

Notice is hereby given that an ordinary meeting of the Horowhenua District Risk and Assurance Committee will be held on:

<b>Date:</b>	<b>Wednesday 11 February 2026</b>
<b>Time:</b>	<b>10:00 am</b>
<b>Meeting Room:</b>	<b>Council Chambers</b>
<b>Venue:</b>	<b>126-148 Oxford St Levin</b>

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## **Risk and Assurance Committee OPEN AGENDA**

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### **MEMBERSHIP**

#### **Chairperson Members**

Cr Sam Jennings  
Mayor Bernie Wanden  
Cr Alan Young  
Cr Nola Fox  
Cr Morgan Gray  
Cr Mike Barker  
Jenny Livschitz  
Sarah Everton

Independant Member  
Independant Member

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Website: [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

**Full Agendas are available on Council's website**  
**[www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)**

**Full Agendas are also available to be viewed at:**  
**Horowhenua District Council Service Centre, 126 Oxford Street, Levin**

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the Chief Executive Officer or the Chairperson.



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**Karakia**

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

**1 Apologies**

**2 Late Items**

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

**3 Declarations of Interest**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

**4 Confirmation of Minutes**

**4.1 Meeting minutes Risk and Assurance Committee, 1 October 2025**



File No.: 26/40

## 5.1 Health, Safety and Wellbeing - Quarterly Report - October to December 2025

Author(s)	Tanya Glavas <b>Safety and Wellbeing Lead   Kaiārahi Whai Oranga</b>
Approved by	Ashley Huria <b>Business Performance Manager   Tumu Tutukinga Pakihi</b>
	Nicki Brady <b>Group Manager Capability and Transformation   Kaiwhakahaere o Ngā Aheinga me te Whakaumu</b>
	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. This report provides the Committee with Health, Safety and Wellbeing information and insights for the quarter from October to December 2025.

**This matter does not relate to a current Council priority.**

### RECOMMENDATION | NGĀ TAUNAKITANGA

- A. That Report 26/40 Health, Safety and Wellbeing - Quarterly Report - October to December 2025 be received and noted.

### DISCUSSION | HE MATAPAKINGA

2. The Health, Safety and Wellbeing (HSW) Dashboard provides a consolidated overview of lead and lag indicators across Council. It is designed to give the Risk and Assurance Committee assurance that HSW risks are being effectively managed through leadership, worker engagement, and risk management. The breadth of reporting enables a clear, balanced view of HSW performance and trends over the three-month reporting period.
3. Health, safety, and wellbeing performance remained stable across Council during the October–December 2025 quarter. The HDC Safety Index showed movement across Leadership, Worker Engagement, and Risk Management. A strong reporting culture continues, supporting comprehensive capture and review of accidents, incidents, and near-miss events, and indicating sustained organisational confidence in health and safety processes.
4. Worker engagement continues to strengthen, with Health and Safety Representative numbers steady at 15, meeting the recommended 1:19 representation ratio under the Health and Safety at Work (Worker Engagement, Participation, and Representation) Regulations 2016. Elevated incident reporting in Aquatics reflects the operational environment and increased public participation during school holiday periods.
5. Where trends are identified in reporting data (for example, multiple incidents associated with a water slide), a review of relevant safety procedures and processes is undertaken, including

a risk assessment. Appropriate controls are then implemented to mitigate risk and ensure the safety of users.

6. From a risk management perspective, Council's Health and Safety risk registers were reviewed and updated during the quarter. All corrective actions arising from incident reporting were completed. Contractor health and safety performance remains strong, with 100% of active contractors fully assessed and compliant. Contractor pre-qualification scores continue to exceed the national average on SiteWise.
7. Emergency preparedness activities were undertaken across Council locations, including a planned fire evacuation. Routine duress alarm testing was completed at key facilities. One duress alarm was activated in response to an incident; the procedure operated as intended and no injuries were reported.
8. Key trends this quarter include reports of threatening behaviour from members of the public, highlighting ongoing risks to staff wellbeing in public-facing roles. These risks are being closely monitored, with controls in place through established response procedures and targeted training. Overspeed incidents continue to be addressed through People Leader support, staff engagement, and driver awareness initiatives.
9. Overall, the quarter reflects strong performance in health, safety and wellbeing, with clear evidence of leadership commitment, active staff participation, and a proactive approach to managing both operational and psychosocial risks.

#### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

#### **ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

No.	Title	Page
<a href="#">A</a>	HDC Risk and Assurance Committee HSW Dashboard - 11 February 2026	9
<a href="#">B</a>	RAC Explanation of Dashboard Scoring - February 2026	19

HEALTH, SAFETY AND WELLBEING QUARTERLY REPORT

October 2025 - December 2025



Type	Key	Developing	Performing	Leadership
Leadership	Benchmark HDC		2.33	4.16
Worker Engagement	Benchmark HDC		2.18	4.08
Risk Management	Benchmark HDC		2.45	3.33

Leadership



Worker Engagement

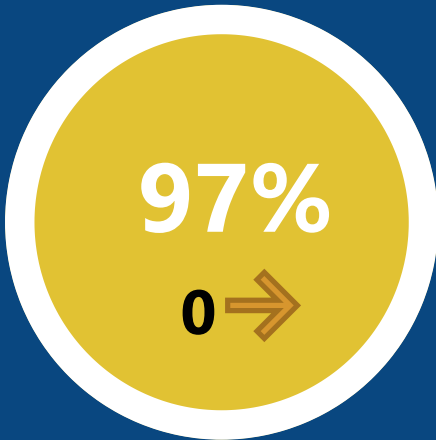


Risk  
Management



Horowhenua District Council  
January 2026  
2025/2026

HDC SAFETY  
INDEX

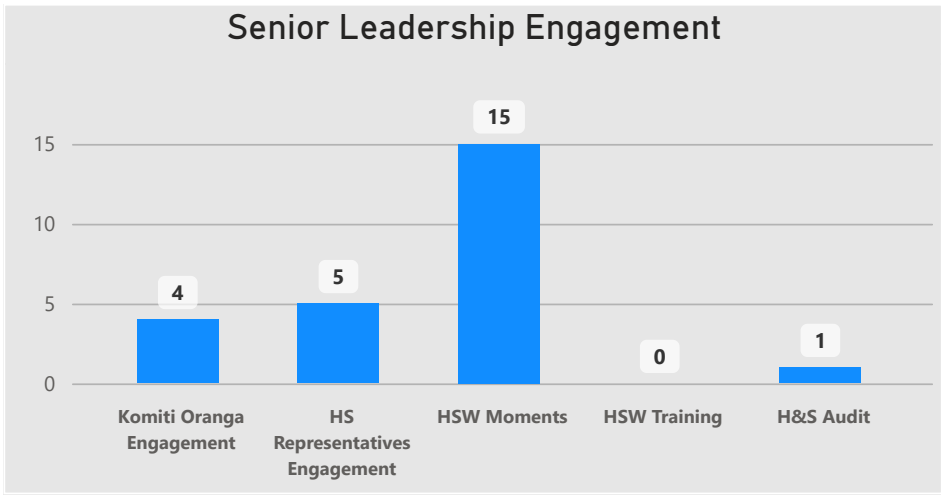


# Leadership

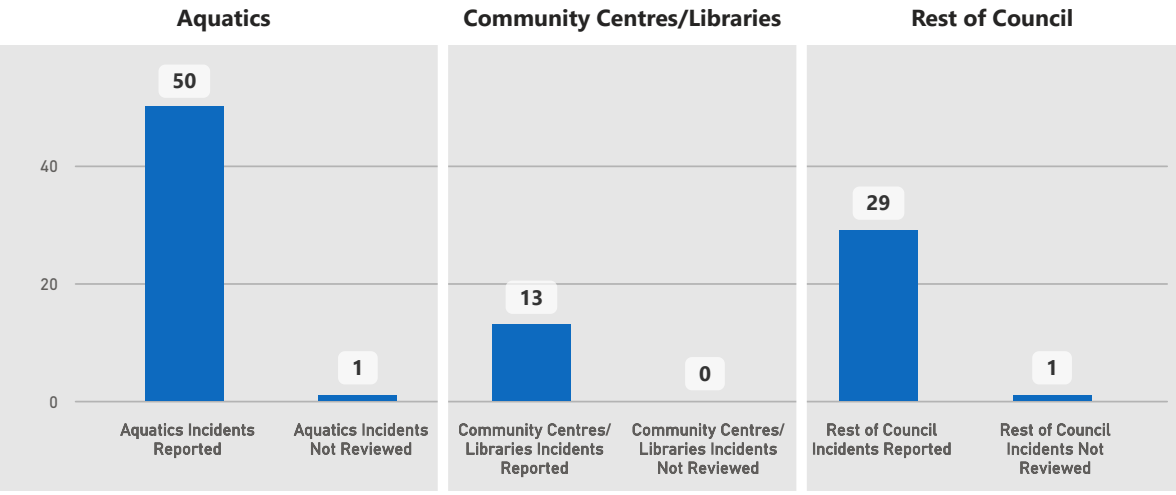
October 2025 - December 2025

Type	Key	Developing	Performing	Leadership
Leadership	Benchmark HDC		2.33	4.16

## Executive Leadership Engages With Health, Safety and Wellbeing (Due Diligence Obligations - Engagement)



## We Review All Incidents (All Incident are Reviewed Within 2 Weeks)

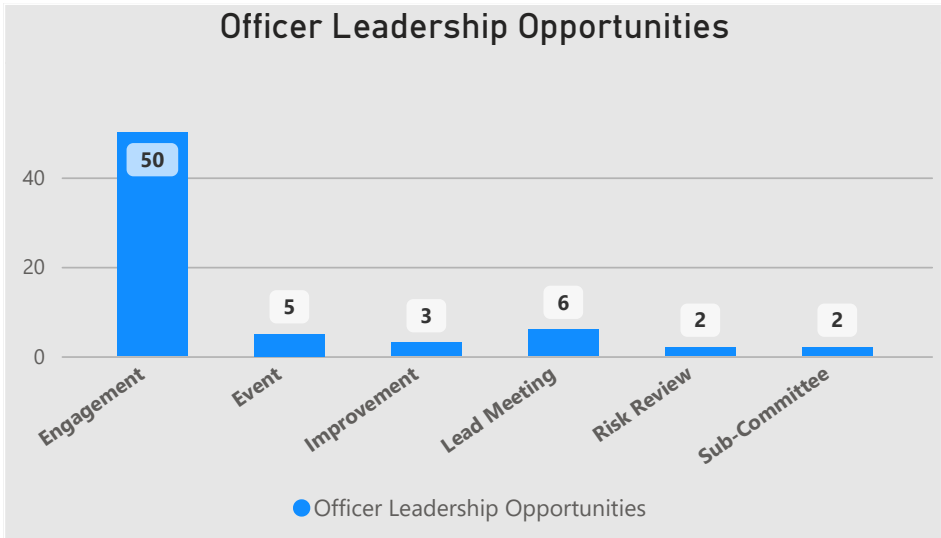


## HDC SAFETY INDEX

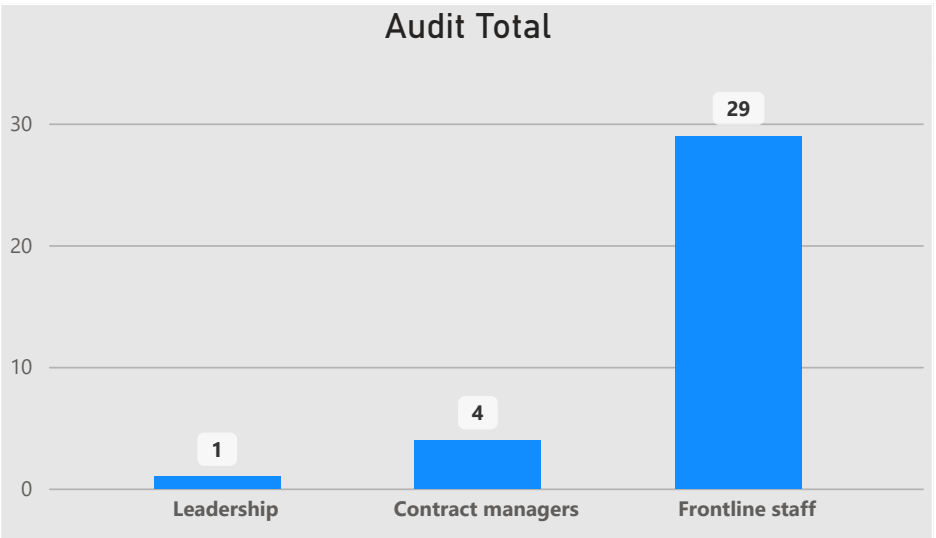
90%  
-5 ↓

## COMMENTARY

## Leading Engagement in Health, Safety and Wellbeing (Officers across the Organisation have the opportunity to lead in health, safety and wellbeing engagements)



## Lines of Defence Activity (Audits and inspections completed by Leadership, Contract managers, and Frontline staff)



The last quarter demonstrates strong engagement within the Leadership space. Members of the Senior Leadership Cohort (SLC) have been actively involved in health, safety, and wellbeing (HSW), as reflected in the top-left graph, which records 15 HSW moments. These moments represent instances where SLC members have engaged in health, safety, and wellbeing activities either individually or alongside their teams.

Since the last RAC meeting in August 2025, there have been incidents that were not reviewed within the required timeframe. This has resulted in a decreased score for this area. All incidents have since been completed.

Overall, performance in the previous quarter remains high. In Aquatics, 98% of incidents were reviewed on time, Community Centres and Libraries achieved a 100% on-time review rate, and the remainder of Council recorded a 97% on-time review rate.

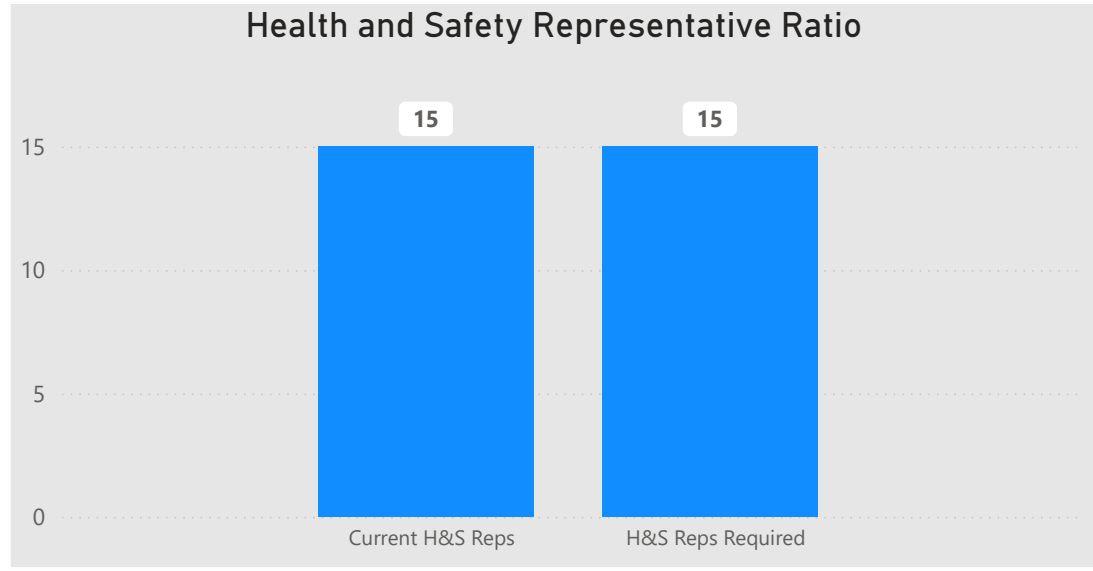
Mental Health Awareness Week was well supported across Council, and this is reflected in the high levels of engagement recorded during the quarter. Officer engagement has also been strong during the quarter, with 50 recorded instances of officer engagement in health and safety activities. Audit activity remains robust, with 29 audits completed over the past three months.

# Worker Engagement

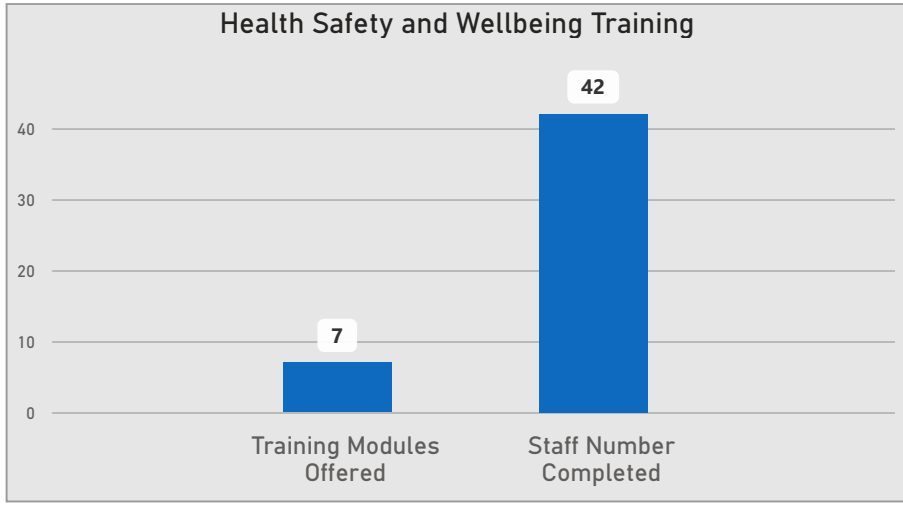
October 2025 - December 2025

Type	Key	Developing	Performing	Leadership
Worker Engagement	Benchmark HDC		2.18	4.08

**We Ensure We Have Enough Health and Safety Representatives**  
(1:19 Health and Safety Representative ratio maintained)



**We Ensure Our People Receive Essential Health and Safety Training**  
(PeopleSafe training records show all our peoples required health and safety training is current)



## HDC SAFETY INDEX



## COMMENTARY

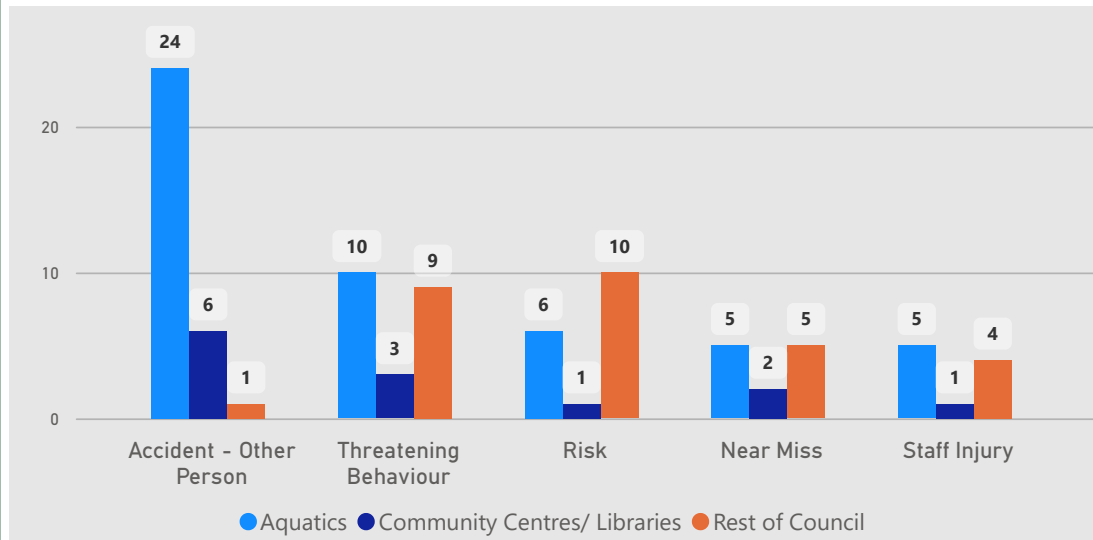
Our HSR numbers remain at 15 out of 15 - an indication of the value of Komiti Oranga, and officer interest in this space.

42 officers have attended training, with 7 different modules being offered. This include First Aid, Safeguarding Children, and health, safety and wellbeing Inductions.

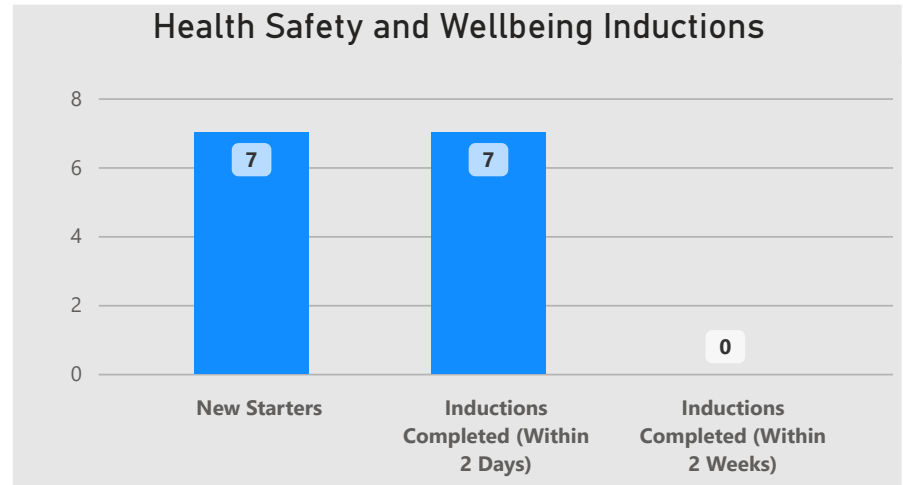
The two highest incident types over the past three months have been 'Accident - Other Person' and 'Threatening Behaviour'. Risk reviews, conversations, and safety plans are in place for all sites and officers are encouraged to report any and all incidents, accidents and near miss events.

In the aquatics space, the 'Accidents - Other Person' incidents are significantly higher than other areas - this trend is consistent across all months. This is due to the nature of aquatics facilities, where injuries can be common (slippery floors, water hazards, inflatables) however all officers are first aid trained and there are strong procedures in place to assist officers and customers in safely utilising their facility. The previous quarter also included school holiday programs which contributed to the higher reporting numbers due to the increased number of customers using the facility during this period.

**We Ensure All Incidents Are Reported**  
(All Incidents are Reported in PeopleSafe)



**We Ensure All new Starters Receive Essential Health, Safety and Wellbeing Information**  
(Health, Safety and Wellbeing Inductions completed for each new starter)



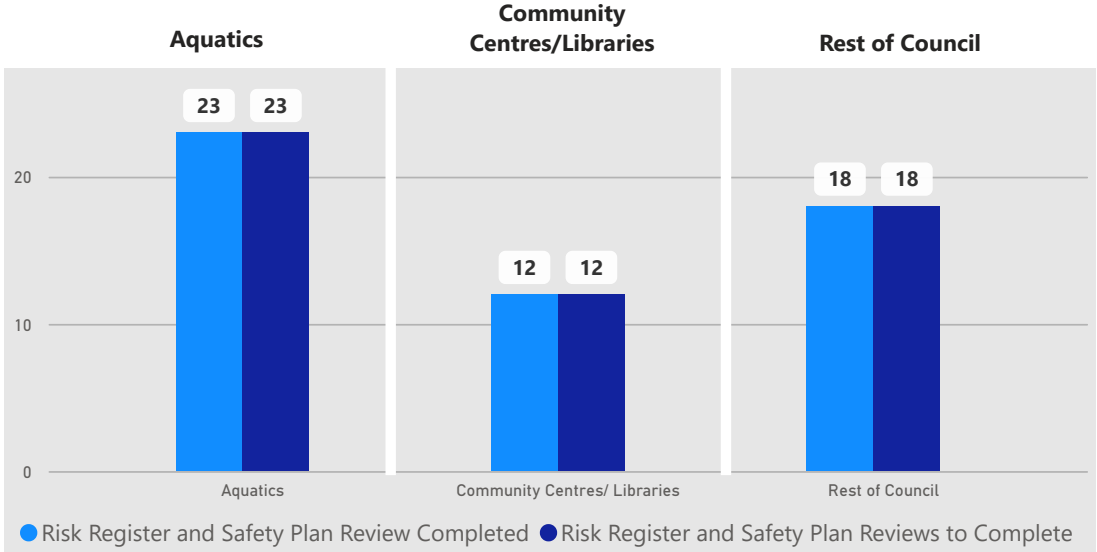
# Risk Management

October 2025 - December 2025

Type	Key	Developing	Performing	Leadership
Risk Management	Benchmark		2.45	
	HDC		3.33	

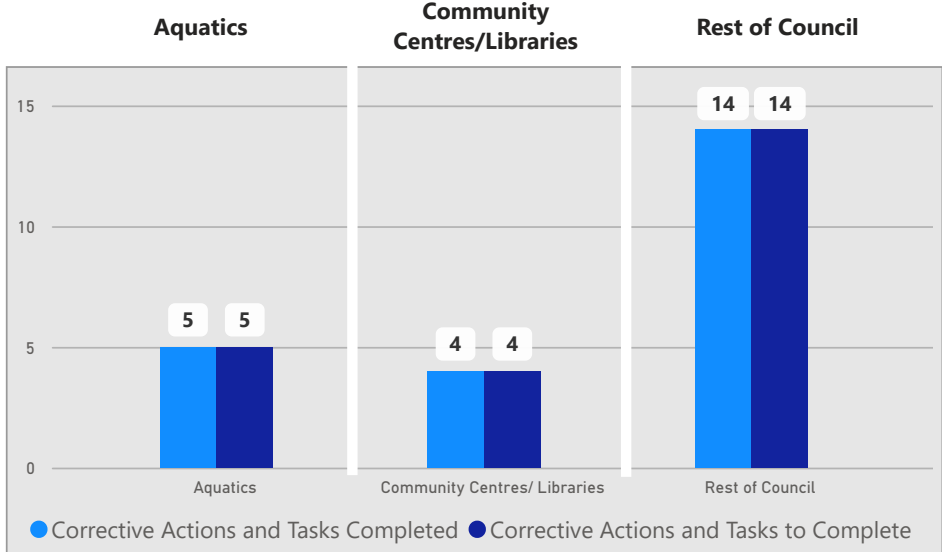
## We Ensure Our Critical Risk Management Controls Are Working

(Risk Register Reviews and Safety Plan Inspection Activity)



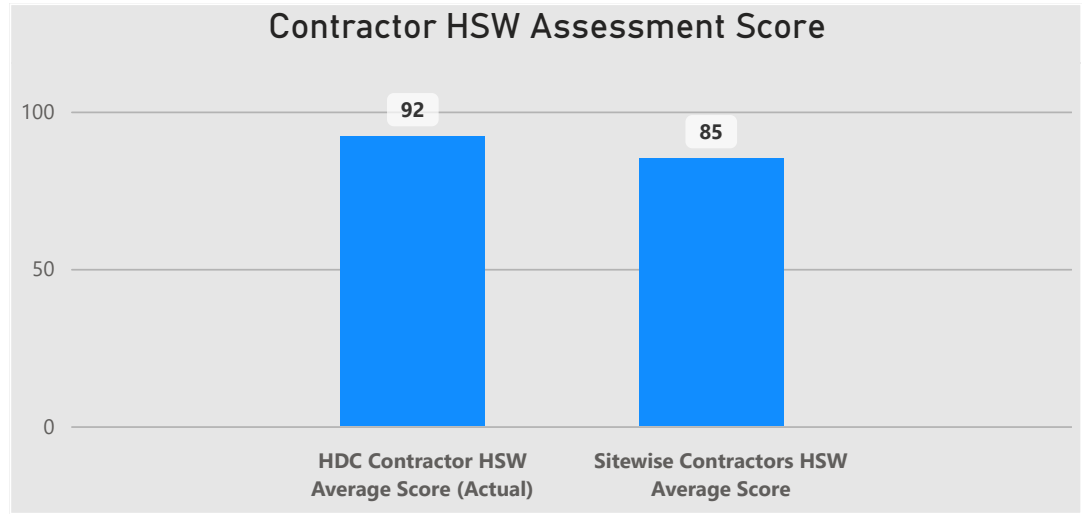
## We Ensure Corrective Actions and Tasks are Completed

(PeopleSafe Task Completion)



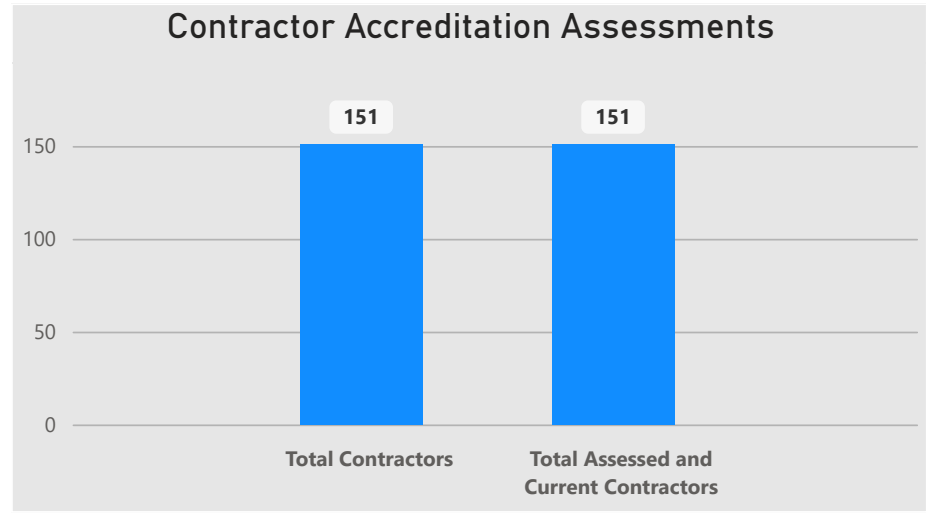
## We Ensure All Contractors Maintain a High Standard of Health, Safety and Wellbeing

(Our Contractors HSW Assessment Scores are Above Average in Sitewise)



## We Ensure All Contractor Accreditation Assessments are Up to Date

(Sitewise Assessments and Insurances are all up to date for all contractors)



## HDC SAFETY INDEX



## COMMENTARY

The Safety and Wellbeing team works in conjunction with each team to ensure risk registers remain up to date and fit for purpose. These registers were last completed over the last quarter 2025 and are subject to annual review, or reviewed as soon as practicable following a serious incident.

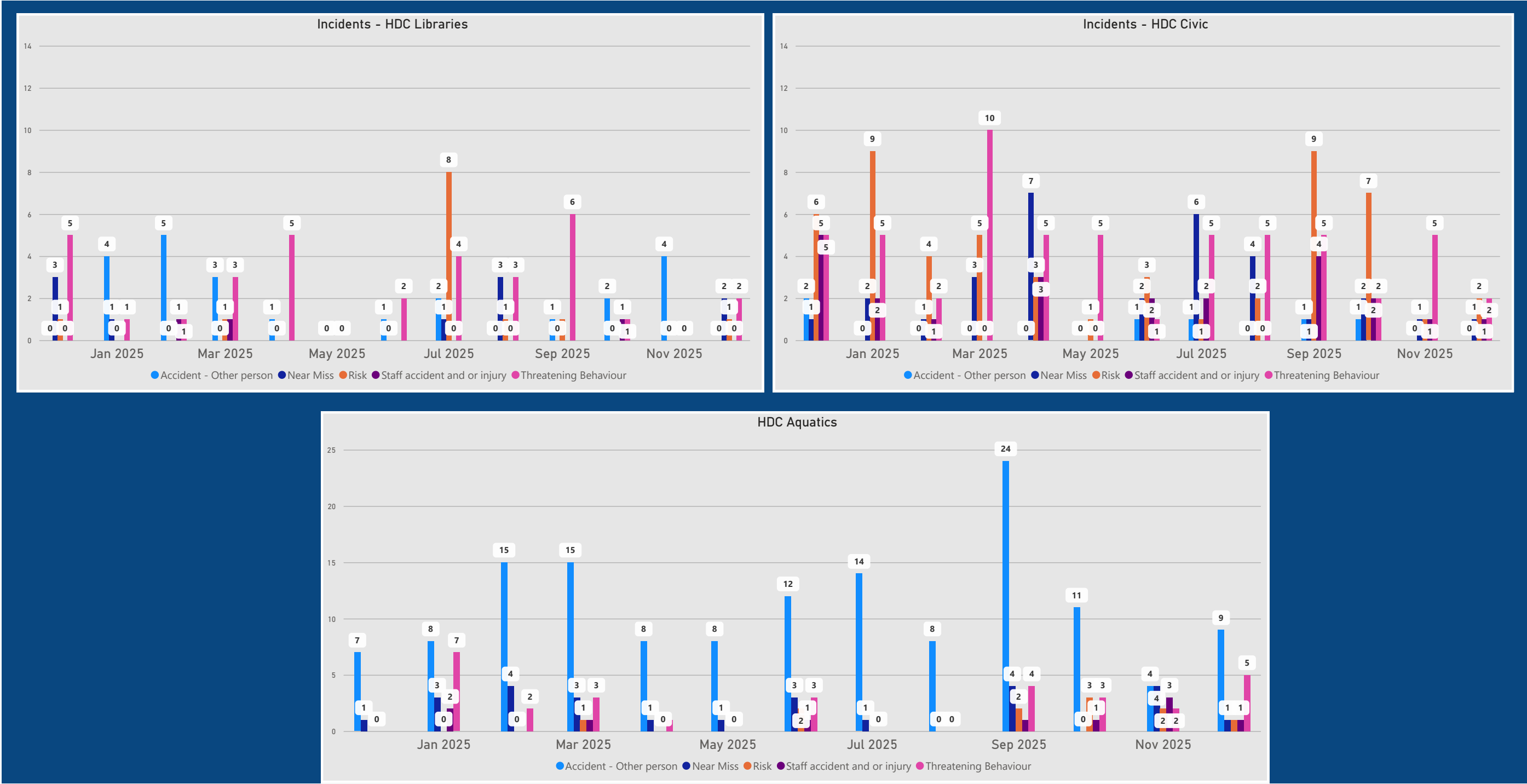
Corrective actions continue to be completed, ensuring risks are responded to and fixed in a timely manner.

Our contractor scores on SiteWise remain above average, with HDC Contractor Averages sitting at 92, and the SiteWise average being 85. All contractors must have a SiteWise score of 75 or above for HDC to engage them in work. Currently, we have 151 contractors in our register.



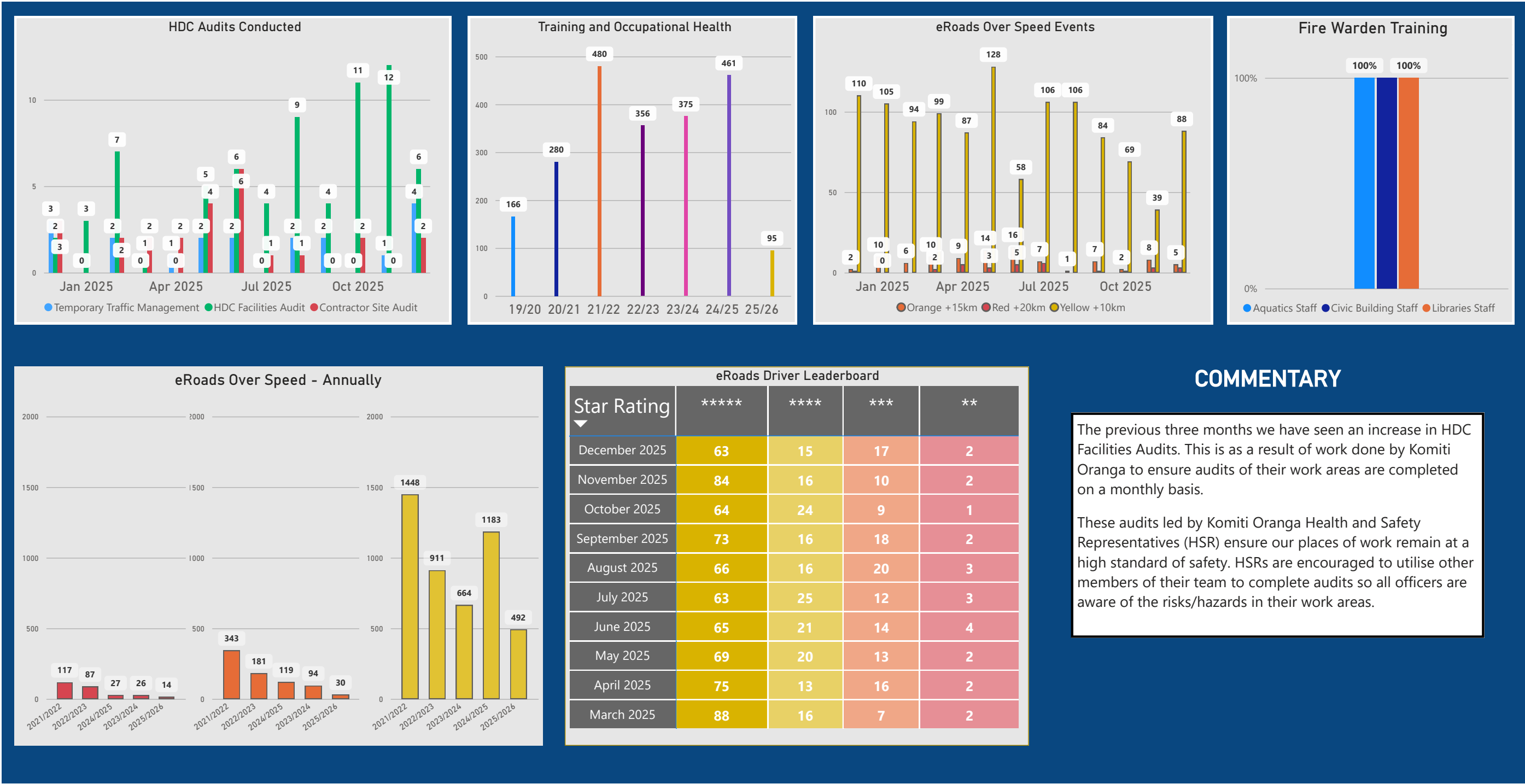
# HEALTH, SAFETY AND WELLBEING – 13 MONTH TRENDS

October 2025 - December 2025

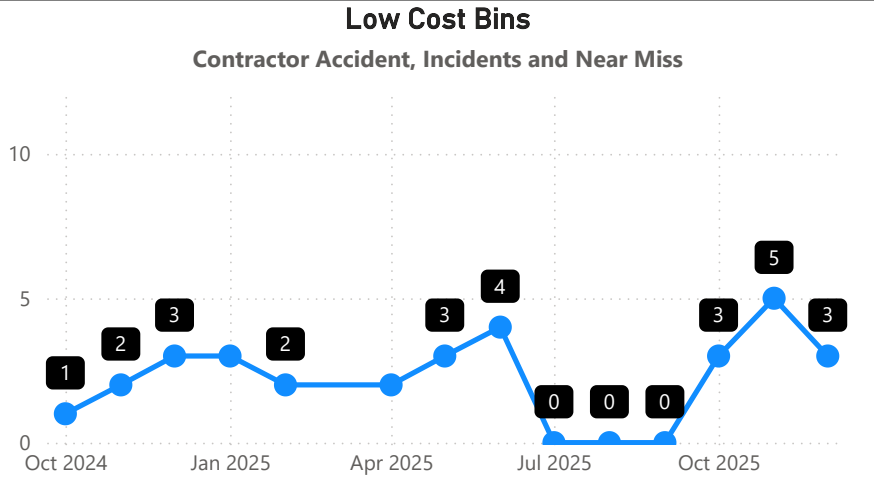
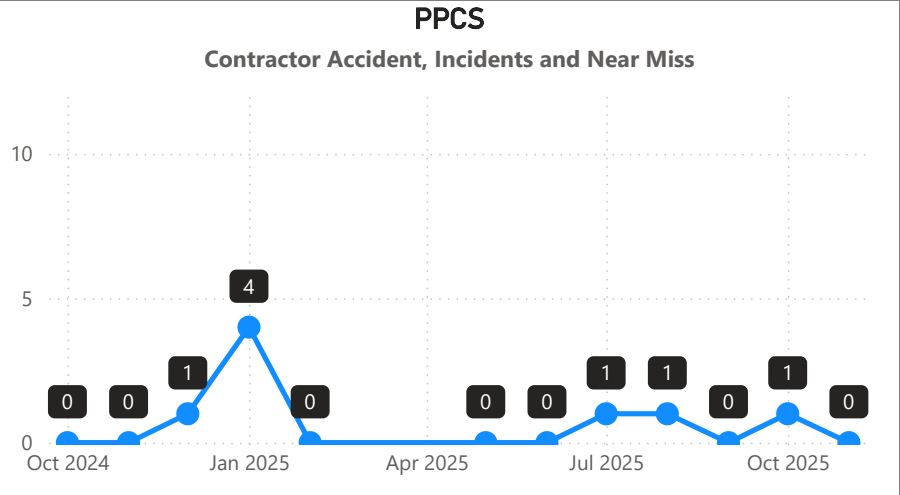
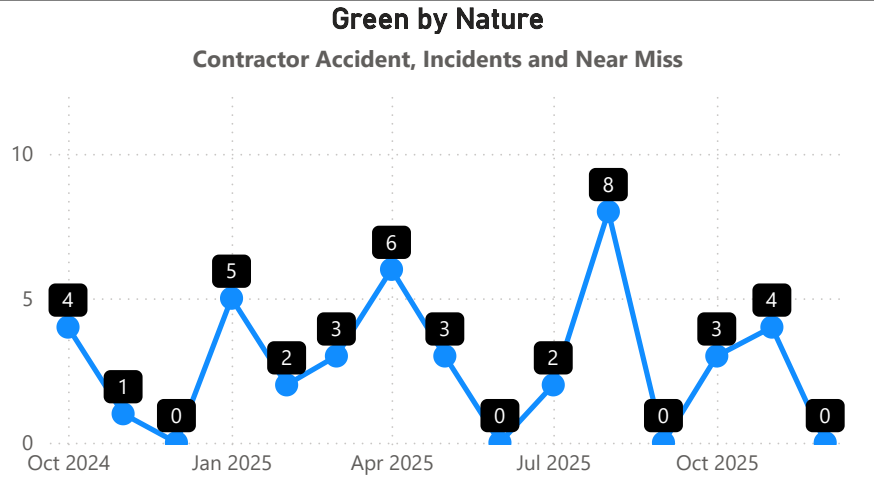
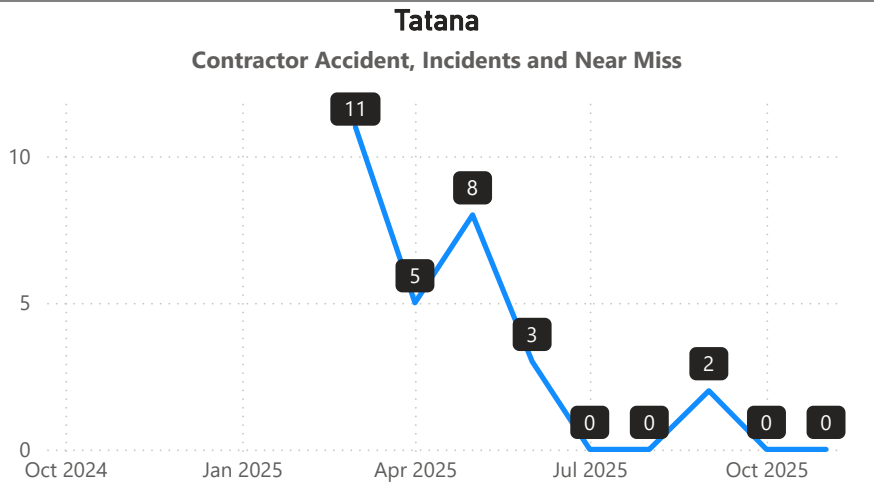
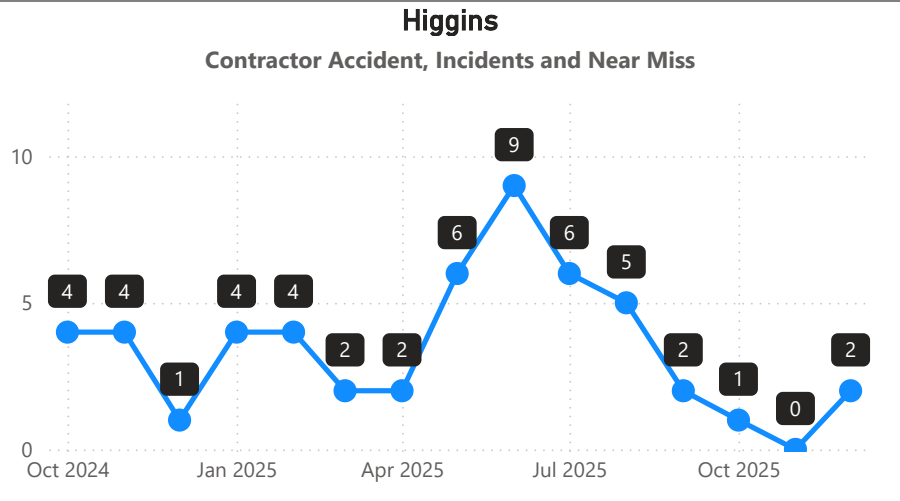


HEALTH, SAFETY AND WELLBEING – 13 MONTH TRENDS

October 2025 - December 2025



# Contractor Health and Safety Reporting



Site	Facilitator	Industry	Last Assessment:	Valid To:	Score
Green By Nature	Site Wise	Landscaping	Monday, 17 November 2025	Tuesday, 17 November 2026	100
Higgins Group Holdings Limited	Site Wise	Civil Construction	Saturday, 5 July 2025	Sunday, 5 July 2026	100
PPCS	Site Wise	Commercial Cleaning	Thursday, 20 March 2025	Friday, 20 March 2026	100
Northland Waste (Low Cost Bins)	IMPAC PREQUAL	Water Management	Monday, 18 March 2024	Wednesday, 18 March 2026	Successful Completion of PREQUAL
Tatana Contracting Limited	Totika	Civil Construction	Thursday, 24 April 2025	Friday, 24 April 2026	Successful Completion of SAFE365

# Emergency Situation Preparedness

(Scheduled Trials and Unplanned Events)

October 2025 - December 2025

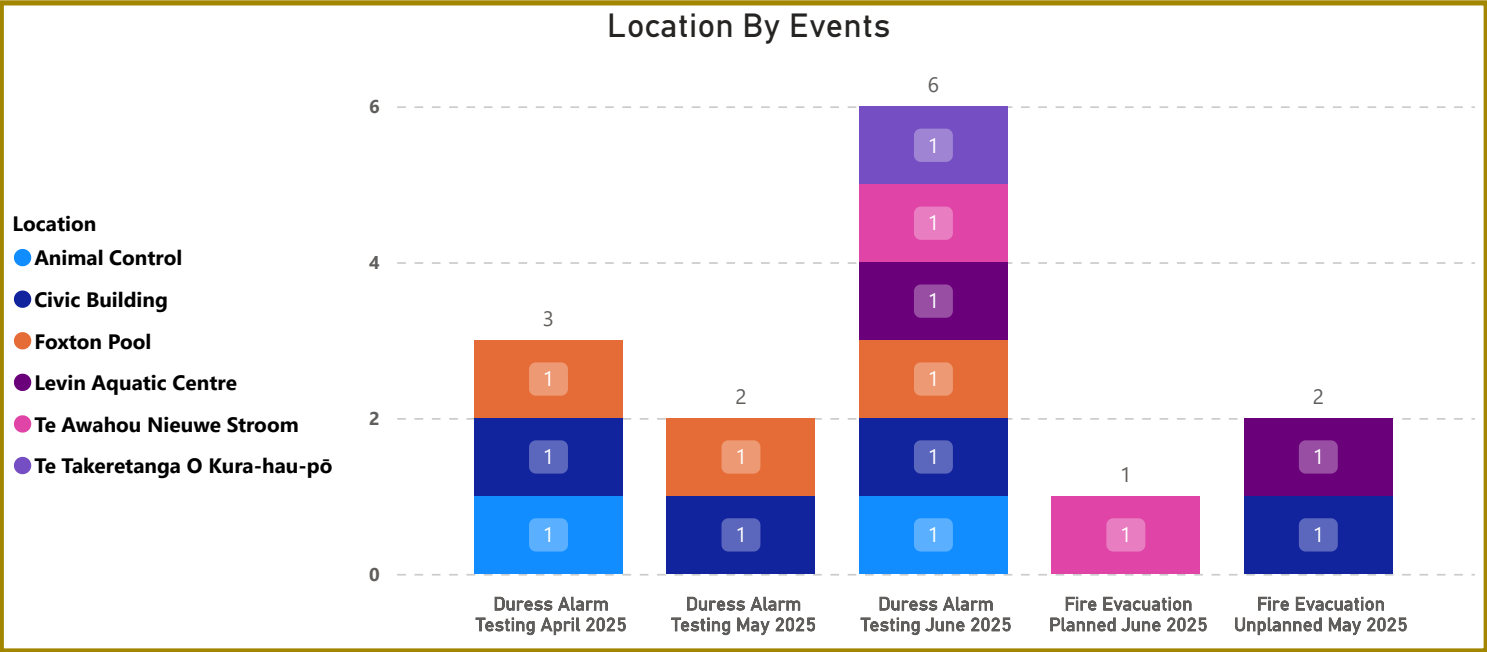
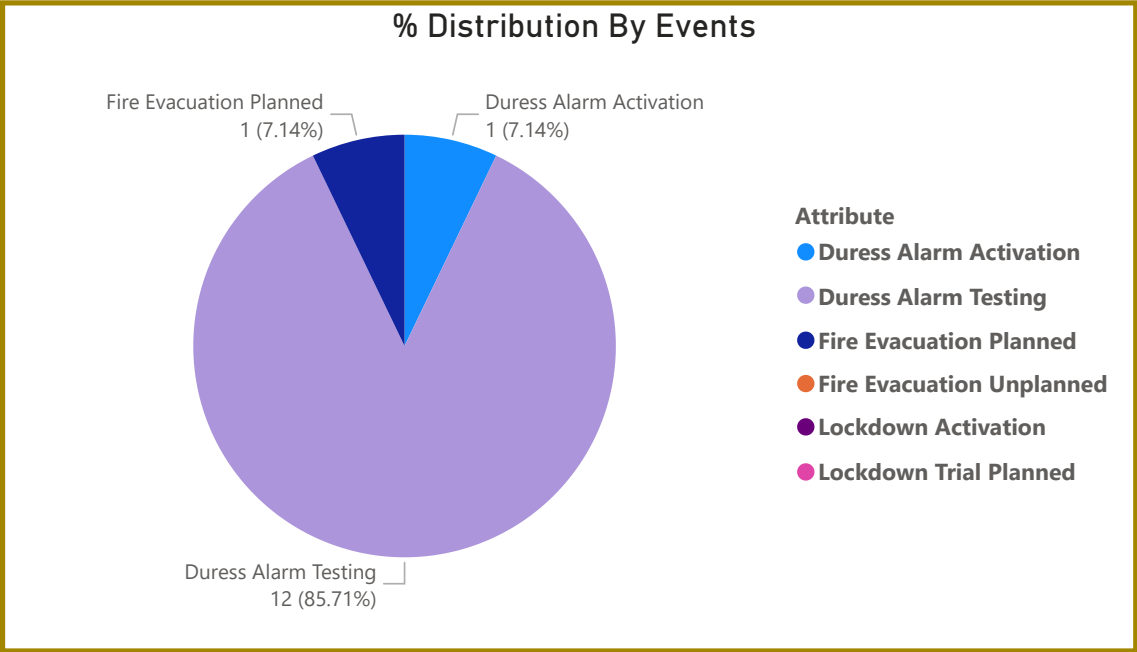
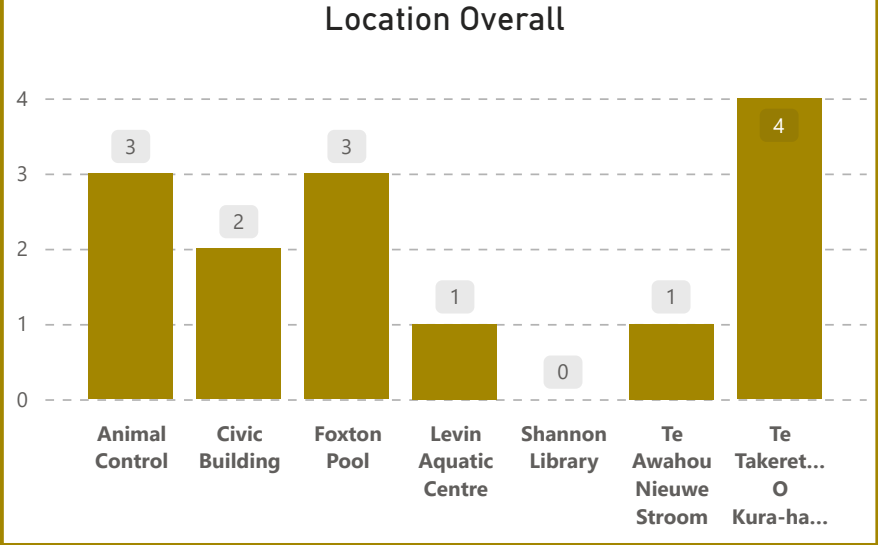
## COMMENTARY

There was an unplanned duress alarm activation as a result of an incident at Te Takeretanga o Kura-hau-pō where a physical altercation between two members of the public broke out in the main space. Officers followed the duress alarm procedure to alert other team members and ensure security services arrived at the location. Police were also on scene to deal with the incident.

Duress alarm testing occurred successfully across facilities.

A trial fire evacuation took place at Te Awahou Nieuwe Stroom putting into practice the emergency evacuation plan. This worked well, with officers providing positive feedback.

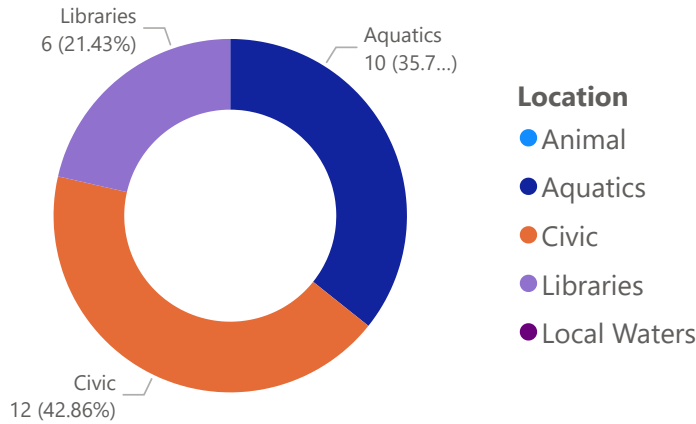
Location	Duress Alarm Activation	Duress Alarm Testing	Fire Evacuation Planned	Fire Evacuation Unplanned	Lockdown Activation	Lockdown Trial Planned
Te Takeretanga O Kura-hau-pō	1	3				
Te Awahou Nieuwe Stroom			1			
Shannon Library						
Levin Aquatic Centre		1				
Foxton Pool		3				
Civic Building		2				
Animal Control		3				



# Critical Risk Reporting

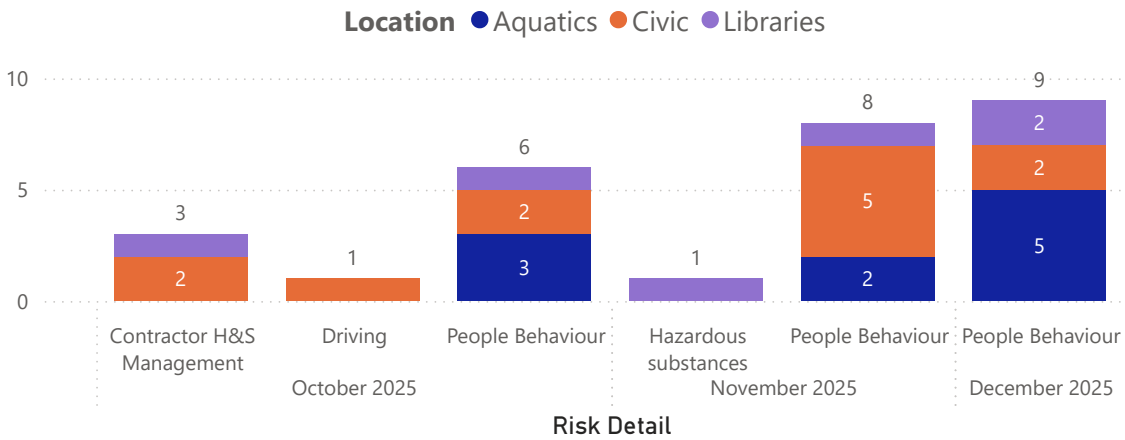
October 2025 - December 2025

Risk By Location

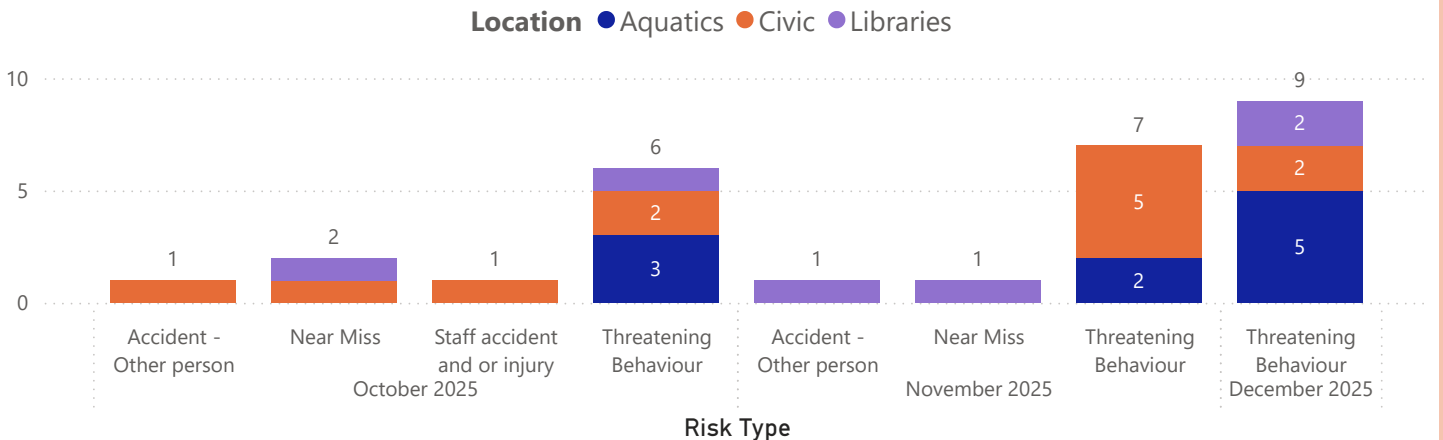


Location	Risk Type	Confined space dangers	Contractor H&S Management	Driving	Hazardous substances	Lone or Isolated staff	Moving stock off the road	People Behaviour	Psychological wellbeing	WorkSafe Notification
Animal	Accident - Other person									
	Near Miss									
	Staff accident and or injury									
	Threatening Behaviour									
	Total	0	0	0	0	0	0	0	0	0
Aquatics	Accident - Other person									
	Near Miss									
	Staff accident and or injury							10		
	Threatening Behaviour									
	Total	0	0	0	0	0	0	10	0	0
Civic	Accident - Other person		1							
	Near Miss		1							
	Staff accident and or injury			1				9		
	Threatening Behaviour									
	Total	0	2	1	0	0	0	9	0	0
Libraries	Accident - Other person							1		
	Near Miss		1		1					
	Staff accident and or injury									
	Threatening Behaviour							3		
	Total	0	1	0	1	0	0	4	0	0
Local Waters	Accident - Other person									
	Near Miss									
	Staff accident and or injury									
	Threatening Behaviour									
	Total	0	0	0	0	0	0	0	0	0
Total		0	3	1	1	0	0	23	0	0

Risk Details By Location



Risk Type By Location







## EXPLANATION OF DASHBOARD SCORING

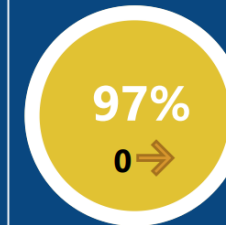
### HEALTH, SAFETY AND WELLBEING QUARTERLY REPORT October 2025 - December 2025



Type	Key	Developing	Performing	Leadership
Leadership	Benchmark HDC		2.33	4.16
Worker Engagement	Benchmark HDC		2.18	4.08
Risk Management	Benchmark HDC		2.45	3.33

Horowhenua District Council  
January 2026  
2025/2026

### HDC SAFETY INDEX



The first page of the dashboard provides an overview of how we have scored in our three primary areas of focus; Leadership, Worker Engagement, and Risk Management.

These areas of focus relate to the last SafePlus Assessment.

Leadership



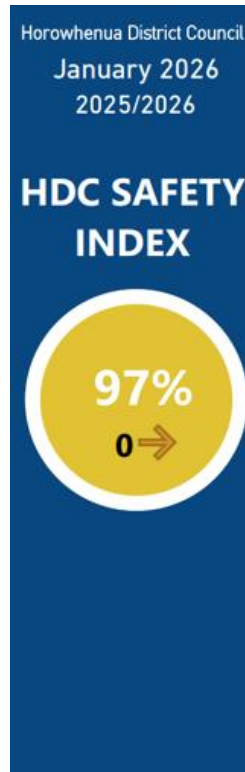
Worker Engagement



Risk Management







## HDC Safety Index

The HDC monthly dashboard reported to ELT has 4 metrics (graphs) reported in each Dashboard report, found on the pages Leadership, Risk Management and Worker Engagement.

These metrics form a balanced scorecard with the performance in each metric being rated out of 5. This gives a score out of 20 for each category (refer next slide).

The HDC Safety Index is calculated as being the average score across all three areas (Leadership + Worker Engagement + Risk Assessment)/3.

For the RAC report, the scoring looks at the full quarter, rather than just one month.



### Leadership

- 4 separate metric/graphs
- Marks out of 5 for each
- Total marks = 20

### Worker Engagement

- 4 separate metric/graphs
- Marks out of 5 for each
- Total marks = 20

### Risk Management

- 4 separate metric/graphs
- Marks out of 5 for each
- Total marks = 20

Type	Key	Developing	Performing	Leadership
Leadership	Benchmark HDC		2.33	4.16
Worker Engagement	Benchmark HDC		2.18	4.08
Risk Management	Benchmark HDC		2.45	3.33

**SafePlus** is a health and safety improvement toolkit for businesses. It was developed jointly by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment (MBIE).

The SafePlus toolkit supports organisations in developing a culture that includes everyone's health and safety practices and ideas, to build collective ownership of performance.

### HDC SafePlus Index

The HDC SafePlus Index is the score from the SafePlus assessment that HDC last completed in November 2023. A SafePlus assessment puts an organisation into one of three categories (developing, performing and leading) as a measure of their health and safety cultural maturity level.

To score the SafePlus assessment, each category is rated in a score range between 0 and 5. 0 is the beginning point of the 'Developing' category and 5 is the top end of the 'Leading Category.

The current overall HDC SafePlus Index is 77.3% meaning it is rating in the bottom half of the 'Leadership' category.

The SafePlus Index percentages are the decimal score transcribed into percentages e.g. Risk Management 3.33 = 67%. These scores only change after each SafePlus assessment is completed every two years.

Type	Key	Developing	Performing	Leadership
Leadership	Benchmark		2.33	
	HDC			4.16
Worker Engagement	Benchmark		2.18	
	HDC			4.08
Risk Management	Benchmark		2.45	
	HDC		3.33	

### SafePlus Benchmark Index

The benchmark referred to is a collection of 12 organisations that are Central Government Ministries or Regional and Local Government councils. The average SafePlus results across these organisations for each of the three categories are collated and fed into an overall score.

The weighting given to the three categories are – Leadership 30%; Risk 30%; Worker Engagement 40%. The combined average scores become a benchmark set at 100%. Against this we measure how HDC's last SafePlus Assessment score rates against the benchmark score. Currently, we are tracking above average for our SafePlus Benchmark index rating.

The benchmark and HDC score changes when further SafePlus assessments are completed.

File No.: 26/22

## 5.2 Risk Management Quarterly Report

Author(s)	Catherine Godfrey <b>Risk Advisor   Kaitohutohu Morearea</b>
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Approved by	Ashley Huria <b>Business Performance Manager   Tumu Tutukinga Pakihi</b>
	Nicki Brady <b>Group Manager Capability and Transformation   Kaiwhakahaere o Ngā Aheinga me te Whakaumu</b>

### PURPOSE | TE PŪTAKE

1. The purpose of this report is to inform the Risk and Assurance Committee on the risk management work and to ignite discussion with the committee about risk.

#### **This matter relates to Future Fit Horowhenua District Council**

Ensure governance and decision-making frameworks remain robust and future-proof to support community voice

#### **This matter relates to Delivering everyday**

While navigating a period of significant change, we will continue to deliver our services to our community effectively, efficiently, and reliably, maintaining strong business-as-usual performance as we implement our Council priorities.

### RECOMMENDATION | NGĀTAUNAKITANGA

- A. That Report 26/22 Risk Management Quarterly Report be received and noted.
- B. That the Risk and Assurance Committee endorse the Risk Management Framework and Policy as key components in leading effective risk management across the organisation, and recommend to Council for adoption.

### DISCUSSION | HE MATAPAKINGA

#### **Risk Management Overview**

2. An overview of current and upcoming risk management activities is provided below. This work supports the development of Council's risk profile and ongoing improvement of risk maturity across the organisation. Delivery of this work will involve both Council Officers and Elected Members.

## **Draft Risk Management Framework and Policy**

3. This section outlines the work that has been undertaken to review and refresh Council's Risk Management Framework and associated Workplan.
4. With the establishment of a newly formed Council and Risk and Assurance Committee and noting that the existing Risk Management Framework was also due for review, the timing was appropriate to undertake this work.
5. The development of the refreshed Framework has been informed by a review of Council's existing risk management arrangements, consideration of contemporary better practice, and reflection on how risk is currently identified, discussed, and managed across the organisation. This process has focused on what is working well, where greater clarity or consistency is required, and how the Framework can better support decision-making at both strategic and operational levels.
6. The review has not been approached as a full overhaul. Council already has a sound risk management structure in place; instead, the focus has been on reviewing the current framework, refreshing key elements, and identifying opportunities to strengthen and add further value. The Framework reflects how Council manages risk across its business and sets out the scope and design of Council's risk management system, including the processes used to identify, assess, manage, monitor, and continuously improve risk management practices.
7. The Framework has been deliberately designed to be concise, practical and usable. Its intent is to support officers and decision makers to meaningfully engage with risk as part of everyday activities, planning, and decision making. In doing so, it clearly sets the strategic direction for Council's approach to risk management going forward. Supporting operational guidance and tools will also be prepared for officers to assist in understanding and applying the Framework in practice.
8. The Framework continues to provide a clear structure, define roles and responsibilities for officers through to Elected Members, and outlines processes that support a consistent and proactive approach to managing risk. It reinforces the connection between good governance and effective decision-making, supports the achievement of strategic and operational objectives, and promotes a strong risk culture through top-down leadership and bottom-up engagement.
9. The overall approach has continued to align with the Australian/New Zealand International Standard for Risk Management – Principles and Guidelines (AS/NZS ISO 31000:2018) and adopts an integrated Three Lines Model.
10. You will note that Council's risk appetite has not been included at this stage. This is intentional, as it is proposed that Council collectively develop and agree on the risk appetite as part of the next phase of work.
11. The vision is to enhance Council's risk capability and maturity across the organisation through a deliberate and integrated approach, which will positively support the delivery of community outcomes.

12. The key elements of the Risk Management Framework and Workplan include:
  - Risk management framework
  - Risk maturity
  - Risk appetite
  - Risk governance
  - Risk communication
  - Risk awareness and training
13. The draft Risk Management Framework and Risk Policy are attached for commentary and endorsement from the Risk and Assurance Committee for adoption by Council.

### **Risk Maturity**

14. Council's current level of risk maturity is being assessed using the All of Government Enterprise Risk Maturity Assessment Framework.
15. Targeted engagement sessions have been held with officers across the organisation to gather input and achieve a broad level of participation. These sessions drew on officers' experience and practical understanding of risk management within their respective areas. At the same time, the sessions were deliberately used as an opportunity to lift organisational capability by upskilling officers in risk concepts, terminology, and expectations.
16. Responses from across the organisation have been mapped against the maturity assessment matrix. This will enable Council to develop a clear picture of its current risk maturity position, which will be visually represented to illustrate strengths, gaps, and areas of variation across the organisation.
17. Final analysis and moderation of the assessment results is currently underway to confirm Council's overall risk maturity rating.
18. Following confirmation of the assessment outcomes, the Risk Framework Workplan will be reviewed to ensure it appropriately targets the key areas requiring further focus and development to support the ongoing uplift of Council's risk capability and maturity.

### **Risk Appetite**

19. Council's risk appetite will be developed in 2026 in partnership with Elected Members and the Executive Leadership Team. In March 2026, all Elected Members will receive a briefing on risk appetite, along with a risk appetite survey to complete. Survey results will be collated and analysed, with findings reported back to and discussed with Elected Members in April. Subject to progress and whether additional meetings with Elected Members are required to finalise the risk appetite, the intention is to present the risk appetite to Council for adoption on 29 April 2026.
20. Risk appetite defines the amount and type of risk Council is willing to accept in pursuit of our strategic and operational objectives. It provides clarity for decision-making by outlining the boundaries within which risks can be taken, balancing potential benefits against the impact on Council's objectives.
21. Once established, our set risk appetite will guide decision making, ensure risks are managed within acceptable levels, and provide Council Officers with clear direction on identifying, escalating, and responding to risks. A formally defined risk appetite will also strengthen



governance by linking risk management directly to Council's strategic objectives and oversight responsibilities.

22. Once this work is completed the Risk Management Framework will be updated to incorporate the results of our set risk appetite.

### **Top Risks**

23. We will be changing how strategic risks are reported through to the Risk and Assurance Committee to ensure a clearer focus on the most critical strategic risks.
24. Over time, some previously identified strategic risks have become overly specific, reflected issues rather than risks, or shifted toward day-to-day operational matters rather than remaining strategic in nature.
25. To address this, we will establish a refined set of top risks to provide Council with a clear view of the highest-level strategic risks that could affect Council's ability to achieve our objectives, deliver community outcomes, and maintain public trust. This will provide Council with a concise view of the most significant organisational risks.
26. The top risks will be reviewed and confirmed annually, with the refined list presented to the Risk and Assurance Committee for review and endorsement to ensure ongoing relevance and alignment with Council's strategic objectives.
27. The way risks will be reported going forward to the Risk and Assurance Committee will also be revised to ensure a clearer and more consistent focus on Council's most critical risks and to avoid delving into the operational space.
28. Risk reporting will distinguish between top risks and strategic risks:
- Top risks having the highest potential impact on Council and could prevent the achievement of our vision, community outcomes, and strategic priorities. And set on an annual basis.
  - Strategic risks being the remaining strategic risks with a lower-level potential impact on Council.

### **ComplyWith Legislative Compliance**

29. In March 2025, the first ComplyWith legislative compliance survey was conducted, covering the period from 1 March 2024 to 28 February 2025. 38 legislative obligations were recorded as partially compliant and two legislative obligations were recorded as non compliant, with all requiring corrective actions. Action plans were implemented to address these, with the majority resolved. Currently, 14 legislative obligations remain subject to active action plans.
30. The work undertaken to improve legislative compliance reflects positively on both Council Officers and Council. It demonstrates a strong culture of risk awareness and a proactive approach to reviewing, investigating and resolving reported compliance matters.
31. The next ComplyWith legislative compliance survey is schedule for the beginning of March 2026 and will cover the period from 1 March 2025 to 28 February 2026. The results of which will be reported through to the Risk and Assurance Committee.

### **Local Waters Resource Consent Compliance – Progress Update**

32. Council currently manages over 40 active resource consents, comprising approximately 2,000 consent conditions across its three waters activities (water, wastewater, and



- stormwater). These consents represent a significant regulatory obligation and a key area of operational and compliance risk.
33. Currently, and historically, compliance monitoring has been managed through Excel-based dashboards. While this approach provided a foundational level of visibility, the scale and complexity of conditions increasingly highlighted the need for a more robust, sustainable, and system-driven solution to support ongoing compliance assurance. It was therefore determined that a specialist compliance management system was required.
  34. Over the past four months, officers have proactively assessed a range of specialist compliance management systems to strengthen Council's governance, risk management, and assurance capability. As a result of this work, CS-VUE has been identified as the preferred solution. This platform is already in use by several local authorities and is purpose-built for environmental monitoring, resource consent compliance, and regulatory reporting.
  35. CS-VUE will provide Council with a centralised, cloud-based compliance management system, significantly improving visibility, traceability, and reporting across all consent conditions. The system reduces reliance on manual spreadsheets, supports real-time oversight, and enables consistent monitoring of compliance obligations across teams. Importantly, it provides secure access to dashboards and reports for managers, compliance staff, executive leadership, and elected members—strengthening organisational transparency and assurance.
  36. The implementation of CS-VUE represents a material step forward in reducing compliance risk, improving governance oversight, and enabling informed decision-making. Enhanced accuracy and reporting capability will allow Council to set higher performance benchmarks, strengthen regulatory confidence, and better manage risk across its three waters activities.
  37. This initiative demonstrates a proactive and forward-looking approach to compliance management and aligns with Council's commitment to sound governance, continuous improvement, and responsible infrastructure management.
  38. The roll out for this program is approximately six weeks as the software is loaded with each consent, legislative requirement and consent condition. A compliance dashboard can be provided from CS-VUE at the next Risk and Assurance Committee meeting.

#### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

#### **ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

<b>No.</b>	<b>Title</b>	<b>Page</b>
<a href="#">A</a>	Risk Management Framework 2026 - 11 February 2026	30
<a href="#">B</a>	Risk Policy 2026 - 11 February 2026	60



# Risk Management Framework

**2026**



## Document Review and Approval

Group	Organisation Performance
Author	Risk Advisor
Approved	
Date Approved	
Review Date	
Version	

## Document Version History

Version	Reviewed By	Review Date	Reason

## Document Review Approach

The Risk Management Framework will undergo a formal review every three years. This review will encompass all associated documentation, including the Risk Management Framework, Risk Strategy, Risk Policy, and related Guides. Regular reviews will ensure that the Framework remains current, effective, and aligned with Horowhenua District Council's approach to risk management. In addition to the scheduled review cycle, the Risk Management Framework documentation may be updated at any time to reflect new or emerging risk management information and practices.

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## 1. Introduction

### 1.1. Summary

The Risk Management Framework (Framework) outlines how Horowhenua District Council (HDC) manages risk across the organisation. Risk management is a critical component in enabling HDC to achieve our strategic and operational objectives, while maintaining trust and delivering positive outcomes.

The Framework:

- Provides a clear structure and guidance for how we manage risk.
- Outlines the responsibilities, processes and practices that support a consistent and proactive approach to managing risk.
- Reinforces the connections between good governance and effective risk management, ensuring that risk considerations are fully integrated into decision making.
- Supports the effective management of risk to enable HDC to achieve strategic and operational objectives.

By embedding risk management across the HDC, we will be better equipped to:

- Adapt to change and uncertainty.
- Protect our people, assets, finances and reputation.
- Comply with legislative and regulatory obligations.
- Make informed, transparent, and accountable decisions.
- Deliver services effectively and efficiently.
- Create and sustain long-term value for the Horowhenua community.

It is important that HDC staff understand:

- Everyone is responsible for managing risk.
- Risk is not solely a threat or barrier; it can also enable innovation and add value.
- Successful implementation of the Framework requires leadership commitment and active engagement from all employees.

The Framework has been developed in alignment with:

- AS/NZS ISO 31000:2018 Risk Management Guidelines, which provides internationally recognised principles and guidelines for effective risk management.
- The Institute of Internal Auditor's (IIA) Three Lines Model which provides a clear structure for defining roles, responsibilities, and accountabilities for managing risk.
- All of Government Enterprise Risk Maturity Assessment Framework.

### 1.2. Objectives of Risk Management

The key risk management objectives for HDC are:

**Strategic alignment:**

- Embed risk management within planning, operations, and decision-making processes to align with Council's Long Term Plan and objectives.
- Strengthen the achievement of our vision, strategic priorities, and desired outcomes.

**Compliance and governance**

- Fulfil all legal, regulatory and statutory obligations.
- Maintain sound governance practices that ensure integrity, transparency, and accountability.
- Protect the integrity, availability, and confidentiality of our information and data assets.

**Financial**

- Optimally balance the cost of managing uncertainty with the need to protect Council's financial stability and the long-term integrity of our assets.
- Support responsible stewardship of public funds and resources.

**Environmental**

- Ensure the long-term sustainability and health of the natural environment through responsible management of environmental risks.

**People and culture**

- Foster a positive risk culture that encourages open communication and collaboration across Council and with external stakeholders.
- Safeguard the health, safety, and well-being of all employees, contractors, and visitors.

**Continuous improvement and innovation**

- Regularly review and improve risk management practices to ensure they remain effective, relevant, and responsive to a changing environment.
- Support innovation and adaptive thinking by effectively managing uncertainty.

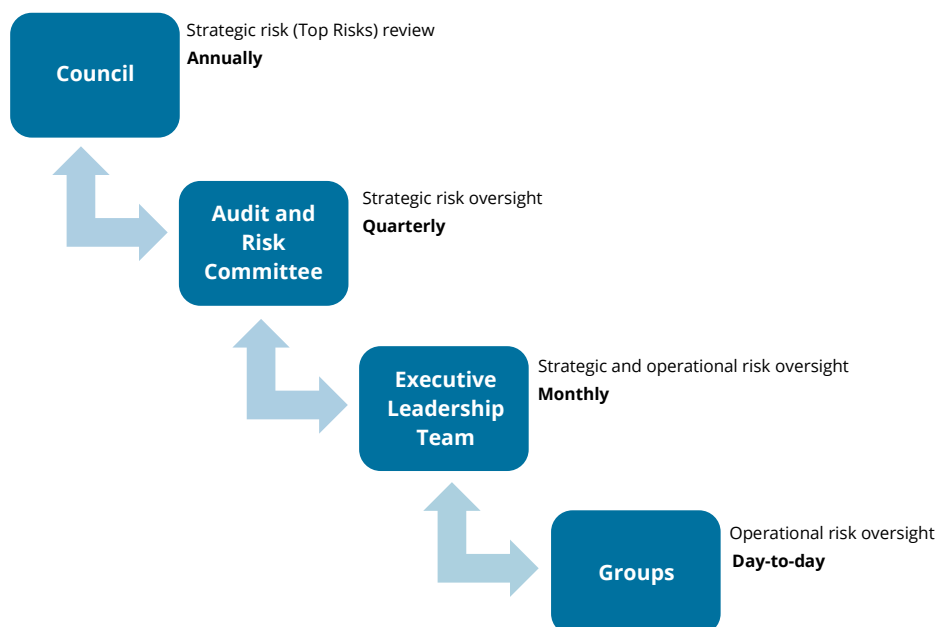
**Community focus**

- Protect the safety, well-being, and trust of the Horowhenua community.
- Ensure Council can continue providing essential services and delivering community outcomes, even during times of disruption.

## 2. Structure

### 2.1. Reporting Structure

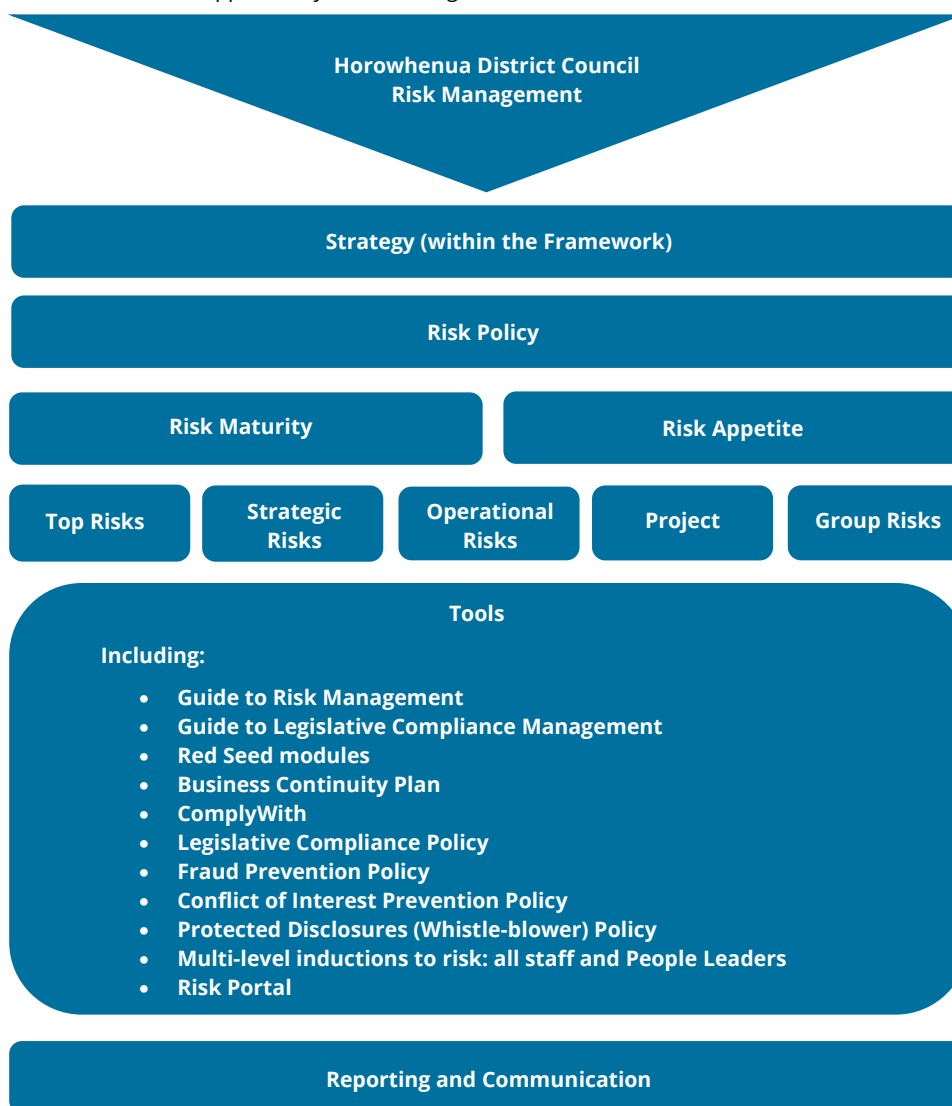
Risk information flows down from Council and is reported up from Groups. The following chart shows the flow of responsibility for HDC:



In addition to regular reporting, any risks or issues that arise between reporting cycles will be proactively raised with and/or escalated to relevant people, ensuring the right people are informed and involved in the decision-making. This includes the escalation of risk information to the Chief Executive, who has an ongoing responsibility to escalate risk information to the Mayor and Chair of the Risk and Assurance Committee. Further information on Risk Escalation can be found in section 4.3 of the Framework.

## 2.2. Supporting Documentation

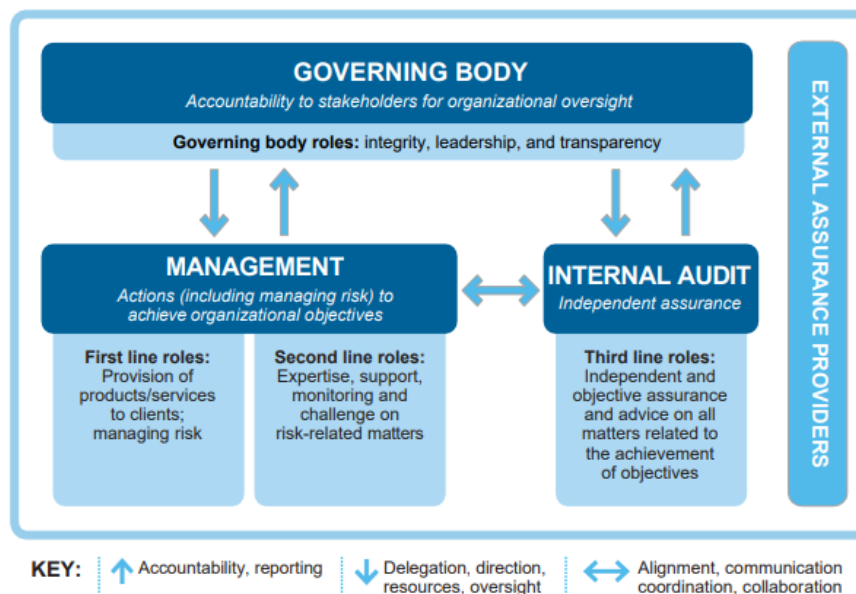
The Framework is supported by the following documentation and tools:



## 2.3. Three Lines Model

HDC is adopting the Institute of Internal Auditor's (IIA) Three Lines Model. The Three Lines Model will enable HDC to ensure clear risk management roles and responsibilities across the organisation. This will support good governance, effective risk management, and the achievement of HDC's strategic and operational objectives.

### The IIA's Three Lines Model



At HDC, the Three Lines Model is structured by:

- **First Line – Management:** the first line consists of managers and staff who own and manage risks as part of their day-to-day responsibilities.
- **Second Line – Oversight and Support:** the second line provides support, guidance, and oversight to enable effective risk management. Functions such as risk management, compliance, finance, People and Capability, and health, safety and wellbeing develop and maintain the frameworks, policies, and tools that support a consistent approach to risk. They also monitor and report on risk performance.
- **Third Line – Independent Assurance:** while HDC does not maintain a formal internal audit function, independent assurance is provided through sharing our internal audit functions across areas such as risk management, compliance, finance, Health, Safety and Wellbeing, People and Capability, the Executive Leadership Team (ELT), the Risk and Assurance Committee (RAC), independent members on the RAC. And we have external auditors. This supports transparency, accountability, and continuous improvement.

## 2.4. Roles and Responsibilities

Effective risk management requires clearly defined roles and responsibilities at all levels of HDC, supported by both top-down leadership and bottom-up engagement. The roles and responsibilities for risk management are detailed in the table below:



Role	Responsibilities
<b>Council (Risk Governors)</b>	<ul style="list-style-type: none"> <li>Governors of risk management.</li> <li>Sets the tone and objectives.</li> <li>Responsible for monitoring risks.</li> <li>Defines Council's risk appetite.</li> <li>May delegate to the RAC and Chief Executive.</li> </ul>
<b>Risk and Assurance Committee (Risk Governors)</b>	<ul style="list-style-type: none"> <li>Governors of risk management.</li> <li>Endorses the Framework.</li> <li>Endorses the Top Risks.</li> <li>Ensures that HDC has appropriate risk management and internal controls in place.</li> <li>Receive and respond to Council Officer's reports and external reports.</li> </ul>
<b>Chief Executive (Risk Owner)</b>	<ul style="list-style-type: none"> <li>Risk management sponsor and responsible for managing risk.</li> <li>Sets the tone at the top for risk awareness.</li> <li>Determines how risk management activities will be coordinated.</li> <li>Allocation of resources to achieve the objectives of risk management.</li> </ul>
<b>Executive Leadership Team (Collective)</b>	<ul style="list-style-type: none"> <li>Ensures the Framework is in place and reviewed periodically to facilitate continuous improvement.</li> <li>Works with Council (Risk Governors) to set the risk appetite.</li> <li>Promotes positive risk management culture within Groups.</li> <li>Have practices within their Group to: <ul style="list-style-type: none"> <li>Identify, assess and monitor risks.</li> <li>Assign responsibility to manage risks.</li> <li>Appropriately communicate and escalate risks as required.</li> <li>Record risks.</li> </ul> </li> <li>Ensure risks are managed within set risk appetite.</li> </ul>
<b>Risk Advisor</b>	<ul style="list-style-type: none"> <li>Manages and mentors the risk management process for all staff.</li> <li>Supports HDC in maintaining the risk registers.</li> <li>Reviews the risk registers and the effectiveness of managing risks.</li> <li>Receives information on emerging risks and considers they are managed.</li> <li>Facilitates and supports risk management and resilience tools (e.g. business continuity, risk appetite, risk maturity, legislative compliance).</li> <li>Reports on risk management to the Senior Leadership Cohort (SLC) and ELT.</li> <li>Reports on risk management performance to the RAC, and Council.</li> </ul>

<b>People Leaders (Managers/Team Leaders/Coordinators)</b>	<ul style="list-style-type: none"> <li>Understands the Framework and their role and responsibilities within it.</li> <li>Identify, monitor and report risks and potential risks as soon as possible.</li> <li>Understands that everyone at HDC is responsible for managing risk.</li> </ul>
<b>All Employees</b>	<ul style="list-style-type: none"> <li>Participate in risk management training.</li> <li>Identify, monitor and report risks and potential risks as soon as possible.</li> <li>Understands the Framework and their role in managing risk at HDC.</li> <li>Understands that everyone at HDC is responsible for managing risk.</li> </ul>

## 2.5. Types of Risk

At HDC we categorise our risks as:

Type of risk	Definition
<b>Strategic (Top Risks)</b>	<p>Strategic Risks are also known as Top Risks. They are those risks that have the highest potential impact on HDC and could prevent us from achieving our vision, community outcomes and strategic priorities.</p> <p>These risks are typically linked to external events, or occurrences or global issues and have the potential to affect multiple areas across HDC.</p> <p>Effectively identifying and managing strategic risks ensures that we can respond proactively to risks and opportunities, supporting informed decision-making and long-term resilience.</p>
<b>Operational</b>	<p>Operational Risks are risks that arise from the day-to-day activities of HDC. These risks may affect the efficiency, effectiveness, or continuity of services or processes.</p> <p>Operational Risks are typically internal.</p> <p>Effective management of Operational Risks ensures we can deliver core services safely, reliably, and efficiently. If an Operational Risk is of high importance, it may be escalated to the RAC.</p>
<b>Project</b>	<p>Project Risks are risks that arise from projects or initiatives we undertake. They can impact on the scope, schedule, cost, quality, or outcome of a project and may affect strategic or operational objectives.</p> <p>Project Risks can be internal or external and may emerge at any stage of the project lifecycle.</p> <p>Project Risks will be relatively common between different projects.</p>

### 3. Strategy

#### 3.1. Risk Appetite

Risk appetite defines the amount and type of risk we are willing to accept in pursuit of our objectives. The risk appetite is set by Council and ELT. The risk appetite will be set in 2026.

Having a clearly defined risk appetite gives clarity to all at HDC about the nature and degree of risks that can be taken. Risk management is about finding an acceptable balance between the impact on objectives should a risk be realised, and the treating the risk to align with appetite.

Understanding risk appetite supports and informs planning and decision making.

#### 3.2. Risk Maturity

Risk maturity is a journey and requires continuous improvement to build our risk maturity and embed good risk management practices across HDC. Continuous improvement is essential to ensure HDC remains resilient in a changing risk environment, adapts to emerging threats and opportunities, and continuously strengthens our capability to identify, assess, manage, and monitor risk.

Our risk maturity is aligned with the All of Government Enterprise Risk Maturity Assessment Framework. This enables us to objectively assess our current risk maturity level, identify gaps, and prioritise opportunities for improvement.

### 4. Risk Process

#### 4.1. Risk Management Process

For the risk management process to be efficient and effective, it must be:

- An integral part of management and decision making.
- Embedded in the culture and practices.
- Tailored to the business planning of HDC.

Our risk management process is aligned with the process described within AS/NZ ISO 31000: 2018 Risk Management Guidelines.

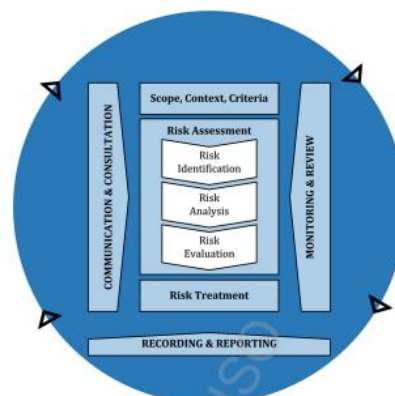


Figure 4 – Process  
AS/NZ ISO 31000: 2018 Risk Management Guidelines

The table below summarises the steps in the process. Further information will be provided in the Guide to Risk Management. The Guide to Risk Management will be developed in 2026.

Process	Description
<b>Communication and consultation</b>	<p>We involve the right people throughout the process, so decisions are well-informed and supported. In practice this means:</p> <ul style="list-style-type: none"> <li>Explaining risks, decisions, and required actions clearly.</li> <li>Collecting feedback and insights from staff, leaders, and stakeholders.</li> <li>Making sure that everyone understands why decisions are made.</li> </ul> <p>Communication builds awareness; consultation helps us make better decisions.</p>
<b>Scope, context and criteria</b>	<p>Before assessing risks, we define:</p> <ul style="list-style-type: none"> <li>The scope: what activity, project, or area we are assessing.</li> <li>The context: internal and external factors that may influence outcomes.</li> <li>The criteria: how we will judge the impact and likelihood of risks.</li> </ul> <p>This ensures assessments are consistent, relevant, and aligned with our objectives.</p>
<b>Risk identification</b>	<p>We identify anything uncertain that could affect our ability to achieve our objectives, positively or negatively. This includes, the source of the risk, what might cause it, and what could happen if it occurs. We use reliable, relevant, and up-to-date information to ensure nothing important is overlooked.</p>
<b>Risk analysis</b>	<p>We examine each identified risk in more detail to understand its causes, consequences, and likelihood. This involves considering:</p> <ul style="list-style-type: none"> <li>Uncertainties and risk sources.</li> <li>Potential consequences.</li> <li>How likely the risk is to occur.</li> <li>Existing controls and how effective they are.</li> <li>Possible scenarios that could increase or reduce exposure.</li> </ul> <p>The goal is to understand the level of risk we are facing.</p>
<b>Risk evaluation</b>	<p>We compare the analysed level of risk with our risk criteria to decide whether further action is needed.</p> <p>We also assess the strength and effectiveness of current controls using this scale:</p> <ul style="list-style-type: none"> <li><b>Deficient:</b> no controls or controls are failing.</li> <li><b>Partial:</b> some controls exist but are not fully effective.</li> <li><b>Moderate:</b> controls work reasonably well but could be improved.</li> <li><b>Strong:</b> controls are comprehensive and performing effectively.</li> </ul> <p>This step helps us prioritise which risks require treatment.</p>

<b>Risk treatment</b>	We select and implement the best option for managing the risk or opportunity. Options include accept, transfer, avoid, or reduce the likelihood/impact of the threat or opportunity. The chosen treatment should balance benefits with cost, effort, and practicality. Our risk tolerance informs how strong and extensive our response needs to be.
<b>Monitoring and review</b>	We regularly monitor risks, controls, and treatments to ensure they remain effective and relevant. This includes checking whether controls are still working, whether treatments are being implemented as planned, whether circumstances have changed, and whether new risks have emerged. This ensures the risk profile remains accurate over time.
<b>Recording and reporting</b>	We maintain clear records of identified risks, assessments, decisions, and treatments. Reporting ensures transparency, consistency, better decision-making, and stronger governance and oversight.

Whilst the steps are shown separately within this process, they are continually occurring and may overlap or fall in a different order to that shown. This is not a one-off process but must be used as an ongoing continuous activity.

Detailed information and guidance for staff on the risk management process can be found in the Guide to Risk Management.

## 4.2. Risk Measurement

To complete the risk management process, each risk must be measured. This is completed using the risk matrices included from Appendix A through C. The risk matrix is applied to all types of risks and ensures consistency in measuring risk across the organisation.

The risk rating is calculated as: **Risk Rating = Likelihood × Consequence**

The points at which risk is measured are described in the table below:

Risk Rating	Description
<b>Inherent</b>	The amount of risk that exists without any controls, mitigations, or treatments being applied. Also referred to as the pre-mitigation risk.
<b>Residual</b>	The amount of risk that remains after controls, mitigations, or treatments have been applied.

## 4.3. Risk Escalation

An effective risk management framework empowers staff to make informed, risk-based decisions. This requires a clear understanding of when to take risks, when to avoid them, and when to mitigate them. It also ensures risks are identified, discussed, and managed at the right level, with clear processes in place for escalating risks in a timely manner. Risks may need to be escalated to ensure they are assessed by the right people and remain within our risk appetite.

The table below shows our escalation of risk, and who has the authority to accept the risk based on the residual risk rating:

Residual Risk Level	Action required
Low	<b>Low Risk</b> – managed by routine processes. It is unlikely to require any application of resources. The relevant People Leader or Project Manager can accept this level of risk.
Moderate	<b>Moderate Risk</b> – advise Group Manager. ELT to be advised at the discretion of the Group Manager. Managed by specific risk treatment plan. The Group Manager can delegate this responsibility within their area of accountability (i.e. to a Project Manager, Lead, or other subject matter expert). The relevant Group Manager or delegated person can accept this level of risk.
Significant	<b>Significant Risk</b> – advise ELT and Chief Executive. Managed by specific risk treatment plan. Scrutiny required (as agreed). Must be reported to RAC. The Group Manager, Chief Executive and/or RAC can accept this level of risk.
Extreme	<b>Extreme Risk</b> – immediate action required. Advise Chief Executive. Escalate the risk to Council. Action plans and Executive responsibility specified. Close scrutiny is required. Only the Chief Executive and/or Council can accept this level of risk.

#### 4.4. Risk Recording and Reporting

All identified risks are required to be documented to ensure effective monitoring, review, and reporting. Risk documentation can be undertaken through several mechanisms, depending on the nature and significance of the risk:

- **Strategic Risks (Top Risks):** these are to be added to the Risk Register (Promapp). Notify the Risk Advisor when a new strategic risk is identified or requires inclusion.
- **Quarterly Risk Management Report:** a quarterly report, approved by the ELT, must be submitted to the RAC. At a minimum, this report should include:
  - Updates on Strategic (Top) Risks and their planned mitigations
  - Identification of emerging risks
  - Notable changes impacting the overall risk profile
  - Key risk management activities undertaken during the reporting period
  - Escalation of High Risks – all risks with a Significant or Extreme residual risk rating must be reported to the RAC in accordance with the escalation process outlined in the table above.
- **Project Risks:** significant Council projects must include a risk assessment and ongoing risk documentation as part of project governance.
- **Group Risks:** risks specific to particular Groups should be recorded and managed within their respective risk registers.
- **Operational Risks:** day-to-day operational risks should be identified, recorded, and monitored by the relevant teams or managers.

#### 4.5. Risk Monitoring and Review

Risks evolve over time as circumstances change. So, it is essential that risks are actively monitored, with regular reviews undertaken. Monitoring and review enable us to:

- Ensure information remains current and accurate.
- Assess the effectiveness of controls.

- Evaluate performance and identify opportunities for improvement.
- Track risk trends and treatment actions.
- Maintain visibility of risk activity across the organisation.
- Ensure accountability and transparency in risk management practices.

Through active monitoring and review, we can proactively respond to changes in our risk environment, continuously improve risk management practices, and ensure the Framework remains effective and fit-for-purpose.

The table below shows our review schedule:

Residual Risk Level	Regular Review Period
Low	Low Risk – 12 monthly review required.
Moderate	Moderate Risk – 6 monthly review required.
Significant	Significant Risk – 3 monthly review required.
Extreme	Extreme Risk – constant oversight and review required.

Monitoring and review should be a pre-planned activity with regular scheduled reviews, while also allowing for additional reviews to be triggered by events or changing circumstances.

## 5. Risk Culture

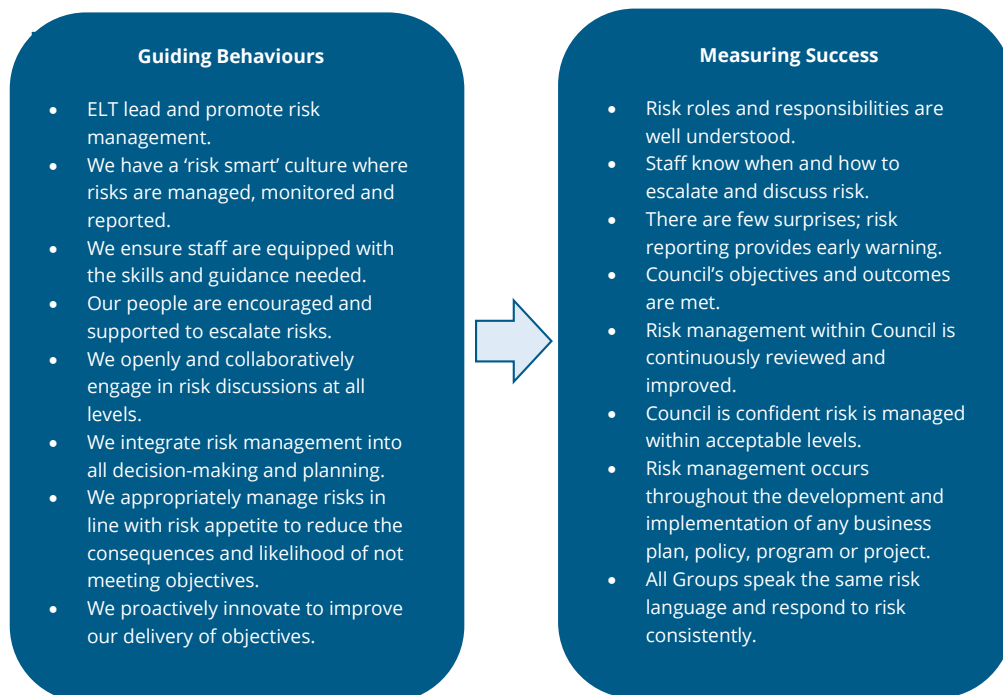
A strong risk culture is essential to the effectiveness of the Framework. The key components of a positive risk culture are:

- **Accountability:** everyone is responsible for risk management, at all levels of HDC.
- **Awareness:** risk management is embedded in decision-making, ensuring risks and opportunities are considered in achieving our objectives.
- **Attitude:** risks management is recognised as everyone's responsibility, promoting openness, collaboration, and a focus on continuous improvement.

Developing and embedding a positive risk culture grows risk maturity and capability. It will help HDC respond effectively to uncertainty, seize opportunities, and achieve our strategic and operational objectives.

### 5.1. Growing Awareness and Understanding

The diagram below illustrates the guiding behaviours expected of all staff and outlines how success in developing an effective risk culture can be measured and sustained through engagement, accountability, and continuous improvement.



## 6. Implementation of the Framework

### 6.1. Integration into Organisational Processes

Risk management will be embedded within systems and processes to ensure it is part of everyday decision-making. It should be incorporated into key processes, including:

- **Long Term Plan (and Annual Plan):** risks will be identified and discussed as part of the development of the Long Term Plan. In general, assumptions underpinning the Long Term Plan are a source of risk to us achieving our objectives.
- **Top Risks and Appetite Risk Statement:** the Top Risks and Risk Appetite Statement will be set by ELT and Elected Members.
- **Project management:** risk management will be embedded in all stages of project management — from initiation and planning through to delivery and review — to ensure that project risks are identified early, effectively managed, and monitored throughout the project lifecycle.
- **Procurement and contract management:** risk management will be factored into decision-making for significant procurement activities. This includes assessing supplier capability, contract terms, delivery risk, and value for money. Contractual arrangements should include clear risk allocation and management responsibilities.
- **Asset and infrastructure:** risk management informs asset lifecycle planning and maintenance. Identifying and managing risks related to asset condition, funding, and service delivery helps ensure long-term infrastructure sustainability and reliability.



- **Governance and compliance:** risk management supports good governance by ensuring compliance with legislation, policy frameworks, and internal controls. Regular monitoring and reporting of governance and compliance risks promote transparency and accountability.
- **Health, Safety and Wellbeing (HSW):** risk management practices are embedded within HSW processes to identify, assess, and control risks to employee and public safety. This proactive approach promotes a strong safety culture and continuous improvement in workplace wellbeing.
- **Business continuity:** risk management underpins business continuity and emergency management planning, ensuring we can maintain critical services and recover quickly from disruptions.
- **Community and stakeholder engagement:** engagement processes are used to identify and understand community and stakeholder perspectives, which can highlight emerging risks and inform risk response strategies.
- **All meetings:** to strengthen risk awareness and promote open discussion, all formal and informal meetings (Team, project, Group, SLC, ELT) should include a standing agenda item on risk. Regular consideration of risk in meetings supports staff engagement, encourages proactive management, and integrates risk thinking into day-to-day operations.

## 7. Internal Assurance

Internal assurance plays a critical part in our risk management by providing evaluation and verification of our risk management practices, internal controls, and governance processes. It helps ensure our risk identification, assessment, mitigation, and monitoring activities are functioning as intended and aligned with our risk appetite. And it helps with our continuous improvement in risk management by identifying gaps, inefficiencies, or weaknesses in our risk management, and providing recommendations for improvement.

## 8. Review of the Framework

### 8.1. Formal Review of the Framework

The Risk Management Framework will undergo a formal review every three years. This review will encompass all associated documentation, including the Risk Management Framework, Risk Strategy, Risk Policy, and related Guides. Regular reviews will ensure that the Framework remains current, effective, and aligned with HDC's approach to risk management. In addition to the scheduled review cycle, the Risk Management Framework documentation may be updated at any time to reflect new or emerging risk management information and practices.

## 9. Risk Management Workplan

A two-year Risk Management Workplan (Workplan) has been developed to guide the next phase of our risk maturity journey. The Workplan is high level and outlines the priority activities, improvements, and capability-building initiatives that will strengthen risk management across HDC. It provides a structured approach to embedding risk-based practices, enhancing consistency, and supporting the continuous development of a mature and resilient risk management culture.

## **Appendices**

### **Appendix A: Consequence and Impact Examples**

This table is intended as a guide to support risk assessment. It is not exhaustive or prescriptive and should not be applied mechanically. Professional judgement and relevant experience must be used when interpreting and applying the consequences described.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>High level rating definitions</b>	Managing through routine processes, unlikely to require specific application of resources.	Event with consequences which can be readily absorbed, but which require management effort to minimise the impact.	Significant event which can be managed under normal circumstances.	Critical event which can be endured with proper management.	Disaster with potential to lead to business failure.
<b>Governance</b>	Little or no impact on decision making and governance of Council.	Isolated impact on decision making and governance that could be managed through existing delegations.	Noticeable impact on decision making and governance causing significant delays or negative impact on community confidence.	Significant impact on decision making and governance causing significant breakdown of governance functions resulting in external scrutiny.	Severe loss of decision making and governance that requires intervention by central government.
<b>Legislative and regulatory compliance</b>	Insignificant non-compliance with little or no impact.	Isolated non-compliance able to be managed internally without serious loss.	Serious non-compliance with impact on reputation and requiring escalation to manage.	Significant non-compliance with impact on reputation requiring external assistance and possible regulator intervention.	Significant non-compliance which requires regulatory notification / intervention and/or legal action.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Legal</b>	Minor legal issue or irregularity with negligible financial or reputational impact. Managed internally without formal advice.	Low-level legal exposure, requiring limited legal advice or correspondence to resolve. No formal dispute or claim.	Noticeable legal issue requiring formal legal advice, negotiation, or settlement. Possible minor legal claim or contractual dispute with limited financial or reputational impact.	Serious legal exposure resulting in formal legal proceedings or regulatory investigation. Potential for substantial legal costs, settlement, or enforceable order.	Major legal action or prosecution resulting in court judgment, significant penalties, or enforceable undertakings. Could lead to serious financial loss, criminal liability, or governance intervention.
<b>Financial - organisation</b>	Loss or overrun of less than \$100k.	Loss or overrun between \$100-250k.	Loss or overrun between \$250-500k.	Loss or overrun between \$500k-\$1m.	Loss or overrun over \$1m.
<b>Financial - project</b>	1% project or programme budget overrun.	2-5% project or programme budget overrun.	5-10% project or programme budget overrun.	10-30% project or programme budget overrun.	More than 30% project or programme budget overrun.
<b>Fraud, bribery and corruption</b>	Near miss incident of fraud, bribery or corruption without financial or reputational damage.	Fraud, bribery or corruption incident identified and managed internally without serious loss.	Serious loss due to fraud, bribery or corruption impacting on reputation and in local media, requiring external assistance.	Significant loss due to fraud, bribery or corruption with regional media attention and requiring external assistance.	Extensive loss due to fraud, bribery or corruption resulting in national media coverage or regulatory intervention.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Reputational</b>	No impact on public confidence or media attention.	Minor impact on public confidence and media attention. May be some local coverage – not front page.	Some impact on public confidence, reflected by community interest in the Council's performance and local media coverage – front-page.	Major impact on public confidence resulting in some national coverage.	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
<b>Environmental</b>	Little or no impact.	Short-term or minor impact.	Serious damage of local importance with possible regulatory intervention.	Serious damage of regional importance with possible regulatory intervention.	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement.
<b>Climate Change</b>	Little or no impact on community plans for climate change.	Localised impact on community plans for climate change.	Some serious or long-term impact on community plans for climate change.	Significant impact on community plans for climate change.	Extensive or catastrophic impacts on community plans for climate change.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>People – Health, Safety and Wellbeing</b>	No injury or illness. Minimal discomfort only. No first aid required. No impact on wellbeing or work performance.	Minor injury or short-term discomfort requiring basic first aid only. No lost time from work. Temporary impact on wellbeing with full recovery.	Injury or illness requiring medical treatment. Short-term absence from work or modified duties. Noticeable impact on physical or psychological wellbeing, but recovery expected.	Serious injury or illness resulting in hospitalisation, long-term absence, or permanent partial impairment. Significant psychological harm or ongoing wellbeing impacts requiring professional support.	Fatality or life-altering injury or illness. Permanent disability or catastrophic psychological harm. Multiple people affected or systemic failure in health and safety controls.
<b>Planning and strategy</b> - including changes in Central Government policy	No impact on outcomes.	Temporary impact on long-term levels of service.  Limited community interest and media attention.	Noticeable impact on long-term levels of service, bringing consistently below expectations in one or more outcome categories.  Negative community interest and media attention.	Levels of service are significantly below expectations in one or more outcomes categories.  Significant negative community interest and media attention.	Levels of service in significant decline across all outcome categories.  Widespread negative commentary and media attention.  Central Government attention, e.g. through an inquiry and/or appointment of a Commissioner.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Relationships with Iwi</b>	Minor or isolated issue causing little or no impact on iwi relationships. Engagement is maintained through normal channels.	Localised issue or misunderstanding causing short-term strain on iwi relationships. Easily resolved through direct engagement.	Noticeable impact on iwi relationships resulting in reduced participation or trust. Formal engagement required to repair relationship.	Serious breakdown in relationship with one or more iwi, resulting in loss of partnership confidence, formal complaints, or public criticism. Requires senior leadership or governance involvement to restore trust.	Severe and sustained breakdown in iwi relationships leading to loss of partnership, withdrawal from engagement, public conflict, or central government intervention. May impact strategic objectives and Council reputation.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Te Tiriti o Waitangi/Treaty of Waitangi</b>	Minor administrative oversight with no material breach of requirements under Local Government Act in relation to Te Tiriti o Waitangi/Treaty of Waitangi principles or statutory obligations. Easily corrected.	Isolated instance of non-compliance requirements under Local Government Act in relation to Te Tiriti o Waitangi/Treaty of Waitangi. Minor reputational or relationship impact; resolved through standard processes.	Noticeable failure to give effect to requirements under Local Government Act in relation to Tiriti/Treaty in key decisions or planning processes. May require external advice or mediation to address.	Significant or repeated failure to meet requirements under Local Government Act in relation to Te Tiriti o Waitangi/Treaty of Waitangi, resulting in formal complaint, public criticism, or intervention by iwi, government agencies, or oversight bodies. Substantial reputational impact.	Systemic or deliberate non-compliance with requirement under Local Government Act in relation to Te Tiriti o Waitangi/Treaty of Waitangi principles or statutory obligations. Could result in legal challenge, formal investigation, loss of central government confidence, or appointment of a Commissioner. Major reputational and governance consequences.
<b>Service delivery – essential/lifeline services</b>	<p>Loss of service to 0-10 households for a period of no more than 8 hours.</p> <p>Loss of service to an industry for a period of no more than 8 hours.</p>	<p>Loss of service to 10-30 households for a period of 8-24 hours.</p> <p>Loss of service to an industry for a period of 8 hours.</p>	<p>Loss of service to 30-100 households for a period of 24 hours.</p> <p>Loss of service to an industry for a period of 8-24 hours.</p>	<p>Loss of service to 100-300 households for a period of 24-72 hours.</p> <p>Loss of service to an industry for a period of 24-72 hours.</p>	<p>Loss of service to 300+ households for a period of more than 3 days.</p> <p>Loss of service to an industry for a period of more than 3 days.</p>



Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Service delivery – non-essential/non-life-line services</b>	Public amenity closed or delivering reduced services.	Public amenity closed for up to a week or more.  Isolated service standard failure.	Public amenity closed for 1 week to 1 month or more.  Customer complaints or complaints relating to more than one business area.  Repeated service failure or one that affects multiple people.	Public amenity closed for more than 1 month or more.  Delay in major project of over a year.	Long term loss of public amenity.  Long term loss of community well-being  Long term delay in major project of over a year.

Source of Risk	Consequence				
	Insignificant - 1	Minor - 2	Moderate - 3	Serious - 4	Severe - 5
<b>Information services</b>	<p>Key information systems disrupted for a period of 2 hours.</p> <p>Isolated equipment failure</p>	<p>Key information systems disrupted for a period of 2 hours to 1 day.</p> <p>Minor breach of information security and information loss. Fixed within hours.</p> <p>Compromise of user password or information management processes impacting the confidentiality and integrity of data.</p>	<p>Key information systems disrupted for a period of 2-3 days.</p> <p>Loss of all information systems for a period of 1 hour to 1 day.</p> <p>Exploitation of security flaws compromising the confidentiality and integrity of data.</p>	<p>Key information systems disrupted for a period of 4 days to 1 week.</p> <p>Loss of all information systems for a period of more than 1 day.</p> <p>Theft, loss or misuse of USB/laptop/other device compromising confidentiality.</p> <p>Loss of a core system for an extended period.</p>	<p>Key information systems disrupted for a period of more than 1 week.</p> <p>Loss of infrastructure for an extended period.</p> <p>Loss of all historical information (backups).</p> <p>Widespread unauthorised entry into information systems.</p>

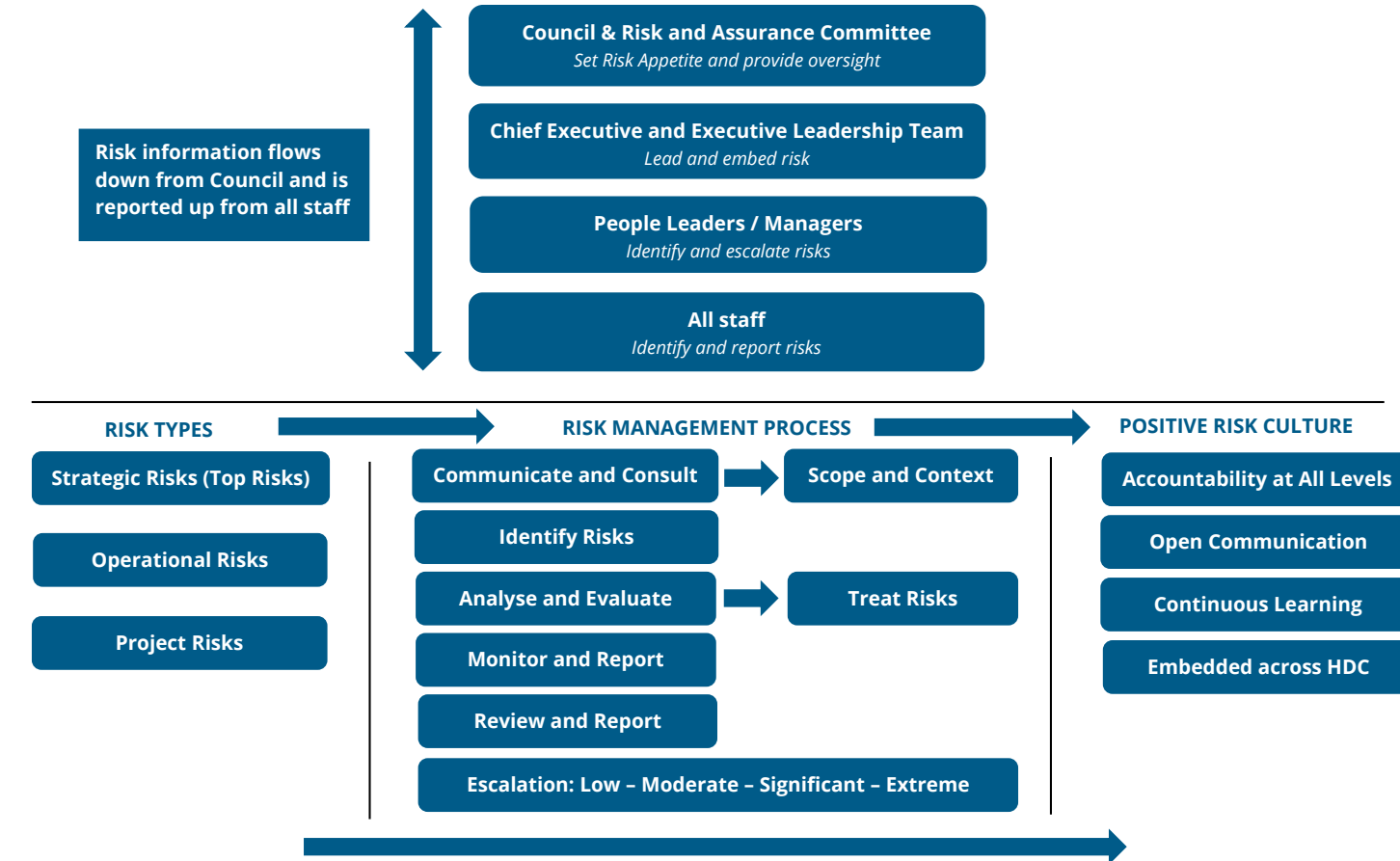
## Appendix B: Likelihood Table

Rating	Likelihood Rating	Likelihood	Description	Occurrence
1	<b>Rare</b>	<10%	Rare; very low probability. Would only occur in exceptional circumstances.	Once in 5 years
2	<b>Unlikely</b>	10-49%	Unlikely; low probability. It is possible to occur; however, it would be uncommon.	Once per year
3	<b>Possible</b>	50-74%	Possible; likely probability. A real chance of it occurring.	Two to three times year
4	<b>Highly Likely</b>	75-89%	Highly likely; high probability. Expected to occur in some circumstances.	Weekly or within a month
5	<b>Almost Certain</b>	>90%	Almost certain; very high probability. Expected to occur in most circumstances.	Daily or within a week

## Appendix C: Risk Rating Matrix

	Consequence/Impact				
Likelihood	1 – Insignificant	2 – Minor	3 – Moderate	4 – Serious	5 – Severe
5 – Almost Certain	Low	Moderate	Significant	Extreme	Extreme
4 – Highly Likely	Low	Moderate	Moderate	Significant	Extreme
3 – Possible	Low	Low	Moderate	Moderate	Significant
2 – Unlikely	Low	Low	Moderate	Moderate	Moderate
1 – Rare	Low	Low	Low	Low	Low
Likelihood	1 – Insignificant	2 – Minor	3 – Moderate	4 – Serious	5 – Severe
5 – Almost Certain	5	10	15	20	25
4 – Highly Likely	4	8	12	16	20
3 – Possible	3	6	9	12	15
2 – Unlikely	2	4	6	8	10
1 – Rare	1	2	3	4	5
	Low		1 to 7		
	Moderate		8 to 12		
	Significant		13 to 19		
	Extreme		20 to 25		

## Appendix D: Risk Management Framework – One Page Overview



## Appendix E: Risk Management Workplan

The is a high level Workplan that outlines the priority activities, improvements, and capability-building initiatives that will strengthen risk management across HDC.

Focus Area	2025*	2026**	2027**
Risk Framework	Develop draft Risk Management Framework	Develop draft Risk Management Framework	Review Risk Management Framework
		Adopt draft Risk Management Framework	
Risk Framework	Develop draft Risk Management Policy	Develop draft Risk Management Policy	Review Risk Management Framework
		Adopt Risk Management Policy	
Risk Framework	Develop draft Risk Strategy and Work Plan	Develop draft Risk Strategy and Work Plan	Review progress of the Risk Strategy and Work Plan
		Adopt draft Risk Strategy and Work Plan	
Risk Framework		Define Top Risks	Review Top Risks
		Adopt top Risks	
Risk Framework		Promapp Risk Register – work closely with Group to refine risks and treatments	Ongoing
Risk Appetite		Defined Risk Appetite Statement(s)	Review Risk Appetite Statement(s)
		Adopt Risk Appetite Statement(s)	
Risk Maturity	Audit Risk Maturity	Audit Risk Maturity	Audit Risk Maturity
		Enhance Risk Maturity	Enhance Risk Maturity

Risk Governance		Quarterly agenda item for Risk and Assurance Committee (RAC) meeting	Quarterly agenda item for RAC meeting
Risk Governance		Monthly agenda item for Executive Leadership Team (ELT) meeting	Monthly agenda item for ELT meeting
Risk Governance		Monthly agenda item for Senior Leadership Cohort (SLC) meeting	Monthly agenda item for SLC meeting
Risk Governance		Audit legislative compliance	Audit legislative compliance
		Report on legislative compliance	Report on legislative compliance
Risk Resilience		Review Business Continuity Plan (BCP) and strategies	Review Business Continuity Plan (BCP) and strategies
		BCP scenario testing	BCP scenario testing
Risk Awareness and Training		Roll out Three Lines Model	Ongoing
Risk Awareness and Training		Develop and roll out internal resources, including Risk Portal, Risk Management Guides, and risk statement writing training	Continue to develop and update internal resources
Risk Awareness and Training		Develop and roll out risk induction program	Ongoing

\*Part year

\*\* Calendar year



# Risk Policy

**2026**





## Document Review and Approval

Group	Organisation Performance
Author	Risk Advisor
Approved	
Date Approved	
Review Date	
Version	

## Document Version History

Version	Reviewed By	Review Date	Reason

## Document Review Approach

The Risk Management Framework will undergo a formal review every three years. This review will encompass all associated documentation, including the Risk Management Framework, Risk Strategy, Risk Policy, and related Guides. Regular reviews will ensure that the Framework remains current, effective, and aligned with Horowhenua District Council's approach to risk management. In addition to the scheduled review cycle, the Risk Management Framework documentation may be updated at any time to reflect new or emerging risk management information and practices.

## What is Risk?

Risk is the **effect of uncertainty on objectives**.<sup>1</sup> This effect may represent a deviation from what is expected and can be positive, negative or both.

Risk arises from the possibility that an event, circumstance, or change may occur and influence the achievement of objectives. It includes both threats, which may hinder or prevent the achievement of objectives, and opportunities, which may support or enhance their achievement.

## Managing Risk at Horowhenua District Council (HDC)

HDC is committed to the effective management of risk. As an organisation we recognised that risk is present in all our business activities. And these risks may stop us from achieving our objectives. Everyone has a responsibility to understand the risks associated with their roles, as well as those that affecting the organisation as a whole. By identifying and understanding these risks, we can position ourselves to develop solutions, improve business outcomes, and ensure the continued success of the Council.

### Managing Risk at HDC is a shared responsibility. It means:

- 1. We are aware of risk** – we understand what risk is and are familiar with Council's Risk Management Framework (Framework).
- 2. We use the Framework and tools consistently** – we apply the Framework and associated matrices to ensure a consistent approach to risk management across the organisation.
- 3. We understand our individual responsibilities** – we are aware of the risks relevant to our roles and manage them in line with organisational expectations.
- 4. We identify, assess and manage risks** – we apply consistent processes to recognise risks, evaluate their impact, and implement appropriate treatments.
- 5. We escalate potential risks appropriately** – we escalate potential risks where necessary, ensuring the right people are informed and involved in decision-making.
- 6. We align with Council's risk appetite** – we make informed decisions that align with Council's defined risk appetite and tolerance levels (to be updated in 2026).
- 7. We prioritise compliance** – we recognise that legislative and regulatory compliance is a critical part of effective risk management.
- 8. We communicate and collaborate** – we share information and work collaboratively across teams and functions to identify, assess, and manage risk effectively.
- 9. We seek support when needed** – we ensure we have the necessary skills and capabilities to perform our roles effectively and seek assistance when require.
- 10. We seek guidance when uncertain** – we know that our leaders support us, and if we are unsure whether we are making the right decision, we will proactively seek advice or clarification.

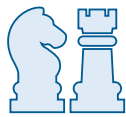
## What does managing Risk at HDC look like?

- 1. Consider potential risks** – we actively think about what could go wrong or impact our objectives as we carry out our work and make decisions.
- 2. Understand our obligations** – we know and apply the legislation, regulations, policies and procedures relevant to our roles.
- 3. Conduct regular compliance self-assessments** – we regularly ask ourselves, “*Am I meeting my obligations?*” and take corrective actions where needed.
- 4. Document actions and decisions** – we maintain clear records of identified risks, treatment actions, and the rationale behind our all our decisions to ensure transparency and effective risk management.
- 5. Report non-compliance** – we promptly report identified risks, incidents, or non-compliance issues to the appropriate people (and ask if we don’t know who).
- 6. Ensure safe and effective operations** – we make sure we have the right tools, equipment, and resources to perform our roles safely and effectively.
- 7. Learn from experience** – we identify lessons learned and improve future risk management practices.
- 8. Encourage innovation** – we seek out innovative approaches and improvements, remaining mindful of risk and compliance requirements without being constrained by them.
- 9. Support a positive risk culture** – we encourage open and honest conversations about risk, without fear of blame, to strengthen organisational learning and accountability.
- 10. Participate in training and stay informed** – we attend risk management training and actively keep up to date with risk management information, updates and communications from Council.

## And what doesn’t managing Risk at HDC look like?

- 1. Ignoring risks** – failing to consider potential risks when carrying out work or making decisions.
- 2. Being inconsistent** – not following our Framework and matrices when assessing or managing risks.
- 3. Using risks as a barrier** – allowing risk obligations to become a roadblock to exploring new ideas, solutions, or improvements.
- 4. Ignoring legislative obligations** – making decisions without considering our obligations.
- 5. Neglecting documentation** – failing to keep records of risk assessments, treatments, and/or decisions made.
- 6. Assuming someone else will manage it** – relying on others to identify or manage risks instead of proactively raising and addressing them yourself.

## Risks could be faced within the following risk categories:



Strategic risks



Operational risks



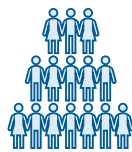
Financial risks



Reputational risks



Infrastructure risks



People risks



Legal/Compliance risks



Environmental risks



IT/ICT risks



Service Delivery risks



Asset risks



Health and Safety risks

This is not an exhaustive list of categories, and the specific risks within each category will vary.

### For more information:

Managing risk is a shared responsibility at HDC. By understanding, assessing, and addressing risks, we protect our people and our community, while supporting innovation and the achievement of our organisational objectives. Effective risk management relies on each of us being proactive, informed, and accountable in our roles.

If you have any questions, concerns, or need guidance on risk-related matters, you should **contact your People Leader or Risk Advisor**. They are available to provide advice, support, and clarification to ensure risks are managed effectively and consistently across the organisation.

<sup>1</sup> Australia/New Zealand Risk Management Standard ISO 31000:2018 Risk Management – Guidelines

File No.: 26/44

## 5.3 Financial Dashboard as at 31 December 2026

Author(s)	Steve Tanner <b>Financial Services Manager   Tumu Ratonga Ahumoni</b>
Approved by	Jacinta Straker <b>Group Manager Organisation Performance   Tumu Rangapū, Tutukinga Whakahaere</b>
	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. This report presents a high-level overview of the financial performance and position to the committee, with a focus on the December 2025 results.

#### **This matter relates to Financial Discipline**

Strict budget monitoring and compliance with financial strategy, and balanced budget goals

### RECOMMENDATION | NGĀ TAUNAKITANGA

- A. That Report 26/44 Financial Dashboard as at 31 December 2026 be received and noted.

### BACKGROUND | HE KŌRERO TŪĀPAPA

2. The purpose of the dashboard is to provide an overview of the Financial Results to enable the committee to understand the results from a risk perspective.

### DISCUSSION | HE MATAPAKINGA

3. So far this year we have received more income than planned. This is mainly due to additional waste rebate levy. Some of the additional waste levy will be transferred to a reserve to use for waste minimisation work in future years. Additional revenue is also expected in Solid Waste activity including tipping fees and commercial tolls from the transfer stations, and rubbish bags sales. This is reflected in the full year forecast.
4. Our operating expenditure is currently on track, and we are tracking well to meet the underlying operational budget (excluding capital items). We are targeting net savings of \$1m through contract negotiation and finding efficiencies in our operations.
5. We have completed nearly \$13m for the capital programme, against the total capital budget of \$52m which includes \$4.8m carryforward projects. Project managers focused on project planning at the beginning of the financial year, and we are forecasting a revised capital spend of around \$41m. The reduction is mainly due to the timing change of the Headworks project for the Levin Wastewater Treatment Plant.
6. The net interest forecast is lower than budget at this reporting date. This reflects conservative assumptions and the timing of forecast updates. The forecast will be

- reassessed and updated in the next reporting cycle to reflect the latest market conditions and Council's projected cash and debt positions.
7. Rates remission of \$733,691 for 2026 is over the budget of \$629,982 predominantly due to Part 13 Council Owned Utilities. The cap has not been updated to reflect rates increases. This is funded from additional rates income.
  8. Water billing debts and property rates arrears are higher in 2026 due to the completion of the bulk of the universal water meter project leading to more properties being charged for water consumption and leaks being detected which are still in the process of being fixed. Property rates arrears being higher is likely due to rates increases and current cost of living pressures. We receive many enquiries from Ratepayers looking to set up payment arrangements.
  9. We have received from the Local Government Funding Agency (LGFA) a list of Council and CCO Compliance with LGFA Financial Covenants as at 30 June 20205. This has been added as an attachment for informational purposes.

**Confirmation of statutory compliance**

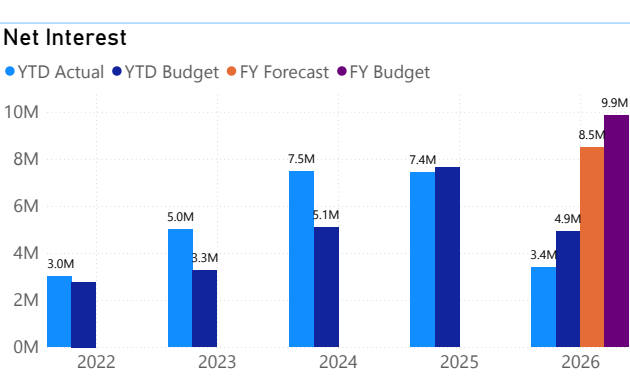
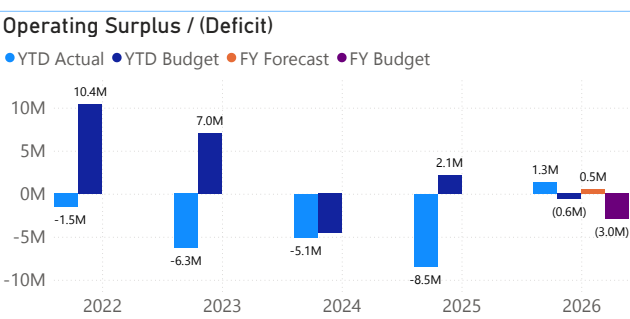
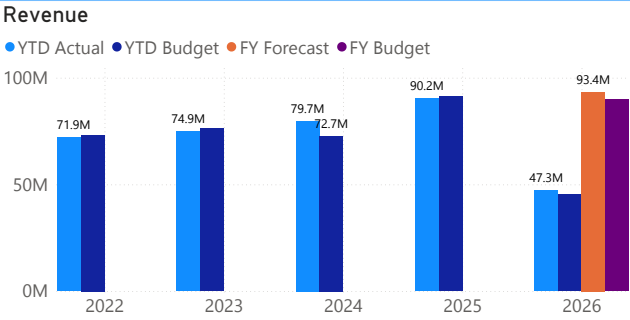
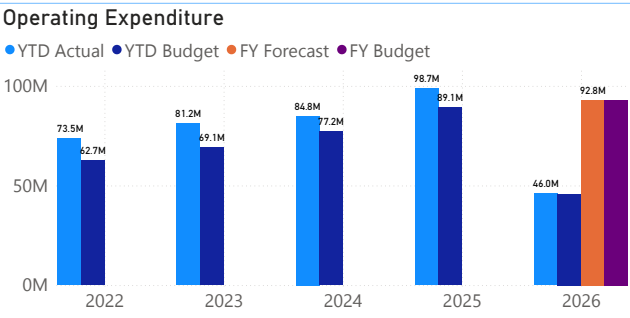
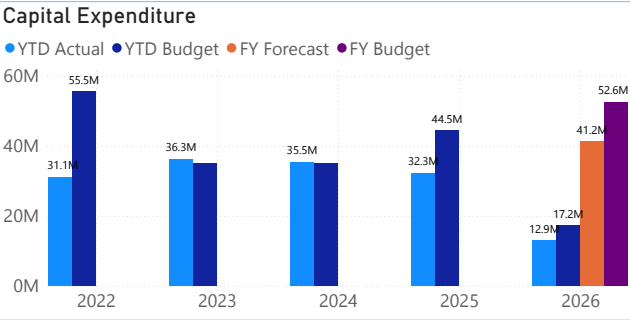
In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

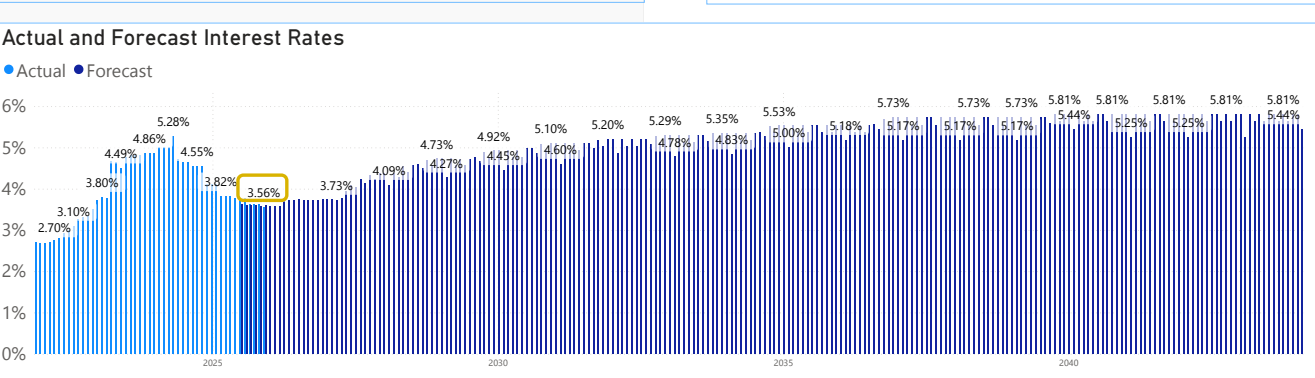
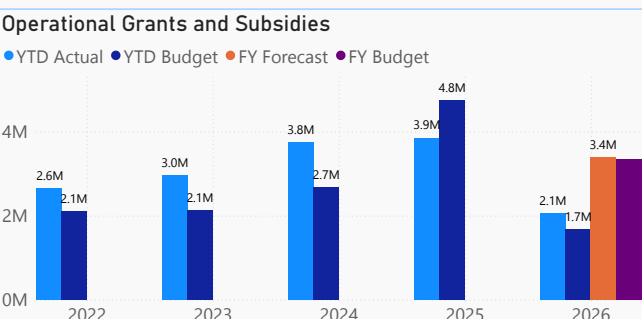
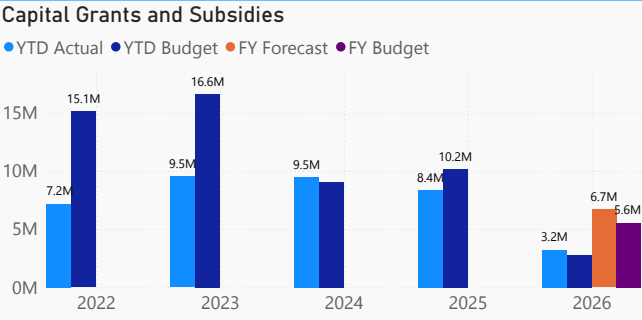
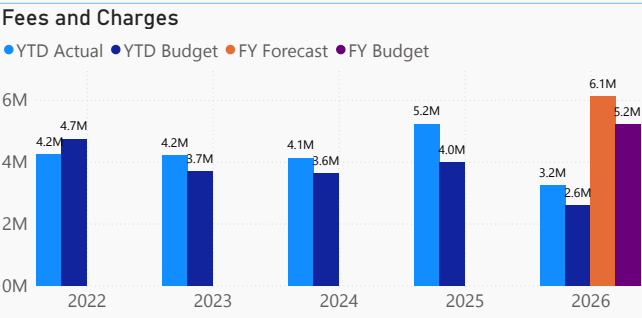
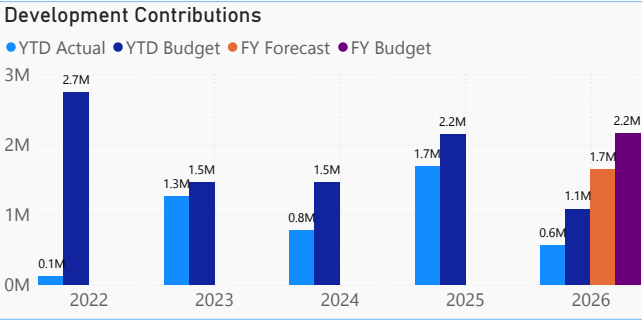
**ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

No.	Title	Page
<a href="#">A</a>	Financial Dashboard as at 31 December 2025	67
<a href="#">B</a>	LGFA Financial Covenants reporting - Annual council covenant compliance list - June 2025	69

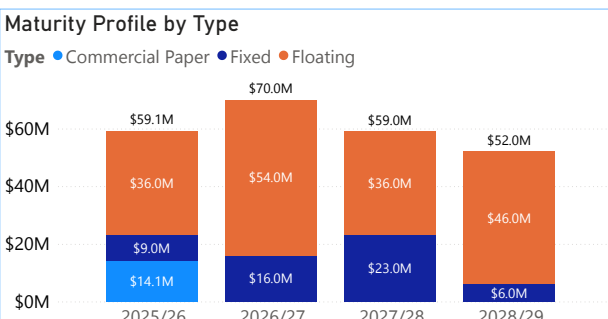
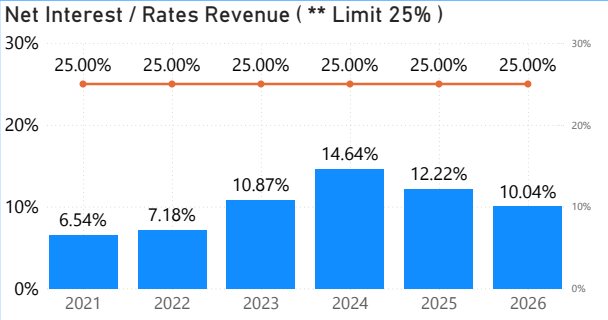
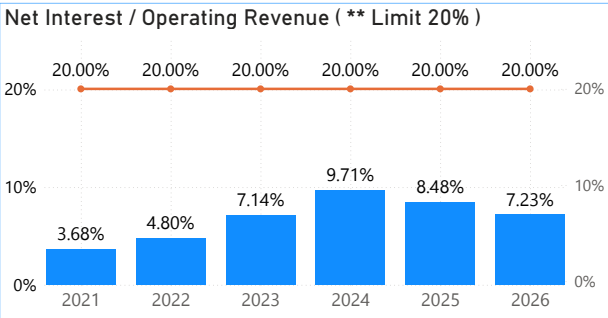
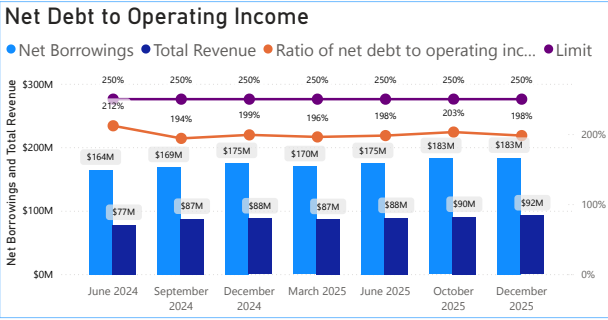
Dashboard Data as at 31 December 2025  
**FINANCIAL PERFORMANCE**



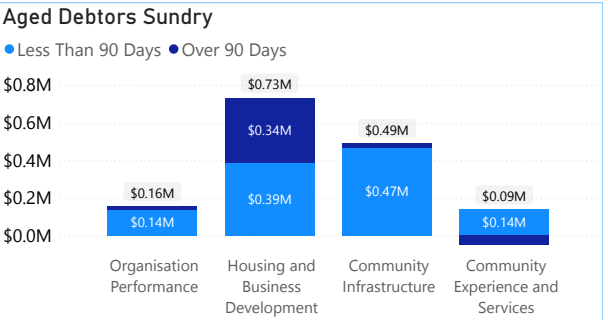
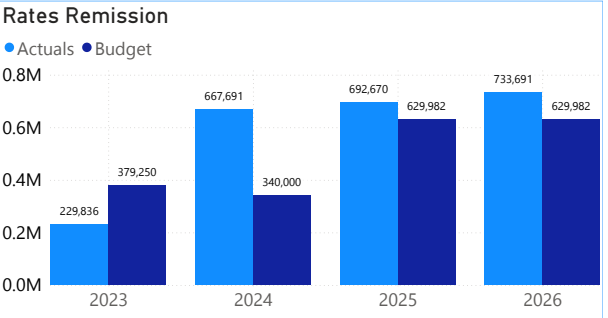
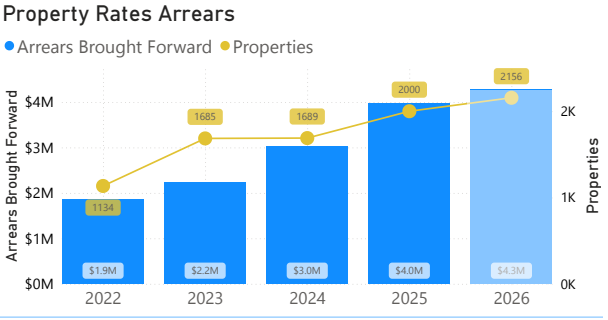
**FOCUS AREA**



**TREASURY**

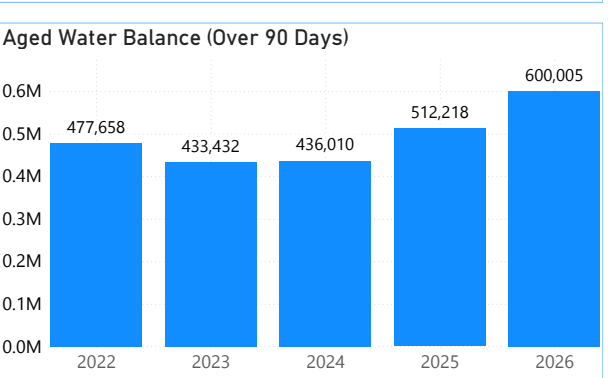


**OVERDUE DEBTORS**



**Top 10 Debtors Over 90 Days**

Debtor	Category	Business Group	Transaction Balance
215665	Building Consents	Housing and Business Development	\$40,373
206865	Resource Consent Fees	Housing and Business Development	\$17,116
100295	Rubbish Bags	Community Infrastructure	\$11,600
216026	Resource Consent Fees	Housing and Business Development	\$9,828
215620	Resource Consent Fees	Housing and Business Development	\$8,734
207798	Rubbish Bags	Community Infrastructure	\$8,700
215376	Resource Consent Fees	Housing and Business Development	\$8,194
212045	Building Consents	Housing and Business Development	\$7,351
215500	Resource Consent Fees	Housing and Business Development	\$7,097
210995	Resource Consent Fees	Housing and Business Development	\$6,965
100521	Rubbish Bags	Community Infrastructure	\$5,800





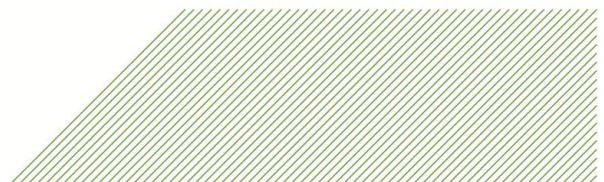




**Council and CCO Compliance with LGFA Financial Covenants as at 30 June 2025**

Councils with a credit rating	Credit Rating	Net Debt / Total	Net Interest / Total	Net Interest /	Liquidity
		Revenue <285%	Revenue <20%	Rates <30%	
Ashburton District Council	AA+	133.6%	4.9%	8.1%	113.2%
Auckland Council	AA	170.5%	7.0%	14.0%	118.2%
Bay of Plenty Regional Council	AA-	-10.9%	0.3%	0.7%	153.0%
Central Otago District Council	AA	51.5%	2.1%	3.1%	125.8%
Christchurch City Council	AA-	160.5%	7.6%	11.1%	121.0%
Clutha District Council	AA-	207.4%	9.9%	15.3%	122.3%
Canterbury Regional Council	AA+	17.4%	1.0%	1.7%	138.5%
Far North District Council	AA	82.6%	3.0%	4.7%	112.2%
Gore District Council	AA-	137.0%	5.7%	7.8%	114.1%
Greater Wellington Regional Council	AA	136.6%	5.6%	11.6%	131.7%
Hamilton City Council	A	205.8%	10.5%	16.0%	125.5%
Hastings District Council	A+	120.3%	5.1%	13.6%	115.8%
Hauraki District Council	AA-	155.4%	7.3%	10.2%	129.1%
Hawkes Bay Regional Council	AA	-17.7%	1.6%	5.4%	239.4%
Horowhenua District Council	A+	199.4%	8.5%	11.8%	135.6%
Hutt City Council	AA-	153.8%	6.9%	11.1%	124.0%
Invercargill City Council	AA+	67.8%	1.8%	3.4%	140.1%
Kapiti Coast District Council	AA-	187.7%	7.4%	10.0%	126.2%
Marlborough District Council	AA-	45,33%	1.6%	3.5%	123.7%
Nelson City Council	AA-	137.6%	6.3%	10.0%	116.7%
New Plymouth District Council	AA	-42.1%	5.0%	7.9%	227.9%
Palmerston North City Council	AA-	141.1%	5.5%	7.9%	118.2%
Porirua City Council	A+	168.0%	7.4%	10.4%	127.0%
Queenstown Lakes District Council	AA-	270.1%	11.5%	19.7%	118.4%
Rotorua District Council	AA-	205.8%	8.0%	11.7%	113.9%
Selwyn District Council	AA+	117.4%	4.1%	6.8%	124.8%
South Taranaki District Council	AA-	10.8%	6.7%	11.9%	204.3%
Tasman District Council	AA-	155.2%	7.5%	12.8%	120.0%
Taupo District Council	AA	68.2%	5.9%	7.7%	168.4%
Tauranga City Council	A+	233.8%	9.2%	14.9%	121.0%
Timaru District Council	AA-	134.3%	5.0%	7.8%	120.9%
Upper Hutt City Council	A	199.5%	8.0%	9.8%	126.8%
Waimakariri District Council	AA	129.7%	5.5%	7.8%	119.3%
Waikato District Council	AA+	98.5%	4.4%	6.2%	117.3%
Waipa District Council	AA-	248.0%	10.0%	14.0%	113.9%
Whanganui District Council	AA	139.7%	5.0%	7.5%	124.1%
Wellington City Council	AA-	184.4%	7.4%	11.3%	131.4%
Western Bay of Plenty District Council	AA	84.6%	2.8%	4.9%	126.8%
Whakatane District Council	AA-	153.9%	7.2%	11.0%	116.7%
Whangarei District Council	AA	108.1%	3.9%	6.2%	1191.8%
<b>Average</b>		<b>127.6%</b>	<b>5.9%</b>	<b>9.3%</b>	<b>159.0%</b>

New Zealand Local Government Funding Agency Limited  
Auckland Level 7, The Shortland Centre, 55 Shortland Street  
Wellington Level 11, City Chambers, 142 Featherston Street  
PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530  
lgfa.co.nz



Unrated Councils	Net Debt / Total		Net Interest / Total		Net Interest /		
	Revenue	Revenue	Revenue	Rates	Liquidity		
	<175%	<20%	<25%	>110%			
Buller District Council		80.0%		3.4%		11.8%	149.4%
Carterton District Council		31.3%		2.8%		4.3%	162.0%
Central Hawkes Bay District Council		52.6%		2.7%		6.1%	126.1%
Southland Regional Council		-68.3%		-2.1%		-3.7%	683.5%
Gisborne District Council		141.4%		5.0%		7.8%	117.9%
Grey District Council		76.4%		2.8%		4.7%	117.1%
Horizons Regional Council		44.9%		1.2%		2.1%	118.4%
Hurunui District Council		124.9%		5.2%		10.2%	116.5%
Kaikoura District Council		16.1%		0.8%		1.5%	148.7%
Kaipara District Council		23.1%		1.4%		2.3%	172.9%
Kawerau District Council		18.7%		1.3%		1.7%	137.5%
Mackenzie District Council		69.6%		3.5%		5.7%	109.5%
Manawatu District Council		122.7%		4.8%		7.0%	119.6%
Masterton District Council		50.7%		1.9%		3.3%	149.7%
Matamata Piako District Council		74.0%		2.8%		3.8%	133.2%
Napier City Council		30.9%		0.9%		1.5%	114.0%
Northland Regional Council		-4.2%		0.3%		0.6%	202.7%
Opotiki District Council		33.7%		1.7%		3.5%	125.4%
Otago Regional Council		-20.3%		-0.6%		-1.3%	127.6%
Otorohunga District Council		40.7%		1.4%		2.3%	111.4%
Rangitikei District Council		83.4%		3.3%		4.8%	121.9%
Ruapehu District Council		111.8%		5.3%		8.8%	116.3%
Southland District Council		22.8%		2.3%		3.6%	179.3%
South Waikato District Council		54.3%		2.2%		3.0%	132.2%
South Wairarapa District Council		48.4%		1.3%		1.9%	128.0%
Stratford District Council		96.5%		3.1%		4.7%	128.0%
Taranaki Regional Council		53.2%		-1.6%		-3.6%	151.3%
Tararua District Council		66.1%		3.2%		7.5%	137.0%
Thames Coromandel District Council		42.4%		2.3%		3.1%	138.8%
Waikato Regional Council		-46.0%		0.5%		0.7%	392.9%
Waimate District Council		11.7%		0.9%		1.4%	178.0%
Waitomo District Council		62.2%		2.8%		5.6%	122.7%
Wairoa District Council		11.4%		0.3%		0.7%	125.8%
Waitaki District Council		53.4%		2.0%		3.7%	111.5%
West Coast Regional Council		14.7%		2.6%		5.8%	188.9%
Westland District Council		75.5%		2.4%		3.9%	124.4%
Average		43.6%		1.9%		3.4%	146.7%

**Council Controlled Organisations (CCOs)**

	Credit Rating	Gearing <65%		Shareholder fund >70m	
		30 June 2025		30 June 2025	
Far North Holdings Ltd		55.0%		\$89.4	
	Credit Rating	Gearing <70%		Shareholder fund >300m	
		30 June 2025		30 June 2025	
Infrastructure Holdings Ltd		34.0%		\$392.0	
	Credit Rating	Gearing <40%		Shareholder fund >120m	
		30 June 2025		30 June 2025	
Timaru District Holdings Ltd		4.6%		\$186.7	
	Credit Rating	Net Debt / Total Revenue <285%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%	Liquidity >110%
		30 June 2025	30 June 2025	30 June 2025	30 June 2025
Dunedin City Treasury Ltd	AA	191.3%	8.1%	21.9%	126.6%



File No.: 26/45

## 5.4 Sensitive Expenditure Report to 31 December 2025

Author(s)	Steve Tanner <b>Financial Services Manager   Tumu Ratonga Ahumoni</b>
Approved by	Jacinta Straker <b>Group Manager Organisation Performance   Tumu Rangapū, Tutukinga Whakahaere</b>
	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. To provide the information required for the Committee to note Sensitive Expenditure of the Mayor, Elected Members and Chief Executive for compliance with Council's Sensitive Expenditure Policy

#### **This matter relates to Financial Discipline**

Strict budget monitoring and compliance with financial strategy, and balanced budget goals

### RECOMMENDATION | NGĀ TAUNAKITANGA

- A. That Report 26/45 Sensitive Expenditure Report to 31 December 2025 be received and noted.

### BACKGROUND | HE KŌRERO TŪĀPAPA

2. Sensitive expenditure is any spending by an organisation that could be perceived to be giving private benefit to staff additional to the business benefit to the organisation.
3. This report on sensitive expenditure is provided to give the committee assurance that the sensitive expenditure is approved following the one-up principle and has supporting information justifying the purchases.
4. A revised sensitive expenditure policy was adopted by Council on 11 October 2023, incorporating recommendations from the Audit Management letter from 2021-22 and from 2022-23.
5. The policy gives responsibility of the Mayor, Councillors and the Chief Executive on being accountable for property and prudent spending the public money under their control including sensitive expenditure and internal controls that support this.
6. The Mayor, Councillors and the Executive Leadership Team are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of the sensitive expenditure policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

## **DISCUSSION | HE MATAPAKINGA**

7. The tables below outlines the Sensitive expenditure for the Chief Executive, Mayor and Elected members from 1 July 2025 to 31 December 2025.
8. Compliance with Policy has been verified based on sample testing of transactions selected, similar to that of an annual audit performed by Audit NZ. 122 transactions were audited for this purpose. This covers 100% of the number of transactions deemed sensitive expenditure for the period between 1 July 2025 to 31 December 2025 that relate to the Chief Executive, Mayor and Elected Members.
9. Total sensitive expenditure that relates to the Chief Executive, Mayor and Elected Members for 1 July 2025 to 31 December 2025 is \$58,553.81 and is further broken down in tables as follows.
10. Chief Executive's Sensitive Expenditure Summary for 1 July 2025 to 31 December 2025.

<b>Expenditure</b>	<b>Amount (excl. GST)</b>	<b>Compliant with Policy</b>
Meetings over meals (breakfast, lunch, dinner, coffee)	\$571.45	Yes
Travel & Accommodation	\$459.50	Yes
Conferences	\$4,970.76	Yes
Professional Development	\$35,335.98	Yes
<b>Total</b>	<b>\$41,337.69</b>	

11. Mayor's Sensitive Expenditure Summary for 1 July 2025 to 31 December 2025.

<b>Expenditure</b>	<b>Amount (excl. GST)</b>	<b>Compliant with Policy</b>
Meetings over meals (breakfast, lunch, dinner, coffee)	-	
Travel & Accommodation	\$936.13	Yes
Conferences	\$1,235.00	Yes
<b>Total</b>	<b>\$2,171.13</b>	

12. Elected Member's Sensitive Expenditure Summary for 1 July 2025 to 31 December 2025.

<b>Expenditure</b>	<b>No. of Elected Members</b>	<b>Amount (excl. GST)</b>	<b>Compliant with Policy</b>
Meetings over meals (breakfast, lunch, dinner, coffee)		-	N/A
Travel & Accommodation	4	\$985.57	Yes
Conferences		-	
Induction Training	All	\$7,544.44	Yes
Food Provided at Council Meetings		\$6,514.98	Yes
<b>Total</b>		<b>\$15,044.99</b>	

### 13. Chief Executive Professional Development – Harvard Leadership Programme

In June 2026, the Chief Executive will attend the Harvard Senior Executives in State and Local Government Programme in the United States. This internationally recognised course brings together senior public-sector leaders to explore new approaches to governance, leadership, and community engagement.

Attending this programme has been part of Mrs Davidson's development plan for the past three years, reflecting a long-term commitment to building skills and knowledge that will benefit both Council and the wider Horowhenua community. In recognition of her strong performance and continued leadership commitment, Mrs Davidson's Employment Agreement was extended in 2024 from 2027 to 2029. This extension reinforces both her long-term dedication to the district and Council's investment in stable, high-calibre leadership.

The Chief Executive Employment and Performance Committee confirmed its support for this opportunity in August 2025, recognising the value of international learning and exposure for Council's leadership capability.

The programme fee is NZD \$30,100, which has utilised existing professional development budgets. Council allocates \$10,210 annually for Chief Executive development, and the following unspent balances from previous years were applied toward the programme cost:

2023/24: \$9,675

2024/25: \$8,118

2025/26: \$10,210

In addition, travel costs are \$2,685.38 which will be covered by the existing training travel budget and accommodation costs are \$2,691.29 which will be covered by the existing training accommodation budget.

Participation in the Harvard programme will provide the Chief Executive with exposure to international best practice in public-sector leadership, strategic governance and community engagement.

#### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### **ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

There are no appendices for this report





File No.: 26/54

## 5.5 Treasury Update - December 2025

Author(s)	Steve Tanner <b>Financial Services Manager   Tumu Ratonga Ahumoni</b>
Approved by	Jacinta Straker <b>Group Manager Organisation Performance   Tumu Rangapū, Tutukinga Whakahaere</b>
	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. To update the committee on the treasury activity for the last quarter, which is outlined in the Bancorp Treasury Reporting Dashboard for the December 2025 quarter.

**This matter does not relate to a current Council priority.**

### RECOMMENDATION | NGĀ TAUNAKITANGA

- A. That Report 26/54 Treasury Update - December 2025 be received and noted.
- B. That the Committee notes the Bancorp Treasury Reporting Dashboard for the December 2025 quarter.

### BACKGROUND | HE KŌRERO TŪĀPAPA

2. This quarterly Treasury Reporting Dashboard is produced by Council's treasury advisors, Bancorp Treasury Services Limited.
3. The Local Government Act (LGA) 2002 requires:
  - liabilities to be managed prudently and in a manner that promotes the current and future interests of the Community (Section 101(1));
  - A Liability Management Policy to be adopted by Council (Section 102); and
  - specific content of such a policy (Section 104).

### DISCUSSION | HE MATAPAKINGA

4. Council had \$247m of external debt (net debt of \$204m) as at 31 December 2025 (a net increase of \$7m since 30 June 2025), which was all sourced from the Local Government Funding Agency (LGFA). Of this external debt, 65.8% is fixed rate bonds with the remaining 34.2% being floating rate notes. As at 31 December 2025 Council holds \$43.350m on Term Deposit of which \$43m is pre-funding to repay debt coming due, \$29m this 2025/26 financial year and \$14m in the 2026/27 financial year.

5. Council remains in compliance with its debt profile targets set in its Liability Management Policy:

Years	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount	DEC	MAR	JUN	DEC 25	COMPLIANT
0 - 2 years	40%	100%	47%	45.2	40.8%	65.8%	✓
2 – 4 years	25%	80%	49%	47.9	49.4%	61.5%	✓
4 -8 years	0%	60%	27%	26.5	25.6%	26.1%	✓

6. Since 30 June 2025 we have entered into \$10m worth of interest rates swaps. As at 31 December 2025 the Council has entered into a total of \$104m worth of interest rate swaps. taken to remain compliant with Council's Liability Management Policy (refer point 5 above).

Amount	Maturity	Rate
\$10m	15-MAY-31	3.24%

7. As at 31 December 2025, net interest against budget is depicted in the table below. The net interest is \$1.548m favourable against budget. Budgets were developed based on an average interest cost of 4.8%. Actual is now closer to 3.29%. We will be closely monitoring this in the coming six months to verify this favourable variance. Overall the Council is forecasting to be \$1.4m favourable to budget as at 30 June 2026

	Actual as at 31 December 2025	2025/26 Budget 31 December 2025	Variance
Interest Revenue	\$0.901m	-	\$0.901m
Interest Expense	\$4.279m	\$4.926m	\$0.647m
<b>Net Interest</b>	<b>\$3.378m</b>	<b>\$4.926m</b>	<b>\$1.548m favourable</b>

### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### **ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

No.	Title	Page
<a href="#">A1</a>	Horowhenua DC Treasury Report as at 31 December 25	79



# Quarterly Treasury Report

**31 December 2025**

STRICTLY PRIVATE AND CONFIDENTIAL



# Economic Commentary

## Global

2

In the December quarter 2025, major central banks continued their monetary easing, with a clear focus on supporting growth amid cooling inflation, labour market softening in some regions, and persistent uncertainties from geopolitical tensions and trade policies.

The global environment featured a gradual easing in advanced economies, though at varying paces and with increasing signs of divergence entering 2026. Inflation continued to moderate toward targets in most regions, but remained sticky in services and above target in the US, prompting a more cautious approach.

The Fed pursued a measured easing path in Q4 2025, delivering additional 25 basis point cuts (including in December), bringing the federal funds target range to 3.50%-3.75% by year-end. This followed earlier reductions, totalling around 75-100 bps for the year. Key drivers included a cooling labour market, sticky but declining inflation, and risk management priorities. The December decision was split (e.g., 9-3 or similar), reflecting divisions on the balance between employment risks and inflation persistence. Longer-term yields remained elevated, with the 10-year Treasury closing the year at 4.12%.

Overall, Q4 2025 marked the maturing phase of the global easing cycle: supportive financial conditions supported asset prices, but central banks grew more selective, preparing for potential policy divergence in 2026 amid uncertainties such as trade fragmentation and geopolitical risks.

Global growth remained resilient but modest (IMF projections around 3.2% for 2025), with inflation declining further — setting the stage for more range-bound or status quo policies in early 2026.

## New Zealand

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30-Sept-25	3.00%	2.80%	2.56%	2.62%	2.78%	3.10%	3.68%
30-Dec-25	2.25%	2.51%	2.61%	2.93%	3.19%	3.56%	4.09%
Change	-0.75%	-0.29%	+0.05%	+0.31%	+0.41%	+0.46%	+0.41%

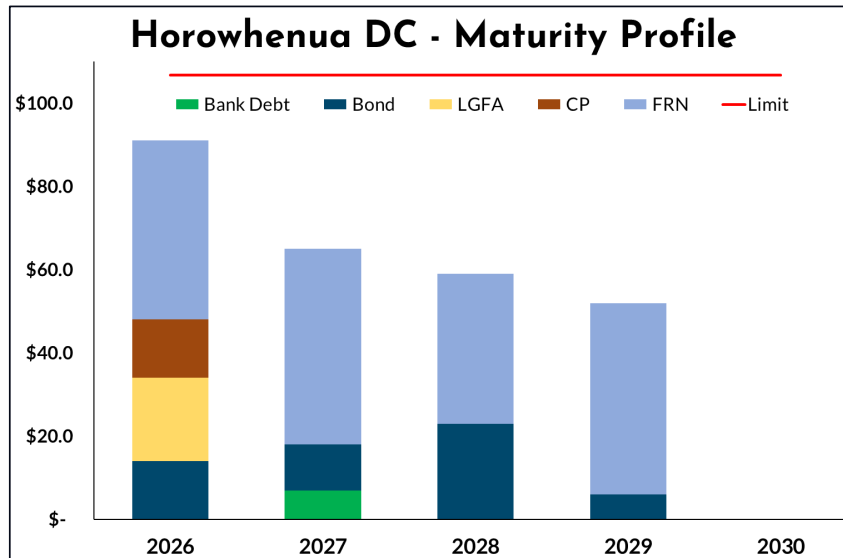
During the December 2025 quarter the New Zealand (RBNZ) appeared to signal that it had completed its aggressive easing cycle that began in mid-2024, with the Official Cash Rate (OCR) reaching a multi-year low. The final move came on 26 November 2025, when the Monetary Policy Committee (MPC) voted 5-1 to reduce the OCR by 25 basis points to 2.25% — its lowest level since mid-2022. This followed a larger-than-expected 50 bps cut to 2.50% in October 2025, bringing cumulative reductions since the peak (5.50% in August 2024) to 325 bps. The statement marked the final *Monetary Policy Statement* ahead of the new Governor Anna Breman taking office in December.

The market reaction to the unexpectedly hawkish cut was extreme, with the 5-year swap rates up from 3.14% on the day of the OCR announcement to 3.77% on 15 December. The extent of the movement prompted the new Reserve Bank Governor to issue a statement that essentially inferred the markets had gone too far, stating, "*Financial market conditions have tightened since the November decision, beyond what is implied by our central projection for the OCR.*" As a consequence of the statement, 5-year swap rates retreated to 3.52%. Overall during the quarter the yield curve steepened considerably with the spread between the 90 day rate and the 5 year swap rate increasing from 0.30% on 1 October to 1.04% on 31 December.

The consensus view is that the new Governor will be cautious around inflation and would need to see a material surge in growth or inflation to contemplate any change in the OCR until 2027, which is when RBNZ's projections see the first hike.

# Liquidity and Funding

3



Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

Current Debt

**\$240.09m**

External Council Drawn Debt

Current LGFA Debt

**\$240.09m**

Funds Drawn from LGFA

Headroom = undrawn bank and LGFA facilities plus cash in bank and term deposits

**\$85.17m**

Liquidity Ratio (must be >110%)

**135.47%**

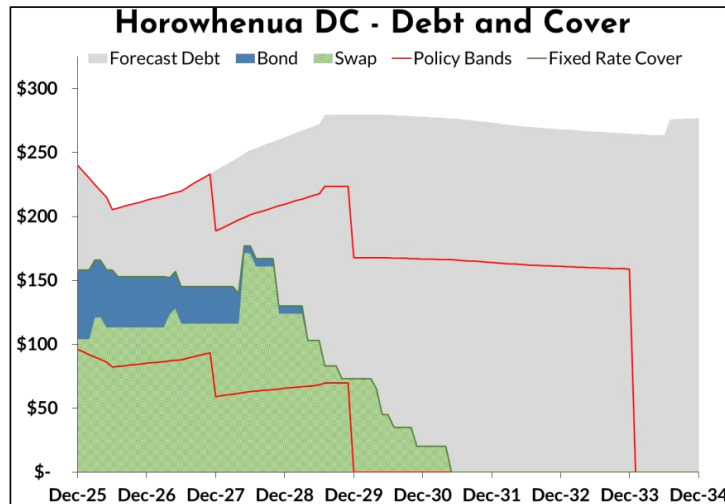
Definition: (Cash Reserves + Term Deposits + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 December

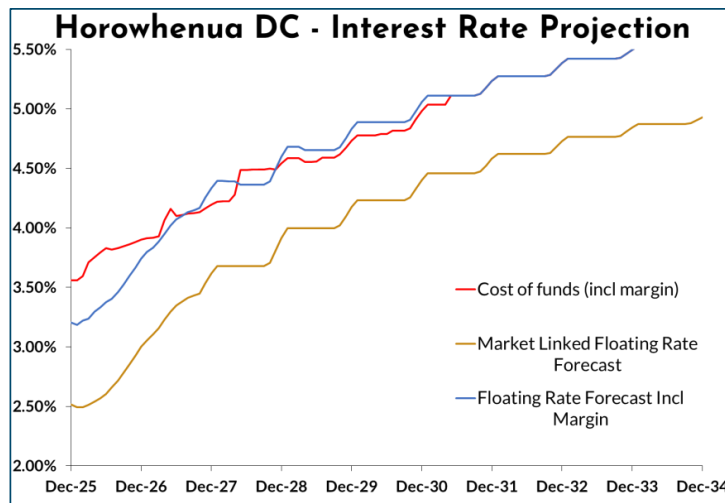
**3.56%**

# Debt & Cover Profile

4



Current % of Debt Fixed	65.8%
Current % of Debt Floating	34.2%
Value of Fixed Rate (m)	\$158.0
Weighted Average Cost of Fixed Rate Instruments	3.29%
Value of Forward Starting Cover	\$94.0
Value of Floating Rate (m)	\$82.1
Current Floating Rate	2.52%
Current Floating Rate (incl margin)	3.20%
All Up Weighted Average Cost of Funds Including Margin	3.56%
Total Facilities In Place	\$267.1



Policy Bands					
	Minimum	Maximum	Cover at 31/12/25	Average for period	Policy
0 - 2 years	40%	100%	65.8%	69.6%	Compliant
2 - 4 years	25%	80%	61.5%	49.2%	Compliant
4 - 8 years	0%	60%	26.1%	5.2%	Compliant



# Horowhenua DC - Funding

## As at 31 December 2025

As at 31 December 2025, Horowhenua DC had \$240.09 million of core debt, all of which is sourced from the LGFA using Commercial Paper ("CP"), Floating Rate Notes ("FRN's") and Fixed Rate Bonds ("FRB's"). In addition, HDC has a \$7m BNZ facility, and a \$20m facility with the LGFA. Details of the drawn LGFA debt is as follows.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	19-Feb-26	2.64%	0.15%	\$14,093,160
LGFA FRB	20-Mar-26	3.38%	N/A	\$9,000,000
LGFA FRN	15-Apr-26	3.11%	0.56%	\$4,000,000
LGFA FRN	15-Apr-26	3.05%	0.50%	\$4,000,000
LGFA FRN	15-Apr-26	3.05%	0.50%	\$6,000,000
LGFA FRN	15-Apr-26	2.94%	0.39%	\$8,000,000
LGFA FRN	15-Apr-26	3.05%	0.50%	\$7,000,000
LGFA FRN	15-May-26	3.07%	0.57%	\$7,000,000
LGFA FRB	15-Jul-26	3.37%	N/A	\$5,000,000
LGFA FRN	15-Oct-26	3.16%	0.61%	\$7,000,000
LGFA FRN	15-Apr-27	3.31%	0.76%	\$5,000,000
LGFA FRB	15-Apr-27	1.66%	N/A	\$5,000,000
LGFA FRB	15-Apr-27	2.12%	N/A	\$6,000,000
LGFA FRN	15-Apr-27	3.12%	0.57%	\$8,000,000
LGFA FRN	15-Apr-27	3.16%	0.61%	\$4,000,000
LGFA FRN	15-Apr-27	3.24%	0.69%	\$6,000,000
LGFA FRN	15-Apr-27	3.17%	0.62%	\$8,000,000
LGFA FRN	15-Apr-27	3.19%	0.64%	\$10,000,000
LGFA FRN	15-Apr-27	3.24%	0.69%	\$6,000,000
LGFA FRB	15-Apr-28	1.68%	N/A	\$5,000,000
LGFA FRB	15-May-28	2.11%	N/A	\$6,000,000
LGFA FRB	15-May-28	2.58%	N/A	\$12,000,000
LGFA FRN	15-May-28	3.21%	0.71%	\$3,000,000
LGFA FRN	15-May-28	3.29%	0.79%	\$10,000,000
LGFA FRN	15-May-28	3.20%	0.70%	\$7,000,000
LGFA FRN	15-May-28	3.36%	0.86%	\$16,000,000
LGFA FRN	20-Apr-29	3.14%	0.61%	\$5,000,000
LGFA FRN	20-Apr-29	3.29%	0.76%	\$6,000,000
LGFA FRN	20-Apr-29	3.34%	0.81%	\$4,000,000
LGFA FRN	20-Apr-29	3.23%	0.71%	\$10,000,000
LGFA FRB	20-Apr-29	5.17%	N/A	\$6,000,000
LGFA FRN	20-Apr-29	3.48%	0.95%	\$21,000,000
				<b>\$240,093,160</b>

# Horowhenua DC - Interest Rate Swaps

## As at 31 December 2025

As at 31 December 2025, Horowhenua DC had a notional amount of \$198 million of interest rate swaps as follows:

Instrument	Start	Maturity	Rate	Amount
Swap	17-May-21	15-May-26	2.15%	\$8,000,000
Swap	17-May-21	17-May-27	2.25%	\$7,000,000
Swap	27-Jun-24	30-Jun-27	4.75%	\$12,000,000
Swap	15-Jul-25	15-Jul-28	3.51%	\$10,000,000
Swap	30-May-27	30-Nov-28	4.10%	\$12,000,000
Swap	30-May-28	30-Nov-28	4.14%	\$25,000,000
Swap	17-May-24	13-Apr-29	3.56%	\$4,000,000
Swap	20-Mar-26	20-Apr-29	3.89%	\$10,000,000
Swap	20-Mar-26	20-Apr-29	4.05%	\$7,000,000
Swap	15-Jul-25	16-Jul-29	3.48%	\$10,000,000
Swap	20-Jul-25	20-Jul-29	3.64%	\$10,000,000
Swap	20-Jul-25	20-Oct-29	3.66%	\$10,000,000
Swap	19-May-25	15-Apr-30	4.13%	\$8,000,000
Swap	30-Mar-24	15-May-30	4.35%	\$5,000,000
Swap	15-May-28	15-May-30	4.03%	\$15,000,000
Swap	15-Jul-25	15-Jul-30	3.40%	\$10,000,000
Swap	15-May-28	15-Nov-30	4.08%	\$15,000,000
Swap	15-Oct-25	15-May-31	3.24%	\$10,000,000
Swap	15-Apr-27	15-May-31	3.49%	\$10,000,000
			Total	<b>\$198,000,000</b>



# LGFA Borrowing Rates

As at 31 December 2025

7

Listed below are the credit spreads and applicable interest rates as at 31 December 2025 for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at the Horowhenua District Council could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	2.64%	N/A
6 month CP	0.15%	2.70%	N/A
April 2027	0.48%	2.97%	3.16%
May 2028	0.58%	3.07%	3.56%
April 2029	0.62%	3.11%	3.84%
May 2030	0.64%	3.13%	4.06%
May 2031	0.78%	3.27%	4.35%
May 2032	0.85%	3.34%	4.56%
April 2033	0.90%	3.39%	4.72%
May 2035	1.01%	3.50%	5.02%
April 2037	1.05%	3.54%	5.20%

## Disclaimer

### IMPORTANT NOTICE

Statements and opinions contained in this report are given in good faith, but in its presentation, Bancorp has relied on primary sources for the information's accuracy and completeness. Bancorp does not imply, and it should not be construed, that it warrants the validity of the information. Moreover, our investigations have not been designed to verify the accuracy or reliability of any information supplied to us. It should be clearly understood that any financial projections given are illustrative only. The projections should not be taken as a promise or guarantee on the part of Bancorp. Bancorp accepts no liability for any actions taken or not taken on the basis of this information and it is not intended to provide the sole basis of any financial and/or business evaluation. Recipients of the information are required to rely on their own knowledge, investigations and judgements in any assessment of this information. Neither the whole nor any part of this information, nor any reference thereto, may be included in, with or attached to any document, circular, resolution, letter or statement without the prior written consent of Bancorp as to the form and content in which it appears.

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File No.: 26/53

## 5.6 Continuous Improvement and Audit Actions Monitoring Report

Author(s)	Steve Tanner <b>Financial Services Manager   Tumu Ratonga Ahumoni</b>
Approved by	Jacinta Straker <b>Group Manager Organisation Performance   Tumu Rangapū, Tutukinga Whakahaere</b>
	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

- A. That Report 26/53 Continuous Improvement and Audit Actions Monitoring Report be received and noted.
- B. That completed actions are removed from future report.

**This matter does not relate to a current Council priority.**

### RECOMMENDATION | NGĀ TAUNAKITANGA

- C. That Report 26/53 Continuous Improvement and Audit Actions Monitoring Report be received and noted.

### BACKGROUND | HE KŌRERO TŪĀPAPA

- 1. This paper reports on actions generated from Committee resolutions, and any requests noted through the minutes, or requested through external and internal audit work and for actions accepted by the Chair.
- 2. Much like the Committee Work Programme, the Continuous Improvement and Audit Actions Monitoring Report is a standing item and reported through at each committee meeting.
- 3. The monitoring report includes actions that have been carried over from the Finance, Audit and Risk Committee from the previous Triennium.

4. Below is a summary of the status of all recommendations:

	Open recommendations at 1 August 2025	New	Recommendations completed	Outstanding recommendations
Audit Management report 2023/24 previous recommendations	5		(3)	2
Audit Management report 2024/25 recommendations		6		6
PAYE & WHT compliance evaluation by PwC Recommendations – July 2025	3		(1)	2
GST Compliance evaluation by PwC recommendations – 17 February 2023	3			3
FBT Compliance evaluation by PwC recommendations – June 2024	4			4
Total	15	6	(4)	17

5. Six recommendations have been added from the 2024/25 Report to Management of which five are considered Medium priority and one is considered low priority. Two recommendations from the 2023/24 Audit Management Letter have carried through to the 2024/25 Report to Management. This report is included in Attachment A. The detail on each recommendation and response by Council officers is included.
6. As part of the 2024/25 final review by Audit NZ, a total of three further open recommendations from the 2023/24 Audit were confirmed as completed.
7. In summary, there were a total of 18 open recommendations from the Audit Management letter for the year ended 30 June 2024. Audit NZ has provided a Report to Management (including HDC responses) issued 16<sup>th</sup> December 2025. As a result 16 of the recommendations from the 2023/24 Audit Management Letter are now considered closed.
8. The four remaining recommendations resulting from the FBT Compliance evaluation by PwC are in progress. Refer Attachment B for more details.
9. Three outstanding recommendations resulting from the GST Compliance evaluation by PwC are in progress. These involve fundamental changes needed to Council's ERP system to allow for GST coding to be utilised and drafting of the Asset Management Policy and so this might not be able to be completed until the next financial year or as part of the upgrade of our ERP starting in the later part of 2025/26. Refer Attachment B for more details.
10. From the Tax Governance Framework PwC has previously completed the PAYE Compliance evaluation.
  - Of the recommendations that are of low to medium risk with action recommended, two recommendations remain and are being worked on, being: procedural documentation and tax obligation around clothing reimbursement. Refer Attachment B for more details.

**Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

No.	Title	Page
A <a href="#">↓</a>	Audit NZ 2024-25 Report to Management with Management comments included	90
B <a href="#">↓</a>	Risk & Assurance Committee monitoring report February 26	106

# Report to Management

on the audit of  
Horowhenua District Council

For the year ended 30 June 2025

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Introduction

We completed our audit of Horowhenua District Council and group (the Council) on 8 October 2025. The significant matters arising from the audit were covered in our Report to Council dated 21 October 2025.

The purpose of this report is to report to management on relevant matters identified during the audit. It supplements the Report to Council, covering other matters identified and our recommendations for improvements. For each recommendation we provide an indicative priority rating.

We would like to thank management, and staff for the assistance they provided during the audit.

Debbie Bradfield  
Appointed Auditor  
10 November 2025



## Recommendations



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Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
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1.	 <b>Medium</b>	2024/25	Implement a formal review process focused on ensuring that vested assets are recorded in the correct financial period.	<p><b>Vested assets: Cut-off</b></p> <p>We identified errors in the timing and recognition of vested assets. Assets vested in Council during the 2023/24 financial year were not recorded in that period. Instead, they were recognised in the 2025 financial year.</p>	<p>Acknowledge that full documented process is required.</p> <p>Vested Assets workshop has been held bringing together members from all departments that have input resulting in vested assets with an aim to provide a full workflow and process. Initial steps put in place to address the immediate issue:</p> <ul style="list-style-type: none"> <li>• monthly reconciliation between S224 certificates issued and related asset/as-built data - planning and 3w GIS</li> <li>• Creation of separate IPS service contracts to capture assets related to specific Consents rather than having them placed in a “bucket”. This will enable assets to be vested as 224c’s are issued rather than in bulk at the end of the year.</li> </ul> <p>Fortnightly meetings following the workshop are being held. Multiple work streams and actions will come out of this with individual activities tasked initially with capturing and</p>
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Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
					documenting process for their activities and related workflows.
2.	🟡 Medium	2024/25	Introduce a formal review process that ensures expenditure is recorded in the correct accounting period and that liabilities and income received in advance are properly classified. This process should be supported by enhanced staff training and strengthened monthly and year-end reconciliation checks.	<b>Expenditure Cut-off and misclassification of Payables</b> We identified: <ul style="list-style-type: none"> <li>• transactions recorded in the incorrect accounting period, impacting expenditure cut-off.</li> <li>• Instances where payable transactions were incorrectly classified as income received in advance.</li> </ul>	Management accepts the audit findings and is committed to strengthening financial controls over expenditure cut-off and liability classification. <ul style="list-style-type: none"> <li>• A formal monthly and year-end expenditure and revenue review process will be implemented to ensure transactions are recorded in the correct accounting period.</li> <li>• Monthly reconciliations of payables and deferred income accounts will be performed and reviewed by the Financial Services Manager.</li> <li>• Targeted training sessions will be delivered to finance staff covering expenditure cut-off, accruals, and liability classification.</li> </ul>




Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
3.	🟡 Medium	2024/25	Introduce formal review process to ensure valuers receive all the required data before valuations are performed.	<b>Investment property</b> The valuer did not have access to all the data required for a fully informed valuation because incomplete information was provided for 187 Oxford Street and 216-218 Oxford Street.	Have emailed the valuer to understand detail of incomplete data provided. Action required: Establishing a checklist or similar document to ensure all data requirements are captured and able to be documented as provided to the valuer.



Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
4.	🟡 Medium	2024/25	Strengthen the year-end financial reporting process by implementing review controls and assigning clear accountability for each stage of the financial reporting process.	<p><b>Improving the quality review process of the annual report and summary annual report</b></p> <p>We identified multiple material errors and disclosure adjustments in both the annual report and the summary annual report. These matters adversely impacted the audit timeline and budget and reduced the overall efficiency of the audit process.</p>	<p>This review work was significantly impacted by the timing of the issuing of the Audit NZ Model Annual Report (Financial Statements and notes) being so close to the date for HDC to supply the Annual Report draft to Audit NZ. Significant restatements of the submitted Annual Report were required due to the requirement/insistence of Audit NZ to have the Annual Report reflect the model statements and notes. Multiple variations during the audit timeline were required directly due to this requirement. Additional variations did also eventuate due to the Audit process requiring changes due to the nature of the audit process. The Annual Report format and template will now serve for the next two financial years until the next model statements and notes are next issued by Audit NZ.</p>



5.	 <b>Medium</b>	2023/24	<p>Ensure CRM data is accurate, supported by documentation, and subject to regular reviews to detect errors and duplicates.</p>	<p><b>Performance information: CRM listings</b></p> <p>Management provided incorrect listings on a number of occasions, and CRM data was inconsistent with supporting documentation. These matters adversely impacted the audit timeline and budget and reduced the overall efficiency of the audit process.</p>	<p>In the first meetings with Audit our team requested an indication of which performance measures would be audited. This information was first provided end-March 2025.</p> <p>The Roding SSP for CRM data was audited for the first time this year. During the final audit, several issues were identified with the SSP report for Roding CRM data, and improvement work is currently underway. It is noted that our team and Audit were in regular discussion to ensure the correct information was provided.</p> <p>In addition, for the Save Water Supply measure, we have since revised our process to analyse external monitoring reports, compare their findings with internal results, and discuss any discrepancies prior to the external monitoring reports being finalised.</p> <p>A further process will also be implemented to ensure that complete reasons for targets not on track are provided as part of the Organisational Performance Reporting ensuring this is resolved earlier so that it is not an issue during the audit process.</p> <p>We reiterate that an early indication by Audit of the SSPs to be audited will</p>
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Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
					further improve the process for all involved.

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6.	🟡 Medium	2021/22	<p>Management ceases the usage of the generic Administrator network account.</p>	<p><b>Elevated network user accounts need management</b></p> <p>Changes to privileged network accounts are not logged, and the usage of the Administrator account is neither monitored nor reviewed.</p> <p><i>As this matter has been raised by audit for a number of years without any action taken by the Council, we will not follow up on it next year and conclude that the Council has accepted the associated risk.</i></p>	<p>It is not accurate of Audit to reflect that no action has been taken by Council. As advised in July 2025 as part of the IT Audit we had developed a work plan with several steps as part of our ongoing efforts to uplift privileged access management, and we've taken steps to better control elevated accounts within the network.</p> <p>On the 17th November, we completed a formal change to disable the built-in "Administrator" account across all domain-joined systems. This account is a known attack vector and presents unmanaged risk due to its static name and elevated privileges.</p> <p>We are also reviewing the membership and usage of high-privilege groups including Enterprise Admins, Schema Admins, and Domain Admins. This process is being approached cautiously to avoid disrupting operational dependencies across council systems. Changes are being staged deliberately to ensure continuity of services while progressively reducing legacy privileges in line with NZISM and least privilege principles.</p>
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Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
					As of now there are no accounts in Enterprise Admins or Schema Admins and all Domain Admin accounts are being reviewed.

DRAFT



7.	🟡	2021/22	<p>Improve network and application password settings to meet current NZ Information Security Manual or other internationally recognised standards.</p>	<p><b>Improve network login and application login password strength</b></p> <p>Council's passwords do not meet the NZ Information Security Manual or other international recognised standards.</p> <p><i>As this matter has been raised by audit for a number of years without any action taken by the Council, we will not follow up on it next year and conclude that the Council has accepted the associated risk.</i></p>	<p>We've adopted a secure-by-default authentication approach grounded in NZISM guidance and international frameworks with current enforcement policy rolled out to all staff with minimum 14-character non-complex passphrases. In addition we have blocked password filtering:</p> <p>Enforced both on-premises and in Azure AD</p> <p>Curated banned list with over 1,000 weak or local-context passwords</p> <p>Additional controls are also in place for all staff following completion of our Windows 11 roll out, with 217 devices set up with Multi-Factor Authentication (MFA) enforced for all accounts. In addition through our Windows 11 project we have rolled out Windows Hello for Business and several password protection policies.\</p> <p>This implementation uplifts from a legacy 8-character complex password baseline with no MFA, to a more modern, layered approach. While NIST allows non-complex passphrases of 15+ characters (as of 2025) when paired with MFA and breach filtering,</p>
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Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments
					NZISM has indicated 16 as preferred in guidance.  We're happy to uplift to 15 or 16 characters in the next policy revision cycle.
8.	• Low	2024/25	Implement a reporting capability that provides minimum and maximum useful life ranges by asset category to ensure alignment with annual report disclosures.	<p><b>Property, plant and equipment: Useful lives disclosure</b></p> <p>We noted that useful life information for assets is not readily available. The data is not centralized, is difficult to interpret, and requires significant manual intervention. Additionally, the Council was unable to provide a report showing the minimum and maximum useful life ranges by asset category, which should align with disclosures in the annual report.</p>	<p>Reconciliation between asset data and annual report asset life disclosure was audited for the first time in the 2025 FR. RAMM (Roading) and IPS Hansen (3w) reports were able extract required data and the annual report disclosures updated to match the asset categories and asset life ranges.</p> <p>Acknowledge that there are no current Authority Civica reports that extract CVR PPE assets along with the asset type and minimum and maximum useful life ranges to reconcile against the annual report disclosure.</p> <p>Note that CVR does not have a field that can capture minimum life, the only available fields are maximum life and residual life.</p> <p><u>Action Required:</u> Create a custom report that can bring through the required Authority CVR fields</p>



Ref	Priority	First raised	Recommendation	Why we are making this recommendation	Management comments

DRAFT



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Mana Arotake Aotearoa

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## Risk & Assurance Committee Actions Monitoring Report

	Completed
	In progress
	Transfer
	Off track/Not Started

### Key from Audit

Priority	Explanation
Urgent	<b>Needs to be addressed <i>urgently</i></b>  These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.
Necessary	<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b>  These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	<b>Address, <i>generally within six to 12 months</i></b>  These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address them, provided the benefits outweigh the costs.

D23/18110

Last update: 4-Feb-26

UNCLASSIFIED

Audit Management Report 2024/25 Recommendations			
Recommendation	Due date	Status	Officer Comment
Necessary			
Vested assets: Cut-off			
<p>We identified errors in the timing and recognition of vested assets. Assets vested in Council during the 2023/24 financial year were not recorded in that period. Instead, they were recognised in the 2025 financial year.</p> <ul style="list-style-type: none"> <li>Implement a formal review process focused on ensuring that vested assets are recorded in the correct financial period.</li> </ul>	30/06/2026		<p>Acknowledge that full documented process is required.</p> <p>Vested Assets workshop has been held bringing together members from all departments that have input resulting in vested assets with an aim to provide a full workflow and process. Initial steps put in place to address the immediate issue:</p> <ul style="list-style-type: none"> <li>monthly reconciliation between S224 certificates issued and related asset/as-built data - planning and 3w GIS</li> <li>Creation of separate IPS service contracts to capture assets related to specific Consents rather than having them placed in a "bucket". This will enable assets to be vested as 224c's are issued rather than in bulk at the end of the year.</li> <li>Fortnightly meetings following the workshop are being held. Multiple work streams and actions will come out of this with individual activities tasked initially with</li> </ul>

D23/18110

Last update: 4-Feb-26

UNCLASSIFIED

			capturing and documenting process for their activities and related workflows.
<b>Expenditure Cut-off and misclassification of Payables</b>			
Introduce a formal review process that ensures expenditure is recorded in the correct accounting period and that liabilities and income received in advance are properly classified. This process should be supported by enhanced staff training and strengthened monthly and year-end reconciliation checks.	30/06/2026		<p>Management accepts the audit findings and is committed to strengthening financial controls over expenditure cut-off and liability classification.</p> <ul style="list-style-type: none"> <li>• A formal monthly and year-end expenditure and revenue review process will be implemented to ensure transactions are recorded in the correct accounting period.</li> <li>• Monthly reconciliations of payables and deferred income accounts will be performed and reviewed by the Financial Services Manager.</li> </ul> <p>Targeted training sessions will be delivered to finance staff covering expenditure cut-off, accruals, and liability classification.</p>

D23/18110

Last update: 4-Feb-26

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<b>Investment property</b>			
Introduce formal review process to ensure valuers receive all the required data before valuations are performed.	30/06/2026		Have emailed the valuer to understand detail of incomplete data provided. Action required:  Establishing a checklist or similar document to ensure all data requirements are captured and able to be documented as provided to the valuer.
<b>Improving the quality review process of the annual report and summary annual report</b>			
<p>Strengthen the year-end financial reporting process by implementing review controls and assigning clear accountability for each stage of the financial reporting process.</p> <p>We identified multiple material errors and disclosure adjustments in both the annual report and the summary annual report. These matters adversely impacted the audit timeline and budget and reduced the overall efficiency of the audit process.</p>	30/06/2026		<p>This review work was significantly impacted by the timing of the issuing of the Audit NZ Model Annual Report (Financial Statements and notes) being so close to the date for HDC to supply the Annual Report draft to Audit NZ.</p> <p>Significant restatements of the submitted Annual Report were required due to the requirement/insistence of Audit NZ to have the Annual Report reflect the model statements and notes. Multiple variations during the audit timeline were required directly due to this requirement. Additional variations did also eventuate due to the Audit process requiring changes due to the nature of the audit process. The Annual Report format and template will now serve for the next two financial years until the next model statements and notes are next issued by Audit NZ.</p>

D23/18110

Last update: 4-Feb-26

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Performance information: CRM listings			
<p>Ensure CRM data is accurate, supported by documentation, and subject to regular reviews to detect errors and duplicates.</p> <p>Management provided incorrect listings on a number of occasions, and CRM data was inconsistent with supporting documentation. These matters adversely impacted the audit timeline and budget and reduced the overall efficiency of the audit process.</p>	30/06/2026		<p>In the first meetings with Audit our team requested an indication of which performance measures would be audited. This information was first provided end-March 2025.</p> <p>The Roding SSP for CRM data was audited for the first time this year. During the final audit, several issues were identified with the SSP report for Roding CRM data, and improvement work is currently underway. It is noted that our team and Audit were in regular discussion to ensure the correct information was provided.</p> <p>In addition, for the Save Water Supply measure, we have since revised our process to analyse external monitoring reports, compare their findings with internal results, and discuss any discrepancies prior to the external monitoring reports being finalised.</p> <p>A further process will also be implemented to ensure that complete reasons for targets not on track are provided as part of the Organisational Performance Reporting ensuring this is</p>

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			<p>resolved earlier so that it is not an issue during the audit process.</p> <p>We reiterate that an early indication by Audit of the SSPs to be audited will further improve the process for all involved.</p>
<b>Property, plant and equipment: Useful lives disclosure</b>			
<p>Implement a reporting capability that provides minimum and maximum useful life ranges by asset category to ensure alignment with annual report disclosures.</p> <p>We noted that useful life information for assets is not readily available. The data is not centralized, is difficult to interpret, and requires significant manual intervention. Additionally, the Council was unable to provide a report showing the minimum and maximum useful life ranges by asset category, which should align with disclosures in the annual report.</p>	30/06/2026		<p>Reconciliation between asset data and annual report asset life disclosure was audited for the first time in the 2025 FR. RAMM (Roding) and IPS Hansen (3w) reports were able extract required data and the annual report disclosures updated to match the asset categories and asset life ranges.</p> <p>Acknowledge that there are no current Authority Civica reports that extract CVR PPE assets along with the asset type and minimum and maximum useful life ranges to reconcile against the annual report disclosure.</p> <p>Note that CVR does not have a field that can capture minimum life, the only available fields are maximum life and residual life.</p>

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			Action Required: Create a custom report that can bring through the required Authority CVR fields
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#### Audit Management Report 2023/24 Previous Recommendations

Recommendation	Due date	Status	Officer Comment
<b>Elevated network user accounts need management</b>			
<p>Any elevated access account creation should have formalised approval by the IS manager and regular reviews of these accounts should be carried out.</p> <p>Use of the generic Administrator account should be eliminated and the password stored away for use in an emergency.</p> <p>Logging of any changes to privileged network accounts, and to usage of the Administrator account should be established and reviewed.</p> <p>Our IS audit review in 2024 noted that the generic network administrator account is still in use, however it is in the final stages of being phased out, and tracking of usage is occurring. Additionally, this year we noted there are a high number of privileged network and database users accounts and no full reviews of network user accounts.</p>	30/06/2026		<p>Council made the call to not advance a strategy move to Microsoft E5 licensing in 2024. HDC has included a review of elevated accounts in the 2024/2025 financial year. Improvement steps have already been taken to clean up privileged accounts and a process of assessment/disposal of redundant servers.</p>
<b>Improve Network Login and Application Login Password Strength</b>			
<p>Improve its network and application password settings to meet current NZ Information Security Manual or other internationally recognised standards.</p>	30/06/2026		<p>We have updated our password policy and have gone over the steps required to make the change. This has been implemented.</p>

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### Key from PricewaterhouseCoopers

Priority	Explanation
Urgent	High risk/immediate action required
Necessary	Low- Medium risk - action recommended
Beneficial	Low risk/for your information only
√	Tax opportunity/action required

PAYE & WHT compliance evaluation by PwC Recommendations – June 2025					
Area of focus	Recommendation	Priority	Due date	Status	Officer Comment
<b>Process</b>					
Procedural documentation	As with any policy or procedural documentation, we recommend these are reviewed and updated on a periodic basis (at least annually) thereafter. The recommendations throughout this report should be included in the procedural documentation, as applicable.	Necessary	February 2026		The payroll procedures are updated on an annual basis. They are being reviewed now as part of training for the back-up coordinator.
Clothing	Reimbursements of this nature may be paid tax-free where an employee is required to purchase their own clothing for work, providing there is no private benefit (i.e. plain clothes would be classified as a private benefit). Alternatively, where the clothing is provided directly by Council, the FBT exemptions for distinctive work clothing or Health and Safety may apply. We recommend Council ensures that any clothing provided in the course of	Necessary	November 2025		As above. There are allowances for shoes and togs and these are currently processed through claim forms. As above we are looking into options to streamline this process and ensure better reporting and accurate FBT/tax.

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PAYE & WHT compliance evaluation by PwC Recommendations – June 2025					
	employment complies with Inland Revenue's requirements in order to be provided tax-free. Where there is an allowance or reimbursement for clothing that is not covered by an exemption, this will need to be grossed-up for PAYE and other payroll deductions.				

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### Key from PricewaterhouseCoopers

Priority	Explanation
Urgent	High risk/immediate action required
Necessary	Medium risk/attention recommended in the medium term
Beneficial	Low risk/for your information only
√	Tax opportunity/action required

FBT Compliance evaluation by PwC Recommendations – May 2024					
Area of focus	Recommendation	Priority	Due date	Status	Officer Comment
<b>General</b>					
FBT Return process	We consider that Council's current FBT return preparation process largely contains the key fundamentals, however there is additional information that needs to be communicated through the FBT return preparer regarding motor vehicle usage and improved tracking of unclassified benefits. These improvements are outlined in more detail throughout the report.	Beneficial	31/12/2025		In Progress We are working on compiling a list of unclassified benefits. Now resourcing is available this will be progressed in the first six months of the 25/26 financial year.
<b>Unclassified benefits</b>					
General	We recommend Council has a record as a proof that the unclassified benefits are under the de-minimis threshold and establish an appropriate means of tracking these. We understand that there is a GL account and HR has a list of benefits that could be checked each	Beneficial	31/12/2025		In Progress A list is being compiled.

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FBT Compliance evaluation by PwC Recommendations – May 2024					
	<p>quarter and included in the return workpapers.</p> <p>Council should ensure that employees are aware of how to correctly code unclassified benefits to the appropriate account in the GL.</p> <p>To support the FBT return preparer's GL analysis, we recommend that the FBT return preparation instructions of the workpaper includes rationale for why certain common benefits (e.g. uniforms from a known supplier that contain logo) are excluded, where it might otherwise not be apparent by the narration.</p>				
Employee discounts	Council should include the Boost expenses within their de minimis calculation.	Beneficial	31/12/2025		In Progress To be included in the list being compiled above.
Calculation method					
Calculation method	<p>We consider that the single rate method is the most appropriate method for Council currently, based on the benefits included within the FBT return currently and salary profile of those receiving them. Once our other recommendations have been considered, we recommend that Council revisit the most appropriate calculation method. If private use of additional vehicle is required to be returned, the pooled alternate rate method may result in significant FBT savings.</p>	Beneficial	31/12/2025		This recommendation will be assessed once the above recommendations have been considered and actioned upon.

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### Key from PricewaterhouseCoopers

Priority	Explanation
Urgent	High risk/immediate action required
Necessary	Medium risk/attention recommended in the medium term
Beneficial	Low risk/for your information only
√	Tax opportunity/action required

GST Compliance evaluation by PwC Recommendations – 17 February 2023					
Area of focus	Recommendation	Priority	Due date	Status	Officer Comment
<b>GST Return Preparation</b>					
GST Codes	We agree that in some instances, GST treatment can differ for items coded to a particular code, however there are many instances (e.g. rates penalties), where a default GST code should be used to ensure these are treated correctly for GST. Accordingly, we recommend Council review the default GST coding and ensure there is a default code where a particular GST treatment is certain or very common.	√	30/06/2025		Further exploration with our system provider is needed to investigate the possibility of configuring the GST return function in the system by making use of the GST codes setting. Due to resource constraints with our system provider and internally this has been extended to the end of calendar year 2025, noting our current GST calculation methods are still considered fit for purpose and accurate.

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Property and Land Transactions					
Property Purchases and Disposals	We recommend that Council update the sales/disposals on property and land policy and procedure documentation to ensure the finance team is made aware of potential transactions early and the expected GST treatment is determined prior to the transaction being finalised. We recommend that Council ensures that the GST schedule within all Sale & Purchase agreements are completed. In the event that the GST treatment is ever scrutinised by the other party or by Inland Revenue, having this completed should support the GST position taken by Council.	Urgent	31/12/2025		<p>In Progress.</p> <p>Asset Management Policy is being drafted from scratch. The intention is to include the necessary processes in this policy to ensure the finance team is made aware of potential transactions early and the expected GST treatment is determined prior to the transaction being finalised.</p> <p>Whilst more time is needed to work on the policy, as an interim measure, a process has been put in place with the relevant team responsible for sales/disposals on property and land to include the Finance team in completing the GST schedule within the agreements, and generally with questions around GST treatment. The due date has been changed from 30/06/2024 while we work on the policy.</p>
<b>Grants</b>					
Grants	We recommend that the finance team ensures it has oversight on all grants going both in and out of Council, to ensure the GST treatments are correct.	Beneficial	31/12/2025		<p>In Progress</p> <p>Once the grants that council will pay has been decided on, finance will be informed of</p>

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	<p>We provide specific recommendations below in regard to individual grants and provide further information on the distinction between grants and donations at Appendix Four.</p>			<p>who is receiving the grant so that the information can be reviewed for correct GST treatment.</p> <p>Grants are only handed out a selected time during the year so the process hasn't been tested yet. The due date has been changed from 31/12/2023 to allow for the testing to be done for a full financial year.</p>
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File No.: 26/47

## 5.7 Risk and Assurance Committee Work Programme

Author(s)	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>
Approved by	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. The purpose of this report is to provide the Risk and Assurance Committee with an outline of a draft Work Programme up to 31 December 2026, and to seek the Committee's feedback to inform and refine the programme.
2. This report is intended to support discussion at the table, including identifying areas where the Committee may wish to request deeper analysis, thematic "deep dives", o ensure the Work Programme remains aligned with providing assurance to the Committee's priorities.

**This matter does not relate to a current Council priority.**

### RECOMMENDATION | NGĀ TAUNAKITANGA

- A. That Report 26/47 Risk and Assurance Committee Work Programme be received and noted.
- B. That the Risk and Assurance Committee supports the proposed Risk and Assurance Committee Work Programme for the next 12 months, subject to any changes agreed by the Committee.

### DISCUSSION | HE MATAPAKINGA

3. The draft Risk and Assurance Committee Work Programme is attached for consideration and outlines standard reporting items through to 31 December 2026.
4. The Work Programme is intended to be a living document and may be updated over time to respond to changing risk profiles, emerging issues, or matters raised by the Committee.
5. Members are invited to provide guidance to the Chair on the proposed content, including advising where deeper reviews, targeted assurance activity, or "deep dives" may be appropriate, and whether there are any gaps or priority areas the Committee would like reflected in future iterations of the programme.

#### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO**

No.	Title	Page
<a href="#">A</a> <a href="#">↓</a>	Risk and Assurance Committee Work Programme - Meeting 11 February 2026	123

Risk and Assurance Committee Work Programme

	Q3 2025/26	Q4 2025/26	Q1 2026/27	Q4 2026/27
Internal Audit / Treasury	<div>Independent Treasury Report (Bancorp)</div> <div>Monitoring Report<ul style="list-style-type: none"><li>Audit NZ</li><li>PwC Tax for internal audit</li><li>Other internal audit</li></ul></div> <div>Sensitive expenditure report</div>	<div>Independent Treasury Report (Bancorp)</div> <div>Monitoring Report<ul style="list-style-type: none"><li>Audit NZ</li><li>PwC Tax for internal audit - (PAYE)</li><li>Other internal audit</li></ul></div> <div>Legislative Compliance Report</div> <div>Cyber Security</div> <div>Fraud risk assessment</div>	<div>Independent Treasury Report (Bancorp)</div> <div>Monitoring Report<ul style="list-style-type: none"><li>Audit NZ</li><li>PwC Tax for internal audit</li><li>Other internal audit - (Fraud)</li></ul></div> <div>2025/26 Annual Report<ul style="list-style-type: none"><li>Draft Annual Report</li><li>Audit Management Letter</li></ul></div> <div>Sensitive expenditure report</div> <div>Treasury Risk Management Presentation-Bancorp</div> <div>Insurance Risk Management presentation AON</div>	<div>Independent Treasury Report (Bancorp)</div> <div>Monitoring Report<ul style="list-style-type: none"><li>Audit NZ</li><li>PwC Tax for internal audit</li><li>Other internal audit</li></ul></div> <div>Legislative Compliance Report</div> <div>PwC Tax Governance Presentation</div> <div>Standard &amp; Poor’s Report</div>
Risk Management	<div>Risk Report</div> <div>Risk Framework</div>	<div>Risk Report</div> <div>Legislative Compliance Report</div>	<div>Risk Report</div>	<div>Risk Report</div>
Health, Safety and Wellbeing	<div>Dashboard Report</div>	<div>Dashboard</div> <div>Deep Dive</div>	<div>Dashboard</div> <div>Deep Dive</div>	<div>Dashboard</div> <div>Deep Dive</div>
Other areas to focus on	<ul style="list-style-type: none"><li>What is happening nationally and potential impacts for HDC</li><li>Financial Strategy</li><li>Policies impacting risk for Council</li><li>Central Districts Water</li></ul>			





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

The following motion is submitted for consideration:

That the public be excluded 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 Risk Assurance Review - Development to asset

<b>Reason:</b>	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.
<b>Interests:</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
<b>Grounds:</b>	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.
<b>Plain English Reason:</b>	The paper discusses sensitive third party commercial activities.