



# **AGENDA**

## **Audit & Risk Committee meeting Monday, 19 May 2025**

**I hereby give notice that a Audit & Risk Committee meeting will be held on:**

**Date: Monday, 19 May 2025**

**Time: 9.30am**

**Location: Tauranga City Council Chambers  
Level 1, 90 Devonport Road  
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: [www.tauranga.govt.nz](http://www.tauranga.govt.nz).*

**Marty Grenfell  
Chief Executive**

# Terms of reference – Audit & Risk Committee

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## Common responsibility and delegations

The following common responsibilities and delegations apply to all standing committees.

### Responsibilities of standing committees

- Establish priorities and guidance on programmes relevant to the Role and Scope of the committee.
- Provide guidance to staff on the development of investment options to inform the Long Term Plan and Annual Plans.
- Report to Council on matters of strategic importance.
- Recommend to Council investment priorities and lead Council considerations of relevant strategic and high significance decisions.
- Provide guidance to staff on levels of service relevant to the role and scope of the committee.
- Establish and participate in relevant task forces and working groups.
- Engage in dialogue with strategic partners, such as Smart Growth partners, to ensure alignment of objectives and implementation of agreed actions.
- Confirmation of committee minutes.

### Delegations to standing committees

- To make recommendations to Council outside of the delegated responsibility as agreed by Council relevant to the role and scope of the Committee.
- To make all decisions necessary to fulfil the role and scope of the Committee subject to the delegations/limitations imposed.
- To develop and consider, receive submissions on and adopt strategies, policies and plans relevant to the role and scope of the committee, except where these may only be legally adopted by Council.
- To consider, consult on, hear and make determinations on relevant strategies, policies and bylaws (including adoption of drafts), making recommendations to Council on adoption, rescinding and modification, where these must be legally adopted by Council.
- To approve relevant submissions to central government, its agencies and other bodies beyond any specific delegation to any particular committee.
- Engage external parties as required.

# Terms of reference – Audit & Risk Committee

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## Membership

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<b>Chairperson</b>	Independent (to be appointed)
<b>Deputy chairperson</b>	Cr Steve Morris
<b>Members</b>	Deputy Mayor Jen Scoular Mayor Mahé Drysdale (ex officio) Rohario Murray - Tangata Whenua Representative
<b>Non-voting members</b>	(if any)
<b>Quorum</b>	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd</u> .
<b>Meeting frequency</b>	Quarterly

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## Role

The role of the Audit and Risk Committee is:

- To assist and advise the Council in discharging its responsibility and ownership of health and safety, risk management, internal control, and financial management practices, frameworks and processes to ensure that these are robust and appropriate to safeguard the Council's staff and its financial and non-financial assets.

## Scope

- Oversee Council's relationship with the external auditor.
- Review with the external auditor, before the audit commences, the areas of audit focus and the audit plan.
- Review with the external auditor, representations required by elected representatives and senior management for the purposes of the audit.
- Receive and review the external auditor's report on the audit and management's responses to any issues raised.
- Make any recommendations necessary to the Office of the Auditor-General regarding the appointment or re-appointment of an external auditor.
- Review and approve an annual internal audit plan, including the integration of that plan with Council's risk profile, and monitor the implementation of that plan.
- Review the reports of the internal audit function, in particular considering findings, conclusions, and recommendations and management's response to such. Make any recommendations to Council on such as the Committee considers appropriate.
- Review, approve and monitor the implementation of Council's Risk Management Policy, including regular review of the corporate risk register.
- Review reporting of new or emerging risks as needed.

- Review the effectiveness of risk management and internal control systems including all material financial, operational, compliance, and other managerial controls.
- Review the effectiveness of health and safety policies and processes to ensure a healthy and safe workplace for representatives, staff, contractors, visitors and the public.
- Assist elected representatives and the Chief Executive to discharge their statutory roles as 'officers' in terms of the Health and Safety at Work Act 2015.
- Monitor compliance with laws and regulations as appropriate.
- Review and provide advice on policies relevant to the Committee's role including, but not limited to, policies addressing fraud, protected disclosures, and conflicts of interest.
- Review and monitor policy and processes to manage responsibilities under the Local Government Official Information and Meetings Act 1987 and the Privacy Act 2020 and any actions from any Office of the Ombudsman's report.
- Review and monitor current and potential litigation and other legal risks.

### **Power to Act**

- To make all decisions necessary to fulfil the role, scope and responsibilities of the Committee subject to the limitations imposed.
- To establish sub-committees, working parties and forums as required.

### **Power to Recommend**

- To Council and/or any standing committee as it deems appropriate.

## Order of Business

<b>1</b>	<b>Opening karakia</b> .....	<b>7</b>
<b>2</b>	<b>Apologies</b> .....	<b>7</b>
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<b>4</b>	<b>Acceptance of late items</b> .....	<b>7</b>
<b>5</b>	<b>Confidential business to be transferred into the open</b> .....	<b>7</b>
<b>6</b>	<b>Change to order of business</b> .....	<b>7</b>
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	9.5 Policy Review - Risk Management Policy .....	63
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	11.5 Internal Audit & Assurance - Quarterly Update .....	77
<b>12</b>	<b>Closing karakia</b> .....	<b>78</b>



- 1      **OPENING KARAKIA**
- 2      **APOLOGIES**
- 3      **PUBLIC FORUM**
- 4      **ACCEPTANCE OF LATE ITEMS**
- 5      **CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**
- 6      **CHANGE TO ORDER OF BUSINESS**

## **7**      **CONFIRMATION OF MINUTES**

### **7.1**      **Minutes of the Audit & Risk Committee meeting held on 19 February 2025**

**File Number:**            **A17723950**

**Author:**                **Caroline Irvin, Governance Advisor**

**Authoriser:**            **Clare Sullivan, Team Leader: Governance Services**

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### **RECOMMENDATIONS**

That the Minutes of the Audit & Risk Committee meeting held on 19 February 2025 be confirmed as a true and correct record.

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### **ATTACHMENTS**

#### **1.      Minutes of the Audit & Risk Committee meeting held on 19 February 2025**





# **MINUTES**

**Audit & Risk Committee meeting  
Wednesday, 19 February 2025**

**Order of Business**

<b>1</b>	<b>Opening karakia</b> .....	<b>3</b>
<b>2</b>	<b>Apologies</b> .....	<b>3</b>
<b>3</b>	<b>Public forum</b> .....	<b>3</b>
<b>4</b>	<b>Acceptance of late items</b> .....	<b>3</b>
<b>5</b>	<b>Confidential business to be transferred into the open</b> .....	<b>3</b>
<b>6</b>	<b>Change to order of business</b> .....	<b>4</b>
<b>7</b>	<b>Declaration of conflicts of interest</b> .....	<b>4</b>
<b>8</b>	<b>Business</b> .....	<b>4</b>
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8.4	LGOIMA and Privacy Request Combined Quarter 1 and 2 Report 2024/2025.....	6
8.5	Health, Safety and Wellbeing Quarterly Report: Q2 October to December 2024.....	6
<b>9</b>	<b>Discussion of late items</b> .....	<b>6</b>
<b>10</b>	<b>Public excluded session</b> .....	<b>7</b>
10.1	Digital/Cyber Risk Presentation .....	7
10.2	Internal Audit & Assurance - Quarterly Update .....	7
10.3	Risk Register - Quarterly Update .....	7
	<b>Resolutions transferred into the open section of the meeting after discussion</b> .....	<b>8</b>
10.3	Risk Register - Quarterly Update .....	8
<b>11</b>	<b>Closing karakia</b> .....	<b>9</b>

**MINUTES OF TAURANGA CITY COUNCIL  
AUDIT & RISK COMMITTEE MEETING  
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS,  
GROUND FLOOR MEETING ROOM, 306 CAMERON ROAD, TAURANGA  
ON WEDNESDAY, 19 FEBRUARY 2025 AT 9.30AM**

**MEMBERS PRESENT:** Cr Steve Morris (Chair), Deputy Mayor Jen Scoular, Mayor Mahé Drysdale

**ALSO PRESENT:** Cr Glen Crowther, Cr Kevin Schuler, Cr Rod Taylor, Cr Marten Rozeboom

**IN ATTENDANCE:** Marty Grenfell (Chief Executive), Paul Davidson (Chief Financial Officer), Alastair McNeill (General Manager: Corporate Services), Annabel Bayes (Strategic Advisor to the Mayor and CE), Sheree Covell (Treasury & Financial Compliance Manager), Kathryn Sharplin (Manager: Finance), Kat Mills (Specialist Financial Accountant), Frazer Smith (Manager: Strategic Finance & Growth), Marin Gabric (Team Leader: Financial Accounting and Compliance), Jeremy Boase (Manager: Strategy & Corporate Planning), Jon Hobbs (Audit & Assurance Lead), Chris Quest (Manager Risk & Assurance), Chris Smith (Risk and Business Continuity Advisor), James Woodward (Manager: Performance, Monitoring & Assurance), , Kath Norris (Team Leader: Democracy Services), Ken Renz (Chief Digital Officer), Jan Pedersen (Head of People, Performance and Culture), Tracy Benjamin (Health, Safety & Wellness Manager), Libby Dodds (Team Leader: Community Relations), Coral Hair (Manager: Democracy & Governance Services), Clare Sullivan (Team Leader: Governance Services), Anahera Dinsdale (Governance Advisor), Caroline Irvin (Governance Advisor)

**EXTERNAL:** Leon Pietersie, Audit NZ

Timestamps are included beside each of the items and relate to the recording of the meeting held on 19 February 2025 at [Audit & Risk Committee Meeting 19 February 2025](#)

**1 OPENING KARAKIA**

Cr Steve Morris opened the meeting with a karakia.

**2 APOLOGIES**

Nil

**3 PUBLIC FORUM**

Nil

**4 ACCEPTANCE OF LATE ITEMS**

Nil

**5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**

Nil

**6 CHANGE TO ORDER OF BUSINESS**

Nil

**7 DECLARATION OF CONFLICTS OF INTEREST**

Nil

**8 BUSINESS**

TIMESTAMP 5:20

**8.1 Audit NZ Final Audit Results**

**Staff** Paul Davidson, Chief Financial Officer  
Sheree Covell, Treasury & Financial Compliance Manager  
Kathryn Sharplin, Manager: Finance

**External** Mr Leon Pietersie, Audit NZ

**Actions**

- That Audit NZ's statement that they received good quality advice and were satisfied with the financial statements be put in the executive summary of the Audit NZ report.

**COMMITTEE RESOLUTION AR/25/1/1**

Moved: Mayor Mahé Drysdale

Seconded: Cr Steve Morris

That the Audit & Risk Committee:

- (a) Receives the report "Audit NZ Final Audit Results".

**CARRIED**

TIMESTAMP 18:25

**8.2 Audit & Risk Committee Proposed Forward Work Plan**

**Staff** Alastair McNeil, General Manager: Corporate Services  
Chris Smith, Risk & Business Continuity Advisor  
James Woodward, Manager: Performance, Monitoring & Assurance

**Actions**

- That a deep dive into how to manage legal risk be added to the work plan to understand process and accountability.
- That a one to two page summary be provided to Councillors before the risk appetite workshop.

**COMMITTEE RESOLUTION AR/25/1/2**

Moved: Mayor Mahé Drysdale

Seconded: Cr Steve Morris

That the Audit & Risk Committee:

- (a) Receives the report "Audit & Risk Committee Proposed Forward Work Plan".
- (b) Approves the draft forward work plan.

**CARRIED**

TIMESTAMP 33:25

**8.3 Insurance Update**

**Staff** Paul Davidson, Chief Financial Officer  
Frazer Smith, Manager: Strategic Finance & Growth  
Kat Mills, Specialist Financial Accountant

PowerPoint presentation.

**Key Points**

- The Manager: Strategic Finance & Growth introduced the report and spoke to the PowerPoint presentation.

**Actions**

- That Councillors be provided with data on what Council pays in insurance premiums and what returns it received over the last five years.
- The total costs of fleet vehicles before and after city operations were brought in-house.
- That the Chief Executive looks at the feasibility of life insurance cover for employees going forward.

**COMMITTEE RESOLUTION AR/25/1/3**

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Steve Morris

That the Audit & Risk Committee:

- (a) Receives the report "Insurance Update".

**CARRIED**

**Attachments**

- 1 Insurance Update Presentation

At 11am, Cr Rozeboom withdrew from the meeting.

TIMESTAMP 1:13:52

#### **8.4 LGOIMA and Privacy Request Combined Quarter 1 and 2 Report 2024/2025**

**Staff**

Kath Norris, Team Leader: Democracy Services

#### **COMMITTEE RESOLUTION AR/25/1/4**

Moved: Mayor Mahé Drysdale

Seconded: Deputy Mayor Jen Scoular

That the Audit & Risk Committee:

- (a) Receives the report "LGOIMA and Privacy Request Combined Quarter 1 and 2 Report 2024/2025".

**CARRIED**

TIMESTAMP 1:31:40

#### **8.5 Health, Safety and Wellbeing Quarterly Report: Q2 October to December 2024**

**Staff**

Alastair McNeil, General Manager: Corporate Services  
Jan Pedersen – Head People, Performance & Culture  
Tracy Benjamin, Health, Safety & Wellness Manager

**Actions**

- That staff provide statistics on staff turnover and the amount of EAP usage in this reporting.
- That this report is placed as the first item of business on the agenda for future meetings.

#### **COMMITTEE RESOLUTION AR/25/1/5**

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Steve Morris

That the Audit & Risk Committee:

- (a) Receives the report "Health, Safety and Wellbeing Quarterly Report: Q2 October to December 2024".

**CARRIED**

## **9 DISCUSSION OF LATE ITEMS**

Nil

**10 PUBLIC EXCLUDED SESSION****Resolution to exclude the public****COMMITTEE RESOLUTION AR/25/1/6**

Moved: Deputy Mayor Jen Scoular

Seconded: Mayor Mahé Drysdale

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>10.1 - Digital/Cyber Risk Presentation</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret	s48(1)(a) - 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 would exist under section 6 or section 7
<b>10.2 - Internal Audit &amp; Assurance - Quarterly Update</b>	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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 would exist under section 6 or section 7
<b>10.3 - Risk Register - Quarterly Update</b>	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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 would exist under section 6 or section 7

**CARRIED**

## Resolutions transferred into the open section of the meeting after discussion

The following reports will be published to the website as part of the open meeting.

### 10.2 Internal Audit & Assurance - Quarterly Update

**Staff** Alistair McNeil, General Manager: Corporate Services  
Jon Hobbs, Audit & Assurance Lead  
James, Woodward, Manager: Performance, Monitoring & Assurance

#### COMMITTEE RESOLUTION AR/25/1/7

Moved: Deputy Mayor Jen Scoular

Seconded: Mayor Mahé Drysdale

That the Audit & Risk Committee:

- (a) Receives the report "Internal Audit & Assurance - Quarterly Update".
- (b) Notes that the report can be transferred into the open section of the meeting at the conclusion of this meeting.
- (c) Notes that the attachments are to remain in the public excluded to prevent the disclosure or use of official information for improper gain or improper advantage.

**CARRIED**

#### Attachments

- 1 Internal Audit & Assurance - Quarterly Update Report

### 10.3 Risk Register - Quarterly Update

**Staff** Alistair McNeil, General Manager: Corporate Services  
Chris Quest, Manager Risk & Assurance

#### COMMITTEE RESOLUTION AR/25/1/8

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Steve Morris

That the Audit & Risk Committee:

- (a) Receives the report "Risk Register - Quarterly Update".
- (b) Notes that the report can be transferred into the open section of the meeting at the conclusion of this meeting.
- (c) Notes that the attachment is to remain in the public excluded to prevent the disclosure or use of official information for improper gain or improper advantage.

**CARRIED**

#### Attachments

- 1 Risk Register - Quarterly Update Report



## 11 CLOSING KARAKIA

Cr Morris closed the meeting with a karakia.

**The meeting closed at 12.26pm.**

**The minutes of this meeting were confirmed as a true and correct record at the Audit & Risk Committee meeting held on 19 May 2025.**

.....  
Cr Steve Morris  
**CHAIRPERSON**

## 8 DECLARATION OF CONFLICTS OF INTEREST

## 9 BUSINESS

### 9.1 Health, Safety and Wellbeing Quarterly Report: Q3 January to March 2025

**File Number:** A17966545

**Author:** Tracy Benjamin, Health, Safety & Wellness Manager

**Authoriser:** Alastair McNeil, General Manager: Corporate Services

#### PURPOSE OF THE REPORT

1. To provide a summary of Health, Safety and Wellbeing activities over the January to March 2025 quarter.

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#### RECOMMENDATIONS

That the Audit & Risk Committee:

- (a) Receives the report "Health, Safety and Wellbeing Quarterly Report: Q3 January to March 2025".

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#### EXECUTIVE SUMMARY

2. This is a quarterly report provided to the Committee, designed to monitor Health, Safety and Wellbeing activities and share learnings.
3. Any feedback regarding content or topics that the Committee would like is welcomed.

#### ATTACHMENTS

1. Q3 2025\_HSW Quarterly Report\_PDF - A18018163 [!\[\]\(e1bdc70a9006e3802acd56af7aa337d8\_img.jpg\)](#) 

## Introduction

Within this Health, Safety and Wellbeing report:

- Employee Counselling service (OCP).
- Event data (injury, incident)
- Safety due diligence
- Critical risks

## TCC Counselling Service (OCP)

- The quarterly referral rate has dropped from 2023, however is up marginally from last year.
- Personal issues (55%) continue to outweigh work issues (12%) and both work and personal (33%).



- Relationship issues are the most frequently cited for personal and second most frequent work issue.
- Workload is the most frequently cited work-related issue.

## OCP Annual Report: 1 Jan 25 - 31 Mar 25

Anonymised data gathered from TCC's counselling services, based on 1,200 employees:

	Jan – Mar 23	Jan – Mar 24	Jan – Mar 25
Quarterly referral rate	5.93%	4.34%	4.60%

Top three divisions utilising counselling services:

	Community Services	Infrastructure	Corporate Services
People	15	15	9
%	29%	29%	17%

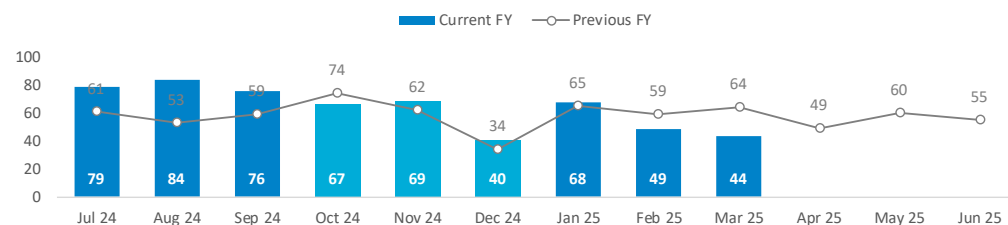
Top four categories across work and personal issues:

Work Issues	Visits	TCC %	Personal Issues	Visits	TCC %
Workload	10	23%	Relationship	16	17%
Relationship with Manager	5	11%	Family / Children	15	16%
<ul style="list-style-type: none"> <li>• Harassment</li> <li>• Performance</li> <li>• Redundancy/Reset</li> <li>• Relationship with Coworker</li> </ul>	4	9%	Anxiety	14	15%
			Sleep	7	8%

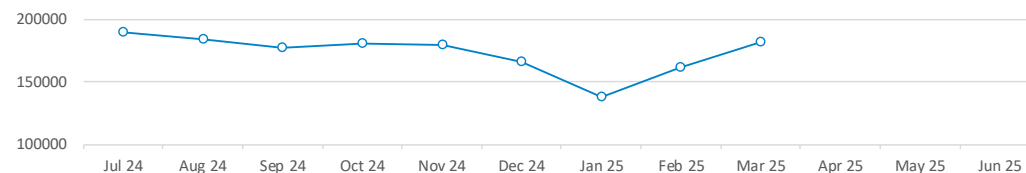
Across total of 44 visits for work issues

Across total of 92 visits for personal issues

## ALL EVENTS BY MONTH



## HOURS WORKED BY MONTH



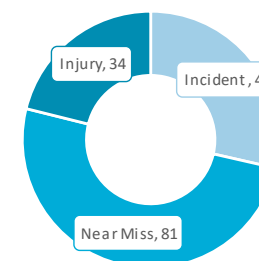
## TOP EVENT CATEGORIES - Q3

CATEGORY	Q3	Q2	TRENDING
Assault (verbal/ physical) or antisocial behaviour	49	58	▼
Security/ trespass/ criminal activity/ terrorism/ damage...	20	21	▼
Ergonomic/ manual handling	13	7	▲
Hit into stationary object	10	11	▼
Fall/ trip/ slip (on same level)	9	8	▲

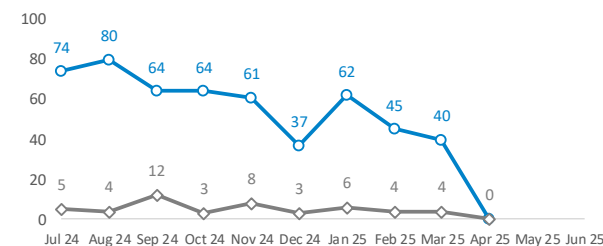
▲ Trending Up ▼ Trending Down — No Change

## Q3 EVENT DATA (JAN - MAR)

### EVENT TYPE - Q3



### EVENTS BY PERSON TYPE



WORKER



THIRD PARTY



161

TOTAL EVENTS IN Q3



LESS THAN Q2



34

INJURY EVENTS



0

NOTIFIABLE EVENTS



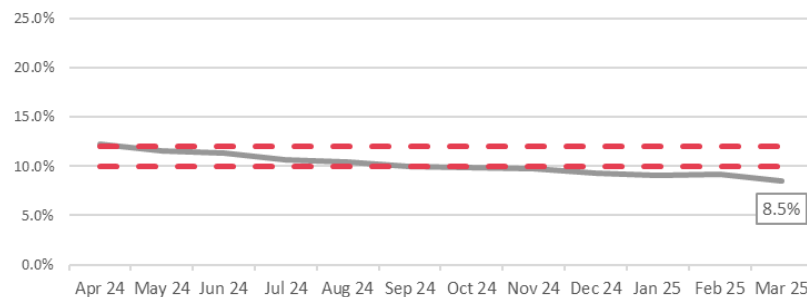
7

DUE DILIGENCE

## Human Resources

Human resource data offers valuable insight into employee wellbeing and organisational health. While sick and annual leave balances remain generally consistent over time, they are regularly reviewed to support proactive planning. Unplanned turnover remains low, reflecting broader market stability. Our recent engagement survey had a strong 91% response rate, 3% down from the previous survey but still indicating a high level of participation and interest.

## Unplanned Turnover



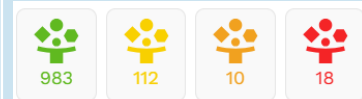
## My Team Pulse Results Summary

### Leadership

**88%** of staff *vibe* with their leader.

*98% of staff responded positively to this question.*

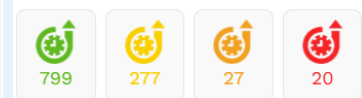
*Increase since last pulse (▲ 1%)*



### Productivity

**96%** of staff rated their personal productivity high or moderately high.

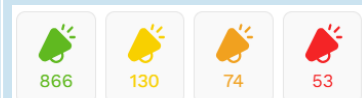
*No change since last pulse*



### Promoters

**77%** of staff would enthusiastically recommend their team.

*Increase since last pulse (▲ 5%)*



## Maritime NZ v Former Port of Auckland CEO

In November 2024, Tony Gibson, the former CEO of Ports of Auckland (POAL), was found guilty of failing to comply with his **due diligence duties** following the tragic death of a worker in August 2020. This is the first prosecution of a senior officer from a large, complex organisation for such a breach (under HSWA 2015).

Key lessons from this case include:

- **Due diligence must focus on critical risks** — leaders must actively engage with these, ensuring robust systems are in place.
- **Health and Safety Committees must function effectively**, ensuring oversight, accountability, and timely action on key risks.
- **Clear leadership accountability** (at all levels of management) and **continuous improvement** are essential, particularly in high-risk operations.

This case underscores the need for organisations to prioritise health, safety and wellbeing, ensuring that robust due diligence and proactive leadership are integrated into operations, where critical risks are present.

## TCC Due Diligence Site Visits

Chief Executive Marty Grenfell and Councillors conducted 3 site visits this quarter, with a focus on understanding operational risks and governance responsibilities.

**12 February: Baycourt Theatre** Barbara Dempsey, Community Services GM and 2 councillors toured the Baycourt Theatre. Alongside the operational insights, they were introduced to the "Mighty Wurli" theatre organ and informed of its history and capabilities. Among the key takeaways of the visit was the importance of preserving this unique cultural asset.

**13 February: Te Maunga & Maleme St Transfer Stations** 6 councillors inspected the transfer stations and were taken through how the sites operate and recent health and safety improvements. The visit aimed to share firsthand insight into waste services, highlight improvement opportunities, and provide data to inform decisions.

**13 February: Pyes Pa Cemetery** Marty Grenfell, Chief Executive and councillors toured the Pyes Pa Cemetery and crematorium with a focused discussion on the critical risks associated with cremator operations. The team reviewed a recent staff incident, examined risk controls in place, and reinforced the importance of robust safety protocols, equipment maintenance, and staff competency.

## UNDERSTAND

KNOW



### What TCC does and the associated hazards and risks:

- Understand the critical risks across Council – what they are, the current control measures and any improvement plans.
- Review and seek out data on the management of these risks – ask questions, be curious.
- Celebrate successes and share good news stories.
- Stay informed on serious incident reviews – understand their implications and how they contribute to organizational learning and improvement.

RESOURCE

MONITOR

COMPLY

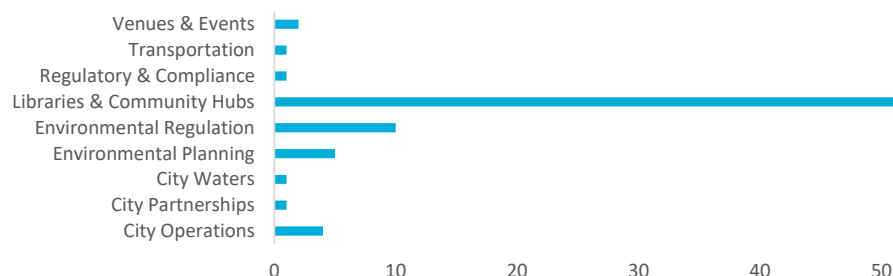
VALIDATE

## Assault & Violence at Work

Assault (verbal/physical) constitutes the most common risk faced by our staff, accounting for 42% of reported events in Q3. Public-facing roles—such as library staff and parking wardens—are at a heightened risk of encountering physical or verbal intimidation, threats, or attacks. These incidents can result in significant physical and psychological harm (especially through repeated exposure).



Reported Instances of Verbal/Physical Assault & Trespass Violations – Q3



Tauranga City Council (TCC) is committed to managing this workplace risk so that our people are kept healthy & safe. Mitigating the impact of assault (verbal/physical) and/or antisocial behavior at Tauranga City Council requires a comprehensive approach that involves various stakeholders and strategies. Here are some steps that the council has taken to address these issues effectively:

Zero-Tolerance Policy:	A clear zero-tolerance policy for assault and violence, with appropriate actions and possible legal consequences.
Training and Education:	Regular training on conflict resolution, de-escalation, and communication skills, for required teams, to empower staff and promote a respectful workplace culture.
Safe Reporting Mechanisms:	Using DAMSTRA (H&S reporting system) for confidential reporting of incidents, from which investigations and trend analysis data is used to continuously improve strategies.
Collaboration with Enforcement Agencies:	Established ties with local law enforcement for prompt response to incidents and cooperation with police investigations.
Policies and Protocols:	Regularly review and update policies and protocols, ensuring clear communication to all employees.
Security Measures:	Enhanced security measures with, CCTV cameras, access control systems, and security personnel at high-profile sites such as libraries.
Personnel Protective Equipment:	Frontline staff, such as Parking Wardens and Animal Services Officers, are supplied with body worn cameras and welfare devices. Library staff have access to duress pendants along with panic buttons located throughout the libraries.
Public Spaces Design:	Public spaces are designed to discourage antisocial behavior, enhance visibility and promote community interaction.

*This multi-faceted approach of prevention, response, and support, aims to create a safer and more respectful environment for TCC staff, visitors, and the wider community.*



## 9.2 Presentation of Audit New Zealand's 2025 Audit Plan

**File Number:** A17848239

**Author:** Sheree Covell, Treasury & Financial Compliance Manager

**Authoriser:** Paul Davidson, Chief Financial Officer

### PURPOSE OF THE REPORT

1. This report presents the Audit New Zealand Audit plan for the year ended 30 June 2025.

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### RECOMMENDATIONS

That the Audit & Risk Committee:

- (a) Receives the report "Presentation of Audit New Zealand's 2025 Audit Plan".

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### EXECUTIVE SUMMARY

2. Audit New Zealand have provided their plan for the audit of Tauranga City Council for the year ended 30 June 2025. The focus continues to be the value and capitalisation of assets as well as the accounting treatment of significant financial transactions.
3. There are no risks to report in regards to the audit plan. Audit NZ will identify and report on any concerns in their independent interim audit report which will be presented to this committee on 29 July 2025. A final report will be presented to this committee following the adoption of the 2025 Annual Report which is scheduled for adoption by Council on 29 October 2025.

### BACKGROUND

4. The first phase of the interim audit for the 2025 financial year commenced on 24 March 2025 and is now complete. The second phase begins on 19 May 2025. The interim audit focuses on systems, processes and controls.
5. The final audit is planned to commence 1 September 2025. A Draft Annual Report will be presented to the City Delivery Committee to provide an opportunity for Committee Members to provide feedback on the content and tone of the document.
6. The audit plan for 2025 identifies key matters for attention during the audit for the year ended 30 June 2025. Focus this year includes the following (more detail is in attachment 1)
  - Valuation of three waters infrastructure assets
  - The risk of management override of internal controls
  - Fair value assessments of infrastructure assets and investment property
  - Accounting treatment of major capital projects (capitalisations)
  - Accounting treatment of Infrastructure Funding and Financing (IFF) levies
  - Accounting treatment of new civic admin building
7. Results of the annual audit will be reported to this committee in the form of an interim audit report which is currently scheduled for 29 July 2025. This is report on Council's systems, processes and controls.

8. The 2025 Annual Report is expected to be adopted by Council on 29 October 2025. Following this, Audit New Zealand will issue a final audit report which will be presented to this committee at the next available meeting.

## STATUTORY CONTEXT

9. The audit plan is part of the formal process of financial accounting and reporting set out in the Local Government Act 2022.

## OPTIONS ANALYSIS

10. There are no options presented in this report.

## FINANCIAL CONSIDERATIONS

11. The audit will confirm and verify that Tauranga City Council has adhered to all appropriate financial reporting standards and legislation when reporting the financial performance and position of Tauranga City Council.

## LEGAL IMPLICATIONS / RISKS

12. There are no specific legal implications or risks as a result of this report

## SIGNIFICANCE

13. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
14. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the .
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
15. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

## ENGAGEMENT

16. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

## NEXT STEPS

17. Staff will engage with Audit New Zealand on the interim and final audits.
18. Reports on these audits will be presented to this committee.

## ATTACHMENTS

1. **Tauranga City Council Audit Plan 2025 - Final 03042025 - A17876092** [!\[\]\(3dc92c626ede9fa1b47e2e010104b5c4\_img.jpg\)](#) 

# Audit plan

Tauranga City Council

For the year ending 30 June 2025

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AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Executive Summary

I am pleased to present our audit plan for the audit of Tauranga City Council (the 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



**Leon Pieterse**  
Appointed Auditor  
3 April 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						
<b>Valuation of infrastructure assets - Council</b>							
<p>The Council revalues its infrastructure assets whenever there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue the following asset classes (as per the table) as at June 2025:</p> <table><tr><th>Asset Class</th><th>Last valuation</th><th>Next valuation</th></tr><tr><td>Three Waters assets (water supply, wastewater and stormwater)</td><td>30 June 2023</td><td>30 June 2025</td></tr></table> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>The Council will need to collate information about the underlying assumptions and data to support the valuations. One of the key assumptions in a</p>	Asset Class	Last valuation	Next valuation	Three Waters assets (water supply, wastewater and stormwater)	30 June 2023	30 June 2025	<p>We will:</p> <ul style="list-style-type: none"><li>review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met;</li><li>assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation;</li><li>obtain an understanding of and test the underlying source data used in the valuation;</li><li>review the methodology used to develop unit rates and test those rates back to the Council’s analysis of recent contract costs;</li><li>engage with the valuers as part of assessing the reasonableness of the assumptions used as well as the reasons for movements in key asset components;</li></ul>
Asset Class	Last valuation	Next valuation					
Three Waters assets (water supply, wastewater and stormwater)	30 June 2023	30 June 2025					



Risk/issue	Our audit response
<p>depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p> <p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p> <p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example an external valuation firm would be considered appropriate.</p>	<ul style="list-style-type: none"> <li>• review the accounting entries and the fixed asset register to ensure the values are correctly updated; and</li> <li>• review the appropriateness of the disclosure, including any narrative.</li> </ul>
<b>The risk of management override of internal controls – Council and Group</b>	
<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"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul> <p>For the Group we will rely on the work of the auditors of the main components in the group. This will include the group auditor issuing instructions to those component auditors and reviewing information</p>



Risk/issue	Our audit response
	provided by the component auditors in relation certain audit risks in those components.
<b>Fair value assessment of infrastructure assets (non-revaluation year) - Council and Group</b>	
<p>For those assets that the Council does not plan to revalue, the Council needs to perform a fair value movement assessment (assessment) to determine whether there could be a material difference between the fair value and the carrying value.</p> <p>For the component Bay Venues Limited (the Company), two asset classes - Property, Plant and Equipment as well as Land and Buildings, were last revalued as at 30 June 2024.</p> <p>The Company needs to perform a fair value movement assessment to determine whether there could be a material difference between the fair value and the carrying value.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consultation with valuers, where necessary.</li> </ul> <p>If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the 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>Our understanding of the future scheduled asset valuations is listed next page:</p>	<p>We will review the reasonableness of the Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>For the Group we will rely on the work of the component auditors which includes issuing group auditor instructions, reviewing information provided by the component auditors in relation to the group instructions and reviewing the component auditors audit file.</p>



Risk/issue			Our audit response																								
<table><tr><th>Asset Class</th><th>Last valuation</th><th>Next valuation</th></tr><tr><td><i>Roading assets</i></td><td><i>30 June 2024</i></td><td><i>30 June 2027</i></td></tr><tr><td><i>Land and Buildings (operational, restricted and airport)</i></td><td><i>30 June 2024</i></td><td><i>30 June 2027</i></td></tr><tr><td><i>Parks facilities</i></td><td><i>1 July 2023</i></td><td><i>30 June 2026</i></td></tr><tr><td><i>Jetties, wharves, marine facilities and structures</i></td><td><i>30 June 2022</i></td><td><i>30 June 2026</i></td></tr><tr><td><i>Airport infrastructure assets</i></td><td><i>30 June 2023</i></td><td><i>30 June 2026</i></td></tr><tr><td><i>Plant and Equipment</i></td><td><i>30 June 2024</i></td><td><i>30 June 2027</i></td></tr><tr><td><i>Library Collection</i></td><td><i>30 June 2023</i></td><td><i>30 June 2026</i></td></tr></table>			Asset Class	Last valuation	Next valuation	<i>Roading assets</i>	<i>30 June 2024</i>	<i>30 June 2027</i>	<i>Land and Buildings (operational, restricted and airport)</i>	<i>30 June 2024</i>	<i>30 June 2027</i>	<i>Parks facilities</i>	<i>1 July 2023</i>	<i>30 June 2026</i>	<i>Jetties, wharves, marine facilities and structures</i>	<i>30 June 2022</i>	<i>30 June 2026</i>	<i>Airport infrastructure assets</i>	<i>30 June 2023</i>	<i>30 June 2026</i>	<i>Plant and Equipment</i>	<i>30 June 2024</i>	<i>30 June 2027</i>	<i>Library Collection</i>	<i>30 June 2023</i>	<i>30 June 2026</i>	
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<b>Fair value of investment property - Council</b>																											
<p>The Council has elected to apply the fair value model to its investment property and is required to revalue its investment property annually in accordance with accounting standard PBE IPSAS 16, Investment Property. This standard requires the fair value of investment properties to reflect the fair value of the properties based on the market conditions as at the reporting date.</p> <p>Determination of the fair value requires key judgements and assumptions to be made by the Council’s valuer.</p>			<p>We will:</p> <ul style="list-style-type: none"><li>• review the valuation report and hold discussions with management and their valuer to confirm our understanding of the approach taken to estimate fair value, key judgements made, assumptions applied, and source data used;</li><li>• assess the valuer’s expertise and their objectivity;</li><li>• evaluate whether an acceptable approach has been taken to estimate fair value, and assess this (and the related disclosures in the financial</li></ul>																								





Risk/issue	Our audit response
	<p>statements) for compliance with the requirements of accounting standards;</p> <ul style="list-style-type: none"> <li>review the source data for errors and omissions, and assess the reasonableness of key judgements made and assumptions applied; and</li> <li>test calculations, determine if the revaluation has been correctly accounted for, assess the overall valuation movement and obtain explanations for any significant or unusual changes in value.</li> </ul>
<b>Major capital projects – Council</b>	
<p>The City Council continues to have a significant ongoing capital programme. A number of capital projects are either underway or about to commence.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> <li>project costs are reviewed to ensure these are appropriately classified as capital or operational in nature including additional covid related payments to contractors;</li> <li>work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation;</li> <li>WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner;</li> </ul>	<p>We will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> <li>the correct classification of costs as either capital or operational in nature;</li> <li>appropriate capitalisation point for completed assets, including transfers from work in progress;</li> <li>the reasonableness of depreciation rates and useful lives applied to asset components; and</li> <li>the disclosures included within the financial statements, including those relating to capital commitments.</li> </ul> <p>We will also review Council's impairment assessments of work in progress balances.</p>



Risk/issue	Our audit response
<ul style="list-style-type: none"> <li>asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion;</li> <li>the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and</li> <li>capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements.</li> </ul>	
<b>Funding mechanism for new infrastructure projects - Council</b>	
<p>In the 2021/31 Long Term Plan (LTP) amendment and continuing into the 2024/34 LTP, the Council agreed to make use of a funding mechanism that would not have an impact on the Council's debt limits. The Council proposes to apply for this funding to progress its Transport System Plan and Tauriko West infrastructure development. The new infrastructure projects will be financed by an external party that would charge levies. The Council will administer the levies alongside its own rates. The Council expects the private financing cost to be affordable and similar to that currently available to the Council.</p> <p>Obtaining this funding is dependent on the external party raising the required funds from private investors and requires Government approval.</p> <p>At the time of the LTP amendment, Council did obtain its own accounting opinion from a third party and followed that accounting advice when preparing the final forecast financial statements.</p> <p>We reviewed the draft agreements in conjunction with the draft financial statements and the external accounting advice the Council received. We concluded the accounting treatment was reasonable.</p>	<p>Even though we concluded the accounting treatment was reasonable, we did stress this assessment was made based on the draft agreements provided. If there are any changes to the final signed agreements, the accounting treatment will need to be reviewed, and potentially changed depending on changes to the agreements.</p> <p>We will review any agreements entered by the Council and any further accounting advice obtained by the Council as a result of changes to the final agreements.</p> <p>We will ensure the accounting treatment and disclosures are in line with the agreements and the accounting standards.</p>



Risk/issue	Our audit response
<b>New Council head office building – Council</b>	
<p>The Council has entered into an arrangement with a third party to build and manage a new head office building. Our understanding is that once completed, the Council will lease the building from the third party.</p> <p>As part of the arrangement, the Council has sold the land to the third party but the settlement will be deferred until the building is complete.</p> <p>The Council should obtain accounting advice on the sale and future lease agreement when preparing the financial statements.</p>	<p>We will review the agreements in conjunction with the financial statements and any external accounting advice the Council will obtain.</p> <p>We will ensure the accounting treatment and disclosures are in line with the agreements and the accounting standards.</p>
<b>Completeness of revenue – Group</b>	
<p>For the component (Bay Venues Limited), the revenue from user fees is made up of a large number of lower value transactions that in total form a significant component of total revenue.</p> <p>Any weaknesses in the process and controls over user fee transactions could result in errors or omissions in the recognition and completeness of revenue</p>	<p>For the Group we will rely on the work of the component auditors which includes issuing group auditor instructions, reviewing information provided by the component auditors in relation to the group instructions and reviewing the component auditors audit file.</p>



## Other areas of interest across the local government sector

There are a number of sector wide issues significant to most local authorities. These include areas of interest that are not necessarily significant to the Council but are areas we monitor as part of our responsibility to consider the broader risks affecting local authorities. 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 Council separately. Wider public sector areas of interest are set out on page 20.

### 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. Tier 1 entities: 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 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.



## 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 governing body, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the governing body 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 governing body 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 governing body 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 governing body? 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](https://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 Council should continue to review the legislative disclosure requirements and check that these are accurate and complete.

## Asset Valuation – unit rate information

To develop reasonable and supportable unit rates for future valuations and fair value assessments, Council should maintain a unit rate database updated annually with reference to recent contract data and other cost indicators.

Information sources to inform unit rates should include recent contract rates for physical works, indexed to the current financial year where needed. This analysis should include all costs associated with the contract, including materials supply and installation, reinstatement, and other relevant direct costs, as well as preliminary and general costs. Care should be taken to ensure the contracts used for comparison reflect

typical projects and exclude, for example, emergency repairs which may incur unusually high costs.

Annually, for each asset class being revalued, we would appreciate a memorandum setting out management's analysis of those contracts, the judgements applied to this information (as applicable) and how that information aligns to the unit rates adopted in the valuation(s). Where there is variability in the contract unit rates, the memorandum should explain why the unit rate adopted for the valuation is reasonable compared to the range of actual unit rates incurred.

The memo should also include the following:

- The contracts that Council used in its assessment, the estimated unit rates per relevant contract, and if available the unit rate increase in % terms compared to relevant contracts in previous years. Please have the contract information available so we can check a sample of unit rate calculations.
- Council's analysis of vested asset additions since the last valuation.
- Any other relevant cost information, for example, internal/external QS information.
- Any of the above information that is held by Council's valuer or contractor.

Recent vested asset cost schedules provided by developers can be another source of relevant cost information.

Where Council has limited construction-based unit rate information available, reliable and relevant information to supplement its own unit rates may be obtained from other nearby local authorities.



When establishing standard unit rates, adjustments are likely to be needed to “normalise” recent contract rates or information obtained from other local authorities. This would include adjustments to remove non-recurring significant variances in unit costs across contracts, such as location, infrastructure complexity and scale of work. Procurement methods and design standards may also differ across projects or local authorities, leading to different cost profiles.

The application of indices to unit rates from previous valuations may also be useful to address gaps in cost information. However, indexed unit rates should not be the primary source of information as they may not accurately reflect movements in the local construction market, especially beyond the short-term.

Council should also ensure that the indirect costs, including overheads, applied when developing unit rates are complete, comparable to accepted ranges used across the industry, and are informed by information extracted from actual contracts.

The methodology and assumptions used in deriving unit rates and overheads, and what each of these include, should be documented for inclusion in the Council’s valuation report.

Before finalising unit rates, the Council needs to consider whether the updated unit rates can be justified and are reflective of sustainable market conditions.

I would appreciate this memo coming back to me with the requested information by **1<sup>st</sup> July 2025**.





## 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 governing body 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 group materiality** and **overall parent materiality** for the financial statements based on last year's total group and parent property, plant and equipment (PPE). 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.

	\$'000
Overall group materiality	629,930
Specific group materiality	14,200
Group clearly trivial threshold	710
Overall parent materiality	614,185
Specific parent materiality	13,800
Parent clearly trivial threshold	690

For this audit, we have set a lower, **specific group materiality** and **specific 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.



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 our **Group clearly threshold** to be clearly trivial for the **Group** financial statements and misstatements of less than **Parent clearly trivial** threshold unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected, other than those that are clearly trivial.

Where management does not wish to correct a misstatement we will seek written representations from the governing body 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

#### 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.

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 Tauranga 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
<b>Drinking water - Safety of drinking water</b> Compliance with the Drinking Water Standards for New Zealand and the Drinking Water Quality Assurance Rules.	None applied as the result will be either Achieved or Not Achieved.
<b>Drinking water - Water loss</b> The percentage of real water loss from Council's networked reticulation system (includes real losses through leaks in the network, non-revenue water and apparent losses through metering inaccuracies or water theft).	8% of actual reported result.

Material measure	Materiality
<b>Wastewater - compliance with resource consents</b> Compliance with Council's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> <li>a) abatement notices;</li> <li>b) infringement notices; and</li> <li>c) enforcement orders,</li> <li>d) convictions,</li> </ul> received by Council in relation those resource consents.	5% of actual reported result.
<b>Wastewater - fault response times (Resolution time)</b> Where the Council attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: <ul style="list-style-type: none"> <li>b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</li> </ul>	8% of actual reported result.



Material measure	Materiality
<b>Stormwater - resource consents</b> Council's stormwater compliance with resource consents for discharge from its stormwater system measured by the number of: <ul style="list-style-type: none"> <li>(a) abatement notices;</li> <li>(b) infringement notices;</li> <li>(c) enforcement orders, and</li> <li>(d) convictions,</li> </ul> received in relation to those resource consents.	8% of actual reported result.
<b>Roading - Road condition</b> Average quality of ride of the sealed road network as measured by Smooth Travel Exposure e.g. percentage of smooth travel exposure.	8% of actual reported result.
<b>Roading – responsiveness to roading issues</b> The percentage of customer service requests relating to roads and footpaths responded to within 7 calendar days.	8% of actual reported result.
<b>Roading - Traffic Congestion</b> Duration of peak across the transport network (where traffic is travelling at 50% of free flow speed of 59k/hr).	5% of actual reported result.

Material measure	Materiality
<b>Building and resource consents - processing times</b> Percentage of building consent applications processed in accordance with statutory timeframes.	5% of actual reported result.
<b>Building and resource consents - processing times</b> Percentage of new resource consent applications processed within statutory timeframes.	5% of actual reported result.



## Group audit



The group comprises:

- Tauranga City Council (parent entity).
- Bay Venues Limited (BVL)  
(subsidiary – 100% controlled by parent, significant component).
- Tauranga Art Gallery Trust  
(subsidiary – 100% control by parent, non-significant component).
- Western Bay of Plenty Tourism and Visitors Trust trading as Tourism Bay of Plenty  
(associate – 50% controlled with Western Bay of Plenty District Council, non-significant component).
- BOPLASS Limited (investment - 11%, non-significant component).
- Te Manawataki o Te Papa Charitable Trust  
(50% owned by parent, non-significant component).
- Te Manawataki o Te Papa Limited  
(subsidiary – 100% owned by parent, non-significant component).

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 service 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.

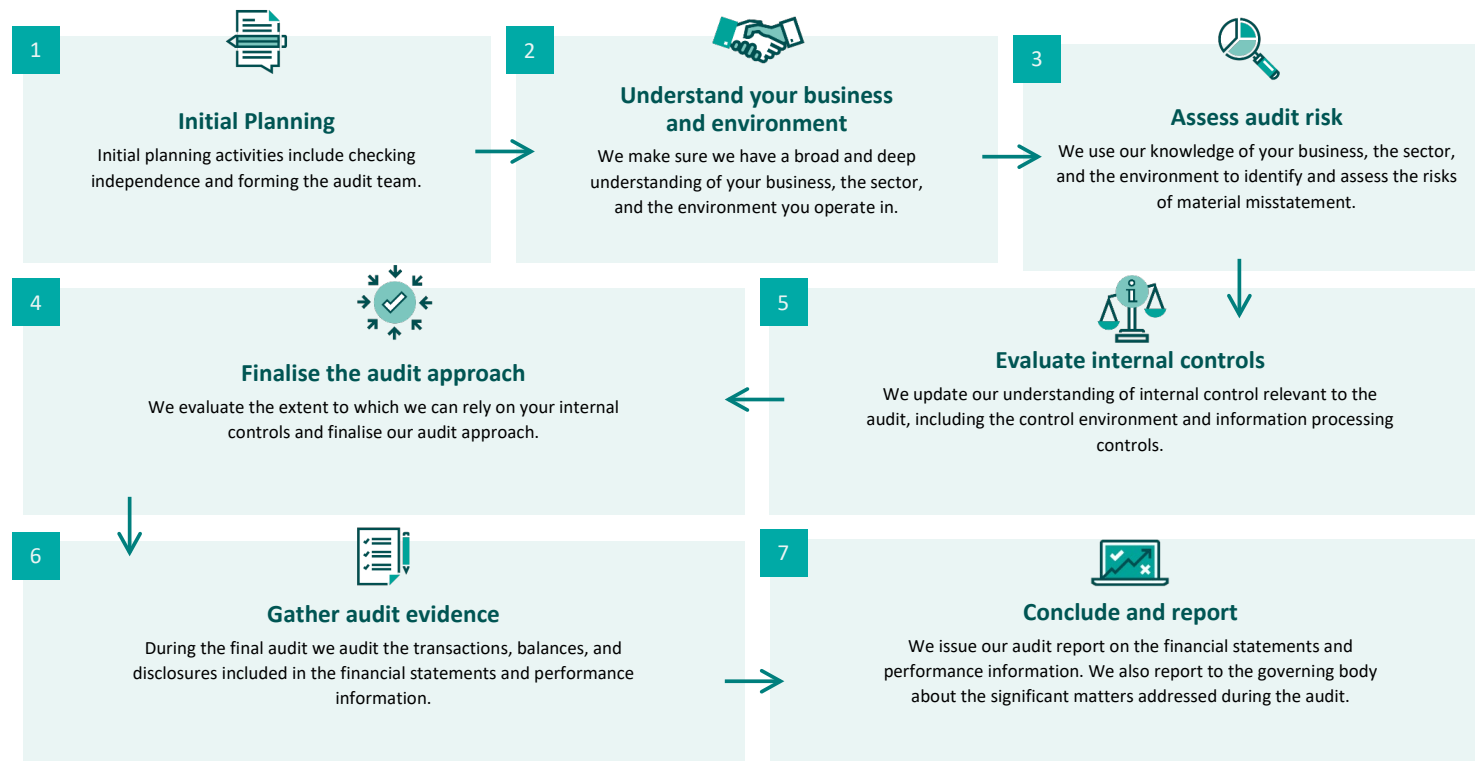


This table shows the work we have planned for each component. In addition to this, we will perform analytical procedures for other components.

Component	Our audit approach
Bay Venues Limited	<p>The component will be audited by Audit New Zealand, the Audit Service Provider of the Council. The audit work on this component will be a full financial statement and service performance report audit. We will issue group instructions to the component auditor specifying the information we will need from them for the group audit.</p> <p>The significant audit risks relevant to this component are:</p> <ul style="list-style-type: none"><li>• Fair value of property, plant and equipment (Land &amp; Buildings and Plant &amp; Equipment); and</li><li>• The risk of management override of internal controls.</li></ul> <p>Other areas of focus relevant to this component are:</p> <ul style="list-style-type: none"><li>• Completeness of revenue.</li></ul>



## 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 expenditure. 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:

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



## Reporting protocols and expectations

### Communication with management and the governing body

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”.

We understand that Marin Gabric is our key contact for the audit. We will regularly update Marin on progress throughout the audit, and any issues or delays encountered. We expect this information will be shared with management, and the Council as appropriate. Any areas of material concern will be raised with Paul Davidson and Kathryn Sharplin in the first instance.

We intend to have meetings on a weekly basis with key finance team members to discuss matters relevant to the audit during our on-site time of the audit.

### Reports to the governing body

We will provide a draft of all reports to management and 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 Council.

At the end of the audit, we will report to the governing body 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.

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 Service 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:

Leon Pieterse	Appointed Auditor
Athol Graham	Engagement Quality Review Director
To be confirmed	Audit Manager
Darryl Knoesen	Assistant Manager
Robyn Dearlove	Manager Information Systems Audit and Assurance

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.

### Timetable

Our proposed timetable is:

Interim audit begins	24 March 2025
Second Interim Audit begins	19 May 2025
Draft report to Council issued	13 June 2025
Draft financial statements available for audit (including notes) with actual year-end figures	29 August 2025
Final audit begins	1 September 2025
Annual report available, including any Mayor and Chief Executive's overview or reports	6 October 2025
Adoption of Bay Venues Limited annual report	24 September 2025
Final financial statements available, incorporating all the amendments agreed to between us	14 October 2025
Verbal audit clearance given	21 October 2025
Audit opinion issued	28 October 2025
Draft report to Council issued	28 October 2025
Summary Annual Report Audit Opinion issued	28 October 2025
Final report to Council issued	11 November 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.

During the previous audit, we were able to perform some of our audit work remotely. Based on our experience we found that Tauranga City Council has good systems and processes in place to facilitate any future off-site work by us.

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.



[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



### 9.3 Status Update on Actions from Prior Audit and Risk Committee Meetings

**File Number:** A17961604

**Author:** Caroline Irvin, Governance Advisor

**Authoriser:** Alastair McNeil, General Manager: Corporate Services

#### PURPOSE OF THE REPORT

1. This report provides a status update on actions requested by this Committee during previous meetings, excluding actions arising directly from resolutions. This is the first recurring report.

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#### RECOMMENDATIONS

That the Audit & Risk Committee:

- (a) Receives the report "Status Update on Actions from Prior Audit and Risk Committee Meetings".
- (b) Notes that this is a recurring report, which will be provided to each subsequent meeting of this Committee.
- (c) Notes any requested improvements for future iterations of this report.

---

#### BACKGROUND

2. In early December 2024, Elected Members agreed that non-resolution-related actions requested during Committee or Council meetings should be explicitly recorded in the meeting minutes.
3. From May 2025, a status update on actions requested by each of the Audit and Risk, City Delivery, and City Future Committees will be reported to each subsequent meeting of that Committee; and actions from Council meetings will be reported to every second Council meeting.
4. Each report will include actions completed since the last report, but will not re-report previously completed actions. Previously completed and reported actions will be archived.

#### DISCUSSION

5. The first actions status update report for the Audit and Risk Committee is provided as **Attachment 1** to this report and is summarised in the table below. Actions from the confidential section of the previous meeting can be found in the public excluded agenda.

Status of actions	No. actions
Closed (completed since the last report)	1
Pending (waiting on something)	1
In progress	3
To be actioned	0
<b>Total actions included in this report</b>	<b>5</b>

## ATTACHMENTS

1. Actions from Audit & Risk Meeting 19 February 2025 - A18095170  



Audit & Risk Committee Actions (Open)				Actions status update as at: 9 May 2025			
Meeting Date	Item No.	Report Name	Action Required	Status Update (incl anticipated / actual completion date)	Status Summary	Date Closed	GM / CE Responsible
19 Feb 2025	8.1	Audit NZ Final Audit Results	That Audit NZ's statement that they received good quality advice and were satisfied with the financial statements be put in the executive summary of the Audit NZ report.	The Audit NZ final audit results will be included in the executive summary of any relevant future council/committee reports.	In progress		Paul Davidson
19 Feb 2025	8.2	Audit & Risk Committee Proposed Forward Work Plan	That a deep dive into how to manage legal risk be added to the work plan to understand process and accountability. That a one to two page summary be provided to Councillors before the risk appetite workshop.	PX Workshop held on 29 April 2025	Closed	29 Apr 2025	Alastair McNeil
19 Feb 2025	8.3	Insurance Update	That Councillors be provided with data on: (a) What Council pays in insurance premiums and what returns it received over the last five years. (b) The total costs of fleet vehicles before and after city operations were brought in-house.	(a) Team will provide insurance info via Stellar. (b) Fleet will be covered in future reviews.	In progress		Alastair McNeil
19 Feb 2025	8.3	Insurance Update	That the Chief Executive looks at the feasibility of life assurance cover for employees going forward.	Life insurance cover needs to be looked at by HR team	Pending		Alastair McNeil
19 Feb 2025	8.5	Health, Safety and Wellbeing Quarterly Report: Q2 October to December 2024	That staff provide statistics on staff turnover and the amount of EAP usage in this reporting. That this report is placed as the first item of business on the agenda for future meetings.	Staff turnover and EAP usage will be included in the report going to the 19 May meeting. This item will be placed as the first item of business in future agendas.	In progress		Alastair McNeil

## 9.4 LGOIMA and Privacy Requests - Quarter 3 - 2024/25

**File Number:** A18007472

**Author:** Sarah Pharo, Administrator: Democracy Services

**Authoriser:** Christine Jones, General Manager: Strategy, Growth & Governance

### PURPOSE OF THE REPORT

The purpose of this report is to update the Committee on Local Government Official Information and Meetings Act 1987 (LGOIMA) and Privacy requests for Q3 of the 2024/25 financial year.

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### RECOMMENDATIONS

That the Audit & Risk Committee:

- (a) Receives the report "LGOIMA and Privacy Requests - Quarter 3 - 2024/25".

---

### ATTACHMENTS

1. Q3 Report LGOIMA and Privacy Requests - Jan-Mar 2025 - A17990683 [↓](#) 

## LGOIMA and Privacy Q3 Report for 2024/25 year

### How many requests did we receive?

**129** = **109** LGOIMA + **15** Privacy + **5** combined LGOIMA & Privacy

- The number of requests has decreased **30%** since last quarter and **3%** since the same quarter in the 2023/24 year.
- **2** requests remain open, and all are within the statutory time frame for response.
- **16** follow-up requests.

### How long did it take us to respond?

**13** = the average number of days to respond.

- This is an increase from last quarter, which was 11.  
The longer response and follow-up times are a result of the growing complexity and detailed nature of the requests

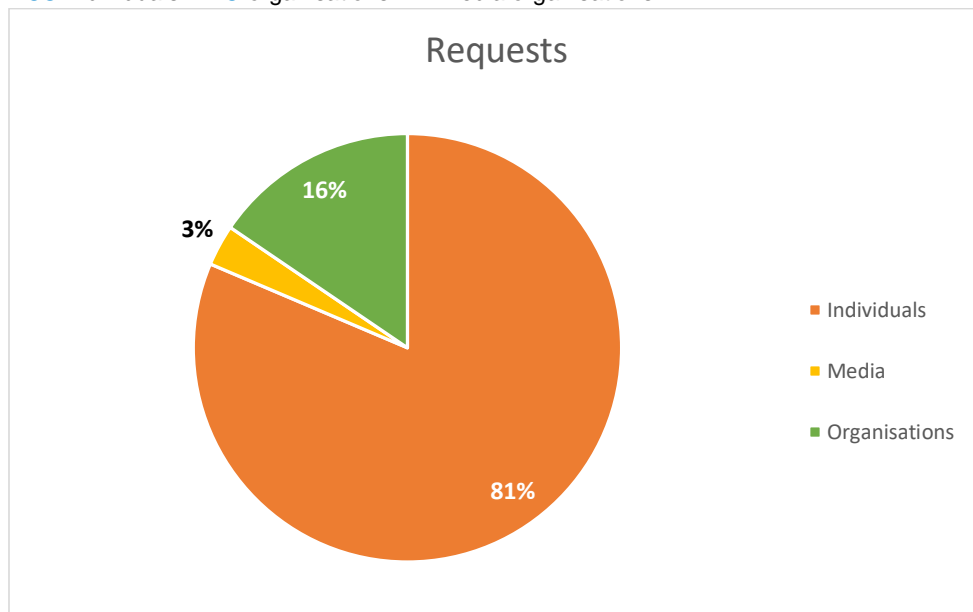
**96%** = requests responded to within the statutory time frame.

- In addition, five extensions were notified and four responded to within the extended time frame, with the remaining one currently still open and within the timeframe.

**1.8** = average hours of staff time per request, excluding sign-off processes and legal review if needed.

### Who did the requests come from?

**105** individuals + **20** organisations + **4** media organisations

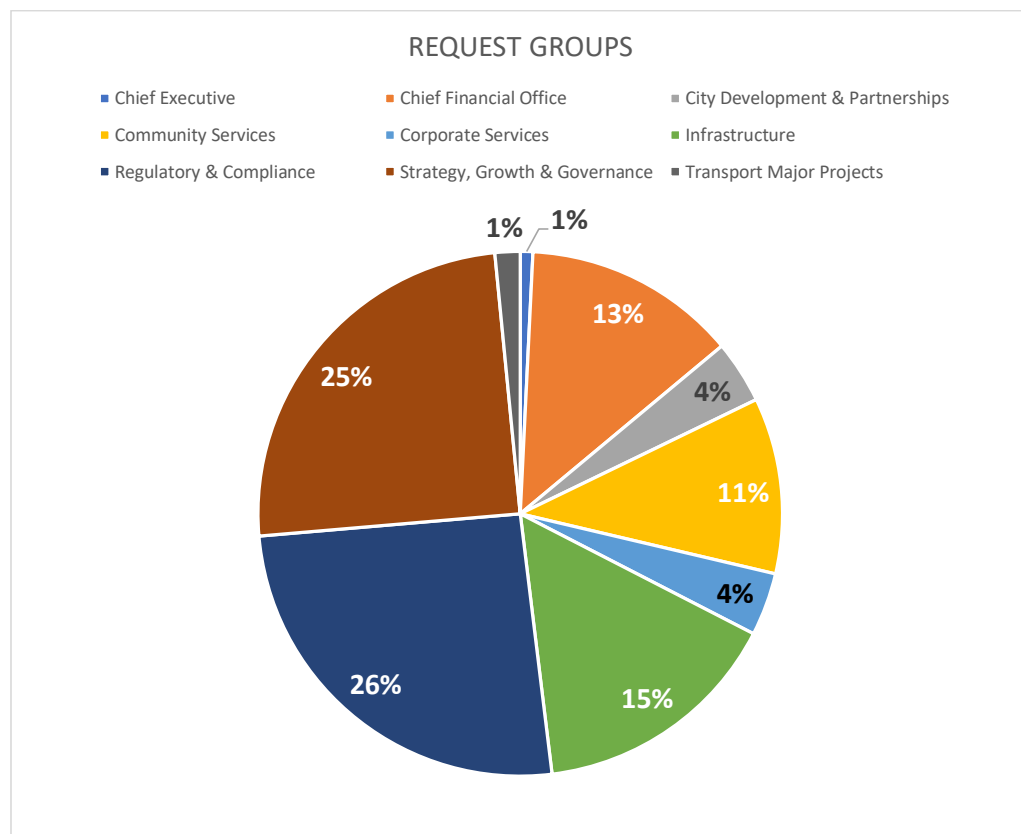


**22** = number of requesters who made two or more requests in Q3

- Fifteen individuals made two requests.
- Five individuals made three requests.
- One individual made four requests.
- New Zealand Taxpayers' Union made five requests
- One individual made six requests

#### What groups received the requests?

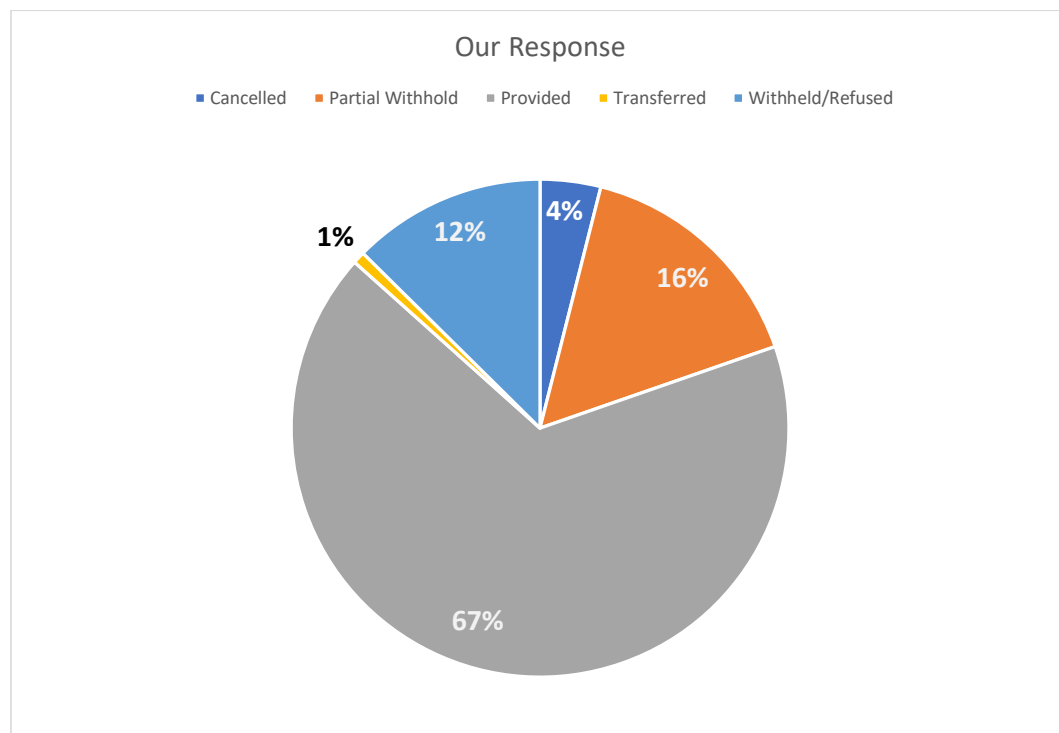
**20** Infrastructure\* + **33** Regulatory & Compliance + **32** Strategy, Growth & Governance + **17** Chief Financial Office + **14** Community Services + **4** Corporate Services + **5** City Development & Partnerships + **1** Chief Executive



### What was our response?

85 provided + 20 partially withheld + 16 refused.

In addition, 5 cancelled + 1 transferred.



### Common requests

- Marine Precinct (3)
- Infringement (6)
- Council expenditure (8)
- Water fluoridation (9)
- Consent (12)

Responses with broad community interest continue to be published on the TCC website.

### CCTV Requests

There were 63 requests for CCTV footage. TTOC provides the footage and Democracy Services manages the request.

**Of the CCTV requests, 38** were withheld/refused for privacy reasons or because we did not have the footage.

**Office of the Ombudsman complaints**

**4** complaints remain open awaiting a response, 3 from 2024 and 1 for 2025

**Privacy Commissioner complaints**

**1** complaint currently under investigation by the Office of Privacy Commissioner

## 9.5 Policy Review - Risk Management Policy

**File Number:** A17521866

**Author:** Sharon Herbst, Policy Analyst  
Chris Quest, Manager: Risk & Assurance

**Authoriser:** Alastair McNeil, General Manager: Corporate Services

### PURPOSE OF THE REPORT

1. To approve and adopt a revised Risk Management Policy.

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### RECOMMENDATIONS

That the Audit & Risk Committee:

- (a) Receives the report "Policy Review - Risk Management Policy".
- (b) Approves and adopts the revised Risk Management Policy incorporating changes provided in the report for the policy to take effect immediately, including:
  - (i) Updating the responsibilities in the policy.
  - (ii) Adding a definition for the Enterprise Risk Management System (ERMS) and references to its use.
  - (iii) Changing the review of risk registers to regularly by division.
  - (iv) Including a commitment to develop a separate Business Continuity Policy.
- (c) Delegates to the General Manager: Corporate Services to make any necessary minor drafting or presentation changes to the Risk Management Policy, prior to it being published.

---

### EXECUTIVE SUMMARY

2. The Audit & Risk Committee (the Committee) is tasked with approving and adopting Tauranga City Council's Risk Management Policy.
3. The Risk Management Policy outlines our commitment to ensure council undertakes effective risk and opportunity management in alignment with the relevant Standards<sup>1</sup>. Our current policy was last reviewed in 2022 and is due for review.
4. On 20 March 2025, the Executive considered changes to the Risk Management Policy and made a recommendation for the Committee to approve the minor amendments proposed and adopt the revised Risk Management Policy<sup>2</sup>. There is low to moderate public interest and therefore no public consultation is planned.
5. Failure to review these documents may increase our risk of non-compliance, reputational damage, and operational inefficiency.
6. There are no direct financial implications in adopting or endorsing these documents.

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<sup>1</sup> Standards jointly developed by Standards Australia and Standards New Zealand: Risk Standard AS/NZS ISO 31000 and Business Continuity Standard AS/NZS ISO 22301.

<sup>2</sup> The committee's Terms of Reference state 'Review, approve and monitor the implementation of Council's Risk Management Policy, including regular review of the corporate risk register.'

## BACKGROUND

### Risk Management Policy

7. The Risk Management Policy has been reviewed by the Risk and Assurance team to ensure continued alignment with the AS/NZS ISO 31000 risk standard and AS/NZS ISO 22301 business continuity standard.
8. AS/NZS ISO 31000 is a standard for risk management guidelines that outlines a comprehensive approach to identifying, analysing, evaluating, treating, monitoring, and communicating risks.
9. AS/NZS ISO 22301 is the standard for Business Continuity Management Systems (BCMS) and specifies requirements to implement, maintain and improve a management system to protect against, reduce the likelihood of the occurrence of, prepare for, respond to and recover from disruptions when they arise.
10. The proposed changes to the policy are minor. They are highlighted as tracked changes in the revised Risk Management Policy (**Attachment One**).
11. The Risk Management Policy and the effective management of risk is underpinned by Risk Appetite; a workshop is being established with full Council to help elected members determine the threshold for risk.

## STATUTORY CONTEXT

12. Effective risk management contributes to improved management systems, and informed decision-making. The Office of the Auditor-General recommends that councils have a clearly defined risk policy and framework for managing risk to ensure consistent and effective risk management practices. Having a risk management policy helps to identify, analyse and manage risks which is crucial for maintaining public trust and ensuring the smooth operation of council services.

## STRATEGIC ALIGNMENT

13. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

14. Identified council risks have impacts on, at differing levels, each of the community outcomes, and therefore on organisational activity. Regular review and assessment of our risk management processes, helps better understand and manage key organisational and city risks.

## OPTIONS ANALYSIS

### Risk Management Policy

15. Minor changes are recommended to update the policy (**Attachment One**).

### Issue 1: Responsibilities in the Policy

16. The review identified several responsibilities to be updated to reflect current direction:
  - (a) correcting the responsibility of the Chief Executive to 'endorse and recommend the policy' rather than approve (as it is the Committee that approves the policy)



- (b) updating the Council's responsibility to evaluate risks as escalated by the Committee responsible for risk (rather than to confirm and evaluate risks to the delivery of the LTP)
- (c) including the Committee's responsibility for reviewing strategic risks, and including a definition for strategic risks in the definitions table of risks

17. **Table 1: Options for Responsibilities in the Policy**

Option		Advantages	Disadvantages
1a	Update the responsibilities in the policy. <b>Recommended</b>	<ul style="list-style-type: none"> <li>Ensures council's approach to risk management and business continuity is transparent and consistent with relevant standards.</li> <li>Provides more clarity on the role of the Committee and Council in evaluating risks.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
1b	Status quo. Retain the current policy and do not adopt the revised draft policy.	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>Does not address the issues identified from the internal review.</li> <li>Lack of clarity around Council and Committee responsibilities with regards to risk.</li> </ul>

**Issue 2: Recording risks**

18. A new Enterprise Risk Management System (ERMS), also known as the Camms software solution is now being utilised to record risk. The policy has been updated to include a definition and several references to the ERMS. Risk registers will also now be reviewed regularly by division (rather than quarterly by department).

19. **Table 2: Options for Recording Risks**

Option		Advantages	Disadvantages
2a	Add a definition for the Enterprise Risk Management System (ERMS) and references to its use. <b>Recommended</b>	<ul style="list-style-type: none"> <li>Ensures the policy reflects the change in how risks are now being recorded in an Enterprise Risk Management System (ERMS)</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
2b	Change the review of risk registers to regularly by division <b>Recommended</b>	<ul style="list-style-type: none"> <li>Ensures the risk registers are reviewed appropriately</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
2c	Status quo. Retain the current policy and do not adopt the revised draft policy.	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>Does not reflect improvements in current practice in how risks are being recorded and how often they should be reviewed.</li> </ul>

### Issue 3: Strengthening our Business Continuity Approach

20. The current policy incorporates Business Continuity as part of the Risk Management Approach. The review has recognised a need to strengthen our approach to Business Continuity. The policy has been updated to include additional references to business continuity and the commitment for a Business Continuity Policy to be developed within the review period of this policy. A separate policy will ensure a focused approach to maintaining and restoring critical functions during disruptions, aligning with international standards and the Auditor-General's guidance for effective governance.

#### 21. Table 3: Options to strengthen our Business Continuity Approach

Option		Advantages	Disadvantages
3a	Update the policy to include a commitment to develop a separate Business Continuity Policy  <b>Recommended</b>	<ul style="list-style-type: none"><li>Ensures council's approach to risk management and business continuity is transparent and consistent with relevant standards.</li><li>Provides a stronger commitment to business continuity with a commitment to develop a business continuity policy</li></ul>	<ul style="list-style-type: none"><li>None.</li></ul>
3b	Status quo. Retain the current policy and do not adopt the revised draft policy.	<ul style="list-style-type: none"><li>None.</li></ul>	<ul style="list-style-type: none"><li>Does not address the issues identified from the internal review.</li><li>Lack of commitment to develop a business continuity policy which represents best practice</li></ul>

### FINANCIAL CONSIDERATIONS

22. Adopting the revised Risk Management Policy does not have any financial implications.

### LEGAL IMPLICATIONS / RISKS

23. There are no significant risks associated with the recommendations to adopt the revised Risk Management Policy.

### TE AO MĀORI APPROACH

24. The approach set out in the proposed draft policy aligns with the principles of Manaakitanga – a strong duty of care and safety for our people.

### CLIMATE IMPACT

25. There are no direct or specific climate change impacts resulting from the proposed changes to the policy.

### CONSULTATION / ENGAGEMENT

26. There is low to moderate public interest and therefore no public consultation or engagement is planned.

### SIGNIFICANCE

27. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and

Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

28. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
29. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of low significance.

### ENGAGEMENT

30. Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

### NEXT STEPS

31. If the Committee decides to adopt the revised Risk Management Policy, it will take effect immediately. The policy will be made available on the council's website.

### ATTACHMENTS

1. **Revised Risk Management Policy 2025 (for Committee) - A18141729** [!\[\]\(67ff022fd78f943b679992c2874bbfd1\_img.jpg\) !\[\]\(042ea11c58a77088d3dd7150909adec0\_img.jpg\)](#)

# DRAFT RISK MANAGEMENT POLICY



Policy type	City		
Authorised by	Council		
First adopted	28 October 2014	Minute reference	M14/78.4
Revisions/amendments	5 December 2022	Minute references	SFR13/22/15
	<u>2025</u>	Minute reference	
Review date	<u>October 2024 July 2028</u>		

## 1. PURPOSE

- 1.1 This policy aims to ensure council undertakes effective risk and opportunity management by:
  - setting council's commitment to risk management and business continuity (Business Continuity Policy to be developed within the review period of this policy)
  - establishing a framework to deliver a consistent approach to risk management
  - clarifying risk management roles and responsibilities across the organisation
  - providing assurance that risks are being appropriately addressed and managed.
- 1.2 Risk is *the effect of uncertainty on achieving objectives*. The uncertainty can be negative (a risk or threat), positive (an opportunity or benefit), or both. Managing risk is therefore a critical part of achieving our objectives by reducing threats and maximising opportunities.
- 1.3 Effective risk management supports good decision-making, improves performance, encourages innovation, and increases the chances of achieving our purpose to 'Make Tauranga better'.

## 2. SCOPE

- 2.1 This policy applies to all council activities and all employees of the council.

## 3. DEFINITIONS

Term	Definition
<b>Council</b>	the Tauranga City Council, its elected members, management and staff, and the activities undertaken on its behalf.
<b>The Committee</b>	The committee responsible for risk.

<b>Risk</b>	The effect of uncertainty on achieving objectives, whether negative, positive, or both.
<b>ERMS</b>	<u>Enterprise Risk Management System., also known as the Camms software solution</u>
<b>Risk Management Framework</b>	A set of components that provide the foundation and process for managing risks and opportunities.
<b>Business Continuity</b>	The capability of council to continue delivery of products or services at acceptable pre-defined levels following a disruptive incident
<b>Risk Register</b>	A record of all identified risks and opportunities, their consequences, likelihood, rating and treatments, reviewed on a periodic basis.

#### 4. PRINCIPLES

- 4.1 Council's approach to risk management is consistent with the Joint Australian New Zealand International Standard Risk management – Principles and guidelines (AS/NZS ISO 31000:2018).

#### 5. POLICY STATEMENT

##### 5.1 Commitment to Risk Management and Business Continuity

- 5.1.1 Council is committed to embedding risk and opportunity management and business continuity into everyday practice at all levels of the organisation to achieve its objectives. Business Continuity Policy to be developed consistent with AS/NZS ISO 22301 standard within this policy's review period.
- 5.1.2 Council will promote a culture where all staff are empowered to own their risks and continuity plans through collaborative engagement.

##### 5.2 Risk Appetite and Threshold Statement

- 5.2.1 The amount of risk that council is prepared to take, accept or avoid will be set by resolution of Council and reviewed periodically or, at a minimum, each triennium.

##### 5.3 Risk Management and Business Continuity Approach

- 5.3.1 Risk management will be consistent with the AS/NZS ISO 31000:2018 standard (Risk) and Business Continuity Management will be consistent with AS/NZS ISO 22301 (Business Continuity).
- 5.3.2 Everyone in the council will follow a consistent process for identifying and managing risks and opportunities as detailed in the Risk Management Framework which sits alongside this policy and aligns with our Risk and Opportunity Matrix (Appendix 1).

##### 5.4 Risk Management Roles and Responsibilities

- 5.4.1 Risk management is everyone's responsibility relevant to their role as set out below:

<b>Role</b>	<b>Responsibilities</b>
-------------	-------------------------

<b>The Council</b>	<ul style="list-style-type: none"> <li>• <del>Evaluate risks, as escalated by the committee responsible for risk to Confirm and evaluate risks to the delivery of the Long-Term Plan (LTP) and</del> ensure they align to council's objectives</li> <li>• Determine the risk appetite and set the risk threshold</li> </ul>
<b>Committee responsible for risk</b>	<ul style="list-style-type: none"> <li>• <del>Review and approve the Risk Management Policy</del></li> <li>• <del>Reviews strategic risks to ensure effective mitigation and alignment with organisational objectives</del></li> <li>• Review reports from management and auditors and monitor the effectiveness of risk and opportunity management processes and implementation</li> </ul>
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>• <del>Approve</del> <del>Endorse</del> the Risk Management Policy and recommend it to the Committee responsible for risk</li> <li>• Approve the Risk Management Framework</li> <li>• Lead and promote a strong risk and opportunity management and resilience culture across the organisation</li> </ul>
<b>The Executive Team</b>	<ul style="list-style-type: none"> <li>• Owner of corporate risks</li> <li>• Accountable to Council for an effective risk management system</li> <li>• Endorse the Risk Management Policy and Framework and champion it to the organisation</li> <li>• Monitor effective implementation of risk and opportunity management and business continuity across the organisation</li> <li>• Receive and review risks on the risk register on a quarterly basis</li> <li>• Receive and review other risk-related reports on an as-required basis</li> <li>• Provide direction on risk tolerance at a general and risk-specific level</li> <li>• Periodically review the Risk Management Policy to ensure it remains appropriate</li> </ul>
<b>General Managers</b>	<ul style="list-style-type: none"> <li>• 'Own' risks relevant to, or arising from, their groups</li> <li>• Lead and promote a risk culture within their groups</li> </ul>
<b><u>Risk and Assurance</u> Team</b>	<ul style="list-style-type: none"> <li>• Develop and maintain the Risk Management Policy and Framework</li> <li>• Lead the rollout of the risk management framework into council decision-making processes</li> <li>• Regularly review the high-level corporate risk register</li> <li>• Manage the interface between operational risk management plans and the high-level corporate risk register</li> <li>• Advise and, where necessary, challenge the risks, controls, treatments and accountabilities in risk and opportunity management plans across the organisation</li> <li>• Educate and assist operational managers and leaders to implement the risk management framework in their divisions and teams</li> </ul>
<b>Operational managers and leaders</b>	<ul style="list-style-type: none"> <li>• Develop and manage risk and opportunity management plans for their team in accordance with the risk management policy and framework</li> <li>• Lead and promote a risk aware culture within their teams</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>• Identify, evaluate, report and manage risks in their daily activities and projects</li> </ul>

## 5.5 Risk Recording and Reporting

- 5.5.1 Identified risk and opportunity management plans will be documented and recorded ~~electronically as risk registers in the ERMS~~. Risk registers will be reviewed ~~quarterly~~ by each ~~division regularly~~ ~~department~~.

5.5.2 This policy covers the following types of risk, which cascade through all levels of council:

Risk Type	Description	Recording
<b>Strategic</b>	<u>The strategic risks that could impact council's ability to achieve long-term goals, deliver services, and meet community needs focus on: workforce, service delivery, financial stability, city economy, planning and growth, digital infrastructure, resilience, and governance and reputation.</u>	<u>Strategic risks are recorded in the ERMS (Camms) with all relevant corporate risks linked to the appropriate strategic risk.</u>
<b>Corporate</b>	High level risks and opportunities relating to internal or external events which could impact on council achieving its community outcomes.	Risks with council-wide significance will be recorded in the corporate risk register.
<b>Operational</b>	Risks and opportunities that may impact daily operations and council's service delivery to the community.	Operational risk management plans will be recorded in the <u>ERMS or locally as appropriate to the risk, corporate risk register.</u>
<b>Emerging</b>	Risks and opportunities which are on the 'radar' and could potentially develop but where the impact is not yet fully known.	Emerging risks will be recorded on the risk report to the Strategic, Finance and Risk Committee.
<b>Business continuity</b>	<u>Disruptive events foreseen or otherwise that could impact the delivery of essential business operations. Risks or unexpected events which could disrupt the delivery of essential business operations.</u>	<u>Business Continuity Plans</u> Plans will be recorded on Microsoft Teams for ease of access.
<b>Project</b>	Risks or opportunities which may impact on individual projects achieving their objectives.	The accountable programme team will maintain an electronic risk register for the duration of the project
<b>Health &amp; Safety (H&amp;S)</b>	Risks which may cause harm to or impact the health, safety and wellbeing of employees or contractors when exposed to a hazard.	Health & Safety risks will be managed in 'Vault / Damstra' by the H&S team, covered by a Safety Management System standard.

5.5.3 The risk registers and relevant risk and opportunity management plans will be reported regularly in a format agreed from time to time with the Chief Executive and chair of the relevant committee in line with the Risk Reporting and Response table (Appendix 2).

## 5.6 Review of Risk Management

5.6.1 Risk and opportunity management will be reviewed regularly to ensure that the desired outcomes and benefits are being achieved.

5.6.2 The effectiveness of council's risk management will be independently assessed by internal and external audits or as mandated by New Zealand legislation.

**6. RELEVANT DELEGATIONS**

- 6.1 The Chief Executive or his/her nominee has delegated authority for the implementation of this policy.

**7. REFERENCES AND ASSOCIATED POLICIES**

AS/NZS ISO 31000:2018 Risk management – Principles and Guidelines  
AS/NZS ISO 22301:2019 Business Continuity

**8. ASSOCIATED POLICIES/PROCEDURES**

Corporate Risk Register  
Risk Management Framework  
Business Continuity Management [System](#)

**9. APPENDICES**

Appendix 1: Risk and Opportunity Matrix  
Appendix 2: Risk Reporting and Response Table



## APPENDIX 1 RISK & OPPORTUNITY MATRIX

Risk and Opportunity Matrix																
Risk								Opportunity								
			Consequence Rating					Consequence Rating								
			Low	Minor	Moderate	Significant	Severe	Substantial	Significant	Moderate	Minor	Low				
			1	2	3	4	5	5	4	3	2	1				
Likelihood Rating	Almost Certain	5	Moderate	High	Critical	Critical	Critical	Pursue	Pursue	Pursue	Recommend	Possible	5	Almost Certain	Likelihood Rating	
	Likely	4	Moderate	High	High	Critical	Critical	Pursue	Pursue	Recommend	Recommend	Possible	4	Likely		
	Possible	3	Low	Moderate	High	High	Critical	Pursue	Recommend	Recommend	Possible	Low Benefit	3	Possible		
	Unlikely	2	Low	Moderate	Moderate	High	High	Recommend	Recommend	Possible	Possible	Low Benefit	2	Unlikely		
	Rare	1	Low	Low	Low	Moderate	High	Recommend	Possible	Low Benefit	Low Benefit	Low Benefit	1	Rare		

Footnote: The risk matrix is linked to descriptors used when assessing the likelihood and consequence / impact of the risk or opportunity occurring. These descriptors can be found in the appendices of the [Risk Management Framework](#)

## APPENDIX 2 RISK REPORTING AND RESPONSE TABLE

Risk Reporting and Response Table	
Risk Rating Level	Reporting and Escalation
<b>Critical</b>	<ul style="list-style-type: none"> <li>• Immediate notification to Exec / Risk Owner / Risk Manager</li> <li>• 3 monthly review by GM / Risk Owner / Risk Manager</li> <li>• 3 monthly reporting to Exec / the Committee</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>• Attention of Exec / Risk Owner / Risk Manager</li> <li>• 3 monthly review by GM / Risk Owner / Manager with specific control / treatment ownership</li> <li>• 3 monthly reporting to Exec / the Committee</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• GM attention</li> <li>• 6 monthly review by GM / Risk Owner and Manager with specific action / monitoring ownership</li> <li>• 3 monthly reporting to Exec / the Committee if required</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>• GM-delegated Risk Manager attention</li> <li>• 6-12 monthly routine review and management</li> <li>• Ensure likelihood &amp; consequence continues to pose a low level</li> </ul>

## 10 DISCUSSION OF LATE ITEMS

## 11 PUBLIC EXCLUDED SESSION

### Resolution to exclude the public

#### RECOMMENDATIONS

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>11.1 - Public Excluded Minutes of the Audit &amp; Risk Committee meeting held on 19 February 2025</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret  s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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 would exist under section 6 or section 7
<b>11.2 - Status Update on Actions from Prior Audit and Risk Committee Meetings - Confidential</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret  s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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 would exist under section 6 or section 7
<b>11.3 - Risk Register - Quarterly Update</b>	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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 would exist under section 6 or section 7

<b>11.4 - Digital/Cyber Risk Quarterly Report</b>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret</p>	<p>s48(1)(a) - 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 would exist under section 6 or section 7</p>
<b>11.5 - Internal Audit &amp; Assurance - Quarterly Update</b>	<p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage</p>	<p>s48(1)(a) - 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 would exist under section 6 or section 7</p>

