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AUDIT AND RISK COMMITTEE
Open Agenda

Meeting Date:	Thursday 12 June 2025
Time:	9.30am
Venue:	Breakout Room 2 War Memorial Centre Marine Parade Napier

Committee Members	**Chair:** Bruce Robertson
	Members: Mayor Wise, David Pearson, Councillors Crown (Deputy Chair), Mawson and Browne
	Ngā Mānukanuka o te Iwi representative – Kirk Leonard
Officer Responsible	Chief Financial Officer / Acting Executive Director Corporate Services
Administration	Governance Team
	Next Audit and Risk Committee Meeting **Thursday 7 August 2025**

2022 TERMS OF REFERENCE - AUDIT AND RISK

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

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 Thursday, 13 March 2025 be taken as a true and accurate record of the meeting. 124

Agenda items

Minor matters not on the agenda – discussion (if any)

Recommendation to Exclude the Public

AGENDA ITEMS

1.   DEEP DIVE OF SR23 SUSTAINABLE FINANCIAL STRATEGY

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1852662
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer / Acting Executive Director Corporate Services

1.1 Purpose of Report

This report provides a detailed analysis of strategic risk SR23 Sustainable Financial Strategy, highlighting the risk assessment process, identified risks, controls and proposed treatments.

Officer's Recommendation

The Audit and Risk Committee:

a.   **Receive** the deep dive report for strategic risk SR23 Sustainable Financial Strategy.

b.   **Receive** the analysis of SR23:

Risk No:	Risk Issue	Inherent Risk Assessment	Revised Risk Assessment	Target Risk Assessment
SR23	Unable to achieve a sustainable financial strategy	Extreme	Medium	Medium

1.2 Background Summary

A risk assessment of SR23 was conducted during the Strategic Risk workshops held with elected members and senior staff in March 2023. The process involved five main steps:

1.   Risk identification

2.   Analysing the nature of the risk including its likelihood and impact

3.   Risk evaluation to compare the analysed risks against Council's risk appetite and tolerance to help prioritise which risks require treatment or escalation

4.   Development of risk mitigations and treatment plans to be documented and assigned to risk owners

5.   Risk register updated to ensure risks are reassessed regularly to monitor the ongoing effectiveness of controls

SR23 is aligned to the strategic objective:

'A financially sustainable Council.
Council has an operating model and financial strategy that is affordable for ratepayers and enables us to achieve our objectives.'

The Council's financial strategy explains the key financial issues and challenges it must manage to achieve both its short-term and long-term goals. It includes specific limits on how much rates can increase, how much the Council can borrow, and how much it can spend on debt repayments—these are in place to keep the Council financially sustainable. There are also reporting, systems and planning processes in place to ensure the Council stays financially responsible and follows the rules. If any of these controls are exceeded, there will be consequences. To reduce the impact of those consequences, each control has at least one treatment action plan in place. The following table sets out the causes and the possible consequences for SR23:

SR23 Causes	Consequences
Budgeting deficiencies	Additional funding required for budget deficits and project completions
	Increased operational budgets
	Community lose faith in our ability to follow our own processes and plans
Exceeding Council's quantified limits on interest rates and borrowing	Tagged audit
	Community lose faith in our ability to follow our own processes and plans
	Council's rates are unaffordable for the ratepayer
	Limited access to affordable borrowing
Failure to adhere to Council's policies on securities and borrowing limits	Tagged audit
	Community lose faith in our ability to follow our own processes and plans
	Limited access to affordable borrowing
Inadequate investment strategy	Failure to provide value to the ratepayer
	Inefficiency in the Council's business model
Inadequate treasury and cashflow management	Inefficiency in the Council's business model
Performance management process failures	Inability to deliver the operating and capital programmes
	Community lose faith in our ability to follow our own processes and plans
	Community lose faith in our ability to deliver on the Annual and Long Term Plan
Unforeseen events/expenditures	Carry forward of capital projects
	Council's rates are unaffordable for the ratepayer

The inherent risk rating for SR23 is extreme and possible with a consequence level of severe i.e. a critical financial loss greater than $5m resulting in closure or significant reduction in service. The inherent risk rating is determined as if there were no mitigating controls in place.

Risk controls

A range of controls have been identified and analysed for effectiveness and criticality.

A preventative control is a pro-active measure designed to reduce the likelihood of a risk event from occurring in the first place. The following preventative controls have reduced the likelihood level from possible to unlikely:

- Segregation of duties – ensuring no single person has control over all aspects of a financial transaction

- Authorisation protocols – requiring approvals for expenditures or access to sensitive information

- Budgeting processes and methodology to embed financial discipline, foresight and accountability into decision-making.

- Policy and procedure documentation to guide consistent and compliant behaviour

- Revenue and Financing policy to ensure financial discipline, transparency, and resilience in Council's funding framework

A mitigating control is an action that will reduce the consequence of a risk event. Mitigating controls are designed to lessen the severity of the outcome when a risk materialises. The following mitigating controls have reduced the consequence level from severe to major:

- Adequate insurance cover to reduce financial loss from events like natural disasters

- Adherence to treasury management policies to manage financial exposure and liquidity

- Performance management frameworks to ensure accountability and timely corrective action

- Resilience rate implemented to provide funding for emergency management and operational resilience

- Management accounting services to support informed decision making

A detective control is used to uncover problems in processes, systems, or behaviours after the have occurred. These controls are essential for monitoring, compliance and continuous improvement. Council has the following detective controls in place to manage SR23:

- Audit and Risk Committee oversight

- Internal audits and reviews to identify control failures or non compliance

- Reconciliations and variance analysis to detect discrepancies in financial data

- Physical stock takes to identify stock losses or misstatements

- Exception reporting to flag anomalies in system behaviour or transactions

The overall effectiveness of the controls has reduced the consequence level from severe to major and the likelihood level from possible to unlikely. This results in a revised risk rating of medium which is within appetite.

Treatment actions

To improve the effectiveness of the controls and build resilience into our processes the following actions are planned:

Treatment action	Control link	Completion date	Progress
Create a process to ensure an appropriate level of budget is allocated at the relevant phase of a project	Documented process for the opex and capex work programmes (this links to the work EPMO are undertaking)	November 2025	80% complete
Minimum standard for project management, including budget setting in respect of LTP	Budgeting process and methodology (this links to the work EPMO are undertaking)	November 2025	50 % complete
Obtain a credit rating to achieve more favourable borrowing rates through LGFA	Interest rate budgeting	December 2025	Not started

<u>Bow tie report</u>

The bow tie report attached to this report maps out the causes, consequences and controls associated with SR23 on one page. The causes are shown on the left, the central risk (SR23) is in the middle and the consequences are shown on the right. Controls and treatment actions are layered on both sides to either prevent the risk event or mitigate its impact.

1.3 Issues

No Issues.

1.4 Significance and Engagement

N/A

1.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

This report is to provide the Audit and Risk Committee assurance that appropriate mitigations are in place to ensure SR23 Sustainable Financial Strategy is within Council's risk appetite of medium.

1.6 Options

The options available to Council are as follows:

a. Receive the deep dive of strategic risk SR23 Sustainable Financial Strategy.
b. Not to receive the deep dive of strategic risk SR23 Sustainable Financial Strategy.

1.7 Development of Preferred Option

Receive the deep dive of strategic risk SR23 Sustainable Financial Strategy.
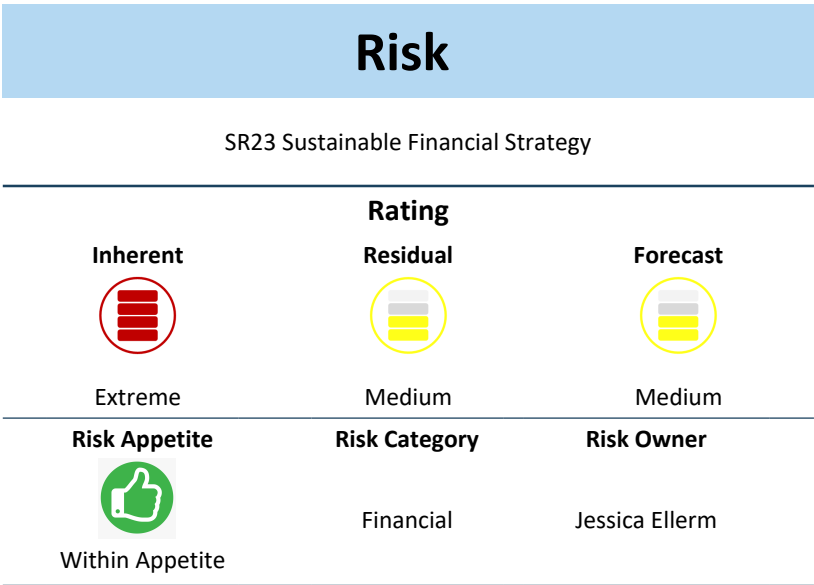
1.8 Attachments

1   SR23 Bow Tie Report ⇩

Bow Tie Report

Napier City Council

Camms.

Print Date: 06 Jun, 2025

Causes

ID	Description
1	Unforeseen Events/Expenditures (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')
2	Performance Management Process Failures (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')
3	Inadequate Treasury and Cashflow Management
4	Inadequate Investment Strategy
5	Failure to adhere to Council's quantified limits on rates increases: 'rates cap'
6	Failure to adhere to Council's quantified limits on borrowing; 'debt cap'
7	Failure to adhere to Council's policy on giving securities for our borrowing
8	Exceeding Council's quantified limits on interest
9	Budgeting Deficiencies (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')

Risk

SR23 Sustainable Financial Strategy

Rating

Inherent	Residual	Forecast
Extreme	Medium	Medium

Risk Appetite	Risk Category	Risk Owner
Within Appetite	Financial	Jessica Ellerm

Consequences

ID	Description
A	Additional funding required to cover annual budget deficits
B	Council's rates are unaffordable for the ratepayer (Current and future)
C	Councils Business Model is inefficient
D	We do not meet the community's expectation of community wellbeing
E	Failure to provide value to the ratepayer
F	Insufficient capability and capacity (Staff)
G	No accountability for budgetory spend (over/under)
H	Community lose faith in our ability to follow our own processes and plans
I	Inability to deliver on our operational programme as planned (New)
J	Carry forward capital projects
K	Additional funds required to complete projects
L	Inability to deliver on our capital programme as planned
M	Inability to capitalise planned labour costs
N	Inefficient use of staff time
O	Staff are diverted from delivering projects that have been through due process
P	Unrealistic budget expectations
Q	Unnecessary increase to our operational budget
R	Elected members lose faith in the C/E's ability to deliver on the Long Term Plan (New)s ability to manage delivery
S	Community lose faith in councils ability to deliver on the Annual and Long Term Plan
T	Increased costs due to increased scrutiny of 3rd party auditors
U	Increased internal resource to satisfy 3rd party audit requirements
V	Increased scrutiny from 3rd Party auditors

Controls

Control Title	Control Type	Control Owner	Control Effectiveness	Linked Causes/ Consequences ID
Audit & Risk Committee oversight	Detective Control	Jessica Ellerm	Substantially Effective	2,6,9/G,H,I,L,O,T,U,V
Adequate Insurance Coverage	Mitigating Control	Garry Hrustinsky	Substantially Effective	1/A,B,C,F,H,I,K,L
Follow investment strategy	Mitigating Control	Caroline Thomson	Substantially Effective	3,4,5,6,8,9
Adherence to treasury management policies	Mitigating Control	Garry Hrustinsky	Substantially Effective	3,5,6,7,8
Interest rate budgeting	Mitigating Control	Garry Hrustinsky	Substantially Effective	3,4,6,8,9
Revenue & Financing Policy	Preventative Control	Caroline Thomson	Partially Effective	2,4/E,Q
Adherence to Infrastructure Strategy	Mitigating Control	Russell Bond	Substantially Effective	2,5,6,9

Treatment Actions

Planned action	Responsible Officer	Status	Due Date
Asset Management Strategy Fully Embedded in Strategic Planning	Kate Ivicheva	In Progress - 10%	01 Jul, 2027
In depth review of revenue and finance policy (Phase One)	Caroline Thomson	In Progress - 10%	07 Oct, 2025
A fit for purpose LTP budget setting process approved by ELT	Caroline Thomson	Completed - 100%	25 Nov, 2025
Create a framework to manage delivery of the capital programme	Caroline Thomson	In Progress - 90%	25 Nov, 2025
Create a process to ensure an appropriate level of budget is allocated at the relevant phase of the project	Caroline Thomson	In Progress - 80%	25 Nov, 2025

Compliance with prudence and infrastructure benchmarks	Mitigating Control	Caroline Thomson	Substantially Effective	5,6,8,9	Create an effective prioritisation process, to ensure only those potential Capital and Operational activities that meet the minimum standards, should be accepted	Caroline Thomson	Completed - 100%	25 Nov, 2025
Performance management framework	Mitigating Control	Jessica Ellerm	Partially Effective	2,5,6,9				
Documented process for the opex & capex work programmes	Preventative Control	Caroline Thomson	Partially Effective	2,6,9	Minimum standard for overall programme management to be developed and rolled out.	Caroline Thomson	In Progress - 50%	25 Nov, 2025
Management accounting services	Mitigating Control	Talia Foster	Substantially Effective	2,9	Minimum standard for project management including budget setting in respect of LTP	Caroline Thomson	In Progress - 50%	25 Nov, 2025
Budgeting processes and methodology	Preventative Control	Caroline Thomson	Partially Effective	2,9	Process to identify what affordability is in the Napier context	Caroline Thomson	In Progress - 30%	25 Nov, 2025
Asset Management Strategy	Mitigating Control	Kate Ivicheva	Partially Effective	2,9	Review of the investment strategy to to optimise investment in land specifically	Caroline Thomson	Completed - 100%	25 Nov, 2025
Resilience rate set up adequately	Mitigating Control	Caroline Thomson	Substantially Effective	1	Action Plan resulting from Crowe Internal audit of Asset Management	Kate Ivicheva	Completed - 100%	27 Jul, 2023

Related Records

Risk - OR235 Poor quality planning documents (LTP & AP) - Low

Risk - OR270 Failure to complete annual plan in legislative timescales - Medium

Risk - OR66 Inability to process financial transactions - Low

Risk - OR67 Inability to effectively report on financial performance - Low

Risk - OR72 Significant overspend in operating or capital budgets - Low

Risk - OR95 LTP fails to direct the business - High

Risk - SR36 Delivery of Programmes and Change - High

2. DEEP DIVE OF SR33 EFFECTIVENESS OF EMERGENCY MANAGEMENT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1856557
Reporting Officer/s & Unit:	Thunes Cloete, Executive Director Community Services

2.1 Purpose of Report

This report provides a detailed analysis of strategic risk SR33 Effectiveness of Emergency Management, highlighting the risk assessment process, identified risks, controls and proposed treatments.

i. Advantages and Gains in Identifying Risks Relating to Emergency Management.

ii. Defining Inherent Risk against Revised/Residual Risk, the formula and process.

iii. Bow Tie Report identifying the progress of Treatment Actions, both completed and in progress.

Officer's Recommendation

The Audit and Risk Committee:

a. **Receive** the report titled "Deep Dive of SR33 Effectiveness of Emergency Management" dated 12 June 2025.

b. **Receive** the analysis of SR33

Risk No:	Risk Issue	Inherent Risk Assessment	Revised Risk Assessment	Target Risk Assessment
SR33	Effectiveness of Emergency Management	Extreme	Medium	Low

2.2 Inherent Risk v Revised Risk:

Inherent Risk: is the raw risk before any action is taken, whereas **Revised/Residual Risk:** reflects the adjusted level of risk after control measures are applied. (**Mitigations**)

The SR33 process in simple terms gives scope, context and criteria which helps with risk assessment. Risk assessment drives, risk identification, risk analysis and risk evaluation, those three key factors then enable the risk treatments and the controls.

Treatment Actions – Status and Timeframes

The timeframes for Treatment Actions are outlined in the Bow Tie Report. The report also distinguishes between treatments that have been completed and those still in progress.

Currently, four Treatment Actions remain in progress. These actions are nearing completion but involve a level of complexity that requires coordination with external agencies.

The timeframes indicated in the Bow Tie Report are conservative estimates, reflecting the need to accommodate external dependencies and ensure thorough implementation.

Treatment Actions (Outstanding)

Table 1

Treatment Action	Control link	Completion date	Progress
Determine and implement Lifeline Strategy	Strategy for Lifelines Utility	6 June 2025	75%
Develop and implement BCP Test plan	Business Continuity Planning Management	24 June 2025	90%
Develop, Implement and Test Emergency Welfare Plan	Documented Welfare Plan	24 Nov 2025	55%
Develop, Implement and Test Emergency Response Plan	Documented Emergency Response Plan	31 July 2025	95%

2.3 Issues

N/A

2.4 Significance and Engagement

N/A

2.5 Implications

N/A

Financial

N/A

Social & Policy

N/A

Risk

This report is to provide the Audit and Risk Committee assurance that appropriate mitigations are in place to ensure SR33 Effectiveness of Emergency Management endeavour to bring the strategic risk into the risk appetite level for the Service Delivery category of Low within the timeframes shown for the treatment actions.

2.6 Options

The options available to Council are as follows:

a. Receive the deep dive of strategic risk SR33 Effectiveness of Emergency Management.
b. Not to receive the deep dive of strategic risk SR33 Effectiveness of Emergency Management.

2.7 Development of Preferred Option

Receive the deep dive of strategic risk SR33 Effectiveness of Emergency Management.

2.8 Attachments

1   Bow Tie Report SR33 - May 2025 (Doc Id 1857382) ⇩

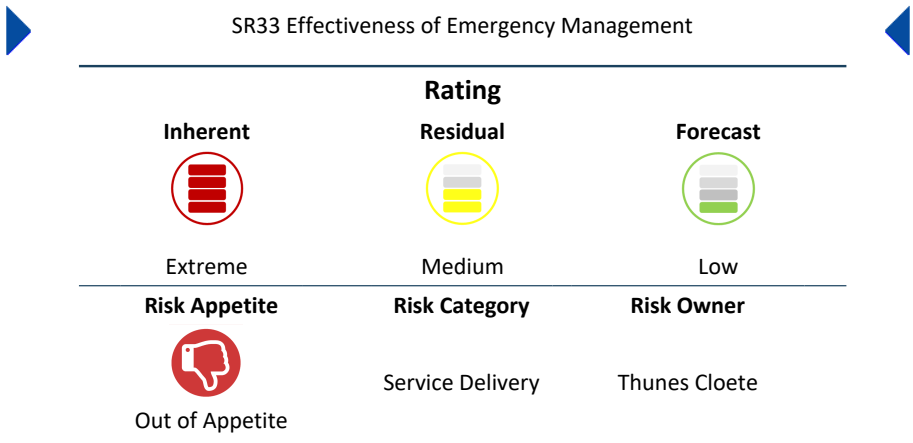# Bow Tie Report

Napier City Council

Camms.

Print Date: 27 May, 2025

Napier City Council　　　　　　　　　　　　　　　　**Bow Tie Report**

Causes

ID	Description
1	Emergency management not considered to be Business as usual
2	Absence of requirements for Emergency management
3	Lack of or poor response plan
4	Lack of documented emergency procedures
5	Undefined organisational policies
6	Undefined emergency management policies
7	Undefined procedures
8	Failure of essential services
9	Size and type of event
10	Lack of communication

Risk

SR33 Effectiveness of Emergency Management

Rating

Inherent	Residual	Forecast
Extreme	Medium	Low

Risk Appetite	Risk Category	Risk Owner
Out of Appetite	Service Delivery	Thunes Cloete

Consequences

ID	Description
A	Lack of direction
B	Lack of direction and situational awareness
C	Public Wellbeing
D	Loss of life
E	Non compliance with Legislation
F	Damage to council reputation

Controls

Control Title	Control Type	Control Owner	Control Effectiveness	Linked Causes/ Consequences ID
CDEM Engagement	Preventative Control	Blake McDavitt	Substantially Effective	5,6,10/A,E,F
(IR) Business Continuity Planning Management	Mitigating Control	Dave Jordison	Substantially Effective	8,10/A,B,F
Fortnightly controllers meeting	Preventative Control	Thunes Cloete	Partially Effective	2,3,10/A,B
Documented Emergency procedures	Mitigating Control	Blake McDavitt	Substantially Effective	4,10/A,B
Documented Emergency Response Plan	Mitigating Control	Blake McDavitt	Partially Effective	3/A,B,F
(IR)Manage all functional leads and responsibilities for EOC	Preventative Control	Blake McDavitt	Substantially Effective	3/A,F
(IR) Strategy for Lifelines Utility, Operations Function	Preventative Control	Blake McDavitt	Partially Effective	2,4/B
(IR) Staff Roles and Responsibilities in Response Plan	Mitigating Control	Blake McDavitt	Substantially Effective	3/A,F
(IR) Stakeholder Engagement	Mitigating Control	Blake McDavitt	Substantially Effective	10/A,F
Location for CDC & EOC	Mitigating Control	Blake McDavitt	Substantially Effective	9/B,F
NCC Staff, Personnel Engagement re all things EM	Preventative Control	Blake McDavitt	Partially Effective	2/A,B
Specific Emergency training for relevant staff	Mitigating Control	Blake McDavitt	Substantially Effective	2/B,F
Documented Welfare Plan	Mitigating Control	Thunes Cloete	Partially Effective	2/A,C
(IR) Comms Technology, Star Link , Radio Communication	Mitigating Control	Duncan Barr	Substantially Effective	10/B
(IR) Debriefs	Mitigating Control	Blake McDavitt	Substantially Effective	10/B
(IR) Predetermined Emergency Operations centre and training facility	Preventative Control	Blake McDavitt	Substantially Effective	2/A

Treatment Actions

Planned action	Responsible Officer	Status	Due Date
Post implementation of EOC ensure determination of roles and responsibilities for EOC	Blake McDavitt	Completed - 100%	04 Apr, 2025
Communication plan for Emergency Response plan	Blake McDavitt	Completed - 100%	05 Sep, 2025
Determine resources required and training requirement for staff.	Blake McDavitt	Completed - 100%	06 Apr, 2025
Process, for determination of Stakeholders based on RACI Model	Blake McDavitt	Completed - 100%	06 Apr, 2025
Business Continuity Policy, Framework and Statement of Context	Thunes Cloete	Completed - 100%	06 Feb, 2025
develop and implement documented debrief process/procedure	Blake McDavitt	Completed - 100%	06 Feb, 2025
Documented communications plan and procedures	Duncan Barr	Completed - 100%	06 Feb, 2025
Regular meeting with Civil Defence	Blake McDavitt	Completed - 100%	06 Feb, 2025
Resource determination and training requirement identified	Blake McDavitt	Completed - 100%	06 Feb, 2025
Determine and implement Lifeline Strategy	Thunes Cloete	In Progress - 75%	06 Jun, 2025
Develop and implement BCP Test plan	Dave Jordison	In Progress - 90%	24 Jun, 2025
Develop, Implement and Test Emergency Welfare Plan	Margot Wilson	In Progress - 55%	24 Nov, 2025
Develop, Implement and Test Emergency Response Plan	Blake McDavitt	In Progress - 95%	31 Jul, 2025

Napier City Council				Bow Tie Report
Council Staff Engagement	Preventative Control	Blake McDavitt	Partially Effective	1/B
Transport and equipment solution , including response vehicle for controllers	Preventative Control	Blake McDavitt	Totally Ineffective	2/B
Communication Plan	Preventative Control	Blake McDavitt	Partially Effective	10/A

Related Records

Risk - OR157 McLean Park - Emergency incident during event causes serious injury or death to customers - Medium

Risk - OR210 The Business Continuity Plan program does not meet expected levels of service - High

Risk - OR362 Failure to adhere to Emergency Officers' role description.. - Low

Risk - SR21 Not enabling our communities to become resilient - Low

3.   ASSET MANAGEMENT ROADMAP PROGRESS

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1856592
Reporting Officer/s & Unit:	Kate Ivicheva, Manager Asset Strategy

3.1 Purpose of Report

This report provides an update on the progress of the Asset Management Roadmap, from Q42024 to Q2 2025, including key milestones achieved, acknowledges technical progress, team collaboration, outlines key constraints and forward considerations.

Officer's Recommendation

The Audit and Risk Committee:

a.   **Receive** the update on the progress of the Asset Management Roadmap.

3.2 AM Roadmap Progress Summary

The Asset Management Roadmap was endorsed as a multi-phase improvement programme to address gaps in asset management practices and to support NCC in meeting its evolving needs. Since Q4 2024 to Q2 2025, the organisation has made tangible and well-paced progress. Early investment in foundational systems, digital forms, and service request workflows has directly enabled the advancement of roadmap phases. Notably, Phase 3 has commenced one quarter ahead of schedule, and Phase 4 is already two quarters ahead, driven by operational momentum and successful standardisation of digital inspections and reporting tools across a range of services.
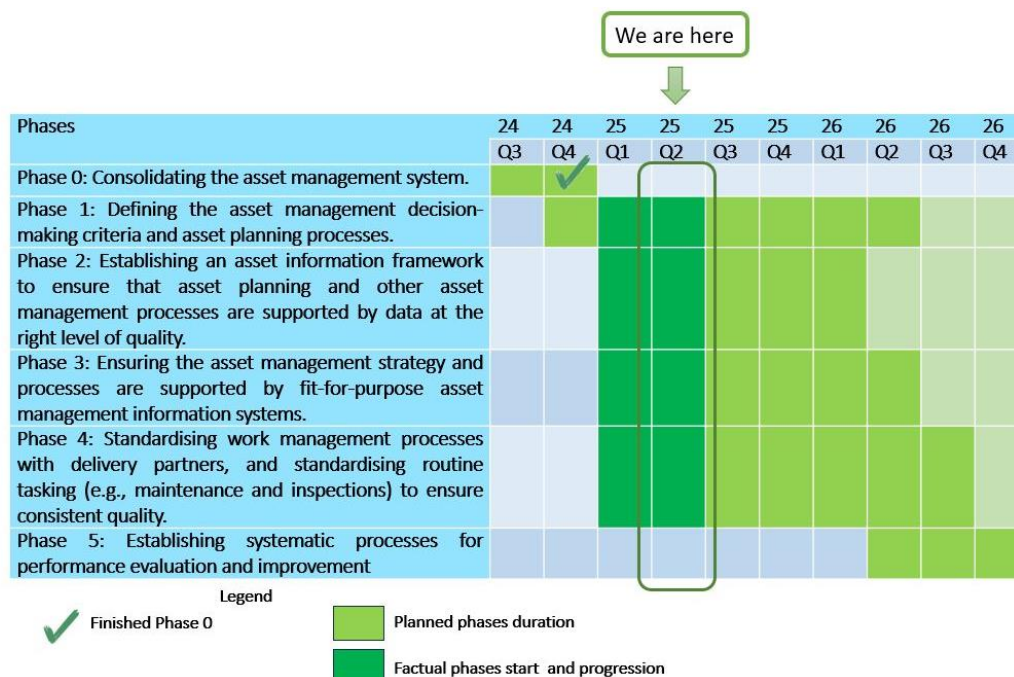
Table 1 – Endorsed Asset management Roadmap timeline 2024-2026

However, it is important to highlight that these results have not been achieved easily. They required intensive effort, significant time reallocation, and a sustained commitment from a small group of staff already balancing core responsibilities. With the current organisational redesign underway, it is unlikely that the same pace can be sustained without reprioritisation and a clear understanding of future resource needs.

Table 2 below provides a progress summary against each phase of the roadmap with progress commentary.

Table 2 - Roadmap phase status overview

Phase	Planned Start	Status	Progress notes
Phase 0: Consolidating the asset management system	Q3 2024	Completed	Established service request systems and dashboards that support current operations across City Services, Transportation, 3-Waters, and Open Spaces
Phase 1: Defining the asset management decision-making criteria and asset planning processes.	Q1 2025	In Progress, but paused	Operational data is now structured and repeatable enough to support planning discussions, but deeper strategy processes are paused pending organisational clarity.
Phase 2: Establishing an asset information framework to ensure that asset planning and other AM processes are supported by data at the right level of quality.	Q1 2025	In Progress, but paused	Strong data capture across inspections and maintenance; supports consistent quality and traceability, though not all asset classes are yet covered.
Phase 3: Ensuring the asset management strategy and processes are supported by fit-for-purpose asset management information systems.	Q2 2025	In Progress but paused Started 1Q early	Enabled by structured building and infrastructure reporting tools, digital request workflows, and the consolidation of operational insights. However, the draft AM Strategy has been paused for now, given the pending organisational changes.
Phase 4: Standardising work management processes with delivery partners, and standardising routine tasking (e.g., maintenance and	Q3 2025	In Progress but paused Started 2Q early	Operational staff are using common digital forms and dashboards across key services (e.g. toilets, trees, WWTPs), showing strong behavioural change and consistency. These are low-medium complexity

Phase	Planned Start	Status	Progress notes
inspections) to ensure consistent quality.			changes but mark a solid cultural shift.
Phase 5: Establishing systematic processes for performance evaluation and improvement	Q2 2026	Not yet Started	Future work. Requires a more stable structure and agreement on performance frameworks.

AMSG Coordination and Delivery Alignment

The Asset Management Steering Group (AMSG) shared the knowledge and ensured that alignment between improvement activities and NCC's Asset Management Policy and System. Key highlights and contributions include:

- Development and peer review of the draft Asset Management Strategy. The group has identified improvements and now has a "save point" with clearly identified areas for improvement. While it provides a structured base, the strategy will require a practical and potential revision before finalisation to reflect priorities and the new organisational context.

- A targeted maturity assessment was undertaken in November 2024, which defined a two-year maturity improvement vision. After five months of implementation, the Group recognised that the original 10% capacity assumption is no longer viable and that future delivery should focus on the most critical and high-impact elements.

- Coordination across business units to ensure that improvement work aligns with the existing AM System Framework, while deliberately avoiding premature funding requests or overcommitting to unscoped initiatives, especially amid the change.

Delivered Initiatives and Workstreams

Summary of Key projects we have done as part of the Asset Management Improvements effort from November 2024 to May 2025. Together, they form a strong baseline for future improvement work, with many elements already integrated into business-as-usual operations 🟢 and some of them are yet to be live 🟡. The table below summarises these initiatives, grouped by three focus areas.

Table 3 - Summary of Key activities and projects

Focus Area	Initiative / Workstream	Status
Foundational tools and processes development	SR Dashboards are deployed across most services	Finished 🟢
	Digital inspection and reporting forms are used across teams	Finished 🟢
	Building Maintenance Request System (beyond SR)	Finished 🟢
	Asbestos register and reporting tool	Finished 🟢
	Internal Building Map with asset information	Finished 🟢

Focus Area	Initiative / Workstream	Status
	Building Management Map (build on the basis of the map above, allow capture and publishing of weathertightness, condition assessment, hazards and seismic information)	Underway 🟡
	Building data integration into the Buildings Map (weathertightness, condition, seismic)	Underway 🟡
	Buildings Criticality Framework (drafted, needs further progress)	Underway 🟡
Operational Standardisation	Toilet cleaning, inspection, and reporting templates standardised	Finished 🟢
	Tree condition assessments, valve exercise records, and WWTP safety checks	Finished 🟢
	Pump station inspections across 3-Waters	Finished 🟢
	Water features maintenance and renewals planning (Proof of Concept project)	Underway 🟡
Strategy and Planning Foundations	AMP template tested and refined	Finished 🟢
	Functional review of BAM team services	Finished 🟢
	Draft AM Strategy	Paused 🟡
	Cemetery Records project (RASCI, backlog identified, documented workflows with data)	Finished 🟢

This snapshot demonstrates that, despite constrained resourcing, the team has delivered a coherent suite of tools, process improvements, and proofs of concept that collectively strengthen day-to-day asset management capability.

Team Contributions and Relationships

None of the progress to date would have been possible without the commitment and cooperation of teams across the organisation. I wish to formally acknowledge:

1. City Services - strong ownership and use of digital tools and routine dashboards

2. AMIT and BAM - technical leadership and mentoring across multiple workstreams

3. Ahuriri Alliance and 3-Waters - active adoption of new inspection and reporting processes

4. Programme Manager Transformation - aligned digitalisation effort and strong collaborative problem-solving

These relationships are a critical asset for future improvement work.

3.3 The next steps

With several roadmap phases having progressed and foundational tools embedded, it is recommended that we keep a holding phase to consolidate work completed and prepare for future context. The following steps are proposed:

- Maintain embedded practices to ensure continuity and preserve operational value.

- Hold AM strategy and maturity work at current development points for future review.

- Retain cross-team coordination structures, such as AMSG, for potential future use.

- Defer further initiatives until business ownership and expectations are clarified.

- Develop a clear and realistic programme focused on high-impact initiatives.

This approach will protect the investment already made and position NCC to resume improvement work with greater clarity and alignment.

3.4 Issues and Forward Considerations

In the previous report, three core issues were identified: constrained resourcing, fragmented systems requiring integration, and the need for greater cross-team collaboration and support for adoption. Since then, the delivery environment has shifted. With the AMSG decision to pause all improvement work under the AM Roadmap, the focus has moved from active implementation to maintaining value from what is already embedded and preparing for a sustainable resumption. Table 4 below summarises how each issue has progressed:

Table 4 – Key issues, their status and direction

Issue	Current position
Resourcing	While resourcing constraints remain, the programme is no longer progressing under those conditions. The pause prevents further pressure and ensures any future work is appropriately scoped and supported.
System Integration	Gaps between asset, spatial, and planning systems were identified early. Integration remains a key enabler, but further work is on hold. Progress to date has clarified where coordination is needed. Integration work can resume once technical and functional responsibilities are clear.
Cross-Team Collaboration	Early adoption benefited from strong relationships and targeted efforts. Broader engagement and resuming the coordination will be important once ownership and pathways are confirmed.

This repositioning ensures progress is protected, duplication is avoided, and the next phase of improvement can be approached with clearer direction.

3.5 AM Roadmap Risk Profile

In the earlier report, the overall risk profile was high. Since then, the focus has been on low- to medium-complexity and fast-tracked initiatives to enable improvements. These were deliberately selected to stay within available capacity and reduce exposure to delivery risk.

With roadmap activity now paused, the immediate risk of misaligned or over-extended delivery has eased. However, underlying risks remain, particularly around system integration and future capacity. These will need to be revisited before work resumes.

Table 5 – Current Risk Profile

Risk Type	Description and Status	Severity	Likelihood	Updated Commentary
1 Capacity Constraints & Staff Availability	Staff availability remains limited. Delivery was sustained only through reallocation.	High 🔴	Moderate 🟠	**Severity unchanged. Likelihood reduced.** The AM Roadmap delivery pause has reduced immediate strain. Future success will depend on a realistic scope, resourcing plan, and agreed priorities.
2 Complexity in Cross-Functional Coordination	Alignment is improving but not formalised. Future work depends on confirmed roles.	Moderate 🟠	Moderate 🟠	**Severity unchanged. Likelihood reduced.** Risk eased slightly by pausing activity, but clarity is needed before restarting.
3 System Integration & Data Centralisation	Integrating fragmented systems for a reliable data flow is critical. We have better connectivity, but the overall system remains incomplete.	High 🔴	Moderate 🟠	**No change.** AMIT collaborate with relevant teams for phased integration. Still a key enabler and risk area.
4 Stakeholder Engagement & Adaptation	Tools have been well adopted in parts of the business. Without ownership and reinforcement, uptake may decline.	Moderate 🟠	Moderate 🟠	**No change.** Risk was previously lowered due to successful uptake and stable use of tools, but has returned to its original profile due to uncertainty in future roles and priorities.
5 Potential for Scope Creep & Project Drift	Delivery to date was well contained, with the focus on low and medium-complexity projects. Higher-risk projects deferred.	Low 🟢	Low 🟢	**Severity and likelihood reduced** (from Moderate 🟠 to Low 🟢) as strategic choice reduces complexity exposure.

Severity levels:

High (🔴): Requires immediate attention and mitigation to prevent significant impact on roadmap progress.

Moderate (🟠): Important to address, with medium impact; requires monitoring and proactive measures.

Low (🟢): Limited impact; monitor periodically to ensure the risk does not escalate.

3.6 Significance and Engagement

N/A

3.7 Implications

Financial

N/A

Social & Policy

N/A

3.8 Options

The options available to Council are as follows:

a. **Receive the report for information**, acknowledging the progress achieved, the temporary pause in improvement activities, and the intent to resume work once the new setup is confirmed.

b. **Provide early guidance or input** on future areas of strategic focus or reporting expectations to support the eventual re-engagement of the improvement programme, when appropriate.

3.9 Development of Preferred Option

The preferred option A is to receive the report for information. This option supports transparency while allowing the organisational context and future priorities to be clarified before re-engaging the AM Roadmap.

Should the Audit and Risk Committee wish to offer guidance or note any strategic preferences (Option B), this can be recorded and drawn on when the improvement programme is next re-scoped.

3.10 Attachments

Nil

4. RISK AND ASSURANCE REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1857551
Reporting Officer/s & Unit:	Dave Jordison, Risk and Assurance Lead

4.1 Purpose of Report

To provide the Committee with an update on Council's strategic and operational risk profiles and key risk management workstreams.

Officer's Recommendation

The Audit and Risk Committee:

a) **Receive** the report titled "Risk and Assurance Report" dated 12 June 2025.

4.2 Summary of Out of Appetite status

The strategic risk profile shows we have five risks out of appetite. All five risks have been escalated.

SR15 Infrastructure – Annual Review

Objective: Plan for, develop, and maintain sound infrastructure

Review Due: 27 May 2025

There are 13 treatment actions identified, of which 5 remain incomplete. It is anticipated that completing these actions will enhance the effectiveness of the three controls currently rated as partially effective:

- Asset Management Planning Framework (Preventative)

- Identification and Prioritisation of Critical Assets (e.g., water vs. parks) (Mitigating)

- Staff Training (Preventative)

All treatment actions are expected to be completed by the second week of June. Once implemented:

- The preventative controls are expected to reduce the likelihood of risk occurrence to rare.
- The mitigating control is projected to lower the consequence level from moderate to minor.
- Overall, the effectiveness of controls will improve.

With any single one of these enhancements, the risk classified under the primary category of Service Delivery, is expected to fall within the organisation's risk appetite.

SR22 People & Capability – Quarterly Review

Review Due: 26 Aug 2025

Classified under the primary category of **Service Delivery.**

It is anticipated that once all treatment actions are completed by 21 Feb 2026 this risk should be within appetite.

SR32 Failure to proactively manage health and safety risks or maintain safe work systems.
Review Due: 29 May 2026

This risk has reduced, from a revised risk level of High (28) to Medium (11)

To achieve the target of a revised risk level of Low (within the council's appetite), the Likelihood would need to be reduced by the anticipated improvement of the following preventative control:

- Elected members leadership in H & S, the treatment action is; H&S leadership training tailored for elected members to ensure they understand their governance responsibilities and can actively promote workplace safety, due for completion 17 Dec 2025.

SR33 Effectiveness of Emergency Management – Annual Review
Review Due: 22 May 2026

Details contained in Deep Dive Presentation for this Audit and Risk Committee meeting.

SR36 Delivery of Programmes and Change – Quarterly Review
Review Due: 19 Aug 2025

It is anticipated that once all treatment actions are completed by 19 Nov 2025 this risk should be within appetite.

All of the remaining 9 Strategic Risks are on an annual review frequency, as a result of their revised risk levels.

1.2.1 Strategic Risks

Reduction in revised risk level from the previous report:

SR32 Failure to proactively manage health and safety risks or maintain safe work systems. See above. (Note the wording of this risk has been amended to provide a more concise risk statement, with the agreement of the Chief Executive)

1.2.3 Strategic Risks Summary

Strategic Risk

No.	Risk Description	Inherent	Residual	Forecast	Trend
1	SR15 - Infrastructure - Plan for, develop and maintain sound infrastructure	Extreme	Medium	Low	↔
	Risk Owner: Russell Bond				
	Risk Owner Comments: Executive Director Infrastructure signed off escalation with revised risk level of Medium. on 12 monthly review. Next review 28 May 2025.				
2	SR21 - Not enabling our communities to become resilient	Extreme	Low	Low	↔
	Risk Owner: Thunes Cloete				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 26 Aug 2025				
3	SR22 - People & Capability	Extreme	High	Low	↔
	Risk Owner: Louise Miller				
	Risk Owner Comments: Chief People Officer & Chief Executive signed off for escalation. Quarterly review Next Due 29 Aug 2025. Targeted treatment actions due for completion by 28 Feb 2026 at which time it is anticipated that a significant reduction in the revised risk will happen as a result.				
4	SR23 - Sustainable Financial Strategy	Extreme	Medium	Medium	↔
	Risk Owner: Jessica Ellerm				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 2 Sept 2025				
5	SR25 - Te Tiriti O Waitangi commitments and obligations	Extreme	Medium	Medium	↔
	Risk Owner: Louise Miller				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 20 Sept 2025				
6	SR26 - Impact of external change and reform	Extreme	Medium	Medium	↔
	Risk Owner: Rachael Bailey				
	Risk Owner Comments: Within Appetite, on 12 month review. Next review due 4 Nov 2025				
7	SR32 - Failure to proactively manage health and safety risks or maintain safe work systems	Extreme	Medium	Low	↓
	Risk Owner: Louise Miller				
	Risk Owner Comments: Escalation has been completed, and signed off by both the Chief People Officer and the Chief Executive. To be within Appetite for H & S Risk this will require the effectiveness of controls to be Fully effective, which may not be achievable. Deep Dive of this risk was presented at March Audit and Risk Committee meeting. Improvements to the effectiveness of controls has resulted in the revised risk level being Medium and therefore on an annual review frequency. Next review due 27 May 2026				

No.	Risk Description	Inherent	Residual	Forecast	Trend
8	SR33 - Effectiveness of Emergency Management	Extreme	Medium	Low	↔
	Risk Owner: Thunes Cloete				
	Risk Owner Comments: Chief Executive signed off accepting proposed treatment actions and their completion dates. Requires Quarterly review Next due 22 May 2026 . Significant progress has been made with improving critical control effectiveness and the remaining treatment actions will be concluded by 5 Sept 2025, and are anticipated to reduce the revised risk level to be within appetite. Consequence level reduced to Major as a result of Mitigating control improvement. Resulting in Risk level reducing to Medium. A draft Welfare Plan has been developed. Next step to finalise the plan by November 2025. Next review due 22 May 2026				
9	SR35 - Climate Change	Extreme	Medium	Medium	↔
	Risk Owner: Rachael Bailey				
	Risk Owner Comments: Within Appetite on 12-month review. Next review due 31 Jan 2026				
10	SR36 - Delivery of Programmes and Change	Extreme	High	Low	↔
	Risk Owner: Rachael Bailey				
	Risk Owner Comments: A review was conducted by the EPMO Team on 20 May. Some controls have shown improvement, while others have not and are not expected to until the next quarterly review. By then, the impact of the business redesign should be better understood, and several controls are expected to improve as a result of treatment actions scheduled for completion by 19 November 2025. Next review due 19 Aug 2025				
11	SR41 - Security, Integrity and Privacy of Data and Information	High	Low	Low	↔
	Risk Owner: Jessica Ellerm				
	Risk Owner Comments: Within Appetite on 12-month review. Next review due 29 Jan 2026				

1.2.4 Strategic Risks Current Status (13 week period)
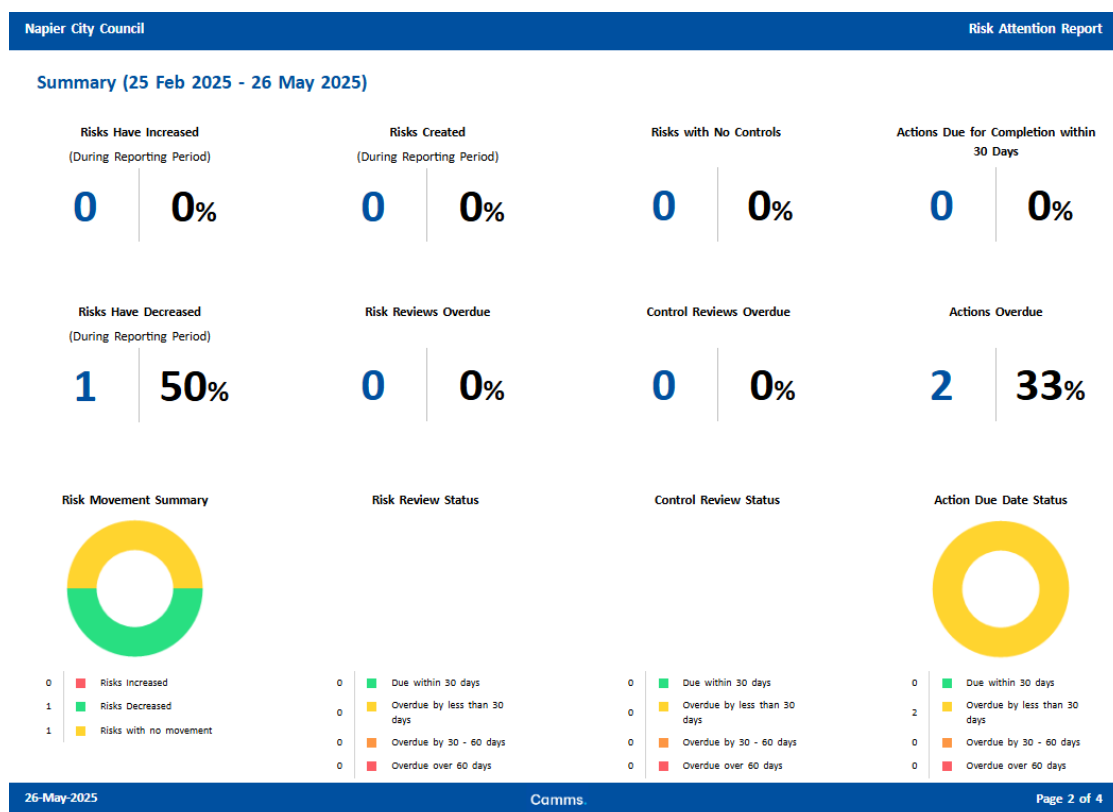
Strategic Risk Escalation

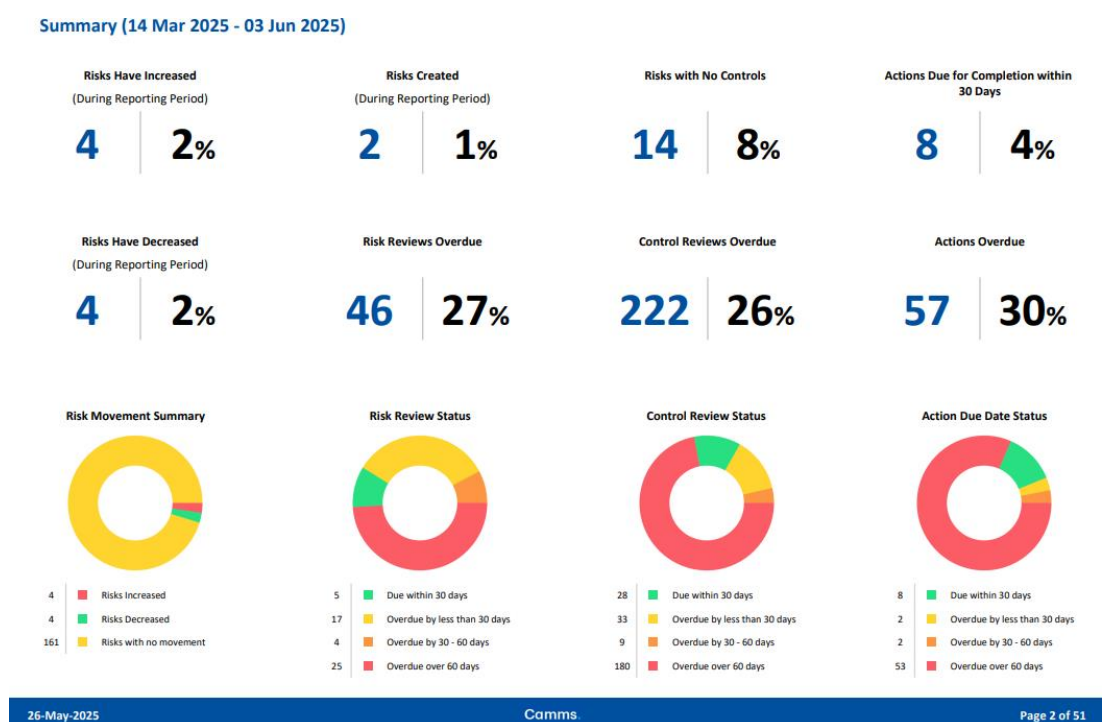All 5 Strategic Risks that are out of appetite have been formally escalated to the appropriate level of authority for their agreement with the treatment action plans and time frames for these, with their anticipated planned reduction in revised risk levels.

4.3 Operational Risks

Current Measures for this reporting period against the previous quarter

- 14 risks remain with no controls, down from the previous reporting period of 16.
- 4 risks have decreased in this period, from the 17 in the previous reporting period.
- 4 Risks have an increased in their revised risk levels.
- 8 Treatment actions due for completion in the next 30 days 8 up from 5 in the previous period
- 46 Risk reviews remain overdue, down from the previous reporting period of 47
- 222 Control reviews are overdue, down from 261 in the previous reporting period
- 57 Treatment actions are overdue, down from 91 in the previous reporting period
- 2 New risks have been created since the previous reporting period

It is anticipated that the treatment actions that are overdue for completion may increase as a result of the business redesign, as well as the Risk reviews and Controls with them, for the same reason.

1.3.1 Out of Appetite Operational Risks by Directorate

Directorate	Previous ELT Presentation Qty	Current Qty
CE/Mayor	4	4
City Services	3	1
Community Services	30	24
Corporate Services	6	7
Infrastructure Services	17	16
People & Capability	2	2
City Strategy	0	0
Total	62	54

Required improvements:

We need to maintain focus on operational risks that currently have no controls in place. While it's important to consider how the proposed redesign may affect staff, our primary goals are to:

- Support the completion of risk setup activities (Risk Analysis, Evaluation, and Treatment) for risks without controls.
- Assist in reviewing overdue treatment actions to ensure they reflect the updated risk levels.

There are 14 operational risks without controls. Addressing these will help us accurately determine their revised risk levels. Until Risk Analysis and Evaluation are completed, these

risks remain "unknown unknowns"—we won't know if they fall within our risk appetite or what actions, if any, are needed.

Additionally, 13 risks already have revised risk levels classified as:
- Extreme: 1
- High: 8
- Medium: 4

These are considered the most significant risks outside our appetite. Of these, 5 are overdue for review. By updating these risks, we can reduce the total number of overdue and out-of-appetite risks from 46 to 33.

Risk Training

See Uplift program

Ref Crowe risk management audit report 6.5.0 Training in Risk Essentials for some ELT and Tier 3 & 4 Managers, is still incomplete.

Risk Identification & Evaluation training for ELT/Tier 3 & 4 Managers curriculum to be developed by 20 August 2025 by the Risk and Assurance Lead in conjunction with P & C for delivery.

A workshop may be needed to help the Audit and Risk Committee understand and implement the new Risk Management Framework. This would also include an introduction to the updated Risk Management Policy.Basic introduction to risk management for newly elected members is planned for post the October Local Body Election.

A basic introduction to risk management is being developed for all staff as part of their induction. With support from People & Culture, the training package is expected to be ready by 1 August 2025.

1.3.1 Operational Risk Escalations from the previous ARC meeting.

<u>SR32 Failure to proactively manage health and safety risks or maintain safe work systems.</u> The risk statement has been modified with the agreement of the risk owner to make this a simpler risk statement. This has now been formally escalated, with the planned reduction of this risk lowering the revised risk level, as anticipated, and further improvements (Treatment Actions) by December 2025.

1.4.1 Emerging Risks

Consideration should be given for the Strategic and Operational Impact of the Council redesign.

The probable initial impact of this change may be the completion of treatment actions within the indicated time frame, with a longer duration of these risks being out of appetite.

The next issue could be ownership of existing risks, needing to be transferred to the individual responsible for the risk, and the realignment of the report lines/hierarchy within the CAMMS risk management software. The overall impact will be unknown until the structure is agreed upon.

4.5 Risk Management Uplift Program Progress

Crowe Audit Risk Level	Category and Crowe Audit Reference	Agreements	Completion Date	Status
High	6.3 Deficiencies in strategic management and oversight	6.1 Training completed for ELT Members	Dec 2024	Morehu Te Tomo and Jill Coyle are yet to complete
	6.3 Deficiencies in Strategic management and oversight	Training completed for all tier 3 & 4 Managers	Dec 2024	Approximately 10 Managers/Team Leaders to complete
Medium	6.2 Adequacy of processes for identifying, assessing and managing risk	Management training to include guidance in methodology options for risk identification	20 Aug 2025	Curriculum for training for Directors, Managers and Team leaders in Risk identification and assessment techniques based on AS/NZS IEC 31010 to be developed by Risk and Assurance Lead in conjunction with P&C
Medium	6.5 Adequacy of process for ensuring completeness and currency of registers	Management to revisit the currency and validity of the risk and controls identified in the register. Also includes attestation process	1 March 2025	Strategic risk are current. Operational risks require further work priorities identified in the Out of appetite risk report and being worked through, including escalation where required. Ref 6.3 Attestation form drafted awaiting endorsement to publish
Medium	6.6 Risk Management Training	Requirement for mandatory risk training at relevant for all staff, attendance of training to be recorded, monitored and reported on	1 March 2025	See 6.5 above for relevant staff to complete Risk Essentials training. Working with P&C to capture basics for all staff in Hazard and Risk Management, induction training.
Medium	6.7 Change Management	Identify training needs for risk and control owners and monitor completeness for training assigned	1 Aug 2025	Risk and Assurance Lead to work with P&C to capture training completeness Ref 6.2, 6.5 & 6.6

Crowe Audit Risk Level	Category and Crowe Audit Reference	Agreements	Completion Date	Status
High	6,3 Deficiencies in strategic management and oversight	6.1 Training completed for ELT Members	Dec 2024	Morehu Te Tomo and Jill Coyle are yet to complete
	6.3 Deficiencies in Strategic management and oversight	Training completed for all tier 3 & 4 Managers	Dec 2024	Approximately 10 Managers/Team Leaders to complete
Medium	6.2 Adequacy of processes for identifying, assessing and managing risk	Management training to include guidance in methodology options for risk identification	20 Aug 2025	Curriculum for training for Directors, Managers and Team leaders in Risk identification and assessment techniques based on AS/NZS IEC 31010 to be developed by Risk and Assurance Lead in conjunction with P&C
Medium	6.5 Adequacy of process for ensuring completeness and currency of registers	Management to revisit the currency and validity of the risk and controls identified in the register. Also includes attestation process	1 March 2025	Strategic risk are current. Operational risks require further work priorities identified in the Out of appetite risk report and being worked through, including escalation where required. Ref 6.3 Attestation form drafted awaiting endorsement to publish
Medium	6.6 Risk Management Training	Requirement for mandatory risk training at relevant for all staff, attendance of training to be recorded, monitored and reported on	1 March 2025	See 6.5 above for relevant staff to complete Risk Essentials training. Working with P&C to capture basics for all staff in Hazard and Risk Management, induction training.
Medium	6.7 Change Management	Identify training needs for risk and control owners and monitor completeness for training assigned	1 Aug 2025	Risk and Assurance Lead to work with P&C to capture training completeness Ref 6.2, 6.5 & 6.6

4.6 Next Key Steps

Risk Maturity

Maturity item	Process	Date	Comment
Risk assurance process	Detail risk-based audit process	1 March 2025	Newly drafted Risk Management framework refers to Internal audit charter, Audit SOP and Risk Based audit planning (All drafted)
Performance reviews for Directors and Tier 3 & 4 Managers should have risk performance measures in their job descriptions	N/A	TBD	Need P & C support
Risk management documents are cross referenced in the development and review of all relevant council plans and strategies	N/A	TBD	Possible discussion with all Strategy owners and Manager Strategy & Transformation, Risk management policy states: Integration with organisational processes (LTP,Annual Plan and Strategies) how do we ensure this happens?
Risk Management isa Business as Usual process throughout the council's operation		1 March 25	The completion of all of the Crowe internal audit findings from the Risk Management Audit in 2024 should ensure this maturity occurs

4.7 Options
The options available to Council are as follows:
a)   Receive the Risk Management Report
b)   Not to receive the Risk Management Report

4.8 Development of Preferred Option
Receive the Risk Management Report dated 12 June 2025.

4.4 Attachments
1   Strategic Risk Heatmap report ⇩ (Doc Id 1858883)
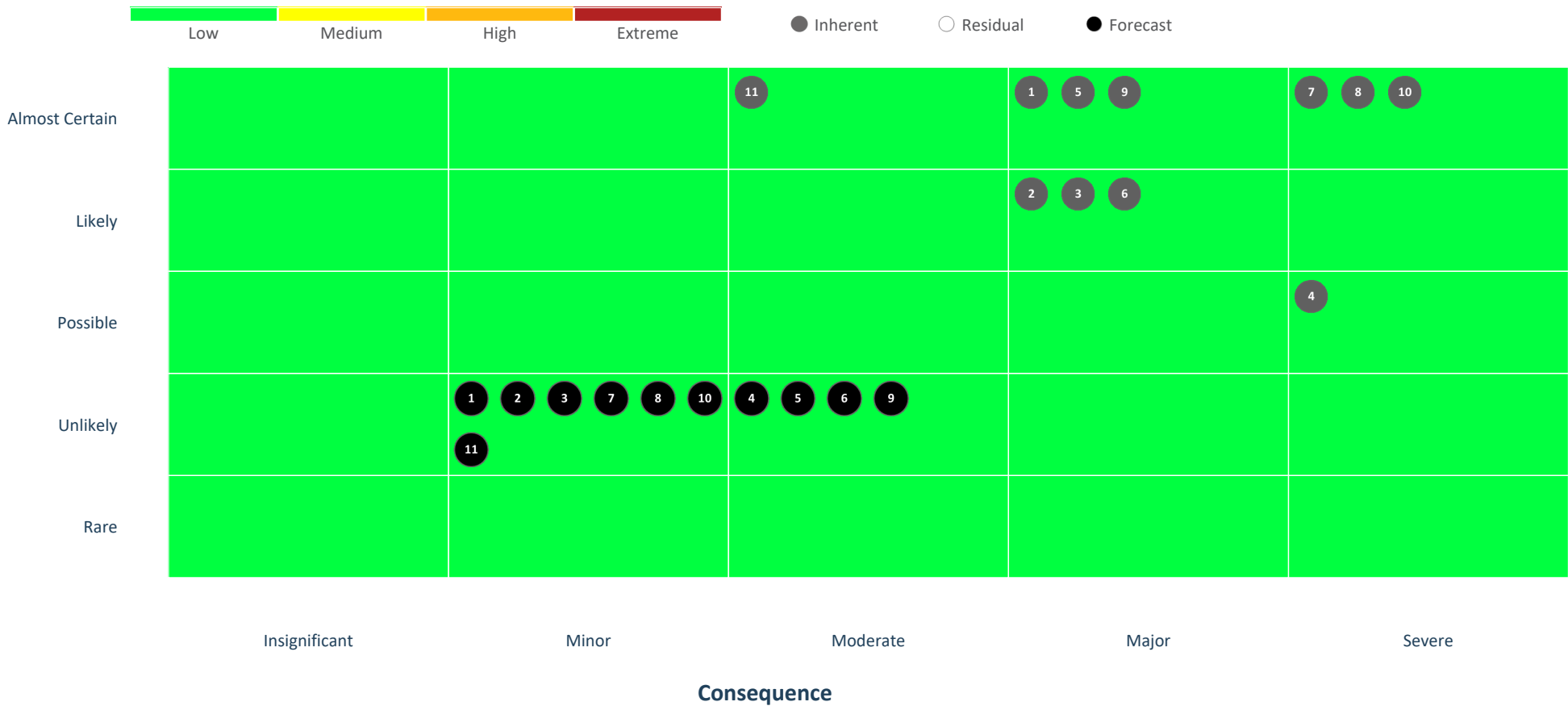2   Risk Attention report ⇩ (Doc Id 1858882)

Heatmap Report

Napier City Council

Camms.

Print Date: 28-May-2025

HEATMAP

RISK SUMMARY

Strategic Risk

| No.	Risk Description	Inherent	Residual	Forecast	Trend
1	**SR15 - Infrastructure - Plan for, develop and maintain sound infrastructure**	Extreme	Medium	Low	↔
	Risk Owner: Russell Bond				
	Risk Owner Comments: Executive Director Infrastructure signed off escalation with revised risk level of Medium. on 12 monthly review. Next review 28 May 2025.				
2	**SR21 - Not enabling our communities to become resilient**	Extreme	Low	Low	↔
	Risk Owner: Thunes Cloete				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 26 Aug 2025				
3	**SR22 - People & Capability**	Extreme	High	Low	↔
	Risk Owner: Louise Miller				
	Risk Owner Comments: Chief People Officer & Chief Executive signed off for escalation. Quarterly review Next Due 29 Aug 2025. Targeted treatment actions due for completion by 28 Feb 2026 at which time it is anticipated that a significant reduction in the revised risk will happen as a result.				
4	**SR23 - Sustainable Financial Strategy**	Extreme	Medium	Medium	↔
	Risk Owner: Jessica Ellerm				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 2 Sept 2025				
5	**SR25 - Te Tiriti O Waitangi commitments and obligations**	Extreme	Medium	Medium	↔
	Risk Owner: Louise Miller				
	Risk Owner Comments: Within Appetite on 12 monthly review Next review due 20 Sept 2025				
6	**SR26 - Impact of external change and reform**	Extreme	Medium	Medium	↔
	Risk Owner: Rachael Bailey				
	Risk Owner Comments: Within Appetite, on 12 month review. Next review due 4 Nov 2025				
7	**SR32 - Failure to proactively manage health and safety risks or maintain safe work systems**	Extreme	Medium	Low	↓
	Risk Owner: Louise Miller				
	Risk Owner Comments: Escalation has been completed, and signed off by both the Chief People Officer and the Chief Executive. To be within Appetite for H & S Risk this will require the effectiveness of controls to be Fully effective, which may not be achievable. Deep Dive of this risk was presented at March Audit and Risk Committee meeting. Improvements to the effectiveness of controls has resulted in the revised risk level being Medium and therefore on an annual review frequency. Next review due 27 May 2026				

8	**SR33 - Effectiveness of Emergency Management**	Extreme	Medium	Low	↔

Risk Owner: Thunes Cloete

Risk Owner Comments**:** Chief Executive signed off accepting proposed treatment actions and their completion dates. Requires Quarterly review Next due 22 May 2026 . Significant progress has been made with improving critical control effectiveness and the remaining treatment actions will be concluded by 5 Sept 2025, and are anticipated to reduce the revised risk level to be within appetite
Consequence level reduced to Major as a result of Mitigating control improvement. Resulting in Risk level reducing to Medium.
A draft Welfare Plan has been developed. Next step to finalise the plan by November 2025. Next review due 22 May 2026

9	**SR35 - Climate Change**	Extreme	Medium	Medium	↔

Risk Owner: Rachael Bailey

Risk Owner Comments**:** Within Appetite on 12-month review. Next review due 31 Jan 2026

10	**SR36 - Delivery of Programmes and Change**	Extreme	High	Low	↔

Risk Owner: Rachael Bailey

Risk Owner Comments**:** A review was conducted by the EPMO Team on 20 May. Some controls have shown improvement, while others have not and are not expected to until the next quarterly review. By then, the impact of the business redesign should be better understood, and several controls are expected to improve as a result of treatment actions scheduled for completion by 19 November 2025. Next review due 19 Aug 2025

11	**SR41 - Security, Integrity and Privacy of Data and Information**	High	Low	Low	↔

Risk Owner: Jessica Ellerm

Risk Owner Comments**:** Within Appetite on 12-month review. Next review due 29 Jan 2026

RISK OVERVIEW

Strategic Risk

SR15	Infrastructure - Plan for, develop and maintain sound infrastructure

Risk Categories: Service Delivery	Risk Owner: Russell Bond	Last Reviewed Date: 28 May, 2024	Next Review Date: 27 May, 2025

Individual Heatmap
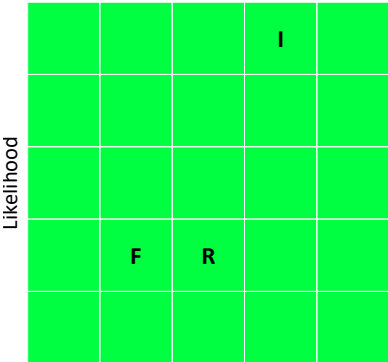
Likelihood (vertical axis)

Consequence (horizontal axis)

I Inherent Risk Assessment
R Residual Risk Assessment
F Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	High
F	Medium

Effectiveness of control	
R	Partially Effective

Causes

• Over and under investment in our assets
• Lack of demand planning
• Lack of critical maintenance planning
• Lack of competent staff
• Poor corporate and governance understanding of budget requirement
• Lack of a maintenance renewal framework
• Poor strategic awareness of asset management and planning principles
• Poor resilience planning
• Poor strategic investment to meet city growth
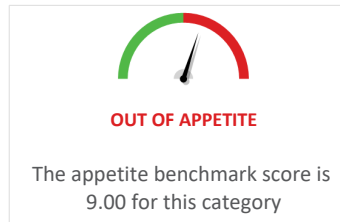• Systems inadequate for effective management of infrastructure assets

Consequences

• Not using rate payers funds and resources efficiently
• Dont understand the changing needs of the city
• Significant Service failure
• Poor current and future service delivery
• Insufficient funding to deliver service needs
• Failing assets
• Unclear strategic direction for having an asset management strategy
• Failure of critical assets during emergency events
• Citys development and growth impeded
• Coninued investment in assets no longer required
• Not having the tools to make good asset management decisions

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Asset Management planning framework	Russell Bond	Partially Effective	02 Aug, 2025
Establish strategic priorities	Russell Bond	Substantially Effective	19 Aug, 2025
Identify critical assets & prioritise (water vs parks)	Russell Bond	Partially Effective	19 Aug, 2025
Level of service analysis as part of the AMP	Russell Bond	Substantially Effective	02 Aug, 2025
Regional spatial plan	Russell Bond	Substantially Effective	19 Aug, 2025
Staff training	Russell Bond	Partially Effective	19 Aug, 2025
System remediation	Russell Bond	Substantially Effective	19 Aug, 2025

Treatment Actions

Risk Appetite

OUT OF APPETITE

The appetite benchmark score is 9.00 for this category

Planned action	Responsible Officer	Action Status	% Completed	End Date
Ensure Sycle data supporting asset utilisation and provion is integrated for Transportation	Robin Malley	Completed	100	30 Jun, 2023
Ensure Sycle data supporting asset utilisation and provision is integrated for 3 waters	Russell Bond	Completed	100	30 Jun, 2023
Ensure Sycle data supporting asset utilisation and provision is integrated for Building Asset Management	Andrew Clibborn	In Progress	10	18 Jun, 2025
Ensure Sycle data supporting asset utilisation and provision is integrated for Parks and Reserves	Russell Engelke	In Progress	10	17 Jun, 2025
Establish and implement strategic priorities for Asset and Infrastructure Strategies	Kate Ivicheva	Completed	100	02 Dec, 2024
Establish and implement strategic priorities for Environmental	Sarah Schaare	Completed	100	10 Jun, 2025
Establish and implement strategic priorities for water	Philip Kelsen	Completed	100	10 Jun, 2025
Identify critical assets & priorities for 3 waters	Philip Kelsen	In Progress	60	10 Jun, 2025
Identify critical assets & priorities for Parks and Reserves	Russell Engelke	In Progress	60	10 Jun, 2025
Prepare skills and competencies register for all team leaders and Managers	Russell Bond	In Progress	50	02 Jun, 2025
Provide 3 Waters input into the regional spatial plan	Philip Kelsen	Completed	100	30 Jun, 2023
Provide parks and reserves input into the regional spatial plan	Tania Diack - (Inactive)	Completed	100	30 Jun, 2023
Provide Transportation input into the regional spatial plan	Robin Malley	Completed	100	30 Jun, 2023

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR335	Asset Failure	Philip Kelsen	22 Oct, 2025	Extreme	High	Medium	High	
OR336	Environmental Risks	Philip Kelsen	09 Feb, 2026	High	Medium	Low	N/A	
SR36	Delivery of Programmes and Change	Rachael Bailey	19 Aug, 2025	Extreme	High	Low	Medium	

SR21 — Not enabling our communities to become resilient

Risk Categories: Service Delivery | **Risk Owner:** Thunes Cloete | **Last Reviewed Date:** 28 Aug, 2024 | **Next Review Date:** 26 Aug, 2025

ndividual Heatmap

Likelihood / Consequence

I   Inherent Risk Assessment

R   Residual Risk Assessment

F   Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	Medium
F	Medium

Effectiveness of control	
R	Substantially Effective
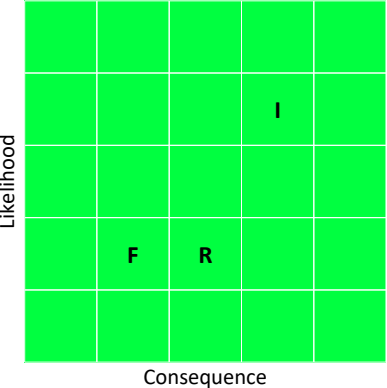
Causes

- ineffective processes to achieve the required result
- Ineffective strategic planning
- Lack of engagement of interested parties (Regional)
- Unclear objectives for social and community outcomes with the BCP
- Lack of Resources

Consequences

- No direction for community to be resilient
- Broken relationships with Partners (Mana Whenua) and Community
- Council does not understand priorities (Regional)
- Inefficient use of resources

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
budgeting in LTP	Thunes Cloete	Substantially Effective	26 Aug, 2025
Contribution to regular meetings with strategic partners /Chief Executive	Louise Miller	Substantially Effective	26 Aug, 2025
Strategies and Process	Thunes Cloete	Substantially Effective	26 Aug, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR340	Lack of transparency in Council decision making processes	Anna Eady	31 Jan, 2029	Extreme	Low	Low	N/A	
SR25	Te Tiriti O Waitangi commitments and obligations	Louise Miller	20 Aug, 2025	Extreme	Medium	Medium	Low	
SR33	Effectiveness of Emergency Management	Thunes Cloete	22 May, 2026	Extreme	Medium	Low	High	

Risk Appetite

WITHIN APPETITE

The appetite benchmark score is 9.00 for this category
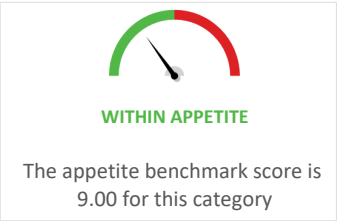
SR22	People & Capability

Risk Categories: Service Delivery	Risk Owner: Louise Miller	Last Reviewed Date: 13 May, 2025	Next Review Date: 29 Aug, 2025
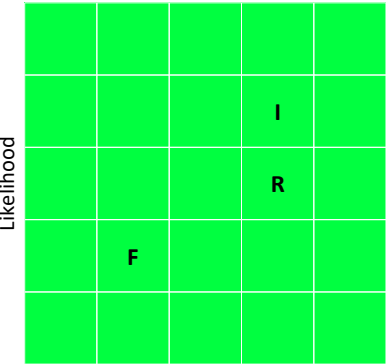
ndividual Heatmap

Likelihood / Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	High
R	Low
F	Medium

Effectiveness of control	
R	Partially Effective

Causes

• Inconsistent approach to change/ change fatigue
• No cultural competency framework or strategy
• Lack of formal development planning
• No internal progression pathways that have been formally identified
• Staff turnover and retention
• Competency in both technical and soft skills- no formal mechanism for assessing this or establishing where our skills gaps are.
• Lack of confidence, tools and/or ability from leaders to effectively manage performance
• Lack of talent mapping and lack of systems to log talent pool that we have access to via a previous recruitment
• Gender Equity
• Lack of skills required in the market - high demand, Market Pressured or lack of talent pipeline
• Job satisfaction, valued for work
• Complex remuneration structures that are not understood by staff/managers
• Lack of development and competency for leadership No transition support for team member to team leader
• Ensuring behaviours align with NCC values
• Ensuring the right people are in the right place at the right time.
• Lack of proactive communcation and staff involvement
• Lack of collaborative relationship with Unions that are future focused and aimed at enabling NCC to achieve its goals
• Trust and confidence between council and unions
• No current diversity and inclusion policy/framework
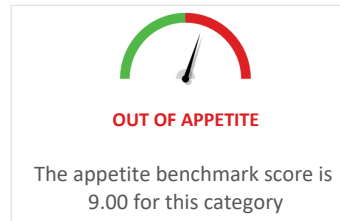• Not collecting data to assess diversity of workforce

Consequences

• Low engagement
• Reduced job satisfaction, connection to NCC values, meaningful work
• Pressure on remaining resources - increased risk of burnout
• Inefficiencies, errors, duplication of work
• Turnover/retention
• Reduced outputs/achievement of NCC goals
• Mislaignment/silo'd ways of working (Lack of direction)
• Culture/connection
• Not aiming to employ a diverse workforce that reflects the population of Napier that we support

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Competency framework - technical and soft skill	Camille Wagner	Partially Effective	29 Aug, 2025
Data collation and analysis, Surveys (engagement, onboarding, exit), turnover metrics	Camille Wagner	Largely Ineffective	29 Aug, 2025
Implement HRIS	Camille Wagner	Totally Ineffective	29 Aug, 2025

Risk Appetite

OUT OF APPETITE

The appetite benchmark score is 9.00 for this category

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Policy and Procedures, Process mapping,	Camille Wagner	Partially Effective	29 Aug, 2025
Strategic Approach to Remuneration - Benchmarking and understanding market trends to inform competitive remuneration. Accurate job descriptions and consistent job sizing, Mechanisms to ensure remuneration can be tailored to market demands - remain competitive, Remuneration policy and framework, valued for work, paying people fairly for the work they do	Camille Wagner	Largely Ineffective	01 Oct, 2025
Strategic Recruitment - consistent processes and procedures, Student/intern/graduate, development programmes, NCC brand promotion "employer of choice", process for understanding of and recruiting for future needs and to fill critical skills gaps	Camille Wagner	Partially Effective	29 Aug, 2025
Strategic Workforce - Talent mapping/succession planning/skills gap assessment/workforce analysis, Job satisfaction, mapping of NCC critical skills, Pipeline - leadership developmental pathways - retain top talent, Promoting Internally, Acting opportunities, succession planning, understanding people and strengths "Know our People"	Camille Wagner	Largely Ineffective	29 Aug, 2025
Union Engagement - Unions involved at a more proactive rather than reactive level, Upskilling of union delegates and representatives to build more knowledge and enable more effective relationships, Utilisation of our union partners to promote change initiatives	Camille Wagner	Largely Ineffective	20 Aug, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Develop P&C Strategy	Jill Coyle	Completed	100	31 Mar, 2025
Grow our people – strong leaders and resilient teams	Jill Coyle	In Progress	10	28 Feb, 2026
Make it easy – streamline systems and processes	Jill Coyle	In Progress	10	28 Feb, 2026
Ready for tomorrow - shape our workforce	Jill Coyle	In Progress	10	28 Feb, 2026
Remuneration Project	Jill Coyle	In Progress	60	01 Jul, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR115	Loss of skills, knowledge and experience through staff attrition	Jill Coyle	02 Feb, 2022	High	Low	Medium	N/A	

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR82	Failing to fill skilled roles	Jill Coyle	02 Jan, 2023	High	Low	Low	N/A	

SR23	Sustainable Financial Strategy

Risk Categories: Financial	Risk Owner: Jessica Ellerm	Last Reviewed Date: 01 Sep, 2024	Next Review Date: 02 Sep, 2025

Individual Heatmap
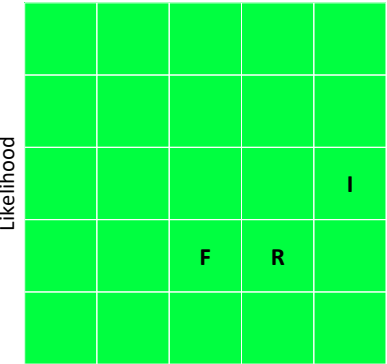
Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	High
F	Low

Effectiveness of control	
R	Substantially Effective

Causes

• Budgeting Deficiencies (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')
• Exceeding Council's quantified limits on interest
• Failure to adhere to Council's policy on giving securities for our borrowing
• Failure to adhere to Council's quantified limits on borrowing; 'debt cap'
• Failure to adhere to Council's quantified limits on rates increases: 'rates cap'
• Inadequate Investment Strategy
• Inadequate Treasury and Cashflow Management
• Performance Management Process Failures (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')
• Unforeseen Events/Expenditures (Failure to adhere to Council's quantified limits on rates increases: 'rates cap')

Consequences

• Additional funds required to complete projects
• Carry forward capital projects
• Community lose faith in councils ability to deliver on the Annual and Long Term Plan
• Community lose faith in our ability to follow our own processes and plans
• Additional funding required to cover annual budget deficits
• Councils Business Model is inefficient
• Council's rates are unaffordable for the ratepayer (Current and future)
• Elected members lose faith in the C/E's ability to deliver on the Long Term Plan (New)s ability to manage delivery
• Failure to provide value to the ratepayer
• Inability to capitalise planned labour costs
• Inability to deliver on our capital programme as planned
• Inability to deliver on our operational programme as planned (New)
• Increased costs due to increased scrutiny of 3rd party auditors
• Increased internal resource to satisfy 3rd party audit requirements
• Increased scrutiny from 3rd Party auditors
• Inefficient use of staff time
• Insufficient capability and capacity (Staff)
• No accountability for budgetory spend (over/under)
• Staff are diverted from delivering projects that have been through due process
• Unnecessary increase to our operational budget
• Unrealistic budget expectations
• We do not meet the community's expectation of community wellbeing

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Adequate Insurance Coverage	Garry Hrustinsky	Substantially Effective	02 Sep, 2025
Adherence to Infrastructure Strategy	Russell Bond	Substantially Effective	02 Sep, 2025
Adherence to treasury management policies	Garry Hrustinsky	Substantially Effective	02 Sep, 2025
Asset Management Strategy	Kate Ivicheva	Partially Effective	02 Sep, 2025

Risk Appetite
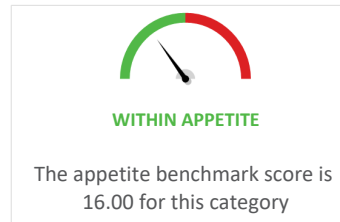
WITHIN APPETITE

The appetite benchmark score is 16.00 for this category

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Audit & Risk Committee oversight	Jessica Ellerm	Substantially Effective	02 Dec, 2025
Budgeting processes and methodology	Caroline Thomson	Partially Effective	24 Jul, 2025
Compliance with prudence and infrastructure benchmarks	Caroline Thomson	Substantially Effective	02 Sep, 2025
Documented process for the opex & capex work programmes	Caroline Thomson	Partially Effective	28 Nov, 2025
Follow investment strategy	Caroline Thomson	Substantially Effective	02 Sep, 2025
Interest rate budgeting	Garry Hrustinsky	Substantially Effective	02 Sep, 2025
Management accounting services	Talia Foster	Substantially Effective	13 Jan, 2026
Performance management framework	Jessica Ellerm	Partially Effective	02 Sep, 2025
Resilience rate set up adequately	Caroline Thomson	Substantially Effective	25 Nov, 2025
Revenue & Financing Policy	Caroline Thomson	Partially Effective	14 Jan, 2026

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
A documented process to detail how the entire work programme for both Capital and Operational activities will be managed	Caroline Thomson	Completed	100	25 Nov, 2025
A fit for purpose process to be agreed upon for setting budgets for the LTP (This includes the holistic beginning to end development, & delivery	Caroline Thomson	Completed	100	25 Nov, 2025
Action Plan resulting from Crowe Internal audit of Asset Management	Kate Ivicheva	Completed	100	27 Jul, 2023
Asset Management Strategy Fully Embedded in Strategic Planning	Kate Ivicheva	In Progress	10	01 Jul, 2027
Create a process to ensure an appropriate level of budget is allocated at the relevant phase of the project	Caroline Thomson	In Progress	80	25 Nov, 2025
Create an effective prioritisation process, to ensure only those potential Capital and Operational activities that meet the minimum standards, should be accepted	Caroline Thomson	Completed	100	25 Nov, 2025
In depth review of revenue and finance policy (Phase One)	Caroline Thomson	In Progress	10	07 Oct, 2025
Minimum standard for business planning to be developed and rolled out	Caroline Thomson	In Progress	50	25 Nov, 2025
Minimum standard for overall programme management to be developed and rolled out.	Caroline Thomson	In Progress	50	25 Nov, 2025
Minimum standard for project management including budget setting in respect of LTP	Caroline Thomson	In Progress	50	25 Nov, 2025

Planned action	Responsible Officer	Action Status	% Completed	End Date
Process to identify what affordability is in the Napier context	Caroline Thomson	In Progress	30	25 Nov, 2025
Review of the investment strategy to to optimise investment in land specifically	Caroline Thomson	Completed	100	25 Nov, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR235	Poor quality planning documents (LTP & AP)	Stephanie Murphy	30 Jan, 2026	Medium	Low	Low	N/A	
OR270	Failure to complete annual plan in legislative timescales	Louise Miller	28 Feb, 2026	High	Medium	Low	Medium	
OR66	Inability to process financial transactions	Talia Foster	12 May, 2026	Extreme	Low	Medium	N/A	
OR67	Inability to effectively report on financial performance	Caroline Thomson	25 Feb, 2026	Extreme	Low	Low	N/A	
OR72	Significant overspend in operating or capital budgets	Caroline Thomson	25 Feb, 2026	High	Low	Low	N/A	
OR95	LTP fails to direct the business	Jessica Ellerm	20 Jul, 2022	Extreme	High	Medium	N/A	
SR36	Delivery of Programmes and Change	Rachael Bailey	19 Aug, 2025	Extreme	High	Low	Medium	

SR25	Te Tiriti O Waitangi commitments and obligations

Risk Categories: Reputation/Image	Risk Owner: Louise Miller	Last Reviewed Date: 20 Sep, 2024	Next Review Date: 20 Aug, 2025
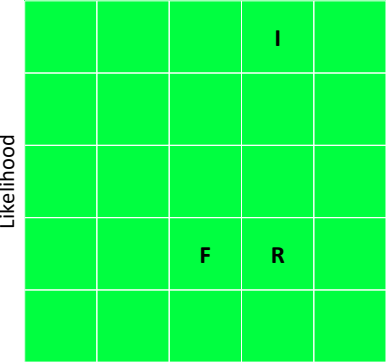
ndividual Heatmap

Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	High
R	Low
F	Low

Effectiveness of control	
R	Substantially Effective

Causes

• Lack of adequate opportunity provided to Nga Manukanuka o te iwi to contribute to and influence the council's decision-making
• Lack of understanding of Te Ao Maori and /or dismissing tangata whenua concerns where a proposed activity would adversely affect the relationship of Maori with their ancestral lands, water sites, waahi tapu and other taonga
• Lack of understanding of the perspectives of tangata whenua and mana whenua in Ahuriri
• Limited opportunity to develop Maori capacity to contribute to Council's decision-making processes
• Policy advice and strategic documents have not taken into account the lens or special interests of Tangata Whenua/Mana Whenua

Consequences

• Council are seen to not value the whenua,waahi taonga and waahi tapu.
• Council decisions negatively affect mana whenua and tangata whenua in Ahuriri
• Litigation under the RMA or LGA
• Loss of opportunity to promote the social, economic, environmental, and cultural well-being of the present & future mana whenua & tangata whenua in Ahuriri
• Loss of trust and confidence with mana whenua and tangata whenua in Ahuriri
• Members of Nga Manukanuka o te Iwi are unable to participate fully in Council's decision-making processes
• Staff lack direction and guidance for how to be responsive to Maori

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Exposure to tikanga, Te Reo Maori and Te Ao Maori for staff.	Morehu Te Tomo	Substantially Effective	24 May, 2025
Inclusion of Te Ao Maori perspective into councils significance and engagement policy	Thunes Cloete	Substantially Effective	02 Sep, 2025
Intentional and mandatory induction for all Elected Members in tikanga, Te Reo Maori, Te Ao Maori. More detailed training for those on the Hearings Committee.	Anna Eady	Substantially Effective	18 Feb, 2026
New council report template will ensure staff provide advice to elected members on the impact to Maori in Ahuriri, for every decision being brought to Council.	Anna Eady	Substantially Effective	09 Feb, 2026
Review of Nga Manukanuka o te iwi to ensure it is set up and functions for tangata whenua and mana whenua Ahuriri	Morehu Te Tomo	Substantially Effective	24 May, 2025
Te Waka Rangapu provides guidance on how council can meet the principles of Te Tiriti e.g partenership, participation & protection	Morehu Te Tomo	Substantially Effective	24 May, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
"Te Waka Rangapu is drafting an action plan and departmental strategy to build a learning environment, capacity and understanding within elected members and staff" – (from CouncilMARK)	Morehu Te Tomo	Completed	100	13 Dec, 2022

Risk Appetite

WITHIN APPETITE

The appetite benchmark score is 16.00 for this category
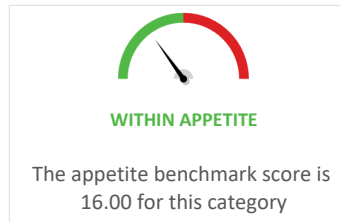
Planned action	Responsible Officer	Action Status	% Completed	End Date
A clear policy decision on how the Nga Manukanuka o te Iwi is to be integrated into Council's governance processes including rationale.	Morehu Te Tomo	Completed	100	13 Dec, 2022
All engagement plans include consideration of how and when to best engage with mana whenua.	Thunes Cloete	In Progress	10	28 Aug, 2025
Creation of Maori impact statements in council decision-making reports.	Anna Eady	In Progress	10	15 Dec, 2025
Development of a Maori Engagement framework Review of Significance and engagement policy to including Maori engagement	Morehu Te Tomo	Completed	100	13 Dec, 2022
Governance team commission an induction on Tikanga & Te Ao Maori for the incoming Council 2022	Anna Eady	Completed	100	01 Apr, 2023
Identify governance opportunities for mana whenua beyond Nga Manukanuka o te iwi and Maori Wards	Morehu Te Tomo	Completed	100	31 Mar, 2023
Regular hui with mana whenua partners, one-to-one meetings with Pou Whakarae and mana whenua entities, Mayor's one-to-one meetings with CE and Chair of Mana Ahuriri.	Morehu Te Tomo	Completed	100	13 Dec, 2022
Review of remuneration for mana whenua engagement with Council	Morehu Te Tomo	Completed	100	14 Nov, 2022

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR227	Breach of Local Government Act 2002	Anna Eady	15 Dec, 2026	Medium	Low	Low	N/A	
OR244	The Risk Management Process is not optimised by NCC	Alister Edie	01 Apr, 2025	Extreme	High	Low	N/A	
OR37	Not complying with Council's own regulatory or legislative requirement	Jamie Goodsir	07 Oct, 2025	High	Low	Low	N/A	
SR21	Not enabling our communities to become resilient	Thunes Cloete	26 Aug, 2025	Extreme	Low	Low	Medium	

SR26	Impact of external change and reform

Risk Categories: Reputation/Image	Risk Owner: Rachael Bailey	Last Reviewed Date: 05 Nov, 2024	Next Review Date: 04 Nov, 2025

Individual Heatmap
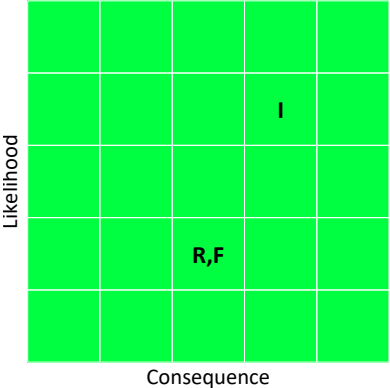
Likelihood / Consequence

I   Inherent Risk Assessment
R   Residual Risk Assessment
F   Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	Medium
F	Low

Effectiveness of control	
R	Partially Effective

Causes

- uninformed decision making
- We haven't advocated or engaged sufficiently for NCC's needs
- We haven't fully understood impacts for NCC/community
- Ill prepared for change management process

Consequences

- Legal
- Financial cost
- Conflict with Council's priorities
- Poor Service Delivery

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Monitoring consultation opportunities from Central Government	Paulina Wilhelm	Substantially Effective	26 Jul, 2025
NCC Change management planning and processes	Stephanie Murphy	Partially Effective	26 Jul, 2025
Process for determining consultation responses	Paulina Wilhelm	Partially Effective	26 Jul, 2025
Process for ensuring submissions are well informed - NCC & Community	Paulina Wilhelm	Partially Effective	26 Jul, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR10	RMA timeframe for processing Resource Consents not achieved	Luke Johnson	27 May, 2026	Low	Low	Low	N/A	
OR160	Non compliance with central government legislation	Louise Miller	21 Nov, 2025	Extreme	Medium	Low	N/A	
OR337	Regulatory Compliance	Philip Kelsen	22 May, 2026	High	Medium	Low	N/A	

Risk Appetite

WITHIN APPETITE

The appetite benchmark score is 16.00 for this category

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR353	Compliance & Liability - Failure to comply with legislation that has a significant risk to life & property.	Rachael Bailey	26 Jan, 2026	Extreme	Low	Low	Medium	

SR32	Failure to proactively manage health and safety risks or maintain safe work systems

Risk Categories: Health and Safety	Risk Owner: Louise Miller	Last Reviewed Date: 11 Mar, 2025	Next Review Date: 27 May, 2026

Individual Heatmap
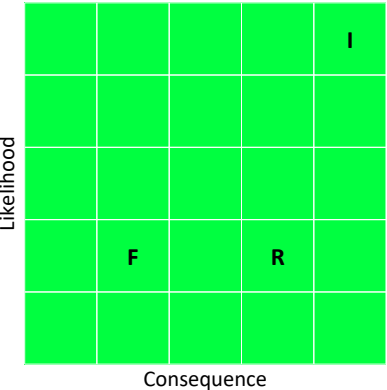
Likelihood / Consequence

I   Inherent Risk Assessment

R   Residual Risk Assessment

F   Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	Medium
F	Low

Effectiveness of control	
R	Substantially Effective

Causes

• Not safely controlling operations
• Poor Communication and Consultation
• Poor Emergency Management and Business Continuity
• Poor Hazard and Risk Management
• Poor H & S Information, Training and Supervision
• Poor H & S Planning and Insufficient Resources
• Poor Incident Management
• Poor Injury Management Processes
• Poor Leadership and Lack of Accountability
• Poor Monitoring, Audit and Management Review
• Psychological Harm, Psychological Safety and Wellbeing not implemented into NCC

Consequences

• Bullying and Harassment Issues increase
• Corrective and/or preventative actions are not taken and lessons not shared via the H & S Committees
• Council Reputation impacted
• Employees are not provided wellness support and protected from health hazards associated with their work and the injury management process is ineffective
• Employees, Volunteers, Contractors and visitors are unaware of relevant H & S requirements, hazards, risks and controls, and not competent to conduct thier activities and behave in a responsible manner
• Hazards and Risks are not managed to reduce their impact to as low as reasonably practicable
• Health & Safety performance and systems are poorly or not monitored, audited and reviewed to identify trends, measure progress, assess conformance and drive continuous improvement
• Hierachy of controls and safe operating systemes are not followed
• H & S Management goals and Futures not established
• Incidents are poorly reported, investigated and analysed to determine the underlying root cause.
• Internal and external communication and consultation on H & S matters is not carried out in a consistent fashion .
• Lack of active leadership and commitment to H & S management
• Legal action resulting in fines
• Limited continual improvement of the H & S management system
• Poor or no input from key stakeholders, particularly employees
• Procedures and resources are not in place to respond to all potential emergencies and return the business to normal operations in a timely manner
• Public injured or worse
• Staff or Contractors injured or worse
• Staff turnover rises

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
ARC quarterly review along with outcomes	Jessica Ellerm	Partially Effective	29 Aug, 2025
Chief Executive and Directors demonstrated leadership & committment to H & S	Louise Miller	Substantially Effective	30 Oct, 2025

Risk Appetite
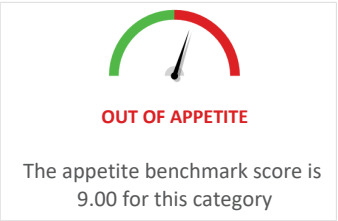
OUT OF APPETITE

The appetite benchmark score is 9.00 for this category

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Competent H & S advisors	Andrew Wallace	Substantially Effective	05 Feb, 2026
Elected members leadership in H & S	Louise Miller	Partially Effective	12 Dec, 2025
H & S Codes of practice	Andrew Wallace	Substantially Effective	31 Jul, 2025
H & S Management policy & framework	Jill Coyle	Substantially Effective	02 Oct, 2025
H & S Planning process	Jill Coyle	Totally Effective	09 Jul, 2025
H & S Safety Incident report to ELT/ARC quarterly	Andrew Wallace	Totally Effective	04 Jun, 2026
Quarterly H&S Audit Reports, Findings, Recommendations, and Action Status (including Overdue Items) are presented to ARC and ELT.	Jessica Ellerm	Totally Effective	11 Jul, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Conduct an annual review of the H&S policy framework to ensure alignment with emerging risks, legislative changes, and organisational objectives.	Andrew Wallace	In Progress	60	07 Oct, 2025
Develop a forward-looking H&S planning that integrates predictive analytics and trend analysis to proactively address emerging risks.	Andrew Wallace	Completed	100	07 Apr, 2025
Establish review mechanism to ensure that all ARC quarterly outcomes are translated into actionable improvements, with progress tracked and reported at leadership levels.	Jessica Ellerm	Completed	100	11 Apr, 2025
H&S leadership expectations and executive performance metrics, maintaining accountability for visible safety leadership and continued proactive risk management.	Louise Miller	Completed	100	14 Oct, 2025
H&S leadership training tailored for elected members to ensure they understand their governance responsibilities and can actively promote workplace safety.	Andrew Wallace	In Progress	50	17 Dec, 2025
Maintain Competent advisors to suit Organisational needs	Andrew Wallace	Completed	100	04 Mar, 2026
Monthly reporting to ELT on H&S performance & Quater reporting to ARC	Andrew Wallace	Completed	100	01 Mar, 2029
Review related ACOP that align to operational requirements	Andrew Wallace	In Progress	55	14 Oct, 2025
Utilise MySafety for tracking audit findings and overdue actions, enabling documented follow up and reporting.	Andrew Wallace	Completed	100	12 Nov, 2025

Risks

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR183	Failure to protect the Health, Safety and Wellbeing of staff, contractors, volunteers and people using council facilities	Louise Miller	02 May, 2026	Extreme	Medium	Low	High	
OR328	Failure to comply with Health and Safety at Work Act 2015	Andrew Wallace	02 May, 2026	Extreme	Medium	Low	N/A	

SR33	Effectiveness of Emergency Management

Risk Categories: Service Delivery	Risk Owner: Thunes Cloete	Last Reviewed Date: 11 Nov, 2024	Next Review Date: 22 May, 2026
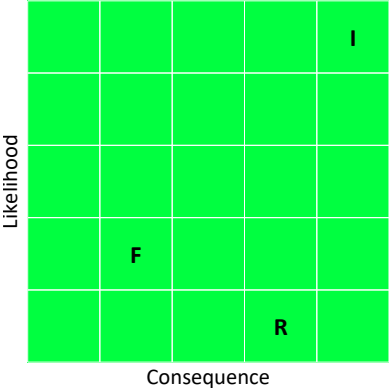
ndividual Heatmap

Likelihood

				I
	F			
			R	

Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	High
F	Low

Effectiveness of control	
R	Partially Effective

Causes
- Size and type of event
- Failure of essential services
- Undefined procedures
- Undefined emergency management policies
- Undefined organisational policies
- Lack of documented emergency procedures
- Lack of or poor response plan
- Absence of requirements for Emergency management
- Emergency management not considered to be Business as usual
- Lack of communication

Consequences
- Public Wellbeing
- Lack of direction and situational awareness
- Lack of direction
- Damage to council reputation
- Loss of life
- Non compliance with Legislation

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
(IR) Business Continuity Planning Management	Dave Jordison	Substantially Effective	05 Jun, 2025
(IR) Comms Technology, Star Link , Radio Communication	Duncan Barr	Substantially Effective	10 Feb, 2026
(IR) Debriefs	Blake McDavitt	Substantially Effective	10 Jun, 2025
(IR) Predetermined Emergency Operations centre and training facility	Blake McDavitt	Substantially Effective	10 Jun, 2025
(IR) Staff Roles and Responsibilities in Response Plan	Blake McDavitt	Substantially Effective	10 Feb, 2026
(IR) Stakeholder Engagement	Blake McDavitt	Substantially Effective	10 Jun, 2025
(IR) Strategy for Lifelines Utility, Operations Function	Blake McDavitt	Partially Effective	10 Jun, 2025
(IR)Manage all functional leads and responsibilities for EOC	Blake McDavitt	Substantially Effective	10 Jun, 2025
CDEM Engagement	Blake McDavitt	Substantially Effective	29 Jan, 2026
Communication Plan	Blake McDavitt	Partially Effective	09 Sep, 2025
Council Staff Engagement	Blake McDavitt	Partially Effective	10 Jun, 2025

Risk Appetite

OUT OF APPETITE

The appetite benchmark score is 9.00 for this category

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Documented Emergency procedures	Blake McDavitt	Substantially Effective	10 Jun, 2025
Documented Emergency Response Plan	Blake McDavitt	Partially Effective	10 Jun, 2025
Documented Welfare Plan	Thunes Cloete	Partially Effective	24 Nov, 2025
Fortnightly controllers meeting	Thunes Cloete	Partially Effective	05 Feb, 2026
Location for CDC & EOC	Blake McDavitt	Substantially Effective	10 Jun, 2025
NCC Staff, Personnel Engagement re all things EM	Blake McDavitt	Partially Effective	10 Jun, 2025
Specific Emergency training for relevant staff	Blake McDavitt	Substantially Effective	10 Jun, 2025
Transport and equipment solution , including response vehicle for controllers	Blake McDavitt	Totally Ineffective	10 Jun, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Business Continuity Policy, Framework and Statement of Context	Thunes Cloete	Completed	100	06 Feb, 2025
Communication plan for Emergency Response plan	Blake McDavitt	Completed	100	05 Sep, 2025
Determine and implement Lifeline Strategy	Thunes Cloete	In Progress	75	06 Jun, 2025
Determine resources required and training requirement for staff.	Blake McDavitt	Completed	100	06 Apr, 2025
Develop and implement BCP Test plan	Dave Jordison	In Progress	90	24 Jun, 2025
develop and implement documented debrief process/procedure	Blake McDavitt	Completed	100	06 Feb, 2025
Develop, Implement and Test Emergency Response Plan	Blake McDavitt	In Progress	95	31 Jul, 2025
Develop, Implement and Test Emergency Welfare Plan	Margot Wilson	In Progress	55	24 Nov, 2025
Documented communications plan and procedures	Duncan Barr	Completed	100	06 Feb, 2025
Post implementation of EOC ensure determination of roles and responsibilities for EOC	Blake McDavitt	Completed	100	04 Apr, 2025
Process, for determination of Stakeholders based on RACI Model	Blake McDavitt	Completed	100	06 Apr, 2025
Regular meeting with Civil Defence	Blake McDavitt	Completed	100	06 Feb, 2025
Resource determination and training requirement identified	Blake McDavitt	Completed	100	06 Feb, 2025

Risks

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR157	McLean Park - Emergency incident during event causes serious injury or death to customers	Dan Rodden	10 Dec, 2023	Extreme	Medium	Low	N/A	
OR210	The Business Continuity Plan program does not meet expected levels of service	Alister Edie	28 Mar, 2023	High	High	Low	High	
OR362	Failure to adhere to Emergency Officers' role description..	Blake McDavitt	06 May, 2026	High	Low	Low	N/A	
SR21	Not enabling our communities to become resilient	Thunes Cloete	26 Aug, 2025	Extreme	Low	Low	Medium	

SR35	Climate Change

Risk Categories: Reputation/Image	Risk Owner: Rachael Bailey	Last Reviewed Date: 14 Aug, 2024	Next Review Date: 31 Jan, 2026
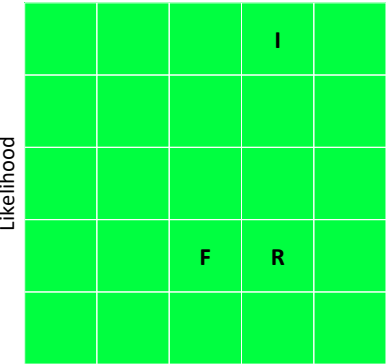
ndividual Heatmap

Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	N/A
R	N/A
F	N/A

Effectiveness of control	
R	Substantially Effective

Causes

• Ineffective monitoring program and analysis
• Lack of forward planning (For example climate change forecasting)
• Lack of available information
• Lack of community awareness
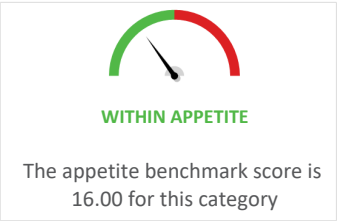
Consequences

• Asset failure
• Damage to flora and fauna causes legeal disputes/fines financial cost to remediate
• Loss of stakeholder and community trust and confidence
• Damage due to flooding
• Legislative non compliance

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Ahuriri regional park to capture storm water from Napier city	Paulina Wilhelm	Substantially Effective	05 Feb, 2026
Coastal Hazard Strategy	Paulina Wilhelm	Substantially Effective	05 Feb, 2026
Future Development Strategy	Paulina Wilhelm	Substantially Effective	05 Feb, 2026
Gather data, on sea level changes	Paulina Wilhelm	Substantially Effective	05 Feb, 2026
Proposed district plan reviewed every ten years	Paulina Wilhelm	Totally Effective	05 Feb, 2026
Regional Collaboration work program, reporting to governance boards Joint Climate Action Committee	Paulina Wilhelm	Substantially Effective	05 Feb, 2026
Structure Plans	Paulina Wilhelm	Substantially Effective	05 Feb, 2026

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Design,Fund and Construct	Paulina Wilhelm	In Progress	10	01 Jan, 2030
Develop Structure Plans	Paulina Wilhelm	Completed	100	24 Jan, 2025
Hastings/Napier & HBRC	Paulina Wilhelm	In Progress	50	24 May, 2025
Implement Structure Plans Process	Philip Kelsen	In Progress	99	24 May, 2025

Risk Appetite

WITHIN APPETITE

The appetite benchmark score is
16.00 for this category

SR36	Delivery of Programmes and Change

Risk Categories: Service Delivery	Risk Owner: Rachael Bailey	Last Reviewed Date: 19 May, 2025	Next Review Date: 19 Aug, 2025
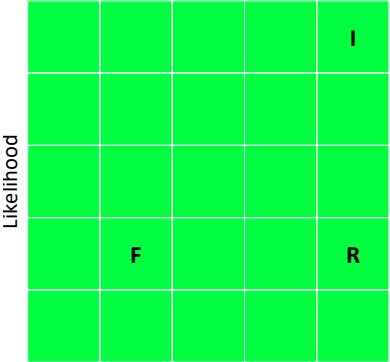
ndividual Heatmap

Consequence

I   Inherent Risk Assessment
R   Residual Risk Assessment
F   Forecast Risk Assessment

Aggregated Rating	
I	Extreme
R	Medium
F	Low

Effectiveness of control	
R	Partially Effective

Causes

- Ineffective portfolio management
- Projects lack change management considerations
- Inaccurate or incomplete reporting to elected members/public
- Procurement opportunities are not realised resulting in high costs for delivery
- Projects are not prioritised against LTP/Service agreements
- Poor delivery of programme and project

Consequences

- Council reputation is affected
- Change is not well embedded
- Benefits of the project are not realised
- Poor reporting/Budgeting for LTP
- Support partners resources unable to be obtained
- EMs lose confidence in delivery of programmes
- Inefficient use of resources

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Clear roles and accountabilities within project delivery	Bruce Lake	Partially Effective	19 Nov, 2025
Effective EPMO	Bruce Lake	Substantially Effective	19 Nov, 2025
Effective portfolio management	Bruce Lake	Largely Ineffective	19 Nov, 2025
Methodology - Change	Bruce Lake	Partially Effective	19 Nov, 2025
Methodology - Projects (Stage Gates)	Bruce Lake	Partially Effective	19 Nov, 2025
Project initiation - prioritise against current projects	Bruce Lake	Partially Effective	19 Nov, 2025
Reporting processes and systems	Bruce Lake	Partially Effective	19 Nov, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Services Document, agree and implement EPMO management services for confirmed project types.	Bruce Lake	In Progress	50	19 Nov, 2025
Audit/Health Checks for projects in progress (in-flight)	Bruce Lake	Completed	100	29 Oct, 2024
Benefit Management	Bruce Lake	In Progress	10	19 Nov, 2025
Business Improvement Initiatives	Bruce Lake	In Progress	90	19 Nov, 2025
Change Management	Bruce Lake	In Progress	50	19 Nov, 2025

Risk Appetite

OUT OF APPETITE

The appetite benchmark score is 9.00 for this category
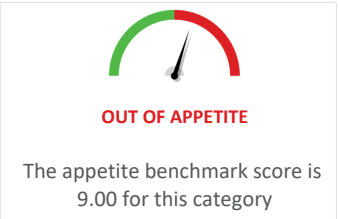
Planned action	Responsible Officer	Action Status	% Completed	End Date
Community of Practice	Bruce Lake	Completed	100	06 Mar, 2025
Dependencies	Bruce Lake	Completed	100	06 Mar, 2025
Determine Current active Portfolio Inventory (Stocktake)	Bruce Lake	Completed	100	30 Jan, 2025
EPMO Facilities	Bruce Lake	Completed	100	29 Oct, 2024
EPMO Maturity Build	Bruce Lake	In Progress	50	19 Nov, 2025
EPMO Position Descriptions	Bruce Lake	Completed	100	29 Oct, 2024
Establish EPMO, Relationships and tools	Bruce Lake	In Progress	80	19 Nov, 2025
Establish Project Technical Advisory Group	Bruce Lake	Completed	100	29 Oct, 2024
Governance	Bruce Lake	In Progress	50	19 Nov, 2025
Initiation Support	Bruce Lake	Completed	100	06 Mar, 2025
Methodologies: Portfolio (Investment) Stage Gates: Concept and Initiation	Bruce Lake	In Progress	10	19 Nov, 2025
Methodologies: Programme & Project Management, integrated with Change Management Stage Gates: Planning, Execution, Transition and Close	Bruce Lake	In Progress	80	19 Nov, 2025
Operationalise Portfolio Management	Bruce Lake	In Progress	10	19 Nov, 2025
Procurement	Bruce Lake	In Progress	70	19 Nov, 2025
Resourcing and Capability Build for Project Delivery resources	Bruce Lake	In Progress	10	19 Nov, 2025
Sponsor Training	Bruce Lake	Completed	100	29 Oct, 2024
Structure: Support Partners	Bruce Lake	In Progress	70	19 Nov, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
SR15	Infrastructure - Plan for, develop and maintain sound infrastructure	Russell Bond	27 May, 2025	Extreme	Medium	Low	High	
SR23	Sustainable Financial Strategy	Jessica Ellerm	02 Sep, 2025	Extreme	Medium	Medium	High	

SR41	Security, Integrity and Privacy of Data and Information

Risk Categories: Legislative Compliance	Risk Owner: Jessica Ellerm	Last Reviewed Date: 29 Jan, 2025	Next Review Date: 29 Jan, 2026
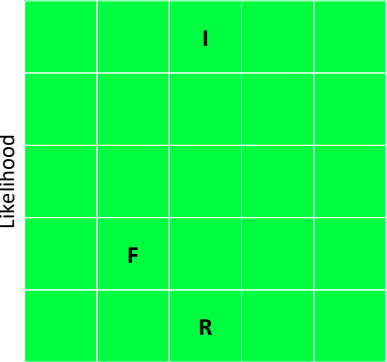
ndividual Heatmap

Consequence

I	Inherent Risk Assessment
R	Residual Risk Assessment
F	Forecast Risk Assessment

Aggregated Rating	
I	High
R	Low
F	Medium

Effectiveness of control	
R	Partially Effective

Causes

• Vendors taken over by competitors
• Inadequate BCP and DRP
• Political interference, change of priorities, poor planning and management, resourcing capacity and capability
• Insufficient hardware, change of priorities, poor planning and management, resourcing capacity and capability
• Not following procedures, shadow IT, inadequate planning, inadequate budgets, inadequate contracts
• Systems patching, staff error, system failure, intentional sabotage/targeting, Poor IT Processes
• Poor Record Keeping,Poor business processes, Lack of education
• Aged and/or unsupportable assets
• Having inadequate systems, procedures and standards

Consequences

• ICT Failure
• Financial
• Legislative non compliance
• Reputational damage

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Appropriate process documentation (SOPs)	Duncan Barr	Largely Ineffective	08 Dec, 2025
Asset replacement schedule	Duncan Barr	Partially Effective	08 Dec, 2025
Audit NZ password recommendations	Duncan Barr	Partially Effective	08 Dec, 2025
Crowdstrike	Duncan Barr	Partially Effective	08 Dec, 2025
Device registration	Duncan Barr	Partially Effective	08 Dec, 2025
Device securities	Duncan Barr	Partially Effective	08 Dec, 2025
Follow vendor, industry alerts and DIA for security updates,	Duncan Barr	Partially Effective	08 Dec, 2025
Least privileged access	Duncan Barr	Partially Effective	08 Dec, 2025
Managing privileged accounts	Duncan Barr	Substantially Effective	08 Dec, 2025
Phishing software	Duncan Barr	Partially Effective	08 Dec, 2025

Risk Appetite
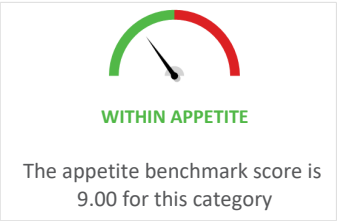
WITHIN APPETITE

The appetite benchmark score is 9.00 for this category

Residual Controls

Control Title	Control Owner	Control Effectiveness	Control Next Review Date
Procurement framework	Sharon O'Toole	Partially Effective	08 Dec, 2025
Security maintenance	Duncan Barr	Partially Effective	08 Dec, 2025
Software for external threats	Duncan Barr	Partially Effective	08 Dec, 2025
Staff training,	Duncan Barr	Partially Effective	08 Dec, 2025
System alerts	Duncan Barr	Partially Effective	08 Dec, 2025
User privileges processes	Duncan Barr	Partially Effective	08 Dec, 2025
Vendor Management	Duncan Barr	Partially Effective	28 Aug, 2025

Treatment Actions

Planned action	Responsible Officer	Action Status	% Completed	End Date
Write SOPs for IT Processes - Data and Applications	David Harris	In Progress	1	18 Dec, 2025
Write SOPs for IT Processes - Networks	Andrew Madden	In Progress	1	18 Dec, 2025
Write SOPs for IT Processes - Privacy (Records Management)	Tui Tongariro	In Progress	1	18 Dec, 2025
Write SOPs for IT Processes - Security	Andrew Madden	In Progress	1	18 Dec, 2025

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR269	Digital data accessed by cybercriminals (excludes Edge Security features - Risk 278)	Louise Miller	26 Mar, 2025	Extreme	High	Medium	N/A	
OR278	Cyber security and prevention	Duncan Barr	25 May, 2025	High	High	Low	N/A	
OR339	Cybersecurity threats	Philip Kelsen	16 Jun, 2026	Extreme	Medium	Low	High	

Risks

Risk Code	Risk Title	Risk Owner	Next Review Date	Inherent	Residual	Forecast	Aggregated Residual	Link Type
OR78	Disruption to Online Services / Websites due to cyber-attack	Duncan Barr	11 Dec, 2025	High	Low	Medium	N/A	

Camms.

Risk Attention Report (25 Feb 2025 - 03 Jun 2025)

Napier City Council

Camms.

Print Date: 26-May-2025

Napier City Council	Risk Attention Report

Summary (25 Feb 2025 - 03 Jun 2025)

Risks Have Increased (During Reporting Period)	**Risks Created** (During Reporting Period)	**Risks with No Controls**	**Actions Due for Completion within 30 Days**
0 | 0%	0 | 0%	0 | 0%	0 | 0%

Risks Have Decreased (During Reporting Period)	**Risk Reviews Overdue**	**Control Reviews Overdue**	**Actions Overdue**
1 | 50%	0 | 0%	0 | 0%	2 | 33%

Risk Movement Summary

0	🟥 Risks Increased
1	🟩 Risks Decreased
1	🟨 Risks with no movement

Risk Review Status

0	🟩 Due within 30 days
0	🟨 Overdue by less than 30 days
0	🟧 Overdue by 30 - 60 days
0	🟥 Overdue over 60 days

Control Review Status

0	🟩 Due within 30 days
0	🟨 Overdue by less than 30 days
0	🟧 Overdue by 30 - 60 days
0	🟥 Overdue over 60 days

Action Due Date Status
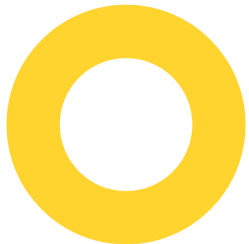
0	🟩 Due within 30 days
2	🟨 Overdue by less than 30 days
0	🟧 Overdue by 30 - 60 days
0	🟥 Overdue over 60 days

Napier City Council	Risk Attention Report

Risks That Have Decreased In Residual Risk Rating Reporting Period (25 Feb 2025 - 03 Jun 2025)

Risk Title	Risk Type	Risk Owner	Inherent Risk Rating	Prior Residual Risk Rating	Residual Risk Rating	Target Risk Rating	Last Reviewed Date	Next Review Date
SR32 - Failure to proactively manage health and safety risks or maintain safe work systems **Org Linkage:** Not Linked **Primary Risk Category (Primary Risk Sub Categories):** Health and Safety	Strategic Risk	Louise Miller	Extreme	High *L: Rare* *C: Severe*	Medium *L: Unlikely* *C: Major*	Low	11 Mar, 2025	02 May, 2026

Audit and Risk Committee - 12 June 2025

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Napier City Council								Risk Attention Report

Actions Overdue For Completion

Planned action	Responsible Officer	Action Status	% Completed	Performance	Start Date	End Date	Days Overdue	Linked Records
Hastings/Napier & HBRC	Paulina Wilhelm	In Progress	50	Off_Track	24 Jan, 2025	24 May, 2025	2	SR35 - Climate Change
Implement Structure Plans Process	Philip Kelsen	In Progress	99	On_Track	24 Jan, 2025	24 May, 2025	2	SR35 - Climate Change

Camms.

5.   REVIEW OF THE AUDIT AND RISK COMMITTEE CHARTER

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1854655
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer / Acting Executive Director Corporate Services
	Dave Jordison, Risk and Assurance Lead

5.1 Purpose of Report

As set out in the Audit and Risk Committee Charter, the Committee will review this Charter in consultation with the Council at least every two years. Any substantive changes to the Charter will be recommended by the Committee, and formally approved by the Council. The last review of the Charter was undertaken on 27 April 2023.

Officer's Recommendation

The Audit and Risk Committee:

a.   **Review** the Audit and Risk Committee Charter
b.   **Provide** any recommended changes to the Audit and Risk Charter *(Doc Id 1854654)* for Council approval.

5.2 Background Summary

As set out in the Audit and Risk Committee Charter, the Committee will review this Charter in consultation with the Council at least once every 2 years. Any substantive changes to the Charter will be recommended by the Committee, and formally approved by the Council. The last review of the Charter was undertaken on 5 August 2021.

The Officers have reviewed the Audit and Risk Committee Charter and are proposing the following additions:

i.   References to other council policies within the document added to the title block

ii.   Frequency of minimum review period changed to 3 years to align with review period of the Risk Management Policy and Framework, and the Local Government elections.

The changes are marked up in the Audit and Risk Committee Charter attached. (Doc Id 1854654)

5.3 Issues

The Committee may wish to consider how the CCTO will report its strategic and operational risks including Health and Safety in the workplace.

5.4 Significance and Engagement

N/A

5.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

5.6 Preferred options

The options available to Council are as follows:

a.   Receive the Audit and Risk Committee Charter.
b.   Review the proposed amendments to the Audit and Risk Committee Charter and recommend any changes to Council for approval.

5.7 Attachments

1   Audit and Risk Committee Charter - May 2025 tracked changes (Doc Id 1854654) ⇓

CHARTER

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Audit and Risk Committee Charter			
Adopted By	Council		
Department	Corporate Services		
Original Adoption Date	18 September 2018	**Review Adoption Date**	27 April 2023
Next Review Deadline	31 March 202285	**Document ID**	325090
Relevant Legislation	Local Government Act 2002		
Policy Referenced	Code of Conduct for Employees		729099
	Internal Audit Charter		TBD
	Protected Disclosures Policy		729099
	Risk Management Policy		1606053

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Purpose

The purpose of the Audit and Risk Committee (the Committee) is to provide independent, objective assurance and assistance to the Napier City Council (the Council) in relation to governance, risk management, internal control and compliance frameworks, as well as external accountability responsibilities for both the Council and Council Controlled Organisations.

Authority

The Napier City Council, at its meeting on 2 November 2016, re-established the Audit and Risk Committee for the 2016-19 triennial. The Council authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the Chief Executive, the Executive Director of Corporate Services and the Chief Financial Officer at Committee meetings; and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Council's expense.

Composition and Tenure

The Committee will consist of seven members appointed by the Council. These must include the Mayor, the Chair of the Prosperous Napier Committee, the Deputy Chair of the Sustainable Napier Committee, the Deputy Chair of the Hearings Committee, and a representative from Ngā Mānukanuka o te Iwi. The Council will also select two independent members.

The Napier City Council will appoint the chairperson and deputy chairperson of the Committee.

Members will be appointed for an initial period not exceeding three years after which they will be

eligible for extension or re-appointment, after a formal review of their performance.

Council representatives on the Committee will carry out their duties as outlined in the Charter, recognising the difference in the role of the Committee compared to Councillor community advocate.

The Chief Executive, the Director of Corporate Services and the Chief Financial Officer will not be members of the Committee but may attend meetings as observers as determined by the Chairperson.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one independent member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment together with a strong background in infrastructure, corporate governance and risk.

Role and Responsibilities

The Committee has no executive powers and will conduct itself in accordance with the values and ethics of the Council.

The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for the management of the Council rests with the Chief Executive.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Napier City Council from time to time.

Risk Management

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of financial and business risks, including fraud;

- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;

- review the effect of the relevant risk management framework on its control environment and insurance arrangements;

- review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and

- review internal policies and controls in relation to preventing fraud, and satisfy itself that both the Council and Council Controlled Organisations have appropriate processes and systems in place to capture and effectively investigate fraud-related information and ensure appropriate action is taken against known perpetrators of fraud.

Health and Safety

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- review key risks in the areas of safety, occupational health and environmental issues.

- review management's approach to the maintainance and continual improvement of providing a safe working environment to ensure it is sound and effective.

- review compliance of relevant laws, regulations and operational policies and standards.

- review the establishment and tracking of measurable workplace health, safety and environment key targets.

Control Framework

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
- review whether management has in place relevant policies and procedures and that these are periodically reviewed and updated;
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
- review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- consider how management identifies any required changes to the design or implementation of internal controls;
- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour; and
- review the internal Protected Disclosures Policy and related procedures to ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters, and that there is proportionate and independent investigation of such matters and appropriate follow-up action.

External Accountability

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- review the financial statements and provide advice to the Council, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and the adequacy of the systems of internal controls;
- review the processes in place designed to ensure that financial information included in the Council's annual report is consistent with the signed financial statements;
- review the processes and risk assessment are in place for the development and adoption of the Council's Long Term Plan;
- satisfy itself that there are appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and
- satisfy itself that there is a performance management framework that is linked to organisational objectives and outcomes.

Legislative Compliance

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- determine whether management has appropriately considered legal and compliance risks as part of a risk assessment and management arrangements; and

review the effectiveness of the system for monitoring compliance with relevant laws, regulations, and associated government policies.

Internal Audit

For both the Council and Council Controlled Organisations, the Committee's responsibilities are to:

- act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;

- review the internal audit coverage and annual work plan, ensure that the plan is based on the Council's risk management plan, and recommend approval of the plan on behalf of the Council;

- advise the Mayor and Chief Executive on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan;

- oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions;

- review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;

- monitor management's implementation of the internal auditor's recommendations;

- review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place;

- provide advice to the Council on the appointment of the Head of Internal Audit (in the case of an in-house internal audit function);

- recommend the appointment of the internal auditor;

- periodically review the performance and effectiveness of the internal auditor; and

- be satisfied that any dismissal of the Head of Internal Audit is based on proper and appropriate reasons, to safeguard the independence of the audit function.

External Audit

The Committee's responsibilities are to:

- act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;

- provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the audit services provided;

- review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations;

- oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions: and

- provide advice to the Council and Chief executive on action taken on significant issues raised in relevant external audit reports and good practice guides.

Governance

Responsibilities of Committee Members

Members of the Committee are expected to:

- express opinions frankly, ask questions that go to the core of the issue, and pursue independent lines of enquiry;
- provide the governance test and challenge to ensure there is organisational improvement and strong risk management processes;
- contribute the time needed to study and understand the papers provided; and
- apply good analytical skills, objectivity, and good judgment;

Reporting

The Committee will regularly, but at least once a year, report to the Council on its operation and activities during the year. The report should include:

- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- a summary of the Council's progress in addressing the findings and recommendations made in internal and external audit reports, and the Auditor-General's reports (if applicable);
- an overall assessment of the Council's risk, control, and compliance framework, including details of any significant emerging risks or legislative changes; and
- details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.

The Committee may, at any time, report to the Chief Executive or the Council any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chief Executive or the Council.

Administrative Arrangements

Meetings

The Committee will meet at least four times each year. A special meeting may be held to review the annual report.

From time to time additional meetings may be required to consider matters outside of normal meeting cycles.

The Chairperson is required to call a meeting if requested to do so by the Council, Chief Executive or another Committee member.

A meeting plan, including dates and agenda items, will be agreed upon by the Committee each year. The meeting plan will cover all of the Committee's responsibilities as detailed in this charter.

Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members including at least one independent member.

Meetings can be held in person, by telephone, or by video conference.

The Head of Internal Audit and external audit representatives will be invited to attend each meeting unless requested not to do so by the Chairperson of the Committee.

The Chief Executive may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee. The Committee may also ask other employees to attend Committee meetings or participate for certain agenda items.

The Committee will meet separately with both the internal and external auditors at least once a year.

Secretariat

The Chief Executive will appoint a person to provide secretariat support to the Committee. The Secretariat will ensure that the agenda for each meeting and supporting papers are circulated, after approval from the Chairperson, at least two clear working days before the day of the meeting, and ensure that the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chairperson and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

Conflicts of Interest

Once a year, Committee members will provide written declarations to the Mayor, stating they do not have any conflicts of interest that would preclude them from being members of the Committee.

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately recorded in the minutes.

Where any member is deemed to have a real, or perceived, conflict of interest at a Committee meeting, it may be appropriate that they are excused from Committee deliberations on the issue where the conflict of interest exists.

Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Assessment Arrangements

The Chairperson of the Committee, in consultation with the Mayor, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Mayor) with appropriate input sought from the Chief Executive, the internal and external auditors, management, and any other relevant stakeholders, as determined by the Mayor in discussion with the chairperson of the Committee.

Review of Charter

At least once every 3 years, the Committee will review this charter. This review will include consultation with the Council. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Council.

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Procedure Review

The review timeframe of this charter will be no longer than every two years.

Document History

Version	Reviewer	Change Detail	Date
1	Chief Financial Officer	Initial publication	December 2016
2	Chief Financial Officer	Review process	August 2018
3	Chief Financial Officer	Republication (nb: version control issues)	September 2018
4	Accounting Manager	Review process and add in Health and Safety	March 2020
5	Chief Financial Officer	Review process, change to composition of committee, minor additions	June 2021
6	Accounting Manager	Review, include CCOs, include Protected Disclosure Policy	March 2023
7	Risk and Assurance Lead	Review, references to other Council policies included, change to review frequency	May 2025

6.   NCC GUIDANCE FOR INSURANCE REQUIREMENTS

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1839726
Reporting Officer/s & Unit:	Sharon O'Toole, Procurement Manager
	Garry Hrustinsky, Corporate Finance Manager

6.1 Purpose of Report

To provide information about the new Guide for Insurance Requirements that has been developed to support Council.

The guide is to help the consideration of insurance levels and requirements when engaging suppliers (e.g. contractors, consultants, and goods suppliers).

Officer's Recommendation

The Audit and Risk Committee:

a.   **Note** the new NCC Guide for Insurance Requirements.

6.2 Background Summary

Insurance is a critical component of Napier City Council's (NCC) risk management strategy. A coordinated approach to insurance helps Council to tailor insurance requirements and better mitigate the specific risks that may arise from Council projects or contracts. Insurance can provide financial protection against unforeseen events and minimising potential losses to Council and help NCC protect assets and ensure business continuity.

The guidance provides information about the types of insurance and when they are required. It includes recommended insurance levels using a risk-based assessment based on complexity.

Key points:

- Insurance requirements are mandatory and must be included within tender documents and/or contract documentation.

- All insurance details specified by suppliers must be supported by the provision of a signed certificate of currency (i.e. insurance certificate) during the tender/contracting process.

- Different stages of projects may require distinct levels and types of insurance coverage. It's important to assess the insurance needs at each stage to ensure comprehensive risk management.

The guidance covers the insurance considerations for most contracts, with specialist advice becoming the exception rather than the norm. This is expected to reduce the

number of ad hoc requests to Council's insurance broker which have, at times, created project delays.

In developing this document there has been significant interest from other local government organisations.

Issues – what the guide will address.

There was a lack of information to support the insurance considerations for Council's projects and contracts; some contracts were silent on insurance others took a 'one size fits all' approach. Previously:

- NCC Contracts for professional services had no set recommendation around insurance levels.

- NCC construction contracts provided fixed limits fcomplexity, and risk. These previous limits are shown below:

- Pubor insurance regardless of the contract value,

  o lic Liability of not less than $5,000,000.

  o Motor Vehicle Third Party Liability Insurance of not less than: $10,000,000.

  o Plant Insurance - the Contractor shall insure each item of Plant on Site with a market value of more than: $50,000.

- NCC Construction contracts with a design component such as NZS 3916 Conditions of contract for building and civil engineering – design and construct typically include Professional Indemnity Insurance to cover the risks around design advice however, Council's NZS 3916 contract was silent on any requirement for Professional Indemnity Insurance.

Key stakeholders

Development of the Guide was led by Iain McCallum (Senior Procurement Advisor) with input from:

- Council's Insurance Lead – Bryan Faulknor

- Procurement Manager – Sharon O'Toole

- Council's Insurance Broker – AON

Technical Review

The technical review of the Guide was completed by:

- Council's Insurance Broker – AON Matthew Wilson

- Council's Insurance Lead (previous) – Bryan Faulknor

- Council's Insurance Lead (new) – Garry Hrustinsky

- Senior Procurement Advisor - Iain McCallum

- Procurement Manager – Sharon O'Toole

- Manager Design and Projects - Jamie Goodsir

- Risk and Assurance Lead - Dave Jordison

- Senior Project Manager Programme Delivery - Stephen Moratti

- Water Strategy Infrastructure Services - Philip Kelsen

6.3 Issues

No issues.

6.4 Significance and Engagement

Not applicable.

6.5 Implications

Financial

Insurance can provide financial protection against unforeseen events and minimising potential losses to Council and help NCC protect assets and ensure business continuity.

Social & Policy

N/A

Risk

Insurance is a critical component of Napier City Council's (NCC) risk management strategy. A coordinated approach to insurance helps Council to tailor insurance requirements and better mitigate the specific risks that may arise from Council projects or contracts.

6.6 Options

The options available to Council are as follows:

a.   Note the new Guide for Insurance Requirements

6.7 Development of Preferred Option

N/A

6.8 Attachments

1   Guide - Insurance Requirements (Doc Id 1855905) ⇩

Guide - Insurance Requirements

Approved by:	Executive Leadership Team
Approved date:	[Date]
Next review:	[Date]
Drafted by:	Iain McCallum (Senior Procurement Advisor)
Document owner:	Garry Hrustinsky Corporate Finance Manager

Contents

Introduction

This guide is to help the consideration of insurance levels and requirements when engaging suppliers (e.g. contractors, consultants, and suppliers).

Insurance is a critical component of Napier City Council's (NCC) risk management strategy, providing financial protection against unforeseen events and minimising potential losses. A comprehensive insurance program is essential for NCC to manage risks, protect assets, and ensure business continuity.

The main purposes for requiring a supplier to effect and maintain insurance are:

- to reduce the risk of the supplier not having sufficient financial resources available to meet a liability to NCC; and

- to ensure that the supplier will receive financial support to fund its own insurable losses and liabilities and still be able to perform its obligations under the contract.

1. Overview

This guide details the minimum scope of insurance coverage for NCC projects, emphasising the essential requirements and considerations for conducting individual procurement activities, which may vary from low to high complexity assessments.

Key points:

- Insurance requirements are **mandatory** and must be included within tender documents and/or contract documentation.

- All insurance details specified by suppliers **must** be supported by the provision of a signed certificate of currency (i.e. insurance certificate) during the tender/purchase process.

- Understand that different stages of projects might necessitate distinct levels and types of insurance coverage. It's important to assess the specific insurance needs at each stage to ensure comprehensive risk management.

- Use the **Insurance Requirements Matrix** to help determine minimum levels of cover for a project.

- Refer to Appendix A for a high-level overview of the various types of insurable events.

- If there is ambiguity or doubt, please contact the NCC Corporate Finance Manager (Corporate Services) or a member of the Procurement Team.

2. Main types of insurance

The following section offers guidance on the various types of insurance commonly applicable to most NCC procurements and projects.

Other insurance types are out of scope for this document.

2.1 Public Liability

Public Liability insurance covers claims arising from:

- Personal injury - Compensation costs to a customer, supplier, or member of the public who is injured because of business activities (when not covered by ACC).
- Damage to property - Repair and replacement costs to a property accidentality damaged because of business activity.
- Damage to third-party goods - Compensation for goods owned by a third party, which have become damaged because of business activity.

For this reason, Public Liability insurance is of particular importance when a contractor, supplier or consultant is engaged by NCC to provide goods or services that interface with the general public and/or NCC staff.

Public Liability insurance is:

- event-based,
- based on the time of the incident, not on the time of the claim being made, and
- generally structured to recognise every occurrence irrespective of how many claims are made.

2.2 Product Liability

Product Liability insurance covers unexpected and unintended personal injury or property damage arising from a defective product.

Typically, Product Liability covers:

- compensation payments for third-party injury or even death
- repair or replacement costs, for damaged property or possessions
- medical treatment or an ambulance call-out
- other losses (e.g. a loss arising from the defect causing a delay in the delivery of a service or other obligation)
- legal expenses, while you're defending any of these claims.

Defects in products can include design defects, manufacturing defects, and instructional errors such as inadequate labelling, instructions for use or warnings that render the product dangerous.

Often a supplier will have a combined Public Liability and Product Liability cover. Public and Product Liability insurance policies exclude risks covered by more specific insurance, such as Professional Indemnity, Construction, and Plant insurance.

2.3 Statutory Liability Insurance

Statutory Liability insurance responds to unexpected and unintentional breaches of statute which may result in prosecution. This insurance covers the company, any director, officer, trustee manager or secretary, and the company itself where it is legally permitted or required to indemnify its directors and officers.

It can cover prosecutions under many laws, including:

- Health and Safety at Work Act 2015
- Food Act 2014
- Resource Management Act 1991
- Building Act 2004
- Consumer Guarantees Act 1993
- Fair Trading Act 1986
- Privacy Act 2020

It can also cover:

- Investigations by the Commerce Commission
- Investigations of workplace injuries

Statutory Liability insurance provides access to specialist legal assistance and expert advice if a business is being prosecuted for breaching an Act.

The policy does not cover, among other things, employee contract claims, police prosecutions or IRD proceedings and does not cover any deliberate breach or disregard of statutory requirements.

2.4 Professional Indemnity

Professional Indemnity (PI) insurance covers liabilities arising from a breach of professional duty by a supplier. A claimant can seek compensation for financial and economic loss for the following:

- a breach of professional duty
- negligence
- bodily injury and property damage arising from service breach.
- fraud/dishonesty other than a company director's dishonesty
- infringement of intellectual property rights
- breach of confidentiality
- defamation
- loss of documents

Projects should assess the risks associated with each project and assign an adequate level of PI cover accordingly.

2.5 Commercial Motor Vehicle Insurance

Commercial Motor Vehicle insurance covers vehicles used for business purposes for loss, accidental damage, and legal liability. It can cover several risks involved in owning and driving a company car, such as:

- Accidental damage to third-party property with a company vehicle
- Damage to business vehicles if they have been in an accident
- Theft or vandalism of a company car

The third-party liability section of the policy may include:

- Vibration or weight damage
- Liability for vehicles not owned by the business but being used for business-related activities
- Liability incurred by the Principal of any construction project for accidental damage by a business vehicle
- Consequential losses to the owner or hired-in vehicles
- Legal liability protection if a business vehicle is involved in an accident caused by another driver who does not have adequate insurance coverage.

2.6 Construction Insurance

Construction insurance is also known as 'Contract Works' insurance, 'Builders All Risk' or 'Contractors All Risk' insurance in New Zealand.

Construction insurance is defined as indemnifying the policyholder(s) for sudden, unforeseen, and unintended physical damage or loss to the contract works during the period of insurance (i.e. during construction). Events could include:

- Fire
- Theft & burglary
- Accidental damage
- Storm and flood
- Subsidence
- Natural hazards such as earthquakes or tsunamis (as an optional extension)

Cover can include:

- The cost of the labour, professional fees, equipment, debris removal, construction materials and tools needed to get the work back to the stage it was at before it was damaged.
- Special conditions for complex construction projects.
- A provision to reduce the risk of underinsurance by allowing for an increase in the construction costs during the construction period
- Cover for the testing and commissioning of new plant and equipment.
- Cover for all parties required to be insured in terms of the construction contract. Principal-arranged insurance can include all contractors and sub-contractors with automatic waiver of cross-recovery.

2.7 Plant Insurance

Plant insurance, including hired-in plant insurance, is a specialist cover designed to protect plant vehicles and equipment from loss, theft, or damage. Plant insurance can cover items such as portable tools, mobile machinery, forklifts, cranes, and heavy machinery.

Plant insurance can cover:

- Theft
- Loss

- Accidental damage
- Road risks – can drive vehicles on public roads
- Third-party working risks (TPWR) – covering damage to other people's property
- Glass cover
- Malicious damage insurance
- Loss or damage to trailers
- Tools and equipment – including workers' tools
- Off-site storage
- Static equipment – such as welfare units or generators
- Cover while in transit – will be protected if equipment is involved in an accident or is damaged while being moved from site to site.
- Hire charges – if hired-in plant gets damaged or stolen.

2.8 Other insurance types

Sometimes a project may require a specific type of insurance other than the main types of insurance outlined above.

In these instances, general insurance may not have the scope to fully cover risks specific to the contract and this could result in gaps within the insurance coverage. If you are unsure whether a nonstandard insurance is required, please seek advice from the Napier City Council Corporate Finance Manager (Corporate Services) or member of the Procurement Team.

Examples of these additional Insurances are provided below:

2.8.1 Technology Liability Insurance

Technology Liability Insurance protects businesses from claims related to technology services or products they provide. It covers legal costs and damages if a client sues for issues like data breaches, software errors, or failure to deliver services. This insurance helps safeguard companies against financial losses due to technology-related risks.

2.8.2 Environmental Insurance

Environmental & Pollution Liability insurance helps protect organisations from financial losses due to environmental damage or pollution that is not covered by General Liability or Statutory Liability policies. This insurance includes cover for legal liability arising from bodily injury, property damage and damage caused by environmental incidents such as pollution, gas leaks or contaminated soil that occur when providing services. The policy will also cover emergency response expenses that are required to contain and remediate the contamination.

3. Key Considerations

3.1 Confirmation of Insurance

No contract should be entered into without confirmation of insurance. All insurance details specified by suppliers **must** be supported by the provision of a signed certificate of currency (i.e. insurance certificate) during the tender/purchase process from their insurer or insurance broker that encompasses:

- type of insurance cover
- name of the insurer
- level of cover (sum insured or limit of liability)
- period of insurance cover; and
- scope of cover (note any non-standard exclusions/limitations).

It is important to note that the insurance type and levels in any associated contract will take precedence if there is a conflict between documents e.g. tender response and/or final contract.

It is important to engage Aon (as insurance providers) if you have any insurance queries as soon as possible prior to any commencement of work or signing of contracts.

3.2 Selecting appropriate limitation of liability cap

Liability capping refers to limiting the amount of loss that the organisation can recover from the supplier.

Given that insurance can be a significant cost, suppliers may seek to limit their liability to a specified sum or to a value of cover linked to the contract value.

Limiting liability is often associated with negotiations concerning contract costs and fees where the supplier may offer a lower contract price in return for limiting liability or some other value-adding benefit. If this happens during your procurement process or during negotiations it could result in Council assuming an increased exposure to project risk liabilities, if you need advice around this contact the Corporate Finance Manager. It is important to understand the extent to which a liability cap applies as it may only relate to specific categories of loss in the contract term e.g. Consequential loss, or it may apply to any loss that arises from the supplier's liability.

Prior to agreeing to any limitation of liability a risk assessment must be undertaken to ensure that the liability cap proposed takes into consideration the likelihood of all relevant risks that could occur and the financial consequences that could arise from these risks.

Where needed, seek advice from the Napier City Council Corporate Finance Manager (Corporate Services) or procurement team before finalising contractual clauses when liability capping is being considered.

It is not appropriate to cap liability in the following situations:

- liabilities that can impact the physical or mental well-being of individuals,
- there is potential for major loss or damage to tangible property,
- breach of third-party intellectual property, or

- where the goods or services are critical to the operation of the organisation.

3.3 Risk assessment

Risk management provides a structured approach to:

- identify potential areas where problems might arise in the contractual relationship between the parties,
- consider the degree of likelihood and impact of losses (financial or otherwise) that may arise, and
- consider plans/actions that can be put in place to reduce the likelihood and/or the potential economic losses caused by these events.

These activities are collectively called 'risk assessment'. For every risk that arises from procurement, there are usually several risk management options. Below are three categories of risk management (sometimes referred to as risk mitigation tactics) that can be used:

- **Risk transfer:** This includes the organisation's insurance and liability capping, which, although reducing the risk to the supplier and their insurer, may be an acceptable risk to absorb when measuring the overall value of the procurement to the organisation.
- **Risk treatment**: This includes developing and monitoring risk controls.
- **Risk avoidance**: This includes deliberately avoiding particular strategies, tactics, and relationships.

Insurance (a type of risk transfer) is a common tool for risk management. Most suppliers will have some level of insurance coverage. The decision to make is whether the supplier's levels of insurance coverage are adequate for the procurement risks.

3.4 NCC insurance requirements

NCC's Insurance Requirements Matrix is a structured tool used to determine the appropriate insurance coverage needed for various activities, projects, or contracts. By using the insurance requirements matrix, projects can better manage their risk exposure and ensure that all parties involved are adequately insured.

For detailed guidance, please refer to section **4. Insurance Requirements Matrix.**

If there is ambiguity or doubt, please contact the NCC Corporate Finance Manager (Corporate Services) or member of the Procurement Team.

4. Insurance Requirements Matrix

Contract Type	Consultant Engagement				Contractor Engagement				Supplier Engagement			
**Objective of Contract	Provision of Professional Services				Provision of Contract Works				Supply of ICT, Services & Goods			
Contracted Risk Exposure	Low	Moderate	High	Extreme	Low	Moderate	High	Extreme	Low	Moderate	High	Extreme
Public & Products Liability Insurance (Mandatory for all contracts) All suppliers/Contractors/Consultants should hold Public Liability Insurance to mitigate against potential physical loss, damage, or injury to something or someone while undertaking the contract.	$2m	$5m	$5m+	$10m+	$5m	$10m	$20m+		Dependent on costs of Product			
Statutory Liability Insurance (Mandatory for all contracts) All suppliers/Contractors/Consultants should hold Statutory Liability Insurance to mitigate against unintentional breaches of legislation resulting in fines, penalties and reparations imposed by courts	$1m	$1m	$2m+		$1m	$1m	$2m+		$500k	$1m	$2m	
Professional Indemnity Insurance (Mandatory for Professional Services Contracts) **Design & Geotech** All suppliers/Contractors/Consultants who provide professional advice relating to design should hold Professional Indemnity Insurance to mitigate against potential damage when the council relies on specialist design, advice, or information	$1m	$1m	$2m+	$5m+	$1m	$1m	$2m+	$5m+	$500k	$1m	$2m+	$5m+
Professional Indemnity Insurance (Mandatory for Professional Services Contracts) **Non-Design** All suppliers/Contractors/Consultants who provide professional advice should hold professional indemnity Insurance to mitigate against potential damage when the council relies on specialist design, advice, or information	$500k	$1m	$2m+	$5m+	Not usually required for Physical Services- Note: nominal cover may be provided if advice is incidental to the contractor's business activity.				$500k	$1m	$2m+	$5m+
Commercial Motor Vehicle Insurance (Mandatory if the contractor will have vehicles on site) To be held by contractors during a contract to mitigate against third-party damage by their motor vehicles and mobile plant	$10m			$10m+	$10m			$10m+	N/A			
Construction & Plant Insurance (Mandatory for physical works contracts - as required) This insurance covers general loss and damages from the start of works to practical completion. Specific factors must be considered that govern insurance requirements for each activity. May include specific plant and equipment cover	Not usually required for professional services				Construction insurance cover is dependent on contract value, terms, and activity - discuss requirements with the Corporate Finance Manager. The intent of Plant insurance is to ensure that key pieces of equipment are insured so they can be replaced if stolen, lost or damaged				N/A			
Contracts Works												
Contract Works Insurance **Greenfields / New Build** Contractor to arrange insurance to the value of the contract plus allowance for cost escalations etc.	See the Corporate Finance Manager (Corporate Services) to review the contractor-arranged policy				See the Corporate Finance Manager (Corporate Services) to review the contractor-arranged policy				N/A			
Contract Works Insurance **Brown Fields** (Work on existing NCC insured Asset (Existing Structure)	See the Corporate Finance Manager (Corporate Services) to arrange a specific policy											

- All suppliers / contractors / consultants must provide copies of all relevant insurance certificates and policies to NCC, prior to the commencement of any contract. These certificates must remain current throughout the contract period and beyond where applicable.
- Contract liability terms should be reviewed to ensure these are fair and equitable for the contract and reflect insurance requirements.
- All potential risks arising from the contracted activity should be appropriately managed in consultation with contractors.
- If an identified risk is rated as 'High' or 'Extreme', staff should discuss this with the relevant Director and adopt the highest applicable insurance value.
  ** The risk matrix used in the table above is taken from the Government *Risk management - Construction procurement** as recommended by the NCC Risk and Assurance Lead.

This Insurance Requirements Matrix is provided as a staff reference tool **outlining the minimum levels of insurance**. If a contractor is unable to comply with NCC insurance expectations, please discuss this with the Corporate Finance Manager (Corporate Services) or procurement team. For all other insurance queries refer to the Corporate Finance Manager (Corporate Services).

Appendix A: Insurable Events

Insurance is a contract between the Insured (the first party) and the Insurer (the second party) that sets out the Insurer's promise to pay a specified amount at a future time if a defined event occurs. These events broadly break down into the following groups.

Damage to property

Damage to specified property owned by the first party or that the first party is responsible for:

- Building, contents, and stock (Material Damage, industrial special risks, property damage).
- Property during construction, demolition, and alteration (contract works, construction all risks, erection all risks, shipbuilders).
- Property in transit – either internationally or within the country (Marine Cargo, Marine Transit).
- Vehicles or mobile plant required to be registered for road use (Motor Vehicle)

Loss of profit

Loss of profit following damage to property owned by the first party:

- Reduction in revenue
- Increase in expenses.

Bodily injury

Bodily Injury to first parties (including employees):

- Cover for medical costs incurred due to defined injury or illnesses (Medical insurance)
- Loss of income arising from accident and in some cases from illness (Income Protection)
- Capital benefit for permanent disablement/impairment arising from injury or illness (Personal Accident)
- Capital benefit payable to the estate of the deceased on their death from any cause (Life Insurance)

Third party liability

Liability to third parties for losses they suffer resulting from the first party activities:

- Property damage or injury arising from the use of first party property:
  - use of motor vehicles (Motor vehicle liability)
  - use of aircraft (Aviation liability)
  - use of watercraft (Marine Liability)
  - business activities (Public/general liability)
  - damage caused by the first party's product once it has been handed over (Products liability/completed operations)
- Failure to supply goods or services following damage to property.
- Financial loss arising from first party provision of professional advice or professional services (Professional Indemnity)
- Fines and penalties arising from accidental breach of certain statutes (Statutory Liability).

7. PROGRESS REPORT: PROCUREMENT AND CONTRACT MANAGEMENT IMPROVEMENTS

Type of Report:	Operational and Procedural
Legal Reference:	N/A
Document ID:	1847436
Reporting Officer/s & Unit:	Sharon O'Toole, Procurement Manager

7.1 Purpose of Report

The purpose of this report is to provide an update on the various improvement initiatives underway to help Council better use procurement and contract management as strategic tools to deliver the capital programme, improve the management of Council assets, and implement the recommendations in the recent Internal Audit Report: Contract Management Report completed by Crowe April 2024.

This update report was provided to the Prosperous Napier Committee meeting 10th April 2025.

Officer's Recommendation

The Audit and Risk Committee:

a. **Receive** the Procurement and Contract Management progress report.

7.2 Background Summary

Procurement and Contract Management are an integral part of programme and project delivery and asset management, they provide tools and processes that when used well, can help Council achieve its strategic priorities and positive commercial outcomes.

There have been several internal and external audits over the last few years which have identified Procurement and Contract Management as an area for improvement. This has been reinforced by internal observations and feedback.

The audits have found examples of noncompliance, deviations from best practice and sub-optimal outcomes (e.g. time, cost, quality, reputation).

The current Long-Term Plan requires Council to deliver a greater number of projects with increased complexity and increased scale, amidst a challenging economic and political environment. To accomplish this, we need to work differently and continue to meet our obligations as a local government authority.

The Procurement Manager developed a Procurement and Contract Management Improvement Plan to provide this uplift in organisational capability. The Plan split the initiatives into mini projects and deliverables. This was approved by ELT 18th June 2024 and shared with the Audit and Risk Committee 29th November and the Sustainable Napier Council Committee 18 July.

The improvements were collated into three pillars which considered individual capacity and capability, efficiency, and effectiveness.

Problems

Insufficient resource	Lack of streamlined systems	Lack of strategic alignment
Lack of dedicated support leading to shallow understanding of supply market an internal challenges	leading to poor compliance and standardisation of processes	Many low level activities that consider best for budget holder rather than best for council. Creates lots of activity with low return on investment (time)

Solutions

RESOURCE | PROCUREMENT & CONTRACT MANAGEMENT IMPROVEMENT PLAN | PROCUREMENT STRATEGY

Operational support for tendering and contract compilation. **INFRASTRUCTURE**	Building 'good foundations' to streamline procurement & contract management processes.	Taking the **Programme Pipeline** then planning and optimising the procurement and contracting options to support project delivery.

Benefits

BUILDING CAPACITY	IMPROVING STANDARDISATION & COMPLIANCE	STRATEGIC PERFORMANCE

EFFICIENCY
'Doing things well'

EFFECTIVENESS
'Doing the right things'

ELT recognised the opportunity to integrate the Procurement and Contract Management initiatives with related improvement projects such as the EPMO review, and the capital programme delivery pipeline. These are now combined under the Programme Business Improvement Group (PBIG), which has a Steering Group, a working group and a shared programme that is tracked and monitored. Combining these improvement projects helps to ensure they remain aligned, and that priorities and resourcing are managed.

An overview of progress is shown in the summary diagram below and is followed by a snapshot of the initiatives.

Procurement and contract management provide a methodology that when used appropriately will improve productivity. By providing enhanced tools we can achieve better, more intentional outcomes.

Title: Procurement & Contract Management
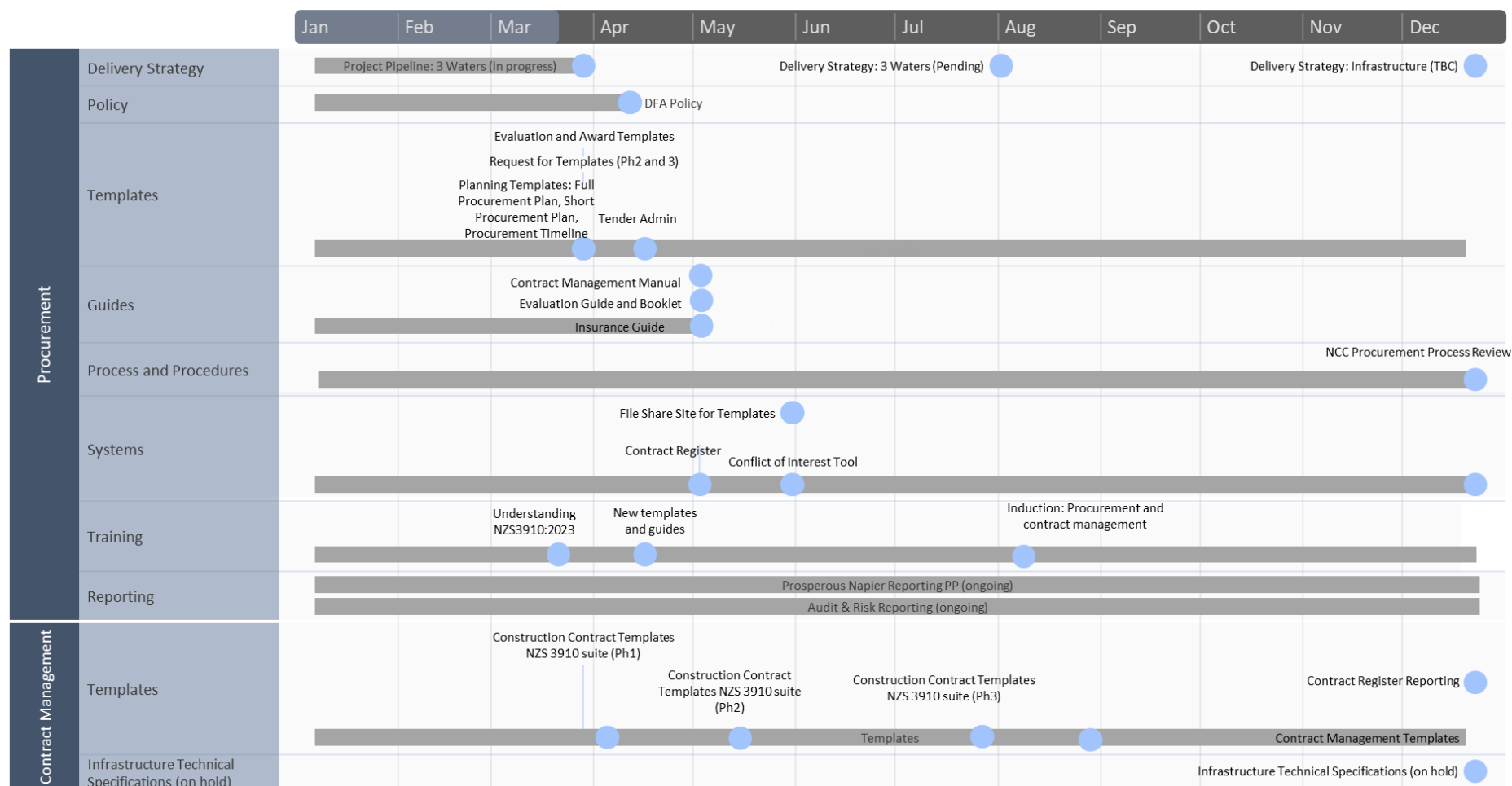
Snapshot of the improvement initiatives

Tendering documents – procurement plans, RFx, response forms (90% completed)

A NEW suite of documents has been created to support NCC contract opportunities these provide more guidance for users. They include indicative content and considerations that will improve consistency in the 'robustness' of selection criteria and ensure that users ask questions that will help to differentiate suppliers and help identify the supplier that will be able to deliver the best solution. The document suite provides planning and tendering documents that supports the following.

- Contact works.

- Professional services

- ICT and general good and services

The breakdown into 3 sets of documents reflects the nature of the work and the associated risks.

Construction contract documents (NZS3910:2013, NZS3916, NZS3917, NZS3910:2023) (in progress)

The NZS391x series of contracts are a standard form contracts with NZS3910 being the contract most widely used in NZ for construction and infrastructure projects. Organisations often create standard special conditions to provide a consistent approach to risk and the organisational requirements associated with construction works (horizontal and vertical). The NCC NZS391x suite had not had a formal review for some time and there were issues with version control which created inconsistencies.

The NXS391x contract suite is being updated to create a more standardised to insurance, bonds, and retentions. The documents will be drafted to align with the new tendering documents, they will be made more user friendly, through updated formatting and the inclusion of guidance notes.

Insurance Guide (completed awaiting approval)

Insurance is a critical component of Napier City Council's (NCC) risk management strategy, providing financial protection against unforeseen events and minimising potential losses.

Prior to the development of the Insurance Guide, NCC professional service contracts had no guidance or standard approach to insurance. The NZ391x construction contracts provided a 'one size fits all' approach.

The Insurance Guide explains what insurance should be considered for the different activities Council is involved with and takes a risk-based approach for establishing appropriate limits. It will help users to better understand and manage risk using insurance as a mitigation tool. Users are encouraged to seek support from appropriate Council staff when needed.

NOTE: Several Councils have requested the output of this work when completed.

Evaluation guide (completed)

The evaluation of tender responses was highlighted as an activity that was not a strength for Council procurers. The evaluation guide explains how to plan for and conduct a successful evaluation process. It explains the expertise and skills that are needed in a tender evaluation team, the different methodologies that can be used, when these are recommended and outlines the different score scales that can be used.

Contract Management Guide (in progress)

The aim of contract management is to ensure that all parties meet their obligations to deliver the objectives of the contract. In a simple procurement, the focus of contract management may be on ensuring the goods or services purchased are provided on time, to the agreed standard, at the agreed location and for the agreed price. For a more complex or strategic contracts, contract management may look at other factors, such as performance management or continuous improvement regimes, integration with existing systems or assets, and implementation of technological or industry advancements or innovations.

Contract considerations have incorporated into NCC's new procurement planning and tendering documents.

The Contract Management Guide (nearing completion) provides practical guidance to support effective contract management at a practitioner level including the delegate who approves procurement and contract activities.

GETS Guidance (completed)

The Government Electronic Tendering Service (GETS) is a free online portal that can be used to advertise tenders and receive supplier responses. It is used widely across the public sector and by local government. Internal guidance has been completed to help internal users understand how to utilise the system.

It is supported by a check sheet to ensure all the required information is provide before a tender is advertised. This includes standardised wording around the management of questions and answers, receipt of electronic tender documents etc.

Emergency Procurement Guidance (in progress)

In conjunction with NCC's Emergency Management Officer guidance will be introduced on what constitutes an emergency and what the considerations for procuring works or services when an emergency occurs. The guidance is based on advice developed by central government.

Contract register (in progress)

Maintaining a contract register supports good contract management practice by ensuring that Council has organisation-wide oversight of its contracts. The Council Contracts Register will enable users to record key information about Council's current contracts.

It has been developed as a simple, cost-effective, centralised repository of contract information that will provide visibility of Council's contracts until a contract management

software solution is available. When users complete all the relevant fields it will trigger workflow actions that will alert those associated with the contract that there are activities that need to be completed. Advance warning of contract expiries can be managed via these alerts.

Conflict of Interest tool (in progress)

The main goal of managing conflicts of interest is to ensure that decisions are made – and are seen to be made – on proper grounds, for legitimate reasons and without bias. This is important for NCC as a local government authority and forms an important consideration when managing tenders and contracts.

The Conflict-of-Interest Procurement Tool will make it easy and fast to capture, assess, manage, and record potential conflicts of interest of panel members evaluating a tender. It also moves away from paper-based documents which can be difficult to track and monitor.

Training

The following training has been arranged and or completed. Both the insurance training and demystifying procurement training were negotiated to be provided free of charge by the external consultants (room booking and some disbursements applied).

20/05/24	Insurance Seminar - construction and consultant's contracts.
18/06/24	Demystifying Procurement Workshop - Procurement 101
18 & 19 /11/24	Tender Evaluations – Training (Clever Buying)
24 & 25 /02/2025	Understanding NZS3910:2023 - The 'New' Conditions of Contract

Procurement strategy

The procurement strategy initiative was intended to take the NCC project pipeline and overlay the procurement options that would optimise the delivery of the contracts.

Project delivery and contract efficiencies will be sought using more mature contracting mechanisms i.e. longer contract terms, bundled requirements (multiple business units/facilities or regional approaches), use of supplier panel agreements and/or prequalified processes, employment of incentives and penalties (pain share, gain share) etc.

While there is some work underway on this, it has been largely supported through consultants with the procurement team providing ad hoc input.

7.3 Issues

The lack of automation to support procurement and contract management means that compliance is largely achieved through governance structures and education, there is no way to 'force 'compliance through software. Backward looking checks such as audits remain the only tool to easily assess compliance.

There are some areas of Council where procurement and contract management are hampered by a lack of capacity and expertise.

7.4 Significance and Engagement

N/A

7.5 Implications

Financial

The initiatives listed represent most identified improvements. It had been estimated on commencement of this work that the costs to achieve the Procurement and Contract Management Improvement Plan would be around $150,000 (excluding training costs, the construction contract review, and legal costs).

The current estimate to fully complete all the initiative referenced in this paper is expected to be less than $100,000, and now includes the contract review and legal costs but excludes training costs.

The reduction in costs has been largely through the internal Procurement team completing a greater proportion of the work internally.

Social & Policy

NA

Risk

Overall, the Procurement and Contract Management improvement initiatives are to mitigate risk, improve productivity and enhance commercial outcomes. This has been supported by the PBIG Steering Group and he NCC Risk Management Lead.

7.6 Options

The options available to Council are as follows:

a.   Receive the report.

7.7 Development of Preferred Option

N/A

7.8 Attachments

Nil

8.   HEALTH AND SAFETY UPDATE REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1856001
Reporting Officer/s & Unit:	Andrew Wallace, Health and Safety Operations Manager
	Jill Coyle, Chief People Officer

8.1   Purpose of Report

To update the Audit & Risk Committee (ARC) on health and safety strategic progress, performance, and activities from February to 30 April 2025, and to support assurance to Council on the effectiveness of the health and safety risk management system and programme.

Officer's Recommendation

The Audit and Risk Committee:

a)   **Receive** the Health and Safety Report for the quarter ended 30 April 2025

8.2   Executive Summary

There has been no change to the current risk profile for operational risks OR183 and OR328. Both risks remain above the organisation's risk appetite with no new treatments or control enhancements introduced this period. These risks will continue to require attention to ensure they are managed effectively over time.

Strategic Risk SR32 has shown some positive movement. Treatment actions have now been added directly into the risk, which has led to a change in its risk profile score. While this is a step in the right direction, the revised risk still sits outside the defined appetite.

Continued work will be needed across all three risks, either through strengthening existing controls or exploring new treatments to reduce them to within acceptable levels. Alternatively, the Executive Leadership Team (ELT) may need to consider whether the current risk appetite remains fit for purpose, given the operational environment.

Either approach will support more effective risk management and help ensure these key risks are aligned with the organisation's overall tolerance and strategic direction.

Risk No	Risk Issue	Inherent RA	Revised RA	Risk Movement
OR183	Failure to manage health, safety, and wellbeing in the workplace	**Extreme 160**	**Medium 10.8**	No Change
OR328	Failure to comply with the Health and Safety at Work Act 2015 and subsequent regulations.	**Extreme 160**	**Medium 10.8**	No Change
SR32	Failure to maintain a safe and healthy workplace and safe systems of work (i.e., we do not proactively navigate H&S threats)	**Extreme 160**	**Medium 10.8**	17.5 ⬇

Critical and emerging risks

While the table below is not an exhaustive list, it provides a starting point for the identification and assessment of critical hazards.

Hazard	Description of Hazard	Risk in Register Yes/No	Revised Risk Assessments
Critical Hazards	The Top 8 critical hazards have been agreed. The Health and Safety team is now progressing the development of the Critical Hazard Management Framework (CHMF) to support consistent management of these risks across council operations. Work to confirm and validate high-risk activities using the NCC risk matrix has continued since the last report. This process included a presentation to the Executive Leadership Team (ELT), where feedback was received and used to refine the list of hazards. A second presentation will be scheduled to finalize the CHMF approach. The agreed critical hazards are confined space, crane operations, hot works, working at heights, electrical work, human behavior, contractors and excavations. These are being reassessed to ensure they are appropriately classified and managed based on their potential for significant harm. This work aims to strengthen the effective and consistent management of high-risk activities, enhancing safety outcomes for workers and contractors, and aligning with council safety standards.	**Yes** *Control in OR328*	N/A

Wellbeing and psychosocial factors	Within workplace settings, environmental, relational and operational hazards can affect people's psychological and physical health. The dedicated role focused on managing psychosocial risk in the workplace has now been filled. The appointed advisor is currently developing the organisation's wellbeing strategy and programme of work to address these emerging risks.	No	N/A

Strategic progress

The following workstreams will be presented to this Committee and are meant to outline progress in alignment with our Health & Safety improvement work that represents significant programmes of work. The work programmes are designed to improve our health and safety management system, the management of health and safety risks and promote a positive health and safety culture.

Workstream	Status	Milestones completed	Next milestone	Comment
Health and safety Critical Hazard management	100%	Presented to ELT some actions resulted from this	Identification and assessment of critical health and safety hazards.	**Complete**
CHMF (Critical hazard management framework)	50%	Work has begun on the Framework	Present to ELT information paper of the framework	
Leadership and commitment	100%	Training is in the process of been booked and calendar invites to be sent out once venue has been secured	Develop health and safety training programme for managers and team leads to ensure they are equipped to manage health and safety risks.	Training has been booked for June
H&S training for elected members	70%	Good governance guide sent out through governance team to elected members with emphasis on H&S section	Post election, the elected members through the governance team will receive in person H&S training focused on H&S local governance.	Tentatively booked for first workshop post-election

Health and safety reporting

Health and safety reporting profiled over this reporting period are summarised below

Overview		180 Events		6 Actions		7 Audits		48 Safety Observations
Events by Type		101 Incidents		17 Aggressive Customer		32 Near Miss		25 Pain & Discomfort
Investigations		91 In Progress		212 Completed		0 Affected Persons - LTI		
Additional Information		27 New Competencies		35 Meetings		10 Hazards in Review		

Lost time injury's

- 0 lost time injuries (LTI) for the quarter

Aggressive customer breakdown

- Aggressive/Abusive Behavior (9)

- Threats (4)

- Public Aggression (1)

- Child Safety Concern (1)

- Vandalism (2)

Investigations of significance

- **0** internal investigations

- **3** Contractor incidents that required contractor to investigate

WorkSafe notifiable events

- There were **3** WorkSafe notifiable events during the reporting period through contractor incidents

Key actions
- H&S reset meeting with Contractor to re-affirm H&S expectations of contractors
- Additional H&S auditing was carried out to confirm contractor H&S conformance

Workplace Wellbeing Initiatives
In the last quarter, Napier City Council appointed a dedicated Wellbeing Advisor to strengthen staff wellbeing support. Counselling remains available through the OCP (EAP service), with onsite counsellors deployed where needed.
Following a recent traumatic event, Mates4Life training was delivered to the affected team. The Wellbeing Advisor also developed in-house resilience training; now available organisation wide as needed.

A new Wellbeing Hub on the NCC intranet offers easy access to wellbeing information, staff benefits, and support resources. Subsidized eye care services continue, and a staff

discount for mole mapping has been introduced.

Efforts are underway to achieve organisational wellbeing accreditation. The Wellbeing Advisor continues to support staff individually and has provided a wellbeing resource package to assist with the current workplace redesign. Collaboration between leaders, staff, and the Wellbeing Advisor ensures return-to-work plans prioritise employee wellbeing.

8.3 Issues

No issues.

8.4 Significance and Engagement

N/A

8.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

8.6 Options

The options available to Council are as follows:

a.   N/A
b.   N/A

8.7 Development of Preferred Option

Recommend that the Audit and Risk Committee receive the Health and Safety Report.

8.8 Attachments

Nil

9. EXTERNAL AUDIT ACTIONS STATUS UPDATE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1856814
Reporting Officer/s & Unit:	Talia Foster, Financial Controller

9.1 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** this report titled "External Audit Actions Status Update".

9.2 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.

9.3 Issues

From the 2023/24 Annual Report audit, we are reporting on three recommendations from Audit NZ of which two are complete.

There are four outstanding items relating to previous year end audits. These include items such as high annual leave balances, and stock take of fixed assets, which are ongoing and do not have quick fixes.

9.4 Significance and Engagement

N/A

9.5 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.

9.6 Development of Preferred Option

Receive the External Audit Actions Status Update report.

9.6 Attachments

1   2025-06 External Audit Recommendations Tracking (Doc Id 1857335) ⇩

Audit Year	Reference	Recommendation	Priority	Management Comment	Progress May 2025	Commentary May 2025
2024	5.1	**Severance payment disclosure in the financial statements** - relevant personnel are familiar with the severance disclosure requirements of the Local Government Act 2002 and accounting standards, and management review the disclosure to supporting information to ensure its accuracy before providing the information to the Finance team for inclusion in the annual report. As an overall and final check for accuracy with the requirements, management should also review the disclosure in the financial statements.	Necessary	We acknowledge that the 2023/24 period faced challenges due to significant staff changes within the People and Capability team. However, the team has since enhanced its skills to meet these requirements and implemented improved record-keeping practices for severance payments, ensuring that information for 2024/25 is accurate and provided in a timely manner.	In progress	The People and Capability team are aware of the guidance and have improved record keeping. An updated process map has been developed to ensure all steps are followed in accordance with the severance pay requirements. We are confident that the issue will not remain for the 2024/25 Annual Report.
2024	5.2	**Compliance with financial delegations -** Purchases are approved within delegated financial authority. Management should also consider including definitions or guidance in the policy as to what constitutes a single transaction (for example, purchase order, asset item).	Necessary	The manager has been advised of the issue and the correct treatment for future, and we have put monitoring for this situation in place across Council. The new Financial Delegations Policy which will be implemented during the 2024/25 financial year provides definitions and guidance on this matter, and training and acceptance of the policy will happen for all DFA holders over the implementation of the policy.	Complete	The new Financial Delegations Policy was rolled out on 1 May 2025. The policy provides definitions as to what constitutes a transaction. Training was completed at People leaders updates, and all DFA holders were required to sign and accept the policy and their new DFA before their approval rights were activated in the new purchasing system, Esker.
2024	5.3	**Review of monthly reconciliation schedules -** The City Council's policy, which is consistent with accepted good practice requires reconciliations be prepared and reviewed after each month end.	Necessary	New procedures are in place to ensure ease of approval and timeliness. For the 2024/25 year timeliness has been a focus and so far all reconciliations for bank, creditors and suspense accounts have been reviewed within the following month.	Complete	For the 2024/25 year timeliness continues to be a focus and all reconciliations for bank, creditors, and suspense accounts have been reviewed within the following month.
2022	4.1	**Attendance and resolution times performance measures** - We continue to recommend that the City Council address the evidential issues associated with the Attendance and resolution times performance measures, and any possible impacts on the City Council's 2022/23 annual report.	Necessary	The issues raised previously have been addressed by Council. Unfortunately the new data entry errors found have been in other areas from where our efforts were previously focused. Now that we are aware of these issues we have provided further training to avoid these errors, and further exceptions testing to identify some of these errors.	In progress	For the 2024/25 year the Depot Admin Team Leader has access to Liquid Voice which is a log of all incoming and outgoing calls to Depot Admin. This allows verification of the exact time of call and caller number received and taken by Depot Admin team members for the Service Request raised for a specific address. This therefore allows them to verify when the call was actually received. There is now a routine check for the exception report. Water Strategy Team Coordinator (Niki Ovenden) on behalf of Manager Water Strategy Infrastructure Services, checks/reviews monthly the DIA dashboard for any 3Waters SR anomalies and will request Depot Admin team to make any changes required to SRs.
Prior to 2016		**High annual leave balances -** Encourage those with high annual leave balances to take leave.	Necessary	Managers have been directed to reduce annual leave balances and leave plans are being implemented for staff with significant balances	In progress	Managers have been directed to reduce leave and reporting to ELT is being completed monthly. Recent reports show an improvement in leave balances.
2015		**Conflict of interest risk management – interest register** - The register could be improved by documenting the assessment of interests disclosed for any potential conflicts and how any identified conflicts will be managed or mitigated. Apply the interest register, to lower management level staff, consultants and contractors involved in procurement and projects. Declarations should be updated at regular intervals (eg six monthly). Training should also be provided on the conflict of interest policy and should apply to Councillors, senior management, management and staff involved in the procuring of goods and services.	Beneficial	The Conflict of Interest process review was completed by the end of the 2024 calendar year. The new process via Sharepoint is now live and training has been provided to all leaders.	Complete	The process is now live and conflicts are being recorded and managed in the register.
		Procurement and contract management - Provide additional guidance to staff involved with procurement about the documentation that needs to be retained to support the procurement (including contract management) activity.	Necessary	A Procurement and Contract Management Improvement Plan is in place and progress is being reported back to management regularly.	In progress	A separate report titled "Procurement and Contract Management Improvement Plan" has been included in this meeting. Please refer to this report for a complete update.

2022	5.2	**Depot's systems and processes** – Council undertake a review in general of the modus operandi and systems and processes at the Depot.	Necessary	We have taken this recommendation on board and will begin an internal review as soon as resources allow.	In progress	Good momentum is being made across an initial set of projects. The initial focus on improving the structure and quality of the operating data and costs. Focus is on delivering a set of changes by 1 July 2025 so data collected in the new financial year is in a form that can provide good operating performance (service delivery and cost) insight. Changes include: - Purchasing practices following the NCC DFA policy - An e-timesheet system to remove paper timesheets. This will include improve checks and controls around overtime and allowances - A redesigned set of job codes that are designed and applied consistently across all asset manager and operating teams – this will improve cost tracking and provide data in a format that will allow deeper analysis and insight - Separating the operations BU cost centres into a more granular operating level budgets creating greater visibility, awareness, and engagement at an operational level of delivery costs. - A review of plant, labour and material "recharge" rates and defining a model for FY25/26. - Supporting deeper roll out of digital tracking of operational activities. This will deliver deeper operation service delivery system and coupled with the better cost tracking will enable cost per activity reporting. - Improved recording and tracking of unplanned works through the Service Request System. - Providing digital devices (phones or tablets) across field staff so they have the tools to operate and capture data - Reviewing technology and tools for managers and team leaders to have better visibility of operating performance. The above changes are ambitious, and a "better not perfect" approach is being taken. Further refinements are expected across these areas over FY25/26 as knowledge and understanding deepens. A specific area of refinement is likely will include deeper consideration of what data is tracked via operational practices and how this intersects with the financial data. Once the above changes have progressed and are being embedded, a next phase of work will be planned.
2019		**Kennedy Park: Weakness in Till Takings sign off** - A more appropriate sign–off process be put in place, where the employee signing off the Cashier Balance Sheet report can be easily verified.	Beneficial	Kennedy Park staff have been provided with a digital solution, however due to internal processes this solution is not able to be implemented. Further work on a solution is in progress	Complete	The Financial Controller visited Kennedy Park on 21 May 2025 to confirm an interim process which is expected to meet Audit requirements. We still await a digital solution, and Audit NZ review which will happen with the pre-final audit in June.
2021		**Delegations** - A procedure be put in place for approving operating expenditure in excess of $1,000,000.	Necessary	Outstanding. A review is underway to address this issue.	Complete	The new Financial Delegations Policy was rolled out on 1 May 2025. The policy provides guidance for transactions over the DFA of the Chief Executive.
2019		**Stocktake of fixed assets** - A periodic stocktake of fixed assets be completed to ensure that all assets included in the financial records are still held by the City Council.	Beneficial	The City Council have now started completing a stocktake of all fixed assets, however it will take some to complete.	On hold	The finance team do not currently have the resource to complete fixed asset stocktakes proactively. Management Accountants manage reviews and disposals as part of the year end capitalisation process but this is not a full replacement for stocktakes.

10. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1857509
Reporting Officer/s & Unit:	Talia Foster, Financial Controller

10.1 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 March 2025 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

10.2 Background Summary

The Sensitive Expenditure Policy requires a report of all sensitive expenditure by the Chief Executive and by the Mayor to the Audit and Risk Committee meetings (clause 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.

10.3 Issues

No issues.

10.4 Significance and Engagement

N/A

10.5 Implications

Financial

N/A

Social & Policy

All sensitive expenditure transactions for the quarter ended 31 March 2025 are compliant with Council's Sensitive Expenditure Policy.

Risk

N/A

10.6 Attachments

1. Mayor Sensitive Expenditure - 3rd Quarter 2025 (Doc Id 1857539) ⇩
2. CE Sensitive Expenditure - 3rd Quarter 2025 (Doc Id 1857538) ⇩

Mayor Sensitive Expenditure

Report for Audit and Risk Committee Meeting
Transactions processed for periods 202501 to 202503

Transaction Date	Transaction Source	Supplier	Value	Details	Compliant with Policy
Mayor's Travel & Accommodation					
Nov-24	AP	Orbit Travel Wellington	$ 49.99	LGNZ Combined Sector and RP Meetings - Flight Amendment Fees	✔
Dec-24	AP	QT Wellington	$ 20.87	LGNZ Combined Sector and RP Meetings - Breakfast	✔
Dec-24	AP	QT Wellington	$ 40.87	LGNZ Combined Sector and RP Meetings - Dinner	✔
Dec-24	AP	QT Wellington	$ 358.26	LGNZ Combined Sector and RP Meetings - Hotel	✔
Dec-24	AP	Orbit Travel Wellington	$ 21.28	LGNZ Combined Sector and RP Meetings - Flight Amendment Fees	✔
Total Mayor's Travel & Accommodation			**$ 491.27**		
Entertainment					
Jan-25	AP	Michael Fowler Publishing	$ 913.05	Promenading: Napier's Iconic Marine Parade - Books for dignatories	✔
Total Entertainment			**$ 913.05**		
Total For Quarter			**$ 1,404.32**		

Transaction Source key:

EC	Transaction approved through expense claim process
CC	Transaction processed through NCC's corporate card
AP	Transaction approved through normal purchasing & payables process
IN	Internal transfer

Chief Executive Sensitive Expenditure
Report for Audit and Risk Committee Meeting
Transactions processed for periods 202501 to 202503

Transaction Date	Transaction Source	Supplier	Value		Details	Compliant with Policy
Entertainment						
Dec-24	AP	Design Cuisine Limited	$	29,508.91	Staff Christmas Breakfast & refreshments for 612 staff ($48.22 pp, no alcohol)	✔
Dec-24	AP	Design Cuisine Limited	$	480.00	Depot Morning Tea	✔
Feb-25	CC	Lisbon Artisan Pastry Shop	$	43.48	C-Suite Meeting Refreshments	✔
Mar-25	AP	Design Cuisine Limited	$	274.50	LGLF Meeting Catering for 12	✔
Mar-25	CC	NZ Society of Local Government Managers	$	1,600.00	LGFA Taituara Local Government Excellence Awards	✔
Mar-25	AP	Roam Marine Parade	$	182.61	C-Suite Breakfast Meeting	✔
Total Entertainment			$	**32,089.50**		
Travel & Accommodation						
Dec-24	AP	Corporate Cabs Limited	$	171.70	CE & others - Taxis for Wellington meeting	✔
Dec-24	AP	Orbit Travel Wellington	$	447.09	CE - Flight for Speaking Engagement	✔
Jan-25	EC	Air New Zealand Reimbursement	$	166.09	CE - Costs to change personal flights due to Wellington meeting	✔
Jan-25	AP	Orbit Travel Wellington	$	693.38	CE - Flight for All of Local Governemnt Meeting	✔
Feb-25	CC	Taxi Fare Reimbursement	$	39.57	CE - Taxi Airport to Napier	✔
Feb-25	AP	Corporate Cabs Limited	$	258.40	CE - Taxis for Wellington meetings	✔
Feb-25	AP	Orbit Travel Wellington	$	11.20	CE - Amendment Fee for Speaking Engagement Flight	✔
Total Travel & Accommodation			$	**1,787.43**		
Gift						
Feb-25	AP	Kirsten Simcox Photography	$	185.00	Chief Executive portraits	✔
Total Gift			$	**185.00**		
Training						
Nil						
Total Training			$	**-**		
Total For Quarter			$	**34,061.93**		

Transaction Source key:		
EC	Transaction approved through expense claim process	
CC	Transaction processed through NCC's corporate card	
AP	Transaction approved through normal purchasing & payables process	

RECOMMENDATION TO EXCLUDE THE PUBLIC

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

AGENDA ITEMS

1. Contract Review - C2813 Bore Inspections Contract
2. Chief Executive - Verbal Update
3. Audit New Zealand - Verbal Update

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.	Plain English reason for passing this resolution in relation to each matter
1. Contract Review - C2813 Bore Inspections Contract	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	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.	it may reveal commercial information about suppliers
2. Chief Executive - Verbal 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	Commercial activity

		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.	
3. Audit New Zealand - Verbal 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.	Commercial activity

Public Excluded Text

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.

NAPIER
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Te Kaunihera o Ahuriri

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AUDIT AND RISK COMMITTEE
Open Minutes

Meeting Date:	Thursday 13 March 2025
Time:	9.30am – 11.43am *(Open)* 11.45am – 12.20pm *(Public Excluded)*
Venue	Small Exhibition Hall War Memorial Centre Marine Parade Napier
Present	**Chair:** Bruce Robertson **Members:** Mayor Wise, David Pearson, Councillors Crown (Deputy Chair), Mawson and Browne
Also Present	Councillors McGrath and Price, and Councillor Boag [via zoom]
In Attendance	Chief Executive (Louise Miller) [via zoom] Deputy Chief Executive / Acting Executive Director City Services (Jessica Ellerm) Chief Financial Officer / Acting Executive Director Corporate Services (Caroline Thomson) Executive Director Infrastructure Services (Russell Bond) Executive Director Community Services (Thunes Cloete) Senior Advisor Corporate Planning (Danica Rio) Manager Strategy and Transformation (Stephanie Murphy) Financial Controller (Talia Foster) Risk and Assurance Lead (Dave Jordison) EA to Deputy Chief Executive & Acting Director City Services (JayJay Kettle) Senior Project Manager (Stephen Moratti) Chief People Officer (Jill Coyle) Health and Safety Operations Manager (Andrew Wallace) Health and Safety Advisor (Sage Gardner) Audit New Zealand (Karen Young) [via zoom]
Administration	Governance Advisor (Carolyn Hunt)

AUDIT AND RISK COMMITTEE – Open Minutes

TABLE OF CONTENTS

ORDER OF BUSINESS

Karakia

The meeting opened with the Council karakia.

Apologies

Nil

Conflicts of interest

Nil

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 Minutes of the Audit and Risk Committee meeting held on 29 November 2024 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. ANNUAL PLAN 2025/26 UNDERLYING INFORMATION

Type of Report:	Legal
Legal Reference:	Local Government Act 2002
Document ID:	1829992
Reporting Officer/s & Unit:	Danica Rio, Senior Advisor Corporate Planning

1.1 Purpose of Report

To provide the Committee with underlying information related to the Annual Plan 2025/26. Officers are requesting the Committee review this information and provide any feedback to Council before the final adoption of reports for community consultation.

At the meeting

The Senior Advisor Corporate Planning, Ms Rio spoke to the report advising it was a summary of the information that will be included in the Annual Plan Consultation document, which will be put to Council on 27 March 2025 for adoption. Community consultation is scheduled from 31 March to 30 April 2025.

In response to questions the following was clarified:

- Ms Thomson advised the following controls have been put in place to lower the risk for the labour vacancies and operating efficiencies:

  - staff are currently working on a year-end forecast, which is nearly complete and will indicate how Council is tracking in its labour savings. This will be reported either to the Prosperous Napier Committee or to Council.

  - annual leave balances are actively being managed

  - currently there is a recruitment freeze for non-critical positions

  - staff are also analysing vacancy levels and managing casual labour levels.

  - the capital programme of work is progressing at pace which is challenging resourcing management.

- The vacancy loading has been in place for a few years. The savings are being retained rather than being used to impact the next year's rates.

- In regard to the liability assumption for the commercial activities, work is underway to investigate alternative management/leasing options.

- The reason for rates revenue being $4m lower was due to the 3 year plan forecasting a 11.7% rate increase for 2025, rather than the draft Annual Plan proposed rates increase of 7.9%.

- The depreciation costs will be based on Council's level of capital expenditure from the capitalisation from the previous years, the draft Annual Plan is based on more accurate data than when the 3 year plan was completed.

- Assumption in the Annual Plan for delivery of planned capital is 80% being $128m. Council is planning to deliver $100m this financial year and is tracking almost to plan and forecast.

- Mr Bond advised that there are some significant projects that will be going into the construction phase, e.g. the Te Aka project and Wastewater Outfall, along with the treatment plant and bore fields.

- The Enterprise Project Management Office will be focussing on project delivery. Due to the scale of construction and ensuring community readiness and capacity, discussions have been undertaken with neighbouring Councils in an effort to co-ordinate rather than competing to ensure Hawke's Bay gets what it needs.

- Ms Foster advised that Council would be borrowing for $86m for the renewal of assets. The amount of $159m is actually before the capital delivery assumption has been deducted. The $37m proceeds from asset sales incorrectly included the capital delivery assumption. It was noted that these figures would be corrected in the financials.

- The process for the Fees and Charges part of the Annual Plan development was initially adjusted by CPI (4.1%), and reviewed by managers in line with the Revenue and Finance Policy.

- The principle behind the Schedule Fees and Charges is that the fees are consistent with the Revenue and Financing Policy in trying to achieve effective fees and charges from the activities delivered to reflect the private benefit received. A full review of the Revenue and Financing Policy is about to be launched and that will address facilities that are not operating within their revenue and financing policy bands.

- The Parklands Residential Development Fund is in a negative position of $17m pending sales of sections to recoup this amount. The $17m is funded through internal debt.

- Costs of capital programme are likely to increase with inflation, contractor and supply availability and from a risk perspective will need to be monitored.

- The topics to be included for consultation in the Annual Plan are:

    - Proposed Rates Increase

    - Proposed changes to fees and charges

    - Reimagine facilities (Aquarium, Napier iSite, Par2 Minigolf and the Faraday Museum)

    - Kennedy Park and Ocean Spa commercialisation

    - Napier Library

    - Council Controlled Trading Organisations.

COMMITTEE RESOLUTION	Bruce Robertson / David Pearson
	The Audit and Risk Committee:
	a) **Receive** the information in this report as the underlying information for the Annual Plan 2025/26:
	i. Annual Plan 2025/26 Draft Financial Statements (Doc Id 1834946)
	ii. Draft Schedule of Fees & Charges 2025/26 (Doc Id 1834945)

iii.   Draft Planning Assumptions (Doc Id 1834947)

iv.   Changes to the Capital Plan (Doc Id 1834948)

b)   **Endorse** the underlying information on which the Annual Plan 2025/26 is being prepared for adoption at the 27 March 2025 Council meeting.

Carried

2.   AWATOTO WASTEWATER PIPE RISK REPORT

Type of Report:	Information
Legal Reference:	Resource Management Act 1991
Document ID:	1834022
Reporting Officer/s & Unit:	Stephen Moratti, Senior Project Manager

2.1 Purpose of Report

This report provides an overview of the current risks facing the Awatoto Wastewater Outfall Pipe and provides risk mitigation strategies to manage those risk, providing the Audit and Risk Committee with insights to guide oversight and support effective decision making

At the meeting

The Senior Project Manager, Mr Moratti presented the report and displayed a PowerPoint presentation (Doc Id 1838600) providing a brief summary of the background, risks and what is required and solutions for the construction of a new Awatoto wastewater outfall pipeline.

In response to questions the following was clarified:

- Mr Moratti advised that bringing forward the construction by approximately 12 months, brings forward the significant construction costs, which impacts on the forecast budget and debt levels. To offset the early construction of the outfall pipe it is also proposed to delay some of the Flood Alleviation works for 12 months. Whilst these Flood Alleviation works have a budget, no work has yet started on the project.

- The discharge will remain under the current consent which expires in 2036 and the construction of the new pipeline will require a resource consent.

- There would be bigger risks associated with a new discharge consent, as this would raise the question of treatment and a lot more work would be involved especially with the recently proposed changes to the discharge limits. Using the current discharge consent will mitigate the risk of pipe failure and enable construction. There is money in the budget for the additional work that will be involved with the new consent in 2036.

- Considerable research has been undertaken in relation to the likelihood of Napier having a land based solution covering all scenarios and the outcome is close to zero. There would still need to be the ability, especially during rain events, to discharge safely into the wastewater system outfall pipe.

- Mr Bond noted that land discharge complexity is around the interaction with the ground water aquifer and people utilising that. Land would have to be secured as a buffer to protect against any potential contamination risks to the ground water. It is an onerous process and requires a lot of treatment to maintain. Treatment costs to meet that level would be quite significant if applying for a water quality consent at the same time and would not negate the risk of this pipe failing.

- New standards allow for an outfall. An outfall to the ocean has the highest discharge capability as far as the treatment. Under the proposed new standards there will still be the requirement to improve and increase treatment.
- The new designs have trawler protection on the diffuser which will remedy issues that have been created by trawlers in the past. A CCTV camera has been installed to notify the Harbour Master of anyone in the vicinity of the outfall.
- Mr Moratti advised that the connection of the new pipe would be undertaken during a very short timeframe as there would not be a lot of time available between empty and full discharge. Installation of the emergency storage ponds at the Wastewater Treatment Plant is designed to provide a 24 hour window to allow for repair work.
- No funding has been included in the Long Term Plan for the project to decommission the existing outfall pipe, and this could be retained as an emergency discharge point.

COMMITTEE RESOLUTION	Mayor Wise / Councillor Browne
	The Audit and Risk Committee:
	a. **Receive** the Awatoto Wastewater Outfall Risk Review Report.
	a. **Acknowledge** that the Committee have considered the risks for the planned replacement of the Awatoto Wastewater Outfall Pipe Construction in Financial Years 2028/2029 to 2029/2030.
	Carried

Attachments

1   Wastewater Outfall Replacement (Doc Id 1838600)

3.   POLICY UPDATE

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1834910
Reporting Officer/s & Unit:	JayJay Kettle, EA to Deputy Chief Executive & Executive Director Corporate Services

3.1 Purpose of Report

To update the committee on the progress made updating policies.

At the meeting

The EA to Deputy Chief Executive / Acting Executive Director City Strategy, Ms Kettle presented the report noting that 14 policy reviews had now been approved by the Executive Leadership Team (ELT).

Ms Kettle advised an Election Protocols Policy has been approved, which is an overview for staff on conduct and guidelines for the upcoming elections.

The review periods were being reassessed as they went through ELT and workflow processes could be reinstated.

Ms Kettle clarified that "quick win policies" were more administrative and were policies that do not have any content change and can be redated and rolled out.

COMMITTEE RESOLUTION	Councillors Mawson / Crown
	The Audit and Risk Committee:
	a) **Receive** the report titled "Policy Update" dated 13 March 2025.
	ACTION: *Officer to provide a table of policies with review dates to elected members as a memo for information.*
	Carried

4. AUDIT NZ MANAGEMENT REPORT 2023/24

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1833922
Reporting Officer/s & Unit:	Talia Foster, Financial Controller

4.1 Purpose of Report

To present the Audit New Zealand Management Report for the year ended 30 June 2024 for consideration.

At the meeting

The Financial Controller, Ms Foster spoke to the Audit New Zealand Management report for the year ended 30 June 2024 that was adopted at the end of 2024.

Ms Young made the following comments:

- Napier has a sound controlled environment.
- A number of previous recommendations have been resolved.
- There were fewer new recommendations.
- Observation that Napier are getting better at resolving recommendations.
- The register that has been implemented and the reporting to this Committee has assisted in monitoring outstanding recommendations.
- Council has improved in asset revaluations and fair value assessments, measuring well against its KPIs; however, further improvements are needed in this area.

In response to questions the following was clarified:

- In relation to fault response time a lot of changes have been put in place in the last few years with further ongoing changes happening.

- Work has begun for the audit this year with Audit New Zealand requesting information to confirm the training that has been in place. Ms Foster advised that they did not have confidence that it would be completed for the full year, but should be by year end. This could affect the opinion for 2024/2025.

- There have been difficulties in getting to Kennedy Park to check the progress on till takings. However an interim measure is in place which should meet Audit's requirements. An electronic sheet had been created to use online, however is not working for Kennedy Park who use a more manual process.

The Chair advised that this was unacceptable and raised the risk of fraud, because the matter has been so long outstanding. Kennedy Park needs to fix the problem.

COMMITTEE RESOLUTION	Bruce Robertson / David Pearson
	The Audit and Risk Committee:
	a. **Receive** the Audit New Zealand Management Report for the year ended 30 June 2024.
	b. **Recommend** that the Chair and Deputy Chair have delegation to approve the Audit Plan for the 2024/25 Annual Report on behalf of the Audit and Risk Committee, in consultation with the Chief Executive.
	Carried

5. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1834241
Reporting Officer/s & Unit:	Talia Foster, Financial Controller
	Alister Edie, Business Improvement Manager

5.1 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.

In response to a query of a duplicate line in the table for the Chief Executive Sensitive Expenditure. Ms Foster confirmed this was an error, there was only one transaction for $74.17 paid to Eventfinder for the Chief Executive's guest to attend a 150th event. This duplicate was not included in the total lines, so there is no adjustment required to anything else in the report.

COMMITTEE RESOLUTION	Councillors Mawson / Browne
	The Audit and Risk Committee:
	a) **Receive** the 31 December 2024 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.
	Carried

6. RISK MANAGEMENT REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1834236
Reporting Officer/s & Unit:	Dave Jordison, Risk and Assurance Lead
	Alister Edie, Business Improvement Manager

6.1 Purpose of Report

To provide the Committee an update on Council's strategic and operational risk profiles and on key risk management workstreams.

At the meeting

The Risk and Assurance Lead, Mr Jordison provided a summary of the report.

In response to questions the following was clarified:

- A high number of out-of-appetite operational risks are due to risk owners requiring further training.

- Risks of public Health and Safety should be captured in CAMMS. It is up to the various activity / asset managers to record their risk exposure in the Risk Register.

- Ms Bailey advised that Council also manage legislation through compliance activities to ensure public safety through the Building Act and Food Act.

- The key factor to ensure data is recorded is through staff entering data into the system. In the last few years there has been a dramatic increase in data recorded and strategic risks. The system makes recording very capable and included in the redrafted framework is the assurance process.

COMMITTEE RESOLUTION	Councillors Crown / Mawson
	The Audit and Risk Committee:
	a. **Receive** the report titled "Risk Management Report" dated 13 March 2025.
	Carried

The meeting adjourned at 11.00am and reconvened at 11.15am

7.   HEALTH & SAFETY REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1834828
Reporting Officer/s & Unit:	Andrew Wallace, Health and Safety Operations Manager
	Jill Coyle, People Operations Manager

7.1 Purpose of Report

To inform the Audit & Risk Committee (ARC) of Health Safety strategic progress, performance and activities covering the period November 2024 to 31st January 2025. The report enables the ARC to provide assurance to Council for the capability and functioning of Council's health, safety hazard and risk management system and associated programme.

At the meeting

The Health and Safety (H&S) Operations Manager, Mr Wallace took the report as read.

In response to questions the following was clarified:

- For each of the critical hazard risks identified there are current processes and procedure controls for those activities. Since writing the report ELT had identified the top eight critical hazards for Council which will enable H&S to focus on what can be undertaken to bolster controls and begin reporting to ELT each month or quarterly on performance against those critical hazards. It will enable communication to staff or contractors working with the top eight hazards, what mandatory controls are required and that any breach will be significant.

- A new Well Being Advisor has been appointed who will focus and manage the emerging risk of psychosocial risk assessment in the workplace.

- The format for Health and Safety Committees has changed, Lead meets quarterly with the other committees having rotating chairs, and with an emphasis on workers engaging and reporting on actions. A key change is to encourage staff in H&S behaviour.

- Developing a H&S training programme for managers and team leads to ensure they are equipped to manage H&S risks. Senior leads will have once adopted, KPIs for their directorate on safe practises and how use Mysafety tool.

- Commitment by Governors to understanding and observing programmes and obligations under section 44 of the Act.

- Aggressive incidents for the Libraries for this quarter was four. The following aggressive incidents for 2023 and 2024 were:

    - Napier Library 2023 – 12

    - Taradale Library 2023 – 4

    - Napier Library 2024 – 45

    - Taradale Library 2024 – 28

- An aggressive customer displays a range of behaviours including but not limited to verbal threats, physical assault, threats to staff or customers, unwanted attention, anti-social behaviour. Mr Wallace advised the current controls of the security guards and City Assist officers appears to have alleviated the issue to some degree, but further review of incidents will confirm this over the following quarters.

COMMITTEE RESOLUTION	Councillors Crown / Mawson
	The Audit and Risk Committee:
	a) **Receive** the Health and Safety Report for the quarter ended 31 January 2025
	Carried

8.   HEALTH & SAFETY DEEP DIVE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1836103
Reporting Officer/s & Unit:	Jill Coyle, People Operations Manager
	Andrew Wallace, Health and Safety Operations Manager

8.1 Purpose of Report

To inform the Audit & Risk Committee (ARC) of the Health Safety deep dive of strategic risk 32.

At the meeting

The Health and Safety Operations Manager, Mr Wallace displayed a PowerPoint presentation (Doc Id 1839346) on strategic risk 32 which had been identified by ELT to warrant a deep dive to this Committee.

In response to questions the following was clarified:

- Mr Wallace advised that the intention for the list of actions would be for him to work with the control owners and ensure the treatment action aligns with their vision for what the control is.

- Reporting cycle would be demonstrated through the Health and Safety document to show it has trended down with the controls and the risk profile begins reducing.

- Reporting back to the Committee is that treatment actions are being implemented into strategic risk controls. The outcome as the treatment actions become effective is the SR32 risk profile will reduce.

- It was anticipated that by the next Audit and Risk Committee meeting 50% of the actions would be entered and operating. Some actions are operating, but not captured in CAMMS.

- The investment in planned actions would likely reduce the risk to medium. Following a treatment control being entered, the current risk is assessed and it is decided whether further resourcing is required to further reduce the risk or that it is at the right appetite.

- Training currently underway for tier 2 and 3 staff and would follow with training for elected members. Topics to be included in the training in addition to the Napier way to manager Health and Safety; officer duties with a focus under section 44 of the Health and Safety Act 2015; elected member safety; personal safety including public harm and cyber security.

COMMITTEE RESOLUTION	Mayor Wise / Councillor Crown

The Audit and Risk Committee:

a) **Receive** the Health and Safety Deep Dive dated 13 March 2025.

b) **Receive** the analysis of SR32.

Risk No:	Risk Issue	Inherent RA	Revised RA	Risk Movement
SR32	Failure to maintain a safe and healthy workplace and safe systems of work (ie we do not proactively navigate H&S threats)	Extreme 160	High 28	Nil

c) **Approve** the report titled "Health and Safety Deep Dive" be presented to Council at its meeting 27 March 2025 for information.

Carried

Attachments

1 Health and Safety Deep Dive (Doc Id 1839346)

Minor matters

There were no minor matters to discuss.

RESOLUTION TO EXCLUDE THE PUBLIC

Bruce Robertson / Councillor Crown

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

1.   Audit New Zealand - Verbal Update
2.   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:

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.	Plain English reason for passing this resolution in relation to each matter.
1. Audit New Zealand - Verbal 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.	Commercial activity
2. Chief Executive - Verbal Update	7(2)(h) Enable the local authority to carry out, without prejudice or	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the	Commercial activity

| | disadvantage, commercial activities | 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. | |

Public Excluded Text
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.

The meeting adjourned at 11.43am and reconvened in Public Excluded at 11.45am
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 ....