

Risk and Assurance Committee

Te Komiti Whakahaere Tūraru me ngā Tukanga

Thursday, 27 March 2025 *Tāite, 27 Poutūterangi 2025*

Tōtara Room, Whakatāne District Council 14 Commerce Street, Whakatāne Commencing at 9:00 am



Chief Executive: Steven Perdia | Publication Date: 21 March 2025



Live Streaming the Meeting - Ka whakapāho mataora te hui

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A Membership - Mematanga

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Mayor Dr Victor Luca

Independent Chairperson - Stuart Henderson

Deputy Mayor Lesley Immink - Deputy Chairperson

Councillor Wilson James

Councillor Tu O'Brien

Councillor John Pullar

Independent Member - Petra Lucioli

B Delegations to the Risk and Assurance Committee - Tuku Mahi ki te Komiti

The purpose of the Risk and Assurance Committee is to oversee the effectiveness of Council's risk management, internal control environment, legal responsibilities, statutory compliance, and external auditing process.

The Committee has the authority to appoint up to two independent persons who are not elected members, who can assist the Committee to meet its obligations and responsibilities.

The quorum for this Committee is 4 members.

Responsibilities and Functions

- a. Oversee the effectiveness and appropriateness of the Enterprise Risk Management framework, including but not limited to Council's Risk Policy and Corporate Risk Register.
- b. Advise the Council on matters of risk and risk appetite.
- c. Ensure that the Organisation has internal control systems in place.
- d. Monitor Council's compliance with applicable laws, regulations, standards and best practice guidelines for public entities.
- e. To monitor performance of the Council's treasury function.
- f. Maintain oversight of legal proceedings involving Council.
- g. Oversee the effectiveness and appropriateness of the internal control environment.
- h. Review the policies, systems, processes and controls to ensure that fraud is detected and effectively investigated.
- i. Ensure the adequacy, integrity and reliability of the external financial reporting of Council.
- j. Review the integrity and appropriateness of external reporting, and accountability arrangements.
- k. Review, and monitor progress against, the external auditors' recommendations.
- I. Recommend to the Office of the Auditor General the decision either to publicly tender the external audit or to continue with the existing provider for a further three-year term.
- m. Where required, request expert advice through the chief executive where necessary.

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1 Meeting Notices - Ngā Pānui o te hui

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1. Live Streaming

The Whakatāne District Council livestreams Council and Standing Committee meetings held in Tōtara Room, within the Council building. The webcast will live stream directly to Council's YouTube channel in real time. The purpose of streaming meetings live is to encourage transparency of Council meetings.

By remaining in the public gallery, it is understood your consent has been given if your presence is inadvertently broadcast.

Please be aware the microphones in Totara Room are sensitive to noise, so please remain quiet throughout the meeting unless asked to speak.

2. Health and Safety

In case of an emergency, please follow the building wardens or make your way to the nearest exit. The meeting point is located at Peace Park on Boon Street.

Bathroom facilities are located opposite the Chambers Foyer entrance (the entrance off Margaret Mahy Court).

3. Other

2 Apologies - Te hunga kāore i tae

No apologies have been received at the time of writing the agenda.

3 Acknowledgements / Tributes - Ngā mihimihi

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.

4 Conflicts of Interest - Ngākau konatunatu

4 Conflicts of Interest - Ngākau kōnatunatu

Members are reminded of the need to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interests they might have. Elected Members are also reminded to update their register of interests when changes occur.

The Elected Member's register of interest can be viewed on the Council website.

1. Financial Conflict

- Members present must declare any direct or indirect financial interest that they hold in any
 matter being discussed at the meeting, other than an interest that they hold in common with
 the public.
- Members cannot take part in the discussion, nor can they vote on any matter in which they have a direct or indirect financial interest, unless with an approved exception.
- Members with a financial interest should physically withdraw themselves from the table.
 If the meeting is public excluded, members should leave the room.

2. Non-Financial Conflict

- If a member considers that they have a non-financial conflict of interest in a matter they must not take part in the discussions about that matter or any subsequent vote.
- Members with a non-financial interest must leave the table when the matter is considered but are not required to leave the room.

5 Public Participation - Wānanga Tūmatanui

5 Public Participation - Wānanga Tūmatanui

5.1 Public Forum - Wānanga Tūmatanui

The Committee has set aside time for members of the public to speak in the public forum at the commencement of each meeting. Each speaker during the forum may speak for five minutes. Permission of the Chairperson is required for any person wishing to speak during the public forum.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

5.2 Deputations - Nga Whakapuaki Whaitake

A deputation enables a person, group or organisation to make a presentation to Committee on a matter or matters covered by their terms of reference. Deputations should be approved by the Chairperson, or an official with delegated authority, five working days before the meeting. Deputations may be heard at the commencement of the meeting or at the time that the relevant agenda item is being considered. No more than two speakers can speak on behalf of an organisation's deputation. Speakers can speak for up to 5 minutes, or with the permission of the Chairperson, a longer timeframe may be allocated.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by the deputation.

6 Confirmation of Minutes - Te whakaaetanga o ngā meneti o te hui

6.1 Meeting Minutes Confirmation

The minutes from the Risk and Assurance Committee meeting meeting held Thursday, 29 November 2024 can be viewed via the Council website. Click on the link below in order to view the 'unconfirmed minutes'.

• Risk and Assurance Committee meeting - 29 November 2024

6.2 Risk and Assurance Actions Report Public 27 March 2025 1(Cont.)

6.2 Risk and Assurance Actions Report Public 27 March 2025 1

	Primary	Meeting Date	Subject	Status	Task Owner	Due Date	Comments
1	Further information was requested for the November 2023 meeting on Risk 6	04/08/23	Enterprise Risk 6	In Progress	Bevan Gray	27/03/25	Digital Systems security audit (completed annually in "Month) from SAM compliance will be reported to the next Committee meeting (Could be PX)
2	Civic Centre building certification status and impacts on insurance	19/08/24	Civic Centre Certification	Not Started	David Bewley	27/03/25	
3	A report was requested for the next meeting; Airport Annual Report update	13/11/23	Airport Annual Report	In Progress	Bevan Gray	27/03/25	The team are working through the amendments, and have had conversations with audit about the appropriate accounting treatment of equity in relation to the Joint Venture.

7 Reports - Ngā Pūrongo

7 Reports - *Ngā Pūrongo*

WHAKATĀNE District Council

7.1 Risk and Assurance Update Report

To: Risk and Assurance Committee

Date: Thursday, 27 March 2025

Author: B Gray/ GM Finance and Commercial Services

Reference: A2855056

1. Reason for the report - Te Take mō tēnei rīpoata

The report updates and informs the Risk and Assurance Committee on risk and assurance matters and includes the treasury activity for the quarter to 31 December 2024.

2. Recommendation - Tohutohu akiaki

THAT the Risk and Assurance Committee receive the Risk and Assurance Update Report.

3. Discussion – Kōrerorero

3.1. 2025 Work Programme Plan

March Ju		June	Sept	твс			
Meeting Administration							
Location	Whakatāne DC	Whakatāne DC	Whakatāne DC	Whakatāne DC			
, ,		Wednesday, 04 June 2025	Wednesday, 10 September 2025				
Meeting Date	Thursday, 27 March 2025	Thursday, 12 June 2025	Thursday, 18 September 2025				
Public Forum – I	tems to Review, Appr	ove or Note					
External Assurance		2023-24 Final Report to Governors 2024-25 Audit Plan	Management Action Update				
Internal Assurance	IA update as needed	IA update as needed	IA update as needed				

7.1 Risk and Assurance Update Report(Cont.)

	March	June	Sept	ТВС
External & Internal Assurance 2023 Key Learnings (Recommendations Tracker)	Yes	Yes	Yes	
Enterprise Risk Report	Yes	Yes	Yes	
Treasury Report	Yes – as part of the R & A Update Report	Yes – as part of the R & A Update Report	Yes – as part of the R & A Update Report	
Policy Review	Risk Management Framework	Sensitive Expenditure Policy	Treasury Policy	
Other				
Legal Proceeding	Yes, including costs update	Yes	Yes	
Insurance	Renewals update			
Significant Projects and Work Programmes	Boat Harbour	Yes		
External Assurance PAX	Committee/External Auditor only time			

3.2. Risk Register

Attached as Appendix 1 – Risk Register incorporating management action status.

3.3. Enterprise Risk Update

There have been several conversations about how we are enterprise risk in Council, and suggestions around how we can improve this. Like Health & Safety, good risk management is about conversations. Conversations about what are the most topical risks of the moment, conversations about what we think our exposure is to those risks, and what things we could do to limit this.

Our current risk reporting to governance doesn't lend itself to these types of conversations, and we would like to improve this.

There has been some really good work undertaken previously that we can refer to, for example the Risk Management Workshop that was delivered in September 2022, which sets the scene for a good risk management framework. However, our implementation of that has fallen short, and therefore

7.1 Risk and Assurance Update Report(Cont.)

we are effectively just going through the motions every quarter with enterprise risk reporting, using the prepopulated word document that is just updated with new treatments that are loosely connected to the overarching risk.

It doesn't seek a Council position in relation to that risk. As an example, there are generally three types of response to risk, eliminate, mitigate, and accept. At some point the cost of additional risk mitigations will outweigh the benefits provided by that mitigation, and acceptance of the residual risk should be considered. The way we report on risk currently doesn't allow us to do this, so we are perpetually trying to mitigate a risk that governors may be happy to accept, which isn't a good use of our limited resources.

Conversely, we may be missing new or emerging risks that are important to consider. In this regard it is imperative that we develop a risk management system that is based on conversations, and is flexible enough to allow us to talk about and continually review what our top risks are, what we can do about them, what it may cost, what we are doing about them, and what we think our residual risk is so that governors can assess whether there is a need to do more.

A change of this magnitude will take time, and there is a natural process that we should walk through to put it all together. Given we have only one more Risk & Assurance Committee meeting before the election it would be better to delay the start of this process until the new Council is formed, or we would be required to restart the process again.

In the meantime, we will continue to update the previous reports on the key enterprise risks, and start to build what we think are the core components we need in a good risk management system, so that we are ready to hit the ground running with the new Council.

As an example, we have considered what the key risk categories are that the Council is exposed to, these are outlined in the table below;

7.1 Risk and Assurance Update Report(Cont.)

Risk Category	Risk Description	Risk Management Approach
Asset Management (Including asset failure)	Risks related to the management and maintenance of physical and intangible assets, including asset failure, depreciation, and utilisation	Implement preventive maintenance programs, conduct regular asset assessments, and invest in asset management systems. Develop robust asset monitoring, maintenance, and replacement planning to ensure optimal use and longevity of assets.
Financial Management	Threats to the Council's financial health, sustainability, and compliance with financial regulations, including budget deficits, fraud, and economic instability.	Conduct regular financial assessments and forecasts. Implement sound financial practices such as budgeting, cash flow management, and risk diversification. Ensure compliance with financial regulations and Council Policies, and adopt sustainable business practices to enhance stakeholder trust and navigate economic uncertainties.
Staff Retention and Capability	Challenges in attracting, retaining, and managing a skilled workforce, including talent shortages, employee turnover, and skills gaps.	Develop and implement strategies to attract, develop, and retain top talent. Conduct regular assessments of workforce needs and invest in training and development programs. Offer competitive compensation and benefits packages to foster employee engagement and loyalty.
Natural Hazards	Impacts of natural events such as earthquakes, floods, hurricanes, wildfires, and tsunamis on operations, assets, and stakeholders.	Conduct risk assessments to identify exposure to natural hazards. Implement mitigation measures such as resilient infrastructure, diversified supply chains, and adequate insurance coverage. Collaborate with stakeholders and communities to enhance disaster preparedness and response capabilities.
Emergency Management and Business Continuity Planning	Risks related to disruptions in business operations caused by emergencies or disasters, such as natural disasters, pandemics, and power outages.	Develop and regularly update comprehensive business continuity plans. Train employees on emergency response procedures and conduct regular drills. Implement proactive measures to minimize the impact of disruptions and maintain business resilience.
Health & Safety	Risks related to the health and safety of employees, oustomers, and other stakeholders, including workplace accidents, occupational illnesses, and safety violations.	Conduct regular assessments of the workplace environment and processes. Implement robust safety measures, including training programs, safety protocols, and regular inspections. Foster a culture of safety awareness and compliance with regulations to ensure the highest level of health and safety readiness.
Legal and Compliance	Risks associated with legal liabilities, regulatory compliance, and adherence to ethical standards, including legal action, fines, and breaches of confidentiality.	Ensure compliance with legal and regulatory requirements through regular reviews and updates of policies and procedures. Provide training and resources to staff to ensure adherence to ethical standards and codes of conduct. Implement robust monitoring and reporting systems to identify and address potential legal and compliance issues promptly.
Service Delivery	Risks related to the Council's ability to deliver high- quality services to stakeholders, including service disruptions, quality control issues, and failure to meet service level agreements.	Adopt a customer-centric approach to service delivery, focusing on efficiency and effectiveness. Implement quality control measures and regularly review service delivery processes. Engage with stakeholders to understand their needs and expectations and ensure continuous improvement in service delivery.
Cyber Security and Information Systems	Threats to the confidentiality, integrity, and availability of information systems and data, including data breaches, ransomware attacks, and unauthorised access.	Conduct regular assessments of IT systems and infrastructure. Implement robust security measures, including firewalls, encryption, and multi-factor authentication. Educate staff on cybersecurity best practices and develop an incident response plan to detect, respond to, and recover from security incidents.
Stakeholder Relationships and Reputation	Risks involving the management of relationships with stakeholders, including customers, partners, suppliers, investors, and the community.	Foster strong and positive relationships with stakeholders througl open and transparent communication. Develop comprehensive stakeholder engagement plans and address stakeholder concerns promptly. Ensure alignment of stakeholder interactions with organisational goals and values to build trust and collaboration.
Capital Project Delivery	Risks associated with project delays, cost overruns, and failure to meet project objectives due to poor planning, inadequate resources, and unforeseen challenges.	Adopt a structured project management approach with clear objectives and milestones. Allocate resources effectively and implement risk mitigation strategies for project delivery. Engage with stakeholders throughout the project lifecycle to ensure alignment and timely resolution of issues. Leverage lessons learned from past projects to enhance future project performance

All risks that Council is exposed to will fall into one of these categories.

Having conversations around risk appetite is also critical to setting the tone from the top, and gives clear direction to management and staff about how we should be not only assessing risk, but how we go about our business. This is a really important discussion to have, and we would expect to have this early on with the new Council.

An example of a risk appetite-based framework is outlined below;

Risk Appetite	Description	Approach	Leadership Direction	Benefits	Dis-benefits	Monitoring Framework	Reporting Framework	Reporting Frequency
Risk Open	Prepared to undertake substantial risks in pursuit of significant rewards, actively seeking opportunities with inherent uncertainties.	Actively seek opportunities, even if they involve higher levels of uncertainty. Emphasis is on innovation, creative solutions, and trying new approaches. Mitigation strategies focus on managing high-risk activities rather than avoiding them.	Encourage a culture of experimentation and calculated risk-taking. Provide support for entrepreneurial initiatives and high-reward projects. Accept that not all risks will pay off but focus on long-term gains.	Potential for significant innovation, growth, and competitive advantage. Increased adaptability to change and exploration of new opportunities. Greater engagement from staff encouraged to think outside the box.	Higher likelihood of failure or unintended consequences. Possible resource wastage if risks are not well managed. Reputational damage if risk- taking ventures fail publicly.	Use dynamic and adaptive monitoring approaches, focusing on real-time data and performance metrics to track risk-related activities. Implement periodic reviews to assess outcomes, identify lessons learned, and adapt strategies as necessary. Engage cross-functional teams to monitor emerging risks associated with new opportunities.	High-level reports to governance bodies with a focus on outcomes, successes, and lessons learned from risks taken. Include key performance indicators (KPIs) to measure the return on risk-taking and innovation efforts. Provide updates only when significant changes or challenges arise.	Quarterly or semi-annual updates to leadership and/or Risk & Assurance. On-demand reporting for significant opportunities or unexpected outcomes.
Risk Receptive	Open to engaging in calculated risks, favouring innovative strategies and new ventures while carefully considering potential benefits and potentially negative outcomes.	Open to opportunities where the potential benefits outweigh the risks. Emphasis is placed on balancing risk-taking with robust analysis and controls. Willingness to take on moderate risks for strategic or operational benefit.	Encourage calculated decision- making, supported by evidence and analysis. Foster a culture that rewards initiative but expects due diligence. Focus on learning and improvement, even in cases of failure.	Strikes a balance between innovation and risk management. Encourages thoughtful decision-making while allowing for agility. Builds organisational resilience by learning from manageable failures.	Can lead to slower decision- making as risks are analyzed thoroughly. Some opportunities may be missed due to moderate risk aversion.	Maintain a balanced monitoring approach using dashboards and scorecards to track risks and benefits. Focus on tracking risks that are actively accepted to ensure they remain within acceptable thresholds. Use project-specific monitoring tools for risks associated with strategic initiatives.	Include regular updates on risk exposures, mitigation progress, and alignment with strategic goals. Provide summaries of both successes and challenges to highlight how risks are managed effectively. Encourage middle management to provide detailed reports while summarising high-level trends for governance bodies.	Monthly or quarterly updates to Risk & Assurance, depending on the nature of the risks. On-demand reporting for high-profile projects or emerging risks.
Risk Neutral	Adopts a balanced approach to risk, equally weighing potential gains and losses, with decisions grounded in comprehensive risk assessments.	A balanced approach where risks are accepted when necessary to achieve objectives. Emphasis is on thorough evaluation and ensuring risks align with strategic goals. Risks are neither actively sought nor avoided.	Encourage evidence-based decision-making. Require clear alignment of risks with long-term goals. Promote accountability for risk ownership and management.	Achieves consistency and alignment between risk-taking and organisational strategy. Maintains stakeholder confidence by demonstrating prudent decision-making. Reduces unnecessary risk-taking while remaining open to value-adding opportunities.	May lack dynamism in seizing high-risk high- reward opportunities. Potential for stagnation if the organisation becomes too focused on maintaining the status quo.	Standardised risk management practices with consistent use of risk registers and controls. Conduct regular risk assessments to evaluate exposure and ensure risks align with organisational objectives. Focus on maintaining an up-to-date risk profile for all strategic and operational areas.	Provide detailed reports on risk assessments, mitigation progress, and residual risk levels. Reports should link risks to organisational priorities and include input from risk owners. Summarise top risks and key metrics for governance bodies while maintaining detailed logs for internal teams.	Monthly or quarterly updates to Risk Assurance Committee. Annual reporting for broader risk assurance and alignment reviews.
Risk Cautious	Inclined to avoid risks unless necessary, prioritising stability and security, with a strong emphasis on mitigating potential adverse outcomes.	Prioritises avoiding risks unless there is a clear and measurable benefit. Focuses heavily on controls, compliance, and mitigating potential downsides. Decisions are made conservatively, with minimal tolerance for uncertainty.	Require thorough risk assessments before proceeding with initiatives. Reinforce a culture of prudence and compliance. Encourage contingency planning and robust controls.	Minimises exposure to harmful or unpredictable risks. Protects the organisation's reputation and financial position. Promotes trust and confidence in stakeholders concerned with risk exposure.	Missed opportunities for innovation or growth due to reluctance to take risks. Can create a risk-averse culture that stifles creativity and initiative. May result in slower responsiveness to changing environments.	Intensive monitoring with a strong emphasis on compliance, controls, and regular audits. Use detailed risk registers and maintain real-time dashboards to ensure that risks are contained. Require contingency planning updates and reviews for high-impact risks.	Detailed reporting on compliance, control effectiveness, and residual risks. Include risk trend analyses to ensure that risks remain within acceptable levels. Require assurance reports on the status of controls and mitigation measures.	Monthly reporting to leadership and Risk & Assurance. On-demand reporting for any significant deviations or emerging risks. Bi-annual or annual assurance reviews for Risk & Assurance.
Risk Averse	Exhibits a strong preference for avoiding risks, favouring safe and predictable outcomes, and generally eschewing actions that could lead to negative outcomes.	Avoids taking risks wherever possible, prioritising stability and security. Strong emphasis on controls, compliance, and minimising variation. Focus is on maintaining operational continuity and preventing negative outcomes.	Direct teams to prioritise risk avoidance and adherence to policies. Promote a conservative, compliance-focused culture. Require frequent monitoring and reporting of potential risks.	Highly stable and predictable operations. Strong protection of assets, reputation, and community trust. Reduced likelihood of significant negative events.	May lead to stagnation or lack of innovation due to fear of failure. Reduced adaptability and flexibility in rapidly changing environments. Potential loss of competitive advantage by avoiding necessary risks.	Continuous and highly detailed monitoring of risks, with a focus on ensuring stability and avoiding any deviations. Implement regular internal audits, compliance checks, and scenario testing to identify vulnerabilities. Focus on pre-emptive monitoring of any external or internal factors that may increase exposure.	Frequent, detailed reports on risk mitigation status, compliance levels, and early warning indicators. Provide assurance reports to leadership and governance bodies, focusing on risk containment. Require comprehensive documentation of controls, actions, and outcomes.	Weekly or monthly reporting for critical risks or high-priority areas. Quarterly assurance reports for Risk & Assurance. Annual deep-dive reviews to ensure all risks remain mitigated or avoided.

Once we have worked through and embedded some cornerstone elements as outlined above we can start to build a system around them, one that supports the conversations we need to have, and one that can be used to set future internal audit work programmes.

This will all help to give assurance to governors that we are managing the organisation and associated risks appropriately.

Attached to this report: Appendix 2 – Enterprise Risk Register and Guidance(draft) which is a helpful document for what you will likely start to see coming in relation to risk.

3.4. Treasury Update

Every quarter, financial services reports on the loans and derivatives activity and key compliance criteria within the treasury function for the quarter.

The following gives a summary of that activity and compliance.

Treasury continues to meet on a monthly basis and monitor the liquidity needs for council to fund capital expenditure projects.

Council have had a committed standby facility with ANZ since May 2017. This \$20 million facility is currently in place until 31 July 2026. During March 2025, council will seek to extend this facility out for another two years if the margin and line fees remain the same or close to the same as the current facility.

Council will also look at short term on call funding options with LGFA to supplement the ANZ facility.

Debt maturity and repayment requirements for April 2026 of \$32 million and possible prefunding is currently being examined. The level of prefunding will be largely based on the term deposit rates that can be acquired.

The Credit rating review with Fitch will be undertaken sometime around June 2025. This will be reported on further when the review is confirmed by Fitch Ratings.

3.4.1. Treasury Management Summary as at 31 December 2024

The balance of the Interchangeable Facility Agreement (IFA) and LGFA funding issued on 31 December 2024 is \$183.5 million (\$179.5 million 30 September 2024).

The council borrowed \$10 million during the December quarter. This was in the form of a \$10 million Commercial Paper. Council has used \$6 million of this to repay short term funds with ANZ. The remainder was used to maintain liquidity requirements. This brings net loans for the quarter to \$4 million.

The summary below provides the overview of key Treasury Management insights as at 31 December 2024.

Attached to this report Appendix 1 lists loan facilities, loan drawdowns and the current interest rate swap portfolio.

Summary Highlights of Tre	asury	1 October 2024 - 31 December 2024				
Movement of loans at a glance		October	November	December	Total	
	Loans at beginning of period	(NZD \$M) 179.50	(NZD \$M) 189.50	(NZD \$M) 183.50	(NZD \$M) 179.50	
plus	Loans drawn down	10.00	0.00	0.00	10.00	
less	Loans repaid	0.00	6.00	0.00	6.00	
	Loans end period	189.50	183.50	183.50	183.50	

Net Loans for the Quarter 4.00

Debenture Trust Deed Compliance (Based on Actual Income Extrapolated)

LGFA Foundation limit for credit rated councils	WDC Policy limit	October	November	December
Net debt as percentage of annual income not to	Net debt as percentage of annual income not to	179%	173%	173%
exceed 280%	exceed 250%	4	1	4
Net interest expense of	Net interest expense of			
external borrowing not to exceed 30% of annual rates	external borrowing not to exceed 15% of annual rates	12%	12%	12%
income (budget)	income (budget)	1	1	1
Net interest expense of	Net interest expense of			
external borrowing not to exceed 20% of annual	external borrowing not to exceed 20% of annual	7.6%	7.6%	9.0%
operating income (budget)	operating income (budget)	✓	1	1

3.4.2. Mark to Market Value Interest Rate Swaps:

As of 31 December 2024, the value of Interest Rate Swaps mark to market value is (\$1.46 million). This is a movement in value of (\$3.1 million) (loss) since the beginning of the financial year.

The market value of swaps is obtained from banks monthly, and the gain/(loss) is reported in the monthly financial result. This is purely an indication of the current position. An independent valuation is obtained at year end, which is incorporated into the Annual Report and does impact the financial result.

Council's funding maturity profile is compliant. Depending on Council's capital programme (size and timing), and borrowing requirements going forward, the overall funding strategy will be to maintain policy compliance and mitigate refinancing risk.

Attached to this report: Appendix 3 – PWC Treasury Report as at 31 December 2024.

4. Options Analysis - Ngā Kōwhiringa

No options have been identified relating to the matters of this report.

5. Significance and Engagement Assessment - Aromatawai Pāhekoheko

5.1. Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

6. Considerations - Whai Whakaaro

6.1. Strategic Alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

6.2. Treasury Update

Council is required to remain compliant with all loan conditions attached to LGFA lending criteria

6.3. Financial/Budget Considerations

There is no budget considerations associated with the recommendations of this report.

6.4. Climate Change Assessment

There are no significant or notable impacts associated with the matters of this report.

6.5. Risks

Risk	Description and/or Mitigation
Treasury Update - That council will exceed the interest rate, funding and liquidity parameters as specified in the council Treasury policy	Constant review of the council position on compliance indicators and treasury actions as required to remain compliant including monthly reviews of the current and forecast positions.
Treasury Update - That council will exceed the compliance indicators that form part of the LGFA lending conditions	Constant review of the council position on compliance indicators and treasury actions as required to remain compliant including monthly reviews of the current and forecast positions.

Risk and Assurance Committee - AGENDA

7.1.1 Appendix 1 – Risk Register incorporating management action status

Attached to this Report:

- Appendix 1 Risk Register incorporating management action status
- Appendix 2 Enterprise Risk Register and Guidance (draft)
- Appendix 3 PWC Treasury Report as at 31 December 2024

Presentation:

Following the report, Brett Johanson from PWC will be presenting. The topics covered are as follows:

- Risk Management Environment
- Treasury Risks
- Interest Rate Swaps
- Summary

7.1.1 Appendix 1 – Risk Register incorporating management action status

Risk and Assurance Committee - AGENDA

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

Figure 3 – Council Risk Management Report - Register incorporating Management Action Status Report as of March 2025

For items showing as an inherent risk of High or above within the risk management report

Key to Status	[T-E] Treatment - effective	[T-PE] Treatment – partly effective	[C-E] Control - effective	[C-PE] Control – partly effective			
What's the distinction between a Treatment and a Control? [shades of grey]							
A Treatment is something that reduces the inherent risk either in consequence or likelihood to avoid it from occurring or reducing its consequence if it does occur [example: an alarm that sounds or alerts someone when a door is left unlocked reduces the likelihood of doors being unlocked for any length of time]							
A Control is something that improves the environment to reduce the residual risk of the consequence or likelihood [example: a policy that lets all staff know that doors are to be locked]							
Both Treatments and Controls require ongoing monitoring to be effective.							

RISK 01. Not	t Achieving Effective Delivery		
Risk definition	There is a risk that Council does not to meet its goals for the district including compliance with legislation, resulting from failure to implement change in strategic planning due to insufficient monitoring and decision-making processes	Risk Impacts o Deterioration in multiple KPI 30%	'
		Inherent Risk	Extreme ←
	The risk exists because there is a view the underpinning practices to support changes in strategic decision making are not as strong as they should be, specifically	Residual Risk	High ←
	 Business processes including decision making, reporting, project management (including whole of project life financials, asset management and procurement). 	Target Risk	Medium ←
	 Staff capability and capacity to ensure consistent and focused delivery Improved financial and infrastructure strategies that guide decision making 	Risk Reduction General Approach	Establishing an effective LTP that commits to develop robust decision making, project management process, tools, and capability at council to strengthen Councils long term sustainability and delivery of outcomes

Control and Treatments by Focus Areas:					
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned		
1.1 Strategy and Policy [L. Woo	olsey]				
2.01 - Corporate planning - long term plan, annual plan, annual business plan 2.03 - Review and develop council performance framework	 WDC Long Term Plan 2024-2034 [Aug.24] The Organisational Performance Report (OPR) is reported to Committee each quarter Business Plan 24-25 complete [Aug 24] Annual Plan 25/26 project plan approved [Nov. 24] 	 Annual Plan 25/26 draft budget approved [Mar.25] Annual Report 23/24 adopted [Mar.25] 	 Review of the Organisational Performance Report, based on feedback from the Committee to improve the effectiveness of this control [Mar. 25]. Annual Plan adoption [Jun.25] 		
1.2 Strategy and Transformation	on [L. Woolsey]				
2.29 - Establish PMO and strengthen project discipline	 EPMO Manager commenced appointment [July 24] EPMO 'Aratakina' project plan approved by ELT [Oct. 24] Established a Working Group to develop an Infrastructure (Transport & Waters) PMO [Dec 23] 	EPMO staff training commenced [Feb.25] Infrastructure (Transport & Waters) PMO in place [Dec 24] ELT workshop to consider projects in flight [Mar.25]	 A 'Key Projects' reporting template is underway for consistent reporting to Council [Mar 25] Roll out of EPMO software and transition of business plan FY 25/26 		

RISK 02. Heal	RISK 02. Health and Safety				
Risk definition	There is a risk that serious harm or death of Council staff or other people at Council's workplaces occurs.	Potential Risk Impacts	Death of one or many staff/ Public		
	The risk exists because of the nature of work undertaken by our staff, and our contractors et al, in the delivery of services on behalf of the Council. Inherent Risk reflects the existing Health and Safety framework and treatments being assessed		High ←		
	as effective.	Residual Risk	Medium ←		
		Target Risk	Low ←		
		Risk Reduction General	Council must ensure all reasonable steps are taken to ensure the health and safety of Council staff and people at Council workplaces.		
		Approach	Establishing an effective health and safety framework including multiple aspects such as strategy, policy and procedures, reporting, training, and resources to reduce the likely occurrence of such an event or the severity of impact if such an event occurs.		

Control and Treatments by Focus Areas:					
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned		
2.1 People and Capability [E. H	atch]				
8.03 - Manage health and safety	Event management – system provided for reporting and managing accidents, incidents and near miss events. Worker engagement – systems for including workers in health & safety decisions including an active Health & Safety Committee and Wellbeing Committee. Risk management – Vault software is used to capture and manage our risks. Critical risks are managed via Risk Control Groups of a cross section of staff working with that particular risk. Policy & process – policy and processes developed as required to support good health & safety practices/ Contractor management - Staff training – H&S training has been identified for all roles and loaded against the role in Vault. Training, including refresher training, is scheduled by the H&S team.	 New Health, Safety and Wellbeing Strategy has been developed by the Executive Team. Project Team has been formally developed the programme of improvement works is being finalised. 	Revised Contractor Management Framework has been developed and engagement with key stakeholders and project managers will begin soon.		

Health monitoring – roles where staff are exposed to health risks receive annual health monitoring through	
our provider Proactive.	

RISK 03. Ina	bility to attract, sustain, engage, and develop our staff capabi	lity	
capability to deliver the objectives of the organisation. The risk exists because the New Zealand labour market is extremely tight and furthermore WDC operates in a relatively small regional economy making it often challenging to attract high calibre candidates. Challenges can include ability to remunerate at levels, expected opportunity for personal development, jobs for partners, schooling, and housing availability. Additionally due to scale, succession planning is also challenging. Like many regions we have areas of the business (e.g., 3 waters) where our staff demographic is aged which increases our exposure.	capability to deliver the objectives of the organisation.	Potential Risk Impacts	 Unanticipated costs \$1m+ Failure to achieve multiple community outcomes. Deterioration in multiple KPI 30% A range of assets, some critical are rendered unusable for more than a month
	Inherent Risk	High ←	
	Residual Risk	High ←	
	Target Risk	Medium ←	
		Risk Reduction	People and culture programme in place and monitored via Org Performance.
		General Approach	Mitigation includes making a value proposition for Whakatāne being a great place to live and work along with effective staff engagement, an attractive and modern workplace, and a commitment to staff professional development.
			WDC has utilised contractor or consultants often where recruitment has not been successful or where the need is short term and highly skilled.

Control and Treatments by Focus Areas:				
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned	
3.1 People and Capability [E. H	atch]			
8.02 - Enhance recruitment systems and processes 8.04 - Develop and implement - people first project - organisation vision and values 8.05 - Implement staff wellbeing strategies and policies 8.07 - Develop workforce plan	 Our Vision & Values have contributed to the development of our Employee Value Proposition (EVP) which ensures we utilise the right language in all documentation to attract top talent (including adverts, positions descriptions, interview questions etc). Our recruitment processes allow increased flexibility in People Leaders thinking creatively about other benefits to attract great staff, including flexible workplaces and a focus on personal development. Council attained Accredited Employer status with Immigration NZ and can now attract and recruit technical skills from overseas, and support migrants into our communities. 	The team is continually adapting recruitment approaches to ensure we remain competitive in the recruitment market.	Planning is underway for the 2025 Learning and Development approach. A project will commence to review our remuneration approach. There will be a strong focus on ensuring our system uses robust data and values transparency	

Council's wellbeing group regularly meet and
actively coordinate wellbeing events and initiatives
for all staff.
Hybrid Working Guidelines developed and
presented to staff to support people working in a
combination of in the office and at home, as
appropriate.

RISK 04. Imp	paired Māori Relations		
relationships impedes that ability to deliver the Councils goals for success acros economic, cultural, environmental, and social outcomes. This risk also include failure to meet both legislative and moral responsibilities to build, maintain an nurture sound and trusted relationships with Māori partners.	There is a risk that failure to effectively engage with strong Iwi and Māori relationships impedes that ability to deliver the Councils goals for success across economic, cultural, environmental, and social outcomes. This risk also includes	Potential Risk Impacts	 Unanticipated costs \$1m+ Failure to achieve multiple community outcomes. Deterioration in multiple KPI 30% A range of assets, some critical are rendered unusable for more than a month
	Inherent Risk	High ←	
	The risk exists because strong Iwi and Māori relationships are a key pillar to the districts strategic plans reflecting that Whakatāne District has a substantial Māori population of near 48%.	Residual Risk	High ←
	Impaired relationships have multiple negative outcomes associated with them and impacts on other relationships (e.g., central government) and our ability to ensure strong resilient, connected communities across the district.	Target Risk	Low ←
		Risk Reduction General Approach	Ensure we have an effective Māori Partnership plan in place. Guiding the Council is the Māori Relationship Strategy which is focussed at WDC being better and building our capacity and capability to engage effectively, as well as shared business planning, adding structure, consistency and investing time to the relationships.
			Due to the diversity of Council business, it is important to hold key relationships across a spectrum of Iwi/Māori partners including iwi, hapū and whānau, land holding entities, Māori education, health, and social service providers, ratepayers, and many others.

Control and Treatments by Focus Areas:				
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned	
4.1 Local Governance [E. Hatch	1			
1.03 - Undertake representation review and establishment of Māori wards	3 Māori Ward councillors added to governance structure from 2022 elections [Oct. 22]	 As of 30 July 2024, legislation passed to repeal the current Māori wards representation legislation, requiring Councils to hold a poll if they established a Māori ward without holding a poll previously. On 15 August 2024 WDC decided to retain Māori wards and hold a poll alongside the 2025 local elections. 	The next Representation Review for Whakatane District Council is required to occur in 2026/7. Ensuring that staff are across all requirements to successfully deliver on the next rep review. Monitoring potential legislative changes and adapting plans accordingly as necessary Engaging with stakeholders early and often to gather input and build consensus Establishing clear timelines and milestones to ensure the review process stays on track Public education campaigns to allow for increased awareness and education to our	

4.2 Māori Partnership [H. Patric			communities in relation to the Māori Wards referendum in 2025 Engagement with Iwi in support of effectively delivering the Local Elections 2025 by promoting and educating our Iwi, Hapu and Whanau, especially in the remote areas of the district. Development of a training and development plan for Elected Members over the course of a triennium, including running a survey to understand the needs from, and support required by Māori Ward councillors as representatives across the district's three Māori ward areas.
1.06 – Develop cultural responsiveness strategy 1.07 - Implement cultural responsiveness strategy 1.08 - Deliver cultural competency programme 1.09 - Develop coordinated partnership work programme with iwi partners 1.10 - Provide cultural advice and guidance to elected	 Te Kahupapa – Organisation's Cultural Competency training programme: Treaty of Waitangi Training completed in December 2021.Councillor and Executive team monthly workshop. Te reo Training. Increased oversight of WDC BAU and accuracy of Engagement. Including shared learning opportunities between WDC and Iwi Entities BOF funding approved for IHW Participation and Town master planning lead by IWI. Progress to appoint Iwi Policy Hub Manager Regular Executive hui between WDC and Iwi Increased Organisational Awareness of Govt Māori 	delivery of our Relationship and Legislative responsibilities. Review of Te Kahupapa WDC Cultural Competency Framework which provides organisational cultural competency Training continues with Te Reo Lessons and further programmes available to staff and EMs for the FY 24/25 Treaty Settlement and MACA Impacts; WDC including relationship protocols. Relationship and Engagement Advice continuous (BAU) across multiple Activities.	Product, Reorua Whakatane and Murupara., Cycle Ways and support of lwi settlement aspirations; Tarawera awa Strategy group and Rangitāiki River Forum outcomes • Year 2 MRS outcomes underway, which covers focus areas of Leadership, Identity, Empowered Organisation, relationships, Monitoring and design. • Continued progress with IHW across all WDC business, with relationship workshops to better understand and support each other. • Ngāti Awa / WDC Reo rua Outcomes
members and staff	 Policy and impacts. Relationship Excellence – Relationship leads in place to co ordinate and nurture relationships between Ngāti Whare and Ngāti Manawa. Toi Kotuia team expanded with 2x Senior Advisors and 1x co-ordinator. Team is now sitting at 5 FTE (including Kaihautu role) LTP 2024-34- Further funding secured through LTP to resource team with further FTE into Yr 2 of LTP LTP 2024-2034 funding secured to provide capacity and capability to Iwi to respond to the work of Council 	 Shared Business planning Iwi and WDC available to Iwi as required or sought Relationship Lead for Ngāti Whare and Ngāti Manawa in place with significant success. Ngāti Awa relationship lead in place Ngāti Awa / WDC Reo rua Strategy and Outcomes underway. Reo rua Fund is in place Ngāti Manawa/Murupara Reo Rua Strategy in the place for implementation in 24/25, 25/26. DIA funding secured for Ngāti Manawa. Interim Guidelines / Policy developed for Internal guidance to staff. MRS Implementation and Training Arts and Culture activities; Te Koputu and Taketake. 	 Murupara Reorua Strategy adopted and underway Māori Policy intel to future inform WDC approach Te Reo Policy – Linked to Reo rua and MRS outcomes Shared Iwi / WDC Business Planning BOF Iwi Policy Hub – resourcing iwi participation System and Tools - support relationship Excellence Oversight of Policy and Submissions WDC Māori lens

RISK 05. Lac	SK 05. Lack of Infrastructure resilience (Community)				
Risk definition	There is a risk that infrastructure used by the community fails to an extent that it has a significant impact on residents in our community, along with businesses who are unable to function, if council infrastructure fails.	Potential Risk Impacts	 Key services are not available to a large proportion of the community for more than a month. 		
	The risk exists due to the significant scale upon which the delivery of services of the Council is dependent on a diverse, distributed and complex infrastructure		Extreme ←		
	base, and due the to the underlaying age of much of the infrastructure.	Residual Risk	Medium ←		
		Target Risk	Medium ←		
		Risk	An excellent understanding of the state of our infrastructure, the demand on them		
		Reduction	along with appropriate maintenance and replacement plans will be critical in managing		
		General	this risk.		
		Approach			
			Risk reduction will also consider infrastructure readiness for planned growth and the potential impact of unplanned growth.		

Control and Treatments by Fo	ocus Areas:		
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
5.1 Strategy and Policy [D. Be	wley]		
2.08 - Develop housing strategy 2.10 - Spatial plan engagement and development 2.11 - Future development strategy review (zoning) 2.12 - Preparing resource consents for council key projects	 Governance Group to meet quarterly commencing in June 2023. Minginui and Murupara Master Plans under way through BOF [complete June 2025] Spatial Plan Governance Group meeting monthly to complete Spatial Plan Resource consents are prepared by internal planners with relevant expertise 	 Local Growth Strategy commenced to implement Spatial Plan outcomes Master Plans for Minginui and Murupara – date to be extended [Third Quarter 2025] 	
5.2 Economic Development 8	Regeneration [L. Woolsey]		
2.21 - Develop investment strategy 2.22 - Reset town centre riverfront project (Te Ara Hou)	 A property stocktake of all property that Council owns in the district [May 22]. GIS mapping of Council properties and property categories [May 22] Workshop with Council covering Town Centre projects, iwi engagement and impacts of Floodwall on planning process [Dec 22] 	 Request made to Kanoa jointly with Ngāti Awa to investigate if reallocation of part of Te Ara Hou funding into the Boat Harbour is an option [May 23] Floodwall height increase Stage 1 completion date delayed by BoPRC [Sept 24] Floodwall Stage 2 Iwi and public engagement process underway [Mar 24] 	Developing a commercial property investment strategy and freeholding plan [Aug 25]

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7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

2.23 - Review town vision 2008 2.24 - Develop property strategy	 CE Steering Group (WDC, BoPRC, Ngāti Awa) called Future Whakatāne established to co-ordinate floodwall improvements, river front development and Councils promenade area [May 23]. Property Policy adopted by Council which sets out Property Categories (including commercial property) and strategic approach to planning and decision making at a property category level. [June 23] CCTO and Commercial Investment strategy next steps workshop with Council [Jun. 23] Council reviewed and approved a project plan for CCTO feasibility phase [Oct 23] 	 Subsequent correspondence to Kanoa investigating if Te Ara Hou funding can be allocated to Floodwall Integration – awaiting response [Oct 24] Freeholding Plan project approved in principle by Council [Oct 24] 	
5.4 Three Waters [D.Bewley]			
4.02 - Maintain network and reticulation renewals 4.07 - Develop three waters strategy to meet increased standards and growth requirements 4.09 - Plan and develop new assets for growth 4.10 - Investigate and plan for new water source for Whakatāne-Ōhope scheme 4.11 - Deliver Matatā wastewater project	 Stimulus funding from Central Government received to CCTV our underground assets to understand the condition of these assets. This information will be useful for developing maintenance programmes for the reticulation network. The new water source investigation project is complete and will form a valuable input into the water strategy project. Matatā Wastewater Co-governance Group established with iwi/hapu and Council representation. Project plans have been developed for the renewal of all wastewater and water consents in 2026. Engagement on these renewals will start shortly. A timeline has been prepared with inputs from key projects such as the Spatial Plan identified. This was presented to the June 2022 Projects and Services Committee Meeting Conversations with iwi have begun in relation to co-design of consent renewal plans. 	 Infrastructure PMO underway to program and manage infrastructure projects underway. Spatial Plan and Local Growth Strategy will identify growth related infrastructure Specific growth projects have been identified in the LTP for the provision of appropriate infrastructure, this aligns with the review of the development contribution policy. A dedicated team for the consent renewals has been established Project Steering Group established Mayors Taskforce form Waters established Three Waters capital and operational budget reviewed for LWDW assessment. 	Ensure that Water Services Delivery Plans as part of Local Waters Done Well have appropriate projects and programmes of work to meet compliance needs and levels of service.

There is a risk that infrastructure, both physical and digital, used by Council to support the delivery of services to the community fails as an event, or through being unfit for purpose, to an extent that it has a significant impact on	Potential Risk Impacts	 Loss of organisational effective systems and infrastructure for counci operation including cyber-attack resulting in operational systems not being available for more than one month. 	
	continuity of services. The risk to physical infrastructure predominately exists mostly as being unfit for	Inherent Risk	High ←
purpose due to the diverse, distributed and complex infrastructure base, and due to the underlaying age of much of the infrastructure. The risk to digital exists partly from being unfit for purpose due to the to the increasingly diverse and complex nature of the organisational demands but also due to exposure to cyber-attack compromising or eliminating access to the infrastructure. Councils are increasingly the focus of cyber-attack as part of the global wide issue, and as a 'front door' to Central Government we face particular risk.	Residual Risk	High ←	
	Target Risk	Medium ←	
	Risk Reduction General Approach	Mitigation of the risk includes ensuring both our physical infrastructure and digital infrastructure are fit for purpose to meet the demands of the organisation and have appropriate levels of monitoring and security to protect them from substantial damage from physical or electronic attack. Risk management will include ensuring an effective Information Systems plan is developed and being delivered.	

	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
6.1 Corporate Information [E.	Hatch]		
8.24 - Develop IT governance and roadmap to prioritise organisation requirements 8.25 - Refresh and implement cyber security plan 8.27 - Investigate and replace enterprise resource planning (ERP) solution	 Executive Information Services Governance Group has been re-established and meets monthly in line with ToR [May 22] Microsoft 365 and Teams has been rolled out to all staff to allow them to work effectively from any location. [Nov. 21] Technology was decanted from Civic Centre with staff operating effectively from a mixed model [Nov. 21] Information Systems strategy has been presented and approved by Council. [May 23] Establishment of an effective operating model incorporating resourcing will provide clarity for the ERP replacement project and wider applications and systems roadmap. [May 23] Development of a project plan as part of the wider ERP project has commenced and will be reviewed by Council [Jun. 23] ERP project manager and change manager have been recruited, final stage of project team recruitment of BAs anticipated in November. [Nov. 23] ERP project team undertaken workshops and received over a dozen responses to RFI, now undertaking panel review prior to RFP [Apr. 23] 	 Development of an applications roadmap based on the ERP project plan will create a clear line of treatment of the wider application layer of the council being fit for purpose. [Dec. 24] RFI/RFP Vendor selection complete to Gate 1 of ERP Replacement project and delivered to council for approval [Oct.24] ERP (Programme Enterprise) Business Case developed and approved using Treasury's Better Business case model [Dec 24] Quarterly reporting to the ELT on key KPI's for the Digital Services function [Nov 24] Baseline Information Security assessment completed by SAM for compliance [Jul 24] 	 Delivery of the ERP replacement project (Programme Enterprise) will significantly reduce risk in technology not being fit for purpose and create foundation for roadmap associated with other applications throughout the council. [Dec. 27] Programme Enterprise rollout plan (phases) to be fully developed allowing organisational scheduling [Jun 25] Develop a strategy for the ongoing cyber threat landscape based on the Security Assessment [Jul 25] A review of Council's cyber security training programme to be presented to the ELT [May 25] Build a stronger relationship with the National Cyber Security Centre (NCSC) [Aug 25]

RISK 07. No	RISK 07. Non-compliance with legal and regulatory requirements				
Risk definition	There is a risk that changes to the rules and regulations we operate under occur to an extent or at a pace resulting in to keep up with these changes and ensuring ongoing compliance with existing legislation and frameworks exposes WDC to unplanned liability for non-compliance and cost.	Potential Risk Impacts	 Breaches result in legal action being taken against officers of council. Compliance failures result in substantial restrictions being placed on core council activities Loss of confidence in council's capabilities lasting several months 		
	This risk exists and is ongoing in nature due to the continuity of change within the legislative and compliance environment.	Inherent Risk	High ←		
		Residual Risk	Medium ←		
		Target Risk	Low ←		
		Risk Reduction General Approach	Mitigation of the risk will be based on establishing champion of legal / internal audit / risk which will include independent oversight through regular connection through Chair of the Risk and Assurance. This role will then champion and support the implementation of stronger and more consistent tools, techniques and register of oversight on compliance.		

Control and Treatments by Focus Areas:				
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned	
7.1 Corporate Information [D.	Bewley]			
8.18 – Develop legal regulatory compliance framework	 Risk reporting framework presented to Risk and Assurance Committee in September completed and will evolve with use. [Sep.21] Taken insurance advice from AON in renewals 2023 [Nov.22] [on agenda] Risk Framework training manual developed and workshopped with new Council and Committee in new Triennium [Jan.23] BCA Accreditation maintained [December 2023] Procurement and Risk Manager [Legal Champion] appointment [Oct. 23] Risk Management Framework Training induction for tier 3 manager group developed and commenced presentation [Oct. 23] Legal Issues Register developed based on current open issues with principle advisor, included in Risk and Assurance report [Nov. 23] Continue improvements to Legal Issues Risk register incorporating legal costs / insurance / recovery expectations, as well as extension to 	 Development of a Register of Legal Opinions based on available historic opinions received [Jun. 24] Food Premises Quality Management System (QSM) audit [March 2024] 	 We are current developing, with consultation of ELT, an action plan for the reestablishment of on effective Procurement function to support the delivery of our Social Procurement Framework [Dec, 24] Development of a Register of Legal Opinions based on available historic opinions received [Jun. 24] Delegations Register to be reviewed [2024/2025] 	

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7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	include all open issues include other advisors [Mar. 24]		
7.2 People and Capability [E. Ha	atch]		
8.06 – Develop and implement leadership, learning and development programme	 Complete Leadership, Learning & Development programme in place. Annual Performance Development programme in place. 	 Planning is underway for the 2025 Learning and development approach. This will include a strong focus on developing management capability also. 	 Planning is underway for the 2025 Learning and development approach. Internal DEI Policy development

RISK 08. Po	RISK 08. Political changes impact council direction and delivery				
Risk definition	There is a risk that changes in political direction from local or central government can occur to a scale or speed which has a significant impact on the ability of the Council to deliver upon it stated goals for the community.		 Unanticipated losses of over \$5m. Prolonged public dissatisfaction with policies or actions of Council. 		
	This risk exists generally due to the three-year political cycle impacting the environment in which Council operates. The potential risk is currently higher however, as of 2020, as there is currently substantial potential change in the local government space being led by Central Government. This includes: • Three Waters Reform • Local Government Reform; and • RMA Reform	Inherent Risk	Extreme ←		
		Residual Risk	High ←		
		Target Risk	Medium ←		
		Risk Reduction General Approach	WDC is staying well connected into the sector, ensuring we have the internal systems and capability to respond as best as possible and planning to be fit for purpose. By doing so Council reduces risk by staying connected, informed, or ready to adapt.		

Control and Treatments by Focus Areas:				
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned	
8.1 Local Governance [E. Hate	ch]			
1.05 - Governance arrangements and induction for new triennium (includes ongoing programme of ensuring governance awareness and understanding of legislation and policy and other business impacts).	 All committees and council meetings have occurred as advertised. Regular workshops are held with Council to discuss matters, receive briefings and provide guidance to staff. Council has successfully run hybrid council and committee meetings since May 2022 that allows people to attend meetings either on-line or in-person. This new way of working has evolved into a standard meeting practice that has proved a hugely successful way to keep people safe (as we experience a surge of COVID-19 and other winter illnesses) and maintain business continuity and decision making. Ongoing programme of governance awareness and understanding of legislation and policy and other business impacts is underway. This included 2 x Council business away days and a workshop programme that is underway. Training with Meeting and Governance Solutions Limited (Steve McDowell and Vern Walsh) has been scheduled (4 December 2023) to assist Elected Members in leading and participating in effective meetings. This is to create confidence within our Councillors as we focus on the Live Streaming of Council meetings (Project underway). As part of the review into workshop practices conducted by the Chief Ombudsman Elected Members were briefed on the changes Council needs to make expected to see in this space. Council made changes to 		 Ongoing programme of governance awareness will continue. Combined Community Board meetings are in place, providing our four community boards to collaborate, network, and receive relevant training/inductions (such as media training, LTP workshops, and strategic plan development) to enable a proactive approach to their involvement in their respective wards. Development of a training and development plan for Elected Members over the course of a triennium, including running a survey to understand the needs from, and support required by Elected Members to effectively represent their ward areas. 	

	its briefing practices, in line with the recommendations form the ombudsman.		
Local Elections 2025	 Public awareness campaigns through social media, local newspapers, and community events to educate the public about the importance of voting. Collaboration with schools and educational institutions to promote civic education and the significance of voting. Distribution of educational materials such as brochures and flyers explaining the voting process and its importance. 	 Availability of voting materials in multiple languages to cater to diverse communities. Collaboration with disability advocacy groups to identify and address accessibility barriers. Establishment of a dedicated task force to monitor and counteract misinformation and disinformation. Development of a centralised online portal where voters can access verified information about the elections. Civics youth programme in development Adoption of Standing Orders document 2025 to allow for Council and conduct of meetings to operate within current legislation. 	 Partnerships with local influencers and community leaders to encourage voter participation. Implementation of mobile voting units to reach remote and underserved areas. Expansion of voter education programs to include interactive workshops and seminars. Continuous assessment and improvement of voting locations to ensure they meet accessibility standards. Expansion of accessible voting options, including mail-in ballots and remote voting. Regular training for election officials on how to assist voters with disabilities effectively. Regular updates to the online portal with the latest verified information and resources. Local Elections project programme to effectively deliver on the Local Elections and binding poll on Māori Wards

8.3 Resource Management Po	8.3 Resource Management Policy [D. Bewley]				
2.13 - Navigating reforms – Resource Management Act	Spatial Planning Act and Natural and Built Environment Act repealed December 2023	 Monitoring change in Government and proposed amendments and review of RMA. Some guidance from Central Government on Three stage reform programme. 	Impact of RMA Reform on staff to be assessed.		
8.4 Three Waters [D.Bewley]					
4.01 - Navigating reforms - three waters4.01 - Navigating reforms - three waters	 Internal steering group, Project Manager and technical support appointed. Participation in regional CCO conversations with BOP CEO's. Submissions on all legislative change and with regulators Local Waters Done Well programme put forward by the National Government Water Services Delivery Plan to be submitted by September 2025. Martin Jenkins supporting technical assessment. Tonkin and Taylor reviewed capital works programme. 	 Meeting with regulators to determine future requirements Considering implications from recently published wastewater standards Communications and Engagement Plan prepared and enacted 			

RISK 09. Natu	RISK 09. Natural disaster management and mitigation including climate change				
Risk definition	There is a risk that natural disasters, as one off or recurring events, along with ongoing continuous change in our natural environment, including but not limited to impacts of climate change, can have significant impact on Council		 Significant assets are destroyed or rendered useless for several months. Key services are not available to the community for several weeks. Long term severe health impact to a significant number of people. 		
	business continuity, community infrastructure, and social and economic impacts.	Inherent Risk	Extreme ←		
	The risk exists due to the nature of change in the natural environment but is increased due to scale and speed of change noted at present.	Residual Risk	High ←		
	The Whakatāne District is particularly exposed to this risk due to its geography. It has a history of significant natural disasters including landslides, debris flows, volcanic eruptions, earthquakes, flooding, and coastal storms.	Target Risk	High ←		
		Risk Reduction General Approach	Risk reduction is based on the 4R's of Emergency Management – Reduction, Readiness, Response and Recovery. This recognises that we can reduce the risk of impacts from natural hazard events (and climate change) through adaptation of our land use, informed land use planning into the future, and preparedness for events through building community resilience and coordination of emergency and other agencies.		

Control and Treatments by Focus Areas:					
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned		
9.1 Strategy and Policy [L. Woolsey]					
2.06 - Develop climate change adaptation plan 2.07 - Coordinate implementation of climate change strategy incl. energy management programme	 Climate Change Strategy review completed [December 2023] Final Climate Change Strategy (mitigation & adaption) adopted by Council [June 24] Climate Change implementation plan approved at EER [Nov24] Energy management group established [2022] 	 Climate Change and Resilience Manager appointed Feb 25 and CC / Emergency teams merged Solar projects underway (including approval for business case Mar.25) 	Climate Change policy developed and going to ELT for approval Mar 25		
9.2 Resource Management Policy [L. Woolsey]					
2.09 - Natural hazard risk investigations (EQ, tsunami, landslide, coastal hazards)	 Toi Moana BOP Climate Change Adaptation Review complete. This highlights the relative exposure to hazard risks in the region and by district. is undertaking a survey of areas of concern for communities within the region about climate change [mid 2023]. Monitoring progress of the Climate Adaptation Bill. Awaiting confirmation of timeframe from Central Government. CDEM Group Plan review completed [December 2023]. 	Monitoring of BOPRC completion of technical work	Plan Changes to the District Plan, and other emergency management readiness activities [2024/2025] Further evidence-based investigation of local hazards risks is underway, including liquefaction, tsunami, coastal inundation and landslide risk, and in relation to EQPB. Investigations to be completed during 2025 financial years		

9.3 Waste Management & Mini	Climate Change Adaptation Plan commenced [March 2024] Flood risk from breach or overtopping of Whakatane River - trigger levels for Emergency Management Planning [2024] misation [B. Gray]		
5.04 - Implement (new) waste management and minimisation plan (WMMP) 5.10 - Implement resource recovery park model at Murupara refuse transfer station 5.11 - Implement construction and demolition waste diversion project in collaboration with crew – dependant on funding (pending) 5.12 - Work with whānau, hapū and iwi on waste minimisation initiatives 5.13 - Consultation and implementation of regulatory changes – waste minimisation act, NZ waste strategy, litter act	 MFE funded waste diversion project with Crew, commenced in 2021 and due to complete in July 2025. Legislated reporting through to MFE started, WDC were already well positioned with data and reporting requirements. We have needed to review and revise the delivery plan outlined in this LTP due to some legislation changes coming from Central Government. It will no longer be appropriate to implement local organic waste processing plants ahead of food waste collection changes. We will defer this and incorporate into the implementation of that collection service. Review of food waste collection in collaboration with ODC and KDC completed along with S17A review. 	 LTP project planned for 2026 to investigate organic waste processing options. Composting and worm farm scheme successfully run again in 2024. Murupara Resource Recovery Centre upgrade works completed. Central Government released new 'Waste Strategy' and 'Waste Resource and Efficiency Work Programme' in March 2025. Council are involved in the development of a Regional Waikato and Bay of Plenty Waste Strategy. 	 Central Government intend to review Waste Legislation and Litter Act in 2025. Next WMMP due in 2027 but may be affected by central government's review of related legislation.
9.4 Civic Defence Emergency M	anagement [L. Woolsey]		
6.08 - Manage programme for emergency management and EOC responsibilities 6.09 - Support community readiness programmes	 EOC rosters are maintained, and training needs are continually being assessed. Training is being provided along with EMBOP. WDC is an active member of the Group at Joint Committee, CEG and Sub-Committee levels. Maintaining Annual Plan requirements across the Group. Development of Community Response Plans are progressing and are on-going. T. Better Off Funding to support resilience building [2024/25], including alternative EOC. Maintain EOC functionality in Civic Centre Participated in Exercises e.g. Shakeout [October 2024] 	 Emergency Management Activity to be combined with Resilience and Climate Change Activities – alignment of work programmes Change in Local Recovery Manager. Need to identify additional Local Controller Training for EOC staff to be reviewed across BOP as most Councils unable to meet training targets. 	Linking Climate Change Adaptation work with Emergency Management Planning internally [July 2004]

RISK 10. Lac	SK 10. Lack of community support				
Risk definition	Risk definition There is a risk that there is an insufficient level of support from our communities that has a significant impact on the ability of the Council to deliver upon it stated service levels and goals for the community.		 Prolonged public dissatisfaction with the policies or actions of Council. 		
	This risk exists due to the diverse, distributed and complex nature of the communities in which deliver the services of Council, and the extent of implementation of change and improvement reflected in Council plans, along with the increasing demand on people's time and ability to engage in local service unless it has a direct impact on them.	Inherent Risk	High ←		
		Residual Risk	Medium ←		
		Target Risk	Medium ←		
		Risk Reduction General Approach	Effective communication to, and consultation with, our communities will be critical to managing this risk.		

Control and Treatments by Focus Areas:						
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned			
10.1 Local Governance [E. Ha	10.1 Local Governance [E. Hatch]					
1.05 Governance arrangements and induction for new triennium (includes ongoing programme of training, support, and development for elected members).	 Pre-Election Report Issued Briefing for Incoming Council completed [Nov. 22] Governance Solutions delivered Councillor Training [Nov. 22]: LGS Wellbeing's Being an elected Member Decision Tree and Meeting Know how Standing Orders Fortnightly Council workshops being utilised in addition to BAU as methodology to provide induction to new councillors on specific issues [Nov. 22 – Jun. 23] 		 Fortnightly Council workshops will continue to be utilised, in addition to covering BAU, as methodology to provide induction to new councillors on specific issues, including particularly through Annual Plan 2023-34 and LTFP 2024-2034 [Jun. – Sept. 23] Consideration to upskill additional (2) Elected Members with RMA certification via the Making Good Decisions Programme through Ministry of the Environment within the current triennium, both panel and chair certification. (Expected to occur in FY 2024/25) 			
10.2 Communications & Enga	gement [E. Hatch]					
1.11 - Manage media relationship and deliver external communications 1.12 - Support internal communications 1.10 - Support internal communications 1.11 - Manage media 13, 765 1.12 - Support internal communications 1.13 - Support internal communications 1.1400						

1.13 - Manage digital and	Annual Plan
social media	Annual Report + Summary
1.14 - Provide corporate	Aratakina – ePMO
design and publications	Boat ramp signs
support	Burst water main – Goulstone Road
Support	Christmas Parade
	Climate Change adaptation collateral
	Coastal Hazards
	Commerce Street night works
	District entrance signs
	Diversity, Equity, and Inclusion Policy
	Dredging
	Edgecumbe Shared Pathway
	Endangered shore birds nesting
	Flower removal
	Food Control Plan coaching session
	Freedom Camping and Public Places
	Galleries exhibitions: Te Tuangahuru o Ngāti Awa
	Te Toki - A Vision Realised, Whakapiri ki
	Rangimaria, Pū Oho
	Heavy Rain event x2
	Hinemoa Stormwater Project
	Honoa Hapori
	Hoops in Parks
	Increase in parking fees – accessibility parking
	Kotahitanga 2024
	Light Party
	Local Wild Food Festival
	Matatā Community Vision
	Matatā Wastewater – land purchase
	Mimiha Stream Bridge
	Mokorua water shutdown
	Newsletters
	Ohope Golf Club tree removal sentencing
	Olympic Parade
	Over 80s Morning Tea
	Overnight parking signs update
	Parking infringements campaign
	Planned water shutdowns
	Quay Street bus stop closure – Project Futureproof
	Rangitaiki Plains water interruption
	Rates invoice
	Raumati in the rohe campaign
	Resource Recovery Centre signage for Whakatāne
	and Murupara
	Road closures – night works
	Road Naming and Addressing Policy
	Road Safety event promotion
0758	

Road Safety Improvements – Ohope 4 Square

Rubbish and recycling hours

Solar Farm airport

Spatial Plan engagement

Stormwater upgrade – James Street

Summer liquor licensing

Summer Pool Safety

Summer road works campaign

Sunair launch

Sunshine Season guide

Swings closed - Ocean Playground

Thornton * West Bank Road Renewal

Three Waters Consent Replacement Programme

Tourism - Discover our summer

Tsunami messaging

Wastewater spill – Orini Canal

Waters emergency works - x4

Website upgrade

Wellbeing Group events and promotion

Whakaari remembrance

Whakatāne Airport signs

Whakatāne Aquatics Centre signs refresh - Stage 1

Whakatane CBD – road works

Whakatāne Holiday Park rebrand and collateral

Whakatāne Summer Holiday Guide

Wharfside promotion and upgrade

Youth Council applications and recruitment

10.3 Community Development [E. Hatch]

- 1.17 Support development and implementation of community plans
- Community planning activities have been taking place in Edgecumbe, Murupara and Awatapu.
- Community conversations have been taking place in Coastlands/Piripai and Taneatua regarding community plans.
- The Edgecumbe Community Plan is heading into its second three-year update phase.
- A first draft of the Murupara Community Plan is complete.
- The Awatapu Community Plan has moved into delivery phase.
- Communities with completed plans submitted to the LTP.
- The Community Partnerships Team continues to support planning processes in each of these communities as required.

- Funding for Community Plan support activities was confirmed through the LTP process.
- Community-led hui, workshops, events and engagement activities are ongoing throughout 2024/25 linked to community planning processes.
- Edgecumbe, Matatā, Ōtamakaokao-Awatapu Community Plans are now completed
 - https://www.whakatane.govt.nz/residents/community-plans
- Development of Coastlands/Piripai Plan is underway
- Murupara CP is being done as part of the Town Redevelopment Plan
- DEI Policy has been adopted

- Resources required to support existing and new community planning processes will continue to be monitored.
- Community plan delivery will continue.
- Implementation of the DEI policy by way of community-led action plans and potential advisory groups

RISK 11. Ma	SK 11. Major economic/ financial or social shock					
Risk definition	There is a risk of unpredictable shifts in the global or domestic economies that would significantly impact on the ability of the Council to deliver upon it stated service levels and goals for the community.	Potential Risk Impacts	 Unanticipated costs of more than \$5m. Overspend of Annual Plan OPEX by 5%. 			
however, is higher at within inflation / int	The risk exists and is ongoing due to the nature of market shifts and cycles, however, is higher at present due to increased volatility and speed of change within inflation / interest rate, labour cost and supply chain economics. The	Inherent Risk	Extreme \bar{\bar{\bar{\bar{\bar{\bar{\bar{			
	change is exacerbated by political drivers especially the Russian/Ukraine war.	Residual Risk	High □			
		Target Risk	Medium ←			
		Risk Reduction General Approach	Maintenance of a strong financial reporting and planning framework to ensure the delivery of regular, business context informed, transparent insight to Council's financial performance to support effective executive management and decision making by Elected Members.			
			WDC also reduces risk in this area by being relatively well positioned with lower debt levels compared to many councils giving us debt financing as a method to manage some shocks, though itself needs an effective treasury planning to itself be effective as a risk mitigation.			

Control and Treatments by Focus Areas:					
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned		
11.1 Finance (B. Gray)					
8.13 - Review treasury policy 8.14 – Review financial management reporting 8.15 - Review/develop financial strategy and policies (DCP and FCS) to fund infrastructure for growth Additional focus areas: Effective Accounts Receivable Management Practices impacting on collections and Councils Bad Debt	 Reporting framework redeveloped based on modified FIS to ensure it is effective for provide clear performance measurement, transparent insights on a quarterly basis to guide decision making across executive and council to demonstrate clear control of the risk [Dec. 22] Projects reforecast methodology implemented as a temporary placeholder to improve 2023-34 and ahead of systemic EMPO improvement for 2024-25; improving phasing identification and borrowing requirements. With 24-25 reforecast presented including basis of methodology to Finance and Performance Committee. [Dec. 23] Sensitivities on interest rate shifts - Finance team developed a quick sensitivities model that enables faster assessment of LCI (wage) / PPI (operating cost) / OCR (interest cost) sensitivity within the 	 Q4 2023-24 Indicative Financials completed demonstrating strong consistency of opex back to annual plan process and capex back to Q1 [Aug.24] FitchRating AA- rating secured for increases availability and optionality around borrowings capacity for the LTP2034 [July.24] Financial Strategy adopted within LTP2034 [Aug.24] Revenue and Financing Policy adopted as part of legislative requirement for LTP2034 incorporate desktop review finding for LG consultant and good practice identified in Taituara Guides and aligned with other councils including Funding Needs Analysis [Aug. 24] Treasury Policy covering Investment Policy and Liability Management Policy developed adoption [Aug.24] 	Sensitive Expenditure Policy to be reviewed and adopted [Apr.25] Commenced scoping for Account Receivable sundry debtor reporting, tracking, insights and management tool to ensure more effective and proactive management and response to debtor issues. [Dec.24] Develop accounts receivable debt management policy [Nov.24]		

	former former and and the deal to the Bird	
	forecast framework and included in report to Risk	
	and Assurance [Oct .23]	
	Fraud Policy reviewed and adopted [Nov.23]	
•	Completed invoicing of all share of Joint Venture	
	losses to Ministry of Transport [Dec.23]	

Risk and Assurance Committee - AGENDA

7.1.2 Appendix 2 – Enterprise Risk Register and Guidance (draft)

7.1.2 Appendix 2 – Enterprise Risk Register and Guidance (draft)



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1 Introduction

These procedures provide an introduction to the concepts of risk management and the tools and processes to identify, evaluate, and manage risks at Whakatane District Council (Whakatane)..

2 Policy Statement

Council considers risk management to be an essential management function within its operations. It recognises that risk management responsibility lies with the person who has the responsibility for that function, service, or activity that gives rise to that risk.

The Senior Leadership Team (SLT), on behalf of Council, will monitor risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of its associated risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

3 Scope

Council considers risk management to be an essential function in all areas of its business. The risks Council face are grouped into three areas which are each managed separately. These procedures focus on Enterprise Risk Register (ERR).

Enterprise Risk – risk associated with day to day business as usual activity from strategy and planning, through to service delivery. Each business unit identifies risks specific to its area. In addition, strategic and governance risks are identified by Council elected members. These are consolidated into the appropriate business units risk registers to manage as part of their business as usual activity.

Health & Safety at Work – in order to meet requirements of the Health & Safety at Work Act 2015, and to avoid duplication and reconciliation with existing work, all Health and Safety at Work risks are managed and recorded separately by the corporate Health & Safety Team..

Project Risk – All projects are required to develop and maintain a project risk register on a standard template. The monitoring of this register changes depending on project complexity. Complex projects are required to have a dedicated Steering Committee that reviews project risk.

4 Definitions

Risk – the effect of uncertainty on objectives. A risk is often specified in terms of an event or circumstance and the consequences that may flow from it.

Risk Appetite – the amount and type of risk that Council is prepared to seek, accept or tolerate. The risk appetite is summarised according to Risk Category in Appendix 1.

Risk Category – The framework classifies risks as effecting one or more of eleven categories:

- 1. Asset Management (includes asset failure)
- 2. Financial Management
- 3. Staff Retention and Capability
- 4. Natural Hazards
- 5. Emergency Management and Business Continuity Planning
- 6. Health & Safety
- 7. Legal and Compliance
- 8. Service Delivery
- 9. Cyber Security and Information Systems

- 10. Stakeholder Relationships and Reputation
- 11. Capital Project Delivery

Risk Management – coordinated activities to direct and control an organisation with regard to risk. It is the process by which risks are managed, or identified, evaluated and controlled.

Risk Rating & Level (RAW) – raw risk is the risk today without taking any of the proposed actions. The rating is determined by multiplying the consequence and likelihood. The level is determined from the risk matrix as shown in Appendix 2.

Risk Rating & Level (RESIDUAL) – residual risk is the projected risk level in the future after the actions have been completed. The rating is determined by multiplying the consequence and likelihood. The level is determined from the Risk Matrix as shown in <u>Appendix 2</u>.

Risk Type – The framework classifies the source of all risks as being from one of fourteen risk types (refer to Appendix 3):

- 1. Contractual conflict
- 2. Failure to accurately forecast change
- 3. Failure to adapt to change in community aspirations
- 4. Inability to deliver service due to environmental impact
- 5. Inability to recruit or retain staff
- 6. Inaccurate or inadequate data capture and storage
- 7. Inadequate / inaccurate monitoring of service delivery
- 8. Inadequate communications including failure to identify stakeholders
- 9. Inadequate risk and / or safety management systems
- 10. Incorrect advice, service or design
- 11. Insecure facilities and or physical assets
- 12. Insufficient resources
- 13. Lack of required competency
- 14. Unclear responsibilities or accountabilities.

Consequence – the outcome of an event or change in circumstances affecting the achievement of objectives. <u>Appendix</u> <u>4</u> describes the consequences used in the framework. These are grouped into Service Delivery, Public Health & Safety, Environmental, Economic and Reputation.

Hazard – an object or activity which may cause a risk.

Issue – is a risk event which has already occurred. Issues are not risks.

Likelihood – the chance of the risk happening. <u>Appendix 5</u> describes the Likelihood scale used in the framework. This ranges from 'rare' to 'almost certain'.

Treatment – the actions taken to reduce the consequence or likelihood of the risk. The framework provides fifteen generic options for risk treatment (refer to <u>Appendix 6</u>):

- 1. Audit, quality assurance or peer review
- 2. Initiate a plan i.e. business continuity, disaster recovery, contingency
- 3. Consultation, survey or seek feedback
- 4. Contract or Service Level Agreement
- 5. Implement, amend or update policy or code
- 6. Standard operating procedure

- 7. Workforce or succession plan
- 8. Investigate and research
- 9. Specific project
- 10. Internal review
- 11. Training
- 12. Crisis management
- 13. Information and knowledge management
- 14. Isolate, eliminate or avoid risk
- 15. Monitor and accept risk

5 Approach

Council will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

6 Enterprise Risk Register Process¹

The ERR process consists of the following steps:

Identification: Risks are identified through a combination of internal and external sources, including but not limited to:

- Risk assessments
- Internal and external audits
- Staff and management input
- Industry and regulatory changes

Assessment: Risks are assessed using a consistent and systematic approach, which includes the following elements:

- Likelihood: The probability that a risk will occur
- Impact: The potential consequences of a risk
- Risk rating: A combination of likelihood and impact to determine the overall risk level

Management: Risks are managed using a risk management plan, which includes the following elements:

- Risk treatment: The chosen approach to managing the risk, such as mitigation, acceptance, or avoidance
- Risk controls: The specific measures put in place to manage the risk, such as policies, procedures, or physical controls
- Monitoring and review: Regular monitoring of the risk and the effectiveness of the risk controls, with regular reviews to ensure the plan remains relevant and effective

7 Reporting and Monitoring

Risk Management Reports: The Risk & Assurance Committee receives quarterly reports on the status of ERR across the Council. These reports include:

- A summary of identified risks and their ratings.
- An update on the status of risk management plans and controls for 'high' and 'extreme' risks.
- Any significant incidents or breaches of risk management controls.
- Any changes to the ERR policy or framework.
- Trend evaluation

Risk and Assurance Committee - AGENDA

7.1.2 Appendix 2 – Enterprise Risk Register and Guidance (draft)(Cont.)

Risk Management Dashboard: Council maintains a risk management dashboard that provides a high-level view of the risks facing Council and the effectiveness of enterprise risk management controls. The dashboard is reviewed by the SLT on a regular basis.

8 Monitoring and Review

To be most effective, risk management should be part of the organisations culture. It should be communicated across the organisation and embedded into the organisations philosophy, business practices and processes, rather than be viewed or practiced as a separate activity. Using dashboards for daily stand-up meetings and visual management techniques of traffic lights to monitor progress, risk management will ensure everyone in the organisation becomes involved in the identification, evaluation and treatment of risks and issues that face the organisation. As a minimum the following will be completed:

Review & Aud	it Frequency
Continuously	Identify any new (significant) risks – analyse, evaluate risks and create treatment plan within your register. If the risk is greater than your acceptance authority level, notify your manager of the risk. The risk registers are live documents that can be continuously updated. One source of new risks are from papers going to Council Committees.
Monthly	Teams to discuss and update their risk registers, in particular any newly assessed risks.
Quarterly	Teams complete a full update of their risk registers, including reassessing risk scores, updating action to just outstanding, updating status and closing risks where possible. Meeting of Risk & Assurance Committee to review most significant risks and rigorous deep dives into areas of interest.
Annually	Review Risk Framework and amend as required. Governance and strategic risk workshops held annually with elected members or as required.

Appendix

Appendix 1 - Risk Appetite

The focus on and mitigation of different risks will vary depending on risk appetite which may change over time. The SLTwill review the Council's risk appetite as required. The current risk appetite is shown in the risk register and provides some additional guidance to staff on prioritisation of attention and action when assessing risk.

Risk Open	Risk Receptive	Risk Neutral	Risk Cautious	Risk Averse
Prepared to undertake	Open to engaging in	Adopts a balanced	Inclined to avoid risks	Exhibits a strong
substantial risks in	calculated risks,	approach to risk,	unless necessary,	preference for
pursuit of significant	favouring innovative	equally weighing	prioritising stability	avoiding risks,
rewards, actively	strategies and new	potential gains and	and security, with a	favouring safe and
seeking opportunities	ventures while	losses, with decisions	strong emphasis on	predictable outcomes,
with inherent	carefully considering	grounded in	mitigating potential	and generally
uncertainties.	potential benefits and	comprehensive risk	adverse outcomes.	eschewing actions
	potentially negative	assessments.		that could lead to
	outcomes.			negative outcomes.

Risk Category	Risk Description	Risk Management Approach	Risk Appetite
Asset Management	Risks related to the management and maintenance of physical and intangible assets, including asset failure, depreciation, and utilisation.	Implement preventive maintenance programs, conduct regular asset assessments, and invest in asset management systems. Develop robust asset monitoring, maintenance, and replacement planning to ensure optimal use and longevity of assets.	Risk Cautious
Financial Management	Threats to the Council's financial health, sustainability, and compliance with financial regulations, including budget deficits, fraud, and economic instability.	Conduct regular financial assessments and forecasts. Implement sound financial practices such as budgeting, cash flow management, and risk diversification. Ensure compliance with financial regulations and Council Policies, and adopt sustainable business practices to enhance stakeholder trust and navigate economic uncertainties.	Risk Averse
Staff Retention and Capability	Challenges in attracting, retaining, and managing a skilled workforce, including talent shortages, employee turnover, and skills gaps.	Develop and implement strategies to attract, develop, and retain top talent. Conduct regular assessments of workforce needs and invest in training and development programs. Offer competitive compensation and benefits packages to foster employee engagement and loyalty.	Risk Neutral
Natural Hazards	Impacts of natural events such as earthquakes, floods, hurricanes, wildfires, and tsunamis on operations, assets, and stakeholders.	Conduct risk assessments to identify exposure to natural hazards. Implement mitigation measures such as resilient infrastructure, diversified supply chains, and adequate insurance coverage. Collaborate with stakeholders and communities to enhance disaster preparedness and response capabilities.	Risk Cautious

Emergency Management and Business Continuity Planning	Risks related to disruptions in business operations caused by emergencies or disasters, such as natural disasters, pandemics, and power outages.	Develop and regularly update comprehensive business continuity plans. Train employees on emergency response procedures and conduct regular drills. Implement proactive measures to minimize the impact of disruptions and maintain business resilience.	Risk Cautious
Health & Safety	Risks related to the health and safety of employees, customers, and other stakeholders, including workplace accidents, occupational illnesses, and safety violations.	Conduct regular assessments of the workplace environment and processes. Implement robust safety measures, including training programs, safety protocols, and regular inspections. Foster a culture of safety awareness and compliance with regulations to ensure the highest level of health and safety readiness.	Risk Averse
Legal and Compliance	Risks associated with legal liabilities, regulatory compliance, and adherence to ethical standards, including legal action, fines, and breaches of confidentiality.	Ensure compliance with legal and regulatory requirements through regular reviews and updates of policies and procedures. Provide training and resources to staff to ensure adherence to ethical standards and codes of conduct. Implement robust monitoring and reporting systems to identify and address potential legal and compliance issues promptly.	Risk Cautious
Service Delivery	Risks related to the Council's ability to deliver high-quality services to stakeholders, including service disruptions, quality control issues, and failure to meet service level agreements.	Adopt a customer-centric approach to service delivery, focusing on efficiency and effectiveness. Implement quality control measures and regularly review service delivery processes. Engage with stakeholders to understand their needs and expectations and ensure continuous improvement in service delivery.	Risk Neutral
Cyber Security and Information Systems	Threats to the confidentiality, integrity, and availability of information systems and data, including data breaches, ransomware attacks, and unauthorised access.	Conduct regular assessments of IT systems and infrastructure. Implement robust security measures, including firewalls, encryption, and multi-factor authentication. Educate staff on cybersecurity best practices and develop an incident response plan to detect, respond to, and recover from security incidents.	Risk Neutral
Stakeholder Relationships and Reputation	Risks involving the management of relationships with stakeholders, including customers, partners, suppliers, investors, and the community.	Foster strong and positive relationships with stakeholders through open and transparent communication. Develop comprehensive stakeholder engagement plans and address stakeholder concerns promptly. Ensure alignment of stakeholder interactions with organisational goals and values to build trust and collaboration.	Risk Receptive
Capital Project Delivery	Risks associated with project delays, cost overruns, and failure to meet project objectives due to poor planning, inadequate resources, and unforeseen challenges.	Adopt a structured project management approach with clear objectives and milestones. Allocate resources effectively and implement risk mitigation strategies for project delivery. Engage with stakeholders throughout the project lifecycle to ensure alignment and timely resolution of issues. Leverage lessons learned from past projects to enhance future project performance.	Risk Neutral

Appendix 2 - Risk Rating Matrix

RISK MATRIX					
Likelihood	Consequence Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Very Low Risk	Medium Risk	High Risk	Extreme Risk	Extreme Risk
Likely	Very Low Risk	Low Risk	High Risk	High Risk	Extreme Risk
Possible	Very Low Risk	Low Risk	Medium Risk	High Risk	High Risk
Unlikely	Very Low Risk	Low Risk	Medium Risk	Medium Risk	High Risk
Rare	Very Low Risk	Very Low Risk	Low Risk	Medium Risk	Medium Risk

Appendix 3 - Risk Type Descriptions

In order to support identification of risks and analysis of risk groups organisation wide, fourteen generic risks have been identified across Council that could have a detrimental effect on one or more of the risk categories. These risks are generic in nature, and from each of these there may be several consequences or events that require specific treatments and mitigation. New risks identified that are currently not listed should be raised with the Project Management Office for consideration for addition to this list.

Risk Type	Description
Failure to accurately forecast change	Incorrect estimation of the impact or scale of change - including financial forecasting, climatic conditions, changes to geothermal and hazardous conditions, growth assumptions etc.
Inadequate communications including failure to identify all stakeholders	Groups or individuals ill-informed of plans or breakdown of relationships with affected parties that impede services or damages reputation.
Incorrect advice, service or design	Incorrect advice received either internally or externally, service delivered not to citizens' expectation or design of asset or service not fit for purpose.
Lack of required competency (knowledge or experience)	Lack of required competency of staff or contractors results in poor or ineffective service delivery.
Contractual conflict Unclear responsibilities or accountabilities	Contractual conflict resulting in litigation and or impeded service delivery. Responsibilities not clearly defined to ensure clear accountability assigned to achieving results.
Failure to adapt to change in community aspirations	Inability to respond to community expectations resulting in reputational damage and or inadequate or irrelevant service delivery.
Inaccurate or inadequate data capture and storage	Data storage is insecure, incorrect and or inadequate, resulting in poor decisions affecting service delivery and or loss of significant data.
Inability to deliver service due to environmental impact	A severe environmental event such as an earthquake or biological pandemic prevents or inhibits service delivery.
Inability to recruit or retain staff	Unable to recruit or retain staff with applicable expertise thereby impacting on service delivery.
Insufficient resources	Insufficient resources or materials impacting on our infrastructure, environment or ability to deliver service and or strategy.
Inadequate / inaccurate monitoring of service delivery	Failure to monitor service delivery or inaccurate monitoring, resulting in poor decision making, impacting on service, assets, and or satisfaction of citizens.
Inadequate risk and / or safety management systems	Systems to mitigate risk are not implemented, followed, maintained or reviewed, or are not embedded fully within organisational framework.
Insecure facilities and / or physical assets	Assets or facilities are insecure and pose risk to people, assets and or the environment.

Appendix 4 - Consequence Table

CONSEQU	JENCE TABLE				
Impact	Service Delivery	Health & Safety	Environmental	Economic	Reputation
Severe	Failure to deliver critical services for more than 7 days, affecting essential operations (e.g., emergency services, waste management)	Loss of life; Multiple serious injuries or irreversible severe disability	Permanent or large-scale damage or degradation, irrecoverable loss of biodiversity or natural resources	Loss of > \$10M asset value Loss of >\$5M P&L	Extreme and sustained loss of community confidence; negative international media coverage; long-term trust impact
Major	Significant disruption to key services lasting several days, impacting large sections of the community	Serious harm (e.g., major injuries requiring hospitalisation, multiple surgeries)	Significant damage over a large area, long- term recovery expected (e.g., 2-5 years of restoration efforts)	Loss between \$5M and \$10M asset value Loss of between 1 and \$5 M P&L	Sustained negative national media coverage; community trust severely impacted; requires major reputation rebuilding
Moderate	Moderat e disruptions to services, causing notable inconvenience to a substantial portion of the community for up to 7 days	Injury requiring medical treatment, recovery expected (e.g., broken bones, serious illness)	Recoverable environmental damage, substantial but limited to specific areas, recovery in 1-2 years	Loss between \$500K and \$5M asset value Loss between \$500k and \$1 M P&L	Negative national media coverage lasting several days; moderate loss of confidence; requires strategic intervention
Minor	Minor interruptions to services, localised impact, short-term inconvenience to a small section of the community	First aid or minor medical treatment required (e.g., minor cuts, bruises)	Localised environmental impact, minor or recoverable damage within months	Loss between \$200K and \$500K	
Insignificant	Isolated and minimal service delivery issues, no widespread impact	Minor injuries that do not require medical treatment	Minimal environmental damage, quickly recoverable (e.g., within days or weeks)	Loss less than \$200K	Minor feedback from individuals or small groups, short-lived local media or political attention

Appendix 5 – Likelihood

Likelihood	Probability of occurrence in next 12 months	Description	Rating
Almost Certain	80% - 100%	The risk is expected to occur in most circumstances. There is strong evidence or current indicators suggesting it is imminent or already happening. This may include recurring issues or patterns of events that make the occurrence highly predictable.	5
Likely	50% - 80%	The risk is probable and can be reasonably anticipated based on past occurrences or current trends. There are consistent factors or conditions that make this risk likely to happen but not certain. The threat has occurred multiple times in similar contexts.	4
Possible	30% - 50%	The risk might occur under certain circumstances. While not guaranteed, it has a realistic chance of happening based on historical data or similar situations. The occurrence may depend on a combination of factors or specific triggers being present.	3
Unlikely	5% - 30%	The risk is not expected to occur under normal circumstances, but there is a small possibility. Historical evidence may show limited instances of occurrence, and it would likely require an unusual combination of events or conditions to manifest.	2
Rare	0-5%	The risk is extremely unlikely to occur except in highly exceptional or unforeseen circumstances. There may be little to no historical evidence of this happening, and it would likely require extraordinary factors or one-off events for it to materialise.	1

Appendix 6 - Risk Treatment Descriptions

As with the generic risk type descriptions, a list of 15 generic treatments has been created. Treatments or combinations of treatments should be selected to provide the action plan to mitigate potential risks identified. The higher the risk score the greater the effort around treatment should be. Possible new treatments identified that are currently not listed should be raised with the Project Management Office for consideration for addition to this list.

TREATMENTS			
TREATMENTS			
Audit, Quality Assurance or Peer Review	Conduct a review or evaluation either by internal or external agency to compare, check or assure the organisation of current standards, processes and procedures.		
Initiate Plan i.e. Business Continuity, Disaster Recovery, Contingency or Asset Management	Initiate appropriate plan that documents potential consequences and countermeasures to reduce the overall impact of potential risks.		
Consultation and or Survey	Improve understanding of community and or stakeholders needs and aspirations.		
Contract or Service Level Agreement	Formally define levels of service within a Service Level agreement or Contract.		
Implement, amend or update Policy or Code	Adopt or amend existing protocols that assist with the decision making process.		
Standard Operating Procedure	Documented instructions to achieve uniformity of the performance of a specific function or set of functions.		
Workforce or Succession Plan	A plan to align the organisation or future organisation to Councils objectives or goals ensuring suitable access to capabilities and talent.		
Investigate and Research	Undertake systematic work to establish or confirm facts, reaffirm results and solve new and existing problems, threats and or risks.		
Specific Project	Initiate a specific project to investigate and instigate treatment for a risks and or events		
Internal Review	Review of controls such as accountabilities, delegations and responsibilities.		

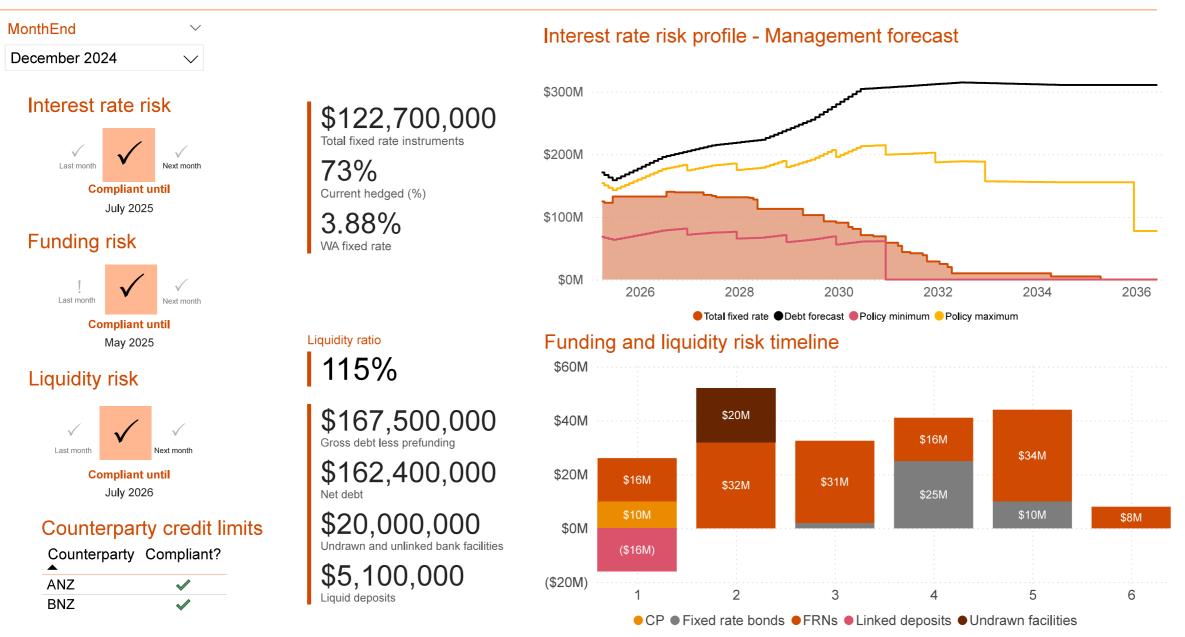
Training	Specific training to improve area of knowledge and or skills and competencies required to reduce the impact of the risks.
Crisis Management	Where a threat or risk exists with a short decision time that prevents assessing potential consequences and requires immediate action.
Information & Knowledge Management	Organise, retrieve, share and or secure information to improve the subsequent distribution to required audiences.
Isolate or Avoid Risk	Avoid the risk by deciding not to do the activity where this is practicable.
Monitor and Accept Risk	Accept the risk and continue to monitor on the basis that you are doing all things that are reasonable and practical to address.

7.1.3 Appendix 3 – PWC Treasury Report as at 31 December 2024



Treasury summary - positions and compliance

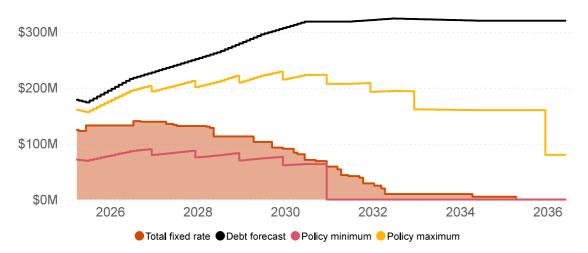
Whakatane District Council



Treasury summary - interest rate risk positions

Whakatane District Council

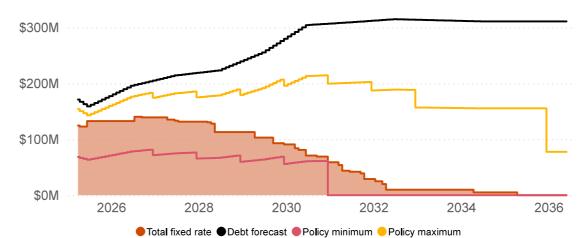
Interest rate risk profile - LTP 24/34



Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	71%
2	12 - 24	40%	90%	64%
3	24 - 36	35%	85%	57%
4	36 - 48	30%	80%	46%
5	48 - 60	25%	75%	36%
6	60 - 72	20%	70%	25%
7	72 - 84	0%	65%	14%
8	84 - 96	0%	60%	5%
9	96 - 108	0%	50%	3%
10	108 - 120	0%	50%	2%
11	120 - 132	0%	50%	1%
12	132 - 144	0%	25%	0%

Interest rate risk profile - Management forecast



Interest rate summary

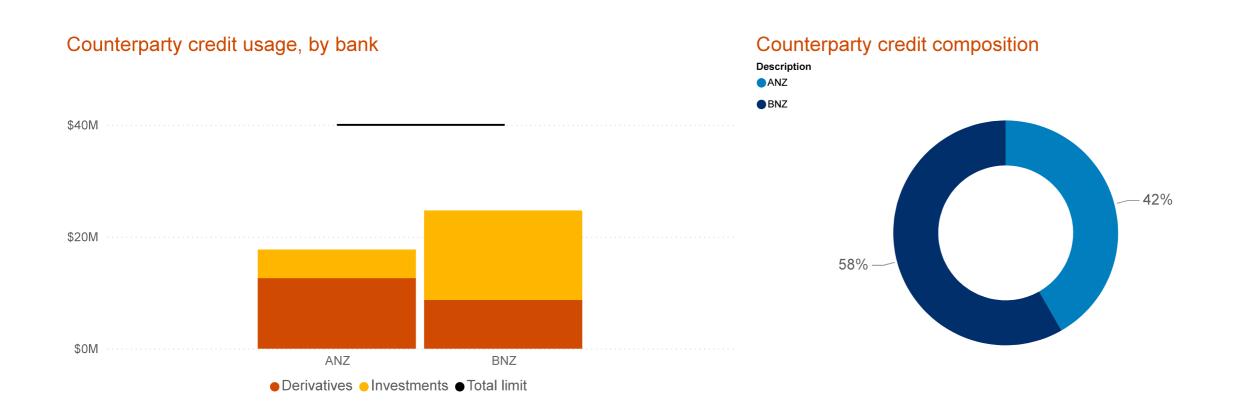
# •	Bucket	Min	Max	Actua
1	0 - 12	40%	90%	75%
2	12 - 24	40%	90%	71%
3	24 - 36	35%	85%	64%
4	36 - 48	30%	80%	54%
5	48 - 60	25%	75%	41%
6	60 - 72	20%	70%	26%
7	72 - 84	0%	65%	15%
8	84 - 96	0%	60%	5%
9	96 - 108	0%	50%	3%
10	108 - 120	0%	50%	2%
11	120 - 132	0%	50%	1%
12	132 - 144	0%	25%	0%

Counterparty credit overview

Whakatane District Council

Counterparty credit limits

Counterparty	Investments exposure	MtM	Derivatives exposure	Total exposure	Total limit	Compliant?
ANZ	\$5,100,000	(\$233,554)	\$12,602,144	\$17,702,144	\$40,000,000	✓
BNZ	\$16,000,000	\$234,522	\$8,701,766	\$24,701,766	\$40,000,000	✓



Funding and liquidity risk position

Whakatane District Council

Liquidity summary

115%

Liquidity ratio (liquid deposits)

110%

Liquidity ratio policy

\$167,500,000 Gross external debt, less prefunding

\$20,000,000 Undrawn and unlinked bank facilities

\$5,100,000 Liquid assets

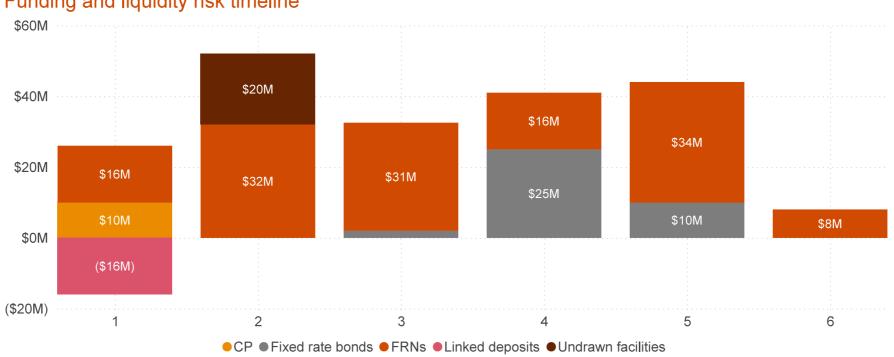
\$16,000,000

Linked deposits

2.68 WA term of debt (years)



Funding and liquidity risk timeline



Funding summary

Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	\$94,500,000	15% - 60%	50%
3 - 7	\$93,000,000	25% - 85%	50%
7 - 15	\$0	0% - 60%	0%
Total	\$187,500,000		100%

List of interest rate swaps

Whakatane District Council

Instrument	Counterparty	Notional (\$)	Start date	Maturity date	Interest rate
Swap	ANZ	2,000,000	30 December 2016	31 March 2025	3.78%
Swap	ANZ	3,000,000	22 September 2016	22 September 2025	4.80%
Swap	BNZ	2,500,000	22 January 2021	22 July 2026	3.19%
Swap	BNZ	1,000,000	23 June 2021	23 September 2026	3.24%
Swap	ANZ	2,000,000	20 July 2023	20 April 2027	3.76%
Swap	ANZ	1,700,000	22 March 2023	22 June 2027	3.75%
Swap	ANZ	2,000,000	20 July 2023	20 July 2027	1.86%
Swap	ANZ	4,000,000	24 January 2023	25 January 2028	1.84%
Swap	ANZ	1,000,000	22 March 2024	22 March 2028	3.70%
Swap	ANZ	2,500,000	22 April 2024	20 April 2028	3.71%
Swap	BNZ	10,000,000	31 August 2024	31 August 2029	3.65%
Swap	BNZ	2,000,000	20 December 2024	20 December 2029	3.57%
Swap	ANZ	2,000,000	17 March 2025	15 March 2030	3.19%
Swap	ANZ	5,000,000	15 March 2024	15 March 2030	5.06%
Swap	BNZ	3,000,000	17 April 2024	15 April 2030	3.69%
Swap	BNZ	10,000,000	16 June 2025	15 June 2030	4.02%
Swap	ANZ	2,000,000	16 December 2024	16 September 2030	3.19%
Swap	BNZ	10,000,000	16 December 2024	15 December 2030	4.08%
Swap	ANZ	5,000,000	15 March 2024	15 March 2031	5.05%
Swap	ANZ	10,000,000	18 July 2024	17 April 2031	4.04%
Swap	ANZ	2,000,000	17 June 2024	16 June 2031	3.20%
Swap	ANZ	3,000,000	15 September 2025	15 September 2031	3.19%
Swap	ANZ	10,000,000	15 July 2026	15 October 2031	3.67%
Swap	ANZ	4,000,000	17 January 2028	15 January 2032	3.18%
Swap	ANZ	5,000,000	15 March 2024	15 March 2032	5.05%
Swap	ANZ	10,000,000	18 July 2024	17 April 2032	4.08%
Swap	BNZ	5,000,000	17 April 2028	17 April 2034	3.78%
Swap	BNZ	5,000,000	17 April 2028	16 April 2035	3.78%

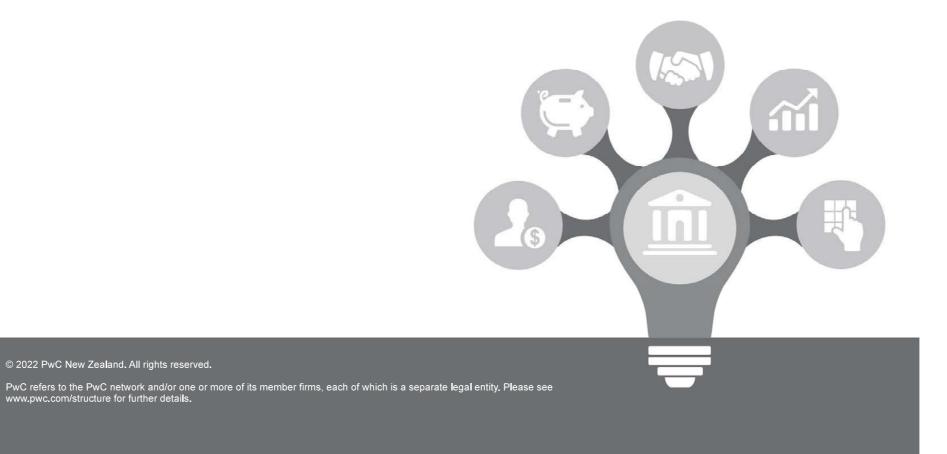


List of loans and deposits

Whakatane District Council

Instrument	Counterparty	Maturity	Drawn	Limit	Interest rate	Margin	Comm. fee
Linked Deposit (pre-funding)	BNZ	13 April 2025	16,000,000	16,000,000			
Floating Rate Note	LGFA	15 April 2025	16,000,000	16,000,000		0.71%	
LGFA Borrower Note	LGFA	15 April 2025	- 328,000	- 328,000			
Call Account	ANZ	1 December 2025	15,700,000	15,700,000			
Floating Rate Note	LGFA	15 April 2026	32,000,000	32,000,000		0.68%	
LGFA Borrower Note	LGFA	15 April 2026	- 728,000	- 728,000			
Standby Facility	ANZ	31 July 2026	0	20,000,000		0.95%	0.20%
Fixed Rate Bond	LGFA	15 April 2027	2,000,000	2,000,000	1.56%		
Floating Rate Note	LGFA	15 April 2027	30,500,000	30,500,000		0.75%	
LGFA Borrower Note	LGFA	15 April 2027	- 731,500	- 731,500			
Fixed Rate Bond	LGFA	15 April 2028	10,000,000	10,000,000	1.41%		
LGFA Borrower Note	LGFA	15 April 2028	- 205,000	- 205,000			
Fixed Rate Bond	LGFA	15 May 2028	15,000,000	15,000,000	3.87%		
Floating Rate Note	LGFA	15 May 2028	16,000,000	16,000,000		0.83%	
LGFA Borrower Note	LGFA	15 May 2028	- 775,000	- 775,000			
Fixed Rate Bond	LGFA	15 April 2029	10,000,000	10,000,000	5.58%		
LGFA Borrower Note	LGFA	15 April 2029	- 75,000	- 75,000			
Floating Rate Note	LGFA	20 April 2029	34,000,000	34,000,000		0.81%	
LGFA Borrower Note	LGFA	20 April 2029	-1,430,000	-1,430,000			
Floating Rate Note	LGFA	15 May 2030	28,000,000	28,000,000		0.93%	
LGFA Borrower Note	LGFA	15 May 2030	-1,400,000	-1,400,000			







7.2 Internal Audit Update Report

7.2 Internal Audit Update Report

District Council

To: Whakatāne District Council OR Name of Committee

Date: Thursday, 27 March 2025

Author: I McNiven / Procurement & Risk Manager

Authoriser: **B Gray / GM Finance and Commercial Services**

Reference: A2854899

1. Reason for the report - Te Take mō tēnei rīpoata

The purpose of the report is to set out the Internal Assurance Programme and to provide an update on recent audits completed.

2. Recommendation - Tohutohu akiaki

THAT the Risk and Assurance Committee receives the Internal Audit Update report.

3. Background - He tirohanga whakamuri

3.1. Enterprise Risk Framework

The Council have agreed to follow a good practice approach to the Enterprise Risk Framework largely based upon ISO standard 31000:2009 Risk Management.

The framework incorporates the importance of Internal Audit as one of the four key lines of defence necessary to have in place to provide management, the Risk and Assurance Committee, and therefore the Council oversight on the effectiveness of risk management treatments and controls.

Following on from the 13 November 23 Committee meeting, guidance was given as to four areas for our internal audit work program. We have made a start on our work plan and are pleased to report that we have completed one audit. This initial audit focused on Procurement of Emergency (Unplanned) Works, and the findings have been documented and shared with the relevant stakeholders. The completion of this audit marks a significant step in our ongoing efforts to enhance the Councils risk management practices and ensure robust internal controls. The details and findings are referenced further in this paper.

4. Discussion – Kōrerorero

4.1. Procurement of Emergency (Unplanned) Works Audit

Bay of Plenty Regional Council (BOPRC) Internal Audit has completed an internal audit review of Whakatane District Council Procurement of Emergency (Unplanned) Works, as per the 2024/2025 Internal Audit Work Plan.

7.2 Internal Audit Update Report(Cont.)

During the review, a total of eight findings were raised and discussed at the close out meeting. The ratings of these findings are one High, three Moderate and four Low.

The findings are grouped into themes of Policy, Initial Response, Transparency and Monitoring.

#	Recommendations	Risk Rating					
	Policy: Recommendations have been made to improve the policy documentation, specifically to						
1	Implement a register of conflicts of interests.	Moderate					
2	Consider including references to procurement training / skill in the procurement policy.	Low					
3	Widen the range of procurement options in the Procurement Policy, Procurement Strategy and Procurement Manual and provide for post procurement verification options.	Low					
4	Ensure policies and procedures allow for monitoring of suppliers and the review and remedy of disputes before legal action is pursued.	Low					
	Initial Response: Recommendations have been made relating to the first response of an adverse event, specifically to						
	Improve process documentation for emergency procurement.						
5	Limiting response work to a clearly documented deliverable ensuring purchase orders are issued within two to five working days.	Moderate					
	Consider whether purchase order and invoice approval process should be enhanced with respect to the limited response work.						

7.2 Internal Audit Update Report(Cont.)

-	Transparency: Recommendations have been made to improve transparency of procurement, specifically to				
6	Consider where appropriate publishing an Award Notice within 30 days of emergency procurement on Government Electronic Tenders Service (GETS). Establish a panel or a list of contractors available for emergency unplanned work and agree rates in advance by running a public Request for Information process for the emergency procurement.	High			
Monitoring: Recommendations have been made to improve monitoring, specifically to					
7	Monitor supplier performance and act where necessary and consider lessons learned.	Moderate			
8	Perform Internal audits and value for money audits for major procurement decisions.	Low			

Within emergency unplanned procurement, several good practices and controls were identified as operating effectively. Over the last decade, WDC has transitioned from comprehensive roading contracts to a mix of increased internal staff and activity-based term contracts. An external review of in-house service delivery confirmed the positive impact of this change. WDC benefits form long-serving staff with extensive knowledge and skills, and a team-based culture that collaborated towards common goals. Improvements needed in purchasing policy were identified, along with the necessity to split the current procurement manual into NZTA and other procurement. Clear instruction and contracts are available on all standby staff telephones for emergency procurement procedures. There is a detailed review of contractor invoicing with push-back on inappropriate charges.

5. Options Analysis - Ngā Kōwhiringa

There are no options as this is an information report.

6. Significance and Engagement Assessment - Aromatawai Pāhekoheko

6.1. Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL

6.2. Engagement and Community Views

Engagement on this matter is not being undertaken in accordance with Section 6.0 of the Council's Significance and Engagement Policy. This states that the Council will not consult when the matter is not of a nature or significance that requires public engagement (low significance).

7. Considerations - Whai Whakaaro

7.1. Strategic Alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

7.2. Financial/Budget Considerations

There is no budget considerations associated with the recommendations of this report.

7.3. Climate Change Assessment

There are no significant or notable impacts of this report.

7.4. Risks

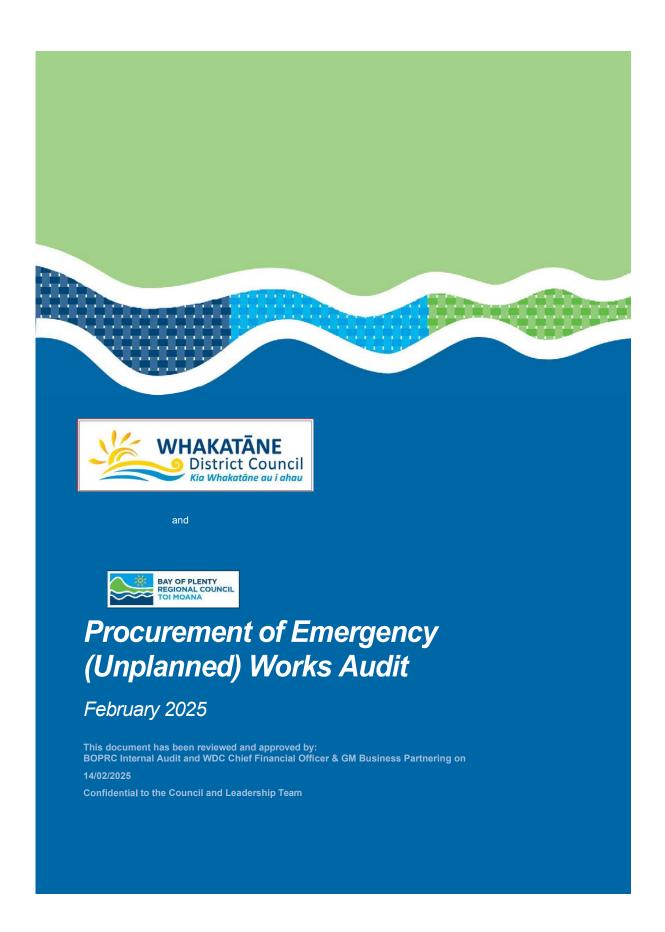
There are no significant or notable risks associated with the matters of this report.

Attached to this Report:

Appendix 1 - E.01_WDC Procurement Report FINAL

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)



7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)

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Risk and Assurance Committee - AGENDA

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)

Executive Summary

Background

BOPRC Internal Audit has completed an internal audit review of Whakatane District Council Procurement of Emergency (Unplanned) Works, as per the 2024/2025 Internal Audit Work Plan, in terms of the Assurance Services Agreement between the two councils and the work brief dated 13 January 2025.

Whilst Whakatane District Council (WDC) has a planned program of works for infrastructure assets (roading, three waters and key port and airport infrastructure), emergency unplanned works are required in response to sudden events, usually weather related, but also accidents or unexpected failures where infrastructure has been damaged and requires an immediate response.

WDC should use open competitive procurement processes to give all suppliers the opportunity to compete for contracts to supply goods and services. However, as emergency unplanned works often require purchasing decisions to be made quickly, it is not always practical to run competitive procurement in these situations.

The total value of emergency unplanned procurement for the two financial years 2022/23 and 2023/24 is estimated at \$2.5M, which is 14% of the total "roading maintenance" spend, and 7% of the total contract payments.

Objective

The overall objective of this review was to ensure that robust procurement processes are in place for emergency unplanned works to ensure WDC has transparent and accountable decision-making and is receiving value for money.

Scope

The key areas of the procurement framework the review focused on were:

- Consistency between WDC's framework and relevant Central Government guidance on emergency procurement (including the NZ Government Procurement Rules, and guidance from the Office of the Auditor General), and
- The extent to which the framework ensures value for money is obtained for WDC.

Overall Rating

Based on the results of the review, we have rated the control environment relating to Emergency Unplanned Procurement as being:

Overall Rating	Satisfactory
Overall Rating	outisiactory

The overall rating reflects that risks are effectively managed, the procedures in place are practical, staff are well versed in responding to emergency unplanned events, contractors are performing appropriately, there is no evidence of inflated charging by contractors, but the

Procurement of Emergency (Unplanned) Works Audit

Page 3 of 24

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)

Council could be more transparent in the way it procures services during emergency unplanned events. All of these are correctable in the normal course of business.

Management has already identified the need for additional work in this area, has undertaken reviews of policy documents and manuals, and encouraged the engagement of an internal audit.

Implementation of the recommendations below will move the Council to complying with best procurement practice as envisaged by the Office of the Auditor General's (OAG) guidelines.

Overview of recommendations

During the review, a total of eight findings were raised and discussed at the close out meeting. The ratings of these findings are one High, three Moderate and four Low, the details of which can be found in the 'Key Risks and Audit Scope Findings' section of the audit report. In summary, the recommendations cover the following areas of the procurement process with a corresponding risk rating:

The findings are grouped into themes of Policy, Initial Response, Transparency and Monitoring.

#	Recommendations	Risk Rating		
	Policy: Recommendations have been made to improve the policy documentation, specifically to			
1	Implement a register of conflicts of interests.	Moderate		
2	Consider including references to procurement training / skill in the procurement policy.	Low		
3	Widen the range of procurement options in the Procurement Policy, Procurement Strategy and Procurement Manual and provide for post procurement verification options.	Low		
4	Ensure policies and procedures allow for monitoring of suppliers and the review and remedy of disputes before legal action is pursued.	Low		
	Initial Response: Recommendations have been made relating to the first response of an adverse event, specifically to			
5	Improve process documentation for emergency procurement. Limiting response work to a clearly documented deliverable ensuring purchase orders are issued within	Moderate		

Procurement of Emergency (Unplanned) Works Audit

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7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)

#	Recommendations	Risk Rating	
	two to five working days.		
	Consider whether purchase order and invoice approval process should be enhanced with respect to the limited response work.		
Transparency: Recommendations have been made to improve transparency of procurement, specifically to			
6	Consider where appropriate publishing an Award Notice within 30 days of emergency procurement on Government Electronic Tenders Service (GETS). Establish a panel or a list of contractors available for emergency unplanned work and agree rates in advance by running a public Request for Information process for the emergency procurement.	High	
Monitoring: Recommendations have been made to improve monitoring, specifically to			
7	Monitor supplier performance and act where necessary and consider lessons learned.	Moderate	
8	Perform Internal audits and value for money audits for major procurement decisions.	Low	

Key Strengths

Within emergency unplanned procurement, we identified some good practices and controls operating effectively including:

- Over the last decade WDC has moved from all-encompassing roading contracts to a
 mixture of increased internal staff and activity-based term contracts. An external review of
 the in-house service delivery was undertaken, with the findings reinforcing the positive
 impact this move has had.
- Long-serving staff who hold a large amount of cumulative knowledgeable and skill.
- A team-based culture that works collaboratively towards common goals.
- Identification of improvements required in purchasing policy.
- Identification of the need to split the procurement manual into NZTA and Other procurement.
- Clear instructions and contacts held on all standby staff telephones of the procedures to be followed when procuring in an emergency unplanned situation.

Procurement of Emergency (Unplanned) Works Audit

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- Detailed review of contractor invoicing and push-back where time or rates charged appear inappropriate.
- Compliance with some of the OAG emergency procurement guidelines.

Acknowledgement

We would like to thank the Procurement, Transport and Finance teams for their cooperation during the audit.



Audit Report

Background

BOPRC Internal Audit has completed an internal audit review of Whakatane District Council Procurement of Emergency (Unplanned) Works, as per the 2024/2025 Internal Audit Work Plan, in terms of the Assurance Services Agreement between the two councils and the work brief dated 13 January 2025.

Whilst Whakatane District Council (WDC) has a planned program of works for infrastructure assets (roading, three waters and key port and airport infrastructure), emergency unplanned works are required in response to sudden events, usually weather related, but also accidents or unexpected failures where infrastructure has been damaged and requires an immediate response.

Emergency unplanned works often require purchasing decisions to be made quickly, and whilst wherever possible, WDC should use open competitive procurement processes to give all suppliers the opportunity to compete for contracts to supply goods and services. In an emergency unplanned procurement this may not always be practical.

The total value of emergency unplanned procurement for the two financial years 2022/23 and 2023/24 is estimated at \$2.5M, which is 14% of the total "roading maintenance" spend, and 7% of the total contract payments included in "other expenses", see Appendix 2 for extracts from annual financial statements.

The WDC Procurement Manual 2021 (Version 2 – 8 April 2022) provides a summary of previous transportation changes, which mainly refer to the planned maintenance work rather than emergency unplanned work, as follows:

"In-House Professional Service Delivery. Over the last decade, provision of in-house professional services has been progressively increasing. In late 2017 this was increased to provide a full inhouse team covering Network Operations, Strategy and Asset Management, Capital Works and Administration. This move has brought a wealth of knowledge, skill and resource to the organization, as well as providing these services with better value for money. An external review of the in-house service delivery has been undertaken, with the findings reinforcing the positive impact this move has had. A number of small areas of improvement have been identified with a plan to implement.

Learnings from Previous Transportation Contracts:

- All-encompassing contracts have proved unsuccessful in the Whakatāne District. It monopolizes the market, disconnects the client from the resource on the ground Whakatāne District Council 2021 Procurement Manual Part 1 Page 6 through multiple layers of subcontractors, and has regularly been underpriced, creating contract delivery issues.
- Having activity-based term contracts has proved successful. Network ownership from the contractor has increased as they focus on their primary business activities, generally the contracts have been more appropriately priced, and there are good connections between client, contract management staff and resource on the ground. For resource/skill specific maintenance activities (such as line marking, street sweeping, cyclic patrol etc) activity-based,

Audit Page 7 of 24

term contracts continue to be used.

Implementation of the Supplier Panel Delivery Method has been successful. After reviewing lessons learned and use of the Road Efficiency Group (REG) Delivery Model Selection Guidelines, the Supplier Panel was selected as Council's preferred procurement delivery method and was implemented in January 2019. The initial 2.5-year term ended 30 June 2021 and the 2 year extension to 30 June 2023 has been continued with. Summary of key successes include:

- Better utilisation of the competent, but small sized, local resource base, while still retaining many national suppliers on the panel that continue to also provide services to Council,
- Improved efficiencies (time and cost) for tenderers and Council with reduced tender requirements for Supplier Panel packages vs. traditional tenders,
- Improved collaboration with suppliers in terms of design, delivery, risk sharing and innovations, and
- Ability to select the best supplier who can deliver successful outcomes, at a fair price and on time."

Note that the Supplier Panel, which must be updated every three years to meet NZTA Waka Kotahi requirements, has been extended to June 2027 with potential to further extend it to June 2030 following a performance review of current suppliers and inviting additional suppliers who were reviewed for suitability for the panel after they submitted responses to the targeted RFP which was also advertised on GETS.

However, this supplier panel is not used for emergency unplanned work, a separate list of suppliers is used that are spread across the district and able to respond in different areas. Of note, most suppliers used to respond to emergency unplanned work are also suppliers on WDC's Roading Supplier Panel. This is evidenced by the financial analysis performed which shows that all contractors used have been through a formal selection process.

Objective

The overall objective of this review was to ensure that robust procurement processes are in place for emergency unplanned works to ensure WDC has transparent and accountable decision-making and is receiving value for money.

Specifically, the review included:

- Understanding the processes, identifying key risks, and mitigating controls in the processes;
- Ensuring the identified controls are adequately designed and operating effectively;
- · Ensuring compliance with relevant procedures and guidelines;
- Providing recommendations for improvement where opportunities are identified.

Scope

The key areas of the procurement framework the review focused on were:

 Consistency between WDC's framework and relevant Central Government guidance on emergency procurement (including the NZ Government Procurement Rules, and

Procurement of Emergency (Unplanned) Works Audit

guidance from the Office of the Auditor General), and

The extent to which the framework ensures value for money is obtained for WDC.

Other Audit/Review Activity

Along with the annual financial audits conducted by Audit NZ, the other relevant audit/review activity conducted in recent times is:

Other Audit Activity	Overall Rating
Procedural Audit of Whakatāne District Council by NZTA Waka Kotahi dated 13 June 2023	Effective
Review of Road management Services dated March 2022	The review concluded that the strategic decision made to increase Council staff to deliver Transport Professional services in 2017 has reduced Council's operational costs by approximately 5%.

Overall Rating

Based on the results of the review, we have rated the control environment relating to Emergency Unplanned Procurement as being:

Overall Rating S	atisfactory
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The overall rating reflects that risks are effectively managed, the procedures in place are practical, staff are well versed in responding to emergency unplanned events, contractors are performing appropriately, there is no evidence of inflated charging by contractors, but the Council could be more transparent in the way it procures services during emergency unplanned events. All of these are correctable in the normal course of business.

Management has already identified the need for additional work in this area, has undertaken reviews of policy documents and manuals, and encouraged the engagement of an internal audit.

Implementation of the recommendations below will move the Council to complying with best procurement practice as envisaged by the Office of the Auditor General's (OAG) guidelines.

Key Risks / Audit Scope Findings

Following are the key risks considered during the audit and the items included in the scope to assess them.

assess them.					
Key Risks / Scope	Audit Findings				
Procurement Framework Risk: Policies are out of date and are not adhered to, manuals/procedures are out of date and are not adhered to.					
Audit scope: Currency:					
Review the current	The current Procurement Policy document is dated 2010 and was due for review in 2012.				
Procurement Policy document for currency /	Managers identified this as an issue and are currently drafting a new policy document which is intended to be approved in June 2025 and become operational in July 2025.				
appropriateness.	Appropriateness:				
	The current Procurement Policy document is out of date and does not reflect current practice in Council's procurement, or conversely Council is not procuring in terms of the current policy. Specifically, the policy is not being followed in the following areas:				
	The Procurement Steering Committee does not exist.				
	 Internal audits have not previously been undertaken of Procurement. 				
	A current schedule of "preferred suppliers" does not exist on the WDC Procurement Intranet page.				
	There is no specific mention of "emergency unplanned" procurement in the policy.				
Review the	Currency:				
current procurement procedure document for currency /	The current WDC Procurement Manual 2021 (Version 2 – 8 April 2022) was due for review in Nov 2023 but is awaiting the Strategy document to be updated, which is on track to meet the May 2025 deadline, as well as updates to other procurement policy.				
appropriateness.	This document is heavily biased towards Transport and aims to meet the requirements of NZTA / Waka Kotahi, it only has some relevance to other procurement.				
	Managers have identified this as an issue and are currently drafting two new procurement manuals, one dealing with NZ Transport Agency Waka Kotahi funded work and the other dealing with general procurement, including emergency unplanned procurement, which are intended to be approved on 30 June 2025.				
	Appropriateness:				
	With respect to Emergency Unplanned Procurement the WDC Procurement Manual 2021 (Version 2 – 8 April 2022) provides the following:				

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Key Risks / Scope	/ Audit Findings		
	The choice of a short delivery model in an emergency.		
	Opting Out of the Government Rules of Sourcing (under rule 13.3) in an emergency.		
	 Allows emergency procurement where there is a "real" threat to life or Council property and assets but requires appropriate delegated authority. 		
	Emergency procurement does not require an open competitive process.		
	 Allows "Measure and Value" (a combination of fixed price and cost reimbursement) to be used in an emergency to allow work to begin immediately when a scope of work is not written or completed. 		
	Allows "Direct Appointment" of a supplier in an emergency.		
	Note these references are contained on pages 28, 54, 80, 93 and 143 of the WDC Procurement Manual 2021 (Version 2 – 8 April 2022), however there is no specific section relating to emergency procurement only.		
Review the proposed DRAFT	With respect to Emergency Unplanned Procurement the proposed DRAFT procurement policy:		
procurement policy document for	 Refers to exemptions which may be required in an emergency procurement which are to be approved by the Chief Executive with reference to the Delegations Register. 		
appropriateness.	 At section 5.3 Emergency Procurement, defines what constitutes an emergency, accepts procurement may not be fully compliant with procurement policy, then contradicts to say that Council will ensure that Council decisions will comply with legal compliance and delegated authority, and that emergency procurement decisions will be reviewed following the emergency to maintain safeguards and minimize risks. 		
	Recommendation:		
	Enhance the specific section on emergency unplanned procurement in the Procurement Policy to include a wider range of procurement options and post procurement checks.		
Review the proposed DRAFT	With respect to Emergency Unplanned Procurement the proposed DRAFT WDC Procurement Strategy document provides the following:		
procurement document for appropriateness.	 Pg34 - Emergency procurement does not require an open competitive process. 		
арргорпасепесь.	Pg 74 - Allows "Direct Appointment" of a supplier in an emergency.		
	There is no specific section relating to emergency procurement only.		

Key Risks / Scope	Audit Findings		
	Recommendation:		
	Include a specific section on emergency unplanned procurement in the Procurement Strategy to include a wider range of procurement options and post procurement checks.		
Procurement Framework Risk: There is a lack of consistency between WDC's framework and relevant Central Government guidance on emergency procurement (including the NZ Government Procurement Rules, and guidance from the Office of the Auditor General), and the framework does not adequately ensure value for money is obtained for WDC.			
Audit scope: Consistency between WDC's framework and relevant Central Government guidance on emergency procurement (including the NZ Government Procurement Rules, and guidance from the Office of the Auditor General).	We reviewed the new DRAFT proposed Procurement Policy and compared it for consistency with the OAG guidelines called "Getting it right Supporting integrity in emergency procurement". The key OAG guidelines are to: • provide specific emergency procurement guidance, • have procurement documentation ready to access, • identify specific risks that can arise with emergency procurements and mitigate these in the planning stage of emergency procurement, • document lessons learned from emergency procurements, • manage conflicts of interest in emergency situations, and • publish an award notice up to 30 days after procurement. WDC meets some of the above guidelines. Recommendation: Include a specific section on emergency unplanned procurement in the Procurement Manual to include a wider range of procurement options and post procurement checks. Include guidance on how staff members should be undertaking lessons learned processes to be better prepared for future emergencies. Require all staff involved in emergency unplanned procurement to complete a declaration of Conflicts of Interest (currently only done for tender purposes). To increase transparency, consider publishing Award Notices within		
The extent to which the framework ensures value for WDC. We specifically The extent to which the is defined in the new DRAFT proposed Procurement Policy of as being "the best combination of whole-of-life cost and outcome that meets the objectives", the objectives being: • value for money, • efficiency, transparency, and accountability, and			

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achieves through having a list of potential trusted contractor able to assist in times of emergency unplanned work, though not particularly transparent as the list was not developed through a formal tender-type process, and accountability based on checking invoices. However, there is no formal regulareview of contract performance. • outcomes for the local economy and sustainable practices which Council hopes to achieve through the new DRAF proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally find being a local business and for being sustainable. The new DRAFT proposed Procurement Policy could be seen a "aspirational", i.e., requiring change from current practices to reach new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curre processes are not sufficiently transparent for an outsider to gas.	Key Risks /	s / Audit Findings			
new DRAFT proposed Procurement. In practice this appears to be: • obtaining a market competitive price — which the Council achieves for its roading maintenance contracts through tendering process, however this is not the case for emergency unplanned works where the Council draws on known trusted contractors without all having a schedule of specifically pragreed rates, • efficiency, transparency, and accountability — which Council achieves through having a list of potential trusted contractor able to assist in times of emergency unplanned work, though not particularly transparent as the list was not developed through a formal tender-type process, and accountability base on checking invoices. However, there is no formal regular review of contract performance. • outcomes for the local economy and sustainable practices which Council hopes to achieve through the new DRAF proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally find being a local business and for being sustainable. The new DRAFT proposed Procurement Policy could be seen a "aspirational", i.e., requiring change from current practices to reach new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curred processes are not sufficiently transparent for an outsider to gasting the series.	cope				
Procurement Policy document. • obtaining a market competitive price – which the Council achieves for its roading maintenance contracts through tendering process, however this is not the case for emergency unplanned works where the Council draws on known trusted contractors without all having a schedule of specifically progreed rates, • efficiency, transparency, and accountability – which Council achieves through having a list of potential trusted contractor able to assist in times of emergency unplanned work, though not particularly transparent as the list was not developed through a formal tender-type process, and accountability based on checking invoices. However, there is no formal regularly review of contract performance. • outcomes for the local economy and sustainable practices which Council hopes to achieve through the new DRAF proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally for being a local business and for being sustainable. The new DRAFT proposed Procurement Policy could be seen a "aspirational", i.e., requiring change from current practices to read new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curred processes are not sufficiently transparent for an outsider to gase.		outcomes for the local economy and sustainable practices.			
 obtaining a market competitive price – which the Council achieves for its roading maintenance contracts through tendering process, however this is not the case for emergency unplanned works where the Council draws on known trusted contractors without all having a schedule of specifically pragreed rates, efficiency, transparency, and accountability – which Council achieves through having a list of potential trusted contractor able to assist in times of emergency unplanned work, though not particularly transparent as the list was not developed through a formal tender-type process, and accountability based on checking invoices. However, there is no formal regularly review of contract performance. outcomes for the local economy and sustainable practices which Council hopes to achieve through the new DRAF proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally find being a local business and for being sustainable. The new DRAFT proposed Procurement Policy could be seen a "aspirational", i.e., requiring change from current practices to read new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curred processes are not sufficiently transparent for an outsider to gase. 		In practice this appears to be:			
achieves through having a list of potential trusted contractor able to assist in times of emergency unplanned work, though not particularly transparent as the list was not developed through a formal tender-type process, and accountability based on checking invoices. However, there is no formal regulareview of contract performance. • outcomes for the local economy and sustainable practices which Council hopes to achieve through the new DRAF proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally find being a local business and for being sustainable. The new DRAFT proposed Procurement Policy could be seen a "aspirational", i.e., requiring change from current practices to reach new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curre processes are not sufficiently transparent for an outsider to gas.	Procurement Policy document. • obtaining a market competitive price – which the C achieves for its roading maintenance contracts thro tendering process, however this is not the case for emer unplanned works where the Council draws on known to contractors without all having a schedule of specificallement.				
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"aspirational", i.e., requiring change from current practices to reach new levels to comply with the proposed procurement policy. Value for money may well already be achieved, but the curre processes are not sufficiently transparent for an outsider to ga		 outcomes for the local economy and sustainable practices – which Council hopes to achieve through the new DRAFT proposed Procurement Policy document by using the tendering process to weight contract selection by scoring additionally for being a local business and for being sustainable. 			
processes are not sufficiently transparent for an outsider to ga		The new DRAFT proposed Procurement Policy could be seen as "aspirational", i.e., requiring change from current practices to reach new levels to comply with the proposed procurement policy.			
being made in emergency unplanned procurement.		Value for money may well already be achieved, but the current processes are not sufficiently transparent for an outsider to gain assurance that they are, and that accountability exists for the decisions being made in emergency unplanned procurement.			
Recommendation:		Recommendation:			
Improve procurement processes to make them more transparent ar ensure accountability, particularly:		Improve procurement processes to make them more transparent and ensure accountability, particularly:			
Run a public RFI process for the emergency procureme contractor list.		Run a public RFI process for the emergency procurement contractor list.			
Perform regular reviews of contractor performance.		Perform regular reviews of contractor performance.			
		To increase transparency, consider publishing Award Notices within 30 days of emergency procurement where appropriate.			
Choice of Procedure Risk: Competitive procedures are disregarded, purchasing by exception is abused (for example, invoking extreme urgency, splitting contracts to remain below threshold), and a sole source provider is inappropriately chosen.					
Audit scope: For general procurement:	Audit scope:	For general procurement			
Policy specifies	erms and onditions for	The draft policy adequately covers procurement policy			

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Key Risks /	Audit Findings				
Scope noncompetitive	Exemptions can only be approved by the Chief Executive.				
procedures and requires documented	 Exemptions can only be approved by the Chief Executive with reference to the Delegations of Authority. 				
justification of noncompetitive procedures. Procurement management's decision making (choice to use non-competitive) is separate from the ability to	• Formal methods of procurement are listed in the policy, be direct purchase <\$10k, short form procurement plan wit quotes \$10k - \$100k, short form procurement plan with quotes/tender \$100k - \$250k, full procurement plan with ter >\$250k. However, for emergency unplanned work there are no incompetitive procedures, procurement is based on a list of trustive)				
authorise the	Recommendation:				
action. A process is in	For improved transparency, the list of contractors available for emergency unplanned work should be developed from a formal				
place to validate exceptions, including a requirement for multiple (independent)	request for information (RFI) which should then result in a list of contractors to be called upon in emergencies with a list of agreed rates to be charged.				
authorisations.					
Process requires comprehensive research into all available vendors for each project					
	tions, Criteria Risk: Employees are not sufficiently skilled to set ward criteria in advance, conflicts of interest are not managed, use of nits competition.				
Requirements, criteria, and / or performance	Experienced long serving staff have the necessary skills to set specifications and award criteria in advance.				
description are not clearly and objectively defined in	In the case of emergency unplanned procurement, instructions are often verbal with no written follow up other than the issue of a purchase order which tends to be some time after the work was commissioned.				
advance or are biased (for example, too vague or tailored					
to favour a certain	avour a certain				
bidder / vendor) Process is vulnerable to	The current WDC Procurement Manual 2021 Version 2 - 8 April 2022				

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Key Risks / Scope			
conflicts of interest, collusion, or corruption.	covers conflicts of interest in a number of areas including section 6 Declarations of Interest (Pg 65) which requires staff to declare conflicts of interest, section 16 Record Keeping (Pg 73) which requires conflicts of interest to have been identified and managed appropriately, and section 2 Method of Procurement which requires the declaration and recording of conflicts of interest.		
	The new DRAFT proposed Procurement Policy document defines a conflict of interest but does not refer the reader to the manual for the procedure to be followed for conflicts of interest.		
	The new DRAFT Transport Procurement Strategy 2024 Version 1.1 – December 2024 makes no reference at all to staff conflicts of interest.		
	Whilst currently there is no Conflicts of Interest Register held by WDC, Procurement intends to create and monitor a register. Staff are currently required to disclose conflicts of interest when working on a tender process and Procurement has drafted a new conflicts of interest form.		
	Recommendation:		
	Employees could sign a Code of Conduct which describes what to do when a conflict of interest arises. In addition, a Register of Interests could be held by Council's procurement department.		
Use of existing suppliers limits competition, is	The new DRAFT proposed Procurement Policy document is silent on all of these.		
outdated, or	Recommendation:		
contains suppliers	Consider including:		
that have performed poorly.	An annual review of the list,		
	advertising opportunities, and		
	updating list.		
	Monitor supplier performance and act where appropriate, which may include removing a supplier from the list.		
	Obtain approval for additions and deletions from the list.		
Employees not sufficiently skilled	Experienced long serving staff have the necessary skills.		
to set specifications and	The policy makes no reference to staff training, for example Procurement specialist training in place.		
award criteria.	Internal / external subject matter experts are consulted where required.		
	Recommendation:		
	Consider including references to procurement training / skill in the procurement policy.		
Post Award Risk: Other suppliers claim that the process was biased and / or litigate.			
Other suppliers	We were informed by management that they are not aware of any		

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Key Risks / Scope	/ Audit Findings		
claim that the process was	formal complaints by contractors about the way in which WDC goes about its emergency unplanned procurement.		
biased and / or litigate.	Recommendation:		
illigate.	Ensure emergency unplanned procurement processes are adequately documented.		
	Ensure the awarding of emergency unplanned work is approved with the appropriate delegations.		
	Ensure policies and procedures allow for review and remedy of disputes before legal action is pursued.		
	To increase transparency, consider where appropriate publishing an Award Notice within 30 days on GETS that an emergency procurement has been awarded.		
	mance Risk: Suppliers do not perform in terms of the contract		
Timing and quality of delivery are not consistent with expectations.	Council has documented that there has been an improvement in supplier performance, with a greater proportion of contracts meeting or exceeding the agreed-upon performance expectations (Pg 30 new DRAFT Transport Procurement Strategy 2024 Version 1.1 – December 2024).		
	The new DRAFT proposed Procurement Policy document is silent on supplier performance reviews.		
	The new DRAFT Transport Procurement Strategy 2024 Version 1.1 – December 2024 in section 2.3 Programme Delivery (Pg 15) refers to monitoring and measuring the performance of suppliers, and in section 2.5 Evidence of Councils Continuous Improvement (Pg 25) refers to Council performing a Performance Evaluation Assessment for each package of work completed through the supplier panel or GETS.		
	Recommendation:		
	Include in the new DRAFT proposed Procurement Policy document a statement to the effect that Council will monitor the performance of suppliers.		
Costs increase.	We reviewed a sample of claims and invoices for emergency unplanned work and found no evidence of unreasonable cost increases over the period July 2022 to July 2023.		
	Where a contractor performed emergency unplanned work, and they also have a planned maintenance contract with the Council, we compared the rates charged and found no evidence of rates being charged more than those already agreed.		
	Recommendation:		
	For improved transparency, the list of contractors available for emergency unplanned work should be developed from a formal request for information (RFI) which should then result in a list of		

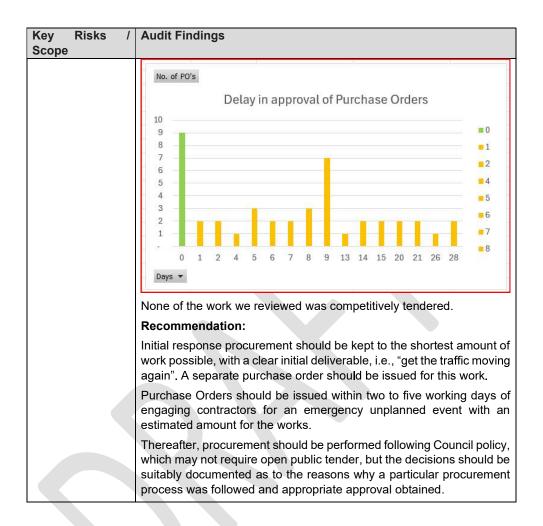
Key Risks / Scope	Audit Findings			
	contractors to be used in emergencies with a list of agreed rates to be charged.			
Payment Risk: Invoicing from suppliers is not accurate or fraudulent				
False billing.	Contract administrator reviews billing.			
Collusion between administrator and supplier. The one-up principle (i.e., separation between field staff procurements approval of the purchase order payment of the invoice) is not necessarily applied to emergency services versus approval of the purchase order payment of the invoice) is not necessarily applied to emergency applied to emergency services versus approval of the purchase order payment of the invoice) is not necessarily applied to emergency of DFAs.				
	Recommendation:			
	Consider whether Purchase Order and Invoice approval should be made using the one-up principle, or whether WDC continues to use the DFAs as the basis for approving emergency unplanned procurement.			
Assess and Close	Risk: Stakeholders question value for money			
Stakeholders and public question value.	The current Procurement Manual 2021 Version 2 - 8 April 2022 in section 4.9.1 (Pg 19) refers to Internal Audit being a part of the performance measure for procurement.			
	The new DRAFT proposed Procurement Policy document refers at section 7.0 Review to Council being committed to continuous improvement in procurement practices, citing feedback from stakeholders, performance evaluations, and industry developments being used to refine and enhance procurement processes.			
	The new DRAFT Transport Procurement Strategy 2024 Version 1.1 – December 2024 makes numerous references to improving procurement processes but there is no mention of internal audits being performed of procurement processes.			
	Recommendation:			
	Internal audits should be performed post major procurement decisions and/or probity audits should be performed during major tender processes.			
	Value for money audits should be completed for major procurement decisions.			
Stakeholders question changes from initial contract (for example, emergency work becomes extended when it should have been tendered for).	For the weather events reviewed by us all the work performed by contractors was based on instructions subsequently supported by the issue of purchase orders, however, there is a lag between the work starting and the purchase orders being issued, as demonstrated in the graph below which shows the number of days post the receipt of the invoice that a PO is raised.			

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Risk and Assurance Committee - AGENDA

7.2.1 Appendix 1 - E.01_WDC Procurement Report FINAL(Cont.)



Key Strengths

Within emergency unplanned procurement, we identified some good practices and controls operating effectively including:

- Over the last decade WDC has moved from all-encompassing roading contracts to a
 mixture of increased internal staff and activity-based term contracts. An external review of
 the in-house service delivery was undertaken, with the findings reinforcing the positive
 impact this move has had.
- Long-serving staff who hold a large amount of cumulative knowledgeable and skill.
- A team-based culture that works collaboratively towards common goals.
- Identification of improvements required in purchasing policy.
- Identification of the need to split the procurement manual into NZTA and Other procurement.

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- Clear instructions and contacts held on all standby staff telephones of the procedures to be followed when procuring in an emergency unplanned situation.
- Detailed review of contractor invoicing and push-back where time or rates charged appear inappropriate.
- Compliance with some of the OAG emergency procurement guidelines.

Summary of Recommendations

During the review, a total of eight findings were raised and discussed at the close out meeting. The ratings of these findings are: One High, Three Moderate and Four Low.

The risk rating scale used to apply the risk rating for each finding is detailed in Appendix 1. The table below provides a summary of the recommendations, and the risk rating relative to the findings.

#	Audit Finding	Recommendations	Risk Rating	Target Date
1	Initial Response	1.1 Ensure emergency unplanned procurement processes are adequately documented. 1.2 Initial response procurement should be kept to the shortest amount of work possible, with a clear initial deliverable, i.e., "get the traffic moving again". A separate purchase order should be issued for this work. 1.3 Consider whether Purchase Order and Invoice approval should be made using the one-up principle, or whether WDC continues to use the DFAs as the basis for approving emergency unplanned procurement. 1.4 Purchase Orders should be issued within two to five working days of engaging contractors for an emergency unplanned event with an estimated amount for the works. 1.5 Thereafter, procurement should be performed following Council policy, which may not require open public tender, but the decisions should be suitably documented as to the reasons why a particular procurement process was followed and appropriate approval obtained. 1.6 Ensure the awarding of emergency unplanned work is approved with the appropriate delegations.	Moderate	Dd/mm/yy
2	Conflicts of	2.1 Require all staff involved in	Moderate	Dd/mm/yy

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#	Audit Finding	Recommendations	Risk Rating	Target Date
	Interest	emergency unplanned procurement to complete a declaration of Conflicts of Interest (currently only done for tender purposes). 2.2 Employees could sign a Code of Conduct which describes what to do when a conflict of interest arises. In addition, a Register of Interests could be held by Council's procurement department.		
3	Monitoring of Suppliers	3.1 Include in the new DRAFT proposed Procurement Policy document a statement to the effect that Council will monitor the performance of suppliers. 3.2 Perform regular reviews of contractor performance and act where appropriate, which may include removing a supplier from the list.	Moderate	Dd/mm/yy
4	Staff Training	4.1 Consider including references to procurement training / skill in the procurement policy.	Low	Dd/mm/yy
5	Transparency	 5.1 To increase transparency, consider where appropriate publishing an Award Notice within 30 days on GETS that an emergency procurement has been awarded. 5.2 For improved transparency the list of contractors available for emergency unplanned work should be developed from a formal request for information (RFI) which should then result in a list of contractors to be used in emergencies with a list of agreed rates to be charged. 5.3 Consider including: an annual review of the list, advertising opportunities, and updating list. 5.4 Obtain approval for additions and deletions from the list. 	High	Dd/mm/yy
6	Procurement Options	6.1 Enhance the specific section on emergency unplanned procurement in the Procurement Policy to include a wider range of procurement options and post procurement checks and do the same for the Procurement Strategy and Procurement Manual.	Low	
7	Disputes	7.1 Ensure policies and procedures allow	Low	

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#	Audit Finding	Recommendations	Risk Rating	Target Date
		for review and remedy of disputes before legal action is pursued.		
8	Post Award and Audit	8.1 Internal audits and value for money audits should be performed for major procurement decisions. 8.2 Include guidance on how staff members should be undertaking lessons learned processes to be better prepared for future emergencies.	Low	

Acknowledgement

We would like to thank the Procurement, Transport and Finance teams for their cooperation during the audit.



Appendix 1 – Internal Audit Ratings

Overall audit rating

The overall audit ratings are defined as follows:

Rating	Definition
Strong	Risks are effectively managed. Internal control systems are sufficiently comprehensive and appropriate to the size and complexity of the audited area.
Satisfactory	Risks are effectively managed. Internal control systems may display modest weaknesses or deficiencies, but they are correctable in the normal course of business.
Needs improvement	Risks may not be effectively managed. Weaknesses may include control exceptions or failures that could have adverse effects on the audited area if not corrected.
Needs significant improvement	Risks are not effectively managed. The audited area may have serious identified weaknesses that require substantial improvement in internal controls or procedures.
Unsatisfactory	Risks are not effectively managed. Deficiencies in risk management procedures and internal controls require immediate and close supervisory attention. Unless properly addressed, these conditions may have a significant impact on the organisation.

Individual findings rating scale

The individual findings are set out in the Findings section of this report. These set out the weaknesses Internal Audit has identified, its risk effect and Internal Audit's recommended corrective actions.

Each finding included in this report is rated based on the risk that Internal Audit perceives each exposes the Council to. This report adopts the following scale for this purpose:

Rating	Definition
High	These findings may have a significant adverse impact. Requires management's resolution as a matter of urgency.
Moderate	These findings may expose the Council to some risk but are not considered significant. Requires management's resolution as soon as possible.
Low	These findings are of limited risk to the Council. They should be addressed as part of continuous improvement or are risks identified for which management is taking appropriate action to mitigate.
Process	These findings relate to process improvement or potential inefficiency and are included for management information purposes only.

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Appendix 2 – Contract Payments 30 June 2023 and 2024

The total value of emergency unplanned procurement for the two financial years 2022/23 and 2023/24 is estimated at \$2.5M, which is 14% of the total "roading maintenance" spend, and 7% of the total contract payments included in "other expenses" (being \$2.5M / [\$17.9M + \$18.36M] = 7%), see extracts from WDC Annual Financial Statements below.

Extract from WDC Annual Financial Statements 30 June 2023 relating to Contract Payments \$17.9M, (per page 113 of the WDC Annual Report 2022/23):

			ACTUAL 2023 \$000	ACTI 2 \$
	DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF	ACTIVITY		
	Community Safety		10	
	Leadership and Community		17	
	Strategy and Futures		144	
	Community Experience		3,830	3,2
	Waste Management and Minimisation		55	
	Roads and Footpaths		9,453	9,0
	Water Supply		4,057	3,8
	Stormwater Drainage		1,564	1,5
	Sewage Treatment and Disposal		2,375	2,2
	Reportable Council-controlled Organisations		-	
	Corporate & District Activities Funds Applied		1,581	1,5
	Total Depreciation and Amortisation Expense		23,086	21,6
	For further information on change of estimate, please refer to Note 34.			
	OTHER EXPENSES			
	Audit NZ- Council Financial Statements		229	1
	Audit NZ- Annual Plan / Long Term Plan			
	Audit NZ- Debenture Trust Deed		7	
	Audit Fees – Other		60	
	Grants and Subsidies		591	4
	Insurance Premiums		1,479	1,2
	Investment Property Expenses		171	1
	Loss on disposal of assets		6	
	Movement in Doubtful Debt Impairment		(1,287)	8
	Operating Leases		139	- 2
	Other Operating Expenses		38,522	32,5
٠ ا		**	(2,392)	1.6
	Movement in Provisions		(2,332)	

Extract from DRAFT WDC Annual Financial Statements 30 June 2024 relating to Contract Payments \$18.36 million:

		Actual 2024	Actual 2023
		\$000	\$000
Draft Annual Report 2024			X.17
Note 6			
OTHER EXPENSES			
Audit N7 - Council Financial Statements	Note 6	322	229
Audit NZ - Annual Plan / Long Term Plan	Note 6	-	_
Audit NZ - Debenture Trust Deed	Note 6	8	
Audit NZ - Whakatāne Airport Joint Venture	Note 6		
Audit Fees - Other	Note 6	221	6
Grants and Subsidies	Note 6	553	59
Insurance Premiums	Note 6	1.867	1.47
Investment Property Expenses	Note 6	806	17
Loss on Disposal of Assets	Note 6		
Movement in Doubtful Debt Impairment	Note 6	391	(1,28
Operating Leases	Note 6	192	13
Other Operating Expenses	Note 6	37,998	38,52
Impairment	Note 6	-	
Movement in Provisions	Note 24	1,017	(2,39
Total Other Expenses		43,375	37,52
Other operating expenses included items such as : million) and Consultant payments \$5.008 million (2)	Commence of the Commence of th	Acres and the second second	3:\$17.9

District Council

7.3 Insurance Policy Report for 2024/25(Cont.)

7.3 Insurance Policy Report for 2024/25

To: Risk and Assurance Committee

Date: Thursday, 27 March 2025

Author: J Caverhill / Manager External Reporting

Authoriser: **B Gray / General Manager Finance and Commercial Services**

Reference: A2850683

1. Reason for the report - Te Take mō tēnei rīpoata

The purpose of this report is to inform the Risk and Assurance Committee of the insurance policies currently held and insurance coverage by Council for the 2024/25 year.

2. Recommendation - Tohutohu akiaki

THAT the Risk and Assurance Committee receive the Insurance Policy Report for 2024/25.

3. Background - He tirohanga whakamuri

This is an annual update of insurance policies that the council holds and the premium costs of those policies.

4. Discussion – Kōrerorero

- Premiums rose by \$139,000 (7%) for the 2024/25 year in comparison to 2023/24
- Declared values increased by \$123M (11%) between the two years
- The largest dollar value rise was in the material damage and business interruption policy of \$86,000 (9%). This is partially offset by an increase in declared values between the years of 6%
- Public liability, Statutory liability and professional indemnity increased by \$23,000 (8%)

7.3 Insurance Policy Report for 2024/25(Cont.)

4.1. Premium Comparisons

olicy	Premiums FY 25 (excl. GST)		Premiums FY 24 (Excl. GST)	Variance \$	Variance %
rime	11,193.00		10,915.78	277.22	3%
Nachinery Breakdown	57,461.34		52,072.84	5,388.50	10%
ublic Liability	88,587.98		80,303.54	8,284.44	10%
irport Owners & Operators (Whk Airfield)	6,190.00		6,530.00	- 340.00	-5%
orestry	527.32		472.66	54.66	12%
Statutory Liability	5,676.00		5,148.54	527.46	10%
commercial Motor Vehicles	66,744.11		67,285.08	- 540.97	-1%
AV (Drone)	1,800.50		1,831.18	- 30.68	-2%
mployers Liability	3,050.27		3,030.27	20.00	1%
farine Hull	206.86		107.87	98.99	92%
ine Arts	10,362.13		10,306.57	55.56	1%
laterial Damage& Business Interruptn	1,022,897.74		936,495.51	86,402.23	9%
surance Brokerage	24,585.00		24,035.00	550.00	2%
rofessional Indemnity	218,548.86		204,550.73	13,998.13	7%
nfrastructure	391,182.69		377,261.74	13,920.95	4%
yber	12,510.00		10,507.78	2,002.22	19%
Group Life, Terminal Illness	150,000.00	*	141,566.07	8,433.93	6%
otals	2,071,523.80		1,932,421.16	139,102.64	7%
SST	236,180.86		221,211.52	14,969.34	
otal Included GST	2,307,704.66		2,153,632.68	154,071.98	7%

4.2. Declared Value Comparisons

Policy	Declared Values 2025	Declared Values 2024	Declared Values 2023	Difference in Declared Values 2025 v 2024	% Difference
Machinery Breakdown	24,340,399.00	23,137,262.00	20,271,272.00	1,203,137.00	5%
Standing Timber	286,000.00	311,080.00	271,293.00	- 25,080.00	-8%
Commercial Motor Vehicles	5,443,871.00	5,305,623.00	3,419,940.00	138,248.00	3%
UAV (Drone)	9,907.00	14,484.00	9,600.00	- 4,577.00	-32%
Marine Hull	13,000.00	12,300.00	11,400.00	700.00	6%
Fine Arts	11,367,732.00	11,036,633.00	7,530,439.00	331,099.00	3%
Material Damage& Business Interruptn	523,134,612.94	492,807,209.00	403,325,891.00	30,327,403.94	6%
Infrastructure	675,422,601.28	584,827,782.00	469,182,226.00	90,594,819.28	15%
Totals	1,240,018,123.22	1,117,452,373.00	904,022,061.00	122,565,750.22	11%

7.3 Insurance Policy Report for 2024/25(Cont.)

4.3. Insurance providers for 2025

As in previous years, insurance providers have spread their risks by sharing policy liabilities

Policy	Premiums FY 25 (excl. GST)	Policy No.	Insurer
Crime	11,193.00	47-ZEP-306456-03	BHS 60% QBE(Australia) 40%
Machinery Breakdown	57,461.34	HO VSR 5039600	Vero
Public Liability	45,654.50	47-ZCA-305811 -04	BHS 57% QBE 38% Chubb 5%
Public Liability and Prof Indemnity Excess layer	42,933.48	Not stated	AON Group 86% Chubb 6% HDI Global Specialty 5% XL Insurance 3%
Airport Owners & Operators	6,190.00	Not listed-Client DUN 08IUU	Sterling Ins Pty Ltd
Forestry	527.32	FNZ-2023915	Sage Partners Limited
Statutory Liability	5,676.00	47-ZEP-306565-03	BHS 60% QBE 40%
Commercial Motor Vehicles	66,744.11	6000118348	NZI - a division of IAG NZ Ltd
UAV (Drone)	1,800.50	AU-PĀ-002021	Precision Autonomy Pty Ltd
Employers Liability	3,050.27	47-ZCA-306608-03	BHS 60% QBE 40%
Marine Hull	206.86	14009324	Vero Insurance NZ Ltd
Fine Arts	10,362.13	AU00011244SP22A	XL Insurance Company SE
Material Damage& Business Interruptn	1,022,897.74	HO VSR 5039600	Vero 45% Chubb 20% AIG 15% BHS 10% NZI 10%
Insurance Brokerage	24,585.00	N/A	AON
Professional Indemnity	218,548.86	47-ZEP-305727-04	BHS 57% QBE 38% Chubb 5%
nfrastructure	391,182.69	N/A	AON Group 85% AIG 5% Berkshire Hathaway 5% AON Bermuda 5%
Cyber	12,510.00	TBA	BHS 100%
Group Life, Terminal Illness	150,000.00	GL000376	Asteron Life Ltd
Totals	2,071,523.80		

4.4. Policy coverage for 2024/25

The following table is a summary of the policy cover with the main sub limits. There are other limits, extensions and conditions that may apply to certain policies.

Policy	Premiums FY25	Covers (Summary)	Declared Value	Coverage / Legal Liability	Coverage for	Deductible	Number of councils policy is shared with	Covers CCOs and subsidiaries
		Direct financial loss suffered by the Council as a result						
		of a criminal act committed by their employee and						
Crime		arising from or in connection with any single act or	NA					
Cime		series of related, continuous or repeated act (which	ING					
		shall be treated as a single act) discovered during the						
	11,193.00	policy period		2,000,000	In Aggregate	50,000	9	No
Machinery Breakdown	57,461.34		24,340,399.00	1,000,000	Any one claim	2,000	5	Yes
Public Liability	45,654.50	Liability to third parties for property damage and/or personal injury arising from or connection with the Council's operations, for all amounts which the council is held legally liable to pay. Insured includes Elected Representatives of Council.	NA	15,000,000	Any one claim	10,000	0	Yes
				30,000,000	Natural disaster limit per insurance period	10,000	0	Yes
Public Liability and Prof Indemnity Excess laye	42,933.48	per above but further fund to share among councils						
Airport Owners & Operators	6,190.00	Amounts which the Council becomes legally liable to pay to third parties as damages for bodily injuries and/or property damage arising from an occurrence in connection with the Councils business as owner and/or operator of the Airport(s) specified and subject to the geographical limits stated	NA	20,000,000	Any one claim	2500 property	0	Yes
						5,000 aircraft		
Standing Timber	527.32	Fire, Impact, Lightning, Explosion and Malicious Damage. Hail, Landslip, Earthquake, Volcanic Eruption, Strike, Riot and Civil Commotion	286,000,00	24.797.844	Aggregate over all councils	10,000	5	Yes

Policy	Premiums FY25	Covers (Summary)	Declared Value	Coverage / Legal Liability	Coverage for	Deductible	Number of councils policy is shared with	Covers CCOs and subsidiaries
Statutory Liability	5 676 00	Defence costs, fines (to the extent allowable by law) and Reparation Orders arising from an investigation and/or prosecution by a Statutory Body for an unintentionable breach or breaches of a Council act	NA	1,000,000 (Fines) +1,000,000 (Defence costs)	Any one claim	10,000 each	0	No
	5,676.55	or a country of a country act		(Deletine costs)	7 try one claim	25,000 Health & Safety claim 25,000	Ū	No
						Resource Mgmt claim		No
Commercial Motor Vehicles	66,744.11	Unforseen and intended loss or damage to Council's vehicles, and amounts for which Council is liable to pay third parties arising from the ownership and/or use of Council vehicles	5,443,871.00	20,000,000	Any one claim	500	9	Yes
UAV (Drone)	1,800.50	Accidental physical loss or damage to specified Unmanned Aerial Vehicles (Drones), their spare parts and accessories, and legal liability for bodily injury or property damage to third parties	9,907.00	1,000,000	Any one claim	2,500	0	Yes
Employers Liability	3,050.27	Legal liability to an employee of the Council who sustains personal injury arising out of or in the course of their work, which is not covered by the Accident Rehabilitation and Compensation Act 1992	NA	1,000,000 (loss,excluding defence costs) +1,000,000 (defence costs)	Any one claim	1,000	0	No
Marine Hull	206.86	PhysicI loss or damage to the Council vessels, including their equipment, and accessories (including trailers, where applicable), and legal liability arising from the use or ownership of the vessels	13,000.00	17,100	Any one claim	500	3	Yes
Fine Arts	10,362.13	Physical loss or damage to Fine Arts or whatsoever nature and/or other interest being the property of the Council, and also property entrusted to the Council for exhibition or any other purpose whatsoever	11,367,732.00	13,067,732.00	Any one claim	10,000	4	Yes
Material Damage& Business Interruptn	,	Damage unforseen and unintended by the Council to			Flood Claims	250,000	40	
Insurance Brokerage	1,022,897.74	Council's property at the locations shown in the NA	523,134,612.94	4,797,259,877.00 63,000,000.00	In Aggregate Fire Limit	25,000	10 -	Yes
insurance brokerage	24,303.00	1.0.		A15 000 000				-

Policy	Premiums FY25	Covers (Summary)	Declared Value	Coverage / Legal Liability	Coverage for	Deductible	of councils policy is shared with	Covers CCOs and subsidiaries
Professional Indemnity	218,548.86	Claims first made against the Council and notified during the period of insurance alleging civil liability, by any act, error, omission or conduct that occurred in connection with the Council's Professional Business Practice	NA	(excl costs and expenses) +\$2,000,000 for costs and expenses	Any one claim and in annual aggregate	25,000	0	Yes
					Claims related to the Buidling Act 2004	100,000	1	Yes
Infrastructure	391,182.69	Physical loss to Council's assets caused by a Natural Catastrophe, Event including: Earthquake, Natual Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal and Geothermic Activity, and Subterranean Fire. The Councils liability under the policy shall not exceed 40% of the 100% loss or series of losses arising out of any one event.	675,422,601.28	120,000,000	Any one claim	750,000	9	Yes
Cyber	12,510.00	Loss arising from an actual breach, or suspected breach, of the Council's computer systems, or extortion threat with an intent to harm or restrict access to the Council's computer network or electronic data	NA	2,500,000 (excl damages) +2,500,000 (damages)	Any one claim	25,000	9	No
Group Life, Terminal Illness	150,000.00	Permanent Disability Income cover and Life Cover for all staff working 15 hours or more per week	NA	100,000	Life cover per staff member	Nil	0	No
	2,071,523.80							

5. Options Analysis - *Ngā Kōwhiringa*

There are no options as this is an information report.

6. Significance and Engagement Assessment - Aromatawai Pāhekoheko

6.1. Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

6.2. Engagement and Community Views

Engagement on this matter is not being undertaken in accordance with Section 6.0 of the Council's Significance and Engagement Policy. This states that the Council will not consult when the matter is not of a nature or significance that requires public engagement (low significance).

7. Considerations - Whai Whakaaro

7.1. Strategic Alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

7.2. Legal

Insuring assets is part of managing potential risks and acting in a financially prudently manner.

Under the Local Government Act 2002 S101(1) A local authority must manage its revenues, expenses, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of the community

7.3. Financial/Budget Considerations

A budget is established annually for insurance. As such, there is no budget considerations associated with this report.

7.4. Climate Change Assessment

There are no significant or notable impacts associated with the matters of this report.

7.5. Risks

Carrying insurance mitigates risk in the event of loss.

There is an assumption that for underground assets, central government may assist with up to 60% of any losses.

Refer to Table 3.4 Policy Coverage 2024/25 for the risks that each insurance policy covers.

There are no significant or notable risks associated with the matters of this report.

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There are no appendices attached to this report.

Presentation:

Following the report Andrew Carlson and Matthew Wilson from AON Insurance will be presenting. The topics covered are as follows:

- Current Market
- Current Programme
- Risk Appetite Loss Limits
- Emerging Risks

8 Resolution to Exclude the Public - Whakataunga kia awere te marea

8 Resolution to Exclude the Public - Whakataunga kia awere te marea

8.1 Resolution to Exclude the Public

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

- 1. Confirmation of Risk and Assurance Committee Public Excluded Minutes 29 November 2024
- 2. Legal Proceedings Report March 2025
- 3. Boat Harbour Project Update March 2025

The general subject of each matter to be considered while the public is excluded, the reason 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 are 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) for the passing of this resolution
1.	Confirmation of Risk and Assurance Committee Public Excluded Minutes 29 November 2024	Good reason to withhold exists under Section 7.	That the public conduct of 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 exists. Section 48(1)(a)
2.	Public Excluded – Legal Advice	Good reason to withhold exists under Section 7.	That the public conduct of 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 exists. Section 48(1)(a)
3.	Legal Proceedings Update Report March 2025	Good reason to withhold exists under Section 7.	That the public conduct of 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 exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

8.1 Resolution to Exclude the Public(Cont.)

Item No	Interest
1, 2, 3	Maintain legal professional privilege (Schedule 7(2)(g))
1, 3	Protect the privacy of natural persons, including that of deceased natural persons (Schedule 7(2)(a))
1	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(a))

1 Confirmation of Minutes - Te whakaaetanga o ngā meneti o te hui

- 1 Confirmation of Minutes Te whakaaetanga o ngā meneti o te hui
- 1.1 PX Minutes of the Risk and Assurance Committee Meeting 29 November 2024
- 2 Reports Ngā Pūrongo
- 2.1 Public Excluded Legal advice
- 2.2 Legal Proceedings Update report
- 2.2.1 Appendix 1 Legal Spend Analysis
- 2.2.2 Appendix 2 Legal Issues Register
- 2.2.3 Appendix 3 MACA Summary of Proceedings Feb 2025