

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

**Date:** Tuesday, 13 May 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

**7 May 2025**

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<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1	Ngā Tamōtanga   Apologies	5
2	Te Whakapuaki i te Whai Pānga   Declaration of Interest	5
3	Te Whakaū i ngā Āmiki   Confirmation of Minutes	5
4	Ngā Petihana   Petitions	5
5	Ngā Kōrero a te Marea   Public Input	5
6	Ngā Kōrero a te Poari ā-Rohe Pātata   Local Board Input	5
7	Ngā Pakihi Autaia   Extraordinary Business	5
8	Forward Work Programme 2024-2025	7
9	Storm recovery risk and quality assurance update	9
10	Health, Safety and Wellbeing Q3 FY25 Update	17
11	Risk management update for the Annual Plan 2025/2026	21
12	Enterprise Risk Update - May 2025	27
13	Process for Annual Green Bond Report 2025	35
14	The Office of the Auditor-General's report to council on the review engagement for the six months ended 31 December 2024	41
15	Auckland Council Group's 30 June 2025 year-end reporting and audit considerations	45
16	Te Whakaaro ki ngā Take Pūtea e Autaia ana   Consideration of Extraordinary Items	
<b>PUBLIC EXCLUDED</b>		
17	Te Mōtini ā-Tukanga hei Kaupare i te Marea   Procedural Motion to Exclude the Public	57
C1	CONFIDENTIAL: Substantive Council-Controlled Organisations' Quarterly Risk Update - May 2025	57
C2	CONFIDENTIAL: Port of Auckland Risk Update - May 2025	58
C3	CONFIDENTIAL: Cyber Security Strategic Risk Update	58
C4	CONFIDENTIAL: Legal Risk Report	59
C5	CONFIDENTIAL: Enterprise Risk Update - May 2025	59
C6	CONFIDENTIAL: Internal Audit Update	60
C7	CONFIDENTIAL: Auckland Council Group's 30 June 2025 year-end reporting and audit considerations	60
C8	CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand briefing	61



**1 Ngā Tamōtanga | Apologies**

An apology from Houkura Member T Kake has been received.

**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, 18 February 2025](#), 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.: CP2025/06436

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

1. To review and approve the updated Audit and Risk Committee Forward Work Programme 2024–2025 (Attachment A).

### Whakarāpopototanga matua Executive summary

2. In line with best practice, the Audit and Risk Committee reviews its forward work programme at each meeting to ensure it remains current and responsive to any changes in Auckland Council's risk profile.
3. Several adjustments have been made to the programme, in part, due to an unusually full agenda and to reflect recent organisational changes. Key updates include:
  - Group Shared Services (GSS): The in-person quarterly risk update from GSS has been deferred to the August 2025 meeting. This is supported by GSS and aligns with internal GSS planning, as respective functions are currently presenting business cases to the GSS Board to help shape the future direction of GSS.
  - Eke Panuku: The scheduled in-person update has been removed, following the Governing Body's December 2024 decision to integrate all Eke Panuku functions into Auckland Council by 1 July 2025.
  - Data and Privacy: This update has been rescheduled to the August 2025 meeting.
  - Local Water Done Well: This item has been removed and will be replaced later in the year with an update from Watercare, following implementation of the Watercare Charter on 1 July 2025. As at 30 April 2025, the third legislative Bill remains before the Select Committee.
  - City Rail Link: The CRL update has been deferred to August 2025, due to delays in circulating notes from the recent six-monthly risk workshop (involving CRL Ltd, Auckland Transport, Ministry of Transport, KiwiRail, One Rail, Treasury, and Auckland Council), affected by the Easter/ANZAC holiday period.
  - Annual Report update: The annual report agenda item has been updated to include:
    - NZX Announcement / Annual Report 30 June 2025 update
    - Climate pro forma update
    - Climate disclosure work programme update (previously a separate item under "Climate Change Reporting and Sustainable Finance").

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) whakaae / approve the Audit and Risk Committee forward work programme, noting that:
  - i) the Group Shared Services update has been deferred
  - ii) the Eke Panuku updates have been removed
  - iii) the Data and Privacy update has been deferred
  - iv) the Local Water Done Well update has been removed
  - v) the City Rail Link update has been deferred
  - vi) the Annual Report update now includes climate disclosure work.

## 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



## Storm recovery risk and quality assurance update

File No.: CP2025/07306

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

1. To provide an update on Recovery Office key activities and risk management to the Audit and Risk Committee.

### Whakarāpopototanga matua Executive summary

2. This report presents an update on the Recovery Office's key activities and risk management systems since the last report on 3 December 2024 ([ARCCC/2024/73](#)).
3. Two years after the 2023 storms, Auckland Council is making good progress in its recovery efforts, with more than 80 per cent of priority activities for impacted infrastructure, communities and homes complete. This includes more than 3,500 residential flood and land slide risk assessments and categorisations, which are now largely complete.
4. The focus for the Recovery Office is on completing the outstanding priority actions, including the property buy-outs and grants for properties identified as Category 3 and Category 2P, and implementing community-level solutions for Category 2C areas. Reallocation of Crown funding has been secured to support higher than forecast Category 3 buy-outs. The recovery effort is also turning to more long-term issues, including local recovery plans and decisions over the use of storm affected (Category 3) land purchased by the council.
5. Risk management processes are in place to guide Recovery Office activities, aligning with best practice and reporting standards. There are currently 40 open risks on the recovery risk register, 37 of which are considered low to medium. The risks and associated mitigations of highest priority at present are:

#### High risk

- persistent budget risk due to uncertainty of future costs associated with the Category 3 buy-out scheme, house removal and ongoing management of Storm Affected Land are being actively managed.
- a risk of burnout and attrition for kaimahi/staff within the recovery programme who are working in high pressure situations over an extended period. A Kaimahi Ora Framework has been developed to support staff wellbeing.

#### Medium risk

- Category 2C projects in Māngere may encounter delays or cost escalations, with impacts for residents awaiting resolution of intolerable risk to life. Project management practices and monthly monitoring are in place.
  - data management and security risks, including the handling of confidential and sensitive data, and the use of third-party services. Access is controlled and regularly reviewed.
6. The Recovery Office is expected to be in place in an incrementally reducing form until December 2026, when the bulk of recovery activities will be complete and residual functions are transitioned into other parts of the business.

### Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the Recovery Office update.

## Horopaki Context

Item 9

7. Recovery from the severe weather events of early 2023 is a significant project for Auckland Council. As such, it is appropriate for the Audit and Risk Committee to review the project's management of risk. This report presents an update on the Recovery Office's key activities and risk management systems since the last report on 3 December 2024 ([ARCCC/2024/73](#)).
8. Recovery from the severe weather events of 2023 is a fast-moving and wide-ranging process, engaging with thousands of Aucklanders with different levels of urgency and need. The coordination of recovery efforts is carried out by the Recovery Office, established in March 2023 and funded specifically for this purpose.
9. Recovery efforts are described in the Tāmaki Makaurau Recovery Plan, published January 2024. They are organised into four whenu / programmes:
  - Community and Social Recovery
  - Māori Partnership and Participation
  - Natural and Built Environment
  - Economic Recovery.
10. The whenu are supported by an extensive communications, customer engagement and data management infrastructure, necessary to engage with the thousands of affected Aucklanders.

### Strong progress with recovery activities

11. Two years after the 2023 storms, Auckland Council has made good progress in its recovery efforts, with more than 80 per cent of priority activities now completed.
12. This includes responding to over 800 significant road slips, more than 200 wastewater and 16,000 stormwater issues, and damage across 1,229 parks and community facilities. Over 3,500 homeowners have opted in to a flood and landslide risk assessment for their homes, out of an estimated 7,000 affected properties. Through this time, it has been essential to support the wellbeing needs of those affected.
13. As of April 2025, property flood and land slide risk assessments and categorisations are largely complete, as shown in Table 1.

**Table 1: Status of property flood and land slide risk assessments and categorisations**

Category	Total	Council's recovery action
Category 1	1,989	No further action
Category 2C	32	Community-level risk mitigation (blue-green network projects)
Category 2P	146	2P grants scheme to mitigate risks on site
Category 3	1,197	Buy-out offer and future land use
Ineligible	184	No further action
<b>Total</b>	<b>3,548</b>	Two remaining properties to be categorised

14. The focus now is on completing the outstanding priority actions, including the property buy-outs and grants for properties identified as Category 3 and Category 2P, and implementing community-level solutions for Category 2C areas. Staff are endeavouring to ensure all Category 3 sale and purchase agreements and all Category 2P grant agreements are in place by the end of 2025.

15. As these processes come to completion, the recovery effort is turning to more long-term issues, including local recovery plans and decisions over the use of storm affected (Category 3) land purchased by the council.
16. The Recovery Office is winding down as activities are completed, with the department reducing in size and transitioning any outstanding matters to appropriate council programmes. The office is expected to close by December 2026.

### Increasing certainty for the buy-out scheme and budgets

17. The Recovery Office reported updated forecasts for Category 3 buy-outs to the Transport, Resilience and Infrastructure Committee in December 2024 ([TICCC/2024/146](#)) and February 2025 ([TICCC/2025/10](#)). The February forecast was for 1,215 Category 3 properties, up from 900 properties estimated in May 2024 and an initial estimate of 700 properties in October 2023. The increase in Category 3 properties reflects our improved understanding of recovery requirements. This includes:
  - enabling faster resolution for impacted homeowners through Category 3 buy-outs, rather than waiting for Category 2C projects to be delivered in their areas (which would take more than two years to deliver)
  - a higher-than-expected uptake of the voluntary scheme
  - targeted outreach campaigns to encourage owners to opt in to the scheme in areas where there were known flood impacts from the 2023 storms.
18. With categorisation largely complete, there are 1,197 Category 3 properties, with the possibility of a small number of recategorisations due to disputes and mitigations planned for Category 2P properties proving to be infeasible.
19. The increase in Category 3 properties to an estimated 1,215 properties, has increased the budget forecast from \$896,000 to \$1,248 million.
20. Following the Transport, Resilience and Infrastructure Committee's direction in December 2024 ([TICCC/2024/146](#)), Auckland Council sought either increased funding from the Crown to cover additional Category 3 purchase costs or, if that was not possible, a reallocation of existing funding within the Auckland Crown Funding Agreement. The Crown declined to provide additional funding but agreed to reallocate funds within the agreement to be able to meet the additional Category 3 purchase costs.
21. To meet the funding deficit for Category 3 properties, budget for tranche 2 of the Category 2 community-level mitigation projects has reduced from \$420.4 million to \$138.4 million. The Transport, Resilience and Infrastructure Committee agreed that the priority tranche 2 projects are Clover Drive ([TICCC/2025/13](#)) and Wairau Stage 1 ([TICCC/2025/39](#)) – these projects can be funded within the Auckland Crown Funding Agreement, subject to business case approvals. The remaining blue-green network programme will be reassessed through the next Long-term Plan process.
22. With the reallocation of funding from Category 2 to Category 3, additional funding of \$68.8 million was agreed in principle by the Transport, Resilience and Infrastructure Committee ([TICCC/2024/146](#)) to meet the council's share of Category 3 buy-out costs and maximise the available Crown investment in Category 2C risk mitigation work (Tranche 2 of the Blue-Green Networks initiative).
23. At the same meeting, the Transport, Resilience and Infrastructure Committee ([TICCC/2024/146](#)) also provided for a further \$33 million of capital funding to cover the additional costs of Category 3 house removals. A business case is being prepared to access \$12 million from the Waste Minimisation Fund to help offset these costs.
24. The total additional council capital required to complete the Category 3 and Category 2 programmes is estimated to be up to \$102 million. Initial assessments for the Storm Affected Land Use programme suggest that this amount can be recouped through the sale of some Category 3 properties to the private market, in situations where risks can be appropriately managed.

## Tātaritanga me ngā tohutohu Analysis and advice

### Risks and issues are actively managed by the Recovery Office

25. A Risks and Issues Management Plan has been developed to ensure risks are appropriately identified and managed by the Recovery Office. The plan outlines responsibilities and process for managing risks, including a requirement for regular (six-weekly) risk reviews by the Recovery Office Leadership Team. It aligns with Auckland Council’s risk framework and was reviewed by the Risk and Assurance team.
26. Currently, the Recovery Office has 40 open risks – three high, 28 medium and 9 low. These are managed through regular meetings including the council risk and audit team. Four key programme risks (two high and two medium) are of particular focus and are described in Table 2.

**Table 2: Current key Recovery Office risks**

Risk	Control
<b>Budget pressure due to future uncertainties that have not been accounted for in budget planning (high risk).</b>	Continue to actively manage costs and associated budgets, this includes: <ul style="list-style-type: none"> <li>continued emphasis on repair reimbursement and insurance claims for the buy-out programme</li> <li>close monitoring of house removal costs modelling of future buy-out exposure in comparison to average capital value used for budgeting.</li> </ul> Offsetting costs through divestment of land where risks can be managed through the Storm Affected Land programme.
<b>Kaimahi / staff within the recovery programme are working in high pressure situations over an extended period – there is a risk of burnout and attrition (high risk).</b>	Introduction of a Kaimahi Ora Framework. Effective workforce planning and transition planning to provide staff with certainty through the wind-down of recovery activities.
<b>Category 2C projects in Māngere may encounter delays or cost escalations, with impacts for residents awaiting resolution of intolerable risk to life (medium risk).</b>	The council’s project management practices and monthly monitoring are in place. An Order in Council has allowed resource consents to be issued to accelerate the project’s delivery and mitigate the risk to residents. Blessings and project commencement have occurred in April 2025 and physical works are now underway.
<b>Data management and security including the handling of confidential and sensitive data, and the use of third-party services. (Medium risk, separately identified as three risks in the risk register.)</b>	Control access to minimum set required and regularly reviewed.

### Internal audit findings have been acted on

27. An internal audit was undertaken in April 2024, to evaluate the effectiveness of governance structures and oversight over the Recovery Coordination Office (Recovery Office) with an overall assessment of 'Needs Improvement' with four key observations and one moderate observation. This resulted in 13 recommendations, of which all have been completed.
28. A second internal audit was performed by PwC to complete a review of Recovery Office activities, with the scope to assess the design and operation of processes and controls that are in place within the recovery programme, and to understand whether the processes were carried out according to the requirements that have been set out by the Recovery Office.
29. The overall assessment of this review was 'Needs Improvement' with four key and two moderate issues raised, with 15 supporting recommendations. Thirteen of the 15 recommendations have now been completed. The remaining two items are in regard to determining if Auckland Council's newly introduced Information Security Policy meets the needs of the Recovery Office or if additional policies are required.

### Crown review of Category 3 Purchases

30. As part of the co-funding arrangements within the Auckland Crown Funding Agreement, the Crown have requested a spot check review of 100 Category 3 purchases. The scope of the review is to assess all relevant documentation to confirm that the correct amount has been paid for each property. A timetable for review has been agreed, with 20 purchases to be reviewed every two to three months. The first 20 properties are currently being reviewed by the Crown.
31. A similar spot-check process will be established to review Category 2P grants.

### Tauākī whakaaweawe āhuarangi Climate impact statement

32. This report is about the Recovery Office's risk management processes. It therefore has no specific impacts on climate change. Climate change impacts themselves are factored into the design considerations and risk assessments of the Recovery programme, for example in the technical assessments of future flooding and land instability risk, and in the remediation projects for roads and community facilities. These are considered well-controlled by those delivering the projects.

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

33. The Recovery Office works across the Council Group, with guidance from the Storm Recovery Senior Executive Group. Elements of the Recovery Programme sit across the Council Group and are reported into the Recovery Office. In June 2024, the Recovery Office was integrated into the Resilience and Infrastructure Directorate.
34. Auckland Council's Risk and Assurance team is involved in the Recovery Office's risk management processes. Key risks are regularly reported to the Senior Executive Group (a sub-set of the Executive Leadership Team with particular interest in recovery activities).

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

35. While the 2023 storms were felt region-wide, some communities were more significantly impacted than others. Māngere, Mount Roskill/Wesley and Henderson/Rānui have been identified as priority communities for recovery. These areas were already disadvantaged prior to the events and are more likely to see further social vulnerability. Local recovery planning is underway within these communities, enabling them to lead their own recovery and resilience building efforts.



36. Communities in the Category 2C (blue-green network) areas are being engaged in the development of those projects.
37. Local boards continue to be engaged on an as-needs basis for areas that were more significantly impacted by the severe weather events.

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

38. Māori partnership and participation is one of the four whenu (strands) of the Tāmaki Makaurau Recovery Plan, which includes several actions to support this objective. Mana whenua are also well-placed and have an expectation to play a key role and/or participate in local recovery planning and make decisions on things that are important to them in their own rohe.
39. Delivery of work programmes such as Making Space for Water create opportunities for mana whenua to exercise their kaitiakitanga, drawing on mātauranga Māori to deliver outcomes for the natural and built environments, consistent with tikanga.
40. The recovery also provides procurement opportunities for Māori businesses, including in relation to sustainable deconstruction of Category 3 properties. Auckland Council's deconstruction supplier panel includes objectives to work with Māori businesses. Mana whenua are also providing cultural monitoring to assist the council to manage risks relating to deconstruction in sensitive site.

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

41. The financial implications of final categorisation numbers have been reported to the Transport, Resilience and Infrastructure Committee ([TICCC/2024/146](#), [TICCC/2025/10](#)). Further decisions will be sought through the Long-term Plan process.

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

42. Risks and mitigations are the focus of this report, discussed in the Analysis and Advice section above.

### **Ngā koringa ā-muri** **Next steps**

43. The Recovery Office's workload will progressively reduce as programmes are completed, with significant completion milestones in December 2025 and March 2026. Some programmes, including the Storm Affected Land Use programme and local recovery planning will continue, transitioning into regular council operations until complete.
44. The Recovery Office will also ensure a smooth transition of residual office responsibilities such as data management and customer experience. This includes ensuring appropriate governance and reporting arrangements are in place for continuing programmes. Budgets will be finalised through the Annual Plan process.
45. The next report to the Audit and Risk Committee is scheduled for December 2025.

## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Author	Tanya Stocks - Recovery Office Strategic Support
Authorisers	Mace Ward - Group Recovery Manager Barry Potter - Director Resilience and Infrastructure Emma Burke - Chief Risk and Assurance Officer





## Health, Safety and Wellbeing Q3 FY25 Update

File No.: CP2025/07227

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

1. To provide the Audit and Risk Committee with an update on health, safety, and wellbeing (HSW) initiatives and key performance indicators as of 31 March 2025 (Q3 FY25) to support its due diligence responsibilities.

### Whakarāpopototanga matua

#### Executive summary

2. Significant progress has been made on the health, safety, and wellbeing (HSW) risk programme, with 24 HSW risks now confirmed.
3. A Contractor Safety Management Lead has been appointed, and work is underway to refresh the Contractor Safety Management Framework.
4. Work has commenced to update the council's HSW reporting methodology and format.
5. The March 2025 staff engagement survey recorded a HSW score of 8.0 (unchanged from December 2024).
6. A performance dashboard for Q3 FY2024/2025 has been prepared and is provided as Attachment B.
7. Non-work-related personal issues remain the most common reason workers access the employee assistance programme (EAP).

### Ngā tūtohunga

#### Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / 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 and recommend that the Governing Body forwards this report to local boards for information.

### Horopaki

#### Context

8. This report describes the existing HSW performance indicators with commentary to enable the Audit and Risk Committee to exercise due diligence obligations under the Health and Safety at Work Act 2015. This report also describes the council's HSW risk management system and the associated programmes.

### Tātaritanga me ngā tohutohu

#### Analysis and advice

#### Enterprise risk control effectiveness

9. The council has three key enterprise risks, these are risks that have the potential to impact the whole of Auckland Council, these are described in **table 1** below. Refer to Attachment A for more detail.

Item 10

Table 1. Enterprise risks for Auckland Council

Risk title	Inherent risk	Current residual risk	Improvement plan summary/progress
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	We expect to move the current residual risk level from critical to high within Q4 FY25 due to development activities.
Failure to effectively manage Accident Compensation Corporation injury claims and entitlements.	High	Medium	The next ACC AEP audit is scheduled for November 2025 and will be a full audit (both injury management and health and safety systems).
Insufficient effort applied to improve wellbeing of kaimahi.	High	Medium	The March 2025 employee engagement result for health and wellbeing is 8.0 (no change from the previous two surveys, and 0.2 below the Peakon benchmark).

### Critical risk programme and safety risk management

- Auckland Council is reviewing its approach to HSW risk management and critical risk management to align with international good practice: ISO 31000:2018 (Risk management) and ISO 45001:2018 (Occupational health and safety management systems. This work is scheduled to be completed by December 2025.
- As part of this work, 24 HSW risks have now been confirmed and are being monitored.

### Contractor safety management improvements

- In March 2025, Auckland Council has engaged a Contractor Safety Management Lead, they will focus on building the contractor safety management framework.
- Auckland Council is investing in legal advice to ensure it properly meets its contractor safety obligations, reduces risks to people, avoids liability, and adopts a proportionate and legally sound approach to contractor oversight.

### Wellbeing

- Non-work-related personal issues remain the most common reason for accessing EAP, while work-related stress remains the leading work-related cause, although reports of work related stress decreased by 34 per cent compared to Q2 FY25.
- In Q3 FY25, the Hauora Wellbeing Team delivered 389 engagements (up 31 per cent from Q2 FY25), supporting 755 kaimahi (up 28 per cent on Q2 FY25) over a total of 428.5 hours.
- Overall usage of EAP services increased in March 2025.
- Our EAP provider reported that March 2025 was their second-highest month for case volumes across all organisations they support, with work-related stress identified as the primary driver of the increase.

### HSW reporting refresh

18. The HSW Team has developed a refreshed HSW reporting methodology, which was endorsed by the executive leadership team on 11 April 2025.
19. A refreshed HSW dashboard will accompany the Q4 FY25 report to the Audit and Risk Committee.

### ACC Accredited Employer audit

20. The next Accident Compensation Corporation Accredited Employer Programme audit is scheduled for November 2025, and this will be the council's first under ACC's new ISO45001-aligned approach.

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

21. Work is underway to re-establish the Health and Safety Representative (HSR) Leadership Group. This group will be pivotal in providing leadership and direction for HSRs across the organisation.
22. In March 2025, the staff engagement score for HSW is 8.0, unchanged from the September or December 2024 results. The survey provider, Peakon, assessed this result as good against their sector-wide benchmark of 8.2. Fifty-one per cent of respondents were classified as promoters of the council, compared to 36 per cent passive and 13 per cent detractors.
23. Work will commence in Q4 FY25 to add safety-specific questions to the following employee engagement survey, to strengthen insights into health and safety culture.

### Tauākī whakaaweawe āhuarangi Climate impact statement

24. 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 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 may have varying climate impacts that need to be considered on a case-by-case basis.
25. 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, the 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

26. This report is based on Auckland Council 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

27. It is recommended that this report be 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

28. 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.

29. 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 Whā, a holistic Māori health model. This model acknowledges the different elements needed to sustain Hauora (health), including wairua (spiritual), hinengaro (mental and emotional), tinana (physical), whānau (family and social), and whenua (land and roots).

### Ngā ritenga ā-pūtea Financial implications

30. 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

31. 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.
32. Refer to the Enterprise Risk Register (Attachment A).

### Ngā koringa ā-muri Next steps

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

### Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	HSW Enterprise Risk Controls Q3 FY25	
B⇒	Health, Safety and Wellbeing Performance Dashboard Q3 FY25	

### Ngā kaihaina Signatories

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

## Risk management update for the Annual Plan 2025/2026

File No.: CP2025/06991

### Te take mō te pūrongo

#### Purpose of the report

1. To provide an update on the steps involved in finalising the Annual Plan 2025/2026 and to assess the internal controls in place to support effective final decision-making.

### Whakarāpopototanga matua

#### Executive summary

2. Under the Local Government Act 2002, all councils are required to adopt an annual plan for each financial year, except once every three years when the long-term plan (LTP) acts as that year's annual plan.
3. On 4 December 2024, the Budget Committee agreed on the consultation items. The Consultation Document and Supporting Information were formally adopted on 19 February 2025, followed by a public consultation period from 28 February to 28 March 2025.
4. We received a total of 13,016 pieces of feedback, including 10,011 written submissions and 3,005 responses from attendees at over 80 engagement events. Feedback demonstrated strong public engagement, and support for an Annual Plan with minimal changes compared with the second year of the Long-term Plan 2024-2034
5. While consultation was being undertaken, council staff were undertaking the annual budget refresh process. This process included updating department and CCO financial projections for new information and updated assumptions. This also included assessing previously identified and emerging financial risks.
6. The key risks identified through this process build on those discussed in the "Risk Management Approach for the Annual Plan 2025/2026" report to Audit and Risk Committee on 3 December 2024. These risks are primarily financial in nature, although some relate to timelines and process. Some of the previously identified risks are now unlikely to significantly impact the 2025/2026 year or have materialised and been incorporated into financial projections. The key remaining risks include:
  - further delay in the rates revaluation process that might occur if the Valuer-General determines that additional work is required on the valuations prior to him providing certification
  - implementation of operating savings
  - impact of an uncertain global economic environment
  - Auckland Transport revenue and funding
  - City Rail Link related costs
  - events funding.
7. Staff have provided a memorandum, online briefings, workshops and facilitated discussion of key topics to support the Budget Committee leading up to decision-making on 28 May 2025.
8. Staff reports to support the final Mayoral Proposal are underway and will be finalised for public release on the agenda for the Budget Committee and Governing Body meetings on 28 May and 29 May 2025.

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the identified risks relating to the Annual Plan 2025/2026, as contained in this report
- b) tuhi tīpoka / note that the controls and risk management processes to support final decision-making for the Annual Plan 2025/2026 are ongoing and have been working effectively to date
- c) whakaae / agree to advise the Governing Body that an appropriate approach is being taken to manage the key financial risks associated with the Annual Plan 2025/2026.

## Horopaki Context

9. The Local Government Act 2002 requires the council to prepare and adopt an annual plan for each financial year. The exception is the first year of the long-term plan when the financial statement and funding impact statement included in the LTP for that year acts as that year's annual plan.
10. This annual plan represents year two of the recently adopted LTP and it will outline what the council plans to do and how it will be funded for the 2025/2026 financial year.
11. The Audit and Risk Committee (the committee) has several roles relevant to financial and budget process risks for the group. These include:
  - oversight of the preparation of the annual plan
  - monitoring and oversight of key high-level risks to the group
  - considering the validity of management processes and thinking in relation to these risks and the associated controls
  - advising the Governing Body on key matters of compliance including compliance with the Local Government Act 2002, debt market listing rules and Local Government Funding Agency debt covenants.
12. The risks outlined in this report directly impact on the preparation and adoption of the group's annual plan and could potentially impact political decision-making.

## Annual plan process to date

13. On 3 December 2024, council staff provided this committee with an update on the process, next steps and associated risks for the Annual Plan 2025/2026, with a focus on the preparation of the consultation material.
14. The Budget Committee adopted the consultation document for the Annual Plan 2025/2026 in February 2025. This document highlights key area of focus, such as:
  - funding major events, destination marketing and visitor attraction
  - implementing fairer funding for local boards
  - a budget package of investment and funding
  - financial policy changes.

The results of consultation feedback were presented to the Budget Committee at a workshop held on the 30 April.



15. While consultation was underway, staff conducted the annual budget refresh process to update financial forecasts based on revised assumptions and programme details. The findings were shared with the Budget Committee via a memorandum in late-April 2025, with a further workshop held on 7 May 2025.

## Tātaritanga me ngā tohutohu Analysis and advice

### Key identified risks

16. Throughout the budget refresh process, the council group has identified and reviewed key areas of risk. Staff will continue to monitor these risks for potential financial impacts and update elected members as appropriate. The section below outlines the identified key risks in relation to this annual plan.

#### ***Rates revaluation process***

17. The council's rates revaluation was submitted to the Valuer-General in September 2024 for certification. As part of the audit process, the Valuer-General requested additional work on the revaluations prior to certification to ensure that these reflect the market as at 1 May 2024 as accurately as possible.
18. The further work on revaluations has now been completed, with the relevant material submitted to the Valuer-General for review in the week beginning 21 April. Council staff expect to hear back from the Valuer-General in mid-late May 2025 as to whether this updated data meets relevant standards and has been certified, or whether additional rework is required.
19. Council staff are planning to use the certified valuations to set rates for the financial year beginning 1 July 2025 and as the basis for invoicing the first rates instalment that is due in late August 2025.
20. It is possible that these plans could be disrupted if the Valuer-General decides not to certify the updated revaluation data until further rework has been undertaken. Should this occur, there are a range of options that the council could consider in response depending on the nature and extent of the rework required.

#### ***Implementation of operating savings***

21. Given the size of the operating savings targets set in the Long-term Plan 2024-2034, there is a risk that targets will not be met, particularly ongoing embedded savings. Some one-off savings may be used to mitigate this in the short-term.

#### ***Impact of an uncertain global economic environment***

22. The budget refresh took place at a time where the global economy and wider geopolitics continue to present uncertainty and challenges for the New Zealand economy. For example, the potential impact of new global tariffs is yet to be fully factored into any major institutional economic forecasts.
23. This economic uncertainty represents a significant long-term financial risk; however, with existing risk mitigation strategies, such as interest rate hedging, there is unlikely to be a significant impact on the council's finances for 2025/2026. Council staff will continue to monitor the impact of emerging economic trends on the 2025/2026 year and on the development of the Annual Plan 2026/2027.

#### ***Auckland Transport revenue and funding***

24. While Auckland Transport is committed to managing operating pressures within its approved funding levels in the LTP, several budget risks and mitigations within Auckland Transport's budget were highlighted to the council through the 30 October 2024 budget update workshop.

25. Auckland Transport presented an updated budget position at the 7 May 2025 budget update workshop. Many of the risks previously identified, including lower than anticipated public transport patronage and revenue and lower parking and enforcement revenue have now materialised. For the 2025/2026 Annual Plan, Auckland Transport have been able to mitigate these items within their existing budget envelope.
26. Further reductions in transport revenue and higher than anticipated Kiwirail track charges might impact the 2025/2026 year. Council and Auckland Transport staff will continue to monitor and report to elected members through regular financial reporting.

**City Rail Link related costs**

27. The City Rail Link is forecast to be complete and open in 2026. The LTP included council's share of around \$600 million of capital investment for the first three years of the LTP, and the full operating costs that will need to be funded from operating revenue post go-live. Operating revenue will need to be sufficient to cover the increased expenditure associated with the new line, stations, and the enhanced train frequency, as well as interest associated with the project and the funding of depreciation for the new assets.
28. Given the significant scale of this project and the expectation of a 2026 go-live date, staff are closely monitoring progress and any potential impact on our budget projections.

**Events funding shortfall**

29. The long-term plan had assumed the introduction of a bed night visitor levy to fund destination marketing and major events costs, with this funding source covering a \$7 million shortfall in this activity. The LTP stated that the level of uncertainty for this assumption was "High".
30. Feedback on a bed night visitor levy was sought in Annual Plan 2025/2026 consultation materials. While most of the feedback received was in support of the proposal, central government have indicated that they do not currently support a bed night visitor levy. With no budget capacity available to accommodate the additional expenditure, resolving the \$7 million funding gap remains a key risk for this budget. Advice on potential alternative options to address this for the 2025/2026 financial year, including funding from additional rates or debt or reductions to investment, will be presented to the Budget Committee, through the Mayoral Proposal process, for decision-making on 28 May 2025.

**Key areas of control**

31. Throughout the process to develop the Annual Plan 2025/2026, finance staff have worked closely with our legal advisers on matters of compliance, including compliance with the Local Government Act 2002.
32. The following table provides a summary relating to the other controls and sign-offs for key areas of the annual plan as they relate to final decision-making.

Area	Key controls and sign-off	Update
<b>Programme management and governance</b>	<ul style="list-style-type: none"> <li>• A Project Control Group monitors annual plan alignment with council priorities and ensures that risks and issues are being actively managed.</li> <li>• Project sponsors provide sign-off of final advice to support decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>• Tri-weekly risk reporting to the Project Control Group has continued.</li> <li>• Project sponsors are reviewing all advice to support final decision-making including presentations, memos and reports.</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Financial statements will include documentation of significant forecasting assumptions and the potential impacts of the level of uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant assumptions will be disclosed in the advice to support final decisions.</li> </ul>



Area	Key controls and sign-off	Update
<b>Legal sign off/document preparation</b>	<ul style="list-style-type: none"> <li>The council has an experienced legal team who will conduct a review of the advice to support decision-making as well as the final annual plan and provide legal support and guidance during the process.</li> </ul>	<ul style="list-style-type: none"> <li>At the time of writing this report, our legal team were reviewing final advice to support decision-making. No outstanding legal issues have been raised to date.</li> </ul>
<b>Budget refresh for final annual plan</b>	<ul style="list-style-type: none"> <li>Prior to submission of final budgets, there will be a review and signoff by boards and executives of council-controlled organisations and council's Executive Leadership Team.</li> </ul>	<ul style="list-style-type: none"> <li>Budget information in the staff reports to support final decision-making includes approved updates to budgets.</li> </ul>

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

33. There are no climate impacts associated with the recommendations of this report.

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

34. This report considers the financial risks for the council group as a whole and has been informed by information collated from right across the council group.

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

35. Budget Committee workshops have been open to local board chairs and representatives to support their legislative role in providing input into the regional decision-making.
36. Local boards have been briefed on the information provided to the Budget Committee. Local boards will continue to be provided with key information related to the annual plan and will have the opportunity to input their views on 14 May 2025, prior to final decision-making.

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

37. Before and during consultation period, a series of online and in-person workshops were held with mana whenua and mataawaka groups to support their engagement and submission. A specific 'Have your say' event was held at Auckland Council Town Hall for mana whenua and mataawaka to present in-person or online on 24 March 2025.
38. Feedback from Māori is reported separately as part of the Summary of Feedback report which was presented to Budget Committee on 30 April 2025.

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

39. There are no financial implications associated with the recommendations of this report.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

40. Risks and mitigations have been outlined in the body of this report.
41. The financial risks for the group are a key subject of this report. The Audit and Risk Committee plays a key role in maintaining oversight and advising the Governing Body on the management of these financial risks and the associated compliance matters, including whether a robust process has been followed.

## Ngā koringa ā-muri Next steps

42. On 28 May 2025, the Budget Committee and then Governing Body will meet to make final decisions on the Annual Plan 2025/2026.
43. Once decisions are made, staff will prepare the final documents for Governing Body adoption meeting on 26 June 2025.

## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Authors	Hanna Woon - Project Manager Tracey Wisnewski - Project Manager, Financial Strategy
Authorisers	Michael Burns - General Manager Financial Strategy Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer

## Enterprise Risk Update - May 2025

File No.: CP2025/05441

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

1. To update the Audit and Risk Committee on:
  - i) the progress of risk management activities in the period December 2024 to April 2025
  - ii) changes to the Auckland Council strategic risks since the last update to the committee in December 2025.
2. To seek Audit and Risk Committee approval of:
  - i) improvements and refinements to the Enterprise Risk Management Framework, which includes the addition of two risk methodologies, natural hazards and climate change
  - ii) the Enterprise Risk Management policy.

### Whakarāpopototanga matua Executive summary

3. Since December 2024, the Risk team has continued to facilitate the ongoing management of Auckland Council's strategic risks with risk sponsors and leads, supporting updates to controls and treatment actions. The most recent strategic risk update was presented to the Executive Leadership Team (ELT) in April 2025. Refer to Attachment A.
4. Auckland Council's Enterprise Risk Management Framework has been updated in line with its biennial review period to ensure it remains fit-for-purpose, encourages best practice, and supports risk management activity across the council's diverse functions and services. In addition, this update also includes the integration of two risk methodologies, natural hazards and climate change. Refer to Attachment B.
5. Similarly, as part of the biennial review, the Enterprise Risk Management Policy has been visually updated and had revisions made to terminology to align with the revised framework. Refer to Attachment C.
6. The Risk team has continued supporting business planning and performance reporting processes, having recently coordinated refinements to risk reporting sections in the General Manager Performance View (GMPV).
7. The Risk team continues to drive the procurement of a group Enterprise Risk Management (ERM) solution. The ERM business case is currently in development and is intended to be presented and discussed for progress in the next few months.
8. Delivery of Risk Champion engagement activities continues in line with Risk team planning, uplifting risk management capabilities across our network of Risk Champions.

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the Enterprise Risk Update – May 2025 report and updated strategic risks
- b) tūtohungia / recommend the Enterprise Risk Update – May 2025 report to the Governing Body for information
- c) whakaae / approve the Enterprise Risk Management Framework update
- d) whakaae / approve the Enterprise Risk Management Policy.

## Horopaki Context

9. This report provides this committee with its regular, twice-yearly update on Auckland Council's risk management activities, including strategic risk developments and key programmes of work. The Risk team last reported to the committee in December 2024, and this report covers risk activities for the period from December 2024 to April 2025.
10. This report also provides the committee with a summary of changes, refinements, and additions to the Enterprise Risk Framework and Enterprise Risk Policy in line with the biennial review cycle.
11. This information enables the Audit and Risk Committee to exercise oversight over Auckland Council risk management activities to fulfil its governance and oversight role over the effectiveness of risk management within Auckland Council.

## Tātaritanga me ngā tohutohu Analysis and advice

12. Each quarter the council's strategic risks are reviewed and updated by nominated risk leads, after which they are approved by the respective risk sponsor and reported to the ELT. The most recent report on strategic risks was presented to the ELT in April 2025.
13. All nine strategic risks have remained stable in their residual risk ratings, and target risk ratings have remained unchanged. The focus during this update has been on reviewing controls and treatment actions across the strategic risks.
14. The Risk team identified controls for four strategic risks. Progress updates were also provided on agreed actions, with some actions reframed under the themes of data and information management, privacy, people, political decision making, social licence, and strategic relationships to better reflect the current operating environment.
15. The Risk team is continuing to align each strategic risk with the appropriate risk appetite as defined in the approved Risk Appetite Statements (RAS). All nine strategic risks remain outside of appetite, consistent with the levels reported in December 2024. This positioning indicates risk tolerance among the ELT that exceeds the stated appetite, rather than an actual increase in risk exposure. Current appetite thresholds are overly conservative and may not accurately reflect Auckland Council's true risk appetite. The Risk team is actively monitoring risk appetite levels to ensure appropriate recommendations can be made in the next review cycle of the Risk Appetite Statement.

16. The Risk team intends to facilitate a review and refresh of the current strategic risks with the ELT in July 2025, focusing on:
  - aligning the strategic risk profile with the changes of roles and responsibilities following the organisational restructure
  - incorporation of relevant council-controlled organisation (CCO) risks following the completion of the first stage of CCO integration by 1 July 2025
  - the establishment of Group Shared Services and its risk profile.
17. Refer to Attachment A for Auckland Council's strategic risks, including risk descriptions and risk ratings. Control and action details are reported on the closed agenda of this meeting.

### Enterprise Risk Management Framework update

18. The Risk team updated Auckland Council's Enterprise Risk Management Framework in line with its biennial review period to ensure it remains fit-for-purpose, encourages best practice, and supports risk management activity across council's diverse functions and services. The Enterprise Risk Management Framework was presented to and endorsed by the ELT in April 2025. Refer to Attachment B.
19. Following direction from the CEO and ELT, the Risk team has worked to integrate and unify diverse specialist risk methodologies under a single, cohesive risk management ideology. This allows separate approaches to coexist within a shared language and understanding.
20. The updated Enterprise Risk Management Framework marks the first step in this integration process, combining natural hazard and climate change risk methodologies.
21. Other key modifications to the Enterprise Risk Management Framework include:
  - The impact table has been significantly expanded to include both quantitative and qualitative measures across all five impact levels for all the risk categories and sub-categories. This enhancement provides a more consistent and comprehensive approach to risk assessments across the organisation.
  - Adjustments to the heatmap categorising all risks with negligible impacts as low, regardless of likelihood. Likewise, all extreme impact risks are rated as high or critical, even if the likelihood is rare.
  - Four control types have been introduced and the distinction between controls and risk response has been clarified.
  - The risk terminology section within the glossary has been expanded to include new terms, such as risk response and terms specific to natural hazard risks and climate change risks.
  - The visual look and feel of the framework has been refreshed to align with the council's internal branding and improve the approachability of the document.
22. The Risk team will continue working towards the integration of further risk methodologies, aiming to unify approaches—such as those for projects and programmes, and health, safety, and wellbeing—under a single cohesive framework in future iterations.
23. The Enterprise Risk Management Policy has been visually updated and had revisions made to terminology to align with the revised framework. Refer to Attachment C.

**Strategic projects and programmes**

24. The Risk team continues to provide ongoing support to key projects and programmes. See the table below for details.

Project/Programme	Update
<b>Project Galaxy</b>	<p>Project Galaxy, which covers the implementation of a comprehensive (Human Resource Information System) HRIS solution for Auckland Council that will ultimately cover key aspects of the human resource function from recruitment to payroll, has had regular risk management activities with relevant stakeholder involvement and reporting. The team track, monitor, mitigate and manage drivers and risk levels proactively. Three main risk drivers have emerged that can affect several aspects of the project - the organisational change, adjustments to the operating model and indication that subject matter experts may lack the capacity to provide support when needed. The risk response involves a revised plan with detailed risk mitigations that was presented to and approved by the GSS Board in April 2025.</p> <p>More recently, the project's risk management activities have been transitioned into the Azure DevOps (ADO) system, aligning with the broader adoption of Agile Release Trains (ARTs) methodologies for technology deliverables. The Risk team is collaborating with project stakeholders to support the ongoing implementation of risk management within this new approach.</p>
<b>Tāmaki Makaurau Recovery Programme</b>	<p>Recovery office activities are covered extensively in their own reporting to the Governing Body and relevant committees. Their risk register is reviewed at a six-weekly Recovery Office lead team risk meeting. The Risk team continues to support this process.</p>
<b>Re-evaluation and Rates</b>	<p>The revaluation team has continued work to remediate issues identified by the Valuer General, with intent to resubmit the finalised data on 23 April 25. The revaluation team has reported this work as on track, with no newly identified risks in advance of this submission to the Valuer General. With Legal input, options have been discussed should the Valuer General not sign off in time and the Rates and Revaluation Steering Group has agreed on.</p>
<b>Climate change disclosures</b>	<p>An Auckland Council group climate risk workstream was initiated on 31 January, with subsequent meetings held to discuss updated climate scenarios, the potential integration of climate risk management, the development of climate risk maturity criteria, the identification of requirements around group-level reporting and the drafting of climate disclosure statements for the year.</p>
<b>Elections programme</b>	<p>The Elections 2025 risk register has been compiled and is under ongoing review. The Elections 2025 Steering Group continues to monitor the register and maintain oversight of the key risks. Preventive and corrective controls have been identified and are monitored for effectiveness and improvement to help reduce potential impacts.</p>

25. Since the go-live of Technology Services within Group Shared Services (GSS) and the adoption of agile ways of working, several technology focused projects and programmes supported by the Risk team have gradually shifted to be delivered through Agile Release Train methodologies and the Azure DevOps platform.



26. The wider Risk and Assurance department is seeking training on Technology Services' adoption of agile working. This will equip the Risk team in evaluating the impacts of the change in approach and will work closely with relevant teams to refine and mature risk management in an agile delivery environment.

### **Supporting risk maturity**

27. Overall, the Risk team continues to support and expand risk maturity at the council, delivering guidance and support as per the agreed risk workplan for the financial year.
28. During the reporting period, beyond strategic risk updates and the Risk Champions Kōrero, the Risk team actively engaged in, supported, facilitated, or directly delivered two risk identification and establishment workshops, four directorate-level Risk Champions hui, 85 business partner engagements, and 18 project and programme discussions. In addition, the team provided ad hoc consultations to support kaimahi with risk related advice. This includes tailored risk management sessions that are provided to various groups including department lead teams, Risk Champions and projects and programmes.
29. The Risk team has been supporting a gradual integration of risk appetite into council's updated Asset Management Plan template. The Infrastructure Strategy team has led and facilitated several engagements with SMEs across council to understand the practical application of risk appetite in their asset portfolios, with constructive and engaged responses from kaimahi.
30. Additionally, the Risk team has been working with the reporting team to expand the presence and delivery of risk-information within the newly introduced Council-wide report, the General Manager Performance View, which builds on consistent and standardised planning for departments. The risk dashboard, which summarises risk themes is a monthly report to the ELT and is now included in the General Manager Performance View.
31. In alignment with the Risk Champions activity plan, the Risk team continues to deliver half-yearly Risk Kōrero, bi-monthly drop-in sessions, bi-monthly newsletters, and focused directorate hui to encourage Risk Champions within each directorate to collaborate on risk initiatives and share their experiences. The most recent Risk Kōrero with Risk Champions was held in March 2025 and was open to Risk Champions from the CCOs to foster collaboration and networking across the group.
32. The Risk page on Kotahi is continually updated and expanded with new risk-related dashboards and insights, as well as short educational video clips for all kaimahi to access and improve their risk knowledge and maturity. Feedback from kaimahi remains positive.

### **Enterprise risk management solution**

33. The Risk team continues to progress towards the procurement of a group enterprise risk management solution. The enterprise risk management business case is currently in development and is intended to be presented to the Value Stream Governance Group, which prioritises deliverables within Technology Services, in the next few months. Feedback was sought from CCOs who utilise an existing enterprise risk management system to ensure the business case is well informed.

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

34. Climate change and its impacts remain a strategic risk for the council group and mitigations and responses remain a priority for Auckland Council.
35. The Risk and Assurance department continues to collaborate with the Chief Sustainability Office, Finance Division, and relevant departments across the council group to support

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

36. The Risk and Assurance department works with risk managers and key staff in council-controlled organisations to collaborate and share knowledge on common risks. The risk profiles and updates from council-controlled organisations are covered in a separate report in this meeting.

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

37. Updates provided in this report do not have a direct impact on local boards.

## Tauākī whakaaweawe Māori Māori impact statement

38. The Risk team continues to promote Māori Outcomes as a prominent strategic priority for Auckland Council, and the Risk team has communicated the expectation that Māori Outcomes should feature where relevant in risk registers and risk management activities.
39. The Risk team engages with the Tumuaki Huanga Māori and works regularly with Ngā Mātārae to ensure that the Risk team's promotion and prioritisation of Māori Outcomes are aligned with existing strategies.
40. The Risk team is also actively monitoring the Ngā Mātārae's work in response to the recommendations in Houkura's He Waka Kōtuia – Te Tiriti o Waitangi audit report 2024 (2024 Treaty Audit Report) and reported on the 2024 Treaty Audit Report to this committee in May 2024.

## Ngā ritenga ā-pūtea Financial implications

41. There are no financial costs associated with the committee receiving this report on enterprise risk management activities, and there are no funding decisions required.
42. The current set of Auckland Council strategic risks includes the strategic risk theme of 'Financial Stability and Resilience' under which risks continue to be monitored and managed.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

43. The Risk and Assurance department continuously reviews the external and internal environment to identify emerging or heightened risks and trends, which are presented to the ELT on a regular basis.

## Ngā koringa ā-muri Next steps

44. The Risk team will plan and facilitate a review and refresh of the current strategic risks with the ELT in mid-2025.
45. The Risk team will continue to engage with kaimahi to uplift risk maturity and capability, support their management of risks, and identify emerging or heightened risks for reporting to ELT and this committee.
46. The next Enterprise Risk Update will be reported to the Audit and Risk Committee in December 2025.



## Ngā tāpirihanga Attachments

No.	Title	Page
<a href="#">A⇒</a>	Strategic Risks Update - March 2025	
<a href="#">B⇒</a>	AC Risk Management Framework 2025	
<a href="#">C⇒</a>	AC Risk Management Policy	

## Ngā kaihaina Signatories

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



## Process for Annual Green Bond Report 2025

File No.: CP2025/07459

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

1. To provide the Audit and Risk Committee with details of the process the council will follow to obtain external review and assurance of:
  - its green bond programme
  - the information disclosed in the 2025 Green Bond Annual Report.

### Whakarāpopototanga matua Executive summary

2. The council's Sustainable Finance Framework (framework), last updated in April 2025, sets out the policies that the council has adopted to issue and manage its green bond proceeds (green bond programme).
3. Under the framework, the council is required to report annually on its green bond programme. This includes reporting on the projects and assets which have been (re)financed with green bond proceeds, and the related positive environmental impacts of these (such as greenhouse gas emissions reductions).
4. The council satisfies these annual reporting obligations through publication of its Green Bond Annual Report (GBAR). The council Treasury team will prepare the draft 2025 GBAR with input from asset owners across the group by the end of August 2025, and this will be reviewed and approved by the Audit and Risk Committee in September 2025, before it is published.
5. Further, the framework commits the council to obtaining external review by third party verifier(s) that its green bond programme continues to align with the Green Bond Principles, and that the information reported in the GBAR is fair and credible.
6. To meet these commitments, as with last year, the council has appointed third-party verifiers, Morningstar Sustainalytics (Sustainalytics) and Toitū Envirocare (Toitū), to complete the required external reviews. Sustainalytics and Toitū will provide the council with their review reports in early September 2025, which will be appended to the 2025 GBAR presented to the Audit and Risk Committee.

### Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the annual reporting requirements and external review commitments that the council has for its green bond programme and the 2025 Green Bond Annual Report
- b) tuhi tīpoka / note that Sustainalytics and Toitū are appointed to perform the required external reviews
- c) tuhi tīpoka / note the process to be followed by the council to prepare and have reviewed the 2025 Green Bond Annual Report
- d) tuhi tīpoka / note that the draft 2025 Green Bond Annual Report will be presented to the Audit and Risk Committee for approval in September 2025 before it is published.

## Horopaki

### Context

#### Auckland Council's green bond programme

- Item 13
7. A green bond is defined as a bond issued to finance or refinance projects or assets that deliver positive environmental outcomes (eligible assets).
  8. The council's Sustainable Finance Framework (framework) sets out how the council issues green bonds and manages the use of its green bond proceeds (green bond programme). The framework sets out:
    - the eligibility criteria which eligible assets must conform to, such as clean transportation, pollution prevention and sustainable water and wastewater management
    - the process the council follows to identify and approve eligible assets
    - the process the council follows to allocate and track the use of its green bond proceeds
    - how the council manages the risk of holding unallocated proceeds from its green bonds
    - the council's annual reporting obligations and external review commitments.
  9. Since establishment of the framework and the issue of its first green bond in 2018, the council has issued ten green bonds (one of which has matured). The value of green bonds on issue is the equivalent of NZD 3.7 billion.
  10. The council currently has NZD 4.7 billion of eligible assets, which have been wholly or partly (re)financed with the proceeds of its green bonds. These eligible assets are recorded on the council's eligible assets register and include electric trains, cycleways, community recycling centres, watermain and wastewater assets.
  11. The last green bond issued, in March 2024, was a benchmark EUR 600 million green bond. No green bonds have, or will, be issued in FY25. This is due to the impact of Watercare's debt separation from 1 July 2025, which means from this date the council needs to remove circa NZD 550 million of Watercare's assets from its eligible assets register. However, with a NZD 150 million green bond maturing in July 2025, and the expected approval of new eligible assets by the Treasury Management Steering Group in June 2025, the council anticipates there to be sufficient headroom for new green bond issuance over the next financial year.

#### Reporting of Auckland Council's green bond programme

12. For the council's green bond programme, the framework requires the council to report annually on:
  - the use of its green bond proceeds, which includes a description of the (re)financed eligible assets, along with their values (use of proceeds)
  - the positive environmental outcomes that have been delivered by the (re)financed eligible assets, which includes qualitative, and where possible, quantitative performance measures of the impacts (positive impacts).
13. The council reports on both its use of proceeds and positive impacts in its GBAR, published annually in September.
14. Under the framework, the council commits to obtaining an external review (green bond programme review) from a third-party verifier that the use and management of its green bond proceeds, and the annual reporting in its GBAR, align with the framework and the Green Bond Principles (market standards). The council appointed Morningstar Sustainalytics (Sustainalytics) to complete this review for FY24.

15. Further, to ensure the integrity of the positive impacts reported in the GBAR, the council commits to obtaining external review(s) by third-party verifier(s) that the information disclosed on impacts is fair and credible (impacts review). The council appointed Toitū Envirocare (Toitū) to perform this impacts review of the positive greenhouse gas emissions impacts of eligible assets reported in the 2024 GBAR.
16. The 2024 GBAR, together with the review reports issued by Sustainalytics and Toitū, was published in September 2024. This report can be found on the council's website at: <https://www.aucklandcouncil.govt.nz/about-auckland-council/investor-centre/information-for-investors/Pages/green-bonds.aspx>.

## Tātaritanga me ngā tohutohu Analysis and advice

17. To meet the council's FY25 green bond programme reporting obligations and external review commitments, as with last year, the council has appointed the following third-party verifiers:
  - Sustainalytics to complete the green bond programme review
  - Toitū to complete the impacts review.
18. For both these appointments, the scope of services, indicative timeframe (starting from mid-July), format of the final deliverable, and target date for completion of this (by the start of September) have been agreed. In each case, the format of the final deliverable will closely resemble the review report issued by each of Sustainalytics and Toitū last year.
19. Starting in June 2025, the council Treasury team, supported by staff within the Chief Sustainability Office, will draft the 2025 GBAR with input from asset owners around the group, as required.
20. The draft 2025 GBAR will be reviewed internally by certain council stakeholders and then provided to Sustainalytics and Toitū, along with relevant supporting information, for them to complete their respective external reviews.
21. The format of the 2025 GBAR will closely resemble the 2024 GBAR and the council Treasury team will work closely with the council design team throughout the drafting process to achieve this. There are, however, likely to be some adjustments to the format, for example to remove repetition across the document. As part of their external reviews, Sustainalytics and Toitū are expected to provide feedback on the draft report, which may include suggestions for how the presentation of the report can be improved.
22. The draft 2025 GBAR, together with the review reports from Sustainalytics and Toitū included as appendices, will be presented to the Audit and Risk Committee for approval in September 2025. The final 2025 GBAR will be published at the end of September.

## Tauākī whakaaweawe āhuarangi Climate impact statement

23. The GBAR, along with the external reviews, ensures transparency over the council's green bond programme, the positive environmental benefits of the council's eligible assets, and how the eligible assets contribute to the council's wider climate-related objectives. This provides investors with comfort as to the integrity of the council's green bond programme and enables the council to continue raising sustainable finance under the framework. Sustainable finance is an important mechanism which the council can use to support achievement of the long-term goals set out in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.

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

24. While the council's Treasury team manages the proceeds of green bonds on behalf of the group, the (re)financed eligible assets include both projects/assets owned directly by the council and projects/assets owned by the council group subsidiaries. Therefore, asset owners from across the group will be consulted and are responsible for providing the council Treasury team with information on the positive environmental impacts of their eligible assets for inclusion in the GBAR.

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

25. The council's Treasury team manages the green bonds on behalf of the group and therefore there are no additional local impacts. As such, local board views have not been sought.

## Tauākī whakaaweawe Māori Māori impact statement

26. Green bonds are a type of borrowing which enables the council to invest in projects or assets with positive environmental outcomes. In many cases, the projects and assets (re)financed with green bond proceeds also support delivery of Māori outcomes. To the extent relevant information of these Māori outcomes is available, this may be disclosed in the 2025 GBAR.

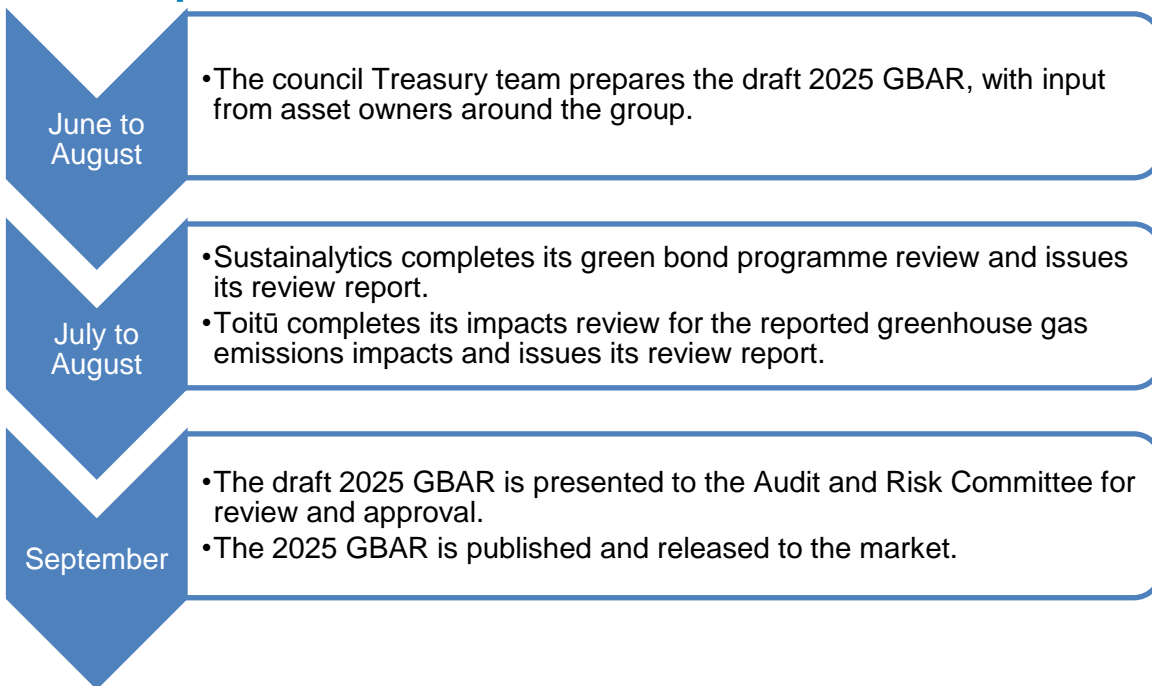
## Ngā ritenga ā-pūtea Financial implications

27. The indicative cost of obtaining the external reviews set out in this report is NZD 25,000. These costs will be met by the Treasury budget.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

28. The Sustainalytics and Toitū review reports will provide confirmation that the council is complying with the obligations and commitments set out in the framework for its green bond programme.
29. The scope of services, deliverables and indicative timing for completion of the external reviews by Sustainalytics and Toitū have been agreed. The timing of each external review has been set to ensure adequate time for completion of the services and delivery of the review reports prior to the draft 2025 GBAR being presented to the Audit and Risk Committee in September 2025.
30. The scope of each external review is very similar to last year. Therefore, both Sustainalytics and Toitū are familiar with the council's information, systems and calculation methodologies, which should help streamline the external review processes this year.

## Ngā koringa ā-muri Next steps



## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Authors	Sophie Baillie - Manager Group Sustainable Finance Andrew John - Head of Group Treasury
Authorisers	John Bishop - Group Treasurer Ross Tucker - Group Chief Financial Officer Emma Burke - Chief Risk and Assurance Officer





# The Office of the Auditor-General's report to council on the review engagement for the six months ended 31 December 2024

File No.: CP2025/05269

Item 14

## Te take mō te pūrongo Purpose of the report

1. To inform the committee of matters identified by Audit New Zealand, on behalf of the Deputy Auditor-General, during the review engagement for the six months ended 31 December 2024, and outline how Auckland Council is addressing these matters.

## Whakarāpopototanga matua Executive summary

2. The Deputy Auditor-General is the Auckland Council and the Auckland Council Group's external auditor, appointed by the Auditor-General to conduct the review engagement on his behalf. He uses his staff and his appointed auditor's staff (Audit New Zealand) to review the statutory financial and performance reporting, and the internal controls on which they are reliant.
3. On triannual basis, the Deputy Auditor-General provides a report to council which outlines areas in which internal controls and disclosures can be improved. The report issued following completion of the 31 December 2024 review engagement of the group's interim report is attached (Attachment A).
4. No new recommendations were raised in the report. However, they have included a matter identified during the audit related to the valuation of derivatives. A sample of cross currency interest rate swaps (CCIRS) had identified immaterial differences in value from the audit expert's valuation using a different system. This arose from minor differences in system settings that provide inputs used for valuation e.g. methodologies for projections of swap curves, time of day that rates are sourced etc.
5. Valuations are complex, and therefore we have strong internal controls in place that give us confidence that the valuations are reasonable. We accept the matter raised and will continue to look to improve our methodologies and controls.

## Ngā tūtohunga Recommendation/s

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the matters identified in the Deputy Auditor-General's review engagement report to management, for the six months ended 31 December 2024, and management's responses.

## Horopaki Context

6. This report summarises the matters identified by Audit New Zealand and the Deputy Auditor-General during their review engagement for the six months ended 31 December 2024 and outlines how management is addressing those matters.

7. Audit New Zealand and the Deputy Audit-General, on behalf of the Auditor-General, conducted a review of the 31 December 2024 Auckland Council Group interim report. A review engagement provides negative assurance in which the auditor states that nothing has come to her/his attention that causes her/him to believe that the interim report does not fairly reflect the group’s financial position, performance and cash flows for the six-month period. This level of assurance is at a lower level than that of an audit.
8. Following the review engagement, the Deputy Auditor-General issued a report to management outlining internal control and disclosure matters identified during the engagement, and summarised matters identified in prior reports that are not yet resolved.

## Tātaritanga me ngā tohutohu Analysis and advice

9. The Deputy Auditor-General included an emphasis of matter paragraph in his review opinion on the interim financial statements. This is for drawing the readers’ attention to the increase in the provision for Risk Category 3 property buy-outs, the significant assumptions and uncertainties in determining the provision.
10. The report includes an uncorrected financial misstatement related to hedge accounting. This misstatement first arose in the 2013/2014 financial year. It relates to the release of hedge accounting balances which should have been amortised. The misstatement will continue to arise until the amortisation period has come to an end, in the next few years. Management does not consider this misstatement to be material to the financial report and accordingly, has not corrected it.
11. A new matter was raised in the report, with a medium priority.

Matter	Management’s response
<p><b>Valuation of derivatives- SWAPs</b></p> <p><b>The audit expert’s calculations for a sample of cross currency interest rate swaps (CCIRS) valuations differed from the Council’s system valuation. The differences stem from the underlying inputs used to value the swaps.</b></p> <p><b>Council should continue to review the inputs used to value the swaps and compare them with the inputs the audit expert use to value the same swaps to consider if any updates are required.</b></p>	<p>Management will continue to look for ways to make our derivative valuations reflective of current market values, for example, through changes to inputs such as swap curves, time of closing rates etc. We are reviewing the specific differences highlighted by Audit New Zealand to ensure that there are no underlying errors in our system settings.</p>

12. Our derivatives do not always perfectly match published swap curves e.g. due to the length of the swap, specific terms, the date it was taken out and ends etc. Further each valuation system has minor differences such as methodologies for projecting swap curves, time of day that rates are sourced etc. However, we are confident that our derivatives are fairly stated as we have strong internal controls over their valuation.
  - On an ongoing basis we compare our swap valuations from our G-Treasury system with Bloomberg valuations and bank valuations as each system has minor differences such as methodologies for projecting swap curves, time of day that rates are sourced etc.
  - We apply tolerance thresholds to the differences between our valuation and the other two and investigate any differences that exceed our tolerance thresholds.

13. The report has updates on previous recommendations, all of which have a medium priority. Of these recommendations, two matters were closed during the interim review engagement, being:
- Storm-affected property buy-outs – improve the accuracy of the estimate using known property-level information.
  - Weathertightness: unreported and reported claims – enhance the accuracy of unreported claims model and ensure settled claims are excluded from reported claims.
14. The status of the previous recommendations that remain in progress are:

Matter	Status
<p><b>Stormwater valuation</b></p> <p>Council should re-establish detailed contract cost analysis for more accurate valuations.</p>	<p>Given that the review engagement is a limited assurance engagement, Audit New Zealand has not performed any audit procedures to verify the issues.</p>
<p><b>Investment in managed funds</b></p> <p>Ensure key controls are in place and classify investments correctly between current and non-current assets.</p>	<p>Recommendation remains until Auckland Future Fund starts investing the funds in large unit trust or related investment products.</p>
<p><b>Payroll GL reconciliation</b></p> <p>All payroll reconciliations should be reviewed in a timely manner.</p>	<p>Given that the review engagement is a limited assurance engagement, Audit New Zealand has not performed any audit procedures to verify the issues.</p>
<p><b>Payroll processes and controls</b></p> <p>Maintain adequate supporting documentation for all payroll related payments and standardise review tiers.</p>	
<p><b>Review of Delegated Financial Authority limits in the SAP systems</b></p> <p>Council should review the extent of the identified and other breaches of DFA and ensure changes to DFAs are properly authorised and updated in the SAP system.</p>	
<p><b>Resource consent processing times</b></p> <p>Improve the accuracy of the system for recording and reporting compliance with statutory timeframes for the processing of non-notified resource consents.</p>	

## **Tauākī whakaaweawe āhuarangi**

### **Climate impact statement**

15. There are no items covered in this report that impact on climate change. A statement of how the group is responding to climate-related financial risks and opportunities is included as volume 4 in the annual report.

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

16. The council will work with council-controlled organisations (CCOs) directly impacted by any recommendation.

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

17. There are no issues or recommendations at a local board level. Accordingly, the views of local boards have not been sought.

## Tauākī whakaaweawe Māori Māori impact statement

18. The report does not affect the achievement of or reporting on the Auckland Council Group's contributions towards Māori outcomes. The council's contributions to Māori outcomes are reported in the annual report.

## Ngā ritenga ā-pūtea Financial implications

19. There are no financial implications directly arising from the information contained in this report.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

20. Auckland Council is actively addressing the issues raised. We have assessed that the matters will not impact on the audit opinion on the Auckland Council Group's 2024/2025 annual report.

## Ngā koringa ā-muri Next steps

21. Auckland Council will continue to address the matters raised in the report to management.

## Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Review engagement management report 31 December 2024	

## Ngā kaihaina Signatories

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

## Auckland Council Group's 30 June 2025 year-end reporting and audit considerations

File No.: CP2025/05472

Item 15

### Te take mō te pūrongo

#### Purpose of the report

1. To enable the Audit and Risk Committee to review and monitor the integrity of the Auckland Council Group's annual report. Key information we provide includes:
  - details of key aspects of the Auckland Council Group's year-end reporting and audit requirements
  - information to support the approval of new accounting policies and key judgements applied in the preparation of the annual report and summary annual report
  - assurance over processes and controls applied to ensure the year-end reporting including the preliminary NZX announcement, annual report and summary annual report (annual reports) will contain valid, accurate and complete information.

### Whakarāpopototanga matua

#### Executive summary

2. The Audit and Risk Committee's terms of reference (delegations) assign responsibility to the committee to review and monitor the integrity of the Auckland Council Group's (group) interim and annual reports. This includes statutory statements and any other formal announcements relating to the group's performance.
3. As part of executing this responsibility, the committee will recommend:
  - at the 26 August 2025 Audit and Risk Committee meeting, that the deputy mayor recommends the mayor and chief executive sign and release the group's preliminary announcement to the NZX
  - at the 16 September 2025 Audit and Risk Committee meeting, the Governing Body adopts the annual report at its 25 September 2025 meeting.
4. This open report provides the committee with information and insights into the preparation processes and controls for these documents including:
  - elected member, committee and auditor's responsibilities
  - reporting requirements
  - accounting policies adopted during the financial year
  - year-end financial reporting process
  - management representation letter process
  - the committee's oversight of the management of fraud.
5. To encourage transparency in our committee reporting, we have discussed as much information as possible about the year-end reporting and audit requirements in this report. However, there is some information which cannot be released to the public due to disclosure requirements of the NZX. The confidential information will be presented in the confidential report item on today's agenda titled "CONFIDENTIAL: Auckland Council Group's 30 June 2025 year-end reporting and audit considerations".

6. The confidential report will provide additional insights into the preparation processes for these documents, as well as critical reporting matters and audit requirements including:
- accounting policy amendments during the year and the effect on the financial statements
  - key areas of judgements and assumptions applied in the preparation of financial reporting including reporting requirements
  - significant new financial statement disclosures
  - draft management representation letters as attachments
  - Audit New Zealand's key audit matters
  - pro forma annual report documents for the year ending 30 June 2025:
  - volume 1 overview and service performance
  - volume 3 financial statements
  - volume 4 climate statement.

## Ngā tūtohunga Recommendation

That the Audit and Risk Committee:

- a) tuhi tīpoka / note the year-end financial reporting process and other information in this report together with the information in the confidential item 'CONFIDENTIAL: Auckland Council Group's 30 June 2025 year-end reporting and audit considerations'.

## Horopaki Context

### Elected member and committee responsibilities

7. The Audit and Risk Committee reviews the quality of the year-end reporting, the processes used to prepare the documents, and the judgements and assumptions applied to transactions, balances and disclosures.
8. The Governing Body reviews and enquires into the financial and operational performance of the group.
9. In fulfilment of its terms of reference the Audit and Risk Committee endorses the year-end reporting and recommends to the deputy mayor that she (under delegation from the Governing Body) recommends the mayor and chief executive approve and release the year-end reporting.

### Auditor responsibilities

10. The Auditor-General has appointed the Deputy Controller and Auditor-General, Andrew McConnell as the appointed auditor. The audit is done by Audit New Zealand and staff from the Office of the Auditor-General.
11. The Deputy Controller and Auditor-General and Audit New Zealand will address the Audit and Risk Committee at its meeting on 16 September 2025 to enable the committee to assess the robustness of the audit.

### Reporting requirements

12. The Auckland Council Group has complex financial reporting requirements as it is an issuer of debt on the New Zealand (NZX), Singapore (SGX) and Swiss (SIX) exchanges, and is a local government entity.



13. The preliminary NZX announcement and annual reports (year-end reporting) are based on consolidated information obtained from the reporting packs prepared by Auckland Council, council-controlled organisations (CCOs), Port of Auckland Limited and City Rail Link Limited. Reporting packs are supported by assurances from management obtained in representation letters.
14. In accordance with the NZX listing rules, the Financial Control team prepares the preliminary NZX announcement for lodgement within 60 days of financial year-end. Together with the Group Performance Reporting team, the team then prepares the annual report and summary annual report within three months of financial year-end.
15. The SGX has limited reporting requirements, requiring the council to provide its annual report at the same time as it is released to the NZX.
16. The SIX requires the council to provide a URL (web address) to its annual report within four months of year-end.
17. In addition to New Zealand reporting requirements, the SIX and SGX require reporting of differences between our financial reporting framework and International Financial Reporting Standards.
18. Financial reporting standard requirements and local government legislation also requires certain disclosures (which are tagged as such in the financial statements) and requires comparison of results against the annual plan or long-term plan. Local government legislation provides more lenient timeframes than the NZX.
19. Further information on reporting requirements will be discussed in the confidential item “CONFIDENTIAL: Auckland Council Group’s 30 June 2025 year-end reporting and audit considerations”.

## Tātaritanga me ngā tohutohu

### Analysis and advice

#### Accounting policies adopted during the 2024/2025 financial year

20. The accounting policies applied in the pro forma financial statements are consistent with those used at 30 June 2024, and are not expected to change.

#### Financial reporting year-end processes and controls

21. The group’s annual report and summary annual report are produced for the year ending 30 June 2025. The annual report includes:
  - volume one: overview and service performance
  - volume two: local boards (comprising 21 local board reports)
  - volume three: financial statements
  - volume four: climate statement.

#### Consolidation

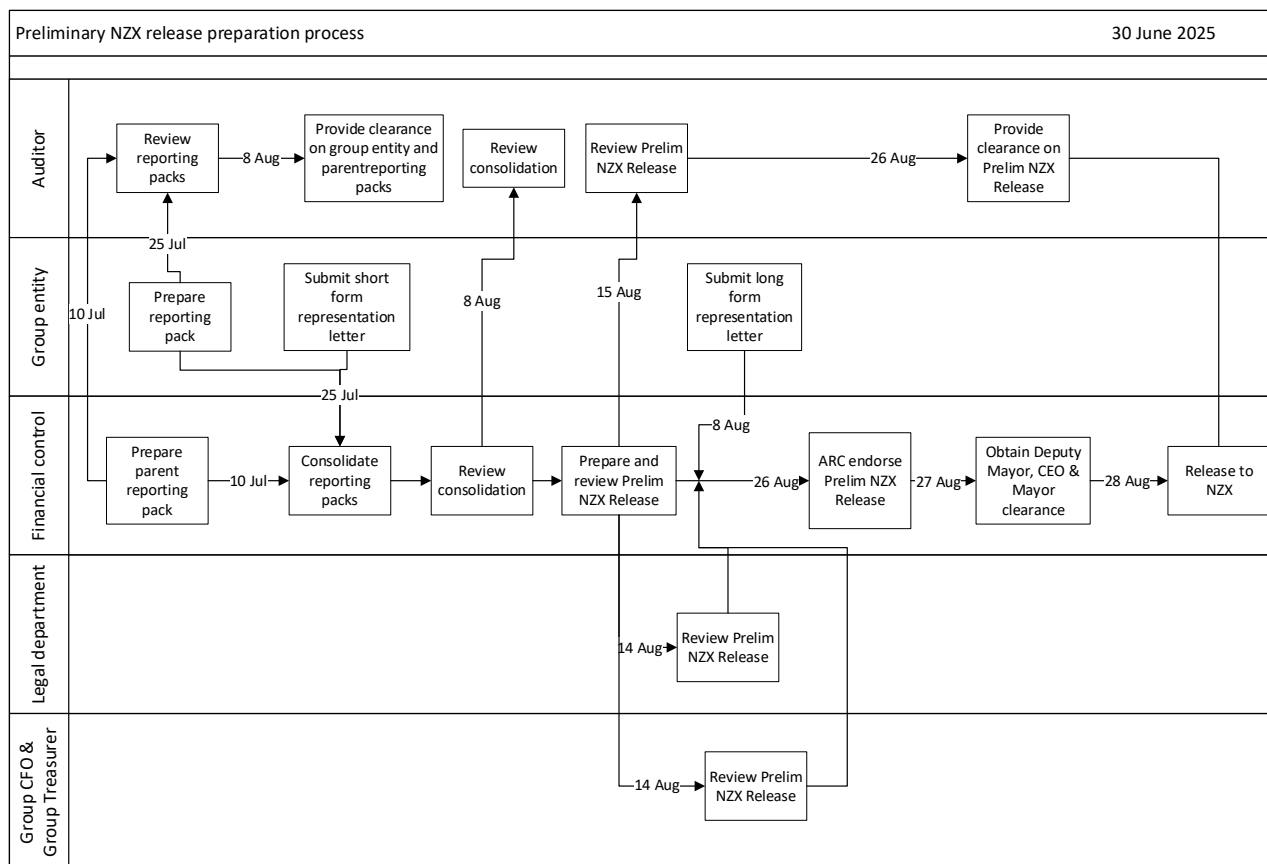
22. Auckland Council, CCO, Port of Auckland Limited and City Rail Link Limited reporting packs will be provided to the Financial Control team on 8 August 2025 with auditor clearance.
23. The group consolidation process is completed by the Financial Control team, and the consolidation workbook and supporting information is provided to Audit New Zealand.
24. The consolidation forms the basis for the NZX preliminary announcement, volume three of the annual report (financial statements, group of activity funding impact statements) and the summary annual report (summary financial statements).

## NZX preliminary announcement

25. The preparatory steps for the NZX preliminary announcement are:
- The pro forma NZX preliminary announcement (announcement) which is prepared in consultation with the group chief financial officer and the Media Relations team.
  - The council's Legal Services department, in conjunction with Mayne Wetherell, reviews the announcement and provides feedback.
26. The internal clearance process is as follows:
- The Legal Services department provides sign-off that the announcement complies with the NZX rules.
  - The group financial controller, group treasurer and general manager financial strategy and planning review and sign off the NZX preliminary announcement and media release.
  - The group financial controller and group treasurer meet with the group chief financial officer to sign off the NZX documents, as well as documents that will be provided to the mayor and chief executive to support their sign-off. Drafts, based on the prior year, are provided in the confidential report as confidential attachments D-I.
27. A key control to provide assurance that the financial report contains valid, accurate and complete information, is the review and approval by senior members of staff and the governing body.
28. In prior years the August Audit and Risk Committee meeting was held around 19 August, with feedback on the NZX preliminary announcement and media release provided at or shortly after the meeting. Due to scheduling challenges, the meeting has been moved to 26 August, two days before the final NZX preliminary announcement. We have changed our approval process to account for this change.
29. The process for these approvals is as follows:
- On or before 15 August 2025, Financial Control will send the draft NZX release to Audit and Risk Committee members for review, with a request for feedback by 22 August 2025. This is for enabling sufficient time for committee members to review the NZX preliminary announcement and media release, and to provide timely feedback to the Financial Control team.
  - On 26 August 2025, the Audit and Risk Committee will review and endorse the NZX preliminary announcement and media release for approval. Audit New Zealand will provide verbal clearance at that meeting.
  - The deputy mayor will approve the NZX preliminary announcement and media release (under delegated authority by the Governing Body at the December 2022 meeting) and recommend that the mayor and chief executive approve the documents.
  - The mayor and chief executive will approve the NZX preliminary announcement and media release.
30. The NZX preliminary announcement and media release will be released to the public via the NZX website on or before the 29 August 2025 (no later than 60 days after year-end).



31. The following diagram outlines the process to prepare the preliminary NZX announcement:

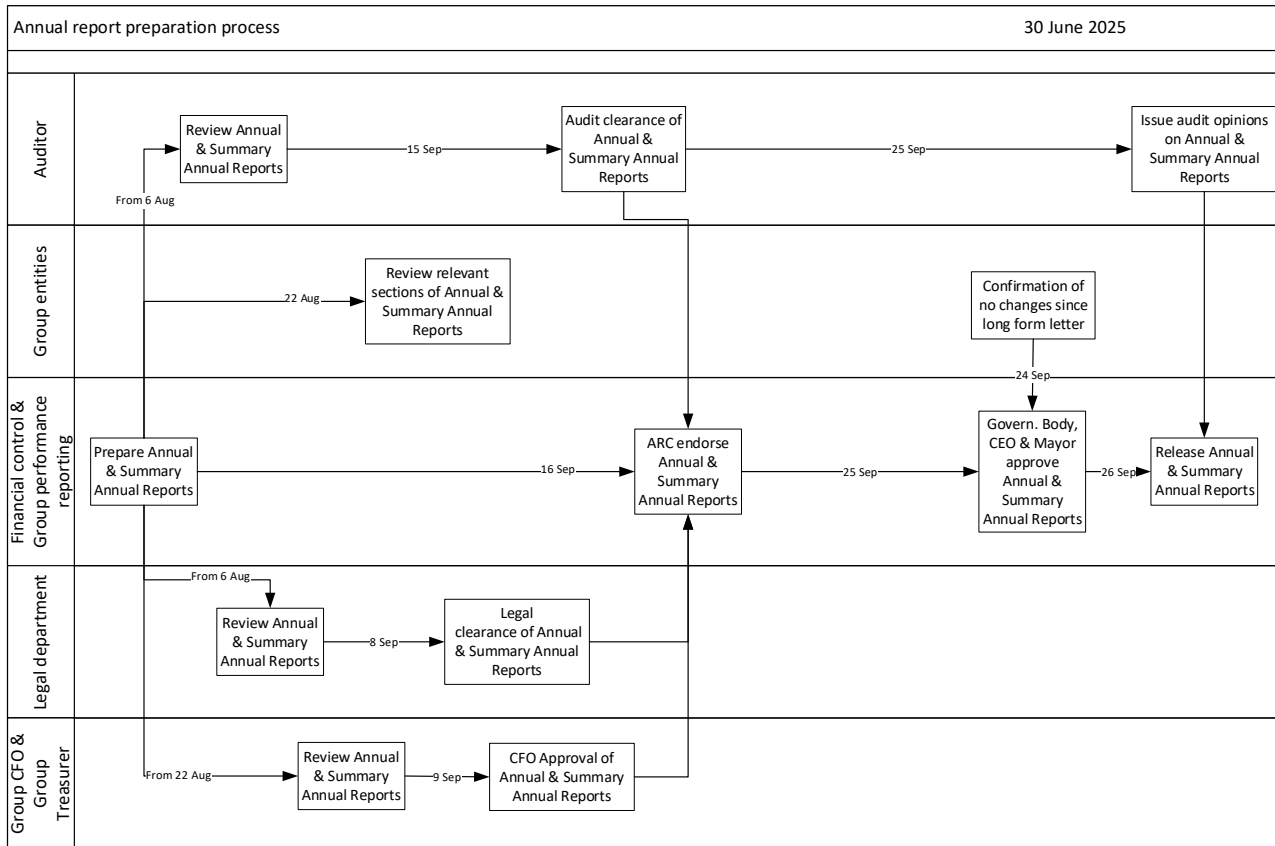


**Annual report and summary annual report preparation process**

32. Volumes 1 and 2 of the annual report and the summary annual report are prepared by the council’s Group Performance Reporting, Local Board Financial Advisory and Financial Control teams.
33. Volume 3 of the annual report is prepared by the Financial Control team.
34. Volume 4 of the annual report is prepared by the Financial Control, Group Sustainable Finance and Chief Sustainability Office teams.
35. The summary annual report is prepared by the Group Performance Reporting and Financial Control teams.
36. As with the NZX preliminary announcement, a key control to provide assurance that the reporting is valid, accurate, complete and reasonable, is the review and approval by senior members of staff and the governing body.
37. The annual report and summary annual report (annual reports) follow a review and approval process as follows:
  - The group financial controller, group treasurer and group chief financial officer review and approve the annual reports.
  - Mayne Wetherell and the council’s Legal Services team review the annual reports for compliance with legislation and the appropriateness of disclosure of legal matters such as legal contingencies and provide a confirmation of legal compliance.
  - On 16 September 2025, an Audit and Risk Committee meeting is held for the committee to endorse the annual reports for adoption by the Governing Body.
  - On 25 September 2025, the Governing Body meeting is held to approve the annual reports. The Governing Body will consider the performance of the group at either their August or September meeting in confidence.

- On 25 September 2025, the Deputy Controller and Auditor-General will issue his Independent Auditors' Report, and the annual reports, accompanied by a media release, will be released to the public via the NZX and the Auckland Council websites.

38. The following diagram outlines the process for the release of the annual report and summary annual report:



### Quality assurance and compliance approvals

39. Quality assurance reviews are performed on the consolidated results and commentary and the year-end reporting. The reviews focus on validity, accuracy, completeness and reasonableness of disclosures, legislative compliance and adherence to Auckland Council communications standards. A summary of the reviews is as follows:

Reviewer	Consolidated results and commentary	Media release	Preliminary NZX announcement	Annual report and summary report
Group chief financial officer*	✓	✓	✓	✓
Executive officer – CFO		✓	✓	✓
Group treasurer*	✓	✓	✓	✓
General manager financial strategy*	✓	✓	✓	✓
Group financial controller*	✓	✓	✓	✓
Manager group performance reporting		✓	✓	✓
External stakeholder group reporting manager*	✓	✓	✓	✓

Reviewer	Consolidated results and commentary	Media release	Preliminary NZX announcement	Annual report and summary report
Manager financial stakeholder relations		✓	✓	✓
Senior group reporting technical accountant*	✓	✓	✓	✓
Financial accounting manager*	✓		✓	✓
Senior specialist corporate communications		✓		
Legal services*			✓	✓
Mayne Wetherell*			✓	✓

40. All the technical quality assurance reviewers (denoted with \*) performing reviews from a financial or legal perspective are qualified chartered accountants, lawyers or have equivalent qualifications and have the appropriate technical accounting skills and knowledge.
41. Volume 4 is also reviewed by the chief sustainability officer and the chief risk and assurance officer to ensure accuracy and reasonability of disclosures and alignment with their functions.
42. Trust lens reviews are performed on the annual reports to ensure that we are telling a fair and balanced story, that good news stories are truthful and accurate, and the poor performance stories are honest and transparent. They review the overall story for consistency through all volumes.

### Management representation letters and management confirmations

43. Audit New Zealand will require the mayor and chief executive to sign a letter providing assurance that the control environment adequately supports the validity, accuracy and completeness of financial reporting, and that the financial statements comply with applicable standards and regulations. A draft, based on last year's letter, is attached to the confidential report as attachment I.
44. To support the mayor and the chief executive's representations, the group chief financial officer, group treasurer and the group financial controller will sign back-to-back representation letters to the mayor and chief executive. Drafts, based on last year's letters, are attached to the confidential report. Attachment F is for the preliminary announcement and attachment H is for the annual report release.

### CCO representation letters

45. At each reporting period, the Financial Control team obtains representation letters from management of the substantive CCOs, Port of Auckland Limited and City Rail Link Limited. These letters provide assurance over the financial information, including assurance that the financial information:
  - 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 30 June 2025, financial performance and cash flows for the year ended 30 June 2025.

46. Representation letters are obtained in short and long form:
- Short form representation letters are received at the same time as group reporting packs and are signed by the relevant organisation’s chief financial officer. They contain summarised representations.
  - Long form representation letters are received closer to finalisation of the preliminary NZX announcement and are signed by the chairs of the board/audit committee and/or chief executive officers. They contain detailed representations including a summary of uncorrected misstatements identified during their audit.

**Assurance over reporting**

47. The Deputy Controller and Auditor-General provides assurance over our reporting as follows:

Report	Aspect over which assurance is provided	Type of assurance
<b>NZX preliminary announcement</b>	None	n/a
<b>Volume 1</b>	Service performance information	Reasonable
<b>Volume 2</b>	Service performance information	Reasonable
<b>Volume 3</b>	Financial statements	Reasonable
	Group funding impact statement	Reasonable
	Funding impact statements and statements of capital expenditure for each group of activities	Reasonable
<b>Volume 4</b>	Greenhouse gas emissions disclosures limited to Scope 1 and 2 emissions.	Limited
<b>Summary annual report</b>	Service performance information summary and financial statements	Reasonable

**Other matters**

48. During the year-end process, should any significant risks or material judgements arise, or if there are unresolved significant disagreements between Auckland Council management and Audit New Zealand, the group financial controller will communicate these to the chair between committee meetings.

**Audit and Risk Committee’s oversight of the management of fraud**

49. Audit New Zealand makes formal enquiries of the Audit and Risk Committee, senior management and the Risk and Assurance department of Auckland Council in relation to fraud using a fraud questionnaire. The questionnaire covers risk assessment, monitoring controls, mitigating systems and controls, risk communication and the assessment of fraud risk.
50. The committee formally responds to these enquiries in writing. The representations made are supported by questionnaires completed by senior management and the Risk and Assurance department.
51. The questionnaire has not changed significantly from prior years and a draft will be presented to the committee at the 26 August 2025 meeting.

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

52. This report relates to a financial reporting process and disclosures only and as such has no climate implications. Auckland Council Group's climate impact, climate change initiatives and the group's mechanisms and processes to deal with climate risks and opportunities will be included in the annual report and summary annual report. No decision is sought in this paper that has an impact on greenhouse gas emissions and the council's approach to reduce emissions.
53. It is acknowledged that the activities undertaken by the group and reported on within the annual report have the potential to be impacted by climate change and can also reinforce or weaken our climate action response.

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

54. Feedback will be sought from substantive CCOs, Port of Auckland Limited and City Rail Link Limited to ensure that any matters that apply to them have been considered in preparation for the annual report and summary annual report. All matters have been incorporated into the work plan.

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

55. Local boards will assist in the preparation of the local board content in Volume 2 of the annual report and will review their performance information for accuracy and validity. No decision is sought in this paper that would impact local boards; accordingly, the views of the local boards have not been sought.

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

56. 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.
57. It is acknowledged that the activities undertaken by the group and reported on within the annual report have the potential to reinforce or weaken the delivery of our obligations under Te Tiriti o Waitangi.
58. No decision is sought in this paper that has a direct impact on Māori.

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

59. There are no financial implications directly arising from the information contained in the report as no financial decision is sought.

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

60. No risks have been identified related to the information provided in this report.
61. Any risks and mitigations relating to the year-end reporting, key judgements and assumptions and audit requirements are discussed in the confidential item "CONFIDENTIAL: Auckland Council Group's 30 June 2025 year-end reporting and audit considerations".

## Ngā koringa ā-muri Next steps

62. The committee will review the confidential key judgements, estimates and assumptions and attachments relating to this report in the confidential section of this meeting under the report “CONFIDENTIAL: Auckland Council Group’s 30 June 2025 year-end reporting and audit considerations”.

63. The following diagram summarises the steps towards finalisation of the annual reports:



## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Authors	Yvonne Teo - External Stakeholder Group Reporting Manager Chimka Gantumur - Senior Group Reporting Technical Account 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 - May 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
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.	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.  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.	s48(1)(a)  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.

**C2 CONFIDENTIAL: Port of Auckland Risk Update - May 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 Port of Auckland Limited's board or Audit and Risk Committee. They have provided their risk report 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>

**C3 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>

#### C4 CONFIDENTIAL: Legal Risk Report

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)(g) - The withholding of the information is necessary to maintain legal professional privilege.</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>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 legally privileged and commercially 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>

#### C5 CONFIDENTIAL: Enterprise Risk Update - May 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>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 detailed information on the mitigation activities of the strategic risks that could be detrimental to risk management objectives if in the public arena.</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: Internal Audit 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>

**C7 CONFIDENTIAL: Auckland Council Group's 30 June 2025 year-end reporting and audit considerations**

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 annual report and financial results of Auckland Council and Auckland Council Group as at 30 June 2025 which cannot be released to the public before it is released on 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>

**C8 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 and attachments contain information regarding the annual report and financial results of Auckland Council and Auckland Council Group as at 30 June 2025 which cannot be released to the public before it is released on 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>