

Meeting of the Risk and Audit Committee

Date: 06 Aug 2025
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

Item	Title	Page
1.	Welcome/Karakia/Housekeeping/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Risk and Audit Committee meeting held on 7 May 2025	
Information or Performance Monitoring		
4.	Treasury Compliance Report for the period 1 April - 30 June 2025	3
5.	August 2025 Risk Management update	9
Decision Items (Public Excluded)		
3.	August 2025 Legal update	17

Subject: Treasury Compliance Report for the period 1 April - 30 June 2025

Reason for report

1. This item provides compliance monitoring of Hawke's Bay Regional Council's (HBRC) Treasury activity and reports the performance of Council's investment portfolio for the quarter ended 30 June 2025.

Overview of the quarter ending 30 June 2025

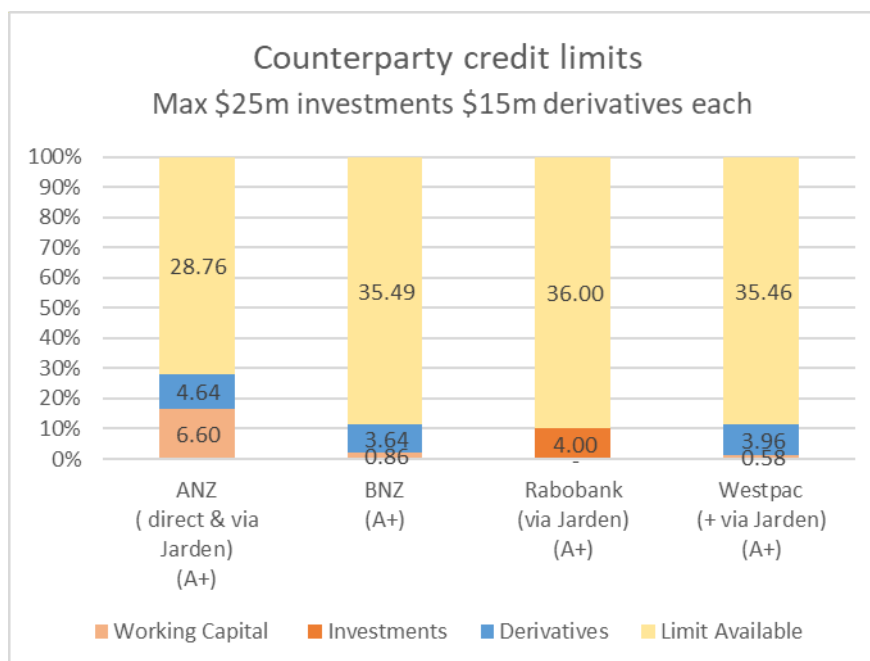
2. On 30 June 2025 HBRC was compliant with all measures in its Treasury Policy.
3. The impact of Cyclone Gabrielle continues to affect cash balances and borrowing needs. Additional borrowing to support recovery and resilience efforts will persist over the next two to three years, while projects and insurance claim proceeds are being received more slowly than initially expected.
4. Council has increased its external debt to fund working capital and has repaid the maturing HBRIC loan originally advanced in 2020.
5. An additional \$10m standby facility was established to support the increased level of liquidity requirements associated with the higher debt levels Council will carry during the NIWE project.
6. A further \$25m in interest swaps were executed in April to maintain compliance and mitigate interest rate risk associated with current debt levels.
7. Fitch affirmed Council's AA credit rating for a further 12 months. This was underpinned by a combination of revenue and liquidity policy robustness and flexibility, balance by moderate expenditure pressure due to cyclone recovery efforts.

Background

8. Council's Treasury Policy requires the Risk and Audit Committee to discuss treasury matters on a quarterly basis.
9. In addition to the Treasury Policy, Council has a Statement of Investment Policy and Objectives (SIPO) document setting out the parameters required for all HBRC Group funds under management.
10. Since 2018, HBRC has procured treasury advice and services from PricewaterhouseCoopers (PwC) who provide quarterly treasury reporting for internal monitoring purposes.

Treasury exceptions report and policy compliance

11. HBRC was compliant with the counterparty risk policy with all banks during the quarter to 30 June 2025.



12. Council staff continue to maintain the view that management of Recovery Funding held on behalf of others sits outside HBRC's Treasury Policy for normal operations and is excluded from treasury reporting. At 30 June this was \$3.829m.
13. Funds held on behalf of the Silt & Debris programme were fully utilised by 30 June, while funds held for HBRRA and Crown Managers remain to fund activities until their contract expiry on 31 March 2026. Any unspent funds will be returned to the Crown.

Funding and liquidity

14. To ensure HBRC can adequately fund its operations, current policy requires us to maintain a liquid balance of '*greater than 10% of existing total external debt*'. Current liquidity ratio is 24.65% and therefore meets policy.
15. The following table reports the cash and cash equivalents on 30 June 2025.

30-Jun-25	\$0
Cash on Call	8,042
Short-term bank deposits	4,000
Total Cash & and Deposits	12,042

16. To manage liquidity risk, HBRC currently maintains two Standby Facilities, \$10m each with ANZ and LGFA. Once the NIWE project is completed we anticipate reducing this back to only one \$10m facility.
17. The OCR is currently sitting at 3.25% with reviews due in August, October and November. Markets are anticipating a decrease between 0.25% and 0.50% before the end of the year, giving weight to continue borrowing at floating rather than fixed rates. Current returns for on-call funds are aligned with the OCR for Jarden and ANZ, while BNZ is offering returns 5 basis points below OCR.
18. Council holds a \$4m term deposit with Rabo (via Jarden) to pre-fund the next LGFA debt maturing April 2026. This attracts a rate of 4.2%.

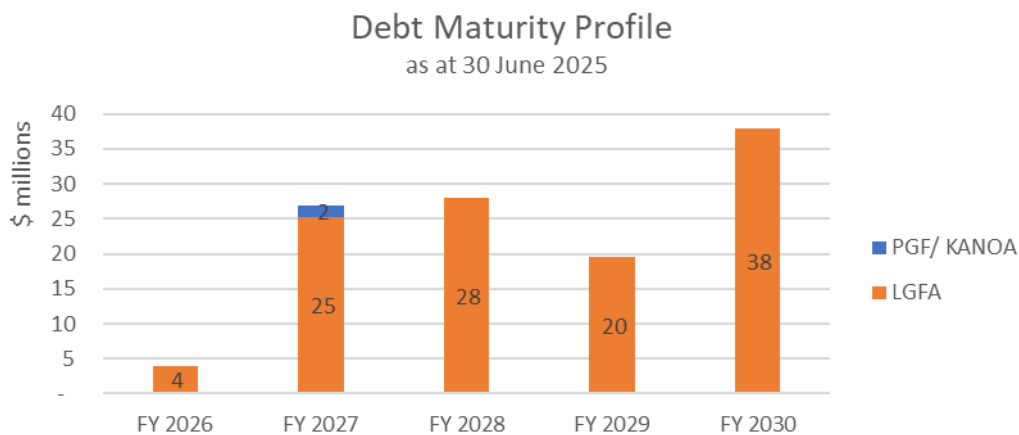
Debt management

19. On 30 June 2025 the external debt for the Council group was \$117.6m.
20. At quarter end, Council repaid the \$16.663m loan from HBRIC, utilising a non-cash dividend issued by HBRIC.

21. During the quarter Council borrowed a further \$18m from LGFA, \$14m to repay maturing LGFA loans and \$4m to fund working capital.
22. The following summarises the year-to-date movements in Council's debt position.

Summary of HBRC Debt

	HBRC only \$'000	HBRC Group \$'000
Opening Debt 1 July 24 - excluding HBRC Loan	113,500	113,500
New Loans Raised (principal only)	24,000	24,000
Less amounts paid (principal only)	(19,900)	(19,900)
Closing Debt 30 June 2025	117,600	117,600
HBRC Loan (Related party loan)	16,663	-
HBRC Loan repayment	(16,663)	-
Total Borrowings at 30 June 2025	117,600	117,600



23. Council's total debt maturity profile remains compliant.

The table below includes our current \$20m overdraft facilities in total debt and offsets Council's pre-funding term deposit.

Funding summary			
Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	\$66,099,990	15% - 60%	49%
3 - 7	\$67,500,000	25% - 85%	51%
7 - 15	\$0	0% - 60%	0%
Total	\$133,599,990		100%

Funding summary

24. Council's 0-3 year funding policy continues to be under pressure as we finance the NIWE projects during this period. Additional short-term funding is necessary due to delays in the Crown reimbursing their share of the project costs. Meanwhile, the Council's portion will be funded through longer-term inter-generational debt to match the asset's lifecycle. Additional short-term borrowing has commenced in July 2025 as Council works through the reimbursement process with Crown.
25. Management is continuing to enhance its short-term debt forecast to provide better visibility during the NIWE project period. Given the pressures on the debt profile, current forecasts suggest that debt could rise to \$200m during the short term, depending on the timing of the Crown's reimbursements.

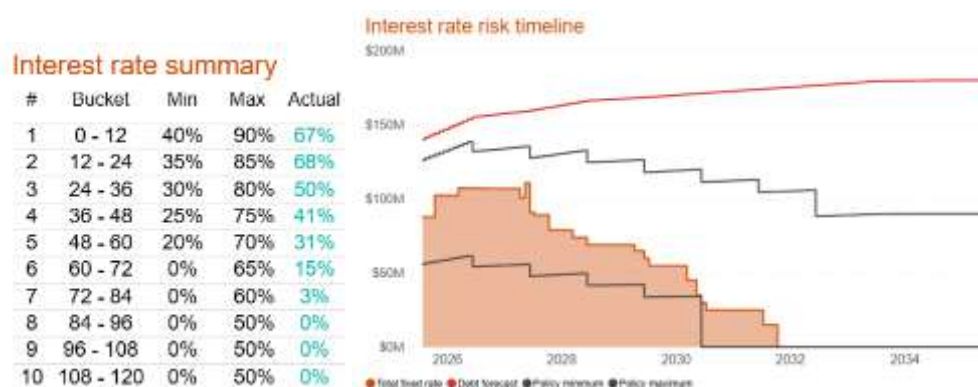
Borrowing limits

26. Council continues to monitor and work within the agreed borrowing limits set by both Council and the LGFA.
27. The ratios below exclude all HB Recovery cash & cash equivalents held but does include all managed funds as a liquid asset for assessing net debt. This means that we currently have negative external debt in the first ratio.

Ratio	HBRC Limit	LGFA Limit	Actual to 30 June 2025
Net external debt as a percentage of revenue	<250%	<285%	-17.80%
Net interest on external debt as a percentage of total revenue	<20%	<20%	1.35%
Net interest on external debt as a percentage of annual rates income	<30%	<30%	4.18%
Liquidity buffer amount comprising liquid assets and available committed debt facility amounts relative to existing total external debt	>110%	>110%	236.13%

Interest rate risk

28. At 30 June Council held \$78m in fixed rate instruments, hedging 56% of current external debt, and is compliant with policy, based on the FY2025-2027 Three-Year Plan. Additional hedging was purchased in April to ensure continued compliance to policy until February 2026.

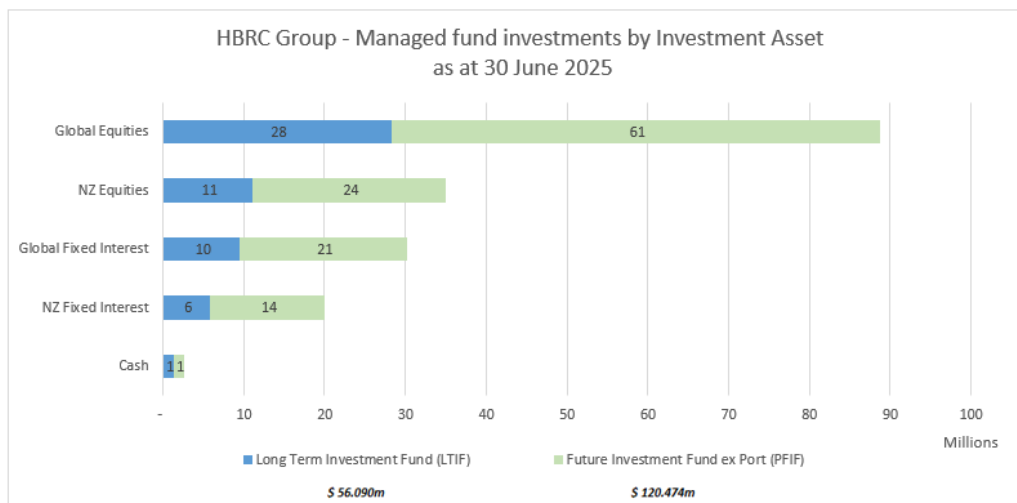


29. These hedging instruments are held at three banks, Westpac, BNZ and ANZ and are below policy limits. (refer graph at point 9).

Managed funds

30. Total Group Investment Fund portfolios at 30 June 2025 were \$176.5m, up from \$170m in March and \$2.9m above the inflation-adjusted contribution target.
31. The Portfolio's delivered a total return of 8.34% for the year, comprising 3.53% (\$5.9m) in fair value gains and 4.81% (\$8.0m) in income. During the year \$5m was withdrawn to support Council's cash dividend requirements.
32. Markets are expected to continue their volatility and should be viewed through the lens of a long-term asset, with returns assessed on a rolling 5-year average.
33. The following table summarises the fund balances at the end of each period and the graph illustrates the asset allocations within each fund on 30 June 2025.

	30-Jun-24	31-Mar-25	30-Jun-25
Fund Balances HBRC	\$000	\$000	\$000
Fund Balance HBRC	118,722	120,449	124,804
Capital Protected Amount HBRC (2% compounded since inception, increasing to 2.5% from 1 July 2024)	118,890	121,133	121,890
Current HBRC value above/(below) capital protected amount	(168)	(684)	2,914
Funds Balances (HBRC + HBRIC)			
Long-Term Investment Fund (HBRC)	51,847	54,141	56,091
Future Investment Fund (HBRC)	66,875	66,308	68,713
Total HBRC	118,722	120,449	124,804
Plus HBRIC Managed Funds (FIF)	48,854	49,991	51,761
Total Group Managed Funds	167,576	170,439	176,565
Capital Protected Amount (2%/2.5% from 1 July 2024 compound inflation)	169,343	172,539	173,617
Current group value above/(below) protected amount	(1,768)	(2,099)	2,948



Cost of funds

34. For the 12 months to 30 June 2025 gross cost of funds (COF), i.e.: interest spend, was \$5.05m which equates to 4.49% on the average debt over the last 12 months. Net COF after offsetting interest received was \$4.73m equating to 4.22%.

HBRIC Ltd

35. In accordance with Council policy, HBRIC provides separate quarterly updates to the Corporate and Strategic Committee.

Decision-making process

36. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
- 36.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke's Bay Regional Council 30 August 2023, specifically the Risk and Audit Committee shall have responsibility and authority to:

- 36.1.1. Review the Council's revenue and expenditure policies, amongst others, and the effectiveness of those policies in ensuring limited risk is generated. (1.3)
- 36.2. Because this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Risk and Audit Committee receives and notes the *Treasury Compliance Report for the period 1 April – 30 June 2025*.

Authored by:

Tracey O'Shaughnessy
Treasury & Investments Accountant

Approved by:

Chris Comber
Chief Financial Officer

Attachment/s

There are no attachments for this report.

Subject: August 2025 Risk Management update

Reason for report

1. This paper provides the Risk and Audit Committee with an update on the focus of risk management activities across HBRC and the results from the regular strategic risk assessment process.

Executive Summary

2. Legislative Reform & Planning Pause: HBRC is navigating RMA replacement legislation and responding pragmatically to the central government's directive to halt unnecessary plan changes, with natural hazard planning and the TANK Plan continuing under exemptions.
3. Leadership Changes: Key ELT appointments include Richard Wakelin (GM, Integrated Catchment Management), Pip O'Connor (Acting GM, Corporate Services), and Mike McGarvey (Acting CIO).
4. Efficiency & Effectiveness Review: The "Fit for Future" report outlines five strategic shifts and has been presented to Council. The Action Plan will be completed by end of August, with implementation to begin in September via a new virtual desk.
5. Shared Services with NCC: A new joint Risk, Assurance and Controls Team has been established, supported by a Service Level Agreement and shared reporting lines.
6. Technology Projects: New initiatives to address operational risk include contract management system rollout, rates system replacement, and network resilience upgrades (Starlink and ISP redundancy).
7. NIWE Programme: Now in delivery phase with \$22.8M spent. Key risks include pump station upgrades and land access. Assurance activities and procurement are progressing.
8. Independent Flood Review Response: Priority projects advancing include the Extreme Weather Hub, flood forecasting, infrastructure bylaws, evacuation planning, and hazard portal refresh. PwC engaged for assurance.
9. Health, Safety & Wellbeing: ISO45001 alignment underway. Robyn Ross leads foundational improvements in risk management, training, and incident reporting. Full alignment expected in 18–24 months.
10. Strategic Risk Profile: Councillors express concern over emergency management, Te Tiriti principles, and external engagement. ELT shows higher confidence overall.
11. Internal Controls & Assurance: Cyber training, compliance frameworks, and infrastructure reviews are active. A policy framework review has been completed to strengthen governance.

Discussion

Wider external context

12. Legislative reform: HBRC is currently navigating several reform streams, including the Natural Environment Act and Planning Act, which are set to replace the RMA. These reforms are creating uncertainty and transitional complexity for councils.
13. Planning pause: In July 2025, Minister Bishop announced that councils should halt "unnecessary plan changes" under the Resource Management Act (RMA) as part of the transition to a new resource management system. HBRC has adopted a targeted and pragmatic approach to this

directive, continuing planning work related to natural hazards, which is explicitly allowed under the government's exemption criteria. HBRC has confirmed that the TANK plan is unaffected by the directive, as it is in its final stages before the Environment Court and has legal effect, qualifying it to proceed under the exemption rules.

14. National Policy Statements (NPS): The Government has scaled back the scope of new and amended NPSs, recognizing their limited shelf life before the new resource management system takes effect. Councils are not required to immediately implement these changes, allowing HBRC to align them with future planning cycles.
15. 2025 Local Elections: HBRC has issued the Pre-Election Report, which outlines key issues for voters and candidates, including climate resilience, water security, and financial sustainability. The report is apolitical and aims to foster informed public discussion.

Internal Council Operating Environment

16. There have been key personnel changes at the Executive Leadership Team (ELT). Richard Wakelin has been permanently appointed as the General Manager (GM) of Integrated Catchment Management. Susie Young has resigned, and Pip O'Connor has been appointed as Acting GM of Corporate Services from 1 July. Recruitment is underway for a permanent replacement. In the interim, Mike McGarvey has been contracted as Acting Chief Information Officer (CIO).
17. The Efficiency and Effectiveness (E&E) review has delivered its first report, 'Fit for Future,' which identifies the core issues facing HBRC and outlines five key shifts to make the organization more effective and sustainable. The next steps include developing an Action Plan by late August, which will cover resourcing, timeline, and outcomes. Implementation is set to begin in September, led by HBRC staff through a new 'Fit for the Future' Virtual Desk.
18. The Shared Services programme, a collaboration between HBRC and NCC, aims to explore shared service opportunities to enhance efficiency and effectiveness, driven by financial pressures and a collective commitment to reducing costs for ratepayers.
 - 18.1. The Risk Management space is the first area of focus, as vacancies within both the NCC and HBRC Risk Management teams provided an opportunity to reassess organizational structures and explore improved ways of working together.
 - 18.2. Through collaborative efforts, both Councils have developed and agreed upon a change proposal that establishes a new Shared Service structure. This structure consolidates Risk Management functions across both organizations to reduce duplication, streamline operations, and ensure a coordinated approach to risk oversight.
 - 18.3. The confirmed new Shared Service Structure introduces three new roles operating jointly across both Councils, each dedicating approximately 50% of their time in a shared capacity. These positions will be employed by NCC as the Shared Service – Risk, Assurance and Controls Team and will be supported by a formal Service Level Agreement between the Councils, providing a dotted reporting line through to our Chief Legal Advisor, Aimee Sandilands.
19. Three technology projects have been initiated to address operational risks:
 - 19.1. Contract Management: We are implementing a new Contract Management technology solution to standardize our contract management processes, improve performance and workflow management, and implement advanced tracking and reporting mechanisms to ensure compliance with regulatory and funding requirements. Work is progressing well, with the solution expected to be in place from late August/September.
 - 19.2. Rates Replacement: We are replacing our aging legacy Rates systems with a modern SaaS system. The SaaS was chosen following a robust selection process, with a focus on reducing risk and maintaining cost-effective services. This project is in the early initiation phase and will be in place for the FY26/27 rates season. The current rates system has

been bolstered with extra security and backup controls for the current FY25/26 rates season.

- 19.3. Network Resilience: We are installing a Starlink at 159 Dalton Street and adding a 'redundant' ISP to our network, with both initiatives creating cost-effective backup internet infrastructure in case of critical loss of service. Procurement is complete, with installation underway and due to be completed by the end of August.
20. Security, integrity and privacy of data and information.
 - 20.1. Significant progress has been achieved with the 'Record Retention and Disposal' project, aimed at ensuring compliance with the Public Records Act and enhancing information management within our SharePoint environment. The work is anticipated to be completed by October across all SharePoint sites, after which the taxonomy and tagging will be automatically applied on an ongoing basis.

North Island Weather Events (NIWE) Flood Resilience Programme

21. The NIWE Programme has transitioned into a construction procurement and delivery phase, with all Project Delivery Plans (PDPs) approved.
22. Total spend to date across the programme, to June 2025, is \$22.8 million, with claims now being submitted to NIFF for reimbursement. Project budgets remain a key focus as cost pressures on most projects continue. The most significant risks sit with Pump Station Upgrades and Pōrangahau. Mitigation actions include scope reduction, optimisation of alignment footprints, and reassessment of design.
23. The Whirinaki project, previously flagged as a red-rated risk, has improved following \$9 million in Crown funding and \$3 million from HBRC, reducing financial exposure.
24. Stop bank procurement has progressed, with 25 responses received and evaluation underway.
25. Consenting is now a critical path activity. The programme has developed detailed schedules to ensure timely submissions.
26. Land access remains a key risk, especially for Wairoa, Ōhiti, and Pōrangahau. These projects involve multiple whenua Māori blocks and require engagement with the Māori Land Court and Māori Trustee. A specialist lawyer and the Wairoa Crown Manager are actively supporting land access negotiations.
27. The comprehensive programme assurance framework has been reinvigorated to safeguard performance, uphold quality standards, and strengthen stakeholder confidence throughout the lifecycle of the NIWE Programme. Additional assurance activities were undertaken in June, including an Independent Assurance Advisor review of cost management processes, risk workshops across projects, and ongoing reviews of stage-gate checklists and change registers to ensure all documentation aligns with programme requirements.

Progress on response to independent review recommendations

28. HBRC continues to make strong progress in responding to the recommendations of the Hawke's Bay Independent Flood Review (HBIFR), with several priority projects advancing and new assurance mechanisms now in place.
 - 28.1. Extreme Weather Hub: This is now live, with positive community feedback and engagement with the website.
 - 28.2. Floor Forecasting: This project is progressing, with upgrades to data models and a public-facing dashboard in development, which will be displayed on the Extreme Weather Hub once completed. Design and architecture reviews currently underway.
 - 28.3. Bylaw to Protect Flood Infrastructure: Work is underway to scope a new bylaw that would give HBRC additional powers to control activities affecting flood protection and drainage systems. This is part of a broader review of HBRC's flood schemes

- 28.4. Trigger Levels and Evacuation Planning: HBRC is collaborating with CDEM and community partners to pilot trigger levels and evacuation plans. These are being tested at the community level to improve readiness and response
- 28.5. Reimagining Flood Resilience: Following the Major Schemes Review, HBRC is engaging with mana whenua and communities to explore long-term flood resilience strategies. This includes structural and non-structural options for future-proofing the region.
- 28.6. Hazard Portal Refresh: A business case for the Hazard Portal Refresh has been funded for this financial year. Options are being assessed to improve its functionality and lifecycle, with the report expected by October.
- 29. Programme Assurance and Verification: HBRC has engaged PwC to verify that its actions appropriately reflect the HBIFR recommendations. The contract has been agreed and signed and this work will begin, now that funding has commenced in this financial year.

Health, Safety and Wellbeing Programme update

- 30. HBRC's Health, Safety and Wellbeing (HSW) team continues to progress alignment of its management system with the ISO45001 framework, following the independent gap analysis conducted by ECAAS Certification in late 2023.
- 31. The resulting 2024–2027 Work Plan remains the guiding document for this transformation, with efforts focused on embedding consistent and sustainable HSW practices across the organisation.
- 32. In recent months, Robyn Ross, an Exemplar Global ISO45001 Lead Auditor, has been contracted as Acting Head of HSW. Robyn has reviewed HBRC's current position and identified several areas—such as critical risk management, employee training, and incident reporting—that require further development to meet ISO standards.
- 33. In response, HBRC has refined its approach to prioritise foundational HSW practices rather than addressing gaps reactively. This shift is intended to build a robust and enduring HSW culture that naturally supports ISO alignment.
- 34. Key initiatives currently underway include:
 - 34.1. Development of a critical risk management plan
 - 34.2. Clarification of roles and responsibilities across the organisation
 - 34.3. Strengthening of incident reporting systems and training programmes.
- 35. ISO alignment is expected to take 18–24 months, based on current resourcing and programme scope.
- 36. HBRC is also preparing for a transition in leadership, with a new permanent Head of HSW joining in August. Robyn Ross will support the handover and continue contributing to the programme pipeline.
 - 36.1. The Risk and Audit Committee will receive regular updates on progress, with a proposal to move towards standalone HSW reporting to better reflect the team's forward-looking work.

Internal Audit services

- 37. Our annual financial audits with Ernst & Young have been commissioned and will commence on 1 September for both HBRC and HBRIC.
- 38. Details for the Data and Analytics Review have not been finalised – an update will be provided at the next committee meeting.

Key Internal Controls and Assurance

Information Computer Technology

39. We have implemented a new Cyber training framework, “KnowB4”, which requires more regular staff training and provides improved monitoring and awareness campaigns.
40. SAM for Compliance (the Local Government Cyber Security Assurance Framework) is now embedded, with the team working towards Level 1 compliance this financial year.
41. The network and infrastructure resilience & optimisation programme is underway, involving a comprehensive review of our backend technology environment, ensuring it is cost-effective, fit for purpose, and has sufficient resilience & redundancy built in. Where appropriate, opportunities to share and align with NCC and HDC are being explored.

Significant events

42. This quarter, there were no notable events.

Strategic Risk Management approach

43. HBRC continues to adopt an approach to Risk Management that deliberately reframes ‘risk’ away from a negative focus on ‘things that might go wrong’ to one that focuses on the major area of ‘uncertainty’ that might impact on HBRC’s purpose, strategic priorities and operating model.
44. This approach has been operationalised through the development of:
 - 44.1. A one-page *HBRC Enterprise Dashboard*, that reflects the organisation’s strategic risk profile.
 - 44.2. Supporting *One Page Management Plans* for each of these areas of strategic risk/uncertainty. These provides transparency as to the underlying risk/uncertainty, causes, consequences, controls, sources of assurance, monitoring metrics, actions and associated accountabilities.
 - 44.3. Regular *Sentiment Surveys* that rate each of these strategic risks on the basis of a collective assessment of the ELT and Councillors.
45. The purpose of this approach is to enable the integration of ‘risk management’ with wider ‘management’ across HBRC, supporting risk aware discussion and decision making
46. The Risk Management Policy and Framework sets the expectations of staff and Councillors with respect to the identification, assessment, management, monitoring and reporting of risk across HBRC. This policy has recently been updated and was endorsed by the Risk and Assurance Committee at the 7 May 2025 meeting.

Strategic Risk Profile

47. The strategic risk profile is set out in Attachment 1 and has been updated for the results from the Sentiment Survey completed in July by the Executive Leadership Team and individual Councillors.
48. In general, there is a relatively higher level of confidence from the ELT compared to that of Councillors regarding the strategic risk areas represented within the HBRC Enterprise Dashboard.

Confidence/Concern	Risk Appetite	ELT	Councillors
Red - Fundamental concerns, cannot live with this, intervention required as a matter of priority	Outside of risk appetite	None	None
Amber - Significant concerns, uncomfortable to live with this and we need to do something different		None	8
Yellow - Some concerns, can live with this currently but would like to do more	Within risk appetite	20	18
Green - Reasonably well placed, comfortable to live with this		7	1

49. The specific areas where councillors are concerned relate to:

49.1. In terms of strategic priorities:

49.1.1. Confidence from the community

49.1.2. Upholding the principles of Te Tiriti

49.2. In terms of groups of activities:

49.2.1. Effectiveness of Emergency Management

49.3. In terms of areas of uncertainty presenting strategic risk:

49.3.1. Culture, capability and capacity of people

49.3.2. Coordination and connectedness of activity and decision making

49.3.3. External change and reform

49.3.4. Effectiveness of external partner and stakeholder relationships

49.3.5. Effectiveness of communication and engagement

50. This strategic risk profile is shown in the attached HBRC Enterprise Risk Dashboard (**Attachment 1**).

Internal control environment

51. Internal controls are ‘the process designed, implemented, and maintained by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.’

52. In effect, internal controls are the policies, processes, procedures and systems that HBRC has in place that manages uncertainty (i.e. risk) and ensures the integrity, efficiency and effectiveness of operations and delivery.

53. The key aspects of HBRC’s internal control environment broadly includes:

Examples of critical HBRC internal controls	
Sets expectations Ensures staff understand what is expected of them and that they are clear on their authority to act	Critical controls include: <ul style="list-style-type: none"> • Policy framework • Delegations of authority • Role definition and segregations of duties • Strategic and business planning • Conflict of interest management

Examples of critical HBRC internal controls	
Delivers on expectations Supports operational delivery and ensures work performed is managed appropriately, in line with expectations set	Critical controls include: <ul style="list-style-type: none"> • Stakeholder engagement and communication • Funding, budget setting and financial management • People management • Health, safety and well-being management • Procurement and vendor management • Project delivery and change management • Catchment and flood protection asset management • Corporate and fleet asset management • Investment management • Information, record and data management • Technology and communication management • Physical security and site access management • Logical security and system access management • Business continuity and disaster recovery management
Ensures expectations are met Checks that actions taken and work delivered is consistent with the expectations set above	Critical controls include: <ul style="list-style-type: none"> • Regulatory compliance management • Corporate legislative compliance management

54. Central to a strong system of internal controls is the need for an effective Policy Framework. This is a structured and consistent approach to develop, approve, implement, monitor and review organisational Policies that provide staff with a clear set of expectations to guide activity and behaviour.
55. A review of HBRC's Policy Framework has been undertaken, and the results of this review are summarised in **Attachment 2**.

Decision-making considerations

56. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
- 56.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke's Bay Regional Council 30 August 2023, specifically the Risk and Audit Committee shall have responsibility and authority to provide advice and recommend actions, responses, and changes to the Council about risk management, assurance activities, governance oversight and internal control matters, including external reporting and audit matters. Specifically, this includes:
- 56.1.1. The robustness of Council's risk management systems, policies, practice and assurance processes. (1.1)
- 56.1.2. Review whether Council management has a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks in place. (2.1)
- 56.1.3. Undertake periodic monitoring of corporate risk assessment, and the internal controls instituted in response to such risks. (2.2)
- 56.2. Because this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Risk and Audit Committee receives and considers the *August 2025 Risk Management update* staff report.

Authored by:

David Nalder
Acting Risk Manager

Olivia Giraud-Burrell
Quality & Assurance Advisor



Jess Bennett
Programme Finance & Controls Manager

Approved by:

Pip O'Connor
Chief Information Officer

Nic Peet
Chief Executive

Attachment/s

- | | | |
|--|--|--|
| 1  | HBRC - Strategic risk summary July 2025 | <i>Confidential - Under Separate Cover</i> |
| 2  | HBRC - Policy Framework review July 2025 | <i>Confidential - Under Separate Cover</i> |

Hawke's Bay Regional Council**Risk and Audit Committee****Wednesday 6 August 2025****Subject: August 2025 Legal update**

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 5 August 2025 Legal update with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Grounds under section 48(1) for the passing of the resolution	Rationale for passing the resolution to exclude the public
August 2025 Legal update	s7(2)(g) Excluding the public is necessary to prevent disclosure of information that is legally privileged.	The matters being discussed may potentially be the subject of litigation and the Council has engaged legal advisors to provide advice on associated issues.

Authored by:

Aimee Sandilands
Chief Legal Advisor

Approved by:

Pip O'Connor
Chief Information Officer