



KOMITI ITI AHUMONI I TŪRARU AUDIT AND RISK SUBCOMMITTEE

14 April 2025

Order Paper for the meeting to be held **via Zoom**,
on:

Wednesday 23 April 2025 commencing at 10:00 am

The meeting will be livestreamed on Council's YouTube page.
Members of the public wishing to speak to an item on the agenda are asked to contact
democraticserviceteam@huttcity.govt.nz

Membership

	Suzanne Tindal (Independent Chair)
	Mayor C Barry (Deputy Chair)
Cr J Briggs	Cr S Edwards
Cr K Morgan	Cr T Stallinger

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Have your say

[You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing \[DemocraticServicesTeam@huttcity.govt.nz\]\(mailto:DemocraticServicesTeam@huttcity.govt.nz\) or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY](#)

KOMITI ITI AHUMONI I TŪRARU | AUDIT AND RISK SUBCOMMITTEE

Chair:	Independent Chair Sue Tindal
Deputy Chair:	Mayor Campbell Barry
Membership: Komiti Iti Ahumoni i Tūraru Audit and Risk Subcommittee members should be appointed so that the subcommittee has a diversity of governance skills, experiences and personal qualities. Between them, the members should bring a mix of the following attributes: 1. Broad governance experience; 2. Familiarity with risk management disciplines; 3. Understanding of internal control and assurance frameworks; 4. An understanding of financial and non-financial performance reporting; 5. A good understanding of the roles of internal and external audit; and 6. A sound understanding of the local government sector. Use of the matrix below has assisted other councils to consider the best fit for membership of an Komiti Iti Ahumoni i Tūraru Audit and Risk Committee.	Cr Josh Briggs Cr Simon Edwards Cr Karen Morgan Cr Tony Stallinger
Quorum:	Half of the membership
Meeting Cycle:	Meets on an eight-weekly basis or as required
Reports to:	Council

AREAS OF FOCUS:

The subcommittee's areas of focus are:

- Oversight of risk management and assurance across the Council Group with respect to risk that is significant
- Internal and external audit and assurance
- Health, safety and wellbeing
- Business continuity and resilience
- Integrity and investigations
- Monitoring of compliance with laws and regulations
- Significant projects, programmes of work and procurement, focussing on the appropriate management of risk
- The Long Term Plan, Annual Report and other external financial reports required by statute.

DELEGATIONS FOR THE SUBCOMMITTEE'S AREAS OF FOCUS:

- The subcommittee has no decision-making powers other than those in these Terms of Reference.
- The subcommittee may request expert advice through the Chief Executive where necessary.
- The subcommittee may make recommendations to Council and/or Chief Executive.

Risk Management:

- Review, approve and monitor the implementation of the risk management framework and strategy, including significant risks to the Council Group.
- Review the effectiveness of risk management and internal control systems including all material financial, operational, compliance and other material controls. This includes legislative compliance (including health and safety), significant projects and programmes of work, and significant procurement.
- Review risk management reports identifying new and/or emerging risks.

Assurance:

- Review and approve, and monitor the implementation of, the assurance strategy and detailed internal audit coverage and annual work plans.
- Review the coordination between the risk and assurance functions, including the integration of the Council's risk profile with the internal audit programme. This includes assurance over all material financial, operational, compliance and other material controls. This includes legislative compliance (including health and safety), significant projects and programmes of work, and significant procurement.
- Review the reports of the assurance functions dealing with findings, conclusions and recommendations (including assurance over risks pertaining to Council Controlled Organisations and Council Controlled Trading Organisations that are significant to the Council Group).
- Review and monitor management's responsiveness to the findings and recommendations, inquiring into the reasons that any recommendation is not acted upon.

Fraud and Integrity:

- Review, approve and monitor the implementation of the assurance strategy, including the fraud and integrity aspects.
- Review the arrangements in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters, and ensure that there is a proportionate and independent investigation of such matters and appropriate follow-up action.
- Review the procedures in relation to the prevention, detection, reporting and investigation of bribery and fraud.
- Review and monitor policy and process to manage conflicts of interest amongst elected and appointed members, management, staff, consultants and contractors.
- Review internal and external reports related to possible improprieties, ethics, bribery and fraud-related incidents.

Statutory Reporting:

- Review and monitor the integrity of the Long Term Plan and Annual Report including statutory financial statements and any other formal announcements relating to the Council's financial performance, focussing particularly on the areas listed below.
- Compliance with, and the appropriate application of, relevant accounting policies, practises and accounting standards.

- Compliance with applicable legal requirements relevant to statutory reporting.
- The consistency of application of accounting policies, across reporting periods, and the Council Group.
- Changes to accounting policies and practices that may affect the way that accounts are presented.
- Any decisions involving significant judgement, estimation, or uncertainty.
- The extent to which financial statements are affected by any unusual transactions and the way they are disclosed.
- The disclosures of contingent liabilities and contingent assets.
- The clarity of disclosures generally.
- The basis for the adoption of the going concern assumption.
- Significant adjustments resulting from the audit.

External Audit:

- Discuss with the external auditor, before the audit commences, the nature, scope and fees of the external audit, areas of audit focus, and error and materiality levels.
- Review, with the external auditors, representations required by elected members and senior management, including representations as to the fraud and integrity control environment.
- Review the external auditor's management letter and management responses and inquire into reasons for any recommendations not acted upon.
- Where required, the Chair may ask a senior representative of the Office of the Auditor General to attend meetings of the subcommittee to discuss the office's plans, findings and other matters of mutual interest.

Interaction with Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO):

- Other committees dealing with CCO and CCTO matters may refer matters to the Komiti Iti Ahumoni i Tūraru | Audit and Risk Subcommittee for review and advice.
- This subcommittee will inquire to ensure adequate processes at a governance level exist to identify and manage risks within a CCO. Where an identified risk may impact on Council or the Council Group, the subcommittee will also ensure that all affected entities are aware of and are appropriately managing the risk.

Matrix of Experience, Skills and Personal Qualities

Experience, Skills and Personal Qualities	Member A	Member B	Member C	Member D	Independent Chairperson
<i>The recommended combination of experience is:</i>					
• financial reporting					
• broad governance experience					
• familiarity with risk management disciplines					
• understanding of internal control and assurance frameworks					
• good understanding of the roles of internal and external audit					
• local government expertise					
<i>For an “advisory-oriented” audit committee, particular emphasis should be placed on:</i>					
• Strategy					
• Performance management					
• Risk management disciplines					
<i>In determining the composition of the audit committee, the combined experience, skills, and personal qualities of audit committee members is critical. Members should bring:</i>					
• the ability to act independently and objectively					
• the ability to ask relevant and pertinent questions, and evaluate the answers					
• the ability to work constructively with management to achieve improvements					
• an appreciation of the public entity’s culture and values, and a determination to uphold these					
• a proactive approach to advising the governing body and chief executive on matters that require further attention					
• business acumen					
• appropriate diligence, time, effort, and commitment					
• the ability to explain technical matters in their field to other members of the audit committee					

HUTT CITY COUNCIL

KOMITI ITI AHUMONI I TŪRARU | AUDIT AND RISK SUBCOMMITTEE

Meeting to be held via Zoom on
Wednesday 23 April 2025 commencing at 10:00 am
ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a sharpened air.
He tio, he huka, he hau hū	A touch of frost, a promise of a
Tihei mauri ora	glorious day.

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have

5. RECOMMENDATION TO TE KAUNIHERA O TE AWA KAIRANGI COUNCIL - 29 May 2025

Update on Artificial Intelligence at Council

Report No. ARSC2025/2/89 by the Principal Advisor - EPMO

11

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

6. **EXTERNAL AUDIT UPDATE - SEAVIEW MARINA LIMITED**
 Report No. ARSC2025/2/90 by the Financial Accounting Manager 46
CHAIR'S RECOMMENDATION:
 "That the recommendation contained in the report be endorsed."
7. **EXTERNAL AUDIT UPDATE - URBAN PLUS LIMITED GROUP**
 Report No. ARSC2025/2/91 by the Financial Accounting Manager 63
CHAIR'S RECOMMENDATION:
 "That the recommendation contained in the report be endorsed."
8. **EXTERNAL AUDIT UPDATE - HUTT CITY COUNCIL**
 Report No. ARSC2025/2/92 by the Financial Accounting Manager 82
CHAIR'S RECOMMENDATION:
 "That the recommendations contained in the report be endorsed."
9. **RISK MANAGEMENT AND ASSURANCE UPDATE**
 Report No. ARSC2025/2/93 by the Risk and Assurance Manager - Finance 107
CHAIR'S RECOMMENDATION:
 "That the recommendations contained in the report be endorsed."
10. **SENSITIVE EXPENDITURE DISCLOSURES**
 Report No. ARSC2025/2/57 by the Financial Accounting Manager 129
CHAIR'S RECOMMENDATION:
 "That the recommendations contained in the report be endorsed."
11. **HUMAN RESOURCES INFORMATION SYSTEM AND PAYROLL PROJECT UPDATE**
 Report No. ARSC2025/2/58 by the Programme Manager 134
CHAIR'S RECOMMENDATION:
 "That the recommendation contained in the report be endorsed."

12. TUPUA HORO NUKU - QUARTERLY UPDATE

Report No. ARSC2025/2/95 by the Project Delivery Manager 137

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

13. THREE WATERS MATTERS

Report No. ARSC2025/2/96 by the Strategic Advisor 142

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

14. COMPLYWITH: LEGAL COMPLIANCE SURVEY RESULTS

Report No. ARSC2025/2/97 by the Legal Operations Advisor 146

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

15. INFORMATION ITEM

Audit and Risk Subcommittee Forward Programme 2025

Memorandum dated 24 March 2025 by the Senior Democracy Advisor 151

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the memorandum be endorsed."

16. QUESTIONS

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

17. EXCLUSION OF THE PUBLIC

CHAIR'S RECOMMENDATION:

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

18. UPDATE ON ARTIFICIAL INTELLIGENCE AT COUNCIL - CONFIDENTIAL APPENDIX 4

19. TE WAI TAKAMORI O TE AWA KAIRANGI | RIVERLINK UPDATE

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:

(A)	(B)	(C)
General subject of the matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground under section 48(1) for the passing of this resolution.
Update on Artificial Intelligence at Council - Confidential Appendix 4.	The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (s7(2)(b)(ii)).	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 exist.
Te Wai Takamori o Te Awa Kairangi Riverlink Update.	The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)). The withholding of	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 exist.

the information is
necessary to enable
the local authority to
carry on, without
prejudice or
disadvantage,
negotiations
(including
commercial and
industrial
negotiations)
(s7(2)(i)).

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above.”

Kate Glanville
SENIOR DEMOCRACY ADVISOR

27 March 2025**Report no: ARSC2025/2/89**

Update on Artificial Intelligence at Council

Purpose of Report

1. This report provides an update on Council's Artificial Intelligence (AI) initiatives and seeks Council's support of the proposed next phase of the AI-Volution Project, including the associated governance, benefits realisation framework, and risk management approach.

Recommendations

That the Subcommittee recommends that Council:

- (1) notes that Council has made strong progress on artificial intelligence (AI) initiatives since the first update to the Audit and Risk Subcommittee in November 2024, including the rollout of 150 AI tool licences and the development of 15 custom AI assistants;
- (2) notes that AI adoption is already estimated to save 44,000 hours of staff time annually, with teams increasingly developing and using AI tools independently;
- (3) notes that the AI-Volution Project is being delivered under an "invest to save" model, with phased costs and a positive return on investment projected by financial year 2026/27;
- (4) notes the implementation of a structured benefits management approach and a new AI Risk Management Framework, including a risk-tiering system to support responsible use;
- (5) notes the proposed Phase 2 of the AI-Volution Project, which includes expanding licences and enabling end-to-end process automation;
- (6) notes the Audit and Risk Subcommittee will receive a further update on AI progress at its meeting in June 2025;
- (7) acknowledges and supports the ongoing AI initiatives, including the AI-Volution Project and continuation of the strategic partnership with PwC; and
- (8) continues to commit to leveraging AI technologies to enhance operational efficiency, reduce costs, and improve service delivery, while building internal capability and aligning outcomes with the Long Term Plan.

Background

2. The pace of change in the AI sector continues to accelerate. Organisations are increasingly challenged in their ability to keep up. Recent indicators show New Zealand's overall AI readiness has declined, highlighting the importance of targeted support to help organisations adapt.
3. In response to this, Council's work in the AI space is focused on enabling teams to stay aligned with rapid shifts. This means Council is equipped to respond effectively and make the most of these rapidly emerging technologies.
4. Since early 2024 Council has been working at pace to harness the potential of AI at pace. Activities have included:
 - a. executive education sessions with the Corporate Leadership Team (CLT)
 - b. adoption of AI Strategy and Policy
 - c. generative AI trial
 - d. strategic partnership agreed with PwC to support AI work

Formal commencement of the AI-Volution Project

5. Following the approval of the AI-Volution investment case, the project commenced in October 2024.
6. This phase took approximately 10 weeks and ran from mid-October 2024 through until early mid January 2025 to factor in the holiday closedown period.
7. To deliver upon the objectives and scope outlined as part of the Investment Case, this phase of the project was organised into four workstreams. This work was delivered by a joint Council/PwC team – with shared sponsorship, shared project management, and a mix of advisors and analysts from both organisations. A summary of all works completed as part of each of the four workstreams is as follows:
 - a. Workstream 1: Enterprise-wide AI adoption: Supporting the adoption of an off the shelf GenAI tool enterprise wide to employees in selected roles.
 - aa. Expression of interest process –Designed and executed a closed expression of interest process for allocation of AI tools, which was completed between 6–18 November 2024.

- ab. Change management
 - 1. Completed eight three-hour workshops and one on one sessions, training new users of MS Copilot and ChatGPT .
 - 2. Delivered additional workshops throughout December 2024, as well as develop Go1 learning modules.
 - 3. One on one and small group sessions where required.
- ac. Designed and implemented process to support ongoing management of AI licences, and support staff.
- ad. Rolled out 150 AI Chat Tool licences to members of staff
- b. Workstream 2: AI Assistants: Building and implementing a portfolio of custom AI tools
 - aa. Established a team with clear roles, project methodology, and documentation templates.
 - ab. 15 AI-Assistants delivered into the hands of 66 staff (across 10 business units).
 - ac. Technical and Training Materials – Developed technical requirements and demo videos and user guides to support activities and gather feedback from product owners.
 - ad. Incorporated tester feedback, delivered demo videos, and hosted a workshop for product owners and users fostering innovation.
- c. Workstream 3: Discovery: Exploring opportunities for further AI adoption across end-to-end processes,
 - aa. Interview of key stakeholders to understand how process improvements for council identified processes align to Council strategy.
 - ab. Formulation and showcase of investment case for each of the priority processes (priority improvement pipeline deliverable) to articulate effectiveness and benefits of application of proposed process improvements.
 - ac. Large process AI evaluation framework and prioritisation tool created
 - ad. End-to-end Process Documentation: Completed documentation of priority end-to-end processes, providing a clear framework for ongoing improvements and alignment with project goals.
 - ae. Stakeholder Mapping: Conducted comprehensive stakeholder mapping for end-to-end processes, identifying key participants and areas of engagement to support prioritisation.
 - af. AI End to End discovery report draft delivered to project sponsors.

- d. Workstream 4: Project and change management: Delivering the project and change activities to successfully deliver the project brief, including external promotion of the project.

- aa. Agile project established and running.

- ab. Drafted AI Risk Assessment Framework.

- ac. Drafted AI Governance Terms of Reference.

Finalised change management plan and started to explore post-project change requirements. Delivery of change interventions to support end users.

- ad. Drafted Change Impact Assessments and refined Change and Engagement Plans, FAQs, and communication materials.

- ae. Definition of and commencement of benefits realisation process, including drafting of business process and key templates.

- 8. As of January 2025, this phase of the project had been completed.

Discussion

- 9. This section outlines the business case and rationale for Phase 2 of the AI-Volution Project, which was approved by CLT on 7 April 2025 (whereas this report to Council notes progress on AI across the organisation, broadly).

AI-Volution Project – delivery phase 2

- 10. On 7 April 2025, CLT considered the Investment Case for delivery phase 2, the next phase of delivery for the AI-Volution Project. The Investment Case envisioned four options for future AI-related initiatives at Council. Broadly speaking, the preferred option has six components:
 - a. Supporting the adoption of MS365 Copilot and/or ChatGPT for a further 150 licence holders: This includes onboarding, training, and targeted change support to help identified users adopt AI tools effectively, with a focus on practical application and productivity gains.
 - b. Supporting the development and uptake of AI Assistants: This covers the scaling of existent AI Assistants to further Council staff beyond what was originally envisioned in the prior delivery phase.
 - c. Process improvements for four core service areas: Limited Information Memorandum (LIM) reports, dog registration, building consents, and resource consents. The work includes identifying and implementing efficiency improvements using automation and AI.
 - d. Discovery work for additional process areas: This includes early-stage research and analysis to identify other processes that may benefit from future AI-related improvements.

11. As with prior phases, the project is estimated to have an attractive return on investment and is an invest to save proposition. The discovery work completed in phase 1 of the project identified at least \$1.7M in potential productivity improvements. This is covered in more detail in Appendix 4 of the publicly excluded agenda. The withholding of this information is necessary to protect information where the making of the information would be likely unreasonably to prejudice the person who supplied or who is the subject of the information. Section 7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987.
12. Council will need to invest \$374,000 up front in year one. This amount will cover the cost of the up-front consulting fees (\$232,000), the end-to-end system connectors (\$2,000), redundancy costs for released FTEs (\$50,000) and the cost of licences for the first year of an OTS Chat based tool for 150 staff (\$90,000). These funds will be treated as at-risk to Council and will be paid upfront but are anticipated to be recouped through the realisation of financial benefits. The funding model proposed for this phase is designed to be self-funding over time.
13. Importantly, the commercial analysis for the AI-Volution Investment Case was undertaken solely by Council. PwC did not prepare or review this analysis. This was a deliberate decision to maintain objectivity and prioritise Council's interests. This approach is consistent with good management practice and allows for the potential continuation of future work with PwC under clear and transparent terms.
14. Early work is underway to deliver the preferred options within the business case. Like the first phase of work, a joint project team has been assembled between Council and PwC.
15. The project is intended to take approximately six weeks and run from mid-April 2025 through until early mid July 2025 to both factor in the Easter holiday and completion ahead of the regulated election period.
16. This next phase reflects Council's intention to move at pace while maintaining a responsible and well-governed approach to AI adoption. It balances innovation with strong oversight, ensuring risks are well managed as the project moves along its lifecycle.
17. Council is now a leading organisation in this space, particularly within the New Zealand Public Service, with our approach gaining recognition across the sector through active sharing, engagement, and sector-wide conversations.

Benefits management

18. As discussed, the overall AI-Volution programme is designed to be self-funded, with a projected return on investment (ROI) of 126% after four financial years. The ROI for the end-to-end process automation component alone is estimated at 255% over 30 months. While the cost of purchasing an additional 150 GenAI licences reduces the overall ROI and extends the payback period, this remains the preferred option. It is affordable and delivers the greatest strategic value, enabling broad staff access, improving productivity across multiple teams, and supporting better-quality output.
19. To enable these benefits to be realised, a bespoke benefits management approach was required. This was critical in this case; Council has engaged PwC on an invest to save basis where future cashable benefits can be used to fund programme costs. As such, accurate benefit identification and consistent capture are fundamental to the commercial arrangements between Council and PwC.
20. A leading-edge benefits management approach was required to underpin project success. This work was undertaken following benefits ideation in Stages 1-3 and alongside other project work in delivery phase 1.
21. During delivery, project scope and expected outcomes are clearly defined and shared to support transparency and alignment. When changes occur, such as roles associated with benefits becoming vacant, a structured process supports active benefit capture.
22. At a regular cadence, benefits are reviewed, consolidated, and formally endorsed to support accountability. Progress is centrally tracked against the agreed benefits profile, ensuring a consistent and transparent view of realisation over time.
23. This benefits management approach has been approved by CLT, and benefits realisation has commenced.
24. As per roles returned to date, the project is on track to realise approximately \$150,000 in annual OPEX savings. Projections indicate the project will achieve this annual benefit and reach a cash flow positive position by FY 26/27.
25. The project was also estimated to realise a number of quantitative, non-cashable benefits. In March 2025, a benefits survey was distributed to all ~150 licence holders with over two-thirds of the cohort responding.

26. A number of insights were gathered from this survey, demonstrating the delivery of the tools to Council staff was realising a number of measurable benefits, just three months following the first phase of project delivery. Most notably, there is:
- a. 83% of users reported using the AI tools for their day-to-day work more than once a week.
 - b. Respondents overwhelmingly reported time savings because of having been equipped with the tools, with 90% saying they were saving some amount of time each day. 32% of users reported time savings of over 30 minutes per day.
 - c. 92% of users reported feeling some degree of confidence in using the tools, with 23% saying they were very confident and 54% somewhat confident.
 - d. 83% of respondents indicated they were actively sharing their AI use cases with colleagues.
27. Like cashable benefits, quantitative non-cashable benefits will be tracked throughout the project lifecycle and at closure. This data will help identify where further change management support may be needed, particularly in areas with low uptake or usage that could impact the realisation of benefits.

Achievements to date

28. Across Council, AI usage continues to gain momentum, with a strong uptake across teams and a growing base of staff confidently applying AI to their day-to-day work. The AI-Volution Project started as a deliberate step into this emerging technology and is now business-as-usual, with more than 150 licences for AI tools in use by staff members and numerous AI assistants tailored to specific roles and areas of the business. This has led to a significant boost in productivity, creativity, and confidence across the organisation, as people discover the value of AI in simplifying complex or time-consuming tasks.
29. Capability among corporate staff is steadily building. Through piloting, hands-on support and targeted training, staff have seen users move from cautious experimentation to confident integration. New use cases continue to emerge from across the organisation, from analysing community consultation feedback in hours instead of weeks, to rapidly drafting agenda items, reports, and grant assessments. These practical examples are helping to make AI accessible and embed it as a trusted tool in our workplace toolkit. Council's position as a leader in the space has been demonstrated through external agencies engaging us in insights and advice as to our AI journey.

30. The work to uplift capability across Council has also seen teams go on to develop their own AI assistants. This would not have been possible without the upskilling and culture change the project has enabled. Two examples include an assistant built by staff to support the drafting of fortnightly communications material and an assistant which advises staff members on whether their ideas to use AI for specific tasks are approved under policy settings.
31. There are numerous instances of successful use cases across the organisation. One standout has been in the Comms and Engagement team, where AI has significantly cut down the time required to develop comms and engagement material. Meanwhile, in Democratic Services, AI is helping staff to review and draft Council reports, boosting accuracy while freeing up time for deeper analysis.

Risk management

32. Risk management is a critical part of Council's approach to AI. As AI evolves and becomes more integrated into our operations, it is essential to identify, assess, and mitigate potential risks to support successful outcomes.
33. Effective risk management not only protects Council from potential negative impacts but also enhances our ability to leverage AI for improved operational efficiency and service delivery.
34. AI technologies present a range of unique risks, as highlighted in the Council's strategic risk register (an update to which is being considered by the Committee at this meeting). These risks include data security and privacy vulnerabilities, non-compliance with laws and regulations, ethical issues, and the potential for unfair bias and discriminatory outcomes.
35. To mitigate these risks, Council has implemented several controls, including the development of an AI Strategy and AI Policy, conducting Generative AI trials, and rolling out AI training to staff. Additionally, ongoing engagement with key stakeholders and seeking external advice are crucial steps in managing these risks effectively.
36. Council staff have worked to formalise the organisation's specific risk management approach to AI technologies. Previously, Council's AI risk management arrangements were undertaken on an iterative basis and were fragmented in nature. The AI Risk Management Framework (included as Appendix 1 attached to the report) consolidates these risk controls under a single model.
37. The AI Risk Management Framework consists of:
 - a. The AI Strategy
 - b. The AI Policy
 - c. AI Guidelines for staff
 - d. Staff training and development
 - e. Privacy and security arrangements

- f. AI Governance Group
 - g. AI Risk Tiering Framework (Traffic Lights)
 - h. AI-related risk in the Council strategic risk register.
38. This comprehensive approach to AI risk management has effect to the AI Strategy and Policy and enables Council to continue using AI safely, while protecting staff and the organisation.
39. The AI Risk Management Framework was approved by CLT on 25 February 2025.
40. As part of the development and consolidation of the AI Risk Management Framework, the AI Policy (attached at Appendix 2 to the report) also received a substantive update, which was also approved by CLT on 25 February 2025.
41. The AI Strategy and, in turn, the AI Policy were predicated on the understanding that it would undergo periodic review and amendment to reflect the fast-moving AI landscape and the changing strategic context of the organisation itself.
42. The February 2025 update to the AI Policy saw a number of changes, including:
- a. Approved tools vs non-approved tools definition – The Policy (and AI Guidelines for Staff) now includes a clear definition around what is a Council-approved AI tool and what is a non-approved tool.
 - aa. Approved tools:
 - 1. HCC ChatGPT Teams.
 - 2. HCC Microsoft 365 CoPilot.
 - ab. Non-approved tools:
 - 1. Any other AI tool outside of HCC’s current suite of approved tools.
 - 2. AI confidentiality guidance has also been updated accordingly, and the AI Policy now states only approved tools can be used for Council work where sensitive and non-anonymised data is concerned. The use of non-approved tools for Council-related business is no longer permitted for such use cases.
43. Inclusion of AI Risk Management Framework. The AI Policy explicitly references the AI Risk Management Framework, including requiring adherence to Traffic Lights.

44. Labelling of AI content. The AI Policy now states that, where content is written solely by AI with limited human review or editing, users should clearly indicate when content has been generated with AI assistance. Previously, the Policy stated users must label all AI-generated content. This change reflects the degree to which AI is now embedded within Council.
45. An internal AI Governance Group has also been established under the AI Risk Management Framework. This group provides strategic oversight, advice, and delegated decision-making to support responsible and transparent AI adoption at Council.
46. The AI Risk Management Framework (attached at Appendix 1 to the report) also includes the addition of the Traffic Lights. This framework helps staff assess and manage the level of risk associated with different AI use cases. The traffic light system, attached as Appendix 3, categorises AI use cases into tiers:
 - a. Green – Provides guidance and examples of AI use cases which the organisation considers needs few/if any additional controls.
 - b. Amber – sets out situations where proposed AI use cases would require senior oversight and ongoing risk controls.
 - c. Red – sets out AI use cases which have unacceptable levels of risk and will not be approved.

Image 1: Summary of Traffic Lights



47. AI-related work at Council continues to progress in an agile way, both enabling innovation and putting the organisation ahead of the sector. At the same time, the guardrails outlined above support safe and responsible adoption.

Options

Option 1: Note and Support Internal AI Work Underway and the Approach (preferred)

48. Under this option, Council would acknowledge and support the ongoing AI initiatives, including the AI-Volution Project and continuation of the strategic partnership with PwC.
49. This would continue Council's commitment to leveraging AI technologies to enhance operational efficiency, reduce costs, and improve service delivery, while building internal capability and aligning outcomes with the Long Term Plan.

Option 2: Request staff to Reduce Scope or Pause Work

50. Council can request staff to reduce the scope of the AI initiatives or pause the work altogether.
51. This option would involve reassessing the current AI projects and potentially scaling back or delaying certain activities, which could delay the realisation of benefits and impact the strategic partnership with PwC but may be necessary due to budget constraints or risk considerations.

Climate Change Impact and Considerations

52. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
53. Council considers emissions when procuring AI products and cloud services, factoring in AI's environmental impact as its use grows.
54. As part of selecting AI service providers (local or international), staff assess the proactive measures providers are taking to reduce emissions and support climate goals.
55. Council's primary AI product providers include Microsoft (for Office and document management) and OpenAI (ChatGPT). OpenAI utilises Microsoft Azure's cloud infrastructure for training, inference, and development of its AI models. Microsoft Azure has been carbon neutral since 2012 and has commitments to become carbon-negative, water positive, and zero waste by 2030.
56. Although staff are considering the possibilities of AI, its current use is limited, and therefore staff have not yet fully evaluated its emissions impact. As our use of AI expands, emissions assessments will be integrated into our approach to AI deployment, ensuring responsible technology use aligned with our climate objectives.

Consultation

57. Staff consider formal consultation is not required under the Local Government Act (LGA) or Council's Significance and Engagement Policy.
58. The LGA requires Council to consult on matters that may significantly impact the community or substantially alter Council services.
59. Council's Significance and Engagement Policy sets out how significance of proposals is determined, guiding when engagement is required. Determining significance is based on a range of factors including impact on community wellbeing, financial implications, consistently with the Long Term Plan, and service level impact.
60. The AI initiatives outlined in this report are internally focused improvements designed to enhance operational efficiency, reduce operational costs, and improve service delivery. This aligns with Council's Long Term Plan 2024-2034, which sets out a commitment to achieving operational efficiencies and cost savings.

Legal Considerations

61. The AI work being undertaken by Council aligns with relevant New Zealand legislation, particularly in areas of privacy, data protection, and public sector accountability.
62. Council's structured approach to assessing security and privacy impacts with technology is applied to all AI projects, ensuring compliance with the Privacy Act 2020 and maintaining high standards for data security and individual privacy.
63. Staff are closely monitoring AI developments within the New Zealand Government to help keep Council's AI initiatives broadly aligned with emerging national standards and directions. This approach supports Council's ability to adapt to any updates in government policy or legislative expectations regarding AI use in public services.
64. It is expected that the introduction of AI tools may result in modest workforce reduction over time due to productivity and efficiency gains. Throughout the AI-Volution Project, staff continue to fulfil our obligations as an employer by taking a proactive and open approach to communicating and engaging with our staff and union partners.

Financial Considerations

65. Financial details of this work are set out in Appendix 4 of the public excluded agenda.
66. The AI-Volution Project anticipates a return on investment. To manage financial risks, costs are phased to allow Council time to realise project benefits to fund the project. This approach links the financial exposure of Council directly to the success of the AI initiatives, helping to mitigate the risk of cost overruns and support sustainable, cost-effective investment.
67. Benefit management controls have been established to support the realisation of projected benefits from AI-related initiatives.

Appendices

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Chief Executive



HCC AI Risk Management Framework

Background/purpose

Hutt City Council (HCC) believes artificial intelligence (AI) will help support Te Awa Kairangi ki Tai and all its people to thrive. Council embraces the potential for the positive, transformational change that the integration of AI can bring to its work and welcomes its use.

In keeping with this, since June 2024, HCC has positioned itself to embrace the adoption of AI at Council. The AI-Volution Project has seen the delivery of a rolling suite of AI-related change at Council. The AI-Volution Project has been also supplemented by the delivery of a series of AI-related supporting material and works. AI is now an integral part of the way many members of Staff at HCC undertake their daily duties and will continue to be one of the tools made available to support productivity and deliver transformational change, both now and into the future.

While HCC is fully committed to embracing the use of AI as part of day-to-day activities, as an emergent technology, the use of AI naturally carries inherent risk. As such, it has been recognised that HCC requires a comprehensive AI Risk Management Framework (this document) to manage this risk. This framework details the current controls in place governing the use of AI at Council, both as they apply to staff in their day-to-day use of AI technology, as well as the overarching systems, strategies and policies intended to keep the organisation strategically safe.

Risk Appetite

HCC is considered to have a high appetite for taking AI-related risk.

At Council, numerous AI initiatives have already been undertaken, such as the broad suite of specific items delivered as part of the AI-Volution Project, the AI Navigators Programme and the general deployment of AI tools to staff.

While HCC is fully committed to embracing the use of AI as part of day-to-day activities, as an emergent technology, the use of AI naturally carries inherent risk. In response, HCC has developed an AI Risk Management Framework, which comprises several controls intended to help mitigate risks posed by use of these technologies. These controls include the overarching AI Strategy (the Strategy)

and AI Policy (the Policy), guiding the strategic direction of AI use at Council, as well as practical guidelines for use by staff and governance arrangements.

Through this comprehensive approach to AI risk management, HCC can continue to realise the benefits of AI while protecting both staff and the overall organisation and minimising exposure to risk.

Risk Environment

As mentioned, as an emergent and unique technology, the use of AI carries specific risk. Some of the risks associated with the use of AI (as identified in the HCC Strategic Risk Register and through the AI-Volution Project) are outlined as follows:

- **Legal Risks** – Information entered into AI technologies may become public, potentially breaching regulatory requirements, contracts, or compromising intellectual property. Unauthorised release of private or personal information could violate the Privacy Act 2020 principles. Unauthorised release of public information and records may breach the principles of the Information and Records Management Standard issued under s27 of the Public Records Act 2005
- **Reputational Risks** – Failures in AI implementation or outcomes that are unethical or non-compliant may damage the Council's reputation, reduce community trust, and cause dissatisfaction among stakeholders without sufficient monitoring and controls. Users should always adhere to both this Policy, the AI Guidelines for Staff and the Traffic Lights to limit exposure to reputational risk
- **Bias Risks** – AI technologies, if not designed, tested and trained appropriately, can sometimes produce biased, discriminatory, or offensive content. Therefore, workers using AI technologies are ethically responsible to ensure, in compliance with Council policies and applicable laws and regulations
- **Security Risks** – AI technologies may store sensitive data and information, which could be at risk of being breached and/or hacked
- **Data sovereignty risks** – AI technology platforms may be hosted internationally, but information created or collected in New Zealand is still under the jurisdiction of New Zealand laws. If information is sourced from an overseas-hosted AI technology for use in New Zealand, the laws of the source country regarding its use and access may apply. AI technology service providers should be assessed for data sovereignty practice and give appropriate consideration to Te Tiriti o Waitangi

- **Confidentiality risks** – Only approved AI tools should be utilised for Council-related work to ensure that it does not become publicly available. Workers must follow all applicable data privacy laws and organisational policies when using AI technologies
- **Ethical Risks** – AI technologies must be used ethically and in compliance with all applicable legislation, regulations, and organisational policies. Workers must not use AI technologies to generate content that is discriminatory, offensive, or inappropriate, exposing Council Group to risk
- **Environmental Risks** – If AI systems are more harmful to the environment than initially understood, this may lead to reputational damage or financial loss, if HCC must offset emissions
- **Procurement Risks** – Ineffective selection of solutions or vendors may result in mismatched capabilities, overspend, or failed projects
- **Development Risks** – Inadequate development processes can result in poorly designed AI systems that fail to meet organisational goals, cause operational inefficiencies, or increase the risk of errors
- **Deployment, Integration and Ongoing Operational Risks** – Poor deployment and integration of AI systems can disrupt existing operations, fail to deliver intended value, or lead to underutilisation of AI capabilities
- **Financial Risks** – Poor management of AI procurement, development, or deployment could result in financial losses through inefficiencies, resource wastage, or unachieved value
- **Training and Guidelines Risks** – A lack of adequate training and guidelines for staff could result in improper or inconsistent use of AI systems, reducing their effectiveness and increasing the likelihood of errors or inefficiencies. Additionally, without clear training processes, there is a risk staff may perceive AI adoption as an employment risk. Ensuring training includes messaging around the responsible use of AI and its role in augmenting rather than replacing staff will help mitigate concerns and uphold the organisation's duty of care to employees
- **Cultural Risks** – AI tools and use cases may not always necessarily align with organisational values, cultural considerations, or commitments (such as Te Tiriti o Waitangi). Risks include unintended biases in AI models, potential reinforcement of inequalities, and a lack of inclusivity in AI-driven decision-making. If AI adoption does not actively consider these factors, it could erode trust among staff, stakeholders, and the wider community. Mitigating this risk requires a commitment to ethical AI use, engagement with Māori and other

cultural groups, and ensuring AI applications reflect the organisation's broader social and cultural responsibilities.

Risk Approach

HCC's approach to AI-related risk is underpinned by the AI Risk Management Framework, which consists of eight controls:



Control	Type	Description
The Strategy	Strategy	The Strategy is HCC's explicit commitment to a future where technology enhances our community's wellbeing and prosperity. It aims to position HCC as a leader in ethical AI practices, ensuring that AI technology enhances community wellbeing, supports staff, and improves service delivery.
The Policy	Policy	The Policy establishes guidelines to ensure the ethical, responsible, and lawful use of AI technologies within HCC. It gives effect to the direction established by the Strategy to

		enhance decision-making, service delivery, and operational efficiency.
AI Guidelines for Staff	Guidelines	A set of day-to-day guidelines for staff utilising AI in the line of their work at HCC, helping to ensure responsible and effective usage of this technology on an operational level.
Staff training/ development	Training and development	The training and development system for staff at HCC, which guides the appropriate and responsible use of AI tools at Council. HCC has developed several compulsory online e-learning modules for staff, delivered through the Go1 platform, which guide the use of Council's AI tools. Adopters of AI tools have also undertaken in-person training to further their skills and understanding of obligations while using them at Council, with onboarding and ongoing training for new users.
Privacy and Security arrangements	Privacy and security outputs	All new AI technology must undergo both a Privacy Impact Assessment and Security Risk Assessment before it can enter general use at HCC for Council business. This prevents technology from entering the HCC environment without the requisite privacy and security considerations having been formally undertaken.
AI Governance Group	Governance	The AI Governance Group provides oversight, decision-making and advice on the responsible use and management of AI across HCC. It is separate from the AI-Volution Project Governance Committee and oversees AI-related risks and issues as the technology is transitioned to the wider business.

AI Risk Tiering Framework (Traffic Lights)	Guidelines	The Traffic Lights act as another control for staff when it comes to the utilisation of AI as per their day-to-day business at HCC. It complements the AI Guidelines for Staff and categorises all AI uses cases into three tiers, with action to be taken, as appropriate, for the level of risk or complexity attributed to that activity.
HCC Strategic Risk Register	Enterprise risk register	HCC's enterprise-wide risk register has been updated to incorporate an overarching risk relating to AI usage, as well as controls in place to mitigate this risk.

Individual controls are included as appendices to this framework.

Ongoing Risk Management and Mitigation

As new risks relating to AI usage at HCC either emerge or are identified, it is the responsibility of the AI Governance Group to make decisions against these items and use its influence and authority to take requisite measures to resolve them. This includes directing the relevant teams or officers to work with the HCC Risk Team in ensuring such risks are adequately covered in the Strategic Risk Register.

It is also the AI Governance Group's responsibility to provide CLT with any updates, advice or guidance on any areas of AI at Council that it requests and escalate requisite risks or issues, as appropriate, to them.

Regarding the ongoing management and maintenance of the AI Risk Management Framework itself, this also forms part of the AI Governance Group's responsibilities. As changes are required, it will use its influence and authority to make updates to the framework, as well as to the Strategy, the Policy, the Traffic Lights and any other relevant piece of AI-related supporting material.



Artificial Intelligence (AI) Technologies Policy

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Owners	Lyndon Allott; Jarred Griffiths
Approved by	TBA by CLT

Version	Author	Date	Description
V 0.1	Laura Jamieson	June 2023	
V 1.0	Phil Baker	October 2023	Renamed and added Development and use of API and plugin tools.



VI.1	Julianne Hickey	June 2024	Renamed, broadened the scope to include other AI technologies. Updated to align with development of AI Strategy. Includes guidelines for staff and council.
VI.2	Chris Nelson	February 2025	Updates as per development of the AI Risk Management Framework, changes to definition for approved and non-approved AI tools.

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1. Policy Statement

Hutt City Council (HCC) and its wholly-owned Council Controlled Organisations (Council Group) believe AI will help support Te Awa Kairangi ki Tai and all its people to thrive. Council embraces the potential for the positive, transformational change that the integration of AI can bring to its work and welcomes its use.

Our approach to the use of AI is built on the following principles:

- It will be grounded in the principles of Tika and Pono
- We are committed to the ethical use of AI
- It will be mana enhancing
- We will regularly review and update our policies, procedures and guidelines to ensure they are relevant and effective for an AI-enabled organisation

Council is committed to ensuring that the utilisation of AI aligns with Council's legal, ethical, and community standards. Only when AI is deployed responsibly can it improve the efficiency, effectiveness and quality of services and advice delivered. This policy outlines the principles and requirements for the safe and responsible use of AI by Council Officers.

2. Purpose

The purpose of this policy is to establish guidelines, to ensure ethical, responsible and lawful use of artificial intelligence (AI) technologies within HCC and its wholly owned CCOs. This will help enhance decision-making, service delivery and operational efficiency, by employees, contractors, temporary staff, or other third parties, hereafter referred to as 'staff or workers' of Hutt City Council (HCC).

This policy identifies the risks staff need to consider when using AI. The policy provides guidelines for staff using AI, and how HCC will apply their Governance systems and frameworks to build trust and confidence.

3. Scope

This policy applies to all workers (employees, contractors, councillors, temporary staff, or third parties) with access to AI technologies, whether through council-owned or personal devices in pursuit of Council activities. It also applies to the organisation, providing guidelines for the ethical and responsible use of AI technologies within HCC to enhance decision-making, service delivery, and operational efficiency. The policy outlines the governance and monitoring of AI operations and technologies, as well as the roles and responsibilities of the organisation and its workers in ensuring compliance with the policy.

4. Definitions

AI Technologies Definition

This policy applies to all AI technologies, including but not limited to technologies, predictive analytics, automation tools, and decision support systems. It encompasses all AI technologies such as GenAI, ChatGPT, Microsoft CoPilot, and other products with built-in AI capabilities.

Approved AI tools

HCC differentiates between approved AI tools and unapproved AI tools. This differentiation is important, as, at this time, staff are only permitted to use approved tools for Council-related work where sensitive or non-anonymised data is involved. This is because HCC holds agreements and licenses with these vendors for these products. Data entered into these tools is not used for the purposes of training the AI models and is not considered to enter the public domain. This means we can utilise them for Council business, including the inputting of sensitive information and data, with reduced risk of that information becoming compromised.

At this time, HCC has x2 approved tools:

- HCC ChatGPT Teams
- Microsoft CoPilot licensed.

Non-approved AI tools

Refers to any other AI tool outside of HCC's current suite of approved tools (ChatGPT Teams or Microsoft CoPilot licensed), including the free versions of both ChatGPT and Microsoft CoPilot. While HCC has a high appetite for AI-related risk, these tools are not secure and data inputted into them for work purposes should be considered to be in the public domain. For these reasons, while staff are permitted to utilise non-approved AI tools for Council-related work, strictly no sensitive Council data or non-anonymised data is to be entered into them (except for in cases approved by either the AI Governance Group or Chief Executive Officer).

NB, the list of approved tools may expand/reduce on an ongoing basis with direction from the AI Governance Group.

5. Risks and Considerations

The use of AI technology carries inherent risks. As such, it has been recognised that HCC requires a comprehensive AI Risk Management Framework (the Framework) to manage this risk. This Framework includes a Risk Appetite Statement, as well a number of controls in place to help both staff and the organisation as a whole manage risks relating to the use of AI at Council. The controls include:

- The AI Strategy
- The AI Policy (this document)
- AI Guidelines for Staff
- Staff training/development
- Privacy and Security arrangements
- AI Governance Group
- AI Risk Tiering Framework (Traffic Lights)
- HCC Strategic Risk Register – AI.

5.1. Legal

Information entered into AI technologies may become public, potentially breaching regulatory requirements, contracts, or compromising intellectual property. Unauthorised release of private or personal information could violate the Privacy Act 2020 principles. Unauthorised release of public information and records may breach the principles of the Information and Records Management Standard issued under s27 of the Public Records Act 2005.

5.2. Reputation

Failures in AI implementation or outcomes that are unethical or non-compliant may damage the Council's reputation, reduce community trust, and cause dissatisfaction among stakeholders without sufficient monitoring and controls. Users should always adhere to both this Policy, the AI Guidelines for Staff and the Traffic Lights to limit exposure to reputational risk.

5.3. Accuracy

AI technologies rely on algorithms to generate content, which may be inaccurate or unreliable. Workers should review, amend and edit (as applicable) AI-generated content for accuracy before use. If in doubt about the accuracy of AI-generated information, do not use the AI technology and seek guidance.

5.4. Bias

AI technologies can sometimes produce biased, discriminatory, or offensive content, if not designed, tested and trained appropriately. Therefore, workers using AI technologies are ethically responsible to ensure, in compliance with Council policies and applicable laws and regulations.

5.5. Security

AI technologies may store sensitive data and information, which could be at risk of being breached and/or hacked.

5.6. Data Sovereignty

AI technology platforms may be hosted internationally, but information created or collected in New Zealand is still under the jurisdiction of New Zealand laws. If information is sourced from an overseas-hosted AI technology for use in New Zealand, the laws of the source country regarding its use and access may apply. AI technology service providers should be assessed for data sovereignty practice and give appropriate consideration to Te Tiriti o Waitangi.

5.7. Copyright

Workers must adhere to copyright laws when using AI technologies. It is prohibited to use AI technologies to generate content that infringes upon the intellectual property rights of others. If a worker is unsure whether a particular use of an AI technology constitutes copyright infringement, they should contact their manager or the Legal team for guidance.

5.8. Confidentiality

Only approved AI tools should be utilised for Council-related work to ensure that it does not become publicly available. Workers must follow all applicable data privacy laws and organisational policies when using AI technologies.

5.9. Ethical Use

AI technologies must be used ethically and in compliance with all applicable legislation, regulations, and organisational policies. Workers must not use AI technologies to generate content that is discriminatory, offensive, or inappropriate, exposing Council Group to risk.

5.10. Decision Making

Workers using AI for decision making must be accountable, transparent, fair, and compliant. They must be able to explain how the AI technology works and what data it uses, inform stakeholders that AI technology is involved and how it affects them, ensure that the AI does not discriminate or harm anyone's

dignity, rights, or interests, and follow the laws, regulations, policies, and standards for using AI in their domain.

5.11. Development and Use of API and Plugin Tools

API and plugin tools enable extra access to, and functionality for, AI services to improve automation and productivity outputs. However, they also represent additional risks. These tools must be rigorously tested for moderation and factual responses. OpenAI's Safety Best Practices guidelines should be followed when developing API and plugin tools for internal systems.

5.12. Security Risk Assessment requirement

A comprehensive Security Risk Assessment is required for any solution or process where AI is proposed to be used. This assessment should consider potential risks regarding legality, output accuracy, bias and discrimination, security, and data sovereignty and protection.

6. Breaches of Policy

All staff should be aware of and comply with this policy. Council's Code of Conduct sets out the expectation that staff will comply with all policies and procedures. Actions found to be in breach of the Code of Conduct may result in disciplinary action.

All actual or alleged policy breaches will be investigated and actioned in accordance with People and Capability procedures i.e. the Policy Guidelines to Managing Misconduct and disciplinary procedures.

7. Acknowledgement

By using an AI tool, workers acknowledge that they have read and understood this policy, including the risks associated with the use of AI technologies. Workers

also agree to comply with this policy, operate within the guidelines and to report any violations or concerns to your Manager or HR Business Partner.

Appendix 1 – Guidelines for workers

AI can be used to efficiently generate work-related content. For instance, creating comprehensive reports or engaging presentations can be streamlined with AI assistance, enhancing productivity.

When using AI technologies all workers should be aware of the following:

1. **Verify Accuracy:** Before using AI-generated content, it's essential to ensure its accuracy. An example of this is cross-verifying AI-generated data with existing records for precision before finalising a report.
2. **Respect Copyright:** Use AI to create original content or to paraphrase existing materials while ensuring it does not infringe on intellectual property rights. For example, AI can help draft unique responses to customer inquiries that reflect Hutt City Council's voice.
3. **Guard Confidentiality:** Confidential information may be entered into either of the two Council-approved AI tools (ChatGPT Teams and Microsoft CoPilot licensed) for work-related purposes. This data is not used for the purposes of training the AI models and is not considered to enter the public domain. While staff are permitted to utilise non-approved AI tools for Council-related work, strictly no sensitive Council data or non-anonymised data is to be entered into them (except for cases approved by either the AI Governance Group or Chief Executive Officer). These tools are not secure, and data entered into them should be considered to be in the public domain.
4. **Ethical AI Use:** AI should be used to create inclusive and respectful content. For instance, AI can help ensure language in customer communications is culturally sensitive and non-discriminatory.
5. **Transparent AI Use:** When AI supports any decision-making, its role should be clear, and decisions should be made without bias. An example is using AI to shortlist candidates for a job while ensuring the final decision is made by a human to avoid potential biases.
6. **Label AI Content:** In cases where content is written solely by AI, with limited human review or editing, clearly indicate when content has been

generated with AI assistance, maintaining transparency. For example, where AI is being heavily utilised, by letting your manager know how you are using AI, or putting a footnote in a report can state that certain analyses were AI-assisted.

7. **Adhere to the AI Traffic Lights:** When using AI tools for completion of Council-related duties, ensure application of the AI Traffic Lights, which clearly categorise the risk of each use case and provide guiding actions to manage that risk.
8. **Adhere to AI Policy:** Comply with this AI policy and other related policies (Appendix 3) and promptly report any concerns to your manager. For instance, if an AI tool is not functioning as expected, report the issue to ensure it's addressed in line with the policy.

Appendix 2 – Governance and Monitoring of AI

Hutt City Council (HCC) is committed to building and maintaining trust in our use of artificial intelligence (AI) technologies. We recognise the importance of ensuring that our AI systems are mana enhancing through being tika, and pono. To achieve this, we have established a robust governance and monitoring framework to ensure that our AI operations and technologies align with our ethical standards and strategic objectives. This section outlines the framework for the oversight and review of AI systems within HCC.

3.1 Governance Structure The AI Governance Group functions as the mechanism by which HCC governs all risks and issues relating to AI usage, as they emerge or are identified, at Council (except for the AI-Volution Project, which has its own governance group). The group comprises representatives from across relevant areas of the business and is responsible for the development, implementation, and continuous improvement of AI governance policies. CLT acts as its escalation point.

3.2 Monitoring Mechanisms Regular audits and reviews will be conducted to monitor compliance with the AI policy, evaluate the performance of AI systems,

and identify any potential ethical or legal issues. These assessments will be carried out by both internal and/or external auditors to ensure objectivity.

3.3 Transparency and Reporting HCC will maintain transparency in AI operations by documenting all AI systems (through an AI Data Registry) and their decision-making processes. An annual AI Transparency Report will be published, detailing the use, performance, and impact of AI technologies within HCC.

3.4 Risk Management HCC's AI Risk Management Framework has been established to address the specific risks associated with AI, including bias, discrimination, and privacy concerns. This plan will include mitigation strategies and contingency plans for any identified risks.

3.5 Training and Awareness Ongoing training programmes will be provided to all staff involved in the development, deployment, and management of AI systems. These programmes will focus on ethical AI practices, transparency policy compliance, and the importance of human oversight.

3.6 Stakeholder Engagement HCC will engage with stakeholders, including citizens, employees, and external partners, to gather feedback on AI applications and address any concerns. This engagement will be facilitated through public forums, surveys, and direct communication channels.

3.7 Continuous Improvement The AI policy and its governance mechanisms will be subject to continuous review and improvement. Feedback from monitoring activities, stakeholder engagement, and emerging best practices will be incorporated to ensure the policy remains relevant and effective.

Appendix 3 – Related documents

In the implementation and application of this AI Policy, the following Strategy and Policies must be taken into account:

- Rautaki Māori – Māori Strategy
- AI Risk Management Framework
 - AI Strategy
 - AI Guidelines for Staff

- AI Governance Group Terms of Reference
- AI Risk Tiering Framework (Traffic Lights)
- HCC Strategic Risk Register – AI
- Privacy Policy
- Information Management Policy
- Research Ethics Policy
- Privacy Impact Assessment (PIA) Guideline
- Procurement Policy
- Internet Acceptable Use Policy.

Hutt City Council Artificial Intelligence Risk Tiering Framework (Traffic Lights)

If you answer yes to these questions:



But make sure you:

- Review outputs for accuracy
- Use licensed versions of MS CoPilot & ChatGPT Teams to avoid compliance risks
- If you are not handling sensitive or non-anonymised data, you can use non-licensed tools such as the free version of ChatGPT

If you answer yes to these questions:



But make sure you:

- Inform your manager
- Review outputs for accuracy
- Use licensed versions of MS CoPilot & ChatGPT Teams to avoid compliance risks
- If you are not handling sensitive or non-anonymised data, you can use non-licensed tools such as the free version of ChatGPT

If you answer yes to these questions:



But make sure you:

- Review outputs for accuracy
- Do not use AI for these tasks unless explicitly approved
- Do not use non-licensed tools such as the free version of ChatGPT

Hutt City Council Artificial Intelligence Risk Tiering Framework (Traffic Lights)

Hutt City Council (HCC) believes AI will help support Te Awa Kaiarangi ki Tai Lower Hutt and all its people to thrive. Council embraces the potential for the positive, transformational change that the integration of AI can bring to its work and welcomes its use. At HCC, staff are encouraged to use Council's approved AI tools (ChatGPT Teams or MS CoPilot Pro) for work-related tasks, either for personal productivity or more complex purposes, such as supporting decision-making or producing public-facing outputs. However, the use of AI carries inherent risks, such as risks to reputation, data integrity, public trust, etc. To ensure we are using the tools appropriately and in a way which reduces risk, the below AI Risk Tiering Framework (Traffic Lights) has been developed to guide decision-making around the use of AI by staff on a day-to-day basis. Included on this leaf is a simplified version of the Traffic Lights and, overlaid, is in-depth guidance. When using AI for work-related purposes, staff are required to think about each use case in terms of the following model and apply the appropriate actions. This, along with adherence to the AI Policy and the AI Guidance for Staff, ensures we are getting the most out of AI tools while maintaining the integrity of Council and adhering to our legal and ethical obligations. Remember, **human discretion is key**. If you are not sure whether a use case falls into a specific tier, discuss with your manager.

Risk rating	Definition	Summary	Key features	Outlines	Examples
GREEN	Low-risk operations, BAU activities which meet trust City Council's ethical, legal, and operational standards. These activities pose minimal risk and enhance operational productivity.	HCC staff are encouraged to use one of Council's approved AI tools for low-risk, personal productivity purposes (ie, ChatGPT Teams or MS CoPilot Pro). These tools to enhance efficiency and pose minimal risk to data or decision-making processes.	<ul style="list-style-type: none"> AI tools approved by the Council (Corporate HCC version of MS CoPilot Pro and ChatGPT Teams), or non-approved tools (where non-sensitive or anonymised data is involved) Outputs do not seek to make decisions and are supplementary to HCC activity, such as assisting with routine tasks Outputs must undergo human review. 	<ul style="list-style-type: none"> Use Council-approved tools to avoid compliance risks (Corporate HCC version of MS CoPilot Pro and ChatGPT Teams), or non-approved tools (where non-sensitive or anonymised data is involved) Verify AI-generated content for accuracy and appropriateness before use Comply with copyright, IP laws and Central Government guidelines/guidance (e.g., OA's Artificial Intelligence Guidance) Avoid plagiarism Escalation and approval of content by manager is not required In cases where content is written solely by AI with limited human review or editing, ensure clear labelling to indicate AI assistance or attribute correctly where relevant (e.g., in footnotes of reports). 	<ul style="list-style-type: none"> Recording and transcribing routine Mt. Te Awa Kaiarangi meetings Using ChatGPT to check or passage for plain English, spelling and grammar Transcribing handwritten notes into typed format Adding one of the AI tools for summary and analysis of a particular document or passage Drafting of internal emails
ORANGE	Medium-risk use cases requiring additional oversight and support from approved pathways (ie, managers, directors, AI Governance Group, etc). Risks may relate to data sensitivity, decision-making reliance, or ethical implications.	Medium-risk use cases involve using AI tools for more complex tasks that support decision-making or produce specific outputs for public use. Examples include drafting policies and reports, preparing documents such as FAQs and advice papers for managers or governance groups and drafting social media posts, as well as connecting assistants to databases or systems that use sensitive, non-anonymised data in real time. These tasks require approval by a manager, director or the AI Governance Group and must be reviewed carefully to ensure accuracy and appropriateness.	<ul style="list-style-type: none"> AI tools approved by the Council (Corporate HCC version of MS CoPilot Pro and ChatGPT Teams), or non-approved tools (where non-sensitive or anonymised data is involved) Use cases falling into this category involve the use of AI tools and are either outside of routine or BAU operational tasks or support decision-making or produce outputs which may be used by the public Outputs could significantly impact decisions but must still undergo human review 	<ul style="list-style-type: none"> Use Council-approved tools to avoid compliance risks (Corporate HCC version of MS CoPilot Pro and ChatGPT Teams), or non-approved tools (where non-sensitive or anonymised data is involved) Managers must approve any use of AI in this category Verify AI-generated content for accuracy and public appropriateness before use Comply with copyright, IP laws and Central Government guidelines/guidance (e.g., OA's Artificial Intelligence Guidance) Avoid plagiarism Users must document decisions influenced by AI and ensure the AI's role is clear in all communication Avoid relying on AI outputs that cannot be cross-verified by human experts or systems Refrain from engaging with third-party vendors who fail to comply with HCC data and privacy requirements Consult with your manager and the Hutt City Council for AI outputs related to Māori cultural or data contexts In cases where content is written solely by AI with limited human review or editing, ensure clear labelling to indicate AI assistance or attribute correctly where relevant (e.g., in footnotes of reports). 	<ul style="list-style-type: none"> Developing first drafts of project documentation for edit and review, via the Project Documentation tool Development of first drafts of Council and CPT papers Longlisting of potential options or solutions and development of advice for review by staff members Developing of social media posts or communications material for manager approval and public consumption via FAQs, social media or emails and engagement plan drafts Drafting of Council meeting minutes
RED	High-risk use cases in terms of data security, Council integrity, or public trust. These activities are prohibited, unless approved by Council.	At HCC, high-risk use cases involve activities that could harm data security, Council integrity, public trust and staff trust. Examples include using unapproved AI tools for Council-related work, relying on AI for final decisions, creating publicly inappropriate content, or producing Te Reo Māori translations without oversight. These activities are prohibited unless explicitly approved by Council. Note, before a new AI tool outside of HCC corporate tools can be used for Council business, it must pass a Security Risk Assessment and Privacy Impact Assessment.	<ul style="list-style-type: none"> Any use of free or unapproved AI tools, including tools hosted outside Council's secure environment, for Council duties where sensitive, critical or non-anonymised data is involved AI tools pre-approved by the Council (e.g., Corporate version of Microsoft Copilot and ChatGPT Teams) for high-risk purposes, including (but not limited to): <ul style="list-style-type: none"> Using AI for content that infringes intellectual property or breaches the Privacy Act 2020 Generating outputs that could harm cultural, ethical, or community standards, including biased or discriminatory content Using GenAI for all Te Reo Māori translations or unique Te Reo Māori narratives Relying on AI for final decision-making in sensitive areas without robust human oversight 	<ul style="list-style-type: none"> Do not use AI tools for these use cases Discuss with your manager about next steps 	<ul style="list-style-type: none"> Using AI for the sole decision-maker in scenarios with significant impacts Employing free, unapproved AI tools for Council-related work where sensitive or non-anonymised data is involved Producing outputs that may harm cultural, ethical, or community standards Producing Te Reo Māori translations Provision of advice to Central Government and ministers where AI is the sole decision-maker Decisions about workforce, employee performance, recruitment and role changes, etc, where AI is the sole decision-maker Decisions with major impacts for citizens, such as rate changes, zoning changes, parking changes, etc, without human oversight Utilisation of AI in displays CCTV footage where usage is outside the HCC CCTV and Webcam Video Camera Outlines High impact or sensitive communications with members of the public, Māori partners, other councils, etc Creating outputs that conflict with community values or cultural traditions, such as offensive imagery or narratives

Report no: ARSC2025/2/90

External Audit Update - Seaview Marina Limited

Purpose of Report

1. To provide an update on the plans for the preparation and external audit of Seaview Marina Limited Annual Report for the year ended 30 June 2025.

Recommendation

That the Subcommittee receives and notes the Audit New Zealand audit plan for Seaview Marina Limited Annual Report for the year ended 30 June 2025, attached as Appendix 1 to the report.

Seaview Marina Limited Annual Report 2024/25

2. Planning is well progressed for the preparation and external audit of Seaview Marina Limited (SML) Annual Report 2024/25 attached as Appendix 1 to the report.
3. The interim audit begins 3 June 2025 and the final audit begins on 21 July 2025. The final audited Annual Report is expected to be adopted by SML Board 18 September 2025 and the audit opinion will be issued on this date.
4. The statutory deadline this year is 30 September 2025, the planned adoption date of 19 September 2024 is within this timeframe.
5. The audit plan (Appendix 1) highlights a number of focus areas for the audit. Of particular note the focus areas of:
 - Risk of management override of internal controls; and
 - Fair value assessment of land and building assets (non-revaluation year).

Climate Change Impact and Considerations

6. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide. There are no climate change impacts or considerations arising from this report.

Legal Considerations

7. There are no legal considerations arising from this report.

Financial Considerations

8. The financial considerations are detailed in this report in the relevant areas.

Appendices

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1 ↓	Seaview Marina Limited Audit Plan 2025	48

Author: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Tim Lidgard
Chief Executive, Seaview Marina

Audit plan

Seaview Marina Limited

For the year ending 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Executive Summary

I am pleased to present our audit plan for the audit of Seaview Marina Limited (the Company) for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and performance information. Our work improves the performance of, and the public's trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



John Whittal
Appointed Auditor
31 March 2025

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Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Fair value assessment of land and building assets (non-revaluation year)	
<p>PBE IPSAS 17 Property, Plant and Equipment requires that valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from the fair value.</p> <p>The Company revalued its land and buildings during the last financial year.</p> <p>Accounting standards require the Company to perform an assessment as to whether the carrying values of these assets differ materially from their fair values as at 30 June 2025.</p> <p>It is prudent that the Company makes this assessment at an early stage as a full valuation, if required, takes a significant amount of time to complete.</p>	<p>We will review the reasonableness of the Board's assessment including the appropriateness of the assumptions used in the assessment.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.



Other areas of interest across the local government sector

We have reviewed the specific areas of interest for the 2024/25 year and have not identified any areas of focus over and above those already covered in this plan. Should any additional areas be identified during the year we will notify the Board separately. Wider public sector areas of interest are set out on page 10.



Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories.

The amendments include reduced disclosure requirements for Tier 2 entities. Tier 2 entities are required to disclose the total fee for the audit or review of the financial statements and, separately, the total fee for all other services, along with a general description of these services. Previously, Tier 2 PBEs were not required to disclose audit fees.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Board, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the Board see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Board satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Board and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Board? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Board and management need to make their own assessment of materiality from a preparer's perspective. Management and the governing body should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$2,463,626 based on last year's Property

Plant and Equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of Property, Plant and Equipment.

For this audit we have set a lower, **specific materiality** of \$652,307 for all items not related to the fair value of Property, Plant and Equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

Overall materiality	\$2,463,626
Specific materiality	\$652,307
Clearly trivial threshold	\$32,615

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the governing body other than those that are **clearly trivial**. We consider

misstatements of less than \$32,615 to be clearly trivial unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the Board on the reasons why the corrections will not be made.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised) *The Audit of service performance information* (issued by the External Reporting Board July 2023). The new Standard is broadly similar to the existing Standard on auditing service performance information but may result in a few changes in our audit work, including our approach to determining which performance measures are material, or how we link

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

the work we do on some performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Company's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

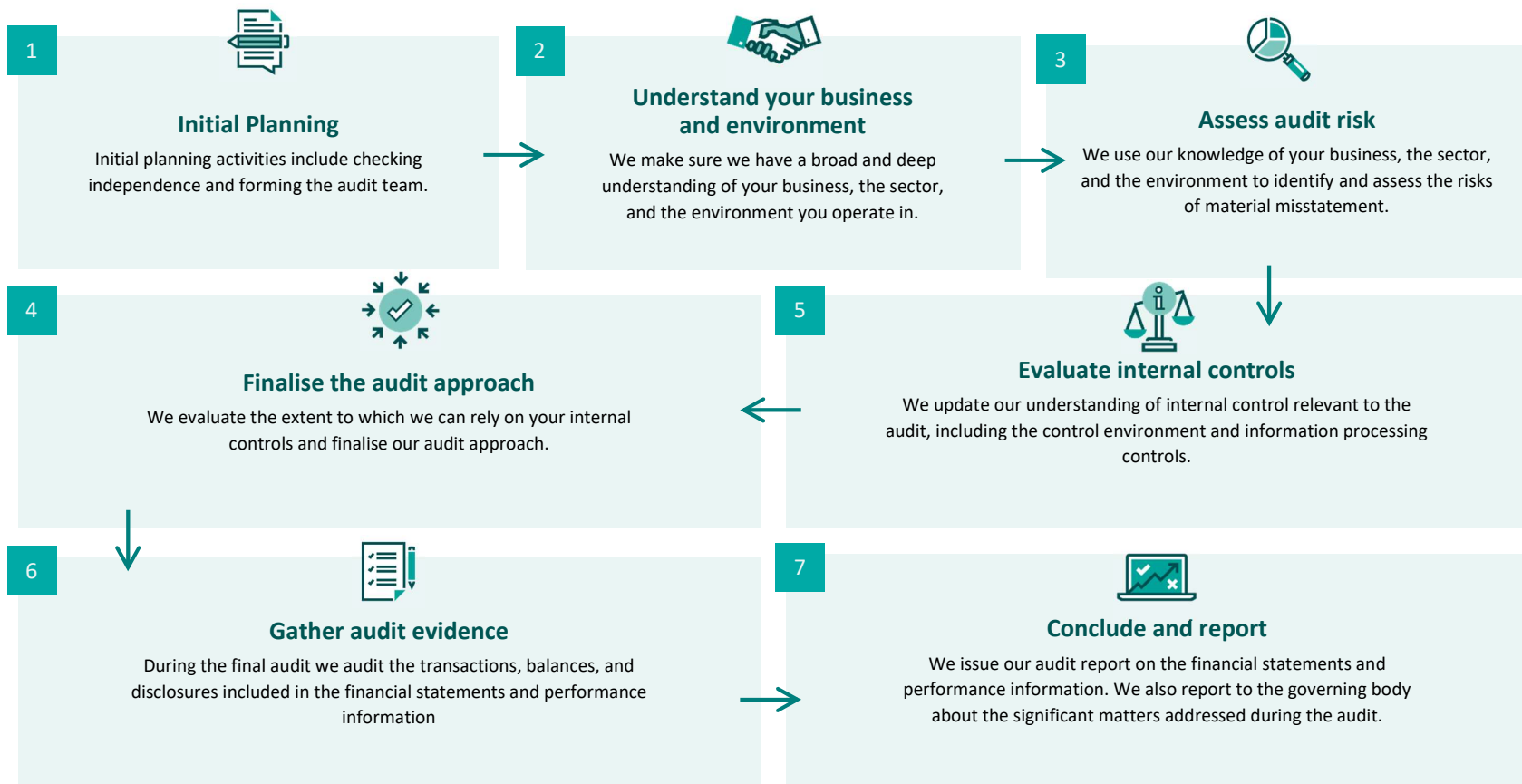
We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision-making, or assessment of the Company's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.



Material measure	Materiality
Achieve prescribed rate of return on equity before tax and dividends	8% of result
Deliver the total annual budgeted income	8% of result
Client service: 80% satisfaction in the biannual survey	8% of result
Achieve no notifiable health and safety incidents	8% of result

Our audit process



Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- the Company carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the Company;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Company or by one or more of its members, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by or by one or more of its members or employees.

Reporting protocols and expectations



Communication with management and the Board

We will meet with management and the governing body throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the Board

We will provide a draft of all reports to management (and the governing body) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the governing body.

We will also follow up on your progress in responding to our previous recommendations.

Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our Audit Engagement Letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

John Whittal or TBA	Appointed Auditor
Mini Fakir	Audit Manager
TBA	Audit Supervisor

Timetable

Our proposed timetable is:

Interim audit begins	3 June 2025
Draft full annual report available with financial statements, notes to accounts, performance information, including any Chair and Chief Executive's overview or reports	21 July 2025
Final audit begins	21 July 2025*
Final annual report available, incorporating all the amendments agreed to between us	4 August 2025*

Audit opinion issued (draft for annual report adoption)	8 September 2025
Draft management report issued	13 September 2025
Adoption of annual report	18 September 2025

AuditDashboard

We will again use AuditDashboard for transferring files as part of the audit.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home have meant we changed how we worked with our clients.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. This confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you.



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www.auditnz.parliament.nz



Report no: ARSC2025/2/91

External Audit Update - Urban Plus Limited Group

Purpose of Report

1. To provide an update on the plans for the preparation and external audit of Urban Plus Limited Group Annual Report for the year ended 30 June 2025.

Recommendation

That the Subcommittee receives and notes the Audit New Zealand audit plan for Urban Plus Limited Group Annual Report for the year ended 30 June 2025, attached as Appendix 1 to the report.

Urban Plus Limited Group Annual Report 2024/25

2. Planning is well progressed for the preparation and external audit of Urban Plus Limited Group (the Group) Annual Report 2024/25 attached as Appendix 1 to the report.
3. The interim audit will start 3 June 2025 with the final audit starting 21 July 2025. The final audited Annual Report is expected to be adopted by the Group's Board on 16 September 2025. The statutory deadline for the completion of the Group Annual Report is 30 September 2025.
4. The audit plan (Appendix 1) highlights a number of focus areas for the audit. Of particular note is the focus on:
 - Risk of management override of internal controls;
 - Fair value assessment of land and building assets (non-revaluation year),
 - Property classification.

Climate Change Impact and Considerations

5. There are no climate change impacts or considerations arising from this report.

Legal Considerations

6. There are no legal considerations arising from this report.

Financial Considerations

7. The financial considerations are detailed in this report in the relevant areas.

Appendices

No.	Title	Page
1 ↓	Urban Plus Limited Group Audit Plan 2025	65

Author: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Daniel Moriarty
Chief Executive, Urban Plus

Audit plan

Urban Plus Limited

For the year ending 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Executive Summary

I am pleased to present our audit plan for the audit of Urban Plus Limited (the Company) and group for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and performance information. Our work improves the performance of, and the public's trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



John Whittal
Appointed Auditor
31 March 2025

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Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Fair value assessment of land and building assets (non-revaluation year)	
<p>PBE IPSAS 17 Property, Plant and Equipment requires that valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from the fair value.</p> <p>The Company revalued its land and buildings during the last financial year.</p> <p>Accounting standards require the Company to perform an assessment as to whether the carrying values of these assets differ materially from their fair values as at 30 June 2025.</p> <p>It is prudent that the Company makes this assessment at an early stage as a full valuation, if required, takes a significant amount of time to complete.</p>	<p>We will review the reasonableness of the Council's assessment including the appropriateness of the assumptions used in the assessment.</p>
Property classification	
<p>The company provides a portfolio of rental housing for the elderly and socially disadvantaged. The Company also provides professional property management services to Hutt City Council (HCC) and will deal with any development property sold to it by HCC.</p>	<p>We will:</p> <ul style="list-style-type: none"> review new properties purchased for classification on initial recognition;

Risk/issue	Our audit response
<p>Cyclical project programming is fundamental to successfully delivering its' objectives. Future projects success and deliverables are reliant on a continue cycle of development and release (repeat).</p> <p>The following approaches are relevant to the Company:</p> <ul style="list-style-type: none"> • Properties developed for own rental portfolio. • Properties for sale to public or other developers. • Where the Company will contract and complete construction to agreed specifications of a future purchaser. <p>The Company needs to assess new purchases and the classification of such property may require judgement in circumstances where the intention is uncertain, there is a mix of the above approaches or there is a change of intention. In making this judgement, an objective is to avoid properties changing between categories without good reason. However, changes may need to be made when circumstances or intentions change.</p>	<ul style="list-style-type: none"> • discuss with management any change in the circumstances or intentions for existing properties and assess that the classification of these remain appropriate; and • assessing the presentation and disclosure of information related to the properties in the financial statements, including whether the values are materially correct and are adequately disclosed.
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.



Other areas of interest across the local government sector

We have reviewed the specific areas of interest for the 2024/25 year and have not identified any areas of focus over and above those already covered in this plan. Should any additional areas be identified during the year we will notify the Board separately. Wider public sector areas of interest are set out on page 10.



Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories.

The amendments include reduced disclosure requirements for Tier 2 entities. Tier 2 entities are required to disclose the total fee for the audit or review of the financial statements and, separately, the total fee for all other services, along with a general description of these services. Previously, Tier 2 PBEs were not required to disclose audit fees.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Board, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the Board see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Board satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Board and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Board? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Board and management need to make their own assessment of materiality from a preparer's perspective. Management and the governing body should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$4,174,264 based on last year's Property

Overall materiality	\$4,174,264
Specific materiality	\$2,045,902
Clearly trivial threshold	\$102,300

Plant and Equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of Property, Plant and Equipment.

For this audit we have set a lower, **specific materiality** of \$2,045,902 for all items not related to the fair value of Property, Plant and Equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the governing body other than those that are **clearly trivial**. We consider misstatements of less than \$102,300 to be clearly trivial unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the Board on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised) *The Audit of service performance information* (issued by the External Reporting Board July 2023). This standard is closely related to the accounting standard for service performance reporting (PBE FRS 48). The new Standard is broadly similar to the existing Standard on auditing service performance information but may result in a few changes in our audit work, including our approach to determining which performance measures are material, or how we link the work we do on some

performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Company's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision-making, or assessment of the Company's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
<i>Rental Housing</i>	
Net Surplus before Depreciation and after Finance Expenses as a Proportion of the Net Book Value of Residential Land and Buildings at the Start of the Year – Greater than 2.25%.	8% of result
Tenant satisfaction with the provision of the Company's rental housing.	8% of result
Percentage of total housing units occupied by low-income elderly greater than or equal to 90%.	8% of result
<i>Property Development</i>	
Operating expenditure within budget.	8% of result
Capital expenditure within budget.	8% of result
All new housing units (stand alone or townhouse) shall achieve a certified HomeStar rating of at least six stars.	8% of result

Group audit

Our audit report covers the group as a whole. We developed our audit approach for the group to obtain sufficient information to give an opinion on the group financial statements and performance information. We have assessed the risks of material misstatement and have identified our approach for each component.

We will report any significant internal control deficiencies to the Board and management of the group. This will include any deficiencies

identified by the group engagement team or brought to our attention by a component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

Component	Our audit approach
UPL Developments Limited	These will be audited by the same Appointed Auditor using Audit New Zealand staff.
UPL Limited Partnership	<p>The significant audit risks relevant to this component is:</p> <ul style="list-style-type: none">• Management override control. <p>The audit focus areas relevant to this component is:</p> <ul style="list-style-type: none">• Accounting treatment for property developments. <p>The audit work on this component will be focussed on sales and cost of sales for developments, and the inventory balance at 30 June 2025.</p>

This table shows the work we have planned for each component. In addition to this, we will perform analytical procedures for other components.

Our audit process



Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- the Company carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the Company;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Company or by one or more of its members or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Company or by one or more of its members or employees.



Reporting protocols and expectations



Communication with management and the Board

We will meet with management and the governing body throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the Board

We will provide a draft of all reports to management (and the governing body) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the governing body.

We will also follow up on your progress in responding to our previous recommendations.

Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our Audit Engagement Letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

John Whittal or TBA	Appointed Auditor
TBA	Audit Manager
TBA	Audit Supervisor

Timetable

Our proposed timetable is:

Interim audit begins	3 June 2025
Draft full annual report available with financial statements, notes to accounts, performance information, including any Chair and Chief Executive's overview or reports	21 July 2025
Final audit begins	21 July 2025*
Final annual report available, incorporating all the amendments agreed to between us	4 August 2025*

Audit opinion issued (draft for annual report adoption)	8 September 2025
Draft management report issued	13 September 2025
Adoption of annual report	TBC

AuditDashboard

We will again use AuditDashboard for transferring files as part of the audit.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home have meant we changed how we worked with our clients.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. This confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you.



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Report no: ARSC2025/2/92

External Audit Update - Hutt City Council

Purpose of Report

1. To provide an update on the plans for the preparation and external audit of the Group Annual Report for the year ended 30 June 2025.

Recommendations

That the Subcommittee:

- (1) receives and notes the Audit New Zealand audit plan for the Group Annual Report for the year ended 30 June 2025, attached as Appendix 1 to the report;
- (2) note the statutory deadline for the completion of the Group Annual Report 2023-24 is 31 October 2025;
- (3) notes the planned external audit and review process which includes reporting back to the Audit and Risk Subcommittee; and
- (4) notes the focus areas for the external audit which includes the performance measures related to Wellington Water Ltd (WWL).

Group Annual Report 2024/25

2. Planning is well progressed for the preparation and external audit of the Group Annual Report 2024/25 attached as Appendix 1 to the report. The interim audit is planned from the 17 June 2025 and the final audit is expected to start on 16 September 2025. Audit NZ are finalising audit resourcing plans and so these dates may change slightly.
3. The final audited Group Annual Report is expected to be available for Council adoption on 7 October 2025. The statutory deadline for the completion of the Group Annual Report is 31 October 2025.
4. Officers plan to present the Group Annual Report content to the Audit and Risk Subcommittee on 23 September 2025 and the Policy, Finance and Strategy Committee on 7 October 2025. The intent will be to seek the endorsement of this content subject to the completion of any audit adjustments and receipt of final audit clearance from Audit NZ.
5. To further support this process, a briefing of the Audit and Risk Subcommittee will be planned for mid-September 2025. This will be an opportunity for the Subcommittee to review the draft Annual Report content and provide feedback to officers.

6. The audit plan (Appendix 1) highlights a number of focus areas for the audit. Of particular note is the focus on:
- a) WWL performance measures;
 - b) risk of management override of internal controls;
 - c) valuation of property plant and equipment;
 - d) impact of three waters reform;
 - e) capital projects included in work in progress; and
 - f) central government funding and rates.

Climate Change Impact and Considerations

7. There are no climate change impacts or considerations arising from this report.

Legal Considerations

8. There are no legal considerations arising from this report.

Financial Considerations

9. The financial considerations are detailed in this report in the relevant areas.

Appendices

No.	Title	Page
1	Hutt City Council Audit Plan 2025	84

Author: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Jo Miller
Chief Executive

Audit plan [DRAFT]

Hutt City Council and group

For the year ending 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Executive Summary

I am pleased to present our audit plan for the audit of Hutt City Council and group (the City Council) for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and performance information. Our work improves the performance of, and the public’s trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

Debbie Bradfield
Appointed Auditor
26 March 2025

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Focus areas: risks and issues

Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit.

These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Performance reporting – Qualified performance measures (Significant Risk)	
<p>The City Council utilises Wellington Water Limited (Wellington Water) for services related to water supply, wastewater, and stormwater, and relies on them for performance measure results reported in the annual report. Our audit opinion was modified for the last three years due to significant issues with the customer satisfaction measure for water supply, wastewater, and stormwater.</p> <p>It is important for the City Council to maintain discussions with Wellington Water to ensure accurate performance results and robust supporting evidence. Failure to address past issues and make necessary improvements may result in continued modifications to our audit opinion.</p>	<p>We will continue discussions with the City Council about how this matter has progressed.</p> <p>We will complete our planned audit approach, which will include engagement with the Wellington Water auditor to seek assurance over the performance information which the City Council will rely on for its performance reporting.</p>
Significant uncertainties relating to unit rates of three water assets (Area of Audit Focus)	
<p>During the year ended 30 June 2024, the City Council revalued its three-water service assets, resulting in a significant increase in unit rates. These rates were materially higher than expected and were only comparable to those of Wellington City Council. Our audit work indicated that recent contract costs supported the unit rates used by</p>	<p>To address the risk related to the unit rates assessment of the three waters assets, we will:</p>

Risk/issue	Our audit response
<p>the valuer. However, uncertainty remained regarding the sustainability of these costs. Factors contributing to inherently higher costs in Wellington included topography and work complexity. Additionally, regional procurement practices, a history of reactive capital expenditure, and market capacity constraints were identified as potential cost drivers. Given these uncertainties, the prior year's audit report included an emphasis of matter.</p> <p>Subsequent to the 2024 Annual Report two independent reports identifying concerns on the value-for-money from Wellington Water's (WWL) activities have been issued. The Council will need to consider these findings and any changes WWLs procurement on its financial statements, particularly when assessing the fair value of three water assets.</p>	<ul style="list-style-type: none"> • Review management's assessment of the reasonableness of the fair value assessment prepared by the valuer. • Evaluate how management considered the estimation uncertainty in the unit rates and confirmed the alignment of recent contract costs with the revalued unit rates. • Review how the City Council has addressed the findings from independent reports and their considerations relating to any financial statement impact, including any necessary disclosures or adjustments.
Fair value assessment of infrastructure assets (non-revaluation year) (Area of Audit Focus)	
<p>The City Council revalued its land, buildings, roading, and three waters infrastructure last year and is likely to only need to complete a fair value assessment (noting the point above on 3 waters unit rates).</p> <p>Accounting standards require the City Council to perform a fair value movement assessment (assessment) as to whether the carrying values of these assets differ materially from their fair values as at 30 June 2025.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consultation with valuers, where necessary. 	<p>We will review the reasonableness of the City Council's fair value assessment including the appropriateness of the assumptions used.</p>

Risk/issue	Our audit response
<p>If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the City Council will need to complete a full revaluation. If specified criteria are met, the Council may be able to undertake an index-based revaluation.</p> <p>It is essential for the City Council to conduct this assessment at an early stage, as a full valuation, if required, can be a time-consuming process.</p>	
The risk of management override of internal controls (Significant Risk)	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Other areas of interest across the local government sector

We have identified five sector wide issues significant to most local authorities detailed below. If any additional areas are identified during the year we will notify the Council.

Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories. Under each category of other non-audit or review services, entities reporting under Tier 1 are required to provide a description of each type of service received and the corresponding fees incurred for the reporting period.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Mutual Liability Riskpool Scheme

Although Riskpool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

In August 2023, Riskpool indicated that member councils might have to provide further contributions to cover identified shortfalls whereby claims exceed reinsurance recoveries. This led to relevant councils recognising a provision or including disclosure of the situation and what it meant in their 2022/23 financial statements.

In November 2023, Riskpool made a call on member councils to fund quantified shortfalls. The amount to be funded by member councils was \$12.9 million. Riskpool reserves the right to make further calls for additional funding if needed. As of September 2024, we are not aware of any further calls being made.

The Council will need to consider its disclosures in this regard and should specifically consider whether further information is available to allow the Council to reliably measure a provision for unpaid calls.

Dealing with the “Local Water Done Well” water reforms in the 2025 annual report

Local Water Done Well is being implemented in stages:

- Stage 1 – repealing the affordable water reforms (completed in February 2024);
- Stage 2 – passing the Local Government (Water Services Preliminary Arrangements) Act 2024 (completed in September 2024); and
- Stage 3 – introducing the Local Government Water Services Bill, which will establish the enduring settings for the new water services system (expected to be passed by mid-2025).

Depending on the status of the water reforms and the Council’s response to those, we recommend the City Council provide a high-level summary of the reforms at the time of reporting. This should include that the council must prepare, consult on aspects of, and adopt a water services delivery plan. Where the Council’s intentions are well developed and formalised via council resolution, the council may wish to describe the anticipated or proposed model or arrangement for delivering water services, and planned timing of implementation.

We will communicate any changes in expectations to you when we have a better understanding of water service delivery plans and their possible effects on the audited information contained in the annual report.

Benchmark reporting

As part of the local government reform programme, the Department of Internal Affairs (DIA) is set to benchmark council performance. The DIA will publish a yearly report on key financial and delivery outcomes, of which the first report is to be released mid-2025. The report is expected to include several council performance metrics, including rates, council debt, capital expenditure, balanced budget, and road condition. Legislation is expected to be amended to allow future benchmarking reports to include comparison of contractors and consultant expenditure, alongside other metrics.

We wish to signal to the council that where information used in the DIA’s benchmarking process is drawn from the annual report, this may create additional areas of focus for both the council and the audit team during the audit process. Should any additional areas be identified, we will notify the Council separately.

Integrity self-assessment survey

In December 2024, the Office of the Auditor-General (OAG) published the second edition of the integrity framework for the public sector, followed in January 2025 by a guide on monitoring integrity in public organisations. The OAG’s 2024-25 Annual Plan highlighted as a priority supporting strong organisational integrity practices. Aligned with that priority, Audit New Zealand is conducting an integrity self-assessment survey (the survey) as part of the 2024-25 annual audits across 51 local authorities and 22 central government organisations. The survey aims to understand how these organisations establish a culture of integrity and raise awareness



about its importance. The City Council is one of the organisations being surveyed.

The survey results will be shared with the entity and will serve as a baseline for possible future audit work. A summary report will also be compiled from the findings across all surveyed organisations. This will be shared with the City Council.

DRAFT

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the Council see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.



Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Mandatory disclosures

The annual report must contain the disclosures required under certain legislation, including:

- the Local Government Act;
- the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the Non-Financial Performance Measures Rules 2024.

The City Council should continue to review the legislative disclosure requirements and check that these are accurate and complete.

Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to make their own assessment of materiality from a preparer's perspective. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall group materiality** for the financial statements at **\$282m** and **overall parent materiality at \$276m**. These are based on last year's total assets. This is subject to change once the actual results for the current year are available. We only apply overall materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **specific group materiality** and lower, **specific parent materiality** for all items not related to the fair value of property, plant and equipment.

A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

	\$'000
Overall group materiality	\$282,000
Specific group materiality	\$7,300
Overall parent materiality	\$276,400
Specific parent materiality	\$7,200
Group clearly trivial threshold	\$365
Parent clearly trivial threshold	\$360

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than **\$365,000** to be clearly trivial for the **group** financial statements and misstatements of less than **\$360,000** to be clearly trivial for the **parent** financial statements unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised): *The Audit of Service Performance Information* (issued by the External Reporting Board July 2023). This standard is closely related to the accounting standard for service performance reporting (PBE FRS 48). The new Standard is broadly similar to the existing

Standard on auditing service performance information but may result in a few changes in our audit work, including our approach to determining which performance measures are material, or how we link the work we do on some performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of

the City Council's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Water supply	
Safety of drinking water* The City Council's drinking water complies with: <ul style="list-style-type: none"> a) Part 4 of the drinking-water standards (bacteria compliance criteria); and b) Part 5 of the drinking-water standards (protozoal compliance criteria). 	0% of reported result

Material measure	Materiality
Customer satisfaction The total number of complaints received by the local authority about any of the following: <ul style="list-style-type: none"> a) drinking water clarity; b) drinking water taste; c) drinking water odour; d) drinking water pressure or flow; e) continuity of supply; and f) the local authority's response to any of these issues. 	5% of reported result
Wastewater	
Discharge compliance Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions; received by the territorial authority in relation to those resource consents.	5% of reported result

Material measure	Materiality
Customer satisfaction The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> a) sewage odour; b) sewerage system faults; c) sewerage system blockages; and d) the territorial authority's response to issues with its sewerage system. 	5% of reported result
Stormwater	
Discharge compliance Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions; received by the territorial authority in relation to those resource consents.	5% of reported result
Customer satisfaction The number of complaints received by the territorial authority about the performance of its stormwater system.	5% of reported result

Material measure	Materiality
Asset quality	
Road condition The average quality of ride on a sealed local road network, measured by smooth travel exposure.	8% of reported result
Responsiveness to roading issues Percentage of customer service requests relating to roads and footpaths that are responded to within the statutory timeframe.	8% of reported result
Regulatory services	
Resource consents Percentage of non-notified resource consents processed within statutory timeframes.	8% of reported result
Building consents Percentage of building consent applications processed in accordance with statutory timeframes.	8% of reported result

* We understand that DIA are publishing guidance around the reporting of safety of drinking water measures. The City Council will need to review this guidance once it has been issued.

Group audit

Our audit report covers the group as a whole. We developed our audit approach for the group to obtain sufficient information to give an opinion on the group financial statements and performance information. We have assessed the risks of material misstatement and have identified our approach for each component.

We will report any significant internal control deficiencies to Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by a component auditor. We will communicate deficiencies related to:

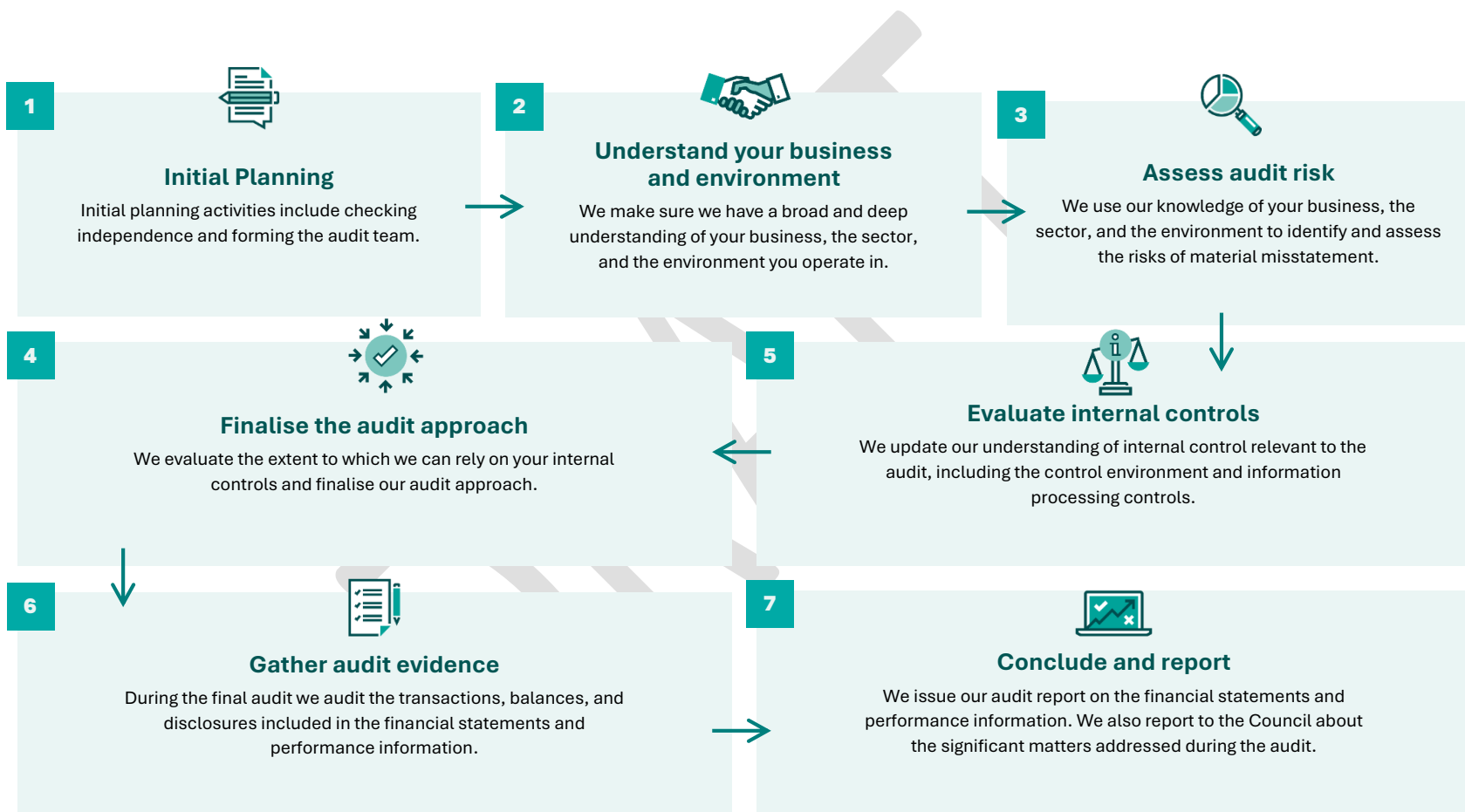
- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

Component	Our audit approach
Hutt City Council	More information on these audit risks can be found in the Audit Risks and Issues section above. Our areas of audit focus for the audit are also listed above. The audit work on this component will be a full financial statement and performance report audit.
Urban Plus Limited and Group	The component auditor is John Whittal of Audit New Zealand. The audit work on this component will be specified scope procedures relating to Inventory, commercial development sales and cost of commercial development sales.

Component	Our audit approach
SeaView Marina Limited	SeaView Marina Limited is not a component selected for further audit procedures based on the group risk assessment. We will obtain the annual report to confirm that our risk assessment and approach remain appropriate.

Our audit process



Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. We want the audit process to run smoothly, and we will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the yearend. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue, expenditure including payroll, movement in the property plant and equipment and performance information. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective

decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- the City Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the City Council;



- there is any sign or appearance of a lack of probity as a result of any act or omission by the City Council by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the City Council or by one or more of its members, office holders, or employees.

DRAFT

Reporting protocols and expectations

Communication with management and the Council

We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the Council

We will provide a draft of all reports to management (and the Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

At the end of the audit, we will report to the Council our views on:

- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required.

We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Audit logistics and next steps

Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Debbie Bradfield	Appointed Auditor
Scott Tobin	Engagement Quality Review Director
Dieter Rohm	Information System Audit Director
Sachi Delpachithra	Audit Manager

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. They are independent from the day-to-day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team but will not have direct contact with you.

The Appointed Auditor has extensive experience in the sector and is the Appointed Auditor for other clients in the sector.

Timetable

Our proposed timetable is:

Interim audit begins	24 March 2025
Audit plan issued	By 30 March 2025
Pre-final audit begins	16 June 2025
Draft financial statements available for audit (including notes) with actual year-end figures	To be confirmed
Final audit begins	To be confirmed
Final financial statements available, incorporating all agreed amendments	To be confirmed
Verbal audit clearance given	To be confirmed
Annual report available, including any Chair and Chief Executive's overview or reports	To be confirmed
Audit opinion issued	To be confirmed
Draft report to the Council issued	To be confirmed



AuditDashboard

We will again use AuditDashboard for transferring files as part of the audit.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home have meant we changed how we worked with our clients.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. This confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit.

During the previous audit, we were able to perform some of our audit work remotely. Based on our experience we found that the Hutt City Council and group has some systems and processes in place but these will only facilitate a portion of the any off-site work.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you. This will include our continued use of AuditDashboard to manage our information requests.



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Wellington 6140
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27 March 2025**Report no: ARSC2025/2/93**

Risk Management and Assurance Update

Purpose of Report

1. To update the Audit and Risk Subcommittee on activities undertaken to maintain and improve risk management at Hutt City Council. The risk register was last considered by this Subcommittee on 26 November 2024.
2. This report also covers an update on other assurance activities.

Recommendations

That the Subcommittee:

- (1) receives and notes the information;
- (2) notes there are 11 risks (previously 10) on Council's strategic risk register;
- (3) notes, there is one new risk (Risk 1, Wellington Water Limited – Value for Money) have been added to the Strategic Risk Register;
- (4) notes the new risk has an overall residual risk rating of high;
- (5) notes the update on "Other Activities" contained within the report; and
- (6) notes the Risk Register as at 31 March 2025 attached as Appendix 1 to the report.

Background

3. Risk and Assurance provides frequent updates on activities to maintain and improve Council's risk management awareness. The last update was provided on 27 August 2024.
4. The Strategic Risk Register ("the register") is a living document and updated quarterly at a minimum through consultation with risk owners. This allows for relevant and timely information to be presented to key stakeholders, the Corporate Leadership Team (CLT), the Chief Executive, officers, and elected members).
5. Providing timely information enables meaningful discussions and decision making. It also provides an opportunity to actively manage key risks and focus sufficient attention on key areas.
6. Ongoing awareness and effective risk practices continue to be a critical focus for officers, ensuring risk is embedded at all levels across the organisation.

7. Council actively fosters a culture where identification, assessment and mitigation of risks are not only a top-down initiative but also collective responsibility.

Council's Risk Register

8. There are currently 11 risks listed on the Strategic Risk Register.
9. One new risk, Risk 1: Wellington Water Limited -Value for Money has been added to the risk register.

Wellington Water Limited (WWL) – Value for Money

10. WWL contracted the services of two independent consultancy firms to review their financial systems and processes (Deloitte) and perform an analysis of Panel Costs and Valuation Unit Rates, and the corresponding peer-review of that Report by Rider Levett Bucknall (AECOM).
11. Following the receipt of the independent reports, WWL released these reports noting a range of findings identified. Some of the key findings noted.
 - a. Due to the reactive repairs (i.e.: leak fixes) the cost per kilometre of pipe was three times higher when compared to other councils. Note: This is largely due to the age and poor condition of the region's network, with reactive maintenance generally more expensive.
 - b. The pipe installation rates, and valuation unit rates were significantly higher than other similar councils. However, the valuation unit rates were still lower than contract rates.
 - c. There was a lack of oversight of the panel without sufficient competitive tension.
 - d. Lack of clarity of roles and responsibilities, with inherent conflicts of interest.
 - e. Lack of controls within the panel and Alliance model.
 - f. Allocation of work done by panel members themselves.
 - g. Weak financial management processes and control.
12. Council provides funding to WWL to perform water services delivery. Noting the above-mentioned, there are significant concerns about value for money being delivered.
13. Following the release of the reports. Local Government Minister, Simon Watts, announced on 28 March 2025 that the Commerce Commission will be tasked to monitor WWL due to concerns. This change will mean Wellington will have economic regulation and the Commerce Commission scrutiny, as part of the wider Local Water Done Well programme, imposed on it sooner than other places.
14. Of the 11 risks listed on the register, one risk has an overall residual risk rating of high, nine risks have an overall residual risk rating of medium and one risk has an overall residual risk rating of low.

15. The new risk has an overall residual risk rating of high. This is reflective of Council concerns about value for money being delivered. All other risk ratings remain unchanged since the last update.
16. Council has put in place a number of mitigating actions to track the progress made by WWL on addressing the report's findings. (These are listed on the risk register)
17. Officers continue to have confidence, as a result of the positive outcomes through the various mitigating actions implemented and/or being implemented on other risks areas listed on the register.
18. Officers remain vigilant in monitoring risks and continuously assess any developments that might affect risk evaluations.
19. Risks that are not captured on the strategic risk register continue to be monitored via operational risk registers by the respective business unit leads, and escalation occurs as required in alignment with the risk assessment criteria set. Operational risk management is a daily occurrence as business units carry out business as usual activities. Risk and Assurance continue to provide advice and support to business units on the evaluation and assessment in higher risk areas and developing of operational risk registers.
20. On a monthly basis, CLT also reviews, monitors and has oversight of issues (i.e. uncertainties that have eventuated), ensuring treatment plans and mitigation actions put in place are working as intended. This process allows for any emerging issues to be addressed in relation to the above risks.

Other activities

21. The annual refreshing process of business continuity plans is now complete.
22. The following is a status update on the internal audit engagements listed on the internal audit plan 2025/27 to be completed by 30 June 2025.
 - a. Accounts Payable Review (end-to-end process) – completed.
 - b. Sensitive Expenditure Review (50% of all transactions inspected over a six month period ending 31 December 2024) – underway, estimated completion being 30 April 2025.
 - c. Procurement and Contract Management – planning is underway with this review to be completed by 30 June 2025.

23. Additionally, two additional ad-hoc engagements have been included as part of the assurance activities 2024/25. This includes:
- Sensitive Expenditure Review, deep-dive on a service area- completed.
 - Cash Handling Review, associated with the implementation of the Go Digital Programme changes – underway, to be completed by April 2025.
24. Due to the two additional ad-hoc engagements added to the 2024/25 plan, completion will be slightly delayed on the Accounts Receivables Review (focus on building consent revenue/debtors). This review will be completed in quarter 1, 2025/26.
25. Conflicts of interests – Staff are required to disclose any potential, perceived or actual conflict throughout their employment cycle in a timely manner. However, sometimes this is not done. As part of the ongoing awareness, all staff that have a conflict declared on the Conflicts of Interest register must confirm if the conflict still exist, if they have any new conflicts to declare or if the conflict has ceases annually. Additionally, an annual circulation survey is performed. This survey provides another opportunity for all staff (with and without any conflicts listed on the register) to declare any interests that may have not been declared during the year. This survey will be sent out in early May 2025.
26. Additionally, further improvements to declaring and managing conflicts of interest are being investigated.

Climate Change Impact and Considerations

27. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

28. Not applicable.

Legal Considerations

29. Not applicable.

Financial Considerations

30. The work programme for Risk and Assurance is funded from baseline budgets.

Appendices

No.	Title	Page
1	Strategic Risk Register	111

Author: Nishana Reddy, Risk and Assurance Manager - Finance

Reviewed By: Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive

STRATEGIC RISK REGISTER (MARCH 2025)



Key:

Inherent risk – assessed level of risk before any control treatments/mitigations have been put in place to reduce the severity impacts should the risk eventuate.

Residual risk – assessed level of risk after control treatments/mitigations have been put in place to reduce the severity impacts should the risk eventuate.

1. Wellington Water Limited (WWL) – Value for Money

Risk Owner: Chief Executive, Secondary Risk Owner: Director – Environment and Sustainability																				
Risk Ratings: <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;"> <table border="1" style="background-color: #f2f2f2; border-collapse: collapse;"> <thead> <tr> <th colspan="3">INHERENT RISK</th> </tr> <tr> <th style="background-color: #f2f2f2;">Likelihood</th> <th style="background-color: #f2f2f2;">Impact</th> <th style="background-color: #f2f2f2;">Risk</th> </tr> </thead> <tbody> <tr> <td style="background-color: #ff0000; color: white;">Likely</td> <td style="background-color: #ff0000; color: white;">Major</td> <td style="background-color: #ff0000; color: white;">High</td> </tr> </tbody> </table> </div> <div style="text-align: center;"> <table border="1" style="background-color: #f2f2f2; border-collapse: collapse;"> <thead> <tr> <th colspan="3">RESIDUAL RISK</th> </tr> <tr> <th style="background-color: #f2f2f2;">Likelihood</th> <th style="background-color: #f2f2f2;">Impact</th> <th style="background-color: #f2f2f2;">Risk</th> </tr> </thead> <tbody> <tr> <td style="background-color: #ffff00;">Possible</td> <td style="background-color: #ff0000; color: white;">Major</td> <td style="background-color: #ff0000; color: white;">High</td> </tr> </tbody> </table> </div> </div> <div style="margin-top: 20px;"> <p style="text-align: center; margin-top: 10px;">Risk Appetite: Low appetite</p> </div>			INHERENT RISK			Likelihood	Impact	Risk	Likely	Major	High	RESIDUAL RISK			Likelihood	Impact	Risk	Possible	Major	High
INHERENT RISK																				
Likelihood	Impact	Risk																		
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Likelihood	Impact	Risk																		
Possible	Major	High																		
<p>Risk Description: In latter part of 2024, WWL contracted the services of two independent consultancy firms to review their financial systems and processes (Deloitte) and perform an analysis of Panel Costs and Valuation Unit Rates, and the corresponding peer-review of that Report by Rider Levett Bucknall (AECOM).</p> <p>Following the receipt of the independent reports in March 2025, WWL released these reports noting a host of findings identified. Some of the key findings included:</p> <p>AECOM:</p> <ul style="list-style-type: none"> Operations and Maintenance expenditure: (per km of pipe) unplanned water supply maintenance expenditure tripled over 5 years and was 3 times higher than peer Council average. Note: This is largely due to the high number of reactive repairs (i.e.: leak fixes) per kilometre, when compared to other councils due to the age and poor condition of the region's network. Capital Works Contractor Panel: pipe installation rates were significantly higher than for other regions and preliminary and general costs as a percentage of contract value costs were also high. Valuation Unit Rates: were significantly higher for WWL metro Councils than other similar councils. However, they were still lower than contract rates. Consultants Panel: rates and proportion of fee to total project cost are broadly in line with industry expectations though at upper end. <p>Deloitte:</p>																				

STRATEGIC RISK REGISTER

<ul style="list-style-type: none"> • Lack of oversight of panels without sufficient competitive tension. • Lack of clarity of roles and responsibilities, with inherent conflicts of interest. • Lack of controls within the panel and Alliance model. • Allocation of work done by panel members themselves. • Weak financial management processes and control. <p>WWL noted higher costs are likely to be a symptom of current contractual set-ups with suppliers, lack of adequate oversight, assurance, financial controls and processes.</p> <p>Hutty City Council provides funding to WWL to perform water services delivery. Therefore, there are significant concerns about value for money being delivered, potentially exposing Council to reputational damage, loss of trust and confidence from ratepayers/community, disgruntled customers as a result of the perceived perception that they may be overcharged for rates, negative cashflow implications for Council and ratepayers as a result of higher amounts required to fix the water network.</p>
<p>Risk Drivers:</p> <ul style="list-style-type: none"> • Lack of adequate oversight; • Lack of adequate assurance activities, • Weak financial management processes; • Inadequate procurement processes; • Panel members allocating work themselves; • Lack of clearly defined roles and responsibilities creating inherent conflicts of interests with the WWL consultancy panel; and • Lack of accountability leading to inefficiencies.
<p>Current controls</p> <ul style="list-style-type: none"> • Closely monitor the progress on next steps on addressing the finding from the Deloitte and AECOM reports. • Undertake high level budget analysis of affected parts of the water services activity. • Work closely with WWL to better understand, <ul style="list-style-type: none"> ➢ All the reasons for the operations and maintenance cost increases (noting a major contributing factor is the age and condition of the network); and ➢ the current work in progress and contracts yet to be awarded. • Council advised WWL that until further notice all new contracts through the panel process will need to be competitively tendered, unless HCC approves otherwise.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • Ongoing, regular communications with WWL to ensure value for money is being delivered.

STRATEGIC RISK REGISTER

2. Legislative and regulatory changes creating higher costs or reducing subsidies

Risk Owner: Chief Executive, **Secondary Risk Owner:** Director – Environment and Sustainability, Director Economy and Development, Director Strategy and Engagement

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Almost Certain					
Likely					
Possible					
Unlikely					
Rare					
	Insignifi- cant	Minor	Moderate	Major	Extreme

Consequences

Risk Appetite: Low appetite

Risk Description: On 14 February 2024, the government passed the Water Services Act, Repeal Act 2024 under urgency, repealing the previous government various Three Waters laws, made changes to the fast-track provisions of the Resource Management Act and the delivery of building consent services and the Transport funding priorities and stopped the review of the Resource Management legislation. This creates uncertainty for Councils and impacts a number of areas such as planning processes, work programmes, resourcing requirements, funding mechanisms and cost associated with implementing and changing course. It also presents opportunities for Councils to work together and present information to the new government.

If Council is not adequately prepared and/or engaged in the changes of central government's priorities then there may be disruption/cancellation/delays to work programmes which are important to the interests of the city, resulting in loss of trust and confidence.

However, there are potential opportunities from the legislative and regulatory changes to improve the wellbeing of our communities with a memorandum of understanding in place and Hutt City now working closely with nine other councils to respond to the government's Local Water Done Well policy.

Legislative changes enacted under the Government's plan, Local Water Done Well through the Local Government (Water Services Preliminary Arrangements) Act 2024, to address long standing water challenges which includes:

- The requirement for councils to produce a water services delivery plan and accompanying implementation plan by 3 September 2025;
- Consideration of a fit for purpose future delivery model;
- Ensuring water services are financially sustainable; and
- Greater central government oversight through economic and quality regulation.

The government intends to introduce further water services legislation in December 2024 to be enacted mid 2025 that will establish the enduring settings for the new water services system.

There may also be opportunities and impacts on Council's financial position, financial performance, operations, impacts on staffing, service delivery and outcomes to our community.

STRATEGIC RISK REGISTER

Risk Drivers:***Across legislative changes:***

- Uncertainty around Council's end role and obligations;
- Uncertainty around BAU operations and impacts on staff; and
- Uncertainty of Council's financial position in the future post the impact of changes implemented.

Local Water done Well:

- Lack of alignment/ support from key holders;
- Process and requirements for council decision-making is unclear or not understood resulting in rework and / or challenges to decision-making (such as judicial review);
- Impacts on existing delivery models and productivity due to uncertainty of the potential change process;
- Water Reform models may not be financially viable;
- Pace of transition process resulting in pressures on local government and potential inability to keep up with changing needs and decision makings ahead of the local government elections in 2025.
- Misalignment with legislation and/or legislation does not enable the preferred model;
- Resourcing and capacity constraints; and
- Funding for future phases of work.

Current controls

- Officers and elected members are proactively engaging in legislative change processes, providing feedback on new legislation and policies such as the Resource Management and Building Act changes, including through LGNZ, Taituarā, the Mayoral Forum;
- Working to reprioritise work programmes to align with changes to government priorities and funding available;
- Hutt City Council is committed to a joined-up approach with councils in the Wellington region on working together on a water service delivery plan which is required under the Government's new Local Water Done Well policy; and
- Active monitoring on the progress of actions per the implementation plan presented to the Water Committee on 25 September 2024.

Planned mitigation actions:

- As more details become available, all potential opportunities and implications for Council and our communities will be assessed and will be responded to;
- Continue to perform detailed analysis of any impacts; and
- Quality advice prepared to support Council and other decision making.

STRATEGIC RISK REGISTER

3. Seaview Wastewater Treatment Plant

Risk Owner: Director, Environment and Sustainability

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Likelihood	Almost Certain	Likely	Possible	Unlikely	Rare
	Significant	Minor	Moderate	Major	Extreme
	Significant	Minor	Moderate	Major	Extreme
	Significant	Minor	Moderate	Major	Extreme
	Significant	Minor	Moderate	Major	Extreme
Consequences					

Risk Appetite (strategy): Moderate

Risk Description: The Seaview Wastewater Treatment Plant (the plant) serves a population of 160,000 within the Hutt Valley, treating about 60 million litres of wastewater daily. The main plant was commissioned in 2002. It is in very poor condition, ageing, with many components approaching the end of their design life. This is impacting on both plant capacity and performance and often breaching resource consent conditions for both water and air quality. In particular, the impact of offensive odour beyond the boundary is having a major impact on nearby businesses and communities. Additionally, the breakdown of the sludge dryer in the latter part of 2024 resulted in a spike in offensive odour and a consequential increase in the number of complaints. The breakdown also means a high quantity of wet sludge ends up in the landfill.

Hutt City Council and Wellington Water are committed to fixing the plant issues; however, these issues are complex. New analysis of the dryer identified areas that require fixing whereas analysis undertaken three years ago did not. If the plant does not operate effectively and odours continue to impact the community, this may result in increased infringement notices, dissatisfied residents, financial losses, loss of trust and confidence and reputational damage.

Risk Drivers:

Note: Council's role is to provide funding to WWL to perform water services delivery. Therefore, Council does not directly manage the risk of water services as part of its daily operations.

- Much of the working componentry at Seaview is nearing the end of its service life;
- Failures more likely to occur due to the assets nearing end of life;
- Potentially more infringements, under the Resource Management Act;
- Negative impact on neighbouring communities; and
- Negative impacts on the environment.

STRATEGIC RISK REGISTER

Current controls

- Active and regular communications and engagement with key stakeholders (including residents) on the matter including, increased levels of odour impacting residents and on the upgrade of the biofilter system progress;
- Investment commitment over the next 10 years of \$225M to renew and upgrade existing ageing plant. This sum includes \$13M investment on improvements targeted at odour control;
- Community Liaison Group meeting took place on 25 November 2024, at which an update on the treatment plant was provided;
- Plan in place which Veolia and WWL is working through to return the plant to operate effectively. However, this will take some time due to the amount of biosolids in the system. The process is improving slowly but noticeably;
- Veolia and WWL Veolia have undertaken a review of the incidents (fire and component failure) that led to the dryer being offline. Veolia will be using the findings of this report to review processes and put in place training to minimise the risk of reoccurrence in the future; and
- Ongoing advice to elected members from WWL on investment requirements with reprioritisation.
- Improving asset condition information.

Planned mitigation actions:

- Continue to actively engage with key stakeholders, including the community and provide regular updates on the Wastewater treatment plant;
- WWL working on a long-term plan for Seaview Wastewater Treatment Plant;
- WWL implementing recommended actions to maintain dryer to minimise risk of failure; and
- Continue to work through Wellington Water Limited advice and impacts to Council and its decision making.

4. Asset Planning and Management

Risk Owner: Director – Economy and Development, **Secondary Risk Owners:** Director Neighbourhoods and Communities and Head of Assets and Facilities Management

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Possible	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Major	Medium

Likelihood	Almost Certain	Likely	Possible	Unlikely	Rare
Consequences					
	Insignificant	Minor	Moderate	Major	Extreme

Risk Appetite (service delivery): **Low**
Risk Appetite (strategy): **Moderate**

Risk Description: If assets are not optimised / fit for purpose or adequately maintained, then this may result in health and safety risks for Council staff and communities and assets not being able to achieve the desired outcomes or service at required levels.

STRATEGIC RISK REGISTER

If assets are unsafe, then there will be public dissatisfaction as a result of closures.

There may be higher whole of life costs and financial loss due to poor planning for new construction (higher operating costs), reactive maintenance / renewal and reduced lifespans.

Trust and confidence may be lost as environmental outcomes will not be achieved or are too expensive for local communities to use.

Risk Drivers:

- Ageing assets, lack of sufficient investment / budget allocation. Renewal's investment required to address backlog as assets continue to age / deteriorate;
- Resourcing shortfall of expertise, technical advisers, contractor availability and contractor performance affecting delivery;
- Reactive and unbudgeted maintenance is very costly;
- Inflationary pressures and supply change delays and disruptions;
- Accelerated asset demand and consumption due to population growth and urban intensification, made worse by unsustainably low revenue;
- Changing needs and expectations of our population and rising expectation of public to provide a higher level of service;
- Less funding than expected leading to reduced levels of service (e.g., NZTA subsidy for maintenance, operations renewals);
- Inconsistent Long-Term Asset Management Plans across all asset types and sites;
- Economic, environment, financial constraints, impacts on assets management plans;
- Significant increases in infrastructure cost and access to materials/services that are critical to deliver our infrastructure programme;
- Water Reform impacts on resourcing / technical expertise, work programme impacts;
- Legislative requirements and changes to standards to meet requirements means further investment in renewals is required (e.g., seismic for buildings, machinery, and components at pools / water supply / sewage treatment etc. for compliance and heritage aspects: Petone Wharf, Naenae pool);
- Increasing impacts of climate change, natural hazards, liquefaction prone soils, floods, slips as a result of storm events;
- Financial security of partners, local bodies and subsidiaries put assets and community enjoyment of assets at risk;
- Uncertainty over central government pipeline of work, funding tools and role of the National Infrastructure Funding and Financing Agency; and
- Lack of skilled resources to complete the work.

Current controls

- Effective contractor management and monitoring of performance to ensure delivery against service levels;
- Inspections and analysis of condition and useful life to understand and prioritise spending on maintenance, operations, and renewals;
- Ongoing funding for life of the asset in business cases;
- Completed assessment of asset conditions;
- Regular stakeholder communication about asset condition and level of investment required;
- Asset Management Plans approved for built and green assets, including asset divestment and savings (August 2023);
- Clear work programmes developed for all projects;
- Establishment and filling of critical roles;
- Proactively managing mould issues at Petone Library and Hardwick Smith Lounge;
- Review of the roading asset management work programme completed, and work has commenced to action the programme;
- Ongoing independent Quantity Surveyor advice on RiverLink cost estimates, with budget reviews undertaken as part of LTP 2024-34; and
- An Asbestos Management Policy and procedures documents developed and implemented.

Planned mitigation actions:

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- Site safety compliance remediation work programme underway;
- Ongoing work on partnering with strategic contractors;
- Ongoing work on Alliance type models and assessing of shared risks, collectively working to mitigate risks;
- Programme of improvement initiatives to improve capability; and
- Asbestos survey to be completed in 2024.

5. Health and Safety

Risk Owner: Chief Executive, **Secondary Risk Owner:** Chief People Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Likelihood	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insigni- cant	Minor	Moder- ate	Major	Extreme
		Consequences				

Risk Appetite: **No Appetite**

Risk Description: If while undertaking operational activities on behalf of the Council there's a risk of injury, illness or death of a staff member, contractor, or member of public, or damage to plant or equipment occurs from hazards within the work environment, there's a risk of the following:

- Prosecution under the Health and Safety at Work Act 2015 resulting in fines, reputation, damage to employment brand;
- Individual prosecution or imprisonment for Officers under the Act (Chief Executive and Directors are deemed Officers under the Act);
- Staff, public and/or stakeholder loss of trust and confidence in Council;
- Financial impacts for Council to cover costs of treatment, leave and potentially service delivery disruption; and
- Continuity issues and loss of organisational or operational knowledge.

Risk Drivers:

- Resourcing issues or constraints;
- Breakdown in workplace practices and failed or absent controls;
- Complex and high-risk activities that are managed through contractors or partnerships with overlapping duties with varying levels of capability;
- Lack of understanding of health and safety responsibilities leading to a reduction in psychological safety culture and attitude to and ownership of health and safety risks;
- Varying levels of staff engagement and workload pressures, which can lead to heightened levels of stress, and low resilience; and
- External drivers including an increase in antisocial behaviour and public aggression, threats to personal and facility safety due to mental health issues and pressures in the community.

Current controls

- H&S management framework and reporting system (Assura);

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- An active and engaged H&S committee with representatives from across Council;
- H&S reporting to CLT and the Audit & Risk Subcommittee;
- H&S Hazard and risk register and active controls;
- Annual site inspections for all HCC staffed facilities;
- Staff H&S induction and training; including Situational Awareness training with OPSEC, Good Yarn and Safeguarding Children;
- Leaders HS&W training and induction programme;
- Debriefs/investigations of events and publishing of lessons learned to provide learning opportunities;
- Assets and Facilities work programme including Seismic Performance Register and strengthening activity, Asbestos register, facilities repairs and maintenance work including oversight of mould issues;
- Wellbeing Programme and Employee Assistance Programme; and
- H&S team focus on hazard and contractor management and enhancing organisation H&S capability as outlined and prioritised in the HSW workplan.

Planned mitigation actions:

- Identification of critical risks;
- Enhance H&S metrics and reporting to demonstrate performance of safety systems;
- Facility upgrades;
- Ongoing review of the wider H&S framework to ensure all policies, procedures and other documents are fit for purpose;
- Development of Crisis and Emergency Management Framework and appropriate plans, policies and procedures;
- Development of a Wellbeing & Belonging Framework to provide direction for supporting psychosocial risks, mental health & wellbeing, and psychological safety; and
- Review of physical controls, training, and processes for managing antisocial behaviour.

6. Planning for Climate Change**Risk Owners:** Corporate Leadership Team**Risk Ratings:**

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Likelihood	Almost Certain				
	Insignificant	Minor	Moderate	Major	Extreme
Consequences					

Risk Appetite: **Moderate**

Risk Description: If Council's planning, adaptations, mitigations do not adequately respond or absorb the impacts of climate change, then there may be impacts to personal safety, disruption to business and transport (e.g. storms, floods, slips/ erosion, surges etc.), threats to the ongoing financial sustainability of businesses, impacts on community wellbeing, economic impacts, potential infrastructure asset impairment/reduced useful life/increased costs for assets in risk prone areas and loss of trust and confidence.

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Risk Drivers:

- Topography, river and shoreline movements, speed of change such as sea level rise;
- Insufficient global and local focus, prioritisation and funding of climate initiatives;
- Climate Change Commission reports and NZ Government's responses (or lack of it) at a national or local level will have an impact on HCC's ability to drive environmental objectives;
- Challenges in adapting and aligning plans over time to address new legislation and Government's directives could be cost prohibitive for HCC in the current financially constrained environment; and
- Availability of funding for projects and activities that affect the speed of adaptation and mitigation.

Current controls

- Council has in place a Carbon Reduction & Climate Resilience Plan 2021-2031, which includes the currently known work to decarbonise Council assets, improve efficiency & electrifying of vehicle fleet, establish environmental policies and implement strategies to achieve carbon zero targets. Initiatives are monitored and progress tracked against objectives;
- Work completed to understand gaps in Climate Change reporting;
- Climate Change and Sustainability Committee in place, with oversight on climate change work;
- Various projects implemented or under way to reduce emissions (e.g. Heavy Electric vehicle charging hub – Silverstream landfill, phasing out of fossil gas at aquatic facilities etc);
- Lower Hutt climate action pathway was published in March 2022. (Pathway to reduce city wide emissions);
- Low Carbon Acceleration Fund launched in Feb 2024 to assist with co-funding for projects in Lower Hutt that result in accelerated carbon reduction actions;
- Council has in place an Integrated Transport Strategy, which also includes objectives regarding decarbonisation
- Additional funding of \$20M has been included in Council plans for Eastern Hutt Road resilience works;
- Capital Investment projects underway with a focus on climate change includes:
 - RiverLink Project - flood protection;
 - Tupua Horo Nuku (Eastern Bays Shared Path) - coastal resilience;
 - District Plan review and changes;
 - ; and
 - Working closely with GNS on geotechnical information and slips. Working closely with GNS on geotechnical information and slips.

Planned mitigation actions:

- Long-term plan 2024-34 includes a new Food and Green Organics Collection Service, for implementation in 2027, to reduce organic material going to landfill and resulting in methane emissions. A deed has been signed with the Ministry for the Environment regarding funding for the roll-out costs. However, this will not be drawn on until final decisions in the latter part of 2025; and
- Ongoing work to develop Council's first climate disclosure report in alignment the external reporting requirements (XRB).

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7. Information and Technology

Risk Owner: Chief Digital Officer**Risk Ratings:**

INHERENT RISK		
Likelihood	Impact	Risk
Possible	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Major	Medium

Likelihood	Almost Certain					
	Insignificant	Minor	Modest	Major	Extreme	
	Consequences					

Risk Appetite: No Appetite

Risk Description: If key systems become unavailable or unusable to process transactions, provide services and progress Council's outcomes, or an unauthorised access or use of systems occurs (Cyber-attack), then this may result in loss of data, adverse impacts on service delivery, financial loss (cost to restore backup, reduced productivity), compliance breaches if personal information or sensitive data is released (e.g., Privacy Act, Public Records Act, LGOIMA) and loss of trust and confidence in Council.

Risk Drivers:

- Increase in external malicious cyber-attacks globally and locally;
- Education levels of staff around awareness and malicious threats;
- Staff creating / downloading applications for use on Council devices without obtaining the correct authorisation and/or fully understanding the associated security risks;
- Potential IT security and policies not clearly understood;
- Management of information by staff; and
- Legacy systems are increasingly not fit for purpose and /or lack of funding.

Current controls

- Cyber security governance and strategy in place;
- Security reporting completed quarterly to Security Governance Group;
- Ongoing staff training and communication to maintain awareness;
- Change control process enforced for changes to all IT systems;
- Annual penetration testing;
- Annual security audit;
- IT security systems well managed and tested regularly;
- Network security patches maintained;
- Managed security contracts and security monitoring tools in place;
- Digital strategy, roadmap and funding for investments are in place;
- Prompt reporting of security and data breaches;
- Key core systems (finance, rates, document management, email) are SaaS (Software as a Service) solutions replicated across multiple datacentres (in the cloud);
- Secure backup solution for all systems (backing up on prem and in cloud) in place;
- Strong login password criteria and Multi Factor Authentication (MFA) implemented across Council;
- Hybrid Cloud operational. All 'on premise' systems hosted in a secure offsite datacentre; and
- Cyber security analyst has now been employed.

Planned mitigation actions:

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- Ongoing work in the Te Kōhao (Go Digital) Programme outcomes to improve redundancy and security.

8. Financial Management

Risk Owner: Group Chief Financial Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Likelihood	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignifi- cant	Minor	Moder- ate	Major	Extrem- e
		Consequences				

Risk Appetite: Moderate

Risk Description: If Council's financial capacity and revenue does not meet demand and service needs, then it may not be able to prudently manage its financial obligations.

This may result in:

- Potential for Standard and Poor's Credit Rating Agency (S&P) downgrades in the future. (However, as at March 2025 changed our rating from an AA- with a negative outlook to a A+ with stable outlook as a result of S&P lowering the assessment of NZ Council's institutional framework due to rising debt across the sector). The flow on impact for Council is increased borrowing cost of around \$300k per annum on current debt levels.
- High cost of funding and/or inability to borrow, impacting on debt;
- Liquidity issues;
- Project delays;
- Deferral of asset maintenance/renewals;
- Service levels below community expectations;
- Suppliers unwilling to engage with Council to provide services;
- Difficulties in accessing skilled staff to deliver projects; and
- Loss in trust and confidence.

Risk Drivers:

- Reduced revenue combined with increased / unplanned / unbudgeted costs and/or requirement for higher debt levels;
- Uncertainty of central government reforms and related Council decisions, in particular water services;
- Uncertainty in global market and economic conditions effect on domestic / regional / local economy;
- Capacity / resourcing constraints and lack of sufficient capabilities (understanding) around managing debt collection and associated legislative rules;
- A shock event such as an earthquake would impact borrowing costs (on top of increased borrowing to spend on assets/projects) and reduced disposable household and local businesses income;
- Sustainability of Council debt levels and related interest costs;
- Cost escalations due to supply chain issues, disruptions, inflationary pressures and shortages of both skills and materials; and
- Economic climate conditions with increased cost of living impacting unfavourably on Council revenue sources and overall financial position.

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Current controls

- Future investment priorities and projects confirmed through Long Term Plan/Annual Plan processes;
- In depth budget review process as part of Long-term Plan/Annual Plan processes; including comprehensive advice on financial risks, including debt headroom capacity constraints.
- Treasury Risk Management Policy, liquidity management, forecasting, monitoring; with additional specialist advice on treasury strategy, given the economic conditions;
- Financial Strategy debt limits and monitoring mechanisms;
- Transparent reporting and financial management;
- Scrutiny during budget setting and project business cases;
- Financial performance monitoring processes which include monthly reporting to Corporate Leadership Team and quarterly reporting to Policy, Finance and Strategy Committee which enables financial issues to be raised and proactively managed;
- Increased oversight and monitoring of major projects;
- Policies, tools and options for rates relief and payment options, with proactive promotion of these;
- Use of good quality data to inform decisions and planning;
- Implemented and continue to work on improvements to project cost estimates process;
- Proactive engagement on the new government policy programme to ensure financial risks and impacts are well understood;
- Working closely with the local government sector and Local Government Funding Agency; and
- Have ongoing assurance activities in place.

Planned mitigation actions:

- Ongoing mitigations and planned actions around portfolio / programme / project management, asset management and procurement will drive better understanding of costs and help identify savings and efficiency opportunities; and
- Take up opportunities to influence central government policy and advocate for communities in financial hardship.

9. Procurement

Risk Owner: Group Chief Financial Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Moderate	Medium



Risk Appetite (strategy/ financial):
Moderate

Risk Description: If sub-optimal practices around the procuring of goods, works and services materialise, then this will impact the achievement of wider outcomes for procurement and create financial losses for Council due to:

- Unfavourable or sub-optimal contract terms;
- Difference in rules when partnering with other agencies;

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<ul style="list-style-type: none"> • Missed opportunities to leverage bargaining power; • Reduced service levels below community expectations; • Poor vendor performance; • Inappropriate KPIs that promote or incentivise the wrong vendor behaviours; • Increased risk of fraud and corruption in the appointment process; and • Loss of trust and confidence.
<p>Risk Drivers:</p> <ul style="list-style-type: none"> • Lack of sufficient skills and knowledge in procurement planning and executing “go to market” activities; • Inconsistencies in reporting key vendor performance metrics; • Competitive market conditions resulting in lack of available supplier resource in contractor market, particularly the civil and construction areas across NZ that will draw on the same expertise / supplier resource; and • The complexity, applicability and impact of the broader outcome’s framework on suppliers and reporting.
<p>Current controls</p> <ul style="list-style-type: none"> • Procurement Strategy approved by Council on 27 March 2024; • Consistent use of Procurement practices and capabilities to maximise commercial opportunities, performance standards, efficiencies, and effectiveness; • Procurement team has oversight across all sourcing activities to ensure early identification and mitigation of potential risk exposures; • Procurement guide is available to staff that outlines the policy, process, and practices; • On-going advice and guidance being provided across HCC business areas on procurement practices as required, leading to a shift in mindset around simplification of processes which leads to efficiencies to all stakeholders; • Regular communications with other Councils in the region, exploring opportunities for combined market approach for similar service and gaining economies of scale; • Enterprise-wide contracts register in place, enabling better analysis of spend, and increase the overall effectiveness of contract management; • Review and endorsement of procurement plans; • Review and approval of new supplier request creation; • Annual review of procurement templates to ensure it is fit for purpose; and • Ongoing training and support on the enterprise-wide contracts register.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • Ongoing review of practices, ensuring sourcing efficiencies, whilst maintaining the integrity of processes; • Continuing to develop a procurement tools and resources and providing ongoing training to support good procurement practices; • Ongoing contract management training; and • Working on including procurement practices and Council's approach with on-boarding of new staff.

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10. Artificial Intelligence (AI)

Risk Owner: Corporate Leadership Team

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Likelihood	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Extreme
		Consequences				

Risk Appetite (strategy): Moderate

Risk Description: Since June 2024, Council has been working to establish itself as an exemplar in the use of AI for day-to-day productivity and enablement of staff to better deliver positive, transformational change.

The AI-Volution Project has concluded a period of feasibility and design and has entered delivery, implementing a suite of AI-based solutions at Council.

The AI-Volution Project has been also supplemented by the delivery of a series of AI-related supporting material and works. Approximately 150 staff now have access to AI to support them in their role and AI is now an integral part of the way many members of staff at HCC undertake their daily duties and will continue to be one of the tools made available to support productivity and deliver transformational change, both now and into the future.

If procurement, development, deployment and integration of AI technologies are not adequately and effectively performed, then this may lead to data security and privacy vulnerabilities and non-compliance with laws and regulation (e.g. breaches of the Privacy Act 2020), along with potential creation of ethical issues affecting people or the environment.

Such occurrences may result in financial loss, legal and compliance implications, wastage of resources and loss of trust and confidence in the Council or create other reputational issues. Additionally, if AI technologies are not adequately implemented in the organisation with appropriate training and guidelines for use, then this could lead to unfair bias and discriminatory outcomes for individuals.

However, there are also potential opportunities Council can access by using AI technologies. These opportunities include:

- Operational efficiencies;
- Improved customer experience and support (e.g. AI powered chatbots 24/7);
- Enhanced decision making;
- Cost reduction (e.g. through reduction of manual interventions); and
- Improve internal capability and reduce reliance on external expertise, and associated costs, as required.
- Improved employee productivity and work satisfaction due to up-to-date tools.

Risk Drivers:

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<ul style="list-style-type: none"> • Staff using unapproved AI technologies for work purposes outside of Council secure environment; • Cybersecurity considerations, as applicable to any new technology; • Poor prompting and review processes leading to inaccurate, incomplete or misleading information along with unfair bias and discriminatory statements; • Changes to AI applicable legislation and regulation; • AI technology developing at a rapid pace and inability to keep up with best practice; • The speed at which AI technologies advance can be overwhelming, leaving employees struggling to keep up with the rate of change; • Stakeholder resistance; and • Misalignment with Council priorities.
<p>Current controls</p> <ul style="list-style-type: none"> • Establishment of AI Risk Management Framework, outlining Council expectation of staff when using AI including: <ul style="list-style-type: none"> - AI Strategy, outlining the direction and focus; - AI Policy; - AI Guidelines for staff; - AI Governance Group; - AI Risk Tiering (Traffic Lights); - Staff training and development regimen; and - Privacy and security system (Privacy Impact Assessments & Security Risk Assessments). • AI trials completed with small numbers of staff to understand opportunities and risks at a manageable scale before wider adoption; • Robust Change Management Plan and approach developed and to be implemented to increase AI maturity and ensures correct support and guidance to successfully adopt and apply the tools; • Ongoing and regular engagement with key stakeholders; • Seeking external advice and/or review of AI matters to supplement internal capability; and • Introduction to AI training rolled out to the organisation to ensure understanding of AI policy.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • Ongoing training and education to staff; • Communication and Engagement Plan; • Other risk strategies to be actioned as set out in the Council AI Policy; and • Transition to BAU of AI capability from the AI-Volution Project.

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11. Workforce capacity, capability and engagement

Risk Owner: Chief People Officer**Risk Ratings:**

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Minor	Low

Likelihood	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Extreme
		Consequences				

Risk Appetite (strategy): Moderate

Risk Description: If workforce capacity, capability and engagement is not effectively managed, maintained and developed, this may result in disengagement and/or resignations of key staff - leaving gaps of knowledge and increasing costs to recruit, induct and train, loss of intellectual property, wellness impacts and increased pressure on remaining team members due to workloads.

We need to ensure we have people in the right place with the right skills, so we have both the capacity and capability to deliver on the plans for our city and to better serve our communities. We also need to ensure we provide a positive work environment and experience for our people. Workforce pressures impact organisational effectiveness and Council's ability to deliver its LTP.

Risk Drivers:

- Retention and recruitment, particularly of skilled staff (including in regulatory and policy areas), needs to continue to be a key area of focus;
- Remuneration expectations can impact our ability to attract and retain talent;
- Increased employee expectations of employers and the experience, compensation, flexibility etc they provide;
- Changing nature and expectations of leadership;
- Pressure in some parts of the business which should be resolved through ongoing improvements to systems and processes;
- Ongoing realignment activities and inadequate focus and effort put into these leading to disengagement, lack of role clarity etc; and
- Not having sufficient staffing levels for workloads (including to deliver significant capital investment programme).

Current controls

- Ongoing engagement with staff including providing regular opportunities for feedback through our Waiora Surveys, follow-up discussions and action plans;
- Clear performance expectations being set, aligned with organisational priorities and the business planning process. Expectation of ongoing feedback and coaching being undertaken by leaders;
- Annual review of remuneration (July);
- Ongoing exit surveys with timely reporting to identify areas for improvement proactively by tracking attrition statistics and feedback trends over time;
- Wellbeing programme activities including regular communications and promotion of support services available such as Vitae for EAP Services;
- Regular All Staff Hui's and pānui/kōrero comms to share information and ensure connection across Council;
- Leadership education and learning opportunities such as webinars and the leadership forums, through the Te Ara Whakatupu programme;

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- Providing internal promotions and secondment opportunities where appropriate;
- Supporting the business to ensure we're getting the best outcomes when undertaking recruitment activities;
- Delivery of initiatives outlined in the Organisation & Capability Development Plan;
- Go1 digital eLearning platform being utilised to provide access to learning activities (onboarding, compliance, core capabilities etc), and to support professional and personal growth and development;
- Performance development framework that provides resources for the various conversations our leaders need to have; and
- Monthly and quarterly reporting undertaken to enable identification of trends and support decision-making.

Planned mitigation actions:

- Focus on continuing to embed the Mana Kōrero framework to support a culture of regular feedback and enable high-performing teams;
- Focus on maintaining completion of goals entered into CultureAmp (at least 80%), to ensure staff are meeting performance expectations and working productively;
- Development of a Wellbeing and Belonging Framework to provide an intentional approach to supporting staff wellbeing;
- Ongoing promotion of opportunities internally through Te Pataka and better access/visibility of vacancies;
- Completion of a leadership framework to describe what good leadership looks like at Hutt City Council;
- Continuing to provide development opportunities through Te Ara Whakatupu;
- Implementation of new HRIS and payroll systems; and
- Delivery of initiatives outlined in the Waiora Survey 24-25 Action Plan.



Audit and Risk Subcommittee

03 April 2025

Report no: ARSC2025/2/57

Sensitive Expenditure Disclosures

Purpose

1. To provide the Subcommittee with a listing of sensitive expenditure incurred by elected members, Chief Executive and Directors for the period 1 January 2025 to 31 March 2025.

Recommendations

That the Subcommittee:

- (1) receives and notes the information; and
- (2) notes the Sensitive Expenditure disclosure information attached as Appendix 1 to the report: Sensitive Expenditure 1 January 2025 to 31 March 2025.

Background

2. Information has been extracted from our financial system from relevant cost centres and expenditure codes where sensitive expenditure is highly likely to be coded.
3. The list of transactions for the quarter from 1 January 2025 to 31 March 2025 is attached as Appendix 1 to the report.
4. This information will also be published on Council's website.
<http://www.huttcity.govt.nz/Your-Council/sensitive-expenditure/>
5. The current information provided by the Office of the Auditor General on sensitive expenditure can be located on their website.
<https://oag.parliament.nz/good-practice/sensitive-expenditure>

Appendices

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1	Appendix 1: Sensitive Expenditure 1 January 2025 to 31 March 2025	130

Author: Darrin Newth, Financial Accounting Manager

Reviewed By: Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive

Summary of Sensitive Expenditure 01 January 2025 to 31 March 2025

Chief Executive and Directors

Representative	Date	Amount \$	Paid to	Description
Miller, J	26 Feb 25	130.80	Local Government NZ	Registration fee for attendance at All of Government Meeting 27 February 2025
Miller, J	23 Nov 24	31.73	Purchase Card	UBER taxi fare – Wellington to HCC - Taxi from LGNZ Metro Sector Meeting 22 November 2024
Miller, J	27 Feb 25	57.83	Purchase Card	Taxi fare from HCC to Wellington to attend All of Government Meeting meetings 27 February 2025
Miller, J	27 Feb 25	59.04	Purchase Card	Taxi fare from Wellington to HCC 26 following All of Government meeting meetings 27 February 2025
Miller, J	16 Nov 24	65.22	Purchase Card	Catering for participants at CE Forum 15 November 2024.
Miller, J	17 Nov 24	20.44	Purchase Card	Catering for participants at CE Forum 15 November 2024.
Miller, J	27 Nov 24	39.13	Purchase Card	UBER tax fare from LGNZ Metro Sector Meeting to HCC on 22 November 2024
Miller, J	31 Jan 25	348.00	M & M Merlot Ltd	Morning tea and lunch (x12) for Corporate Leadership Team planning day.
Geddes, A	12 Feb 25	1,400.00	Solstone	Tetramap workshop for Environment & Sustainability Leadership team 4 February 2025
Geddes, A	12 Feb 25	21.39	Purchase Card	Parking fee while attending Wellington Regional Leadership Committee Senior Staff Group meeting at Greater Wellington Regional Council
Griffiths, J	19 Feb 25	13.39	Purchase Card	Woolworths Lower Hutt - light refreshments for workshop on 19 February 2025 for 9 attendees

Griffiths, J	6 Mar 25	6.59	Purchase Card	New World Hutt City-Lower Hutt – light refreshments for Strategy and Engagement Group Hui with 50 staff
Blackshaw, A	13 Mar 25	3,200.00	Taituara NZ	Taituara Excellence Awards Dinner 12 June 25 for Directors Blackshaw, Kingsbury and 14 other staff attendees
Kingsbury, J	20 Dec 24	6,010.00	Matatu Mataroru Aotearoa - Response and Resilient Aotearoa NZ	RRANZ Response and Recovery Leadership attendance for part one January 2025 and part two April 2025
Kingsbury, J	21 Mar 25	30.00	Hutt Valley Chamber of Commerce	Attendance at pre-budget speech with Hon. Nicola Willis
Kingsbury, J	26 Feb 25	30.96	Reimbursement	Parking Expense - PGG/NZTA CBD Meeting
Kingsbury, J	24 Feb 25	132.65	Blue Carrot 2019 Ltd	Catering for farewell for 14 attendees
Kingsbury, J	27 Feb 25	244.41	Blue Carrot 2019 Ltd	Catering for Economy & Development Leadership team Away Day Workshop for 21 attendees
Kingsbury, J	26 Mar 25	13.28	Reimbursement	Catering for Economy & Development Leadership team Away Day Workshop for 21 attendees

Mayor and Councillors

Representative	Date	Amount \$	Paid to	Description
Council	17 Feb 25	521.73	Wharewaka O Poneke Enterprise Ltd	Waitangi Day Dinner at Te Raukura - Deputy Mayor Lewis, Crs Brown, Mitchell and Tupou
Council – Cr Dyer	8 Jan 25	550.00	Catalyst Pacific Ltd	Governance development sessions on 17 December 2024 and 8 January 2025
Council – Cr Dyer	12 Feb 25	550.00	Catalyst Pacific Ltd	Governance development sessions on 22 January and 11 February 2025
Council – Cr Dyer	27 Feb 25	550.00	Catalyst Pacific Ltd	Governance development sessions on 20 February and 25 February 2025
Council – Cr Stallinger and Morgan	12 Feb 25	261.60	Local Government NZ	Attendance to All of Local Government Meeting 27 February 2025

Council – Cr Dyer	17 Feb 25	130.80	Local Government NZ	Attendance to All of Local Government Meeting 27 February 2025
Council – Cr Mitchell	25 Feb 25	130.80	Local Government NZ	Attendance to All of Local Government Meeting 27 February 2025
Council – Cr Brown	12 Feb 25	854.44	Reimbursement	Accommodation x 4 nights in Taupo 19-23 January 2025 for Attendance at Reo Wananga in Mokai
Council – Cr Brown	12 Feb 25	40.50	Reimbursement	Meal at Reo Wananga in Mokai
Council – Cr Dyer	31 Jan 25	134.26	Reimbursement	Mileage - carpooling over three days to/from LGNZ Conference (August 24) with Crs Mitchell, Parkin, Briggs, Morgan, Mayor Barry and Petone Community Board Member Chair Mike Fisher
Council – Cr Brown	12 Feb 25	975.52	Reimbursement	Mileage Lower Hutt to Mokai return
Mayoral Office	24 Jan 25	18.16	Purchase Card	2x tickets to Hurricanes pre-season match at William Jones Park in Wainuiomata on 7 February 2025. Attendance by Mayor and staff member to promote and encourage more of these events for the Hutt.
Mayoral Office	31 Jan 25	43.05	Purchase Card	Mayor's ticket to WLG Chamber of Commerce Dive into '25 Event on 20 February 2025
Mayoral Office	31 Mar 25	65.22	Pouhere Taonga Heritage NZ	Registration fee and dinner for attendance for Deputy Mayor at the Art Deco insights for Wellington Heritage Festival 8 April 25
Mayoral Office	31 Jan 25	2,250.00	Makelesi Veikoso	Catering (dinner) for 30 th Anniversary Celebration of Hutt/Minoh Sister City Relationship around 90-100 attendees
Mayoral Office	12 Dec 24	99.00	Blue Carrot 2019 Ltd	Catering for CAG morning tea x10 attendees 18 December 2024
Mayoral Office	23 Jan 25	82.00	Blue Carrot 2019 Ltd	Catering for morning tea for 30 th Anniversary of Hutt/Minoh Sister City Relationship delegation on 3 February 2025 x11 attendees
Mayoral Office	23 Jan 25	153.40	Blue Carrot 2019 Ltd	Catering for morning tea for 30 th Anniversary of Hutt/Minoh Sister City Relationship delegation 4 February 2025 x11-16 attendees
Mayoral Office	24 Jan 25	1,600.00	HIWA Performance Creative Ltd	HIWA for 30 th Anniversary Celebration of Hutt/Minoh Sister City Relationship performance 4 February 2025

Mayoral Office	28 Jan 25	75.91	Purchase Card	Catering for 30 th Anniversary Celebration of Hutt/Minoh Sister City Relationship lunch at Minoh House on 3 February 2025. Approx 15 people
Mayoral Office	3 Feb 25	245.00	Brinkel's Cake Art	Cake for 30 th Anniversary Celebration of Hutt/Minoh Sister City Relationship Minoh Delegation on 4 February 2025
Mayoral Office	4 Feb 25	38.33	Purchase Card	Fruit platter for 30 th Anniversary Celebration of Hutt/Minoh Sister City Relationship
Mayoral Office	21 Mar 25	109.51	Purchase Card	Restock of soft drinks for Mayor's Office upcoming events.

NB: The Mayor's travel expenses are pre-approved, with all other expenses approved by the Audit and Risk Subcommittee Independent Chair.

Report no: ARSC2025/2/58

Human Resources Information System and Payroll Project Update

1. This report provides and update to the Audit and Risk Subcommittee meeting on 23 April 2025, on Council's progress on the Human Resources Information System (HRIS) and Payroll Project.

Recommendation

That the report be received and noted.

Background

2. The HRIS/Payroll project was established to ensure the Council has Human Resources and Payroll systems that are fit for purpose, enhance the employee experience, enable access to workforce data, and comply with the relevant legislation.

Project Update

3. In May 2024, the project brief was agreed upon by the Go Digital Programme Board, which outlined a high-level approach to complete the initiation phase of this project. This work included:
 - a. Project start up – review work done to date to defined objectives, scope and key requirements/functionality that is required to meet Council needs, identify pain points and systems/processes that need to be improved as part of this project (COMPLETED)
 - b. Market research – conduct research to identify potential vendors that offer the features and capabilities Council needs. Discuss with other Council's their approach to HRIS/Payroll (COMPLETED)
 - c. Procurement – develop and agreed a procurement approach and engage with market (COMPLETED).
 - d. Vendor evaluation and selection (COMPLETED).
 - e. Contract Negotiation Plan (COMPLETED)
 - f. Contract Negotiations (IN PROGRESS)
 - g. Privacy Impact Assessment (IN PROGRESS)

- h. Security Risk Assessment (IN PROGRESS)
 - i. Business case development and sign off (IN PROGRESS).
- 4. Since the last report to the Committee, the project has completed the procurement phase, and the vendor evaluation and selection process was completed on 20 December 2024.
 - 5. The initiation phase is now expected to be completed in Quarter 4 2024/25, delayed by approximately two months. This delay results from additional demonstrations requested by Council Officers to verify that the preferred providers meet all requirements, coupled with planned leave over the Christmas break and staff illness.
 - 6. The project will continue to deliver a progress update to the Audit and Risk Subcommittee at each quarterly meeting throughout its duration. The next report is scheduled for submission to the meeting on 26 August 2025.

Project risks

- 7. A risks workshop was held with the Project Team to identify key risks associated with the project. At a high level, these include:
 - a. Budgetary constraints – if there are no systems available within the current budget, with the capability and right sized solutions that have been proven in the New Zealand market, then the requirements may need to be adjusted to fit within budget. If additional funding is required other projects within Go Digital would have to be deprioritised or descoped from the programme.
 - b. Process improvement change – if there is an unwillingness to adopt change processes or the business attempts to customise the new systems to meet old existing processes, the system will not be able to fix key pain points, and benefits will be realised.
 - c. Holidays Act compliance – if there are no systems available that meet current or future Holidays Act compliance, then the project may be delayed, or requirements or processes adjusted to meet legislative requirements. This is a key point in contract negotiation to ensure this is adequately reflected in the contract or statement of work.
- 8. The RFP procurement documentation identified and prioritised core requirements and provided a detailed pricing schedule to manage these risks during the procurement process. These risks are also central to the negotiation plan and will be appropriately addressed in the contract and statement of work for the project.
- 9. The business case will also outline the project scope, process improvement work needed and a robust resourcing plan to work within the current budget to mitigate these risks further.

Climate change impact and considerations

10. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

11. Not applicable.

Legal Considerations

12. Proposed contracts from the preferred providers have been sent out to external lawyers for review. The advice received has been incorporated into the negotiation plan.

Financial Considerations

13. A budget of \$1M has been allocated to this project from within the Go Digital Programme budget.

Appendices

There are no appendices for this report.

Author: Megan Connew-Simmons
Programme Manager

Approved By: Lyndon Allott
Chief Digital Officer

Report no: ARSC2025/2/95

Tupua Horo Nuku - Quarterly Update

Purpose of Report

1. To update the Audit and Risk Subcommittee on the Tupua Horo Nuku (Eastern Bays Shared Path) project, including current risks, financial considerations, and proposed changes to the traffic management approach.

Recommendations

That the Subcommittee receives and notes the information.

Background

2. Tupua Horo Nuku is a 4.4 km shared walking and cycling path along Marine Drive, between Ngau Matau | Point Howard and Eastbourne. The project aims to improve transport choices, coastal resilience, and environmental outcomes, while supporting Lower Hutt's long-term climate and wellbeing goals.
3. Since construction began in August 2022, the project has faced programme delays and cost pressures due to the challenging coastal environment. Under the current two-lane closure approach, completion shifted from December 2025 to August 2026.
4. In response, the Te Ara Tupua Alliance has proposed a new strategy that includes introducing an additional lane closure to open more work fronts simultaneously, enabling significant programme savings. Increasing the number of lane closures to three would bring project completion forward by 26 weeks, aligning with the Ngā Ūranga ki Pito-One programme and reducing the financial risk to Council from extended delivery.

Discussion

5. The Alliance has been pursuing efficiencies through revised construction methodologies. However, under the current two-lane closure strategy there is limited capacity to gain further efficiencies due to spatial constraints.

6. Modelling shows that the proposed strategy of introducing an additional lane closure:
 - a. Minimises the risk of incurring additional preliminary and general costs incurred if completion is after Ngā Ūranga ki Pito-One,
 - b. Brings the project end date forward to March 2026,
 - c. Reduces cumulative public delay over the life of the project, despite a slight increase in average trip delays during peak hours.
7. The proposed strategy would operate from August 2025 to January 2026, with lane closures in place in three bays. The cumulative length of the lane closures would range between 700m and 1400m. Temporary Traffic Management Plans (TMPs) and resourcing will be adjusted accordingly. The bays that will have lane closures in place as part of this strategy are:
 - a. Sorrento/Ngau Matau
 - b. Whiorau/Lowry
 - c. Māhina.

Progress

8. The current progress of the project against the original completion dates is included in Table 1 below. Of note is the shift of the completion date of the final bay, Māhina Bay from May 2026 to August 2026. The current completion dates are based on utilising only two-lane closures.

Table 1: Current Status

Bay	Original Completion	Current Completion	April 25 Status
Nga Matau/Point Howard	Mar-25	Jul-26	Started
Whiorau / Lowry Bay	Jan-26	Jul-26	Started
York Bay	Sep-25	Jan-25	Handover
Māhina Bay	May-26	Aug-26	NA
Sunshine Bay	Apr-24	Jan-25	Handover
Mā-koromiko/Windy Point	Oct-23	Oct-23	Completed
	Project completion (based on cost) to date		61.2%

9. A comparison of the impact on programme completion dates under both the existing two-lane closure strategy and the proposed three-lane closure strategy is in Table 2 below.

Table 2: Two Lane Closure and Three Lane Closure Comparison

Bay	Current	Forecast (Three Lane Closures)
Nga Matau/Point Howard	Jul-26	Mar-26
Whiorau / Lowry Bay	Jul-26	Mar-26
York Bay	Jan-25	Jan-25
Māhina Bay	Aug-26	Mar-26
Sunshine Bay	Jan-25	Jan-25
Mā-koromiko/Windy Point	Oct-23	Oct-23

10. Officers are working with the regulator to progress the three-lane closure strategy option.

Options

11. There are no options as the report is a noting report.

Risk Update

12. There are several current risks of note for the project that are identified below:
- Eastern Bays Sewer Main – The southern most section of the works is deferred due to the ongoing presence of kororā. Completion remains within the project programme.
 - Māhina Bay – Overhead service options have been confirmed, and underground service locations are now identified. Programme impacts were being addressed from the beginning of March.
 - Ngau Matua/Point Howard – Challenges, impacts and recommendations to ensure full delivery of the shared path in the bay, following the Centreport oil pipeline upgrade works, have been put forward by the Alliance and are currently under review by officers.
 - Programme dependency – The Project schedule must meet completion at a similar time to the Ngā Uranga ki Piti One Project to avoid incurring additional costs.

- e. Reputational Risk – While some public concern is expected with a proposed three lane closure strategy, targeted communication and engagement is in place to ensure understanding of the benefits, including earlier project completion and minimised disruption duration is communicated.
- f. Regulatory Compliance - to TMP and delay thresholds (an increase from 5 minutes) are being sought through the "Request for Three Lane Closure Strategy" submission.
- g. Further challenges – Cofferdams have been successful in keeping tides out. Weather, especially heavy rain, and as we move into winter, had become an additional challenge. Extra water pumps have been introduced.

Financial Update

13. Table 3 shows the actuals, forecast and budget (LTP 2024-34). Spending as at 28 February 2025 on the Project is \$55.18M, representing 67.4% of the project budget. Grant and subsidy received as at 28 February 2025 is \$35.44M, representing 63.9% of the project budget.

Table 3: Actual, Forecast and LTP Budget

\$ Million	2022-24 Actual	2024-25 Budget	2025-26 LTP Budget	Total 2022-26
Capex	35.77	23.87	22.23	81.87
Revenue	(22.92)	(16.28)	(16.28)	(55.48)
Net HCC Cost	12.85	7.58	5.95	26.38

Climate Change Impact and Considerations

- 14. The matters addressed in this report have been considered in accordance with the process set out in Council's [Climate Change Considerations Guide](#).
- 15. The increased resilience outcome of Tupua Horo Nuku will help to enhance Lower Hutt City's resilience to climate change.
- 16. The construction of the shared path is intended to promote a modal shift to cycling and walking, leading to an expected long-term reduction in vehicle emissions.

Consultation

17. The Tupua Horo Nuku project was included in Council's Long-Term Plan 2024-34 consultation.
18. Ongoing and relevant consultation is conducted as usual practice before the opening of any of the six separate bays.

Legal Considerations

19. Covered by PAA with specific advice sought via Council legal, where and if necessary.

Financial Considerations

20. Escalations to be highlighted through the monthly Major Projects Steering Group Committee.

Appendices

There are no appendices for this report.

Author: Rona Lemalu
Project Delivery Manager

Author: Clyde Ashfaq
Senior Management Accountant

Reviewed By: Andrea Mitchell
Business Manager - Transport

Reviewed By: Paul Hewitt
Head of Transport

Approved By: Jon Kingsbury
Director Economy & Development

Report no: ARSC2025/2/96

Three Waters Matters

Purpose of Report

1. This report highlights issues and risks relating to the three waters activity including an update on three waters reform.

Recommendations

That the Subcommittee:

- (1) notes that Wellington Water Limited (WWL) has advised that it will not be able to implement all of the actions within its Organisational Capability Plan due to funding constraints;
- (2) notes the recent Government announcement to bring forward the Commerce Commission's monitoring role, under Local Water Done Well, for Wellington Water Limited;
- (3) notes that the Department of Internal Affairs has some concerns with the proposed investment programme in the Water Services Delivery Plan, which are being worked through with the regional Local Water Done Well coordinating team; and
- (4) notes that the preferred tenderer for the second stage odour improvement works at the Seaview Wastewater Treatment Plant is indicating in its work programme the ability to meet the completion date set by the abatement notice.

Background

Independent Review of Wellington Water Limited

2. The Wellington Water Limited (WWL) Board has developed an Organisation Capability Plan (the Plan) in response to the independent review of the overheads omission for the capital programme.
3. While WWL has been able to progress a number of actions within the Plan, it advises that there are activities that will not be able to be progressed due to funding constraints. At the previous meeting of the Water Committee on 14 March 2025, WWL advised shareholder Councils that there is ongoing risk around this. For example WWL will continue to manage budgets and finances manually on spreadsheets.

4. WWL advises that it won't be able to fully support work that Councils may require from it in relation to the establishment of the new entity without impacting its ability to deliver current day to day services.
5. The recent Value for Money reports which WWL commissioned highlighted some concerns relating to the management and oversight of capital works delivered through the Contractor and Consultant panels.
6. As an immediate response Officers have directed WWL that any new contracts to be awarded will first need to have gone through a competitive process and overseen by WWL.
7. Officers have sought further information on the process which has been used to award contracts through the panels and an assessment of the impact of contract works in progress.
8. The Board Chair and CEO of WWL will be meeting with individual Councils to go through specific concerns.

Water reform - *Local Water Done Well*

9. Council continues to work with the other Wellington Metro Councils and the Greater Wellington Regional Council on a proposed joint asset owning water organisation, (owned jointly by the Councils), for the region.
10. All Councils have agreed to consult on at least two model options as required by the new water legislation and have coordinated the consultation content to provide consistency. At the time of writing this report all Councils are reporting that most submissions support the preferred joint asset owning water services delivery model. In HCC's case this is running at about 75% in favour.
11. As reported at the February meeting a key risk is the ability of Councils to demonstrate financial sustainability in the Water Services Delivery Plan (WSDP) given the complex range of investment tradeoffs and priorities across the region and impact that this has on required revenue and borrowing. Initial feedback from the Department of Internal Affairs also raises concerns with the deliverability of the proposed capital investment programme. An independent assessment of industry deliverability, capability and capacity is shortly to be undertaken to better inform this. The Programme team will be meeting with DIA in April 2025 to go through the details of the investment programme, the distribution of projects and investment sufficiency.
12. Following the recent Value for Money reviews, DIA is also concerned that the operating costs and efficiency assumptions are overly conservative, with operational costs in the WSDP being much higher than the national average. The Programme team is reviewing the model and assumptions and will further engage with DIA on this. DIA has also highlighted that the level of charges needed to provide the modelled revenues are high compared to the rest of the country and pose an affordability issue.

13. DIA feedback highlights a risk that the finalised WSDP when submitted will need to be sufficiently robust to receive ministerial approval. Concerns expressed now by DIA will need to be satisfactorily resolved to mitigate the possibility of the WSDP not being approved. This risk has been exacerbated by the findings of the Value for Money reviews.
14. Following the release by WWL of the value for money reports. Local Government Minister, Simon Watts, announced on 28 March 2025 that the Commerce Commission will be tasked to monitor WWL due to concerns. This change will mean Wellington will have economic regulation and the Commerce Commission scrutiny, as part of the wider Local Water Done Well programme, imposed on it sooner than other places. This matter will be reported on further once more details come to hand.

Main Hutt Valley Wastewater Pipe SH2

15. Works are planned to commence on relining the section of the wastewater pipe on Saturday 12 April 2025 and run for two weeks. A verbal update on any issues arising with the project delivery will be provided at the meeting.

Seaview Wastewater Treatment Plant Second Abatement Notice

16. As reported in February, the Greater Wellington Regional Council (GW) has issued a second abatement notice for the completion of the second phase of planned upgrade works to improve air quality. The main condition is for these works to be completed by 1 December 2025.
17. Following a competitive tender process, WWL advises that the preferred tenderer anticipates that the 1 December 2025 compliance deadline date can be achieved, though it is a tight programme. It has endeavoured to rely as much as possible on local suppliers and contractors to avoid delays from overseas providers. Once the works are underway WWL will report monthly to Hutt and Upper Hutt City Councils and GWRC against milestone targets and should unforeseen delays arise make those known as soon as possible.

Climate Change Impact and Considerations

18. With a changing climate Council's three water infrastructure will come under more pressure, whether that be less overall rainfall during the summer months or greater incidences of higher rainfall events, resulting in flooding with both stormwater and wastewater networks overloaded. Investment in network improvements and operational responses, such as managing water leaks, has been prioritised to address some of these issues.

Consultation

19. Investment in three waters infrastructure has been the subject of consultation through the draft Long Term Plan.

Legal Considerations

20. There are no legal considerations to report.

Financial Considerations

21. The costs to establish the new water organisation are currently being assessed. Council has tentatively budgeted \$3M for the 2025/26 year.
22. The Long Term Plan/ Annual Plan Subcommittee is working through decisions on the Annual Plan 2025/26 which includes advice from WWL on the investment programme priorities and associated costs. The third and final advice update will be considered by the subcommittee at its meeting in mid-May 2025.

Appendices

There are no appendices for this report.

Author: Bruce Hodgins
Strategic Advisor

Author: Jenny Livschitz
Group Chief Financial Officer

Approved By: Alison Geddes
Director Environment and Sustainability

Report no: ARSC2025/2/97

ComplyWith: Legal Compliance survey results

Purpose of Report

1. The purpose of this report is to present the key findings from the ComplyWith survey on legal compliance.

Recommendations

That the Subcommittee:

- (1) notes the report on the results from the ComplyWith legal compliance survey for the period 01 July 2024 to 31 December 2024; and
- (2) notes that out of the 31 non-compliances recorded during the survey, 23 are already resolved. Once the duplicates from the remaining eight non-compliances have been removed, five Corrective Actions remain. These are listed in the attachment titled "List of remaining unresolved Corrective Actions."

Background

2. Council uses 'ComplyWith', a legal compliance management tool, to identify and monitor legal compliance risks. Legal obligations are mapped to the responsible roles within Council and updated from time to time. An online compliance survey is completed twice a year, which enables staff to identify and report legal risks and issues. The 'Corrective Actions' function on ComplyWith allows staff to monitor risks and set Action Plans that require them to lay out steps needed to resolve non-compliances. The function also helps track unresolved risks by sending staff regular reminders.

Discussion

3. The results from the previous survey were reported to the Audit & Risk Subcommittee on 26 November 2024. All Corrective Actions from the previous survey have been resolved and completed.
4. The seventh ComplyWith survey was sent out to 142 staff on 27 January 2025. The survey covered the period between 01 July 2024 to 31 December 2024 and captured 3,939 obligations under 109 Acts and Regulations. Everyone who the survey was assigned to, completed it.

5. The survey recorded 31 non-compliances, each of which had an Action Plan attached to it. Out of the 31 non-compliances, 23 are already resolved. The remaining eight non-compliances are reviewed every three months by staff and the Corporate Leadership Team (CLT). There is some duplicate reporting of the same non-compliances. Once the duplicates are removed, five Corrective Actions remain. The list of remaining unresolved Corrective Actions and the mitigations that are or will be put in place to address these can be viewed in the attachment titled "List of remaining unresolved Corrective Actions."
6. The next survey will be out on 01 July 2025 and will cover the period between 01 January 2025 to 30 June 2025.

Overview of key results from the survey

Governance

7. A legal settlement was authorised outside of delegation. This was due to a misunderstanding of the extent of the officer's delegation. The Chief Legal Officer is in the process of providing a reporting framework on legal matters that will provide greater clarity on the status of matters. This will include reporting to this Subcommittee.

Local Government

8. An external request for reconsideration of the requirement for a development contribution was sent to an email account that is not monitored by Council, so staff were not made aware of the request until after the statutory timeframe of 15 working days. A decision was issued shortly after, and action has been taken for emails coming into the inactive email account to be forwarded to other staff. Website information and the policy document has now been amended to reflect an active email address.

Health and Safety

9. The Building Control team raised a partial compliance due to not fully inducting their new team members. The Continuous Improvement project for Building Control team inductions is in place and stage I will be implemented by 30 June 2025 to ensure consistent induction across Health & Safety.

Buildings

10. Five non-compliances were recorded, four of which were under the Building Act 2004 and one under the Fire and Emergency New Zealand Act 2017 and FENZ (Fire Safety, Evacuation Procedures, and Evacuation Schemes FENZ) Regulations 2018.
 - Action is being taken to check all sites for required signage under section 120 of the Building Act. The section requires building owners to display the international symbol of access, if a building provides access, parking, or sanitary facilities for people with disabilities.

- Under the Building Act, consent applications must be decided within 20 working days (or 10 working days for certain applications involving a national multi-use approval or modular components). Two non-compliances were recorded against this obligation. Training on fast-track applications and more closely monitoring external processing stakeholders is being implemented as a corrective action. Mitigations are now in place and this is now BAU.
- The Building Act requires the Building Consent Authority to decide whether to issue Code Compliance Certificates (CCC) within 20 working days. Actions have been taken to improve the quality of the inspection process and record keeping. Additional monitoring has also been implemented. There is currently one claim and one potential claim for weathertightness. Mitigations are now in place.
- Under reg 14 FENZ (Fire Safety, Evacuation Procedures, and Evacuation Schemes) Regulations, five sites that had expired extinguishers were replaced when new contractor started in October.

Environment

11. Work is ongoing to identify and destroy expired records as per section 30 of the Dog Control Act. The team is working together with the IT and Information Management teams on this. This is an action that will span the next five years.
12. Action has been taken to submit the traffic management plan for Moerā Hub project as required under ss 108, 310(c), 314 and 322 Resource Management Act (RMA). The work is complete with the Hub now open to the public.
13. Monitoring of the effectiveness and efficiency of the District Plan has been assessed in part through the District Plan Review. The Proposed District Plan has been publicly notified and submissions close on 02 May 2025.
14. Under the RMA, notice of decisions on resource consent applications must be given in the correct way and within the required time. The team has improved giving notice of decisions within statutory timeframes from 35% to 93% and is working with consultants to maintain this progress.
15. Council must approve or decline a survey plan for a subdivision within 10 working days and must only approve the plan if the required conditions are met. If approved, a section 223 certificate must be given by the chief executive or another authorised officer. The team is currently working with the Subdivision Engineers to reduce time frames on both section 223 and 224 applications. Process improvement is in place and this is now BAU.
16. Under the RMA, hearings of resource consent applications should be started and completed within the required time. Additional resourcing is now secured to be able to cater for additional hearings and quicker turnaround from commissioners.

Managing information

17. The ComplyWith survey results for this period reflect compliance with the Privacy Act, with thoughtful answers indicating higher maturity. Incident reporting remains high, reflecting engagement and awareness. Incident numbers were consistent with previous years.

Appendices

No.	Title	Page
1	Attachment 1 - The list of remaining unresolved Corrective Actions	150

Author: Lakna Siriwardena
Legal Operations Advisor

Approved By: Bradley Cato
Chief Legal Officer

Attachment 1:

The list of remaining unresolved Corrective Actions

	Non-Compliance/Corrective Action	Action Plans in place
1.	Official information requests must be dealt in line with the procedures and time limits in the Local Government Official Information and Meetings Act (LGOIMA).	A number of mistakes were made when processing sensitive official information requests, including missing our internal policy deadlines, having to extend a request, and the failure to redact sensitive information. The failures were not due to our own systems or processes. However, steps are being taken to ensure these mistakes are not repeated, including developing a more comprehensive internal policy.
2.	Personal information must not be kept for longer than is required for the purposes for which the information can lawfully be used.	<p>To seek advice from Privacy Officer on a process to dispose old contracts and jot forms.</p> <p>Discussions with compliance officers to take place before deciding how to dispose raw data from past resident satisfaction surveys.</p> <p>Work in progress in Information Management team and People & Capability team around disposal of personnel files.</p> <p>Seek advice from the Legal team on how long LIM reports can be kept for.</p>
3.	Under the LGOIMA, required matters and consulting with the requester should be considered when refusing on grounds of substantial research or collation.	Steps are being taken to ensure these mistakes are not repeated, including developing a more comprehensive internal policy by 1 July 2025.
4.	If a building provides access, parking, or sanitary facilities for people with disabilities, the international symbol of access must be displayed.	Process in place for all sites to be checked.
5.	Under the Public Records Act, a local authority record that is no longer in current use or is 25 years old (a local authority archive) must be classified as open access or restricted access.	Ongoing work to classify archives as open or restricted. In the meantime, clear access processes in team to determine any restrictions as access assessed for enquiries.

TO: Chair and Members
Audit and Risk Subcommittee



FROM: Kate Glanville

DATE: 24 March 2025

SUBJECT: AUDIT AND RISK SUBCOMMITTEE FORWARD
PROGRAMME 2025

Purpose of Memorandum

1. To provide the Audit and Risk Subcommittee (the subcommittee) with a Forward Programme of work planned for the subcommittee for 2025.

Recommendation

That the Subcommittee receives and notes the Forward Programme for 2025 attached as Appendix 1 to the memorandum.

Background

2. The Terms of Reference for the subcommittee require the subcommittee to have a monitoring and advisory role in reviewing the effectiveness of the way Council discharges its responsibilities with respect to governance, risk management and internal control.
3. The Forward Programme for 2025 provides a planning tool for both members and officers to co-ordinate programmes of work for the year. The forward programme is attached as Appendix 1 to the memorandum.

Forward Programme

4. The Forward Programme is a working document and is subject to change on a regular basis.

Appendices

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1	Audit and Risk Subcommittee - 2025 Forward Programme	152

Author: Kate Glanville
Senior Democracy Advisor

Approved By: Kathryn Stannard
Head of Democratic Services

AUDIT AND RISK SUBCOMMITTEE 2025 FORWARD PROGRAMME					
Description	Business Unit	Cycle 3 23 Jun	Cycle 4 26 Aug	Cycle 4 23 Sep	Pending
Forward Programme	Democratic Services	✓	✓		
Water Service Reform Update	Strategic Projects	✓	✓		
IT Cyber Security Annual Update	IT	✓			
Legal Six-monthly Update	Chief Legal Counsel	✓			
Naenae Projects Update	Project Manager	✓			
Update on AI at Council	Strategy & Engagement	✓			
Sensitive Expenditure Disclosures	Finance		✓		
H&S Update (half-yearly)	Chief People Officer		✓		
Risk Management and Assurance Update	Finance		✓		
Tupua Horo Nuku / Eastern Bays Shared Pathway Project Update (quarterly report)	Transport		✓		
ComplyWith: Legal Compliance	Legal Services		✓		
HRIS and Payroll System (including Holidays Act Remediation Project)	Information Services		✓		
RiverLink Project Update	RiverLink Project		✓		
Tax Risk Governance Framework (annual update)	Finance		✓		
Insurance Renewal Update	Finance		✓		
Hutt City Council Group Annual Report	Strategy & Policy, Finance			✓	
Slips and Wider City Works Programme	Transport				✓