

I hereby give notice that an ordinary meeting of the Audit and Risk Committee will be held on:

**Date:** Tuesday, 18 February 2025  
**Time:** 2.00pm  
**Meeting Room:** Room 1, Level 26  
**Venue:** Te Wharau o Tāmaki - Auckland House  
135 Albert Street  
Auckland

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## Komiti mō te Tātari me te Mātai Tūraru / Audit and Risk Committee

### OPEN AGENDA

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#### MEMBERSHIP

<b>Chairperson</b>	Paul Connell
<b>Deputy Chairperson</b>	Cr John Watson
<b>Members</b>	Member Cassandra Crowley Cr Angela Dalton Cr Shane Henderson Member Martin Matthews Cr Maurice Williamson
<b>Ex-officio</b>	Mayor Wayne Brown Hokura Member Tony Kake, MNZM Deputy Mayor Desley Simpson, JP

(Quorum 3 members)

**Mike Giddey**  
Kaitohutohu Mana Whakahaere / Governance  
Advisor

**12 February 2025**

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**1 Ngā Tamōtanga | Apologies**

**2 Te Whakapuaki i te Whai Pānga | Declaration of Interest**

**3 Te Whakaū i ngā Āmiki | Confirmation of Minutes**

Click the meeting date below to access the minutes.

That the Audit and Risk Committee:

- a) whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 3 December 2024](#), including the confidential section, as a true and correct record.

**4 Ngā Petihana | Petitions**

**5 Ngā Kōrero a te Marea | Public Input**

**6 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input**

**7 Ngā Pakihi Autaia | Extraordinary Business**



## Forward Work Programme 2024-2025

File No.: CP2025/00280

### Te take mō te pūrongo Purpose of the report

1. To review and approve the remaining elements of the Audit and Risk Committee's Forward Work Programme 2024-2025 (Attachment A).

### Whakarāpopototanga matua Executive summary

2. The committee reviews the forward work programme at each meeting to ensure it remains relevant and can be adapted to changes in Auckland Council's risk profile.
3. The following changes have been made to the forward work programme:
  - An update from Port of Auckland Limited (POAL), which was planned for this committee meeting has been deferred to the May 2025 committee meeting as their Board and key members of the Executive group will be overseas (Sydney, Australia) on 18 February 2025.
  - The engagement letter for 2025 greenhouse gas (GHG) emissions assurance has been added to the forward work programme and will be presented at this committee meeting. Audit NZ will perform a limited assurance engagement on our greenhouse gas disclosures in the annual report and in the future this paper will be presented every 3 years at the December committee meeting.
  - A paper in response to the Office of Auditor General's review of Flagstaff Partner's engagement with Council has been added to the forward work programme and will be presented at this committee meeting.

### Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) whakaae / approve the Audit and Risk Committee forward work programme, noting that:
  - i) an update from Port of Auckland Limited (POAL) has been deferred from this committee meeting
  - ii) the engagement letter for 2025 greenhouse gas (GHG) emissions assurance has been added and will be presented at this committee meeting
  - iii) a paper in response of the Office of Auditor General's review of Flagstaff Partner's engagement with Council has been added and will be presented at this committee meeting.

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## Ngā tāpirihanga Attachments

No.	Title	Page
<a href="#">A⇒</a>	Forward Work Programme 2024-2025	

## Ngā kaihaina Signatories

Author	Neil Rodrigues – Senior Risk Advisor
Authorisers	Max Hardy - Director Group Strategy and Chief Executive Office Emma Burke - Chief Risk and Assurance Officer



## Houkura - IMSB Treaty Audit monitoring update

File No.: CP2025/00004

### Te take mō te pūrongo Purpose of the report

1. This report covers the period from September 2024 to January 2025 and provides an update on the:
  - Progress of addressing recommendations contained in te Tiriti o Waitangi Audits (Treaty audits) commissioned by Houkura - Independent Māori Statutory Board (Houkura) every three years.
  - He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) which has been developed by Ngā Mātārae on behalf of the Chief Executive and received by the Joint Governing Body and Houkura in response to the recommendations contained in the Treaty audits.
  - Other governance activities supporting the work by Ngā Mātārae and Auckland Council in discharging its obligations from te Tiriti o Waitangi and to Māori generally.

### Whakarāpopototanga matua Executive summary

2. Since the last report in August 2024, two recommendations from the pre-2024 Treaty audits are closed.
3. Since the last update to this committee in August 2024, Ngā Mātārae drafted a response to the 2024 Treaty Audit Report. The response, He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027, will manage and monitor the implementation of the 28 new recommendations (Attachment A).
4. There are a total of 30 open Treaty Audit recommendations:
  - Two relating to the 2021 Treaty Audit report with a status of “Overdue”.
  - 28 recommendations the 2024 Treaty Audit report.
5. Since the previous report to this committee, and following a re-design of all internal governing bodies involved in Māori Outcomes, the Enablement Board (an internal governance body), which reviewed and closed the Treaty recommendations, was disestablished after its terms of reference were absorbed into a newly formed Māori Outcomes Steering Committee (MOSCo). All members of the Enablement Board are members of the MOSCo.
6. He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) will continue to be used by Ngā Mātārae as the basis to track progress on recommendations from all Treaty audits.

### Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) whiwhi / receive the update on the progress of recommendations documented in He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A)
- b) tuhi ā-taipitopito / note that the Risk and Assurance department will continue to report on a six-monthly basis on progress against He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) to this committee.

## Horopaki Context

7. Houkura's Treaty Audits set out a framework for assessing Auckland Council's performance against Auckland Council's statutory responsibilities and requirements relating to both te Tiriti o Waitangi and to Māori generally.
8. Status of the Treaty audit recommendations:
  - The third Treaty audit was completed in 2018 and identified 80 recommendations, all of which have now been closed.
  - He Waka Kōtuia – Te Tiriti o Waitangi Audit 2021 was the fourth Treaty audit to be undertaken by Houkura and identified 14 recommendations of which 12 have now been closed, and two remain overdue and are covered under a separate heading in He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A).
  - He Waka Kōtuia – Te Tiriti o Waitangi Audit 2024 was the fifth Treaty audit. The scope of the audit activities included council-controlled organisations, hence the reference to as the "Auckland Council Group" in the final report. The 28 recommendations from this Treaty audit, and progress towards implementing them, are shown in He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A).
9. Since the previous update to this committee, the Enablement Board, which reviewed and closed Treaty recommendations, was disestablished after its terms of reference were absorbed into a newly formed MOSCo. The Tier 2 and Tier 3 management changes effective from 1 July 2024, provided an opportunity for Ngā Mātārae to re-design and consolidate the various boards and steering groups that were all working towards the improvement of delivering Māori Outcomes. The MOSCo continues to provide oversight of recommendations by the Treaty Audits, including monitoring and guidance to action owners and their executives, and agrees to the closure of recommendations. Like the Enablement Board previously, the MOSCo has representatives from the Risk and Assurance department, Ngā Mātārae and the Houkura Secretariat.
10. He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) is the basis for the Risk and Assurance department's monitoring and reporting to this committee.

## Tātaritanga me ngā tohutohu Analysis and advice

11. Auckland Council has responded to Treaty audits in the past by focusing primarily on closing the specific actions recommended by the audits. However, as many of the same observations and recommendations continue to be raised in subsequent audits, a broader approach is now being taken.
12. The new He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) framework intends to take a more proactive response:
  - looking at the underlying issues that each recommendation seeks to address
  - drawing on existing workstreams/initiatives, rather than creating new work specifically to respond to the recommendation
  - requiring evidence of the response actions not just having been done, but also being used to achieve the intended results and address the underlying issue
  - taking time to evaluate the effectiveness of the response actions after they have been implemented.

By focusing on implementation rather than closure, the aim is that the response actions will be more sustainably embedded in Council policies, procedures and practices.

13. The status of open Treaty audit recommendations is as follows. Refer to Attachment A and the explanations below this table for more detail:

<b>Original (pre-2021) recommendations needing action</b>	<b>80</b>
Closed prior to August 2024	(79)
Closed August 2024 – February 2025*	(1)
All pre-2021 recommendations addressed	-
<b>Fourth treaty audit (2021) recommendations</b>	<b>14</b>
Closed prior to August 2024	(11)
Closed August 2024 – February 2025	(1)
Open and overdue as at February 2025	2
<b>Fifth treaty audit (2024) recommendations</b>	<b>28</b>
Open as at February 2025	28

\* - Note paragraph 15 below regarding merging this recommendation with a similar recommendation from the 2024 Treaty Audit.

14. At a joint hui of He Waka Kōtuia Audit Liaison Group, the Transitional Kia Ora Tamaki Makaurau Enablement Board and the Māori Outcomes Fund Review Steerco (all internal governance bodies or working groups), on 21 November 2024, the four remaining open recommendations from the pre-2024 Treaty Audits were referred to the next MOSCo meeting scheduled for 17 December 2024. This was done due to the time taken up by other agenda items at the 21 November 2024 joint hui.
15. The MOSCo met on 17 December 2024 and, after presentations by members, the proposals to close recommendation 4.1 (2021), and merge recommendations 14 (2015) with 4.6 (2024), were adopted by the MOSCo. Recommendation 2.4 and 2.5 were not closed. Their status along with 28 recommendations from the 2024 Treaty Audit, is shown in He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A).
16. Although none of the new audit recommendations were closed since they were reported to this committee in August 2024, progress has been made on a number of them, as shown in Attachment A.
17. He Waka Kōtuia Te Tiriti o Waitangi Audit 2024 is included in the Komiti mō te Kaupapa Here me te Whakamahere / Governing Body and Houkura joint meetings Forward Work Programme 2025 with the next progress report due to the joint meeting scheduled for September 2025.
18. Auckland Council is currently being audited by the Office of the Auditor General (OAG) regarding the delivery of Treaty settlements along with central government agencies and a small number of other local councils. The OAG’s final report is due in quarter four 2025, and if released will be shared with this committee in the February 2026 meeting.

## **Tauākī whakaaweawe āhuarangi**

### **Climate impact statement**

19. There are no impacts on climate from this report. However, the Māori Outcomes Framework is based on wellbeing and includes environmental wellbeing.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

20. He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 work enables the Council Group to strengthen responsiveness to Māori through targeted actions and improvements described in the Council's Māori Outcomes Framework. The Māori Outcomes Framework is intended to provide clarity and guidance to the Council Group.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

21. The views of local boards have not been sought in relation to this report.

## Tauākī whakaaweawe Māori Māori impact statement

22. The closure of Treaty audit findings through He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 will have a positive impact on Māori as it leads to stronger responsiveness to Māori through targeted actions and improvements described in the Māori Outcomes Framework. For example, He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A) contains specific improvements for Auckland Council to achieve more sustainably embedded Council policies, procedures and practices in discharging its obligations towards Māori in the community.

## Ngā ritenga ā-pūtea Financial implications

23. The committee is not being asked to make a decision with financial implications.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

24. Key risks to achieving completion of He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 are:
- The 28 recommendations in the 2024 Treaty Audit report are not correctly understood by Ngā Mātārae leading to delays or wasteful resource allocation in implementing the recommendations.
  - The MOSCo meetings not taking place at the cadence required to maintain momentum on progress.
  - Resource constraints for Ngā Mātārae and Council kaimahi to implement required actions.
25. Key mitigations of these risks include:
- Houkura representation on the MOSCo and continuing engagement between them and Ngā Mātārae ensure a common understanding of what need to be done to implement the recommendations.
  - The Tumuaki Huanga Māori – Director Ngā Mātārae reports to the Governing Body and Houkura quarterly joint meeting on progress on delivering Māori Outcomes. This is consistent with the audit recommendation regarding increased visibility of Māori Outcomes to leaders.
  - Introducing an escalation process to resolve challenges in progressing closure.
  - Agreeing clear roles and responsibilities for action owners and action sponsors, and the MOSCo secretariat regularly following up on progress feedback from them.
  - Oversight and support by the MOSCo and six-monthly reporting on progress to this committee.

## Ngā koringa ā-muri Next steps

26. Progressing with actions associated with each open recommendation as per He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027 (Attachment A).
27. The Risk and Assurance department will continue to attend MOSCo meetings to encourage progress towards implementation of all the open recommendations and to monitor progress.
28. The MOSCo meetings and their requirement to review progress and approve closure of recommendations will continue.

## Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	He Waka Kōtuia Te Tiriti o Waitangi Audit Response Work Programme 2024–2027	

## Ngā kaihaina Signatories

Authors	Andre de Wet - Senior Risk Advisor Sathya Ashok - Head of Risk and Audit
Authorisers	Max Hardy - Director Group Strategy and Chief Executive Office Emma Burke - Chief Risk and Assurance Officer



## Health, Safety and Wellbeing Q2 FY25 update

File No.: CP2025/00243

### Te take mō te pūrongo Purpose of the report

1. To provide an update on enterprise risk controls for health, safety, and wellbeing initiatives underway to improve outcomes, and the current state of key performance indicators as at 31 December 2024 (Q2 FY25).

### Whakarāpopototanga matua

#### Executive summary

2. Significant work is required to ensure the workplace health and safety management system is fully developed and implemented – in particular safety risk management (including critical risks and controls), and contractor safety management. Refer to Attachment A for detail on enterprise risk and key work programmes.
3. The new health, safety and wellbeing team structure has been completed, with recruitment continuing into January/February 2025.
4. A high-level project plan has been completed for contractor safety management, and recruitment for a Project Lead (12-month fixed contract) will commence in January 2025.
5. A performance dashboard for Q2, FY25 (October – December 2024) is found in Attachment B.
6. Worksafe was notified of one incident during Q2 FY25, and six high potential events occurred (with violence and aggression continuing to be the primary health, safety and wellbeing risk driver).
7. Work-related stress continues to be the primary issue for Employee Assistance Programme usage, although this decreased 39 per cent on Q1 FY25. The Hauora Team directly supported 590 kaimahi throughout Q2 FY25.
8. Feedback received regarding the Q1 FY25 report to the Audit and Risk Committee has been incorporated into this report (Attachment C).

### Ngā tūtohunga

#### Recommendation/s

That the Audit and Risk Committee:

- a) tuhi a-taipitopito / note the information in this report and the associated health, safety, and wellbeing indicators
- b) whakaae / agree to refer this report to the Governing Body, along with any commentary the committee deems appropriate, and recommend that the Governing Body forwards this report to Local Boards for their information.

### Horopaki

#### Context

9. This report provides commentary and a range of health, safety, and wellbeing performance indicators to enable the Audit and Risk Committee to provide objective advice and support Auckland Council's officers (as defined within the Health and Safety at Work Act 2015) to exercise due diligence obligations.
10. Recommendations on the adequacy and functioning of Auckland Council's Health Safety & Wellbeing (HSW) risk management system and associated programmes are subsequently shared with the Governing Body.



## Tātaritanga me ngā tohutohu Analysis and advice

### Enterprise Risk Control Effectiveness

11. Enterprise health and safety risk refers to the potential risks that may adversely affect an organisation. There are three key enterprise level risks associated with Auckland Council.

Risk title	Inherent risk	Current residual risk	Improvement plan summary
The risk that non-compliant health and safety management systems and processes result in a systemic environment in which kaimahi may be seriously injured or killed due to unmitigated control gaps or failures.	Critical	Critical	<ul style="list-style-type: none"> <li>A review of current risks has been completed. A basic risk assessment process is underway across directorates.</li> <li>The development of a health, safety and wellbeing assurance and verification programme for Auckland Council will be undertaken in FY26.</li> </ul>
Failure to effectively manage Accident Compensation Corporation (ACC) injury claims and entitlements	High	Medium	<ul style="list-style-type: none"> <li>The next Accident Compensation Corporation (ACC) Accredited Employer Programme (AEP) audit is scheduled for November 2025</li> <li>Recruitment for additional injury management and rehabilitation specialist support role is underway.</li> </ul>
Insufficient effort applied to improve wellbeing of kaimahi	High	Medium	<ul style="list-style-type: none"> <li>Employee Assistance Programme provision is being reviewed to ensure it is fit for purpose.</li> <li>The December 2024 Peakon result for health and wellbeing is 8.0 (no change from the previous survey, and 0.2 below the Peakon benchmark).</li> </ul>

### Critical Risk Programme and Safety Risk Management

12. The approach to HSW risk management and critical risk management is under review and being updated to reflect the requirements of ISO 31000:2018 (Risk management) and ISO 45001:2018 (Occupational health and safety management systems). Work has commenced on aligning HSW risk management practices with these standards and is expected to be completed by December 2025.
13. A basic risk assessment process is underway, including a self-assessment of control identification and effectiveness across all directorates in Q3 FY25.
14. Once the risk assessment process is complete, critical risks (higher likelihood of life-altering injury or fatality occurring if critical controls fail or are not present) and critical controls will be verified. Assessment of critical control status will then be carried out, with results reported to Audit and Risk Committee and the Executive Leadership Team.

### Contractor Safety Management Improvements

15. The Strategic Assessment to secure resource for the contractor safety management project has been approved, and recruitment for a fixed term Project Lead role is underway.



16. The high-level project plan has been completed and will be finalised by the Project Lead on their arrival.
17. Recruitment is underway to fill the remaining contractor safety specialist to support directorates.

### **Wellbeing**

18. November and December 2024 saw a decrease in the number of active Employee Assistance Programme (EAP) cases in comparison to the previous months of 2024. Work-related stress continues to be the top cause reported, although this has decreased significantly (39 per cent) in comparison to Q1 FY25.
19. The Hauora (Wellbeing) Team provided 296 support sessions including both individual, team and workshop formats, supporting a total of 590 kaimahi in Q2 FY25. In December 2024, the Hauora Team commenced the practice of recording hours of support (80.75 hours), and this will continue to be reported into the future.
20. Highlights from 2024 (calendar year) include:
  - Hauora Team connecting with 2,249 kaimahi – with 835 of those as participants in Te Whare Tapa Whā workshops. The top five issues for which support was provided are: general wellbeing, stress, mental health, personal and health challenges, and dealing with customer aggression.
  - Providing injury management support to 633 people who were harmed during their work activities.
  - Receiving 22 Tupu badges from kaimahi across Auckland Council in recognition of Hauora support.
21. For more detail, please refer to Attachment B.

### **HSW reporting refresh**

22. The discovery report for the health, safety and wellbeing reporting refresh project has been completed.
23. A HSW Data and Reporting Analyst has been appointed (new role) and will commence on 3 February 2025.

### **ACC Accredited Employer Audit**

24. The next ACC Accredited Employer Audit (AEP) audit is scheduled for November 2025.
25. Recruitment for an additional injury management and rehabilitation specialist support role is underway.

### **Worker engagement, participation, and representation and safety culture**

26. Health and safety representative election completed in Q2, with 55 new health and safety representatives elected.
27. New Health and Safety Representative training (external provider) has been rolled out.
28. A new health and safety representative of the year has been appointed.
29. The December 2024 Peakon result for health and wellbeing is 8.0 (no change from the September 2024 survey result). At 0.2 below the Peakon benchmark, this result is considered 'good' – with 50 per cent of respondents being promoters (36 per cent passive, 14 per cent detractors).
30. The next Peakon survey is in March 2025.
31. The in-house safety maturity survey is currently on hold due to low response rates in the past and resulting data invalidity. The health, safety and wellbeing team will review further need for a safety maturity survey in FY26.

## **Tauākī whakaaweawe āhuarangi** **Climate impact statement**

32. Te Taruke-a-Tawhiri: Auckland’s Climate Plan acknowledges that if we do not take care of the environment, we are not taking care of our own health and wellbeing. While there are no climate impacts specifically arising from this performance report, the services Auckland Council provides, and related health, safety and wellbeing risk controls will have varying climate impacts that need to be considered on a case-by-case basis.
33. Changes to the climate can influence other health- and safety-related risks. Examples include, but are not limited to, the frequency and severity of natural disasters, emergence of new diseases, and the risk of working in high temperature environments. Climate is therefore considered a factor that may escalate existing risks.

## **Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera** **Council group impacts and views**

34. This report is based on Auckland Council parent organisation activities only and does not provide a group-wide view.

## **Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe** **Local impacts and local board views**

35. It is recommended that this report is referred to the Governing Body and (as with previous health, safety, and wellbeing reports) that the Governing Body then forwards this report to Local Boards for their information.

## **Tauākī whakaaweawe Māori** **Māori impact statement**

36. While this report does not have specific impacts for Māori, staff acknowledge the importance of taking a holistic, kaupapa Māori approach to health, safety, and wellbeing.
37. The Hauora (Wellbeing) programme utilises an approach that reflects kaupapa Māori values and interventions. The council’s current mental health improvement programme, Iti Kahurangi, is based on Te Whare Tapa Wha, a holistic Māori health model. This model acknowledges the different elements needed to sustain hauora, including wairua (spiritual), hinengaro (mental and emotional), tinana (physical) whanau (family and social) and whenua (land and roots).

## **Ngā ritenga ā-pūtea** **Financial implications**

38. The work in this report is being managed within current budgets and there are no additional financial implications to report.

## **Ngā raru tūpono me ngā whakamaurutanga** **Risks and mitigations**

39. The risk of non-compliance with health and safety requirements is recorded in Auckland Council’s strategic risk register. This risk register entry provides an overview of the controls and mitigations in place.
40. Refer to the Enterprise Risk Register (Attachment A).

## Ngā koringa ā-muri

### Next steps

41. Following the Audit and Risk Committee meeting, it is recommended that this report be referred to the Governing Body for its information. It is also recommended the Governing Body forwards this report to local boards for their information.

## Ngā tāpirihanga

### Attachments

No.	Title	Page
<a href="#">A⇒</a>	HSW Enterprise Risk Controls Q2 FY25	
<a href="#">B⇒</a>	HSW Performance Dashboard Q2 FY25	
<a href="#">C⇒</a>	Memo To Chair of Audit and Risk Committee re Updates to Q2 FY25 HSW Report	

## Ngā kaihaina

### Signatories

Author	Becki Abbott - Head of Health Safety and Wellbeing
Authorisers	Mirla Edmundson - Chief People, Safety and Wellbeing Officer Max Hardy - Director Group Strategy and Chief Executive Office Emma Burke - Chief Risk and Assurance Officer



# Management's response to the Office of the Auditor-General review of Flagstaff Partners engagements

File No.: CP2025/00409

Item 11

## Te take mō te pūrongo

### Purpose of the report

1. The purpose of this report is to:
  - provide the committee with the Office of the Auditor-General's (OAG) letter to the council on its engagements with Flagstaff Partners (Flagstaff)
  - update the committee on management's responses to the OAG's suggestions for improvement and actions that have been taken as a result, and opportunities to further reduce spend on consultants.

## Whakarāpopototanga matua

### Executive summary

2. Auckland Council engaged Flagstaff in relation to two strategic, sensitive and high value potential transactions; the possibility of leasing the Port of Auckland and options for implementing a possible sell down of council's shares in Auckland International Airport Limited (AIAL).
3. The OAG has written to the council with its observations on the engagements and two suggestions for improvement for the council to consider.
4. The OAG observed:
  - It did not see evidence of the council considering whether to open the potential port lease advice opportunity to the market.
  - The council did conduct a competitive process for the AIAL options advice.
  - The \$1,425,000 payment to Flagstaff for the AIAL options advice does not appear to have been an incentive for Flagstaff to recommend that the council make the decision to sell its shares in AIAL.
  - While a breakdown of the out-of-pocket expenses paid to Flagstaff was provided, receipts for the expenses were not provided, and the invoices did not provide detail or further breakdown of the costs to demonstrate that they represented actual, justified and reasonable expenditure.
5. The OAG identified two areas of potential improvement for the council to consider:
  - Ensure it considers potential whole-of-life costs of contracts at the outset of all future procurements.
  - Implement mechanisms to provide assurance that any out-of-pocket expenses it pays for are justified and based on actual or reasonable costs.
6. The council's policies and practice are being strengthened to address the OAG's recommendation that the council ensure it considers likely whole-of-life costs of contracts at the outset of all future procurements. Staff will amend the council's procurement policies, guidance and training to emphasise the need for whole-of-life contracting costs to be considered and documented at the outset of a procurement.

7. The council has relatively few contracts with professional services suppliers where out-of-pocket expenses are charged and paid. Having considered the council's current approach and the OAG's recommendation, the Chief Executive has directed that we:
  - Immediately preclude all out-of-pocket expenses in new contracts with Auckland Council except where there are exceptional circumstances and prior approval is obtained.
  - In the limited number of existing arrangements and exceptional cases where out-of-pocket expenses are approved, require receipts for expenditure to be provided and staff to carefully scrutinise claims to ensure they are actual, reasonable and justifiable.
8. While outside the scope of the identified potential areas for improvement in the OAG's letter, the Chief Executive has directed staff to investigate and pursue further opportunities to reduce external spend on professional services consultants.

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) whiwhi / receive the letter from the Office of the Auditor-General (Attachment A) providing its observations on the Auckland Council's engagements with Flagstaff and identifying suggestions for improvement
- b) tuhi tīpoka / note that staff will update the Auckland Council's procurement policies, guidance and practice to ensure that whole-of-life contract costs are considered at the start of every procurement
- c) tuhi tīpoka / note the Chief Executive has directed that out-of-pocket expenses are to be precluded from new procurements and contracts for professional services unless there are exceptional reasons and prior approval has been obtained
- d) tuhi tīpoka / note that staff are updating the Auckland Council's procurement guidance, practice and training to ensure that when out-of-pocket expense claims are made under existing arrangements (or under new arrangements in exceptional circumstances) that receipts and/or other documentation are consistently requested and approved for all such claims to ensure that the claims are actual, reasonable and justifiable
- e) tuhi tīpoka / note that at the request of the Chief Executive, staff are progressing further opportunities and recommendations to minimise and scrutinise consultant spend and will report this to the Chief Executive for consideration and implementation
- f) tuhi tīpoka / note that Auckland Council will work with the council-controlled organisations to progress and promote a consistent groupwide approach to these matters in line with the advice from the Office of the Auditor-General on public sector best practice.

## Horopaki Context

### Background to Flagstaff engagements

9. Over the last three years, Auckland Council has considered options related to its investments in Auckland International Airport Ltd (AIAL) and the Port of Auckland and sought specialist external advice to inform decision-making. Auckland Council engaged Flagstaff, an Australian based corporate finance advisory firm, in relation to two strategic, sensitive and high value potential transactions:
  - The possibility of leasing the Port of Auckland. A proposed operating lease for the Port was consulted on as part of the 2024-2034 Long-term Plan (LTP) process. A 35-year lease to a port operator was estimated to be worth \$2 - \$3 billion (the proposal did not ultimately proceed).

- Options for implementing a potential future sell down of council shares in Auckland International Airport Limited (AIAL). This included advice on sale objectives, sell down options, strategies to minimise execution risk, timing considerations, engaging advisors and brokers, communications and investor engagement and independent advice on the transaction execution process. The sale of the council's 18 per cent stake in AIAL was consulted on as part of the 2023/2024 Annual Plan process. The full stake was worth approximately \$1.9 billion at that time, although the final council decision was to proceed with a partial sell down through that process.

#### *Port lease*

10. Flagstaff have particular industry expertise in comparable port leasing arrangements and market experience advising on significant commercial transactions for business, local and central government in New Zealand and Australia.
11. Flagstaff were initially engaged directly to provide advice on port ownership options and objectives. This initial engagement with Flagstaff met criteria for the council's Low Value, Low Risk (LVLR) procurement process, where contracts of up to \$300,000 can be directly awarded.
12. As Governing Body decisions were made to investigate and then consult on a port lease proposal, several extensions to Flagstaff's engagement were agreed with corresponding contract revisions. The final contract for advice from Flagstaff was referred to the council's procurement team given the scale of the proposed contract revision. However, it was determined to directly engage Flagstaff due to the consultancy's specific skill set and industry knowledge. This determination was made in accordance with the current procurement policy and guidance materials. The total cost of the advice provided in relation to the potential port lease was approximately \$2,150,000.

#### *AIAL shares*

13. Auckland Council undertook a competitive process for advice on implementing a potential sale of the airport shares, evaluating potential suppliers' expertise and costs. The process was a two-stage open tender with an EOI (expression of interest) followed by an RFP (request for proposal) stage.
14. Seven supplier proposals were reviewed; however, two investment banks withdrew following clarification that the independent advisor role precluded involvement in the execution phase of the transaction.
15. Proposals were evaluated based on cost and expertise. Because it was not known whether the Governing Body would proceed with the airport shares sale, pricing was sought on initial advice and then further pricing if the sale proceeded. For the initial advice, Flagstaff provided the lowest fixed price of all suppliers, at \$75,000. All potential providers also provided a response on their pricing for further advice if the sale proceeded, and all were over \$1 million. The Flagstaff pricing was competitive and provided certainty through a fixed price of \$1,425,000. The RFP was also judged on quality attributes (non-price components) and Flagstaff was evaluated highly for its expertise. Flagstaff's proposal was ultimately successful and recommended.
16. Prior to the Governing Body's decision on 8 June 2023 to proceed with the first AIAL share sale, councillors were provided with the council's signed contract with Flagstaff for advice and an explanation of the structure of Flagstaff's remuneration with an initial fee and then the more substantial lump sum fee to undertake further work if the Governing Body wished to proceed with a sale.



*Internal audit*

17. The council's Internal Audit team reviewed the first AIAL transaction and reported to the Audit and Risk Committee in May 2024 (CP2024/04451). The review indicated that the share sale process was initiated and conducted with adherence to the Governing Body's resolutions.
18. The due diligence process was found to be robust, with assessments of financial, legal and operational aspects, including input from key stakeholders. Communication through the share sale process was also considered to have remained transparent, both internally and externally, and stakeholders were kept informed of key developments. Improvement opportunities to further enhance the integrity, efficiency and effectiveness of similar future processes were also identified and these were implemented for the more recent AIAL share sale transaction (in which Flagstaff was not engaged).

**OAG enquiries and letter**

19. In June 2024, the OAG wrote to the council seeking information about the council's engagements with Flagstaff in relation to the port and the AIAL shares. The council provided information in response to questions and a follow-up enquiry.
20. In December 2024, the OAG wrote to the council with its observations on the engagements and two suggestions for improvement for the council to consider (**Attachment A**).

*OAG's observations*

21. The OAG observed that it **did not** see evidence of the council considering whether to open the potential port lease advice opportunity to the market, once it was clear that the contract variations would exceed the \$300,000 limit for the council's LVLR process. In their view, using a competitive contracting process at the outset of the potential port lease advice would have given the council and the public greater assurance that the services represented value for money.
22. The OAG observed that the council **did** conduct a competitive process for the AIAL options advice which provides some assurance that the council was turning its mind to procurement best practice and assuring value for money.
23. In relation to the AIAL advice, the OAG observed that the council asked for and received advice on "sell down options" (i.e. different methods) to sell its shares (including related risks and strategies for each) that it could consider if it decided to sell any. Given this, the \$1,425,000 payment to Flagstaff for the AIAL options advice **does not** appear to have been an incentive for Flagstaff to recommend that the council make the decision to sell its shares in AIAL, because this is not what they were asked for advice on.
24. The OAG observed that it received a breakdown of the out-of-pocket expenses paid to Flagstaff for flights, accommodation, travel related expenses, meals, taxis and administrative costs totalling \$135,935.08 across the engagements. Flagstaff provided this breakdown to council each month as part of its regular invoicing, and council staff with appropriate financial delegations and knowledge of the activity taken each month approved the payment of Flagstaff's invoices. Receipts for the expenses were not provided by Flagstaff, and the invoices did not provide any detail or further breakdown of the costs to demonstrate that they represented actual, justified and reasonable expenditure.



### *OAG's identified areas of potential improvement*

25. The OAG identified two areas of potential improvement for the council to consider.
- Ensure it considers potential whole-of-life costs of contracts at the outset of all future procurements.
  - Implement mechanisms to provide assurance that any out-of-pocket expenses it pays for are justified and based on actual or reasonable costs including considering:
    - setting expectations in contracts with those undertaking work for the council that where there is an agreement to pay out-of-pocket expenses they are reasonable and/or the other party supplies evidence showing that these are justified, actual, moderate, and conservative;
    - strengthening its policies and contract management practice to reflect this and to assist with managing internal and external expectations regarding this type of expenditure; and
    - ensuring that approvals for expenses by external parties include an assessment about whether those expenses are appropriate and should be paid.

## **Tātaritanga me ngā tohutohu** **Analysis and advice**

### **Considering whole-of-life costs at the outset of procurement**

26. Auckland Council accepts the OAG's recommendation that the council ensure it considers likely whole-of-life costs of contracts at the outset of all future procurements.
27. Whole-of-life contract costs are a relevant factor in the Auckland Council Group Procurement Policy principle 5 "deliver the best value for every dollar" including that "the principle of best value for every dollar does not necessarily mean selecting the lowest price response, but rather the best possible outcome for the total cost of ownership (or whole-of-life cost)."
28. We aim to consider whole-of-life contract costs including any potential or likely extensions, need for iterative advice or changes of scope at the start of every procurement. Our default is that procurements are open to the market however there can be good reasons to use direct procurement, for example where contracts are low risk low value, where the skills/product being procured are specialised and where there are short timeframes.
29. Where the whole-of-life scope of work is dependent on political decision-making, it is not appropriate for staff to presume the outcome of those political decisions. Nevertheless, staff should generally be able to turn their mind to the range of possible outcomes and plan accordingly.
30. Staff consider that our current policies and practice can be strengthened in this regard. Staff will review and amend the council's procurement policies, internal guidance and training material to emphasise the need for whole-of-life contracting costs, including the potential for scope increase or further work required after political decisions, to be considered and documented at the outset of a procurement and where direct procurement rather an open process is utilised that the reasons for this are clearly documented.

### Out-of-pocket expenses

31. Council's standard contract terms and conditions provide for 'disbursements' (out-of-pocket expenses), where applicable, however historical spend analysis has determined that there are very few contracts with suppliers where such expenses are charged and paid. Out-of-pocket expenses for items such as travel, accommodation and meals are generally not a feature of capital procurement or service and maintenance contracts but are more commonly found in some professional services (consultancy) contracts.
32. The council procures most of its professional services from local providers which means that they do not incur expenses such as accommodation, taxis or meals. In limited circumstances the council does need to seek expertise and specialist skills from providers outside of the Auckland region and payment of out-of-pocket expenses such as for travel can occur. This is not unusual among public organisations.
33. At present council's practice is, at a minimum, for such costs to be itemised in invoices and approved by a staff member with the appropriate delegated financial authority who is familiar with services provided and able to determine the reasonableness of the expenses incurred. However, in some cases staff have not necessarily been required to review the individual receipts underlying the expenses claims and have relied upon the providers' own internal audit and approval processes. The practice here is not always consistent and there are currently no standardised guidelines in place for this.
34. The OAG has recommended that the council set expectations in its contracts and strengthen its policies and approvals around the reasonableness and documentation of out-of-pocket expenses.
35. Having considered the council's current approach and the OAG's recommendation, the Chief Executive has directed that we:
  - Immediately preclude all out-of-pocket expenses in new contracts with Auckland Council except where there are exceptional circumstances and prior approval is obtained.
  - In the limited number of existing arrangements and exceptional cases where out-of-pocket expenses are approved, require receipts for expenditure to be provided and staff to carefully scrutinise claims to ensure they are actual, reasonable and justifiable.
36. These changes will be relatively simple to implement through updating council's policies and practice and communicating the change to professional services providers when services are procured and they are engaged. Based on historical spend data, staff expect that precluding out of pocket expenses will impact a very small number of professional services engagements with providers not based in Auckland.
37. Precluding out-of-pocket expenses in the council's contracts will mean that any unavoidable expenses for items such as taxis, meals, accommodation and flights will need to be absorbed by the professional services provider in their billable rates.
38. This change may provide some benefit to Auckland-based providers as they will not need to incur such costs and will have a competitive advantage in open processes for providing services or advice to Auckland Council.
39. Auckland is New Zealand's largest city with a wide range of skilled professionals able to provide services to the council. In the rare occasions when specialist expertise is required from elsewhere in New Zealand, or overseas, staff consider that precluding the charging of out-of-pocket expenses will have the benefit of reducing travel and accommodation to that which is truly necessary (which ought to be minimal given the advances in videoconferencing services such as Microsoft Teams and Zoom).

40. There may be rare situations where there is a strong rationale for allowing out-of-pocket expenses in a professional services engagement - for example, where the council engages an independent commissioner from outside the Auckland region or there is significant value for money to be realised by engaging an internationally recognised expert. In such situations it can be beneficial to have out-of-pocket expenses itemised and receipts provided so that such costs are transparent, able to be scrutinised and only approved where they are appropriate for public sector spend and in line with the council's own policy for sensitive spend. In such exceptional circumstances prior approval for a procurement to include reasonable out-of-pocket expenses will be required from the Chief Executive or Group Chief Financial Officer.
41. In the limited number of existing arrangements where out-of-pocket expenses are provided for, staff are updating the council's procurement guidance and training to be clear that receipts for expenditure must be provided and the costs must be carefully scrutinised to ensure they are actual, reasonable and justifiable as recommended by the OAG. Guidance will be updated to ensure that any existing out-of-pocket expenses meet the same requirements as for sensitive spend by council staff and elected members.

#### **Other opportunities to reduce consultant spend**

42. While outside the scope of the identified potential areas for improvement in the OAG's letter, the Chief Executive has directed staff to investigate and pursue further opportunities to reduce external spend on professional services consultants.
43. There are occasions where Auckland Council needs specialist support not available in-house or where independent advice is required. While the council is already careful to minimise consultant spend and has already reduced consultancy budgets by \$1.5 million annually to achieve its ongoing savings targets, the receipt of the recommendations from the OAG is a timely reminder and reinforces council's ongoing efforts to carefully manage and test this area of expenditure to ensure we are getting value for every dollar.
44. The Chief Executive has requested that staff:
  - Continue scrutinising current budgets with a lens on consultant spend.
  - Investigate centralising a percentage of budgets for relevant consultancy work (in particular, discretionary work focused on business improvement or organisational change type initiatives, as opposed to operational programme delivery) so it is more contestable and strongly aligned with strategic investment area outcomes.
  - Ensure there is price comparison and open processes at a low threshold for consultant spend.
  - Issue strengthened guidance on consultant spend, including specifying a preference for smaller local firms with lower overheads.
  - Ensure that we are carefully and consistently distinguishing between consultants engaged to provide specialist expert advice from independent contractors who simply provide an outsourced service. As well as improving the monitoring of consultant spending this will also better support resourcing decisions around the use of independent contractors versus council staff.

### **Tauākī whakaaweawe āhuarangi**

#### **Climate impact statement**

45. Precluding out-of-pocket costs may support a preference for local procurement and therefore may result in a slight reduction in emissions due to a reduced need for suppliers to travel to the Auckland region. Improvement of the council's systems for consideration of whole-of-life contracting costs and the other changes to the use of consultants is not expected to impact the council's climate commitments.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

46. Under the Auckland Council Group Procurement Policy the council group will procure goods and services together where there are benefits to be realised for the group's ratepayers, taxpayers and customers. This policy is high-level in nature, and each council-controlled organisation takes its own approach to achieving the outcomes and objectives set out in the group policy.
47. However, a number of procurement and finance functions are performed for the group centrally by the council and further cooperation across the group is being progressed as part of the group shared services programme.
48. The council will share the OAG's letter including its recommendations and this report with the council's proposed response with the council-controlled organisations, and progress and promote a consistent groupwide approach to these matters in line with the advice from the OAG on public sector best practice.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

49. Management's responses to the OAG's areas of potential improvement do not have any identified specific local impacts. Many local boards support strong local procurement and ways to improve the council's procurement spend.
50. Improvement of council processes and systems and precluding out-of-pocket expenses will affect both regional and local spending. Professional services that have traditionally been procured on the basis of paying out-of-pocket expenses are less likely to have been for local rather than regional matters.

## Tauākī whakaaweawe Māori Māori impact statement

51. Management's responses to the OAG's areas of potential improvement including in relation to whole-of-life contract costs, precluding out-of-pocket expenses and pursuing further opportunities to reduce consultant spend will apply to all council procurement and do not have any identified specific impacts on Māori. Staff have considered the nature of the council's spend with Māori suppliers and are not aware of any disproportionate impact.

## Ngā ritenga ā-pūtea Financial implications

52. Improvement of the council's systems to consider whole of life contracting costs and other changes to the use of consultants is expected to result in improved value for money and support achievement of existing savings targets. Precluding out-of-pocket costs and tightening the approval processes for these expenses under existing or exceptional arrangements is unlikely to have a material impact on the council's finances, although it will improve the management of this sensitive area of public spending.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

53. The improvements proposed in response to the OAG's identified areas of potential improvement are expected to reduce both reputational and financial risk associated with council procurement.
54. There is a risk that precluding the payment of out-of-pocket expenses to professional services providers leads to higher contractual provisions and hourly rates being charged.

55. This risk is mitigated by the breadth of local expertise available within Auckland and competitive procurement processes being run by the council to include local providers who will be able to price services without the need to recover costs such as flights and accommodation.
56. For a small number of cases where there is a compelling reason to engage consultants outside of Auckland, and where better value can be demonstrated to be achieved through paying out-of-pocket expenses rather than increasing hourly rates, these will be tightly managed as exceptional arrangements if approved by the Chief Executive or Group Chief Financial Officer.

## Ngā koringa ā-muri Next steps

57. Council staff will progress the changes outlined above and update the council's policies, guidance and training.
58. Staff will report to the Chief Executive on further opportunities to minimise consultant spend.

## Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Letter from Office of the Auditor-General to Auckland Council re Flagstaff engagements 13 December 2024	

## Ngā kaihaina Signatories

Authors	Mike Lichtwark – Executive Officer Brian Chan – General Manager Financial Advisory Dave Colquhoun - General Manager Procurement Services
Authorisers	Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer



# Endorsement of the draft Audit New Zealand audit plan for the year ended 30 June 2025

File No.: CP2025/00192

Item 12

## Te take mō te pūrongo

### Purpose of the report

1. To endorse the draft Audit New Zealand audit plan for their audit of the Auckland Council Group's 30 June 2025 annual report.

## Whakarāpopototanga matua

### Executive summary

2. Audit New Zealand has provided the draft audit plan for their audit of the Auckland Council Group's 30 June 2025 annual report, for the council's approval (Attachment A). The group financial controller has reviewed the draft letter, provided feedback and Audit New Zealand have made all the requested amendments.
3. The draft audit plan outlines key audit matters, the areas of audit focus, significant business and reporting risks and administration matters such as logistics and timetables.
4. The audit plan is provided in draft. The committee is requested to endorse the plan before Audit New Zealand finalises it.
5. Sector Manager – Parliamentary/Local Government Group David Taylor and Audit Directors Wikus Jansen van Rensburg and René van Zyl will be in attendance to discuss the proposed audit plan and answer any questions the committee may have.

## Ngā tūtohunga

### Recommendation/s

That the Audit and Risk Committee:

- a) arotake / review and ohia / endorse the draft audit plan for the audit of the 30 June 2025 annual report (Attachment A)
- b) tono / request Audit New Zealand formally issue the audit plan.

## Horopaki

### Context

6. The audit plan outlines how Audit New Zealand will conduct their audit to obtain reasonable assurance that the 30 June 2025 council and group financial statements and service performance information is free from material misstatement resulting from error, omission, or fraud.
7. It does not cover the plan for the limited assurance opinion for the group's greenhouse gas disclosures.
8. The draft audit plan has a new format. It outlines the following:
  - focus areas: audit risks and issues
  - group audit approach
  - materiality
  - the audit process
  - reporting protocols, expectations, health and safety, logistics and timeline.



9. As Auckland Council is an issuer of bonds on the New Zealand, Swiss and Singapore exchanges, the audit opinion on the group annual report is required to include the auditor's comments of key audit matters. Key audit matters are defined as those matters that, in the auditor's professional judgement, are of the most significance in the audit of the financial statements. The focus will be on:
- areas of high risk of material misstatement
  - significant judgements made by management
  - the effect of significant events and transactions.
10. The audit plan has details of Audit New Zealand's key audit matters and how they will address them in their audit.

## Tātaritanga me ngā tohutohu Analysis and advice

11. The draft audit plan is largely unchanged from the prior year, except for
- the removal of the key audit matter on three performance measures relating to the stormwater network
  - the addition of a key audit matter: valuation of the storm-affected property buyout provision
  - changes to materiality thresholds.
12. The draft audit plan outlines the following key audit matters:

Key audit matter	Details of risk/ issue	Audit response
<b>Valuation of the storm-affected property buyout provision</b>	The provision is subject to significant uncertainty and judgements around the amount and timing of inputs.	<ul style="list-style-type: none"> <li>• Assess the actuarial valuation to confirm: <ul style="list-style-type: none"> <li>○ the methodology is consistent with the previous year and is appropriate</li> <li>○ key inputs and assumptions are reasonable</li> <li>○ the underlying data is accurate and complete</li> <li>○ GST is correct</li> </ul> </li> <li>• Review the financial statement disclosures.</li> </ul>
<b>Valuation of operational, restricted and infrastructure assets</b>	Revalued classes of assets should be appropriately valued and correctly disclosed. Significant changes in fair value might require an independent valuation.	<ul style="list-style-type: none"> <li>• Review fair value assessments before year-end</li> <li>• Review valuations and competence of valuers</li> <li>• Engage an independent valuation specialist if required</li> <li>• Review the financial statement disclosures.</li> </ul>



Key audit matter	Details of risk/ issue	Audit response
<b>Valuation of the weathertightness and associated building defect claims provision</b>	The valuation of the provision is complex and subject to a high degree of judgement and estimation.	<ul style="list-style-type: none"> <li>• Assess the actuarial valuation to confirm:                             <ul style="list-style-type: none"> <li>○ the methodology is consistent with the previous year and is appropriate</li> <li>○ key inputs and assumptions are reasonable</li> <li>○ the underlying data is accurate and complete</li> <li>○ claims have been correctly classified</li> </ul> </li> <li>• Understand significant court action</li> <li>• Review the financial statement disclosures.</li> </ul>
<b>Valuation and disclosure of derivatives</b>	The valuation of derivatives is sensitive to the assumptions and rates used.	<ul style="list-style-type: none"> <li>• Review inputs and valuation amounts for accuracy</li> <li>• Review financial statement disclosures.</li> </ul>

13. The draft audit plan also outlines other audit risks and issues. Matters that are new this year are denoted with an asterisk.

Audit risk/ issue/ area of audit emphasis	Audit response
<b>The risk of management override of internal controls</b>	<ul style="list-style-type: none"> <li>• Test appropriateness of journal entries</li> <li>• Review accounting estimates for bias</li> <li>• Evaluate unusual and one-off transactions.</li> </ul>
<b>Valuation of investment properties</b>	<ul style="list-style-type: none"> <li>• Review valuations for reasonability, reliability and compliance with PBE IPSAS 16.</li> </ul>
<b>Auckland Future Fund (AFF) *</b>	<ul style="list-style-type: none"> <li>• Review the accounting treatment of the AFF investments.</li> </ul>
<b>Impact of the Local Government (Water Services Preliminary Arrangements) Bill *</b>	<ul style="list-style-type: none"> <li>• Review the accounting implications of the new model and assess the implications are accurately reflected in the annual report.</li> </ul>
<b>Downtown carpark *</b>	<ul style="list-style-type: none"> <li>• Review the accounting assessment of the carpark sales transactions.</li> </ul>
<b>City Rail Link project *</b>	<ul style="list-style-type: none"> <li>• Review the process agreed between Auckland Council and City Rail Link Limited (CRL) to ensure any asset transfers are properly valued and accounted for.</li> </ul>

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Audit risk/ issue/ area of audit emphasis	Audit response
<b>Performance information (Consenting) *</b>	<ul style="list-style-type: none"> <li>Assess the systems and controls in place</li> <li>Review whether the performance reported fairly reflects Auckland Council performance.</li> </ul>
<b>Legislative compliance</b>	<ul style="list-style-type: none"> <li>Assess compliance systems and processes.</li> <li>Enquire as to non-compliance and consider its effect if any.</li> <li>Review compliance of rates setting, regional fuel tax Financial Markets Conduct Act and NZX rules.</li> <li>Review disclosures for compliance with the Local Government Act, the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Non-Financial Performance Measures Rules 2013.</li> </ul>
<b>Accounting for assets</b>	<ul style="list-style-type: none"> <li>Review impairment assessment processes, compliance with capitalisation policies and processes that ensure timely capitalisation of work in progress.</li> </ul>
<b>Legal risks</b>	<ul style="list-style-type: none"> <li>Review legal provisions considering estimates provided by external lawyers and the status of any significant litigation and judicial reviews.</li> </ul>

- Climate change remains an emerging issue, and water reforms is no longer considered an emerging issue.
- The plan highlights areas of interest across the local government sector, that Audit New Zealand will monitor during their audit. They include:

Area of interest	Considerations
<b>Fraud risk</b>	<ul style="list-style-type: none"> <li>How does management exercise its responsibilities.</li> <li>Has a robust assessment been completed.</li> <li>What assurance is there over internal controls to address fraud risk.</li> <li>What protocols/procedures have been established to keep management informed of actual, suspected, or alleged fraud.</li> <li>How has actual, suspected, or alleged fraud been dealt with.</li> </ul>
<b>Group audit considerations</b>	<ul style="list-style-type: none"> <li>Consider the work done by entity auditors.</li> <li>Consider the effect of any uncorrected misstatements and significant control deficiencies on the audit opinion.</li> </ul>

- The audit plan includes the significant areas of risk and audit focus of material components of the group, including Auckland Transport, Tātaki Auckland Unlimited Trust, City Rail Link Limited, Port of Auckland Limited and Watercare Services Limited.

17. Group materiality thresholds are:
  - For property, plant and equipment held at fair value: \$5.3 billion.
  - For everything else: \$122 million.
18. Auckland Council’s material service performance measures for the current financial year will be finalised in March ahead of the interim audit in April. They are expected to be similar to last year’s. Any changes will be advised at the May 2025 Audit and Risk Committee meeting.
19. Material service performance measures for council-controlled organisations are:

Area of interest	Measures
<b>Water and wastewater</b>	<ul style="list-style-type: none"> <li>• compliance of drinking water with relevant standards</li> <li>• water loss</li> <li>• response times to urgent call-outs</li> <li>• water consumption</li> <li>• sewerage overflows</li> <li>• attendance at sewerage overflows</li> <li>• compliance with resource consents for sewage discharge</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>• peak period lane productivity</li> <li>• road maintenance standards</li> <li>• roads in acceptable condition</li> <li>• cycle movements</li> <li>• public transport boardings</li> <li>• punctuality of public transport</li> <li>• customer satisfaction</li> </ul>
<b>Economic development</b>	<ul style="list-style-type: none"> <li>• contribution to GDP from major events</li> </ul>

20. The key audit matters, significant risks, other areas of audit emphasis and material service performance measures for the council and significant components have been reviewed by management. We have concluded that these matters have been adequately covered and are relevant. These matters are part of the council’s business as usual, and no specific items need to be brought to your attention.
21. The audit plan contains the audit timings and delivery dates. Management has agreed these dates with Audit New Zealand.

### **Tauākī whakaaweawe āhuarangi** **Climate impact statement**

22. There is no impact arising directly from this report. However, climate change is an emerging issue identified by Audit New Zealand and reporting of the group’s response to climate change risk will be disclosed in the 2024/2025 annual report.

### **Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera** **Council group impacts and views**

23. The audit plan covers the audit of the Auckland Council Group as a whole. Accordingly, information relating to entities in the group are outlined in the audit plan and will be communicated to the relevant Auckland Council Group staff once issued in final.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

24. This report is about the engagement of Audit New Zealand for the Auckland Council Group as a whole, so it has no direct impact at a local board level.

## Tauākī whakaaweawe Māori Māori impact statement

25. The report is about Audit New Zealand's plan for the audit of Auckland Council Group's 2024/2025 annual report. Māori impacts are considered within the annual report, however this report has no specific impacts on Māori or the achievement of Māori outcomes.

## Ngā ritenga ā-pūtea Financial implications

26. There are no financial decisions required, and there are no direct financial implications arising from this report.
27. It should however be noted that this report is about the plan for the audit of Auckland Council Group's 2024/2025 annual report. Should this plan be insufficient to cover the risks of material misstatement or omission in the annual report, additional audit fees above the current audit fee of \$1,756,000 may be incurred. The amount of fees would depend on the additional work required by Audit New Zealand.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

28. As mentioned above, there is a risk that the plan may not sufficiently identify all material risks. To mitigate this risk, management meets at least fortnightly with Audit New Zealand to keep them up to date with any emerging business risk, material transactions or other reporting matters.

## Ngā koringa ā-muri Next steps

29. Following the endorsement of the audit plan by this committee, we will request that Audit New Zealand issue the audit plan in final.

## Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Draft audit plan for the audit of the 30 June 2025 Group annual report	

## Ngā kaihaina Signatories

Authors	Tracy Gers - Group Financial Controller Yvonne Teo - External Stakeholder Group Reporting Manager
Authorisers	John Bishop - Group Treasurer Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer

# Endorsement of the Auditor-General limited assurance engagement letter on consolidated greenhouse gas emissions disclosures for the year ended 30 June 2025

File No.: CP2025/00465

Item 13

## Te take mō te pūrongo Purpose of the report

1. To note the updates to the Office of the Auditor-General limited assurance engagement letter (final letter) on greenhouse gas (GHG) emissions disclosures for the year ended 30 June 2025 as set out in Attachment A.

## Whakarāpopototanga matua Executive summary [guidance](#)

2. Audit New Zealand has issued a revised engagement letter that outlines the terms for the limited assurance engagement on Auckland Council Group's (the group) climate reporting disclosures for the year ending 30 June 2025.
3. The Audit and Risk Committee has responsibility for reviewing and endorsing the draft engagement letter before the final letter can be issued for approval by the mayor and chief executive.
4. This report provides an outline of the amendments of the Audit New Zealand's limited assurance engagement letter since its consideration at the Audit and Risk Committee meeting in December 2024.
5. Important matters such as the scope of the engagement, the timing and extent of auditor procedures performed by component auditors, materiality and fees have been discussed with Audit New Zealand and are set out in Attachment A of this report.
6. It details the responsibilities of both the auditors and the Council.
7. The review engagement will focus on the group's GHG disclosures, ensuring they are accurate and comply with relevant standards.
8. Audit New Zealand Audit Director, Wikus Jansen van Rensburg, is in attendance to answer any questions the committee may have.

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) arotake / review and ohia / endorse Audit New Zealand's limited assurance engagement letter on the consolidated greenhouse gas emissions disclosures for the year ended 30 June 2025.

## Horopaki Context

9. The Financial Markets Conduct Act 2013 requires Auckland Council to prepare and file a group climate statement based on the Aotearoa New Zealand Climate Standards. Starting from 30 June 2025, a minimum of limited assurance on GHG emissions disclosures is required.

10. Audit New Zealand, as the appointed auditor, will perform this limited assurance engagement for the first time and has prepared an engagement letter that covers 2024/2025 to 2026/2027. An early draft was provided at the December 2024 committee meeting.
11. In 2024/2025 the limited assurance engagement will cover Scope 1 (direct GHG emissions that occur from sources controlled or owned by the group) and Scope 2 GHG emissions (indirect GHG emissions associated with energy use i.e. the purchase of electricity and gas). Thereafter the engagement will also cover Scope 3 GHG emissions (emissions the organisation indirectly affects in its supply chain).
12. The final letter outlines the scope of responsibilities, group entities subject to review, areas of review focus, and administrative matters such as logistics and timetable. Management have reviewed and resolved matters with Audit New Zealand such as the scope of the engagement, the timing and extent of procedures to be performed by component auditors, materiality and fees.

## Tātaritanga me ngā tohutohu Analysis and advice

### Group considerations

13. Significant group components include Auckland Council, Auckland Transport, Watercare Services, and Port of Auckland. Other components may be identified during the review.

### Fees

14. The fee for the engagement is set out within Attachment A of this report. Disbursements for experts or third-party assurance practitioners have not been planned for based on the current scope of work. Should any independent experts be needed, agreement in advance based on actual costs incurred will be agreed with Audit New Zealand.
15. Audit New Zealand has indicated that the group fee for this limited assurance engagement is in the order of \$120,000 (excluding GST) for the 2025 financial year. This includes fees for the review of significant group entities' GHG emissions inventories that form part of consolidated GHG emissions.

## Tauākī whakaaweawe āhuarangi Climate impact statement

16. GHG emissions reporting is integral to our assessment of the group's impact on the climate and to for a basis for our future emissions reduction plans. Assurance of GHG emissions provides assurance to investors of the accuracy of the group's performance against its targets and commitments.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

17. The limited assurance engagement extends to the Port of Auckland, Watercare and Auckland Transport. All of these entities are aware of the engagement and are putting plans in place to ensure they deliver the required information on time.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

18. GHG emissions are not recorded and reported at a local board level, therefore local board views have not been sought.

## Tauākī whakaaweawe Māori Māori impact statement

19. Although the impacts from group GHG emissions have an impact on Māori, the measurement and reporting of emissions does not, but it provides transparency and accountability that will support our engagement with Māori.

## Ngā ritenga ā-pūtea Financial implications

20. The engagement fee is \$120,000 (excluding GST) for the 2025 financial year. It includes the cost of the group entity reviews.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

Risk	Mitigations
The audit scope and timing are not fully understood by group entities or their auditors resulting in a risk to timely completion, or auditor cost overruns.	<ul style="list-style-type: none"> <li>Regular meetings are being held with group entity sustainability managers to discuss the engagement's scope, timing and the auditor's approach.</li> <li>Ongoing meetings are being held with Audit New Zealand to validate our understanding of their approach and requirements.</li> <li>The Climate Disclosure Governance Group includes group entity CFOs and heads of sustainability. They are regularly informed of audit dates, requirements and expectations.</li> </ul>
Audit fees exceed the agreed amount because of necessary, but unforeseen audit effort.	Regular meetings are held with Audit NZ at staff and management levels to ensure any problem areas are dealt with in a timely manner.

## Ngā koringa ā-muri Next steps

21. Following the endorsement of the audit engagement letter by the committee, Audit New Zealand will issue the letter in its final form for the Mayor and Chief Executive to sign.



## Ngā tāpirihanga Attachments

No.	Title	Page
<a href="#">A⇒</a>	Revised OAG limited assurance engagement letter for 30 June 2025	

## Ngā kaihaina Signatories

Authors	Tracy Gers - Group Financial Controller Hinewairere Warren - Programme Manager
Authorisers	John Bishop - Group Treasurer Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer



## Half year results announcement for the NZX and Interim Report for the six months ended 31 December 2024

File No.: CP2025/00193

Item 14

### Te take mō te pūrongo

#### Purpose of the report

1. To provide assurance over the controls applied to ensure the draft half year NZX release and the interim report contain valid, accurate and complete information.

### Whakarāpopototanga matua

#### Executive summary

2. The Auckland Council Group's draft half year NZX release and interim report have been prepared by the Financial Control team for the six months ended 31 December 2024.
3. These documents have gone through multiple reviews for compliance with applicable laws, regulations, and accounting standards, and to ensure that the information included is valid, accurate and complete.
4. The group financial controller will present these documents in the confidential part of this meeting. The deputy auditor-general and appointed auditor will comment on the auditor review process and provide verbal clearance on the documents.

### Ngā tūtohunga

#### Recommendation/s

That the Audit and Risk Committee:

- a) tuhi ā-taipitopito / note the processes and controls to ensure the validity, accuracy and completeness of the NZX release and the interim report for the six months ended 31 December 2024.

### Horopaki

#### Context

5. The Financial Control team prepares the half year NZX release in accordance with the NZX listing rules. The information in the release is based on consolidated reporting packs from the council and its subsidiaries including council-controlled organisations (CCOs) and Port of Auckland (POAL), as well as its joint ventures including City Rail Link Limited (CRL). It is supported by assurances obtained in letters of representation from senior management and board members of each entity.

### Tātaritanga me ngā tohutohu

#### Analysis and advice

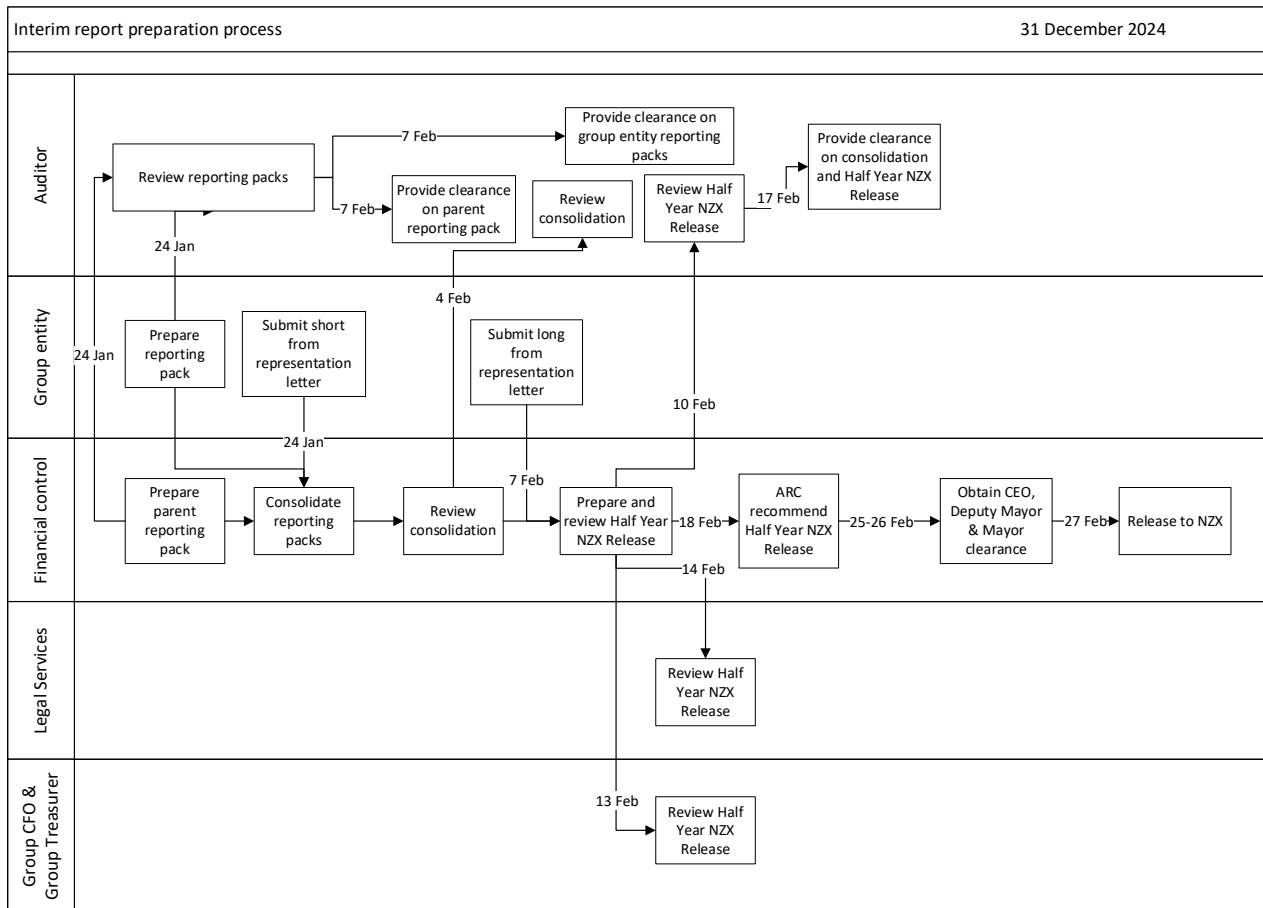
##### Letters of representation

6. Letters of representation provide assurance that the financial information provided:
  - complies with generally accepted accounting practices, including the New Zealand Public Benefit Entity International Public Sector Accounting Standards
  - fairly reflects the financial position as at 31 December 2024, and the financial performance and cash flows for the six months ended 31 December 2024.

7. We obtain short form and long form letters of representation from substantive CCOs, POAL and CRLL. Short form letters of representation are received at the same time group reporting packs are received and are signed by the relevant entity's chief financial officer. They contain summarised representations. Long form letters of representation are signed by the chair of the board/audit committee and/or chief executive of the relevant entity. They contain detailed representations and for those entities that were subject to an auditor review, a summary of uncorrected misstatements identified in the auditor review process.
8. The mayor and chief executive are required to sign a letter of representation to Audit New Zealand to provide assurance that the interim report complies with financial reporting standards and fairly reflects the group's financial position, financial performance, and cash flows. A back-to-back letter of representation has been prepared and signed by the group financial controller, the group treasurer and the group chief financial officer, to support the mayor and chief executive in their sign-off of the letter of representation to Audit New Zealand. Copies of these letters will be made available by the group financial controller for review at this committee meeting.

### Interim report preparation process

9. The diagram below outlines the process undertaken to prepare the draft half year NZX release.



### Tauākī whakaaweawe āhuarangi Climate impact statement

10. This paper relates to a financial reporting process only and as such has no climate implications. Auckland Council Group's climate impact will be included in the 30 June 2025 annual report.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

11. This report relates to the financial reporting of the Auckland Council Group as a whole. It is prepared using information received from all group entities, and therefore considers group impacts and views.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

12. This report relates to the approval of financial reporting of the Auckland Council Group as a whole and does not include reporting at a local board level. Accordingly, the views of the local boards have not been sought.

## Tauākī whakaaweawe Māori Māori impact statement

13. This report relates to the approval of financial reporting of the Auckland Council Group, which does not affect the achievement or reporting of the council's contributions to Māori outcomes. The group's contributions to Māori outcomes will be reported in the 30 June 2025 annual report.

## Ngā ritenga ā-pūtea Financial implications

14. This report notes to the processes for preparing the Auckland Council Group's financial reporting at 31 December 2024. No decision is sought which would have direct financial implications.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

Risks	Mitigations
a) Processes may be inadequate to ensure the financial reporting is valid, accurate and complete.	<ul style="list-style-type: none"> <li>The Financial Control and Financial Strategy teams critically review all financial reporting and the underlying commentary provided by business units and group entities.</li> <li>Financial reporting is reviewed by management (see below) and several Audit New Zealand reviewers, including their technical team.</li> </ul>
b) Complex accounting matters may be incorrectly accounted for.	<ul style="list-style-type: none"> <li>The most complex accounting matters are dealt with by the Financial Control team's technical expert in conjunction with PricewaterhouseCoopers if necessary.</li> <li>The Financial Control teams prepares technical accounting papers for complex accounting matters, which are reviewed by the Group Financial Controller and Audit New Zealand (including their technical team).</li> </ul>

Item 14

Risks	Mitigations
c) Group entities may be unable to meet reporting timelines due to staff turnover, or a lack of expertise or discipline	<ul style="list-style-type: none"> <li>Timelines are communicated around six months in advance of a financial reporting period, and discussed with group entity finance teams in person.</li> <li>Group updates are discussed at monthly meetings with group entity finance managers.</li> <li>Late delivery of financial reporting is escalated swiftly.</li> </ul>
d) Significant adverse events that arise immediately before signing are omitted	<ul style="list-style-type: none"> <li>The Group Financial Controller gets written confirmation from group entities and relevant senior managers at the council, that no adverse events have taken place prior to the mayor and chief executive officer providing final approval of the half year NZX release and interim report.</li> </ul>
e) The financial reporting does not comply with accounting standards or NZX listing rules.	<ul style="list-style-type: none"> <li>Preparers of the financial reporting are Chartered Accountants, or have an equivalent qualification.</li> <li>The Financial Control team completes a disclosure checklist that includes the accounting standard requirement and NZX listing rules requirements. This checklist is reviewed by the Group Financial Controller prior to recommending the financial reporting for approval.</li> <li>Mayne Wetherell provides a formal memorandum that details the council's obligations in relation to the NZX listing rules.</li> </ul>

### Auckland Council management reviews

15. Within the council, the following reviews have taken place:

	Group CFO	Group treasurer	Group financial controller	GM financial strategy	External stakeholder group reporting manager	Manager financial stakeholder relations	Senior group reporting technical accountant	Financial accounting manager	Legal Department / Mayne Wetherell
Auckland Council reporting pack with commentary			✓		✓	✓	✓	✓	
Auckland Council reporting summary with commentary	✓	✓	✓		✓		✓	✓	

	Group CFO	Group treasurer	Group financial controller	GM financial strategy	External stakeholder group reporting manager	Manager financial stakeholder relations	Senior group reporting technical accountant	Financial accounting manager	Legal Department / Mayne Wetherell
Auckland Council Group reporting pack with commentary			✓		✓	✓	✓	✓	
Auckland Council Group reporting summary with commentary	✓	✓	✓		✓		✓		
Interim report	✓	✓	✓	✓	✓	✓	✓	✓	✓
Half year NZX release	✓	✓	✓	✓	✓	✓	✓	✓	✓

## Ngā koringa ā-muri Next steps

16. The group financial controller will present the draft half year NZX release and the interim report in the confidential section of this meeting. The deputy auditor-general will comment on the auditor review process and provide verbal clearance.
17. The draft half year NZX release and interim report will be presented to the deputy mayor on 25 February 2025 to recommend that the mayor and the chief executive approve the release of the reports.
18. The draft half year NZX release and interim report will then be presented to the chief executive on 25 February 2025 and the mayor on 26 February 2025 to request they approve the final half year NZX release and authorise for it to be released to the NZX and the public on 27 February 2025.

## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Authors	Yvonne Teo - External Stakeholder Group Reporting Manager Tracy Gers - Group Financial Controller
Authorisers	John Bishop - Group Treasurer Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer

## Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Audit and Risk Committee

- a) whakaae / agree to exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

### C1 CONFIDENTIAL: Substantive Council-Controlled Organisations' Quarterly Risk Update - February 2025

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>In particular, the report contains risk reporting and detailed risks confidential to the substantive council-controlled organisations' boards or Audit and Risk Committees. The substantive council-controlled organisations have provided their risk reports for council's Audit and Risk Committee subject to confidentiality.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

## C2 CONFIDENTIAL: Cyber Security Strategic Risk Update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>In particular, the report contains information that could be misused by hostile actors to target the council, or its employees, ratepayers, or customers, which if successful could include the disclosure of a wide variety of confidential, private or sensitive information.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

## C3 CONFIDENTIAL: Insurance Renewal Update 2025-2026

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains details of the proposed insurance strategy, policies and programme for which terms and costs are being sought and negotiated with the insurance market.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>



**C4 CONFIDENTIAL: Internal Audit and Integrity Update**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.</p> <p>In particular, the report contains information which if released would jeopardise the effective delivery of the Internal Audit work programme.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

**C5 CONFIDENTIAL: Half year results announcement for the NZX and Interim Report for the six months ended 31 December 2024**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<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>In particular, the report and attachments contain information regarding the interim report and financial results of Auckland Council Group as at 31 December 2024 which cannot be made public until released to the NZX.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

**C6 CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand briefing**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<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>In particular, the report from the Office of the Auditor-General and Audit New Zealand contains information regarding the financial results of the Auckland Council Group and Auckland Council for 31 December 2024 which cannot be made public until released to the NZX.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>