

# AUDIT AND RISK COMMITTEE

## Open Minutes

---

Meeting Date: Friday 29 November 2024

---

Time: 9.30am - 12.04pm (*Open*)  
12.05pm - 12.36pm (*Public Excluded*)

---

Venue Breakout Room 1  
War Memorial Centre  
Marine Parade  
Napier

---

---

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

---

In Attendance Chief Executive (Louise Miller)  
Executive Director Community Services (Thunes Cloete)  
Acting Executive Director City Services (Jessica Ellerm)  
Acting Executive Director Infrastructure Services (Simon Bradshaw)  
Acting Executive Director Corporate Services / Chief Financial Officer (Caroline Thomson)  
Executive Director City Strategy (Rachel Bailey)  
Enterprise Project Management Office Manager (Bruce Lake)  
Business Improvement Manager (Alister Edie)  
Risk and Assurance Lead (Dave Jordison)  
Strategic Programme Lead (Alix Burke)  
Financial Controller (Talia Foster)  
Manager Asset Strategy (Kate Ivicheva)  
Health and Safety Operations Manager (Andrew Wallace)

**The following attended via Zoom link:**

Procurement Manager (Sharon O’Toole)  
EA to Deputy Chief Executive / Acting Executive Director City Services (JayJay Kettle)  
Auditor, Audit New Zealand (Karen Young)

---

Administration Governance Advisor (Carolyn Hunt)

---

# AUDIT AND RISK COMMITTEE – Open Minutes

---

## TABLE OF CONTENTS

<b>Order of Business</b>	<b>Page No.</b>
Karakia.....	3
Apologies .....	3
Conflicts of interest.....	3
Public forum.....	3
Announcements by the Mayor.....	3
Announcements by the Chairperson.....	3
Announcements by the management .....	3
Confirmation of minutes .....	3
 <b>Agenda Items</b>	
1. Strategic Risk SR36 .....	4
2. Procurement and Contract Management Improvement Plan - Update .....	5
3. Asset Management Roadmap Progress .....	6
4. Internal Audit: Risk Management Report .....	7
5. Risk Management Report.....	7
6. Policy review process update.....	8
7. Sensitive Expenditure - Mayor and Chief Executive .....	9
8. External Audit Actions Status Update .....	10
<b>Minor matters.....</b>	<b>11</b>
<b>Resolution to Exclude the Public .....</b>	<b>12</b>

---

## ORDER OF BUSINESS

### Karakia

The meeting opened with the Council karakia.

### Apologies

There were no apologies to receive.

### Conflicts of interest

David Pearson declared a conflict of interest for Public Excluded Item 1 – Civic Precinct Main Contractor Procurement Update.

### Public forum

Nil

### Announcements by the Mayor

Nil

### Announcements by the Chairperson

Nil

### Announcements by the management

Nil

### Confirmation of minutes

---

Bruce Robertson / Councillor Crown

---

That the Audit and Risk Committee Minutes of the meeting held on 5 September 2024 were taken as a true and accurate record of the meeting.

---

Carried

---

# AGENDA ITEMS

## 1. STRATEGIC RISK SR36

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1810797
<i>Reporting Officer/s &amp; Unit:</i>	Bruce Lake, Enterprise Project Management Office (EPMO) Manager

### 1.1 Purpose of Report

To update the Committee on progress of Strategic Risk 36 – Delivery of Programmes and Change. The risk category is Service Delivery, with a risk appetite level of Low. This has a Revised Risk Rating of Out of Appetite. This Strategic Risk is Line Item 11 in the Strategic Risk table, which shows the Risk Treatment Completed as Red.

### At the meeting

The Executive Director City Strategy, Ms Bailey advised that in April 2024, the ELT approved the creation of an EPMO (Enterprise Project Management Office) for Napier City Council (NCC). Ms Bailey introduced the new EPMO Manager, Bruce Lake who commenced in the role in August 2024.

Mr Lake displayed a PowerPoint presentation (Doc Id 1815542) providing a brief overview of the importance of having an EPMO in the organisation.

### In response to questions the following was clarified:

- Risk owner comments referred to in the agenda still remain out-of-appetite however, with the recruitment of a full team further control will be met.
- The EPMO will help the whole organisation to select the right projects and deliver these projects by standardising processes, project talent and skills, Governance and Sponsorship and prioritising what is important.
- The EPMO’s key responsibility is to ensure projects are implemented and measured to determine how successful projects are.
- Discussion has commenced around the EPMO and what is being done to establish a community of project managers to come together and discuss upcoming changes. Part of the challenge is to get project community managers on board to provide regular reporting and the EPMO can assist with writing business cases etc. if necessary.
- When all the controls are effective the risk level will lower as tools become effective.

**COMMITTEE RESOLUTION** Councillor Crown / David Pearson

The Audit and Risk Committee:

- Receive** the report titled “Strategic Risk SR36” dated 29 November 2024.

---

Carried

**Attachments**

1 EPMO Update presentation (Doc Id 1815542)

---

**2. PROCUREMENT AND CONTRACT MANAGEMENT IMPROVEMENT PLAN - UPDATE**

---

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1808992
<i>Reporting Officer/s &amp; Unit:</i>	Sharon O'Toole, Procurement Manager

**2.1 Purpose of Report**

The purpose of this report is to provide an update on the improvements intended to address the findings and recommendations from the Internal Audit Report: Contract Management Report 2024, completed by Crowe. Specifically, the initiatives and progress related to the development of a Procurement and Contract Management Framework.

The Procurement and Contract Management Framework will allow procurement and contract management to be used as strategic tools to deliver Council's work programme and asset management.

These improvement initiatives form an important part of a Programme Business Improvement Project to improve project delivery, this is led by the Enterprise Programme Management Office (EPMO).

---

**At the meeting**

The Procurement Manager, Ms O'Toole presented the report and provided an update on the work being undertaken on procurement and contract management and the work being done to improve delivery and manage workstreams.

**In response to questions the following was clarified:**

- The acronym PBI referred to in the report means Programme Business Improvement Group who work together with the EMPO and Finance Group.
  - The PBI is chaired by the EPMO Manager, Bruce Lake and includes four representatives from the Executive Leadership Team (ELT).
  - Good change management support is needed to implement changes successfully and this needs further scoping.
  - It is intended to take a scalable approach and look at ways of delivery that are new to Council and still ensure a best practise approach is followed.
  - The PBI and EPMO report regularly to the ELT.
-

<b>COMMITTEE RESOLUTION</b>	Bruce Robertson / Mayor Wise
	The Audit and Risk Committee:
	a. <b>Note</b> The Procurement and Contract Management Improvement Plan – Attachment 1.
	b. <b>Note</b> The progress related to implementation of the Procurement and Contract Management Improvement Plan.
	Carried

### 3. ASSET MANAGEMENT ROADMAP PROGRESS

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1809668
<i>Reporting Officer/s &amp; Unit:</i>	Kate Ivicheva, Manager Asset Strategy

#### 3.1 Purpose of Report

This report provides an update on the progress of the Asset Management Roadmap, summarising current achievements, challenges, and recommendations for the path forward. It seeks approval for the roadmap’s timeline and confirms continuing the current strategic direction. Additionally, this report outlines core risks affecting roadmap delivery, providing the Audit and Risk Committee with insights to guide oversight and support effective implementation.

#### At the meeting

The Executive Director Community Services, Mr Cloete advised that he was part of the Asset Management Steering Group supporting and working with the Asset Team.

The Manager Asset Strategy, Ms Ivicheva presented the report and responded to questions.

- Phase 1 is the most extensive of the roadmap in terms of resource and is identified as a risk. ELT approved recruitment of two staff for existing vacant positions. The Steering Group has been put in place to assist.
- The organisation is moving away from working in silos. A cross organisational approach is being created through the EPMO. Staff capacity to deliver change, plus business as usual, is highlighted as a risk.
- It was agreed to remove the word “Potential” from “Potential Mitigation Actions” in the risks table as the actions would be implemented with good programme management.

<b>COMMITTEE RESOLUTION</b>	Councillor Browne / David Pearson
-----------------------------	-----------------------------------

---

The Audit and Risk Committee:

- a. **Approve** the proposed timeline for roadmap delivery (Table 2)
- b. **Confirm** the roadmap's existing strategic direction.
- a. **Receive** the update on the progress of the Asset Management Roadmap.

---

Carried

---

#### 4. INTERNAL AUDIT: RISK MANAGEMENT REPORT

---

*Type of Report:* Operational

*Legal Reference:* Local Government Act 2002

*Document ID:* 1811071

*Reporting Officer/s & Unit:* Alister Edie, Business Improvement Manager  
Dave Jordison, Risk and Assurance Lead  
Caroline Thomson, Chief Financial Officer

##### 4.1 Purpose of Report

To table to the Committee the internal audit on Risk Management undertaken by Council's internal auditors, Crowe.

---

##### At the meeting

The Risk and Assurance Lead, Mr Jordison provided a brief summary of the Crowe Report which indicated senior management need to support risk management for the future. There was a lack of information being provided to senior management, however this is improving.

##### In response to questions the following was clarified:

- In regard to 6.3 – Deficiencies in strategic risk management and oversight, it was noted that future in-depth training would be provided.
- The timeline target date of 1 March 2025 is on track to be met. The Crowe Report will be presented to ELT and then to elected members.
- Once the target is met aiming for M3 score which will be embedded in the Uplift Programme.

---

**COMMITTEE** Bruce Robertson / Councillor Crown  
**RESOLUTION**

The Audit and Risk Committee:

- a. **Receive** the report from Crowe titled 'Internal Audit – Risk Management'.

---

Carried

---

#### 5. RISK MANAGEMENT REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1810504
<i>Reporting Officer/s &amp; Unit:</i>	Dave Jordison, Risk and Assurance Lead Alister Edie, Business Improvement Manager

### 5.1 Purpose of Report

To provide the Committee a quarterly update on risk management workstreams and inform on the status of Council's Strategic and Operational risk profile.

#### At the meeting

The Risk and Assurance Lead, Mr Jordison presented the report.

#### In response to questions the following was clarified:

- The Strategic Risk Dashboard indicated grey for Council Reputation and it was noted that the risk had not been worked through for this yet.
- A high number of out-of-appetite operational risks are due to risk owners requiring further training.
- It is not uncommon for staff to say they are too busy for prioritisation and controls are being put in place to become more effective and prioritise.

#### COMMITTEE RESOLUTION

Bruce Robertson / Councillor Mawson

The Audit and Risk Committee:

- Receive** the report titled "Risk Management Report" dated 29 November 2024

Carried

*The meeting adjourned for morning tea at 11.10am and reconvened at 11.30am*

## 6. POLICY REVIEW PROCESS UPDATE

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1808851
<i>Reporting Officer/s &amp; Unit:</i>	JayJay Kettle, EA to Deputy Chief Executive & Executive Director Corporate Services Talia Foster, Financial Controller



## 6.1 Purpose of Report

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

---

### At the meeting

The EA to Deputy Chief Executive / Acting Executive Director City Strategy, Ms Kettle presented the report noting that 21 policy reviews had now been approved by ELT. There were 101 policies and to date 70 had been assessed.

Ms Kettle advised that currently workflow processes for policies were not being undertaken as they were out-of-date and to ensure they were updated as quickly as possible they were being presented to ELT for approval. The review periods were being reassessed as they went through ELT and workflow processes could be reinstated.

---

### COMMITTEE RESOLUTION

David Pearson / Councillor Browne

The Audit and Risk Committee:

- a. **Receive** the report titled "Policy Review Process Update" dated 29 November 2024.

**ACTION:** Officers to determine whether testing and tagging of electrical cords in Council be continued as was not mandatory by WorkSafe.

---

Carried

---

## 7. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

---

*Type of Report:* Information

*Legal Reference:* N/A

*Document ID:* 1808845

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

### 7.1 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 Financial Controller, Ms Foster spoke to the report confirming that all items identified in the report for this quarter complied with Council's Policy. It was noted that cost for training was not only for the Chief Executive but included the Executive Directors.

---

---

**COMMITTEE  
RESOLUTION**

Bruce Robertson / Councillor Mawson

---

The Audit and Risk Committee:

- a) **Receive** the 30 September 2024 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

---

Carried

---

## 8. EXTERNAL AUDIT ACTIONS STATUS UPDATE

---

*Type of Report:* Information

---

*Legal Reference:* N/A

---

*Document ID:* 1808850

---

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

### 8.1 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.

---

### At the meeting

The Financial Controller, Ms Foster spoke to the report advising that the latest issue raised was that one of the documents was entered into the system one minute before it was resolved and some service calls were not entered when they came were received.

Annual leave balances were being addressed, however there are some contractual obligations in place that needed to be worked through.

---

**COMMITTEE  
RESOLUTION**

Bruce Robertson / Councillor Crown

---

The Audit and Risk Committee:

- a) **Receive** this report titled "External Audit Actions Status Update".

---

Carried

---

## 9. HEALTH & SAFETY UPDATE REPORT

---

<i>Type of Report:</i>	Enter Significance of Report
<i>Legal Reference:</i>	Enter Legal Reference
<i>Document ID:</i>	1810294
<i>Reporting Officer/s &amp; Unit:</i>	Jill Coyle, People Operations Manager

### 9.1 Purpose of the Report

To inform the Audit & Risk Committee (ARC) of Health Safety & Wellbeing (HSW) strategic progress, performance and activities covering the period June 2024 to 20 August 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 programme.

---

#### At the meeting

The Health and Safety Operations Manager, Mr Wallace spoke to the report providing a brief summary and noting that SR14 should read as SR32.

It was noted that Ahuriri Alliance was not included in Council's Health and Safety Report as their reports would be provided to Downer.

---

**COMMITTEE** Councillor Crown / Bruce Robertson

**RESOLUTION**

The Audit and Risk Committee:

Receive The Audit and Risk Committee:

- a) **Receive** the Health and Safety Report for the quarter ended 30 October 2024.

---

Carried

---

#### Minor matters

There were no minor matters to discuss.

# RESOLUTION TO EXCLUDE THE PUBLIC

Bruce Robertson / Councillor Mawson

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

1. Civic Precinct Main Contractor Procurement update
2. Audit New Zealand - Verbal Update
3. Chief Executive - Verbal Update

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:

<b>General subject of each matter to be considered.</b>	<b>Reason for passing this resolution in relation to each matter.</b>	<b>Ground(s) under section 48(1) to the passing of this resolution.</b>	<b>Plain English reason for passing this resolution in relation to each matter.</b>
1. Civic Precinct Main Contractor Procurement update	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.	In the middle of a live tender process but wish to provide the Audit and Risk Committee an update.

<p>2. Audit New Zealand - Verbal Update</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>	<p>Commercial activity</p>
<p>3. Chief Executive - Verbal Update</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>	<p>Commercial activity</p>
<p><b>Public Excluded Text</b></p>			
<p>Council has considered the public interest in the information above and balanced those interests with the reason(s) for withholding this information. This ensures Council has met the requirements for withholding information under section 7(2) of the Local Government and Official Information and Meetings Act 1987.</p>			

*The meeting moved into Public Excluded at 12.05pm*

*The meeting closed with a karakia at 12.36pm*

---

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

Chairperson .....

Date of approval .....