



# RISK AND ASSURANCE COMMITTEE

## Open Agenda

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Meeting Date: Friday 12 June 2026

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Time: 9.30am

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Venue: Breakout Room 2  
War Memorial Centre  
Marine Parade  
Napier

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Committee Members **Chair:** Bruce Robertson

**Members:** Mayor McGrath, Deputy Mayor Taylor, Raveen Jaduram (Independent), Councillors Crown and Lawrence

**Ngā Mānukanuka o te Iwi representative:** Shayla Kora

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Officer Responsible Deputy Chief Executive / Executive Director Corporate and Commercial Services

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Administration Governance Team

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**Next Risk and Assurance Committee Meeting**  
**Friday 25 September 2026**

## 2025-2028 RISK AND ASSURANCE - TERMS OF REFERENCE

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<i>Reports to:</i>	<i>Council</i>
<i>Chairperson</i>	<i>Bruce Robertson (External independent appointee)</i>
<i>Deputy Chairperson</i>	<i>Councillor Crown</i>
<i>Membership</i>	<i>Mayor</i> <i>Deputy Mayor Taylor</i> <i>Councillor Lawrence</i> <i>1 Ngā Mānukanuka o te Iwi appointee</i> <i>2 External independent appointees</i> <i>Note: The Chief Executive and External Auditor are required to attend all meetings but are not members and have no voting rights.</i>
<i>Quorum</i>	<i>4 - One of which is an external appointee</i>
<i>Meeting frequency</i>	<i>At least quarterly and further as required</i>
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate &amp; Commercial Services</i>

### **Role**

The role and scope, as well as any delegations of the Risk and Assurance Committee are defined in the Audit Charter (see version at time of adoption below).

### **Delegations**

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

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

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## Risk and Assurance Committee Charter

<i>Adopted by</i>	<i>Council</i>		
<i>Department</i>	<i>Corporate and Commercial Services</i>		
<i>Original Adoption Date</i>	<i>18 September 2018</i>	<i>Review Adoption Date</i>	<i>12 June 2025</i>
<i>Next Review Deadline</i>	<i>31 March 2028</i>	<i>Document ID</i>	<i>325090</i>
<i>Relevant Legislation</i>			
<b>Policy Referenced</b>	Code of Conduct for Employees		729099
	Internal Audit Charter		TBD
	Protected Disclosures Policy		352650
	Risk Management Policy		466437
<i>Quorum</i>	<i>4 - One of which is an external appointee</i>		
<i>Meeting frequency</i>	<i>At least quarterly and further as required</i>		
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate &amp; Commercial Services</i>		

### Purpose

The purpose of the Risk and Assurance 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 in November 2025, re-established the Risk and Audit Risk Committee for the 2025-2028 triennium. 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 Deputy Chief Executive / Director of Corporate and Commercial Services and the Head of Finance, Data & Digital 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 Deputy Mayor, two elected members, 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.

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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 Deputy Chief Executive / Director of Corporate and Commercial Services and the Head of Finance, Data & Digital 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.
- Require the Chief Executive Officer or Chair of each Council-Controlled Organisation (CCO) and Council-Controlled Trading Organisation (CCTO) to report at least annually, or upon request, on key strategic and operational risks, including mitigation plans and emerging issues.
- Ensure that CCOs and CCTOs align, where appropriate, with Napier City Council's risk management framework and provide updates on their risk maturity and governance practices

### **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 maintenance 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.
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- review Health and Safety (H&S) risk reporting and critical incidents from all Council-Controlled Organisations and Trading Organisations, including near misses and notifiable events
- 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**

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;
- 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 coordination of audit programs conducted by internal and external auditors and other functions; and
- review the external audit reports and following up on audit findings ensuring that significant material issues are addressed.
- 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. This will include assessment by the Committee of the performance of the City Council and CCO/CCTO performance against the council strategic objectives.

### 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.

### Procedure Review

The review timeframe of this charter will be no longer than every Three 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	Chief Financial Officer	Change from Audit and Risk Committee to Risk and Assurance Committee, frequency of this policy review to maximum 3 years, incorporate Hazard, Risk and Audit reporting process for CCO/CCTO	March 2025

# ORDER OF BUSINESS

## Karakia

## Apologies

Councillor Lawrence

## 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 Risk and Assurance Committee meeting held on Friday, 6 March 2026 be taken as a true and accurate record of the meeting .....65

## Agenda items

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

**Public excluded** .....61

# AGENDA ITEMS

## 1. FINANCE TEAM RESOURCING RISK

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*Type of Report:* Enter Significance of Report

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*Legal Reference:* Enter Legal Reference

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*Document ID:* 1913401

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*Reporting Officer/s & Unit:* Caroline Thomson, Head of Finance, Data & Digital  
Talia Foster, Financial Controller

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

1.1 Provide the Committee with assurance that resourcing issues have been thoroughly considered and any risks identified have been mitigated.

### 2.0 Recommendations - Ngā Tūtohunga

#### That Risk and Assurance Committee:

a. **Receives** the report titled Finance team resourcing risk dated 12 June 2026.

### 3.0 Background - Ngā Tuāpapa:

3.1 At the previous meeting of the Risk and Assurance Committee, potential risks around the resourcing of the finance team and the ability to complete the required work for the Annual Plan 2026/27, Annual Report 2025/26 and Long Term Plan 2027-37 were raised. Officers were asked to report back to the Committee on this risk at the June meeting.

3.2 Officers have been able to effectively plan the work required and identify pinch points, resourcing issues, and mitigations for any risks identified.

### 4.0 Discussion - Ngā Whakamārama:

4.1 The finance team is coming up to a busy period, with the AP, AR, and LTP all required for delivery in a very short period. This is amplified this year by new staff in key positions, a new audit firm, and new software projects including a major upgrade to our financial transactions, reporting and planning systems.

4.2 Senior staff have completed thorough planning exercises, involving the project managers where relevant, to allocate leads for each of the streams of work, and analyse the resourcing requirements.

4.3 Additional resource has been included:

- Project Fixed Asset Accountant (18 month fixed term) – this role commenced in May and will complete the capitalisation, revaluation, and reconciliation work for the Annual Report. This work previously would have been completed by Finance Business Partners (FBPs) and the Financial Reporting Accountant, freeing up resource in both teams. Once the Annual Report is complete, this role will focus on process improvements, policies, and ensuring audit recommendations are

implemented with a view to finding efficiencies in the processes to allow them to be incorporated back into BAU in future.

- Project Finance Business Partner (6 month fixed term) – this role brings the FBP team back up to the same capacity as before the redesign, recognising the need for process improvements and flexibility with offboarding three waters and potential other business units while also allowing resource to support these changes and the LTP in the short term.
- ERP Systems and Processes Consultant (12 month contract) – this role has been brought on board to support the finance team implement the new systems and find process improvements along the way. The role will play a large part in supporting the General Ledger redesign project which is a key input for the LTP, as well as supporting the implementation of Magiq Performance Cloud for financial planning for the LTP. We have been fortunate to find a resource with significant experience in local government and Magiq systems.

4.4 As outlined above, these resources will support both BAU and project delivery, ensuring a strong mix of existing knowledge and expertise across our initiatives, while also retaining the knowledge gained from newly implemented systems within the organisation beyond the fixed-term roles.

#### 5.0 Options - *He kōwhiringa anō*:

Not applicable

#### 6.0 Attachments

Nil

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### **Summary of Considerations - *Tuhinga Whakarāpopoto:***

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#### **Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero***

Council is required to give effect to the purpose of local government as set out in Section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf) of communities in the present and for the future.

The additional resources enable us to fulfil our requirements from the LGA and other relevant legislation.

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#### **Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:***

No known impacts for Māori.

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#### **Climate Change - *Te Huringa o te āhuarangi***

This decision does not have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),

This is an administrative function with no climate-related implications. <Enter text>

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#### **LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga***

This additional resourcing enables us to deliver a LTP.

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#### **Financial considerations - *Whai whakaaro Ahumoni:***

The additional resources are funded from the contingency budgets and re-purposed IT project budgets.

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#### **Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:***

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

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#### **Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)***

No consultation.

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#### **Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru***

This resourcing is in response to significant risks of non-delivery and failed legislative compliance. The paper outlines our mitigations to these risks with additional resourcing.

## 2. NCC TREASURY POLICY UPDATE - ASSURANCE

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<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1913935
<i>Reporting Officer/s &amp; Unit:</i>	Alister Edie, Senior Financial Strategy & Treasury Lead

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### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 Council's Corporate and Performance Committee approved a new Treasury Policy and amended Investment Policy at the 14 May 2026 meeting. The new and amended policies are attached.
- 1.2 The resolution from the 14 May 2026 Corporate and Performance Committee asked for reporting of the new and amended policy to the Risk and Assurance Committee for assurance purposes. Find attached the Treasury Policy Controls and Rationale document.
- 1.3 There was an additional resolution from the 14 May 2026 Corporate and Performance Committee to review the amended Investment Policy further as part of the 2027-37 Long Term Plan.

### 2.0 Recommendations - Ngā Tūtohunga

#### That Risk and Assurance Committee:

- a. **Receives** the report titled NCC Treasury Policy Update - Assurance dated 12 June 2026.
- b. **Endorses** the new Treasury Policy and amended Investment Policy (for further review as part of the 2027-37 LTP).

### 3.0 Background - Ngā Tuāpapa:

- 3.1 Council is responsible for adopting treasury management policies that align with the Long Term Plan and financial strategy. This involves setting key treasury limits and ratios related to debt, interest rates, liquidity and counterparty exposure etc. Officers are responsible for ensuring treasury management policies reflect treasury management best practice i.e. industry benchmarking, market conditions and risk management practices. This aligns with the prudent financial management requirements of the LGA 2002.
- 3.2 The current Liability Management Policy has been updated in line with previous LTP's and the Three Year Plan. The current Investment Policy was updated on 31 July 2025 to incorporate the Investment Portfolio, to integrate with Ahuriri Investment Management (AIM), and to provide investment policy for the Investment Portfolio.
- 3.3 For clarity and efficiency, the proposed new Treasury policy has been designed to incorporate all treasury management activity in one policy – liability management and investment. Investment and liability management are intrinsically related under treasury management practice, and roles and responsibilities across these functions have been updated.
- 3.4 The policy for management of the Investment Portfolio has been retained in the amended Investment Policy. This policy will be reviewed further as part of the 2027-37 LTP.

3.5 With support from an external treasury advisor, Council is reviewing its treasury management operations. This treasury policy update ensures Council is following industry and treasury management best practice. Strategically, it is also important to update Council's treasury policies before entering the process to achieve an official credit rating.

#### 4.0 Discussion - Ngā Whakamārama:

See the attached Treasury Policy Controls and Rationale document (**Attachment 2** – Doc Id 1909955) that provides the rationale for introducing or amending controls in the proposed new Treasury Policy. Following is a summary of the rationale for inclusion or amendment of key controls:

- 4.1 Purpose and Review: to consolidate the management of treasury risks in one policy – with the NCC Investment Portfolio managed by AIM and governed by separate policy
- 4.2 Scope and Objectives: extra detail provided to current policy
- 4.3 Roles and Responsibilities: newly introduced to policy to illustrate the governance and management framework and responsibilities for activities and reporting
- 4.4 Liquidity Risk: NCC must meet LGFA liquidity requirements to obtain their funding
- 4.5 Funding Risk: removed 0-3 years, 3-5 years and 5+ years limits as hard to manage. The proposed change is simple and effective to spread maturities.
- 4.6 Borrowing Limits: updated to reflect LGFA latest limits
- 4.7 Gross Debt and Gross Debt Limits: updated as an internal compliance measure
- 4.8 Interest Rate Risk: simplified to one set of control limits

Period	Fixed Rate Maturity Limits	
	Minimum	Maximum
0 to 2 years	40%	100%
2 to 5 years	20%	80%
5 to 8 years	0%	60%
8 to 10 years	0%	40%

- 4.9 Cash Management: included cashflow forecast consulting as an operational requirement
- 4.10 Financial Market Investments: simplified authorised investment criteria table introduced
- 4.11 Reporting: section introduced
- 4.12 Relevant Delegations: section introduced

#### 5.0 Options - He kōwhiringa anō:

Not applicable

#### 6.0 Next Steps - Te Koke

- 6.1 Strategic and operational treasury management and reporting in line with the new policy targets and benchmarks
- 6.2 Further review of the amended Investment Policy in line with the 2027/28 Long Term Plan.

#### 7.0 Attachments

## Risk and Assurance Committee - 12 June 2026 - Open Agenda

- 1⇒ NCC Treasury Policy Draft (Under separate cover 1) Doc Id: 1913950
- 2⇒ NCC Investment Policy Draft (Under separate cover 1) Doc Id: 1913951
- 3⇒ Treasury Policy Controls and Rationale (Under separate cover 1) Doc Id: 1913952

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### **Summary of Considerations - *Tuhinga Whakarāpopoto:***

n/a

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### **Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero***

Council is responsible for adopting treasury management policies that align with the Long Term Plan and financial strategy. This involves setting key treasury limits and ratios related to debt, interest rates, liquidity and counterparty exposure etc. Officers are responsible for ensuring treasury management policies reflect treasury management best practice i.e. industry benchmarking, market conditions and risk management practices. This aligns with the prudent financial management requirements of the LGA 2002.

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### **Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:***

n/a

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### **Climate Change - *Te Huringa o te āhuarangi***

This decision does not have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),
- Or is it itself likely to be impacted by these climate-related risks

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### **LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga***

Council is responsible for adopting treasury management policies that align with the Long Term Plan and financial strategy. This involves setting key treasury limits and ratios related to debt, interest rates, liquidity and counterparty exposure etc. Officers are responsible for ensuring treasury management policies reflect treasury management best practice i.e. industry benchmarking, market conditions and risk management practices. This aligns with the prudent financial management requirements of the LGA 2002.

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### **Financial considerations - *Whai whakaaro Ahumoni:***

n/a

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### **Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:***

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance - because it is not proposing material changes from the current Investment Policy and Liability Management Policy..

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### **Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)***

Internal: Deputy Chief Executive, Head of Finance, Data and Digital, Financial Controller.  
External: Bancorp Treasury Limited.<Enter text>

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### **Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumarū***

Treasury Policy is managing financial and treasury (investment, borrowing) risk.

### 3. RISK & ASSURANCE MANAGEMENT REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1913707
<i>Reporting Officer/s &amp; Unit:</i>	Hans Pottstock-Vidal, Risk Controls & Risk Assurance Manager

#### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with an overview and targeted update on Council's risk and assurance management for the past quarter.
- 1.2 Given we are going through a period of change and implementation of new ways of working, the R&A report will continue to evolve over time.
- 1.3 After a discovery, information-gathering, and planning phase, this quarter the RC&A team focus their efforts on carrying out their work programme. Briefly:
  - The Audit plan is being rolled out successfully, with one special, 'outside plan' review finalised and presented today by our Internal Auditor; three planned reviews underway, and another requested special review at early stages of engagement.
  - Our Risk Management process has been assessed and our workflow improved by our QA and Process Improvement Analyst; who has implemented tools within our systems to link and track risks, controls and processes; considerably increasing visibility and surfacing legacy data issues that can now be managed. This is ongoing work.
  - The RC&A manager has been meeting with risk owners, and monitoring risk activity, as they update their risks; evaluating if these are still relevant, identifying new risks, and reviewing their mitigating controls and actions. This work is ongoing.
- 1.4 The development of the new Enterprise Risk Management framework is underway. The Risk, Controls & Assurance (RC&A) manager has continued to meet with risk owners and risk leads across the Council to review and update Council's risk information and data, and to identify areas of priority for the RC&A team's work programme.
- 1.5 In the context of the development of the new framework, a set of Council workshops have been scheduled to discuss risk management basics and the risk appetite statement.
- 1.6 In response to the need of the R&A Committee for a more relevant, meaningful quarterly Risk position, a deep dive into, or an 'expansion and update' of the strategic risk register is being carried out.
- 1.7 The strategic risk position for this quarter remains similar to the last update, however this similarity is only superficial, as the work mentioned above will change and improve the quality of the strategic register, risk assurance, and reporting.
- 1.8 The RC&A manager has been part of the Crisis Management Team (CMT) established in late March 2026, responding to the global fuel-supply disruption caused by the current

events in the geopolitical environment. The advice provided consisted of regular risk-scans, risk assessment, and risk-based strategic advice.

## 2.0 Recommendations - *Ngā Tūtohunga*

### **That Risk and Assurance Committee:**

- a. **Receives** the report titled Risk & Assurance Management Report dated 12 June 2026.

## 3.0 Background - *Ngā Tuāpapa:*

- 3.1 The proposal for a new integrated enterprise risk and assurance framework was approved by the Committee in March 2026.
- 3.2 The new framework is currently under development, on track and within agreed timeframes, and will replace the existing Risk Management Policy / Framework's latest update from 2022.
- 3.3 The key objective of the new framework is to establish a standardised and coordinated risk and assurance management function across NCC, that supports and informs decision-making and is in alignment with the strategic goals and objectives of Council, the R&A Committee, and the Executive Leadership Team (ELT).

## 4.0 Discussion - *Ngā Whakamārama:*

### ***Strategic Risk Register deep dive and update***

- 4.1 Council's strategic risk register is undergoing an update and revision. The purpose of this work is to breakdown the current strategic themes—which are overly broad—into its strategic-risk components, increasing the total number of strategic risks, but also providing better visibility and granularity of the potential causes, aiding with the allocation of resources and time needed to put controls and mitigation actions in place.
- 4.2 This approach will also allow for a better detection of Council's "top risks", improving our risk assurance and reporting.
- 4.3 The following strategic risk themes are currently under review:
  - SR22 – *People and Capability* – along with an ongoing internal audit to the business function, the strategic components and implications are being identified.
  - SR36 – *Delivery of Programmes and Change* – a multi-owner strategic risk theme, ownership and accountability are being clarified.
  - SR15 – *Infrastructure: Plan for, develop and maintain sound infrastructure* - originally established to capture Council's exposure to failures in long-term infrastructure management, its scope expanded over time, diluting its intended strategic focus. Joint work with the Head of Community Resilience and Assets, and the subsequent endorsement by the ELT, resulted in the following strategic risks being created:
    - (a) **Water Services** – *Failure, inadequate or inefficient provision of waters assets (drinking water, wastewater, and stormwater)*<sup>1</sup>
    - (b) **Transportation** – *Failure, inadequate or inefficient provision of transportation infrastructure*

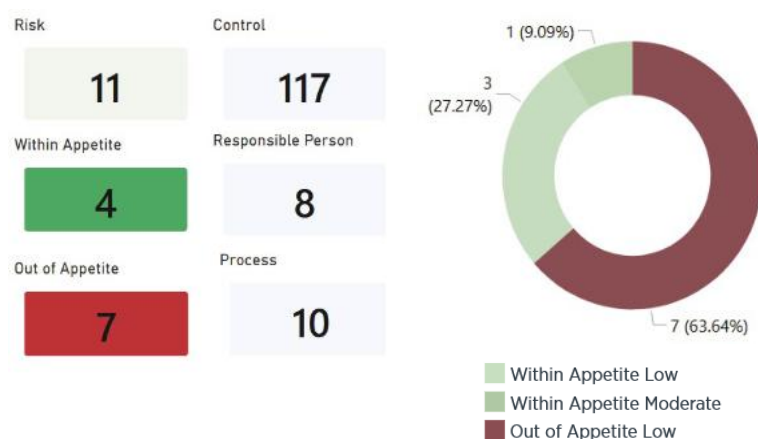
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<sup>1</sup> Ownership of this risk may change once the newly created, independent water-services entity begins to operate.

- (c) **Inner Harbour** – *Failure, inadequate or inefficient provision of inner harbour assets*
  - (d) **Buildings** – *Failure, inadequate or inefficient provision of building assets*
  - (e) **Open Spaces** – *Failure, inadequate or inefficient provision of open spaces and reserves assets.*
- SR35 – *Climate Change: to improve infrastructure resilience and the ability of our community to respond to climate change impacts* – work is underway to re-articulate this risk theme into four strategic risks. The strategic areas have been identified together with the owner and draft risk statements are being prepared. These risks will be assessed, and ELT endorsement will be sought.
  - SR26 – *Impact of external change and reform* – This theme is still relevant, but it is being recaptured as one or more risk statements and reviewed accordingly (together with the resulting risks from SR35).
  - SR33 – (there is a risk that) *The emergency management strategy is not well developed* – this risk has been recently reviewed and updated by the responsible people, bringing its residual rating to Medium. The RC&A manager will review this risk as part of the overall register update to ensure alignment and cohesiveness.
  - For risk themes SR23 – *Sustainable Financial Strategy*; SR25 – *Te Tiriti o Waitangi commitments and obligations*; SR21 – *Not enabling our communities to become resilient*; and SR41 – *Security, Integrity, and Privacy of Data and Information*, more work is needed before they can be reviewed.
- 4.4 This new approach will provide additional benefits such as clearer articulation of risk statements; clear ownerships and accountabilities, improving governance and decision-making; and futureproofing the strategic risk register as local government models change.
- 4.5 Once this revision process is finalised (estimated for Q1 FY27), the RC&A manager will present these changes and recommend the R&A Committee and wider Council to approve the new approach.

### **Risk Report**

- 4.6 As mentioned above, Council's strategic risk register is undergoing an update and revision. Superficially, the strategic risk profile has not changed compared to Q3 FY26 (see Table 1), with seven out of 11 identified risks are still rated as 'out of appetite - low', and two of those risks rated as 'High' in their residual state: SR22 and SR36.
- 4.7 Risk *SR22 – People & Capability* remains High as there are ongoing changes in that area, new leadership, and the new organisational architecture is set. This area is currently under review by the Internal Audit function.
- 4.8 Risk *SR36 – Delivery of Programmes & Change* also remains rated as 'High' as there are external factors (threats to fuel availability and supply-chain) contributing as potential sources of risk (causes) to this area of uncertainty. Risk ownership has been updated, and review and revision of this risk is underway.
- 4.9 The other five risks deemed as out of appetite, are risks which are rated as 'Medium' in their residual state and do not require immediate attention. Figure 2, below, provides an overview of the strategic risk landscape.



**Figure 1.** Council's Strategic Risk profile. a), total number of risks and high-level breakdown in terms of risk appetite; b), Seven out of 11 identified strategic risk are currently out of appetite (63.6%) in the system.

**Table 1.** Summary of Council's Strategic Risk Register

Risk Code	Risk Issue	Revised Risk Appetite	Revised Risk	Process	Process Owner Position
SR22	People & Capability	Out of Appetite Low	High [37.8]	Manage People and Capability	People & Capability Manger
SR36	Delivery of Programmes and Change	Out of Appetite Low	High [42]	Procure Goods and Services	EPMO Manager
SR32	Failure to proactively manage health and safety risks or maintain safe work systems	Within Appetite Low	Low [7.2]	Manage Health & Safety	Health & Safety Operations Manager
SR15	Infrastructure - Plan for, develop and maintain sound infrastructure	Out of Appetite Low	Medium [10.5]	Manage Three Waters	Executive Director Water Services
SR21	Not enabling our communities to become resilient	Out of Appetite Low	Medium [10.5]	Deliver Community Support	Executive Director Community Services
SR26	Impact of external change and reform	Within Appetite Moderate	Medium [10.5]	Strategic Planning	Head of Strategy and Programme Delivery
SR41	Security, Integrity and Privacy of Data and Information	Out of Appetite Low	Medium [10.5]	Manage Information & Digital Services	Head of Finance Data & Digital
SR23	Sustainable Financial Strategy	Within Appetite Moderate	Medium [10.8]	Strategic Planning	Head of Finance Data & Digital
SR25	Te Tiriti O Waitangi commitments and obligations	Within Appetite Moderate	Medium [10.8]	Manage Treaty Waitangi Obligations	Pou Whakarae Te Waka Rangapu
SR35	Climate Change - to improve infrastructure resilience and the ability of our community to respond to climate change impacts.	Out of Appetite Low	Medium [10.8]	Develop City Strategy & Plan	Head of Strategy and Programme Delivery
SR33	If an emergency response to an event is required and council plans and processes are not well developed, then there is a risk that the response will be uncoordinated leading to community harm.	Out of Appetite Low	Medium [12.6]	Civil Defence & Emergency Management	Head of Community Resilience & Assets

### Risk & Assurance Framework update

4.10 To aid the development of the new framework, a series of Council workshops have been scheduled to:

- review and consolidate basic concepts on risk management and associated processes
- explain and describe what risk appetite is, its benefits, and what it means for Council's decision-making process, and
- review and revise NCC's current Risk Appetite Statement.

4.11 The initial Council workshop session on risk management basics was held on 07 May 2026. Additional sessions discussing risk appetite are now scheduled for early June.

4.12 The new Risk Appetite Statement for NCC will provide the foundation on which the new framework will be implemented.

4.13 Work is underway to review and redefine enterprise risk categories, risk impact descriptors, roles and responsibilities, and risk capturing and prioritisation tools and techniques.

4.14 For example, the RC&A team's Quality Assurance and Process Improvement Analyst has been working on an in-house reporting tool which links risks, controls and processes, improving considerably the way we monitor risks and track mitigating actions.

4.15 As the framework will include subsidiary frameworks for programme and project delivery, health & safety, and asset management, consultation work is underway to ensure agreement and alignment.

#### **Crisis Management Team – global fuel disruption**

4.16 As part of the CMT, the RC&A manager has been providing periodic advice to the group. The contribution consisted in:

- Providing risk-based strategic advice to the CMT group and top management (ELT and Heads of Department)
- preparing and maintain a risk heatmap, as a toll to identify areas of uncertainty and impact to NCC's delivery of strategic goals (and not necessarily as a risk register)
- providing actionable insights and recommendations top management may decide to implement.

4.17 An example of this can be found in the attached 'Risk Scan & Advice' document from 28 April 2026 (**Attachment 1**).

4.18 Briefly, the 'top 5' uncertainties in this area are:

- 1) **Fuel cost escalation** – Currently an issue, with a potential OPEX impact to the Council (sustained pressure on operating budgets: fleet, waste, asset maintenance, etc.).
- 2) **Contractor cost increases** – High risk. Potential for transport and material costs passed onto Council.
- 3) **Infrastructure delivery projects overruns** – High risk with potential CAPEX impact. Council should start thinking of a strategic re-prioritisation of project delivery.
- 4) **Supply-chain disruption (materials)** – High risk. NZ is highly dependent on imports.
- 5) **Fuel availability constraints** – High risk and escalating. Council needs to prioritise fuel usage ("diesel-dependent" services) and availability.

4.19 The CMT group has established areas for monitoring and ongoing actions, from weekly monitoring of Council's fuel storage to webinars and behavioural prompts. The following list contains examples of key ongoing actions:

- Monitoring fuel and electricity contract management
- Develop a lessons-learned working document
- Follow up with CDEM on the fuel usage survey
- Keep ELT informed of commercial and supplier risks
- Continue weekly fuel storage monitoring and monthly reporting with dashboards
- Develop consolidated baseline of total Council fuel costs

- Align fuel data and progress analysis
- Conduct staff commuting survey (Closes 2nd June)
- Investigate EV charging options at Depot, including no-cost solutions.

4.20 The RC&A manager will continue to provide risk management advice as required.

#### **Early Warnings / Emerging Risk**

4.21 Two potential consequences of the fuel disruption have been identified as main emerging risks for the Council:

- **Risk of loss of revenue** – early signs of economic contraction, increasing exposure to default in various revenue streams.
- **Compounding shock** - aggregate risk of the effects of risks eventuating at the same time as, or followed by, a natural hazard event(s), significantly increasing response costs, interest cost on borrowed money, and further insurance cost.

#### **5.0 Options - He kōwhiringa anō:**

Not applicable.

#### **6.0 Next Steps - Te Koke**

- 6.1 Facilitate the drafting and agreement of NCC's Risk Appetite Statement (RAS) with Council and ELT, as this, and the different risk tolerances arising from the RAS are dependencies for the new framework.
- 6.2 Finalise the development of the Framework and subsidiary frameworks and start rolling out implementation.
- 6.3 Continue with the review and revision process of the Strategic Register and ensure the new set of risks are directly linked to the revised strategic objectives (perhaps via a Council workshop).
- 6.4 Seek agreement and approval by the Committee and wider Council once the overall process is finalised.

#### **7.0 Attachments**

- 1 [NCC-CMT Fuel Supply - Risk Scan and Advice - 29 Apr 2026](#) Doc Id: 1914298

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### Summary of Considerations - *Tuhinga Whakarāpopoto:*

Not applicable.

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### Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero*

Council is required to give effect to the purpose of local government as set out in Section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf) of communities in the present and for the future.

#### **Risk Management**

The Risk, Controls & Assurance function enables the Council to discharge their duties under Section 17A of the Act.

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### Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:*

The Risk, Controls & Assurance function aids with Council's role as partners to mana whenua under Te Tiriti o Waitangi.

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### Climate Change - *Te Huringa o te āhuarangi*

This decision <does / does not> have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),
- Or is it itself likely to be impacted by these climate-related risks

This report acknowledges the risks derived from climate change, but relates to strategy and governance functions and has no direct climate change implications.

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### LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga*

#### **Risk Management**

The Risk & Assurance framework and Risk Appetite Statement facilitate Council's risk-based prioritisation and long-term planning and decision-making.

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### Financial considerations - *Whai whakaaro Ahumoni:*

#### **Risk, Controls & Assurance function**

The Risk & Assurance management work is delivered within existing budget and resourcing. There are no additional financial implications in terms of cost.

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### Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:*

This report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

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### Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)*

Relevant risk owners and senior management have been consulted. No external consultation was required.

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### Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru*

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The objective of this report is to direct Council's focus to risks. There are no direct legal, health and safety, or service delivery risks arising from this report.

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# CMT Fuel Supply - Risk Scan & Advice

*28 April 2026.*

**Hans Pottstock-Vidal**  
Risk, Controls & Assurance Manager



## 29 April 2026: Sixth week of global fuel disruption – “Managed stability”

Fuel supply remains stable in NZ but trending downward (NZ stock: ~52 days of petrol; ~50 days of Diesel) as dependency for int'l delivery increases

### Active Risks & Issues

- Fuel cost escalation (**active, unavoidable**)
- Contractor cost-escalation (**High Risk**)
- Infrastructure delivery cost-escalation (**Extreme Risk**)
- Economic pressure to rate and lease payers (**active issue, potential source for revenue loss**).

### Escalating Risk (next 2 – 4 weeks)

- Fuel availability (**especially Diesel**)
- Supply-chain disruption (backlogs and delays → extra cost)
- Transportation (commercial and public) affordability in the city and HB region.

### NCC Strategic

- Imports and shipping dependency (**not just fuel, but input supplies**)
- Fiscal pressure and inflation. Council exposed to:
  - Higher borrowing cost
  - Funding constraints
  - Capital re-prioritisation and re-allocation
- Aggregation / compounding effect of a CD/EM and/or natural hazard event.

**To keep in mind:** “Normalisation Risk” – decision fatigue and/or delayed actions and response.

Risk of underestimating the structural fragility of NZ’s fuel supply based on political message of ‘stability’, potentially resulting in delayed mitigations and further exposure to financial and non-financial risk.

## Updated Risk Heatmap – Napier City Council – 28 April 2026).

Risk Area	Likelihood	Impact	Risk Rating	Status	Comment / Update
Fuel cost-escalation (OPEX)	Almost Certain	High	Severe	Issue (active)	Prices remain elevated (>\$3/L), continuing to drive cost pressures across NZ
Contractor cost-escalation	Likely	High	High	High Risk (low proximity)	Sustained fuel costs flowing through freight, waste, and infrastructure contracts
Infrastructure delivery cost overruns (CAPEX)	Likely	High	High	High Risk (low proximity)	Energy-linked inflation now persistent; CAPEX assumptions under pressure
Fuel availability	Possible	Extreme	Severe	Escalating risk	Stocks declining but “within normal ranges”; reliance on imports remains critical
Supply chain disruption (input and materials)	Possible	High	High	Escalating	Shipping variability continues; NZ remains import-dependent
Economic contraction	Almost Certain	Medium–High	High	Issue (confirmed)	Economic recovery delayed by shock; rates and lease payers affected
Community service levels	Possible	Medium	Moderate	Moderate Risk (low proximity)	Cost pressures translating into pricing / service decisions
Civil defence fuel constraints	Possible	Very High	High	High Risk	Compound risk increasing with system stress + hazard exposure

Shifting from ‘monitoring’ to ‘actively managing’ and re-prioritising may realise opportunities and potential operational efficiencies for NCC, with a positive, long-term, strategic reach.

### Fuel as a ‘critical resource’, not a commodity

- Implement **weekly fuel-exposure reporting** (stock plus usage if applicable)
- Model **‘what-if’ disruption scenarios** with Council’s response to a prolonged, worse fuel availability situation.
- **Cost-saving opportunity:** Optimise fleet usage, routes, and frequency of services.
- Prioritise and plan for **‘diesel-dependent’ services** (e.g., emergency response, waste collection).

### Commercially ready and prepared

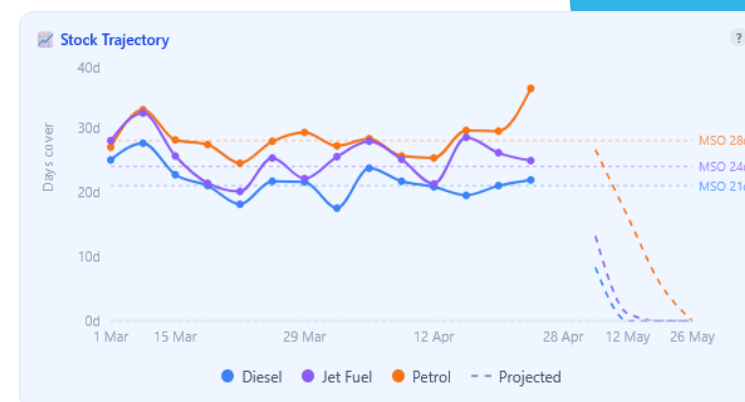
Where applicable:

- Take advantage of ongoing volatility to **re-negotiate cost-escalation clauses** for major and medium to high priority contracts
- Find and introduce **risk-sharing mechanisms** to fuel availability, and other disruptions
- **Re-baseline budgets** (including delivery projects) and re-prioritise CAPEX.

Assumptions:

- Sustained high fuel prices
- Contractors cost-escalations
- Supply-chain extra costs.

### NZ Fuel Watch



[www.fuelwatch.nz](http://www.fuelwatch.nz) – Independent source of information and data, tracking official and non-official releases from MBIE, Gaspy, Marine traffic, and VesselFinder.



## 4. INTERNAL AUDIT - UPDATE REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1914389
<i>Reporting Officer/s &amp; Unit:</i>	Sandile Khenisa, Internal Audit & Controls Advisor

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### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 An update on Internal Audit and Assurance activities is provided, including progress against the FY26 to FY28 Internal Audit Plan and the status of the water fault response measures review.
- 1.2 Audit work is progressing according to the approved plan (more details in the attached internal audit update document).
- 1.3 The water fault response measures review was completed within the reporting period following a request from the Corporate & Commercial Directorate. This work sat outside the approved plan.
- 1.4 Due to timing challenges, Internal Audit was unable to complete the full reporting process within this reporting period, including consideration by the Executive Leadership Team, which is an important part of the feedback process before findings are reported to governance. Accordingly, this audit will be reported to the next committee meeting.

### 2.0 Recommendations - Ngā Tūtohunga

#### That Risk and Assurance Committee:

- a. **Receives** the report titled Internal Audit - update report dated 12 June 2026.
- b. **Receives** the Internal Audit progress update (Doc Id 1914390) (attached).
- c. **Notes** the outcomes and management actions arising from the water fault response measures review will be reported next quarter.

### 3.0 Background - Ngā Tuāpapa:

- 3.1 In March 2026, the R&A Committee approved the FY26 to FY28 Internal Audit Plan. The plan was developed using a risk-based approach to provide assurance coverage across key operational, governance, financial and strategic areas.
- 3.2 Internal Audit also undertakes assurance and advisory activities outside the approved plan, where requested by management, to respond to significant matters, emerging risks, or provide assurance over specific operational activities and performance information.

### 4.0 Discussion - Ngā Whakamārama:

- 4.1 **Attachment 1** provides an update on progress against the approved FY26 to FY28 Internal Audit Plan. Work is progressing across planned assurance activities and remains aligned to the approved risk-based approach.

- 4.2 Internal Audit activities remain responsive to organisational priorities, emerging risks and management requests. This includes undertaking assurance activities outside the approved plan where required.
- 4.3 The water fault response measures review was completed within the reporting period following a request from the Corporate & Commercial Directorate. Timing challenges meant Internal Audit was unable to report back comprehensively within this cycle, including taking the findings through the Executive Leadership Team.
- 4.4 This is an important part of the feedback process before reporting findings to governance. The audit will therefore be reported fully to the next committee meeting. It is important that the audit is reported in full given the potential consequences for the audit opinion and the longstanding challenges in this area. Any high-level findings, or system or process control matters requiring attention following ELT consideration of the audit findings on 16 June 2026, will be addressed immediately.

## 5.0 Options - He kōwhiringa anō:

### 5.1 Option One - Recommended Option (Delete this heading if there are no options)

Not applicable.

### 5.2 Option Two – Status Quo (Delete this heading if there are no options)

Not applicable.

## 6.0 Next Steps - Te Koke

- 6.1 Continue delivery of assurance activities in line with the approved FY26 to FY28 Internal Audit Plan and organisational priorities.
- 6.2 Finalise the internal feedback process for assurance activities currently underway, including Executive Leadership Team consideration where required, and report the water fault response measures audit to the next committee meeting.
- 6.3 Monitor and report progress on agreed management actions through the consolidated corrective action process and ongoing Committee reporting

## 7.0 Attachments

- 1 [Internal audit progress update dated 12 June 2026](#) Doc Id: 1914390

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### **Summary of Considerations - *Tuhinga Whakarāpopoto:***

Not applicable.

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### **Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero***

Council is required to give effect to the purpose of local government as set out in Section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf) of communities in the present and for the future.

This report supports effective governance, transparency and accountability through independent assurance and monitoring activities which assist Council in achieving its objectives and delivering services effectively.

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### **Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:***

This report is an internal governance and assurance progress document. There are no known direct impacts on Māori.

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### **Climate Change - *Te Huringa o te āhuarangi***

This decision <does / does not> have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),
- Or is it itself likely to be impacted by these climate-related risks

This report relates to an internal planning and governance function and has no direct climate change implications.

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### **LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga***

The report supports Council's governance and risk management framework and does not directly impact approved strategic or financial plans.

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### **Financial considerations - *Whai whakaaro Ahumoni:***

The Risk & Assurance management work is delivered within existing budget and resourcing. There are no additional financial implications in terms of cost.

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### **Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:***

This report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

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### **Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)***

Internal consultation has occurred with relevant senior management and assurance providers. No external consultation was required.

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### **Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru***

There are no direct legal, health and safety, or service delivery risks arising from this report. The plan supports identification and management of organisational risks.

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## Attachment 1: Internal Audit Plan progress update June 2026

### 1. Internal Audit Plan Dashboard summary

Reporting period: June 2026

Total planned reviews within approved plan (FY26/FY27)	5
Reviews completed from approved plan	0
Reviews in progress	3
Reviews not started	2
Special reviews completed outside plan	1

### 2. Detailed progress against approved plan (only showing 2026 year)

Table 1: Approved internal audit plan progress

Review	Planned Quarter	Status	Progress
Conflict of interest review	Q3 FY26 (Jan – Mar 26)	Planning completed Fieldwork and reporting in progress	85%
HR practices review	Q3 FY26 (Jan – Mar 26)	Planning completed Fieldwork and reporting in progress	75%
Procurement and Contract Management Follow Up	Q4 FY26 (Apr – Jun 26)	Planning and scope development underway	20%
Rates Management	Q1 FY27 (Jul – Sept 26)	Not commenced	0%
Health, safety, and wellbeing	Q2 FY27 (Oct – Dec 26)	Not commenced	0%

Table 2: Additional assurance activity outside the approved plan

Review	Reason	Status	Progress
Water fault response measures	Special request	Completed	100%

### 3. Commentary

Work is progressing against the approved FY26 to FY28 Internal Audit Plan. Current activity is focused on completing the Conflict of Interest review and HR Practices review, and progressing the Procurement and



Contract Management Follow Up. One additional review, water fault response measures, was completed outside the approved plan following a management request. Progress, emerging priorities and agreed management actions will continue to be reported to the Risk and Assurance Committee.

## 5. EXTERNAL AUDIT RECOMMENDATIONS UPDATE

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<i>Type of Report:</i>	Enter Significance of Report
<i>Legal Reference:</i>	Enter Legal Reference
<i>Document ID:</i>	1913639
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Financial Controller Aaron Percival, Accounting Manager

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 Napier City Council is required to prepare an Annual Report each year and have it audited. In 2025/26 our Annual Report was audited by Audit NZ who identified eight recommendations to improve our processes.
- 1.2 The agreed actions are now being followed up with the relevant Council officers and progress on actions to date is being tracked. The attached report provides updates on each action.

### 2.0 Officer's Recommendation

Risk and Assurance Committee::

- a) **Receive** the report titled External Audit Recommendations Update 12 June 2026.

### 3.0 Attachments

- 1 [↓](#) 2026-06-12 External Audit Recommendation Update Doc Id: 1913638





Review of Useful Lives Not Aligned with Policy					
6	Low	Implement a formal process to review and update useful lives at each financial year-end.	<p>Council's accounting policy and PBE IPSAS 17 require annual review of asset useful lives at balance date. A large number of assets were found with nil net book value, including 47 that depreciated to nil in the current year. These assets have not been disposed of and appear to still be in use.</p> <p><i>Discussions on resourcing allocations for assets and capitalisation processes are ongoing after the organisational redesign, and this will be considered in those discussions. It is intended that a Fixed Asset and Capitalisation Policy and processes may be implemented which would cover this process.</i></p>	In progress	A dedicated fixed-term Fixed Asset Accountant resource has been put in place to review, improve and complete the assets and capitalisation processes.
GST Not Claimed on Property Purchases					
7	Low	Review the GST treatment of all property purchases to ensure GST is claimed where eligible, particularly for exempt supplies and purchases from non-registered persons.	<p>Council did not claim GST input tax credits on certain properties purchased after Cyclone Gabrielle. This included land from a non-registered person and residential land incorrectly treated as zero-rated.</p> <p><i>We have reviewed the two transactions in question and identified a minor training deficiency for the staff involved. This training has now been completed, and advice will be sought on correcting the errors identified through the audit process.</i></p>	Complete	Reviews are being completed as property purchases occur. We await the 2025/26 audit to ensure this item can be removed from our recommendations.
Sensitive expenditure					
8	Low	Formally document elected member benefits and include them in governance policies for the new triennium.	<p>Elected Members are allocated a professional development budget of \$1,500 annually. However, no formal documentation was provided to support this benefit.</p>	Complete	Completed on 31 July 2025.
		Ensure all SLT-related expenditure is approved by the Mayor to ensure compliance with the one-up approval process and maintain appropriate oversight.	<p>Two invoices for SLT training were approved by the CFO instead of the Mayor, contrary to the 1-up approval policy.</p>	Complete	The system changes have been implemented and reviews occur on a portion of the transactions to ensure the one-up rule is adhered to. We await the 2025/26 audit to ensure this item can be removed from our recommendations.

## 6. HEALTH & SAFETY UPDATE REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1912371
<i>Reporting Officer/s &amp; Unit:</i>	Andrew Wallace, Health and Safety Operations Manager

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

This report outlines Health & Safety performance for Q4, covering the period 1 February 2026 to 30 April 2026. The report includes an overview of organisational Health & Safety performance, progress against strategic Health & Safety priorities, a summary of significant events for the quarter, and a wellbeing update.

There has been no change to the current risk profile for operational risks OR183, OR328 and SR32. All risks now sit within the organisation's risk appetite following completion of the identified treatment actions. While this reflects continued improvement in risk management, ongoing monitoring and review will remain necessary to maintain this position. Health & Safety in conjunction with risk and control owners, will continue to monitor performance, review control effectiveness and identify opportunities for further improvement where appropriate.

### 2.0 Recommendations - Ngā Tūtohunga

**That Risk and Assurance Committee:**

- a. **Receives** the report titled Health & Safety Update Report dated 12 June 2026.

### 3.0 Background - Ngā Tuāpapa:

Q4 Health & Safety Performance report for NCC

### 4.0 Discussion - Ngā Whakamārama:

Risk No	Risk Issue	Inherent RA	Revised RA	Risk Movement
<b>OR183</b>	Failure to manage health, safety, and wellbeing in the workplace	<b>Extreme 160</b>	<b>Low 7.20</b>	Stable
<b>OR328</b>	Failure to comply with the Health and Safety at Work Act 2015 and subsequent regulations.	<b>Extreme 160</b>	<b>Low 7.20</b>	Stable
<b>SR32</b>	Failure to proactively manage health and safety risks or maintain safe work systems.	<b>Extreme 160</b>	<b>Low 7.20</b>	Stable

### 5.0 Strategic Progress

The following workstreams outline key Health & Safety improvements and will be presented to the Committee. They aim to strengthen our management system, improve risk management and promote a positive safety culture.

Workstream	Status	Milestones completed	Next milestone	Comment
<b>HSMS Rollout to Organisation</b>	100%	100% of High-risk areas of business have received HSMS rollout presentation, continuation of progress across the organization.	Targeted training of areas of the business to understand HSMS integration	<b>Complete</b>
<b>Confined Space Procedure Implementation Plan</b>	90%	Implementation plan Carried out	Additional coaching and awareness to be rolled out to front line operations teams to embed changes	
<b>HSMS Rollout to Organisation</b>	80%	100% of High-risk areas of business have received HSMS rollout presentation, continuation of progress across the Organisation.	GAP analysis completed on the implementation of HSMS	Report under peer review

### 6.0 Health and safety reporting



There has been a significant increase in events investigations, largely driven by increased reporting of public-related incidents involving rough sleepers and poor behaviour towards facilities and operational staff. Improved reporting and categorisation of these events has provided greater visibility of the operational challenges being experienced across affected areas and will help inform targeted resource allocation and operational responses. Targeted training and support have been provided to operational teams to assist in managing these increasingly challenging interactions.

## 7.0 Investigations of significance

### 1 Investigation Completed for the Quarter.

NCC painting crew were staining the exterior doors of the MTG building which caused odour fumes to enter the library section of the MTG building causing an unpleasant odour in the library building which caused the library to close temporarily while the odour was removed from the building.

#### Key Learnings:

- Where buildings are shared (e.g., Napier Library and MTG), occupants undertaking works that may affect others must consult with neighbouring occupants beforehand to identify and manage potential impacts.
- Works generating fumes must have appropriate ventilation and controls in place to prevent fume accumulation and minimise impacts on surrounding areas.

## 8.0 WorkSafe notifiable events

- There were **0** WorkSafe notifiable events during the reporting period through

## 9.0 Workplace Wellbeing Initiatives

In the last quarter the Wellbeing Policy and Strategy have been approved by ELT and Heads of Department and have now been implemented and socialised across the organisation, providing a clear framework for wellbeing at NCC.

The People Leader Hub has been launched, offering a central, easy-to-navigate intranet site for People Leaders. A strong wellbeing lens has been embedded throughout, including a dedicated wellbeing section. New resources such as templates and guidance on courageous conversations and mental health conversations have been developed and made accessible through the hub.

In addition to these visible resources, supporting tools has been finalised to be utilised by the Wellbeing Advisor and P&C team. These include a tailored mental health return-to-work plan, return-to-work guidance, and an updated Psychosocial Risk Assessment. Resilience training has been delivered to a team working in challenging customer environments, supporting practical skill development and proactive risk management.

Development of a cross-council wellbeing network has progressed, enabling collaboration, sharing of best practice, and strengthening of wellbeing approaches across local government.

Work is underway to enhance psychological safety for staff involved in emergency response activities. This has included engagement with subject matter experts, research into best practice, and collaboration with the Emergency Management team. Initial findings have been consolidated into a framework covering preparation, response, and post-response (both immediate and longer-term) phases.

Wellbeing has also been integrated into organisational response activity, including the fuel crisis working group. This has enabled a proactive response to staff financial wellbeing, including providing financial guidance via the intranet and the upcoming facilitating of a financial wellbeing webinar.

Individual and team wellbeing support continues to be delivered as part of business-as-usual operations, contributing to the overall wellbeing of the organisation. The last quarter there has been an increase in the use of support from the Wellbeing Advisor, including for significant mental health needs and for lower-level advice requested from People Leaders and staff.

**Wellbeing Initiatives:**

- International Women’s Day was recognised through a collection of stories from wāhine across NCC, shared with staff via internal communications.
- A monthly wellbeing section has been introduced into the weekly staff update, covering topics such as emotional regulation, acts of kindness, practical wellbeing tools, and promotion of the MySafety wellbeing portal.
- Planning for Pink Shirt Day and Cultural Diversity Weeks – delivered next quarter.

**10.0 Options - He kōwhiringa anō:**

Not applicable

**11.0 Attachments**

Nil

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### **Summary of Considerations - *Tuhinga Whakarāpopoto:***

The quarterly health and safety update internal information paper with no financial, climate, or new operational risks. Engagement occurred with Health & Safety, Risk, and risk/control owners, with no opposing views. All monitored risks remain within appetite with established controls and no known at the time of this report, wider organisational impacts.

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### **Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero***

This update supports the purpose of local government by ensuring safe, reliable, and well-managed delivery of local services through effective hazards & risk oversight. It provides a good-quality and cost-effective approach by proactively monitoring health and safety hazards & risks, maintaining compliance and supporting informed decision-making for the community.

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### **Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:***

This update reflects our commitment to Te Tiriti o Waitangi by ensuring Māori, including mana whenua, have strengthened opportunities to contribute to health and safety decision-making, supported by the new Pou Whakarae role within Te Waka Rangapū.

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### **Climate Change - *Te Huringa o te āhuarangi***

This decision does not have an impact on greenhouse gas emissions or climate-related risks. It is an internal health and safety update focused on operational risk management, with no changes to infrastructure, service delivery, fleet, energy use or activities that would generate or influence emissions or climate adaptation outcomes.

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### **LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga***

No Implications author is aware of.

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### **Financial considerations - *Whai whakaaro Ahumoni:***

There are no financial implications associated with this recommendation. The update relates solely to internal health and safety hazard & risk management and does not require budgeted or unbudgeted expenditure.

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### **Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:***

This decision is assessed as low significance under the Council's Significance and Engagement Policy, as it relates to internal health and safety performance and does not impact community services, financial resources, or levels of service. From a strategic perspective, maintaining strong health and safety performance is essential to Council's capacity to deliver services safely and reliably and failure to do so would pose wider organisational and community risks.

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### **Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)***

There has been internal engagement with Health & Safety, Risk, and relevant risk and control owners throughout the quarter, with discussions occurring as part of routine monitoring and review processes. No external engagement was required and no contrary views or concerns were raised regarding the recommendations.

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### **Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru***

There are no new or emerging risks arising from this matter. This update relates to the ongoing monitoring of existing Health, Safety & Wellbeing risks, which remain within

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Council's risk appetite and are managed through established controls including regular risk reviews, incident reporting, treatment actions and oversight by Health & Safety and risk owners. No legal, financial, environmental, ICT, infrastructure or service delivery risks are created by this update, and existing governance processes continue to effectively manage any residual risk ( if any).

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## 7. ASSET MANAGEMENT IMPROVEMENT UPDATE

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1913642
<i>Reporting Officer/s &amp; Unit:</i>	Andrew Clibborn, Head of Community Resilience and Assets

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 This report provides an update on the current approach to Asset Management improvement across Napier City Council. It outlines key organisational and capability changes since the previous Roadmap was presented, and how these are influencing current priorities and delivery.
- 1.2 Since the previous Roadmap presentation, Council has undergone an organisational redesign, experienced staff changes, and established new teams. As a result, the previously developed Asset Management Roadmap is no longer held as a current, consolidated programme document. Instead, asset management improvement is being progressed through coordinated work programmes aligned to current organisational structure, roles, and priorities.
- 1.3 In the short term, the focus is on ensuring that robust and decision-relevant asset information is available to support the development of the Long-Term Plan (LTP) 2027–2037. To support this, the recently established Urban Infrastructure panel has been engaged to work with asset owners to develop asset-related capital and operational budgets.
- 1.4 In parallel, Council is undertaking Asset Management Maturity Assessments and a review of asset management systems and data. These activities will establish a clear evidence-based understanding of current capability and inform the development of a future, prioritised asset management improvement programme.
- 1.5 Asset management improvement is inherently iterative and continuous. Once the maturity assessments and system and data review are complete, Council will be in a more informed position to develop a structured programme of work setting out key improvement priorities, sequencing, resourcing, and delivery timeframes.

### 2.0 Recommendations - Ngā Tūtohunga

#### That Risk and Assurance Committee:

- a. **Receives** the Asset Management Improvement Update for information.
- b. **Notes** the organisational, capability, and delivery changes since a Roadmap was last presented.
- c. **Endorses** the continued progression of asset management improvement activities, noting that a refreshed and evidence-based improvement programme will be developed following completion of current assessments and reviews

### 3.0 Background - *Ngā Tuāpapa:*

- 3.1 The Asset Management Roadmap was developed to provide a structured and staged pathway for improving asset management maturity across the organisation. It recognises that improvement is incremental and requires alignment across governance, planning, data, systems, and organisational culture.
- 3.2 At the Audit and Risk Committee meeting 20 June 2025 Officers had been directed to: *“present a reprioritisation of the Asset Management Roadmap at the next Audit and Risk meeting on 7 August 2025 and confirm that timelines for the Long Term Plan will be met.”*
- 3.3 This reporting timeframe was not met due to the support required for the organisational redesign in 2025 and changes in reporting officers.
- 3.4 Asset management is a core function of local government and underpins Council’s ability to deliver services, manage risk, and invest sustainably for current and future communities. The Local Government Act 2002 requires councils to manage resources prudently, take a sustainable development approach, and provide transparency and accountability in decision making.

### 4.0 Discussion - *Ngā Whakamārama:*

#### **Changes Since the Last Asset Management Roadmap**

- 4.1 Since the Asset Management Roadmap was last presented, several material changes have occurred that influence how asset management improvement is being progressed.
- 4.2 These include:
  - An organisational redesign affecting both asset-owning and enabling functions.
  - Staff changes and the establishment of new teams, resulting in revised roles and responsibilities.
  - Increased emphasis on cross-directorate working, particularly between service delivery, data, digital, and planning functions.
- 4.3 These changes reinforce the importance of a coordinated, prioritised, and practical approach to asset management improvement, particularly where accountabilities span multiple parts of the organisation.

#### **Current Focus and Approach**

- 4.4 Given the organisational changes and the proximity of the Long-Term Plan, the current approach to asset management improvement is deliberately pragmatic, prioritising activities that directly support LTP readiness.
- 4.5 This includes targeted work with asset owners, supported by the Urban Infrastructure panel, to develop robust asset-related capital and operational expenditure assumptions. The focus is on ensuring that key asset risks, renewal needs, and investment priorities are appropriately reflected in the LTP within statutory timeframes.
- 4.6 This approach prioritises decision-relevant information and acknowledges that broader asset management maturity improvements will continue progressively over time.

### **Asset Management Maturity Assessments**

- 4.7 Council is engaging specialist consultants to undertake Asset Management Maturity Assessments across all asset classes.
- 4.8 The maturity assessments will:
- Establish a clear baseline of current asset management capability.
  - Identify strengths, gaps, and priority areas for improvement.
  - Provide an evidence-based foundation for prioritising improvement actions.
- 4.9 These assessments will support more targeted investment in asset management improvement and better alignment with Council's obligations under the Local Government Act 2002.

### **Asset Management Information Systems and Data Review**

- 4.10 In parallel with the maturity assessments, the Data & Digital team, as part of the Service Enablement Programme, is working with a specialist consultant with extensive asset management experience.
- 4.11 This work, scheduled across June and July, is focused on developing a clear understanding of Council's current asset management data landscape, including:
- Existing asset management systems and tools.
  - Data quality, structure, and accessibility.
  - Current processes for collecting, maintaining, and using asset information.
- 4.12 The review will identify how well current systems and processes support effective asset management and planning, and where improvements are required.

## **5.0 Options - He kōwhiringa anō:**

### **5.1 Option One – Recommended Option**

#### **Continue Asset Management Improvement actions as described in this paper**

This option continues the development and staged implementation of Asset Management improvement incorporating the outcomes of the maturity assessments and data review.

#### **Advantages**

- Provides a clear, evidence-based pathway for improvement.
- Supports improved risk management and value for money.
- Aligns with legislative and planning requirements.

#### **Disadvantages**

- Requires sustained organisational focus and coordination.

## 5.2 Option Two – Status Quo

### Pause or Deprioritise the Asset Management Improvement

#### Advantages

- Reduced short-term organisational focus.

#### Disadvantages

- Increased risk of inconsistent planning and decision-making.
- Reduced assurance around asset-related risks and investment outcomes.

## 6.0 Next Steps - Te Kōke

- 6.1 The immediate priority remains supporting the development of the Long-Term Plan through improved asset information, planning, and budgeting in collaboration with the Urban Infrastructure panel and asset owners
- 6.2 Asset Management Maturity Assessments and the Asset Management Information Systems and Data Review are currently underway and will provide an evidence-based understanding of Council's current capability, strengths, and gaps.
- 6.3 A Following completion of this work, Council will develop a structured and prioritised asset management improvement programme. This programme will:
  - Identify key improvement workstreams
  - Outline sequencing and dependencies
  - Align resourcing with organisational capacity
  - Establish indicative timeframes for delivery
- 6.4 The improvement programme will be iterative and will evolve over time as Council's capability matures and organisational priorities change.
- 6.5 A proposed reporting approach and cadence will be developed to ensure visibility of progress and to provide assurance to the Risk & Assurance Committee.

## 7.0 Attachments

Nil

(Note: A consolidated Asset Management Roadmap is not currently held as a single document. A refreshed programme will be developed following completion of current assessments and review work.)

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### **Summary of Considerations - *Tuhinga Whakarāpopoto:***

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#### **Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero***

Appropriate Asset Management supports Council's obligations under the Local Government Act 2002, including prudent financial management, transparency, and sustainable development.

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#### **Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:***

No direct Māori impacts arise from this update. Improved Asset Management processes support more informed decision-making and engagement over time.

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#### **Climate Change - *Te Huringa o te āhuarangi***

This decision does not have a direct have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),
- Or is it itself likely to be impacted by these climate-related risks

Improved asset management capability supports better identification and management of climate change and natural hazard risks affecting Council assets.

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#### **LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga***

Good Asset Management Planning contributes to a robust LTP.

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#### **Financial considerations - *Whai whakaaro Ahumoni:***

Asset Management Improvement may require additional investment or repurposing of other existing budgets. This will be considered in options for improvement and will be informed by current maturity assessment work. Improved asset information and planning may influence future investment priorities through the Long-Term Plan and Annual Plan processes.

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#### **Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:***

This update is provided for information and is considered business-as-usual under the Significance and Engagement Policy.

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#### **Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)***

Consultation and collaboration have been ongoing with all Directorates. No external consultation has been carried out.

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#### **Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru***

The primary risk is failing to continue improving asset management maturity, which could result in poorer investment decisions, service disruption, and unplanned financial impacts.

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## 8. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

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<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1913710
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Financial Controller Aaron Percival, Accounting Manager

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### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 The Sensitive Expenditure Policy requires a report of all sensitive expenditure by the Chief Executive (**Attachment 1**) and by the Mayor (**Attachment 2**) to the Risk and Audit 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 Risk and Audit Committee for compliance with this policy. This report is provided to fulfil that requirement, and a copy of the policy has been attached for reference (**Attachment 3**).
- 1.2 This report outlines only those items for which the Chief Executive or Mayor directly received the benefit of the expenditure, rather than instances where they approved the expenditure or where the expenditure was sourced from their budget. Where there were multiple recipients of a transaction, an estimate of the Chief Executive or Mayor's portion has been made.
- 1.3 All sensitive expenditure transactions for the quarter are compliant with Council's Sensitive Expenditure Policy.

### 2.0 Officer's Recommendation

The Risk and Assurance Committee::

- a) **Receive** the report titled Sensitive Expenditure - Mayor and Chief Executive dated 12 June 2026 and confirm compliance with the Sensitive Expenditure Policy.

### 3.0 Attachments

- |                   |   |                 |
|-------------------|---|-----------------|
| <a href="#">1</a> | 2026-06-03 Q3 Sensitive Expenditure - Chief Executive | Doc Id: 1913704 |
| <a href="#">2</a> | 2026-06-03 Q3 Sensitive Expenditure - Mayor           | Doc Id: 1913705 |
| <a href="#">3</a> | 2026-06-03 Sensitive Expenditure Policy               | Doc Id: 1913706 |

### Chief Executive Sensitive Expenditure

Report for Audit and Risk Committee Meeting

Transactions processed for periods 202601 to 202603

Transaction Date	Expenditure Type	Transaction Source	Supplier	Value	Details	Compliant with Policy
Jan-26	Travel & Accommodation	AP	Orbit Travel Wellington	\$ 511.28	Flights - LGNZ meetings 26 & 27 February	✓
Jan-26	Training	CC	Mastercard	\$ 195.00	Event ticket - LGNZ All of Government course in Wellington 26 February 2026	✓
Feb-26	Other Operating Expenditure	AP	Design Cuisine Limited	\$ 22.50	Meeting 23 February. Morning tea and lunch.	✓
Mar-26	Other Operating Expenditure	AP	Design Cuisine Limited	\$ 33.93	25 February meeting. ELT and HOD morning tea and Lunch	✓
<b>Total For Quarter</b>				<b>\$ 762.71</b>		

Transaction Source key:

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

### Mayor Sensitive Expenditure

Report for Audit and Risk Committee Meeting

Transactions processed for periods 202601 to 202603

Transaction Date	Expenditure Type	Transaction Source	Supplier	Value	Details	Compliant with Policy
Jan-26	Mayors Travel & Accommodation	AP	Orbit Travel Wellington	\$ 511.28	Flights - LGNZ All of Government course in Wellington 26 February 2026	✓
Jan-26	Training	CC	Mastercard	\$ 195.00	Event ticket - LGNZ All of Government course in Wellington 26 February 2026	✓
Feb-26	Entertainment	AP	Art Deco Trust Inc	\$ 69.57	Art Deco patron Mayoral VIP Lunch.	✓
<b>Total For Quarter</b>				<b>\$ 775.85</b>		

Transaction Source key:	
EC	Transaction approved through expense claim process
CC	Transaction processed through an NCC corporate card
AP	Transaction approved through normal purchasing & payables process
IN	Internal transfer

## INTERNAL POLICY



<b>Sensitive Expenditure Policy</b>			
<b>Approved By</b>	Chief Executive		
<b>Department</b>	Corporate and Commercial Services – Finance		
<b>Original Approval Date</b>	12 June 2011	<b>Review Approval Date</b>	24 June 2025
<b>Next Review Deadline</b>	24 June 2027	<b>Document ID</b>	349335
<b>Relevant Legislation</b>	Local Government Act 2002 Local Authority (Members' Interest) Act 1968 Public Audit Act 2001		
<b>NCC Docs Referenced</b>	Procurement Policy	1367676	
	Motor Vehicle Policy	218460	
	Disposal of Surplus Assets Policy	219066	
	Recognition Policy and Framework	382700	
	Gifts and Gratuities Policy	556126	
	Credit Card Policy	352631	
	Koha Policy	1330767	
	Conflict of Interest Policy	350732	
	Relocation Policy	1370181	
	Financial Delegations Policy	446057	
	Elected Members' Allowances and Expenses Policy	1755748	
	Travel Policy	837431	

## Purpose

The purpose of this Policy is to provide Elected Members, the Chief Executive and Council employees with a clear framework for managing sensitive expenditure. The most fundamental fact applicable to all expenditure by Council is that money used is ratepayers' funds. Consequently, sensitive expenditure needs to be consistent with the standards of probity and prudence that are expected of a public entity and be able to withstand elected members and public scrutiny.

Definition of sensitive expenditure: Expenditure by a public entity that provides, has the potential to provide or has the perceived potential to provide a private benefit to an individual staff member of a public entity that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.

## Policy

### 1.0 Principles applicable to sensitive expenditure

In order to satisfy the requirements above, the Council expects all employees involved in arranging, making or approving expenditure to:

- do so only for Council purposes (i.e. expenditure is consistent with the Long Term Plan or Annual Plan);
- exercise integrity, prudence and professionalism
- not derive personal financial gain (unless a conflict of interest has been declared and the transaction is managed in according to the procedure agreed in the declaration of the conflict of interest);
- act impartially;
- ensure the expenditure is moderate and conservative in the extent of the given situation;
- ensure the transaction is made transparently
- ensure the transaction is approved with the proper authority based on this policy, the Financial Delegations Policy, and other relevant policies
- have read and adhered to this and other relevant Council Policies;
- record the business purpose and recipients of all sensitive expenditure
- ensure transactions are appropriate in all respects.

The above principles and Council Policies should be applied comprehensively (i.e. no single principle or Policy should be excluded)

### 2.0 Deciding when sensitive spending is appropriate

- 2.1 For all expenditure, consideration needs to be given to Fringe Benefit Tax (FBT) requirements.
- 2.2 In deciding what appropriate sensitive expenditure is, elected members and employees need to take account of both individual transactions and the total value of sensitive expenditure.
- 2.3 Even when sensitive expenditure decisions can be justified at the item level, the combined amount of spend on a category of expenditure may be such that, when viewed in total, the entity could be considered extravagant and wasteful.

### 3.0 Responsibilities of the Mayor, Councillors and Executive Leadership Team

- 3.1 To be truly effective, this Sensitive Expenditure Policy, procedures and other controls must be embedded in the Council's values, philosophy practices and business processes. When this occurs, everyone at Council becomes involved in the proper and prudent management of sensitive expenditure.
- 3.2 Overall responsibility for this Policy rests with the Mayor, Councillors and the Executive Leadership Team (ELT). This group is required to make it clear to employees what is and is not 'acceptable sensitive expenditure' and model these behaviours to the highest standard.

#### 4.0 Good controls and judgement

- 4.1 While the good controls at Council will assist with good sensitive expenditure conditions, good judgement will also be required. This is because it is not possible or desirable to attempt to set rules for every possible situation that may arise. In the absence of a specific rule for a given situation, the Mayor, Councillors and ELT are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.
- 4.2 The Mayor, Councillors and ELT are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of the employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

#### 5.0 General controls for reimbursement

- 5.1 The approver must be the supervisor or manager of the recipient of the benefit derived from sensitive expenditure and hold the appropriate financial delegation, or someone of similar or greater seniority. Refer to the NCC's Financial Delegation Policy (Doc ID 446057)
- 5.2 All claims must be submitted promptly after the expenditure is incurred. Except in exceptional circumstances, this means within one month.
- 5.3 Sensitive expenditure will only be reimbursed if it is deemed reasonable, actual and has been incurred directly in relation to Council business.
- 5.4 Valid GST compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements and Eftpos receipts do not constitute adequate documentation for reimbursement.
- 5.5 All claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim.
- 5.6 All claims must document the date, amount, recipients of any benefit and description.
- 5.7 Wherever possible, Councils preferred suppliers are to be used. Refer to NCC's Procurement Policy (Doc ID 1367676).

#### 6.0 Approval for sensitive expenditure

- 6.1 Approval for sensitive expenditure must be:
  - Given only when the person approving the expenditure is satisfied that there is a justified business purpose and all policies have been adequately met.
    - Given before the expenditure is incurred, whenever practical.
    - Made only when budgetary provisions and delegated authority exist.
  - Given by the person senior to the person who will benefit or might be perceived to benefit from the sensitive expenditure. The approver must be the supervisor or manager of the recipient of the benefit derived from sensitive expenditure and hold the appropriate financial delegation, or someone of similar or greater seniority. Refer to the NCC's Financial Delegation Policy (Doc ID 446057)
- 6.2 Sensitive Expenditure where an Elected Member is the recipient will be reviewed and approved by the Mayor for compliance with this Policy. Refer to NCC's Elected Members' Allowances and Expenses Policy (Doc ID 1755748).
- 6.3 Sensitive Expenditure where the Mayor is the recipient will be approved by the Chief Executive. A report of all sensitive expenditure where the Mayor is the

recipient will be provided to the Audit and Risk Committee who will review for compliance with this policy.

- 6.4 In the case of the Chief Executive, the Mayor shall approve the expenditure. A report of all sensitive expenditure where the Chief Executive is the recipient will be provided to Audit and Risk Committee who will review for compliance with this policy.
- 6.5 In the event that both the Mayor and the Chief Executive attend an event and incur an expense that is considered sensitive expenditure, these expenses should be reviewed and approved by the Chief Financial Officer. These expenses are then reviewed by the Audit and Risk committee.

### ***Specific Areas of Expenditure***

#### **7.0 Credit cards**

Using credit cards is not a type of sensitive expenditure. However, they are a common method of payment for such expenditure. Employees issued with Credit Cards need to refer to NCC's Credit Card Policy (Doc ID 224194)

#### **8.0 Travel**

- 8.1 For information specific to Travel refer to NCC's Travel Policy (Doc ID 837431). The Travel Policy covers the use of private vehicles for Council business, rental cars, taxis/shuttles and public transport, accommodation, air travel, and other travel-related expenditure.

#### **9.0 Entertainment and Hospitality**

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals. It also includes non-catering related items such as Council funded entry to sporting or cultural events.

- 9.1 The principles of a justified business purpose, moderate and conservative expenditure, should be applied.
- 9.2 Council expenditure on entertainment and hospitality should be limited to the following business justifications:
- Building relationships
  - Representing the organisations
  - Reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for the provision of hospitality.
  - Recognising significant business achievement
  - Building revenue
- 9.4 Supporting the Council's internal organisational development may, in occasional circumstances, also be a legitimate business purpose for moderate expenditure.
- 9.5 All entertainment and hospitality expenditure must be pre-authorized by an ELT member, the Mayor or Chief Executive where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event.
- 9.6 The most senior person present (with delegated authority) should approve and confirm the expenditure as being appropriate at the time, and the expenditure must then be approved by their manager as per clause 5.1. Refer also to NCC's Gifts and Gratuities Policy (Doc ID 556126).

## 10.0 Alcohol

- 10.1 Alcohol may be purchased with NCC funds where there is a clear business purpose and expenditure and consumption is not excessive for the circumstances. A business purpose may include celebrating successes, team building, and building internal and external relationships.
- 10.2 Expenditure on alcohol is to be approved under the general provisions in clause 6.1.
- 10.3 Alcohol consumed when travelling on Council business is covered by the Travel Policy.
- 10.4 Refer to the Alcohol and Drug Policy, and the Motor Vehicle Policy and ensure that the consumption of alcohol does not result in undesirable conduct by employees.

## 11.0 Staff Recognition and meetings

- 11.1 Expenditure on events to recognise staff related milestones, such as farewells, retirements and staff achievements are permitted but should not be extravagant or inappropriate, must be within available budgets, and should be consistent across the organisation.
- 11.2 Small expenses are permitted by Managers in recognition of staff achievements. These must fall within their budget for staff recognition. Refer to NCC's Recognition Policy and Framework (Doc ID 382700).
- 11.3 Expenditure by staff when attending either internal or external meetings locally in Napier and Hastings is permitted but must be prudent, have a definite business purpose and the spender must supply a list of the attendees along with their receipt/invoice. Expenditure must be coded appropriately, and fall within available budgets.
- 11.4 Expenditure by staff when attending meetings elsewhere in New Zealand is covered by the NCC Travel Policy.

## 12.0 Vouchers and Gift Cards

- 12.1 Purchase of Vouchers and Gift cards is permitted provided that there is a clear business purpose and is moderate and conservative in amount. The intended use and recipient must be specified and can be; for small marketing promos, rewards for volunteers and for staff recognition.
- 12.2 Vouchers must be purchased only as required rather than being purchased in advance and held, and should be treated like cash until gifted to the intended recipient.

## *Goods and Services Expenditure*

### 13.0 Disposal of Surplus Assets

As part of normal business, Council will from time to time dispose of surplus assets. Typically, this is when assets have become obsolete, worn out or surplus to requirements. Council's disposals are intended to be transparent and fair. Refer to NCC's Disposal of Surplus Assets Policy (Doc ID 219066).

#### **14.0 Loyalty reward scheme benefits**

Loyalty reward schemes provide a benefit to the customer for continuing to use a particular supplier of goods and services. Generally, the rewards tend to be given in the name of the individual who obtains the goods and services, regardless of who has paid for them.

- 14.1 Except in the case of Airline loyalty rewards (covered in the NCC Travel Policy) and loyalty schemes such as Fly buys etc. Council treats loyalty rewards accruing to employees carrying out their official duties as property of the Council.
- 14.2 Prizes, incentive schemes and gifts are covered further by NCC's Gifts and Gratuities Policy.

#### **15.0 Private use of Councils assets**

- 15.1 Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes plant items, tools, photocopiers, mobiles, means of accessing the internet, and stationery.
- 15.2 The principles of transparency, moderate and conservative expenditure, are particularly relevant. Private use for personal purposes will only be permitted in limited circumstances and with approval from a member of ELT.
- 15.3 The costs to Council of private use will be recovered unless it is impractical or uneconomic to separately identify those costs.
- 15.4 Private use of Council assets can incur FBT so the impact of this must be considered before approval is granted.

#### **16.0 Private use of Council suppliers**

- 16.1 Council will not enable employees or Elected Members to obtain goods or services from a supplier on the same or similar basis to Council except in the limited way provided for below. This is to ensure that they may not receive preferential access to goods and services, and potentially a preferential price, which is not available to the public.
- 16.2 Staff may, however, make moderate use of any access to goods or services through Council's suppliers only under the approved Staff Discount scheme. All transactions are direct with suppliers and on a cash sale basis only. Staff may not use Council purchasing privileges on behalf of any third party. This includes family members or friends.
- 16.3 In rare circumstances, a Council order may cover expenditure with a personal component e.g a travel or accommodation booking. In this case payment to Council for the personal component must be made on the earlier of the confirmation of costs or receipt of the invoice from the supplier. Refer to NCC's Travel Policy (Doc ID 837431).

#### **17.0 Council Use of Private Assets**

- 17.1 Council may decide that reimbursing for use of Private Assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private mobiles and private computers or BYOD (buy your own device).
- 17.2 Insurance for the private asset being utilised is the responsibility of the employee.
- 17.3 To reduce the risk of the Council paying reimbursement costs that benefit the employee or elected member, pre-approval by an ELT member is required. In assessing the request particular attention is to be paid to the principles of a justified business purpose and preserving impartiality and integrity.

- 17.4 Reimbursement will be set at actual and reasonable costs. All claims require supporting documentation.
- 17.5 Employees must not approve or administer payments to themselves for the Council's use of their private assets.

### ***Employee Support and Welfare Expenditure***

#### **18.0 Clothing**

- 18.1 Other than official uniforms and authorised Personal Protective Equipment, staff will not be clothed at the Council's expense when they are engaged in normal business activity.
- 18.2 The Chief Executive may authorise in exceptional circumstances the reimbursement of actual and reasonable costs in relation to the care of dependents. Some possible examples are when the employee is unexpectedly required to perform additional duties at very short notice, or a dependant unexpectedly requires additional care that the employee cannot provide because of the essential nature of their duties at the time. In all other instances care of dependants is to be treated as a personal and private expense of the employee.

#### **19.0 Financing Social Club Activities**

- 19.1 Council may make a prudent and reasonable monetary contribution to the Council Social Club. The contribution may be a grant or subsidy for a specific event or item and must be approved by the Chief Executive.

#### **20.0 Sponsorship of staff and others**

- 20.1 Staff taking part in an activity that is not part of their job, such as a sporting event, maybe sponsored by Council through the provision of, or payment for goods and services (for example a t-shirt or entry fee).
- 20.2 Sponsorship should have a justified business purpose, which could include both publicity for the entity and its objectives and organisational development. The cost to Council must be moderate and conservative.
- 20.3 In normal circumstances, sponsorship will be provided through a social club rather than directly to the staff member.

#### **21.0 Professional Memberships**

Membership to a professional body is a sensitive expenditure due to its personal nature.

- 21.1 Payment of professional fees by Council on behalf of an employee must be:
  - clearly relevant to the performance of the employee's duties and responsibilities;
  - for the employee alone and is not to cover members of their family or other persons;
  - for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two-year membership to be an advantage to the Council;
  - for the benefit of the Council and are not intended to be a personal benefit to employees, and accordingly are not liable for FBT; refunded directly to council if the membership is cancelled and a refund is made available

### ***Other types of expenditure***

#### **22.0 Donations and Koha**

A donation or a koha is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return. Refer to NCC's Koha Policy (Doc ID 1330767).

#### **23.0 Communications technology**

23.1 Communications technology – such as mobiles, telephones, email and internet access, are widely used in the Council workplace. While some personal use of this technology is unavoidable, excessive use incurs costs, including lost productivity to Council.

23.2 Council's policies on the use of communications equipment are contained within NCC's IT Acceptable Use Policy - Employees (Doc ID 392121).

#### **24.0 Gifts given**

24.1 A gift is usually given as a token of recognition of something provided by the recipient. Gifts given to employees are covered in NCC's Recognition Policy and Framework (Doc ID 382700).

#### **25.0 Gifts received**

25.1 The receiving of a gift is not strictly sensitive expenditure, however; it is a sensitive issue. Refer to NCC's Gifts and Gratuities Policy (Doc ID 556126).

## **Policy Review**

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

## **Document History**

<b>Version</b>	<b>Reviewer</b>	<b>Change Detail</b>	<b>Date</b>
3	Operations Accountant	Review in line with Travel Policy	Sept 2019
4	Accounting Manager	Full Review, including new clauses 10 – 25 and removal of the provision of alcohol.	Dec 2021
5	Accounting Manager	General review including changes in ELT naming convention, changes in alcohol approved by ELT	June 2025
6	Policy Gatekeeper	Fix PDF & re-publish	July 2025

# RECOMMENDATION TO EXCLUDE THE PUBLIC

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

## AGENDA ITEMS

1. Insurance Arrangements
2. Risk Framework for Napier Hills
3. IT Maturity Assessment and Response
4. Inner Harbour Risk Update
5. Chief Executive - Verbal Update
6. External Auditor - 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:

<b>General subject of each matter to be considered.</b>	<b>Reason for passing this resolution in relation to each matter.</b>	<b>Ground(s) under section 48(1) to the passing of this resolution.</b>	<b>Plain English reason for passing this resolution in relation to each matter</b>
1. Insurance Arrangements	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.	To not prejudice negotiations for Insurance Terms for new Insurance Year 1.11.26 to 1.11.27
2. Risk Framework	7(2)(c)(i) Protect information which is	48(1)(a) That the public conduct of the whole or	Procedural discssion on approach and agree

<p>for Napier Hills</p>	<p>subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied</p> <p>7(2)(g) Maintain legal professional privilege</p>	<p>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:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>	<p>framework for reviewing potential slip risks. Protect respective private interests that may or may not be impacted.</p>
<p>3. IT Maturity Assessment and Response</p>	<p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>	<p>The report discusses IT security, integrity and privacy of data along with and programme to uplift Councils maturity. This information in the public domain could increase risk.</p>
<p>4. Inner Harbour Risk Update</p>	<p>7(2)(d) Avoid prejudice to measures protecting the health and safety of members of the public</p> <p>7(2)(g) Maintain legal professional privilege</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p>	<p>The report refers to multiple draft reports that are still under legal privilege and in turns information that could affect commercial activity.</p>

		(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.	
5. 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 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 activities
6. External Auditor - 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 activities

**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.

# RISK AND ASSURANCE COMMITTEE

## Open Minutes

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Meeting Date: Friday 6 March 2026

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Time: 9.30am – 10.45am (*Open*)  
11.05am – 12.16pm (*Public Excluded*)

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Venue Breakout Room 2  
War Memorial Centre  
Marine Parade  
Napier

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*Recording available on Council's YouTube page*

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Present **Chair:** Bruce Robertson  
**Members:** Mayor McGrath, , Councillors Crown, Lawrence and Taylor  
**Ngā Mānukanuka o te Iwi representative:** Kirk Leonard

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In Attendance Deputy Chief Executive / Executive Director Corporate & Commercial (Jessica Ellerm)  
Executive Director Strategy & Urban Development (Rachel Bailey)  
Executive Director Water Services (Russell Bond)  
Executive Director Community Services (Thunes Cloete)  
Head of Finance, Data & Digital (Caroline Thomson)  
Head of Commercial Communications & Economic Development (Craig Kenny)  
Communications, Marketing & Engagement Manager (Julia Stevens) [online]  
Acting Chief People Officer (Alison Carnaby)  
Financial Controller (Talia Foster)  
Internal Audit & Controls Advisor (Sandile Khenisa) [online]  
Risk Controls & Risk Assurance Manager (Hans Pottstock-Vidal)  
Quality & Business Improvement Analyst (Marat Basyrov) [online]

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	Building Contracts & Asset Manager (Andrew Clibborn) Strategic Programmes Manager (Darran Gillies)
Also in attendance	Ernst Young Zealand (David Borrie) [online] Councillors Raihania, Simpson and Isaac-Sharland [online]
Administration	Governance Advisor (Carolyn Hunt)

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## RISK AND ASSURANCE COMMITTEE – Open Minutes

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## ORDER OF BUSINESS

### Karakia

The meeting opened with the Council karakia.

### Apologies

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#### COMMITTEE RESOLUTION

##### Bruce Robertson / Councillor Crown

That the apology for absence from Raveen Jaduram be accepted.

**Carried**

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### 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

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#### COMMITTEE RESOLUTION

##### Bruce Robertson / Kirk Leonard

That the Minutes of the meeting held on 4 December 2025 were taken as a true and accurate record of the meeting.

**Carried**

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# AGENDA ITEMS

## 1. H&S QUATERLY REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1897979
<i>Reporting Officer/s &amp; Unit:</i>	Andrew Wallace, Health and Safety Operations Manager

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

For the period Between 1st November 2025 to 31st January 2026.

- 1.1 There has been no change to the current risk profile for operational risks OR183, OR328 & SR32. All risks now sit within the organisation's risk appetite following the completion of all treatment actions. While this reflects continued improvement in their management, ongoing monitoring will be required to maintain this position.
- 1.2 Continued work is still necessary to effectively manage these risks. Health & Safety, in collaboration with risk and control owners will continue to monitor performance and identify opportunities to strengthen existing controls, implementing improvements where appropriate.

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### At the meeting

- The Acting Chief People Officer, Ms Carnaby, presented the report on behalf of Mr Wallace, who was unable to attend the meeting. Ms Carnaby advised that the Council's Wellbeing Strategy and Policy would be presented to the Executive Leadership Team for approval prior to implementation.
- She noted an increase in reports of poor public behaviour and advised that targeted training to support staff in managing such situations would be undertaken.
- The Executive Director Water Services reported that WorkSafe had approved the Confined Space procedure. He outlined plans to roll out changes to staff regarding confined space identification, including updated signage. Following implementation of the rollout plan, the next step would be to verify compliance.
- It was noted that the Wellbeing Strategy was not required to be presented to the Committee; however future oversight of its direction would be provided.

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## COMMITTEE RESOLUTION

### Bruce Robertson / Councillor Crown

The Risk and Assurance Committee:

- a) **Receives** the report titled "Health and Safety Update Report" dated 6 March 2026.

**Carried**

## 2. AUDIT PLAN FOR THE 2025/26 ANNUAL REPORT

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<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1898382
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Financial Controller

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 The Local Government Act 2002 requires Council to adopt an audited Annual Report by 31 October each year. Previously, Audit New Zealand complete the audit of the Annual Report, however for 2025/26 David Borrie of Ernst & Young (EY) has been appointed by the Auditor-General.
- 1.2 EY have provided the Audit Plan (Doc Id 1900176), Audit Proposal Letter (Doc Id 1900177), and Engagement Letter (Doc Id 1900178), for review and endorsement.
- 1.3 The Audit Plan discusses the timeframes, the audit approach, and key focuses for the audit team. Key focus areas from the plan include:
  - Infrastructure assets
  - Rates
  - Grants and subsidies
  - Performance reporting
  - Expenditure and procurement

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### At the meeting

The Financial Controller, Ms Foster introduced David Borrie of Ernst Young (EY) who was online for this meeting. Ms Foster took the Audit Plan and Proposal Letter as read.

Mr Borrie spoke to the Audit Plan, outlining the key audit focus areas. He noted that infrastructure assets are revalued periodically and confirmed that no valuation is scheduled for the current year. The audit team would also be reviewing the rates for the 2026/27 year.

He advised that the audit team is mindful of the ongoing transition process and continues to work through this with the Council's management team. A further element of the transition is the shift from Audit New Zealand, and he confirmed that the audit team had reviewed the 2025 files as part of that process.

Although not specifically noted in the plan, Mr Borrie provided a forward-looking comment that the audit team would need to begin engaging with the Council's team regarding the Long Term Planning process in the second half of the year.

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

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- 
- The Council team acknowledged the historical challenges with meeting audit deadlines. It was noted that maintaining continuous communication on the proposed timeline, as outlined in the Audit Plan, is essential to ensure key milestones are achieved.
  - The dates included in the audit timeline have been agreed by both Council and EY.
  - Officers acknowledge that resourcing remains a risk. The financial accounting team is newly formed, and the primary staff member responsible for audit engagement is yet to commence. It was also noted that additional time is available this year to complete the process
  - Additional time will be required to compile the Ahuriri Investment Management (AIM) accounts due to their use of different workpapers, reports, and templates. AIM retains its own accounting staff who report directly to AIM, but retain close proximity to the Council team.
  - The three waters response time performance measure, which have previously resulted in qualified audit opinions, has undergone an internal audit which will be completed shortly. The systems for these measure, have not yet been replaced or updated
  - Mr Borrie outlined privacy and security considerations relating to the exchange of information between EY and Council. EY uses its own secure proprietary tool for uploading information and conducting audit work, reducing the need to move information between systems and therefore minimising transfer risks.
  - It was confirmed that EY does not use any public AI tools within its private and secure audit environment.
  - Ms Foster confirmed that the assumptions underpinning the audit fee are reasonable and achievable.

*The Chair requested a brief update be provided to the next Risk and Assurance Committee meeting on 12 June 2026 on planned resource and that progress is on track.*

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## **COMMITTEE RESOLUTION**

### **Bruce Robertson / Councillor Taylor**

The Risk and Assurance Committee:

- a) **Endorse** the Audit Plan (Doc Id 1900176), for the 2025/26 Annual Report.
- b) **Endorse** the Audit Proposal Letter (Doc Id 1900177) and Engagement Letter (Doc Id 1900178) for signing by the Mayor.

**Carried**

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### 3. EXTERNAL AUDIT RECOMMENDATIONS UPDATE

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1898776
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Financial Controller

#### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 Napier City Council is required to prepare an Annual Report each year and have it audited. In 2025/26 our Annual Report was audited by Audit NZ who identified eight recommendations to improve our processes.
- 1.2 The agreed actions are now being followed up with the relevant Council officers and progress on actions to date is being tracked. The attached report provides updates on each action.

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#### At the meeting

The Financial Controller, Ms Foster spoke to the report advising that the recommendations were from Audit New Zealand last year and EY would now address them as part of their review.

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

- Quality assurance checks for the rates resolution had been strengthened for this year, with different staff involved and changes made to the processes.
- A legal review of the rates resolution had not been undertaken for several years; completing one in the future would be prudent.
- The integration of the finance team with the business data performance team has delivered benefits in terms of workflow efficiency. However, there continue to be challenges relating to resourcing.

*The Chair requested that an update on resourcing in terms of the Annual Report be provided for the 12 June 2026 Risk and Assurance Committee meeting.*

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#### COMMITTEE RESOLUTION

##### Bruce Robertson / Councillor Crown

The Risk and Assurance Committee:

- a) **Receive** the report titled External Audit Recommendations Update 06 March 2026.

**Carried**

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#### 4. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

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<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1898385
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Financial Controller

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##### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 The Sensitive Expenditure Policy requires a report of all sensitive expenditure by the Chief Executive and by the Mayor to the Risk and Assurance 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. This report is provided to fulfil that requirement, and a copy of the policy (Doc Id 349335) was attached to the agenda report for reference.
- 1.2 This report outlines only those items for which the Chief Executive or Mayor directly received the benefit of the expenditure, rather than instances where they approved the expenditure or where the expenditure was sourced from their budget. Where there were multiple recipients of a transaction, an estimate of the Chief Executive or Mayor's portion has been made.
- 1.3 All sensitive expenditure transactions for the quarter are compliant with Council's Sensitive Expenditure Policy.

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##### 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 Policy.

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##### COMMITTEE RESOLUTION

##### Bruce Robertson / Councillor Taylor

The Risk and Assurance Committee:

- a) **Receive** the report titled Sensitive Expenditure - Mayor and Chief Executive 06 March 2026 and confirm compliance with the Sensitive Expenditure Policy.

**Carried**

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## 5. RISK MANAGEMENT REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1897708
<i>Reporting Officer/s &amp; Unit:</i>	Sandile Khenisa, Internal Audit & Controls Advisor Hans Pottstock-Vidal, Risk Controls & Risk Assurance Manager Marat Basyrov, Quality & Business Improvement Analyst

### 1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with an overview and update on Council's risk and assurance management for the past quarter.
- 1.2 The Risk, Controls & Assurance (RC&A) team will be presenting the following two proposals for consideration, endorsement, and approval by the Committee:
  - A new Integrated Risk & Assurance Management System (the Framework) (Doc Id 1899145), and
  - The 3-year Internal Audit Plan for FY26 to FY28 (Doc Id 1899144), following adoption of the Internal Audit Charter.
- 1.3 This report will also present the Committee with an overview of the activity by the Quality Assurance and Business Improvement function of the RC&A team.

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### At the meeting

The Risk Controls and Risk Assurance Manager, Mr Pottstock-Vidal provided a summary of the report and the new Enterprise Risk and Assurance Framework. The framework would establish a standardised and co-ordinated risk approach for Council.

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

- It was noted that developing and rolling out the Framework will take approximately four to six months, due to resourcing constraints and timing requirements.
- The overarching purpose is to develop an enterprise-wide framework for risk management and assurance.
- Once established, the EPMO strategic programmes and Health and Safety functions will need further discussions to align terminology, processes, and treatment of risks. These functions will operate as subsidiary frameworks, noting that Health and Safety risks are identified separately due to their unique nature.
- There is currently one risk recorded under the Chief Executive (SR32) and a broad, high-level Health and Safety risk.
- Following the recent events in Tauranga, lessons learned discussions have taken place. Council has commenced the scoping and approach of a preliminary risk assessment focused on identifying existing or known to Council risk areas, including landslip-prone areas and assessment whether these are located on private or Council-owned land.

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A Project Team has been established, with Craig Kenny leading the scoping work. The approach and scope will be brought back to the next Risk and Assurance Committee meeting.

- It was acknowledged that there are several risk areas across Council-owned land that require further investigation. Work will progress to develop a consistent process and approach for identifying and managing these risks.

Mr Pottstock-Vidal advised that two workshops were planned with elected members on 16 April and 7 May 2026 on the current status of risks and risk appetite.

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## COMMITTEE RESOLUTION

### Councillors Taylor / Lawrence

The Risk and Assurance Committee:

- a. **Receives** the report titled Risk Management Report dated 06 March 2026.
- b. **Approves** the proposal for a new Risk & Assurance management framework (Doc Id 1899145).
- c. **Approves** the proposal for the 3-year Internal Audit Plan (FY26 - FY28) (Doc Id 1899144).

**Carried**

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### Minor matters

There were no minor matters to discuss.

# RESOLUTION TO EXCLUDE THE PUBLIC

## COMMITTEE RESOLUTION

**Bruce Robertson / Councillor Taylor**

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

1. Inner Harbour Evolving Risk
1. Strategic Risk Analysis
3. External Auditor - Verbal Update
4. 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. Inner Harbour Evolving Risk	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
1. Strategic Risk Analysis	7(2)(h) Enable the local authority to carry out,	48(1)(a) That the public conduct of the whole or	Enable Council to continue

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.
	without prejudice or disadvantage, commercial activities	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 activities
3. External Auditor - 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 activities
4. 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 disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or	Commercial activities

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.
		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.	
<b>Public Excluded Text</b>			
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 10.45am and reconvened in Public Excluded at 11.05am*

*The meeting closed with a karakia at 12.16pm*

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

Chairperson .....

Date of approval .....