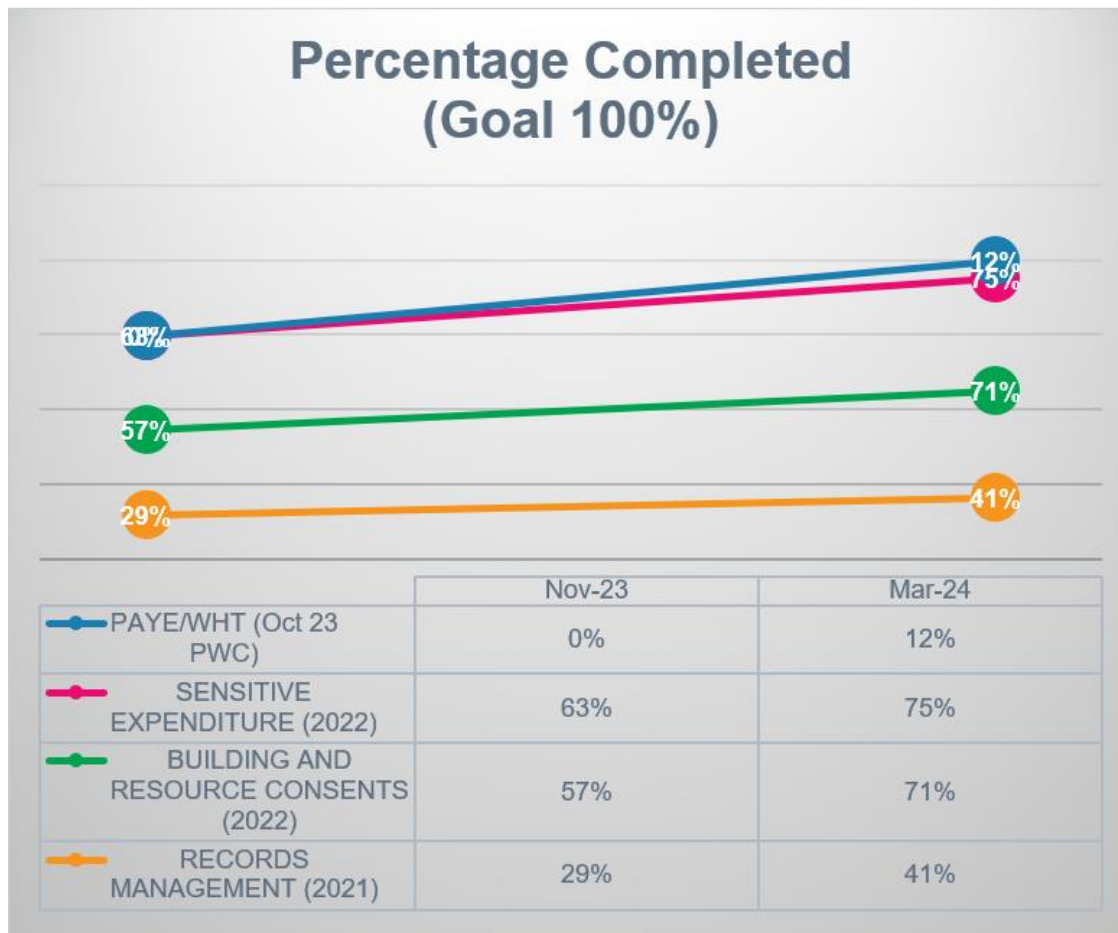
- Building and Resource Consents (Crowe)
- Sensitive Expenditure (Crowe)
- Records Management (Crowe)
- PAYE & WHT (PWC)

Please refer graphs below - Graph 1 below provides the status of recommendations (as at March 2024). Graph 2 shows the progress of these recommendations being implemented since last report presented to the Committee (November 2023)

Graph 1: Recommendations Status



Graph 2: Percentage completed since last report.



.4 Significance and Engagement

N/A

5.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

The internal audit programme monitors and significantly reduces risk across the organisation. By monitoring the recommendations to ensure they are implemented we are further reducing risk. Any outstanding actions do pose a risk to the organisation.

5.6 Development of Preferred Option

Recommend the committee receive the Internal Audit Recommendations Progress Report.

5.6 Attachments

- 1 Internal Audit recommendations progress status (Doc Id 1746260) [↓](#)

6. POLICY REVIEW PROCESS UPDATE

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1701124
<i>Reporting Officer/s & Unit:</i>	Talia Foster, Financial Controller Caroline Thomson, Chief Financial Officer

6.1 Purpose of Report

To update the committee on the progress made to date with the policy review project.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Receive** the report titled "Policy Review Process Update" dated 4 April 2024.

6.2 Background Summary

At the meeting of the Audit and Risk Committee on 29 September 2023, the committee directed officers to provide an update of the policy review process which was undergoing changes.

It is important to Council to have up to date policies in place to reduce risk across many areas of Council. Regularly reviewing policies is good practice to ensure they are relevant and fit for purpose. Internal and External audits have highlighted issues with policies being past their review date and officers have been struggling to ensure their timely review due to issues with the internal policy review process and system.

In September, the Executive Leadership Team (ELT) agreed to review policies outside of this system to enable the timely review and correct a backlog of policies where an initial review has been completed by officers, but not approved by the ELT.

6.3 Current Position

Since 1 October, nine policy reviews have been approved by ELT. These are:

- National Aquarium of New Zealand Captive Management Policy (published)
- Information Services Acceptable Use Policy – Appointed/Elected members (to now be merged with edits & to be published)
- Talent Acquisition Policy (published)
- Asset Management Policy (published)
- Easter Sunday Trading Policy (published)
- CCTV Policy (to be published)
- Information Services Acceptable Use Policy – Employees (with some edits, to be published)
- Information Services Artificial Intelligence (to be published)

- Motor Vehicle Policy (minor edits, to be published)

In reviewing the policy process we have identified multiple issues with the IT system that has previously been used including a single point of failure with administration access to the system. We are currently completing the process manually, outside of the IT system while we look for a permanent replacement.

The manual process is championed by the Executive Assistant to Deputy Chief Executive & Executive Director Corporate Services, who is prioritising the policies to be reviewed and decommissioning old policies that are no longer relevant, managing the process for officers to complete reviews and make changes, and organising the papers to ELT.

The Information Services team will be reviewing options for an IT solution as soon as practical. This will remove the manual process and speed up the process, enabling more policies to be pushed through review in a timely manner.

Currently we have approximately 110 policies, of which around 88 are due for review. It should be noted that these are estimates as we have had to work outside of the system, meaning the system may not provide an accurate picture.

We have 3 meetings in the next quarter to get policies through ELT for approval. We aim to get 3-5 policies to each meeting. Our priorities are:

- Test n Tag Policy
- Health and Safety Policy
- Travel Policy
- Gifts and Gratuities Policy
- Credit Card Policy
- Koha Policy
- CCTV Policy
- 2024 Elected Members Expenses Policy
- Artificial Intelligence Policy
- Acceptable Use Policy – Elected and Appointed Members
- Service request Policy

Other policies which are considered high importance or high risk which are unlikely to be reviewed in the next quarter, but will be prioritised as soon as possible include:

- Code of Conduct for Employees Policy
- Confidentiality Policy
- Drug and Alcohol Policy
- Workplace Bullying Policy

6.4 Significance and Engagement

N/A

6.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

One key purpose of a policy is to mitigate risks. Having policies which are not regularly reviewed leaves us open to risks which are not effectively managed by policies. We are reducing this risk by prioritising the policies which are reviewed first.

6.6 Options

The options available to the Committee are as follows:

- a. Receive this update on the policy review process
- b. Provide further direction to officers

6.7 Development of Preferred Option

Receive the update on the policy review process.

6.8 Attachments

Nil

7. EXTERNAL AUDIT ACTIONS STATUS UPDATE

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1742734
<i>Reporting Officer/s & Unit:</i>	Talia Foster, Financial Controller

7.1 Purpose of Report

The purpose of this paper is to summarise the actions taken by management from recommendations made via our external audit process to provide assurance to the Audit and Risk Committee that these have been addressed.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Receive** the report titled "External Audit Status Update" dated 4 October 2024.

7.2 Background Summary

Napier City Council are audited by Audit New Zealand annually for our Annual Report process, as legislated by the Local Government Act 2002. For each audit, we receive a report detailing issues found and recommendations made.

The agreed management actions are now being followed up with the relevant Council staff management and progress on actions to date is being tracked and reported.

7.3 Issues

To date, 64% of the recommendations have been actioned by Council. Audit NZ have reviewed these actions in the 2022/23 year end audit and have been able to close a number of the recommendations.

Please refer to the attached report for a detailed list of the recommendations and commentary on the current progress.

This update does not include actions from the 2022/23 Audit Management Report which was received in March 2024. The comments in that report are the most recent updates available.

7.4 Significance and Engagement

N/A

7.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

Along with the internal audit programme, our external audit monitors and significantly reduces risk across the organisation. By monitoring the recommendations to ensure they are implemented we are further reducing risk. Any outstanding actions do pose a risk to the organisation.

7.6 Attachments

- 1 External Audit Actions Status Update (Doc Id 1746450) [↓](#)

8. AUDIT PLAN FOR 2023/24 ANNUAL REPORT

<i>Type of Report:</i>	Enter Significance of Report
<i>Legal Reference:</i>	Enter Legal Reference
<i>Document ID:</i>	1742735
<i>Reporting Officer/s & Unit:</i>	Talia Foster, Financial Controller

8.1 Purpose of Report

To provide delegation to the Chair to approve the Audit Plan for the 2023/24 Annual Report in consultation with the Chief Executive.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Delegate** authority to the Chair to approve the Audit Plan for the 2023/24 Annual Report on behalf of the Audit and Risk Committee, in consultation with the Chief Executive (Doc Id 1746445).

8.2 Background Summary

Audit New Zealand audit Council's Annual Report to fulfil requirements in the Local Government Act 2002. The Annual Report needs to be adopted by the Council by 31 October each year. In recent years, Napier City Council has missed the legislated adoption deadline.

Audit NZ provide an Audit Plan for the year which discusses the timeframes, the audit approach, and key focuses for the audit team.

8.3 Issues

Council's 2022/23 audit opinion was qualified on two matters. The first was regarding attendance and resolutions time performance measures for water supply, wastewater and stormwater. Audit will review our improvements, however if the issues identified are not addressed sufficiently the 2023/24 audit opinion may continue to be qualified.

The second qualification was regarding the carrying value of waters assets for the comparative year (2021/22). Audit was able to clear this issue for the 2022/23 year, however there will still be a focus on the valuation of revalued assets in a non-revaluation year to confirm the reasonableness of assumptions and judgements applied in making the assessments. Council has engaged external valuers to provide fair value assessments for all asset classes that are not undergoing a full revaluation to reduce the risk of a qualified audit in this area.

For 2023/24 there will also be a focus on the provisions recognised (if applicable) and disclosures made regarding the Category 3 Voluntary Buy-out Programme, and also disclosures around the Local Water Done Well programme.

8.4 Significance and Engagement

Not applicable

8.5 Implications

Financial

Not applicable

Social & Policy

Not applicable

Risk

An audit that is not well planned and prepared for by both parties could lead to delays in the audit process and adoption of the Annual Report, and add additional time, resources, and expense for the organisation.

8.6 Options

The options available to the Committee are as follows:

- a. Approve the Audit Plan for the 2023/24 Annual Report.
- b. Request further information or amendments to the Audit Plan.

8.7 Development of Preferred Option

Officers have reviewed the Audit Plan and recommend it for approval by the Committee.

8.8 Attachments

- 1 Audit Plan 2024 - Draft (Doc Id 1746445) [↓](#)

9. AUDIT NEW ZEALAND MANAGEMENT REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1742736
<i>Reporting Officer/s & Unit:</i>	Talia Foster, Financial Controller

9.1 Purpose of Report

To consider the Audit NZ management report to the Council on the audit of Napier City Council for the year ended 30 June 2023.

Officer's Recommendation

The Audit and Risk Committee:

- a. **Receive** the Audit NZ management report to the Council on the audit of Napier City Council for the year ended 30 June 2023 (Doc Id 1745793).

9.2 Background Summary

Audit NZ has completed the audit of Council's accounts for the year ended 30 June 2023. The findings from the audit are set out in the Audit NZ management report.

The Audit NZ management report contains detailed findings and recommendations for areas of improvement together with management response.

9.3 Issues

The financial statements received a qualified audit opinion due to the comparative year (2021/22) carrying value of our revalued property, plant and equipment where there was evidence that there could be a collectively material change in the fair value. The full revaluation for these assets was undertaken and completed for 30 June 2023.

A qualified opinion was also issued for certain performance information relating to the Department of Internal Affairs (DIA) mandatory performance measures for water activities in relation to water supply, wastewater, and storm water. Audit NZ were unable to determine whether the Council's reported results for these measures were materially correct. This issue is carried over from previous years and are being addressed.

Without modifying the audit opinion, audit has included an emphasis of matter paragraph to draw attention to the disclosures in the annual report which outlines the uncertainty over the water services reform programme.

9.4 Significance and Engagement

N/A

9.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

The issue regarding the response times has taken longer to correct than expected. While most fixes, including the training required, have been completed, there is still uncertainty over whether audit will consider the changes sufficient to verify the 2023/24 response times. As 2022/23 was qualified, the comparatives in the 2023/24 Annual Report at least will remain qualified.

9.6 Attachments

- 1 2023 Audit NZ Management Report - Draft (Doc Id 1745793) [↓](#)

RECOMMENDATION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

AGENDA ITEMS

1. Verbal Update Chief Executive

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Verbal Update Chief Executive	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.



AUDIT AND RISK COMMITTEE

Open Minutes

Meeting Date: Wednesday 13 December 2023

Time: 9.30am – 9.34am (*Open*)
9.35am – 10.16am (*Public Excluded*)
10.17am – 11.10am (*Open*)
11.24am – 12.20pm (*Public Excluded*)

Venue Ikatere Room
Level 2, Capeview Building
265 Marine Parade
Napier

Present **Chair:** Bruce Robertson
Members: Mayor Kirsten Wise, David Pearson, Councillor Sally Crown (Deputy Chair) and Councillor Greg Mawson

In Attendance Chief Executive (Louise Miller) [*via Teams*]
Deputy Chief Executive / Executive Director Corporate Services (Jessica Ellerm)
Executive Director Infrastructure Services (Russell Bond)
Executive Director City Strategies (Rachael Bailey)
Chief Financial Officer (Caroline Thomson)
Financial Controller (Talia Foster)
Internal Audit Lead (Raewyn Fowler)
Risk and Assurance Lead (Dave Jordison)
Manager Asset Strategy (Kate Ivicheva)
Manager Property (Bryan Faulknor)
Health, Safety and Wellbeing Lead (Adam McDonald)
Senior People Advisor (Rachel Priestley) [*via Teams*]

Also in Attendance Matthew Wilson and Emma Jurisich (Aon New Zealand) [Public Excluded Item 1 – Aon Insurance] [*via Teams*]
Audit New Zealand (Karen Young) [*via Teams*]
Councillor McGrath

Administration Governance Advisor (Carolyn Hunt)

AUDIT AND RISK COMMITTEE – Open Minutes

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ORDER OF BUSINESS

Karakia

The meeting opened with the Council karakia.

Apologies

Bruce Robertson / Councillor Mawson

That the apology from Councillor Browne be accepted.

Carried

It was noted that Joe Tareha – Ngā Mānukanuka o te Iwi representative was not present.

Conflicts of interest - Nil

Public forum - Nil

Announcements by the Mayor - Nil

Announcements by the Chairperson

Agenda Order Change – The Chair advised that with the agreement of the meeting the Public Excluded presentation by Aon Insurance would be taken before the open agenda items, due to time constraints of the external presenters.

Announcements by the management - Nil

Confirmation of minutes

Bruce Robertson / Councillor Crown

That the Minutes of the meeting held on 17 November 2023 were taken as a true and accurate record of the meeting.

Carried

RESOLUTION TO EXCLUDE THE PUBLIC

Bruce Robertson / Mayor Wise

- a) That the public be excluded from the following parts of the proceedings of this meeting, namely:
1. Aon Insurance Presentation
 2. Investigation report - Napier Aquatic Centre - update
 3. Risk Management Report
 4. Severance Pay Review Report Findings
 5. Verbal Update Chief Executive
- b) That Matthew Wilson and Emma Jurisich, representatives from Aon New Zealand, be permitted to remain in the Public Excluded session for Item 1 – Insurance Presentation, for their expertise on this matter.

Carried

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Aon Insurance Presentation	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

<p>2. Investigation report - Napier Aquatic Centre - update</p>	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
<p>3. Risk Management Report</p>	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
<p>4. Severance Pay Review Report Findings</p>	<p>7(2)(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>

<p>5. Verbal Update Chief Executive</p>	<p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
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The meeting adjourned in Open at 9.34am and reconvened in Public Excluded session at 9.35am

AGENDA ITEMS

The meeting reconvened at 10.17am to address the remainder of the Open Agenda Items

1. HEALTH AND SAFETY REPORT - SEPTEMBER TO NOVEMBER 2023

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1722163
Reporting Officer/s & Unit:	Adam McDonald, Health, Safety and Wellbeing Lead

1.1 Purpose of Report

The purpose of this report is to provide the Audit & Risk Committee (ARC) an overview of Health Safety & Wellbeing (HSW) activity, inform on the progress of initiatives underway to improve health, safety, and wellbeing, as well as key performance indicators covering the period September 2023 through to November 2023 (as of 25 November 2023). The report enables the ARC to provide assurance to Council for the capability and functioning of Council's health, safety and wellbeing hazard and risk management system and associated programmes.

At the meeting

The Health, Safety and Wellbeing Lead, Mr McDonald spoke to the report, providing a brief summary and overview of Health and Safety activity risks, progress of initiatives underway to improve health, safety, and wellbeing, as well as current key performance indicators covering the period September to November.

The continued focus of the Health, Safety and Wellbeing team is to ensure Council's compliance with the Health and Safety at Work Act and the progressive implementation of a best practice Health and Safety Management System.

In response to questions the following was clarified:

- Mr McDonald confirmed the operation and strategic risk was high and not low as shown on the chart. The meeting agreed to change the strategic risk rating to high.
- There was agreement that Council would pursue the implementation of best practice and not settle for the minimum standard of legislative and regulatory compliance.
- The agreed risk appetite was low.
- A Health and Safety Roadmap would be developed over the next 18 months, as requested at the last Audit and Risk Committee meeting. The roadmap was yet to go through the Executive Leadership Team (ELT).
- In terms of performance indicators if the leads are increased it should reduce the lags.
- Previous reports that had performance indicators have been difficult to locate. Mr McDonald is looking to re-establish these indicators and report against them.
- A report was received regarding a contractor incident investigation. Procedures need to be in place to manage any future risk.
- Mr Macdonald undertook to include in the Roadmap what "good" looks like, its benefits and objectives.

COMMITTEE Bruce Robertson / Councillor Crown

RESOLUTION

The Audit and Risk Committee:

- a. **Receive** the September – November 2023 Health and Safety report.

Carried

Councillor Mawson withdrew from the meeting at 10.39am and re-joined at 10.42am

2. ASSET MANAGEMENT ROADMAP PROGRESS

Type of Report: Information

Legal Reference: N/A

Document ID: 1718956

Reporting Officer/s & Unit: Kate Ivicheva, Manager Asset Strategy

2.1 Purpose of Report

This report presents the Asset Management Roadmap designed as an improvement plan to elevate asset management maturity within our organisation. By detailing specific phases (0-5) for the next two and a half years, the roadmap aims to enhance our asset management practices, ensuring alignment with the recently adopted Asset Management Policy and contributing to the broader organisational goals.

At the meeting

The Manager Asset Strategy, Ms Ivicheva spoke to the Roadmap which was designed to address weaknesses in Council's current asset management practices. It represented a commitment to improvement and efficiency by enhancing the overall asset management system.

Asset management performance should provide an integrated perspective of how an organisation is configured to deliver asset management.

The Executive Director Infrastructure Services, Mr Bond advised that \$600,000 for the project was an estimate from suppliers. ELT still need to look at how they progress the pathway through the organisation. There is still work to be undertaken with activity managers via a steering group to help drive asset management through the organisation and help with future budgeting.

Historically this approach has been tried after reviews, but lacked implementation and embedding into staff behaviour. There is already funding within the budgets for asset management work and using it in a focussed and targeted way.

Ms Ivicheva advised that the Asset Management Policy was reviewed and adopted by Council in September 2023, which establishes the commitment to the improvements in the organisation. The Roadmap will be presented to the ELT in the near future.

The Roadmap will form a transformational piece of work, interacting with the change programme for the organisation and delivering a large capital programme. It will require a

culture change and a change to how the organisation operates with understanding what the priorities are.

COMMITTEE Mayor Wise / Councillor Mawson

RESOLUTION

The Audit and Risk Committee:

- a. **Endorse** the progress of the Asset Management Roadmap (Doc Id 1722443).

Carried

3. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1716420
<i>Reporting Officer/s & Unit:</i>	Raewyn Fowler, Internal Audit Lead Talia Foster, Financial Controller

3.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council’s Sensitive Expenditure Policy.

At the meeting

The Internal Audit Lead, Mrs Fowler spoke to the report and confirmed that items identified in the report for this quarter comply with Council’s policy.

COMMITTEE Bruce Robertson / David Pearson

RESOLUTION

The Audit and Risk Committee:

- a. **Receive** the 30 September 2023 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

Carried

4. INTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1717363
<i>Reporting Officer/s & Unit:</i>	Raewyn Fowler, Internal Audit Lead

4.1 Purpose of Report

The purpose of this report is to provide the Committee with a summary of the internal audit recommendations progress to date.

At the meeting

The Internal Audit Lead, Mrs Fowler advised that the IAG Strategy had been presented to the Executive Leadership Team for approval. Discussion had been undertaken with IT regarding a breakdown between the Alpha1 and Magiq integration. The People and Capability team are to roll out a Conflict of Interest Register Working Group next year.

COMMITTEE David Pearson / Mayor Wise

RESOLUTION

The Audit and Risk Committee:

- a) **Receive** the Internal Audit Recommendations Progress Report.

Carried

5. ANNUAL TAX UPDATE YEAR TO 30 JUNE 2023

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 1708817

Reporting Officer/s & Unit: Talia Foster, Financial Controller
Heather Sharp, Accounting Manager

5.1 Purpose of Report

To provide the Audit and Risk Committee with the annual tax update on progress made during the period up to 30 June 2023.

At the meeting

The Financial Controller, Ms Foster presented the report prepared by PwC on the annual tax update. A proactive approach on tax compliance is undertaken by Council, and PwC provides assistance with various queries about a range of tax types.

COMMITTEE David Pearson / Councillor Mawson

RESOLUTION

The Audit and Risk Committee:

- a. **Receive** the report from PwC titled 'Napier City Council Annual Tax Update year to 30 June 2023' (Doc Id 1722437).

Carried

6. PAYE / WHT COMPLIANCE EVALUATION

Type of Report: Operational

Legal Reference: N/A

Document ID: 1709564

Reporting Officer/s & Unit: Talia Foster, Financial Controller

6.1 Purpose of Report

To provide the Audit and Risk Committee with the PAYE / WHT Compliance Evaluation Report completed by PwC.

At the meeting

The Financial Controller, Ms Foster spoke to the report advising that as part of the Tax Risk Governance Framework PwC had prepared an annual tax update report on progress made during the period up to 30 June 2023.

Officers have been implementing recommendations and overall the report is positive on how the payroll team operate, their processes and skills, and how they manage issues with contractors.

COMMITTEE Bruce Robertson / Councillor Crown

RESOLUTION

The Audit and Risk Committee:

- a) **Receive** the PAYE / WHT Compliance Evaluation Report (Doc Id 1719506) and direct officers to report back on progress of the actions outlined in the report in the Internal Audit Recommendations Update regularly.

Carried

Minor matters

There were no minor matters to discussed.

The meeting adjourned at 11.10am and reconvened in Public Excluded at 11.20am to address the remainder of confidential items.

The meeting closed with a karakia at 12.20pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval