



Agenda

**Notice is hereby given of
an Audit and Risk Committee Meeting**

Tuesday 10 June 2025

9:30am

Council Chamber
Waimate District Council
125 Queen Street
Waimate

www.waimatedc.govt.nz

Notice is hereby given that a meeting of the Audit and Risk Committee will be held in the Council Chamber, Waimate District Council, 125 Queen Street, Waimate, on Tuesday 10 June 2025, commencing at 9:30am.

Committee Membership

Damian Hogue	Chairperson
Sharyn Cain	Deputy Chairperson
Craig Rowley	Mayor
Tom O'Connor	Councillor
Rick Stevens	Councillor

Quorum – no less than three members

Significance Consideration

Evaluation: Council officers, in preparing these reports have had regard to Council's Significance and Engagement Policy. Council and Committee members will make the final assessment on whether the subject under consideration is to be regarded as being significant or not. Unless Council or Committee explicitly determines that the subject under consideration is to be deemed significant then the subject will be deemed as not being significant.

Decision Making

The Council, in considering each matter, must be:

- i. Satisfied that it has sufficient information about the practicable options and their benefits, costs and impacts, bearing in mind the significance of the decision;
- ii. Satisfied that it knows enough about and will give adequate consideration to the views and preferences of affected and interested parties bearing in mind the significance of the decisions to be made.

Stuart Duncan
Chief Executive

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OPENING

1 APOLOGIES

2 VISITORS

Audit New Zealand Team: 10:00am

3 CONFLICTS OF INTEREST

As per the Local Authorities (Members' Interests) Act 1968 (as below), the Chair will enquire if there are any Conflicts of Interest to be declared on any item on the agenda, and if so, for any member to declare this interest.

Local Authorities (Members' Interests) Act 1968

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

4 IDENTIFICATION OF MAJOR (URGENT) OR MINOR ITEMS NOT ON THE AGENDA

1. The Chair will call for any major (urgent business) or minor items not on the agenda to be raised according to Standing Orders, as below:

a. Standing Orders 3.7.5 – Major Items

An item not on the agenda for a meeting may be dealt with at the meeting if the local authority by resolution so decides, and the presiding member explains at the meeting at a time when it is open to the public –

- i. The reason why the item was not listed on the agenda; and
- ii. The reason why discussion of the item cannot be delayed until a subsequent meeting.

b. Standing Orders 3.7.6 – Minor Items

An item not on the agenda for a meeting may be dealt with at the meeting if –

- i. That item is a minor matter relating to the general business of the local authority; and
- ii. The presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- iii. No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

MINUTES**5 CONFIRMATION OF MINUTES****5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 11 MARCH 2025**

Author: Karalyn Reid, Committee Secretary and PA to the Mayor

Authoriser: Tina Stevenson, Corporate Services Group Manager

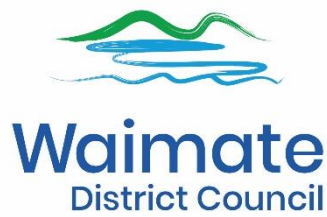
Attachments: 1. Minutes of the Audit and Risk Committee Meeting held on 11 March 2025

PURPOSE

To present the unconfirmed Minutes of the Audit and Risk Committee Meeting held on 11 March 2025 for confirmation.

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 11 March 2025 be adopted as a true and correct record



MINUTES

Audit and Risk Committee Meeting

11 March 2025

**MINUTES OF WAIMATE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE FUNCTION ROOM, WAIMATE EVENTS CENTRE, 15 PAUL STREET, WAIMATE
ON TUESDAY 11 MARCH 2025, COMMENCING AT 9:30AM**

PRESENT: Mayor Craig Rowley, Cr Tom O'Connor, Cr Rick Stevens

APOLOGIES: Chair Damian Hogue, Deputy Chair Sharyn Cain

IN ATTENDANCE: Cr John Begg, Cr Sandy McAlwee, Cr Colin Pankhurst, Cr Lisa Small
Stuart Duncan (Chief Executive), Rachel Holley-Dellow (Human Resources Manager), Dan Mitchell (Asset Group Manager), Dylan Murray (Regulatory and Compliance Group Manager), Tina Stevenson (Corporate Services Group Manager), Karalyn Reid (Committee Secretary)

PARTIAL ATTENDANCE: Carolyn Johns (Community and Strategy Group Manager), Shey Taylor (Strategic Planner/Policy Analyst)

OPENING

MOTION

COMMITTEE RESOLUTION 2025/1

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

That with the apologies of Chair Damian Hogue and Deputy Chair Sharyn Cain, Mayor Craig Rowley chair the meeting.

CARRIED

1 APOLOGIES

APOLOGIES

COMMITTEE RESOLUTION 2025/2

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

That the apologies received from Chair Damian Hogue and Deputy Chair Sharyn Cain be accepted.

CARRIED

2 VISITORS

Nil

3 CONFLICTS OF INTEREST

Nil

4 IDENTIFICATION OF MAJOR (URGENT) OR MINOR ITEMS NOT ON THE AGENDA

Nil

MINUTES

5 CONFIRMATION OF MINUTES

5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 3 DECEMBER 2024

COMMITTEE RESOLUTION 2025/3

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

That the Minutes of the Audit and Risk Committee Meeting held on 3 December 2024 be adopted as a true and correct record.

CARRIED

Note:

6.4 Budget Carry Forwards: The Audit and Risk Committee noted more information on the budget carry forwards in the economic development area had not yet been provided.

REPORTS

6 GENERAL REPORTS

6.1 OUTSTANDING AUDIT AND RISK COMMITTEE ACTIONS REPORT - PUBLIC

COMMITTEE RESOLUTION 2025/4

Moved: Cr Craig Rowley

Seconded: Cr Rick Stevens

That the Outstanding Audit and Risk Committee Actions Report – Public is accepted.

CARRIED

Note:

The Audit and Risk Committee requested the Asset Group Manager provides a report to the next meeting highlighting the learnings on the Edwards Street Sewer Renewal budget overrun in order to avoid or minimise overruns for future procuring.

6.2 OFFICE OF THE AUDITOR GENERAL FORUM REPORT**COMMITTEE RESOLUTION 2025/5**

Moved: Cr Craig Rowley

Seconded: Cr Rick Stevens

Noting the apology of the Chair, the Audit and Risk Committee requested an update for the next Audit and Risk Committee meeting, and asked that all future Office of the Auditor General Forum presentations be provided as a written report in the agenda.

CARRIED

6.3 HEALTH AND SAFETY REPORT**COMMITTEE RESOLUTION 2025/6**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That the Health and Safety Report is accepted.

CARRIED

Note:

The Audit and Risk Committee (the Committee) discussed the large number of wasp nests reported this season and Council's liability, and noted once a nest is identified on Council property it is dealt with promptly.

The Committee asked for further detail to be provided if possible on the reason hazards or incidents/events/accidents occurred in order to understand the risk, and how the risk has been or is being mitigated.

6.4 HUMAN RESOURCES REPORT**COMMITTEE RESOLUTION 2025/7**

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

RECOMENDATION

That the Human Resources Manager's report is accepted.

CARRIED

Note:

The Committee noted it was good to see excess leave is reduced, but still is a concern for some staff with excess leave unable to take leave because of continued significant workloads.

6.5 COUNCIL'S POLICY STATUS**COMMITTEE RESOLUTION 2025/8**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That the Council's Policy Status report is accepted.

CARRIED**6.6 AUDIT NEW ZEALAND INDEPENDENT ASSURANCE REPORT IN RESPECT OF COUNCIL'S DEBENTURE TRUST DEED FOR THE YEAR ENDED 30 JUNE 2024****COMMITTEE RESOLUTION 2025/9**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That the Audit New Zealand Independent Assurance Report in respect of Council's Debenture Trust Deed for the year ended 30 June 2024 is received.

CARRIED**6.7 EXTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT TO MARCH 2025****COMMITTEE RESOLUTION 2025/10**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That the External Audit Recommendations Progress Report to March 2025 Report is accepted.

CARRIED

The meeting was adjourned at 10.34am for morning tea.

The meeting was reconvened at 10.52am.

6.8 MAJOR PROJECTS REPORT**COMMITTEE RESOLUTION 2025/11**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That the Major Projects report be accepted.

CARRIED

6.9 RISK TOLERANCE RECOMMENDATION**COMMITTEE RESOLUTION 2025/12**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

1. That the Risk Tolerance Recommendation report is accepted; and
2. That the Audit and Risk Committee recommends the Risk Appetite Statement be approved by Council as presented.

CARRIED

6.10 RISK REGISTER**COMMITTEE RESOLUTION 2025/13**

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

That the Risk Register Report is accepted.

CARRIED

Note:

Maori Engagement: The Committee noted the Chief Executive will circulate legal advice received on Ngāi Tahu's legal claim against the Crown relating to freshwater in the South Island.

The Committee discussed the wording 'Council has a statutory obligation to ensure Māori are involved in the decision-making (beyond environmental and cultural matters)' suggesting rather the word 'opportunity to be involved' be used instead.

PUBLIC EXCLUDED

7 EXCLUSION OF THE PUBLIC REPORT

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2025/14

Moved: Cr Tom O'Connor

Seconded: Cr Rick Stevens

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 3 December 2024	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Insurance - Material Damage Review	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 s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Fringe Benefit Tax Compliance Evaluation Report	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

8 RE-ADMITTANCE OF THE PUBLIC REPORT**COMMITTEE RESOLUTION 2025/15**

Moved: Cr Rick Stevens

Seconded: Cr Tom O'Connor

That Council moves out of Closed Council into Open Council.

CARRIED**MEETING CLOSURE**

There being no further business, the Chair closed the meeting at 11.44am.

The Minutes of this meeting are to be confirmed at the Audit and Risk Committee Meeting scheduled on 10 June 2025.

.....
CHAIRPERSON

REPORTS**6 GENERAL REPORTS****6.1 OUTSTANDING AUDIT AND RISK COMMITTEE ACTIONS REPORT - PUBLIC**

Author: Karalyn Reid, Committee Secretary and PA to the Mayor

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Outstanding Council Actions Report - Public [↓](#) 

PURPOSE

For the Outstanding Audit and Risk Committee Actions Report – Public to be presented for the information of the Audit & Risk Committee.

RECOMMENDATION

That the Outstanding Audit and Risk Committee Actions Report – Public is accepted, noting that the learnings requested in relation to the Edward Street Wastewater Renewal Project cost overrun is provided via the Major Projects Report.

Meeting	Officer/Director	Section	Subject
Audit and Risk Committee 11-Mar-25	Mitchell, Dan	General Reports	Outstanding Audit and Risk Committee Actions Report - Public
COMMITTEE RESOLUTION 2025/4			
That the Outstanding Audit and Risk Committee Actions Report – Public is accepted.			
CARRIED			
Note:			
4 Jun 2025: Learnings provided in the June Audit and Risk Committee agenda.			

6.2 OFFICE OF THE AUDITOR GENERAL FORUM REPORT

Author: Karalyn Reid, Committee Secretary and PA to the Mayor

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Value of Internal Audit  

PURPOSE

1. For the Chair to give the Audit and Risk Committee reports from the Office of the Auditor General's two latest forums:
 - a. Responding to a Changing Climate (verbal as per the attached presentation); and
 - b. Value of Internal Audit (written report provided below – no presentation).

BACKGROUND

2. For the information of the Committee, at the March 2025 Audit and Risk Committee Meeting the resolution was made that all future Office of the Auditor General Forum presentations be provided as a written report in the agenda.

Office of the Auditor General Forum: Responding to a Changing Climate

3. The Chair will offer a verbal report, attached are the slides provided to the March Audit and Risk Committee Meeting.

Office of the Auditor General Forum: Value of Internal Audit

4. Sally Dunbar, Chief Executive for Institute of Internal Auditors of New Zealand (IINZ) together with board members Will Daugherty and Ramon Manzino spoke about their organisation and the role of internal audit.
5. The Institute of Internal Auditors, the IEA, is a globally recognized professional association headquartered in Lake Mary, Florida, USA.
6. With a membership base of over two hundred and fifty thousand professionals across one hundred and seventy countries and territories, the IEA is the principal voice on global internal audit standards, certifications, education, research, and technical guidance for internal auditors worldwide.
7. IANZ is one of those hundred and seventy global affiliates supporting over seven hundred members across New Zealand and the Pacific Islands.
8. Their members operate in areas such as internal auditing, risk management, governance, IT audit, education, government and security, playing a crucial role in upholding and advancing organizational resilience, compliance and integrity.
9. They spoke about global internal audit standards which have just been updated. The standards are not new. They have been around since about the 1970s in various guises, but this update that came through in January is the latest iteration and it's the next part of the journey over the maturity of how internal auditors deliver.
10. One of the changes is the expectation of the connection between the internal audit function and the board and the Audit and Risk Committee (ARC), and how's that's managed within the organisations.
11. The standard relates to what information the ARC requires to do their job, and the standards are set up for internal audit functions to be seeking the guidance of their boards and ARCs to be able to provide the information that they need to make the decisions that they are required to make.

12. One of the key points is that requirement for the board or the ARC to own and direct internal audit. And that comes through having a strong mandate, and typically through the charter.
13. Internal audit should engage more explicitly with the Chief Executive (CE) and the ARC. The old-fashioned internal audit view of being entirely independent and outside the organisation has changed. It should be a more principled based approach and part of that requires a strong dialogue between internal audit functions and the CE and the ARC to ensure the risk areas are correctly focused on.
14. Other parts of the internal audit standards that have been more articulated is that the internal audit function would have a broad governance group and also senior management who champion the internal audit function.
15. The global internal audit standards are an IIA product, and they are not mandatory. They are not required under any NZ standard or requirement. They are de facto standards there is no requirement to comply but is considered good practice.
16. They then spoke about the relationship between the External and Internal Audit functions.
17. Internal audit is here to deliver the insights and information needed by the internal governance structure of the organisation to carry out their accountabilities. Internal audit has a strong focus on the internal control environment but can also take a wider view of the organisation. Internal audit teams can include not only accountants but also other professions such as engineers, procurement experts etc.
18. Both internal and external audit teams are critical parts of an organisation's line of defence and have complementary roles. Both are risk focussed, both look at aspects of a control environment within an entity, but they do it with a different starting point and invariably for different reasons.
19. External Audit look at the control environment and check if it is designed effectively as those systems of control influence directly on the financial statements of the organisations. The primary audience for the external audit is not the entity or the organisation itself but those that are most interested or affected by what the entity does. In the public sector this is the ratepayers, local communities and other local stakeholders.
20. External Audit will not test all your organisation's controls but will highlight areas of potential weakness. Internal audit allows you to take those findings and recommendations and drill down into them in greater depth and further test the effectiveness of those controls.
21. Can external audit place reliance on internal audit? To some degree however, the work is performed under different criteria, different standards which invariably means that External Audit cannot place full reliance on the internal audit work. However, both can be integral to maintaining the transparency, accountability and compliance framework within an organisation.

RECOMMENDATION

That the Office of the Auditor General Forum report is accepted.



How well four councils are responding to a changing climate



 **CONTROLLER and AUDITOR-GENERAL**
Tumuaki o te Mana Arotake

8.29(24)

How well four
councils are
responding to a
changing climate



Victor Kuipers

Principal Performance Auditor

ARC Chairs' Forum

29 November 2024

How well four councils are responding to a changing climate



 CONTROLLER AND AUDITOR-GENERAL
Tumuaki o te Mana Arotake

8.29(24)

How well four
councils are
responding to a
changing climate



- Why we did this performance audit
- Overview of findings
- Our recommendations

Why we did this performance audit



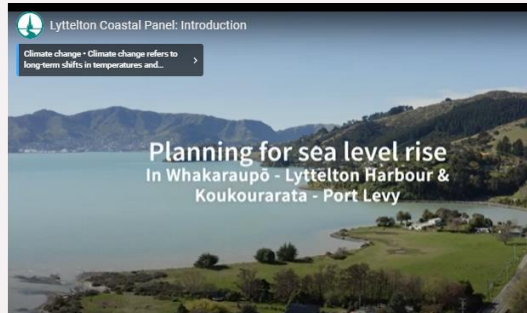
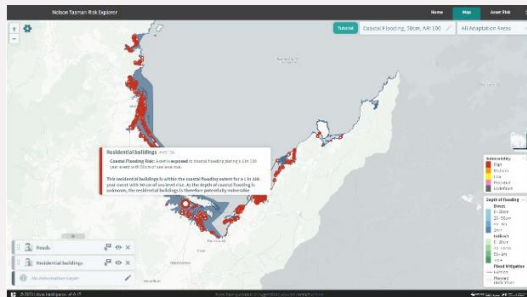
- Climate change is a growing issue for councils
- Most councils have identified climate change as a strategic priority in some way
- We wanted to know: How well have councils moved from talking about climate action to taking action?
- By sharing insights, positively support momentum among councils around the country

Overview of findings



1. All four councils are taking steps to understand climate change risks in their region
 - Beyond national level risk assessments
 - Detailed modelling where expertise exists
 - Online interactive risk mapping

Overview of findings



- 2. We are seeing some good collaboration among councils
 - Joint risk assessments
 - Joint investment in interactive risk mapping tool
 - Technical and expertise assistance
 - Canterbury Mayoral Forum

Overview of findings



3. Engaging communities

- Critical to success
- Each council demonstrated something different

“While more time consuming than the more transactional prescriptive engagement of previous phases, invariably what we learnt from these interactions was far richer, nuanced, robust and ultimately helpful. We were able to understand not only the direct aspirations of our community but the fundamental values behind those aspirations, the deep ‘why’ that is so easily missed when we only ask for ‘what’. We were able to record the small changes conveyed by community, often overlooked. All of this, documented, will likely prove invaluable for future phases of this emerging process. . . .”

— Ngā Ringaringa Waewae, 2024

Overview of findings



4. Common challenges in engaging iwi/hapū
 - Everything is connected
 - A wider conversation about environmental care and protection
 - Capacity to engage
 - Importance of relationships

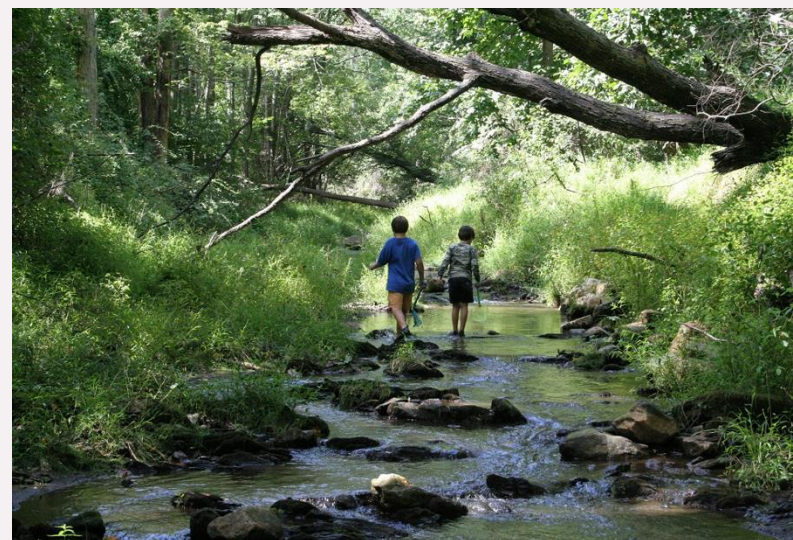
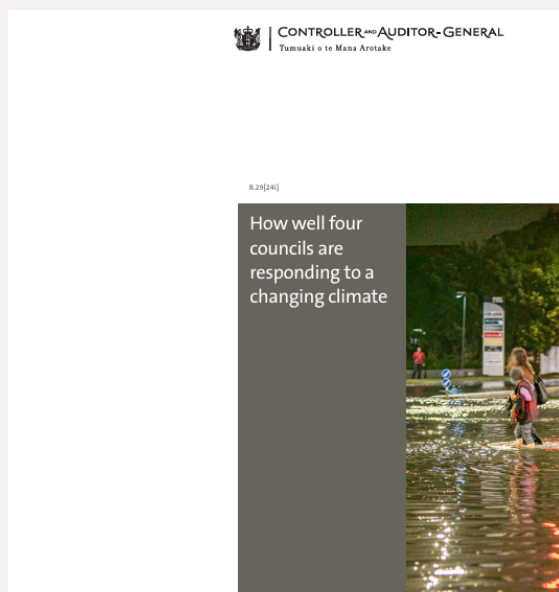


Photo credit: iStock, J Wilkinson

How well four councils are responding to a changing climate



Our recommendations

Our recommendations



1. Take opportunities to collaborate
 - Climate impacts don't respect council boundaries
 - Important role for regional councils to play
 - Especially important for small councils with fewer resources and expertise

Our recommendations



2. Make clear in climate strategies
 - Objectives
 - How to achieve them
 - Using the strategy to set priorities
 - Measuring and reporting progress

Our recommendations



3. Strengthen use of performance measures
 - Reflect objective and priorities
 - If responding to climate change is a strategic priority, treat it like one

Our recommendations



4. Be clear about governance
 - How climate-related activities will be governed
 - What information staff need to provide

Our recommendations



5. Keep the public up to date on progress
 - Supports accountability
 - Help keep communities well-informed, engaged, and supportive

6.3 HEALTH AND SAFETY REPORT

Author: Ann Hume, Emergency Management and Workplace Health & Safety Advisor
Authoriser: Dylan Murray, Regulatory and Compliance Group Manager
Attachments: Nil

PURPOSE

1. The Health and Safety Report is submitted for the information of the Audit and Risk Committee.

HEALTH AND SAFETY STATISTICS

2. Since March 2025, a total of three hazards, one accident and no incidents/events have been raised by staff members.

Hazards

3. A staff member received a minor electric shock when turning on a light switch at the Event Centre. An electrician was contacted to rectify.
4. Screwed up paper and a plastic toy were found in the lift up plug ports on the floor of the Library. Shelving has been moved to cover the plug ports when not in use.
5. High level of fumes has been noticed in the LGC photocopier room when large print jobs are being run. A solution to improve air flow in that area is being investigated.

Incidents/Events/Accidents

6. A staff member leant back in a new chair, the back broke off and the staff member landed on the floor. The incident resulted in the staff member sustaining a sprained back and contusions and being given a medical certificate for two week's leave. Staff in the area were advised to not lean back in chairs.

GENERAL

7. First Aid training was offered to staff. Fifteen staff members undertook the training.
8. Flu vaccinations were offered to staff. Twenty-six staff received a flu vaccination.
9. Internal Health & Safety Audits have commenced for all areas of the business. These are expected to be completed and signed off by the responsible managers by July 2025.

Dare 2 Care Team Report (Health & Safety Committee)

10. The Dare 2 Care Team met on 1 May 2025 with the below topics discussed:
 - a. All health and safety oversight schedule checks are up to date, with the most recent fire alarm practice an improvement in speed, with a suggestion that the first aid kit and AED should be collected and taken outside. A fire alarm practice was suggested for the library area on a Saturday for after-hours staff.
 - b. The Health and Safety Manual has been reviewed, big thanks to the Regulatory and Compliance Group Manager for this huge task.
 - c. Internal Audits to be completed of all Council owned facilities by members of the Dare to Care Team.
 - d. The Emergency Services Officer updated the team on early work being undertaken by MPI on High Pathogenicity Avian Influenza (HPAI) H5N1 in case of future local cases, and risks especially for the parks and water teams.

- e. Staff flu vaccinations were undertaken on 7 May.
- f. A discussion was held on the decline of staff meeting together for breaks in the staffroom; and also the building disconnection of staff working in separate areas – members to bring ideas of how staff relationships across different worksites can be encouraged to the next meeting.
- g. A table lifter has been purchased for use in the Waimate Event Centre which will assist in the moving of heavy round tables.
- h. The chair to follow up on trip hazards of bark on the path on front of the library and also for some kind of safety barrier around the new toilet block beside the library
- i. A discussion was held around the continuation of the staff 'Everyday Wellbeing' emails, with HR to send around a staff email asking for feedback to review value for this service.

RECOMMENDATION

That the Health and Safety Report is accepted.

6.4 HUMAN RESOURCES REPORT

Author: Rachel Holley-Dellow, Human Resources Manager
Authoriser: Stuart Duncan, Chief Executive
Attachments: Nil

PURPOSE

1. For the Human Resources Manager to update the Audit and Risk Committee.
2. We currently have 9 employees with excess annual leave. (Note: excess leave is any leave over one year's entitlement. e.g., if an employee has a yearly entitlement of 150.00 hours and they have an entitled leave balance of 160.00 hours, then 10 hours will be counted as excess leave.)
3. Three of these leave balances are only marginally excessive, e.g., less than one week's leave.
4. Employees with high leave balances are typically employed in positions that are considered high demand roles, and sometimes where there are periods of short staffing.
5. Human Resources sends out periodic reports to Group Managers and Managers about staff with high levels of annual leave.
6. We have a low level of vacant positions currently, mainly in the Asset Group (within the Roding Team).
7. Pending changes due to Local Water Done Well will likely have an impact on recruitment in the Asset Group area, and may have an impact on other areas in Council but this is yet to be known and understood.

RECOMENDATION

That the Human Resources Manager's report is accepted.

6.5 LONG TERM PLAN 2025-2034 CONSULTATION DOCUMENT AUDIT - 10:00AM

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Report to Council on the 2025-34 Consultation Document audit [↓](#) 

PURPOSE

1. To provide the Audit and Risk Committee with the Audit NZ report on the audit of Council's Long Term Plan (LTP) Consultation Document (CD) for the period 1 July 2025 to 30 June 2034.
2. Audit New Zealand's Rudie Tomlinson will be in attendance at the meeting, via Microsoft Teams, to present the report and answer any questions.

BACKGROUND

3. The Audit and Risk Committee's Terms of Reference state that 'The Committee, in conjunction with the Chief Executive, will discuss issues arising from the interim and final audit reports, and any matters the external auditor may wish to discuss; and receive the external audit report(s) and monitor the implementation by management of any significant issues and recommendations made by the external auditor.'
4. Audit New Zealand conducted the audit of Council's LTP CD 2025-2034 during the period from January to April 2025.
5. Audit NZ issued an unmodified report on the Council's CD on 1 April 2025. This means that in their opinion, the CD provides an effective basis for public participation in the Council's decision-making process relating to the content of its draft LTP.
6. An emphasis of matter was included in the audit report to draw the reader's attention to the uncertainty over Council's future water service delivery model.
7. Council adopted the audited CD on 1 April 2025.
8. Section 1.4 of the report details areas where additional time has been spent which can be recovered.
9. Asset management practice recommendations are detailed in section 2.2.
10. Section 3 details the findings of the following key-risks and issues:
 - a. Content of the CD
 - b. Impact of the Local Water Done Well reform programme on the 2025-34 LTPs
 - c. Infrastructure Strategy
 - d. Financial Strategy
 - e. Assumptions
 - i. Climate Change
 - ii. Capital Expenditure "do-ability" assumption and associated disclosures
 - f. Quality of asset-related forecasting information.
11. Additionally, a recommendation was provided regarding Investment vs depreciation.
12. Council staff will provide their comments in response to the recommendations and incorporate into the Audit NZ recommendations report that is presented to the Committee on a six-monthly basis, in due course.
13. The audit of the final LTP document commences in earnest on 9 June 2025.
14. The audit report is expected to be issued in time for Council's adoption of the LTP, scheduled for 30 June 2025.

PROPOSAL

15. That the Audit & Risk Committee receives the Audit New Zealand Audit Report, providing feedback on any areas within the report and direction for any related actions.

Options

16. The Committee may provide feedback and direction for related actions, or have no feedback or direction for related actions.

ASSESSMENT OF SIGNIFICANCE

17. This matter is deemed to be of low significance under Council's Significance and Engagement Policy.

CONSIDERATIONS**Legislation**

18. Local Government Act 2002.

Risk

19. That the direction provided to staff may be unachievable and therefore not enable the closure of the recommendations raised by Audit NZ.

FINANCIAL

20. The 2025 audit fee covering both the consultation document and the LTP is \$98,175 (excluding GST and disbursements) and was agreed to by the Committee at the 3 December 2024 meeting.
21. A budget of \$93,636 was provided for the audit of the 2025-34 LTP and Consultation Document.

RECOMMENDATION

1. That Long Term Plan 2025-2034 Consultation Document Audit report is received; and
2. That the Audit and Risk Committee provides feedback and direction to staff for any related actions, if applicable.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Council on the audit of

Waimate District Council's
long-term plan consultation
document

For the period 1 July 2025 to 30 June 2034

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Key messages

We have completed the audit of Waimate District Council's (the Council's) consultation document (CD) for its proposed nine-year long-term plan (LTP) covering the period commencing 1 July 2025 to 30 June 2034.

This report sets out our findings from the audit, and where appropriate makes recommendations for improvement. This report also provides information on the next step in the audit process being the audit of the LTP.

Overall, we concluded that the Council's CD met its statutory purpose of providing an effective basis for public participation in decision-making on the content of the LTP. The CD included the major matters that we had expected, including the preferred and alternative options to address those major matters.

Audit report

We issued an unmodified report the Council's CD on 1 April 2025. This means that in our opinion, the CD provides an effective basis for public participation in the Council's decision-making process relating to the content of its draft LTP.

We included an emphasis of matter paragraph in the audit report drawing attention to uncertainty over Council's future water service delivery model (WSDM).

Audit of the final LTP

We will issue a report on the final LTP following the Council's consideration of public submissions on its proposals set out in the CD.

To ensure our audit of the final LTP is efficient, we expect the Council to prepare and provide us with a schedule of changes to the financial forecasts and other underlying information that were the basis for the CD.

Thank you

We would like to thank the Council, management and staff for their assistance and making themselves available for audit queries throughout the review process.



Rudie Tomlinson
Appointed Auditor
12 May 2025

1 Our audit report

1.1 We issued an unmodified audit report

We issued an unmodified audit report on the Council's CD on 1 April 2025. This means that:

- the CD meets the statutory purpose and provides an effective basis for participation in the Council's decision-making about the proposed content of its 2025-2034 LTP, because it:
 - fairly represents the matters proposed for inclusion in the LTP; and
 - identifies and explains the main issues and choices facing the Council and the Waimate district, and the consequences of those choices; and
- the information and assumptions underlying the information in the CD are reasonable.

Without modifying our opinion, we included an emphasis of matter paragraph in our audit report to draw the reader's attention to the disclosures in the CD about the uncertainty of the water delivery services plan.

1.1.1 Emphasis of matter – Uncertainty over water service delivery

Without modifying our opinion, we draw attention to page 18, which outlines that the Council has not made any substantive decisions on how water services could be delivered in the Waimate district to inform the Council's water services delivery plan. The CD and LTP information therefore include three waters services. The Council's review of alternative water services delivery options and separate consultation could result in significant deviations to the proposed LTP.

1.2 Misstatements and disclosure deficiencies

During the audit, we discussed with management any misstatements and disclosure deficiencies that we found, other than those that were clearly trivial. The Council corrected all misstatements and disclosure deficiencies that we notified to management, except for the misstatements noted in the following sub-section.

1.3 Uncorrected misstatements

There are two uncorrected misstatements in the financial forecasts. The Council has corrected all other misstatements notified to management.

The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

'000	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenue – Subsidies and grants	85	85							
Expenditure – Other expenses	(32)	(32)							
Non-current assets – Property, plant and equipment (PPE)	(53)	(53)							

() - Credit

Explanation of uncorrected misstatements

Overstatement of revenue, expenditure and assets due to a reduction in assumed funding from New Zealand Transport Authority Waka Kotahi (NZTA). We have presumed this overstatement is spread evenly across the three years 2024-2027.

The Council's explanation for not correcting the misstatements

The draft LTP financial forecasts have not been adjusted due to the minor nature of the adjustments and the significant amount of work required to incorporate these at such a late stage in the process.

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revaluation reserve		3,610			9,053	4,053		10,960	7,006
PPE - Building		(3,610)			(5,188)			(6,481)	
PPE – Three waters					(3,865)			(4,479)	
PPE - Roading						(4,053)			(7,006)

() - Credit

Explanation of uncorrected misstatements

Revaluation of non-current assets – The Council has used a historical forecast asset revaluation increases rather than activity-based BERL inflation rates (specific to individual Council activities) throughout the nine-year period.

The Council's explanation for not correcting the misstatements

We are comfortable with the evidence based approach to our re-valuation assumptions with a correction of negligible benefit to the reader of the Consultation Document.

1.4 Quality and timeliness of information provided for audit

The Office of the Auditor-General (OAG) has outlined its expectations for the cost recovery process related to the additional hours spent auditing councils' 2025-34 CDs and LTPs in a letter to all district councils. This additional work has been necessary to ensure the high-quality delivery of each audit.

The OAG wants to ensure that the recovery process is fair to both councils and auditors, and reflects the additional hours required because of inefficiencies beyond auditor control. For the 2024 LTP audits, the OAG moderated all recoveries to ensure that costs resulting from audit inefficiencies are not passed on. We expect the same process to apply to the 2025 LTP audits.

We have reviewed the actual total hours spent on your Council's CD audit to establish the areas where additional time was spent which can be recovered. Our analysis excludes additional hours that are attributable to audit inefficiencies which we do not recover from you. The recovery of all additional time and cost will be discussed with Council after the completion of the LTP audit.

The additional recoverable hours we have identified are attributable to the following matters:

- Various gaps were identified in the content of the infrastructure strategy and the asset management plans when compared to guidance issued by the OAG and Taituarā. All required AMPs were also not available or finalised when we completed our initial review, resulting in rework having to be performed.
- The assessment to the disclosure in the Revenue and Financing Policy to ensure alignment with statutory requirements and to avoid a potential audit opinion modification, required additional time to resolve.
- Additional meetings and audit work was required to establish the process and status of the WSDM, including the impact of the uncertainty around Council's progress towards identifying options, on our audit opinion.
- Due to information gaps and errors, we reviewed several draft versions of supplementary information such as the financial strategy and significant forecasting assumptions. A significant amount of extra time has been spent reviewing the different versions received for audit.

The development of a CD together with the required underlying information is a large and complex task. Management were responsive to our recommendations and enhanced the quality of these documents during the audit process, based on our feedback.

2 Control environment

Our approach to the audit was to identify, confirm and assess the Council's key processes and controls over the underlying information and ultimate production of the CD and the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions. Our review of the control environment focused on two key areas: the planning and budgeting process, and asset management practices.

The matters that we identified as the main risks and issues are detailed in section 3 of this report.

2.1 Planning and budgeting process

We gained an understanding of the Council's budgeting process through discussions with relevant staff members and by reviewing various supporting documents. We found that the Council's planning and budgeting process supported the preparation of the underlying information and the production of the CD and the proposed LTP.

2.2 Asset management practices

Findings

Our approach considered International Standard ISO 55000, 55001, and 55002 which cover asset management. In particular, ISO 55001 details the processes an entity should have in place when planning. We held discussions with Council officers and reviewed Council documents such as asset management plans.

Our findings, including areas of improvement are as follows:

- The approach to planning the LTP process was not formally documented.
- Asset management plans were not peer-reviewed. A peer-review would have created a quality review function that would have identified some of the issues identified by the audit.
- Asset management plans did not include forecasting assumptions that are specific to the asset class. These should be tailored/developed where significant future issues or risks are based on assumptions about, for example, material condition, performance, ground conditions etc. Currently only corporate-wide assumptions have been included.
- The roading asset management plan did not include an improvement plan.

Recommendations

We suggest that improvement should be made to the planning and budgeting process for the next LTP by considering the staff resources and skills appropriate for the exercise. Also:

- Consider engaging an independent peer reviewer to review the asset management plans.
- Ensure specific assumptions relating to each asset management plan is disclosed in addition to the corporate assumptions.
- Include an improvement plan in the roading asset management plan.

3 Key risks and issues

In the planning stage of the audit, we reviewed the Council’s LTP self-assessment. Through this planning process, we identified the key risks and issues for us to focus on during our audit.

We comment below on our findings in addressing those key risks and issues:

3.1 Content of the CD

The Council is seeking feedback on three key issues in its CD with proposals and options around each. We outlined each below.

Issue 1: Managing the impact of rates

The Council’s proposed rates increases are tabled below:

LTP Year	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rates increase	9.2%	5.2%	6.8%	2.9%	3.5%	2.8%	2.4%	2.6%	2.7%

The Council notes that although they do not have control over many of the factors contributing to the rates increase, they do have options on how they manage the impact of this.

The Council is proposing three options in the CD to address the impact on rates. All options presented have no impact on levels of service.

Each of the options proposes a different approach to balancing affordability with overall costs. The Council is clear on the consequences of the three options on borrowings, interest costs, and therefore on the rates increase. The Council also clearly indicates its preferred option.

Issue 2: Addressing the roading funding shortfall

The local roads in the district receive essential funding from the NZ Transport Agency Waka Kotahi’s (NZTA’s) national land transport fund. This funding supports crucial services such as road maintenance and footpath renewal, by co-funding a portion of the costs that the Council budgets for these activities. Currently, the Council receives approximately 68 cents for every dollar spent on eligible and approved work.

Despite the Council's efforts to maximise its roading budget through NZTA contributions, not all funding requests are approved. For the 2024-2027 period, the Council requested NZTA co-funding for a \$22.36 million budget. However, NZTA has only approved \$19.71 million, leaving a \$2.65 million shortfall. This means that the Council would need to fully fund these activities to proceed with its original plans.

One of the key decisions in the CD is how the Council will address this funding shortfall. The choices made will directly impact how the Council manages roading and footpath activities moving forward, with the understanding that continued underfunding of the roading activities may affect future levels of service. Options include adjusting budgets to cover the costs, prioritising certain activities, or delaying others. The Council is seeking public input to determine the most responsible and sustainable approach for the district.

Importantly, all options presented have no impact on debt levels.

Issue 3: Funding a community led track project

The Council is dedicated to expanding outdoor recreational opportunities to help everyone enjoy these spaces. By developing parks, trails, and community areas, residents can connect with nature and stay active. The Council aims to enhance the quality of life for residents and visitors while preserving the district's environment.

When new subdivisions are developed, developers contribute funds to a special account for improving recreational spaces. These funds support parks, walkways, cycleways, and other facilities.

The Council proposes using part of this fund to grant Waimate2gether \$150,000 to help build a 67-kilometre shared-use trail for walkers, runners, and cyclists. This community-led project has an estimated budget of \$1.38 million for its first stage. The Council has already committed \$100,000 and wants to add \$150,000 more. Strict conditions will ensure responsible use of the funds. The Council seeks public support for this proposal, which aligns with the Recreation Reserve Fund's purpose of enhancing recreational spaces.

The Council is allocating the \$150,000 out of the recreation reserve in 2027. As the Council does not keep aside cash funds, the \$150k will need to be borrowed. This will attract interest costs, and therefore have a minor impact on rates.

We ensured these issues were adequately disclosed in the CD including preferred and alternative options and that it was consistent with the underlying information. There was adequate underlying support for the options proposed.

In our view, the CD, and the promotion of it using the Council's website and other means, should encourage the community to provide feedback on the Council's proposals for the next nine years.

Overall, we concluded that the Council's CD met its statutory purpose of providing an effective basis for public participation in decision-making on the content of the LTP.

3.2 Impact of the Local Water Done Well reform programme on the 2025-34 LTPs

The Council is required to prepare and submit a water services delivery plan to the Secretary for Local Government by 3 September 2025.

The Council has as yet not taken any substantive decisions about its future WSDM, nor has it modelled whether or not keeping to the status quo will allow it to operate sustainably from 1 July 2028 onwards. We therefore included an emphasis of matter paragraph in our audit report to draw readers' attention to the uncertainty this creates.

The CD has been prepared on the basis that the delivery of three waters services will remain in-house. As such, all assets and infrastructure (water, sewer, and stormwater) remain under Council ownership for the life of the LTP. Budgets have been prepared accordingly. The Council has indicated a "high level uncertainty" for this assumption.

3.3 Infrastructure strategy

We reviewed the draft infrastructure strategy and provided detailed feedback to the Council for consideration.

The infrastructure strategy covers the Council's core infrastructure: roads and footpaths, water, wastewater, and stormwater. The core infrastructure is the most critical area of investment for the council, representing around half of the annual expenditure and close to 90% of the total value of all Council's assets.

The infrastructure strategy outlines how the Council intends to manage its roading and footpaths, water supply, sewerage, and stormwater infrastructure assets over the next 30 years. The strategy documents the Council's long-term view of the district's future infrastructure needs and is a statement of current assumptions and thinking on what will be required to renew or replace aging assets, accommodate growth, maintain or enhance levels of service, and respond to challenges such as changing land use and climate change.

Our review of the infrastructure strategy included:

- assessing the extent of changes compared to the version adopted as part of the 2021-31 LTP, noting that the main revisions to the structure of the infrastructure strategy related to impacts of changing government priorities and legislation (including the local water done well and climate change policy);
- confirming alignment with the underlying asset management plans, financial strategy, and financial model;
- confirming that the infrastructure strategy supports accountability in a manner that is appropriate given the size and nature of the Council;
- assessing the correlation between forecast renewal levels and depreciation expenses (also see 3.6 below); and

- confirming that the infrastructure strategy includes the key information required to achieve its statutory purpose.

Recommendations were provided to the Council to consider such as:

- expanding the infrastructure strategy document to include consideration of the Council's approach to overdue work (backlog); and

Overall, we are satisfied that the final infrastructure strategy is fit for purpose, the supporting underlying information is considered reasonable and aligns with the financial strategy.

3.4 Financial strategy

We developed an understanding of the Council's draft financial strategy and evaluated its compliance with the requirements of sections 100 and 101A of the Local Government Act 2002, including the balanced budget requirements.

The strategy aims to respond to challenges that the Council and the district are facing. The key challenges are aging infrastructure requiring a large step up in the capital renewal programme, increasing operating costs for Council activities, and increasing regulatory requirements. Council is currently in a strong financial position, with a very low level of debt. The Council is clear that in order to continue to meet the agreed levels of service and to improve community infrastructure, there is a need to increase debt levels and rates revenue.

Key elements of the strategy are:

- The debt limit which is set to 175% of total revenue. Borrowings enable the Council to fund its capital works programme and ensures that future users of new and upgraded assets will appropriately contribute to their cost. It also allows headroom for funding in case of an unexpected event. The debt limit is not expected to be breached during the LTP period.
- The rates increase limit which is set as the Local Government Cost – operating expenses BERL Index plus 7%. Actual forecast rates increases are as follows:
 - 9.2% for 2026.
 - 5.2% for 2027.
 - 6.8% for 2028.
 - An average of 2.8% per annum for the remaining six years of the LTP.

We have confirmed that the Council considers an unbalanced budget to be a prudent approach in order to deliver a manageable rates requirement. Incurring deficits in the early years of the plan enables the Council to perform the work necessary to deliver desired

levels of service while being mindful of intergenerational equity and maintaining compliance with the financial strategy.

Our review of the financial strategy also included:

- confirming alignment with the financial model and infrastructure strategy;
- confirming consistency of disclosures in the CD with the financial strategy;
- assessing whether or not the financial strategy is clear and easily understandable from the perspective of readers in the community; and
- confirming that the financial strategy includes the key information required to achieve its statutory purpose.

Overall, we are satisfied that the final financial strategy is fit for purpose and the supporting underlying information is considered reasonable.

3.5 Assumptions

The quality of Council's financial forecasts is significantly dependant on whether or not the assumptions on which they are based, are properly defined and reasonable. The Local Government Act 2002 recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions.

We reviewed the Council's significant forecasting assumptions and confirmed that, overall, the final assumptions are appropriate, complete, and adequately disclosed in the CD. We performed testing of selected assumptions, with a particular focus on the following:

3.5.1 Climate change

The Council has integrated climate change into its significant forecasting assumptions, focusing on anticipated local climate change with long-term implications. The Council has recognised increasing climate change risks, particularly sea level rise and extreme weather patterns. However, due to the elevated coastline, sea level rise is expected to have a lesser impact compared to that of other councils.

Key points include:

- minimal impact from tsunami-related inundation on council-controlled assets;
- zero flooding events reported in stormwater performance measures for 2022-2024; and
- infrastructure planning considers the need to withstand extreme weather events.

In response to the challenges associated with climate change the Council has developed a climate change strategy. Work to date in developing the resilience pathway has included:

- appointing a part-time Climate Change Officer to oversee the development of the strategy;
- consulting, informing and engaging with district communities, neighbouring councils and the Canterbury climate partnership plan; and
- completing the second Council carbon footprint assessment in 2022/23.

As the Council's climate change strategy and associated pathway continues to develop and mature, strategic documents will be updated as necessary with actions, responses, and budgets required to meet the strategy requirements. The climate change resilience strategy is scheduled to be published in September 2025.

The Council's climate change assumptions are deemed reasonable and well-disclosed in its plans and reports.

3.5.2 Capital expenditure "do-ability" assumption and associated disclosures

Over the last three years, the Council has been able to deliver an average of 86% of its planned capital budget. We have assessed the level of "carry forward" projects from 2024 to 2025, reviewed the 2025 year to date performance to budget, and compared the nine-year capital programme to historic actual capital expenditure the Council has successfully delivered.

We concluded that Council's level of budgeted capital expenditure assumed to be completed over the nine years of the LTP, is reasonable.

3.6 Quality of asset-related forecasting information

The Council's operations mainly relate to the management of its infrastructure. These activities typically make up a large portion of Council's capital expenditure.

The renewals programme, which is a significant part of the total capital programme, is based on a number of factors, including the condition and performance of the Council's assets. As such, it is important that the Council has good knowledge of the condition and performance of its assets.

The Council holds data on both the condition and performance of three waters and roading assets. The data comprises a combination of asset attribute information (such as age and materials), results from roading surface surveys and pipe sampling, as well as knowledge supplied by Council staff and contractors either when replacing assets or undertaking routine maintenance.

Having assurance over the reliability of this data is important for ensuring informed asset management decisions. Formal data confidence grading is a means of clearly

communicating to users the extent to which they can rely on the data. The reliability of data for roading assets has been formally assessed as having an overall grade “B” rating (reliable). Bridge data is of higher accuracy and was graded “A” (highly reliable). The reliability of condition and performance data for three waters assets has not, to date, been systematically assessed and remains ungraded as per the International Infrastructure Management Manual (IIMM). However, the valuer has made a reliability assessment for valuation purposes, indicating that the data is sufficiently reliable to inform future decisions.

Overall, based on the evidence considered during the audit, we have concluded that the asset information base remains appropriate for use in planning, given the size of the Council.

Recommendation

Formally grade the reliability of three waters data in accordance with the IIMM manual.

4 Other matters

In addition to that mentioned above, we also identified the following area for improvement during our audit work:

4.1 Investment vs depreciation

Finding

Our review of depreciation expense compared to forecast renewals, indicated that at an overall level, investment in relation to depreciation is satisfactory except for stormwater.

Recommendation

We recommend that the Council implements a robust system to track the condition and performance of stormwater assets, to ensure funding of depreciation is sufficient to ensure sustainability.

5 Next steps for the Council

The consultation period for ratepayers to make submissions on the proposed LTP is from 1 April 2025 to 5 May 2025. The Council will then consider the submissions received before adopting the final LTP on 30 June 2025.

This process means that there may be changes to the draft LTP that went out for consultation. Changes may arise from submissions received by the Council, or from updated or improved underlying supporting information, or management-initiated changes. The Council may also be affected by announcements outside of its control that impact on the decisions and assumptions within the CD.

Any decisions on the future WSDM prior to the adoption of the LTP may also introduce changes that would cause the information in this CD to be significantly different to that included in the final LTP. This will have time and cost implications for the audit of the LTP.

We will review any significant changes arising from consultation in our audit of the final LTP.

5.1 Audit of the final LTP

The last step in the LTP audit process will be the audit of the final LTP document. This audit is currently scheduled to be undertaken in June 2025, following Council deliberations.

We are responsible for reporting on whether the LTP meets its statutory purpose and provides a reasonable basis for integrated decision making by the Council and accountability to the community. We also provide an opinion on whether the information and assumptions underlying the financial forecasts are reasonable. Finally, we will provide our opinion on whether the disclosures in the LTP meet the requirements of Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the plan.

Under section 94(1) of the Local Government Act 2002, our audit report on the LTP forms part of the LTP, which the Council is required to adopt by 30 June 2025 (section 93(3)).

To ensure our audit of the LTP is efficient we expect the Council to prepare and provide us with a schedule of changes to the financial forecasts and other underlying information that were the basis for preparing the CD. This will enable us to appropriately tailor our audit work to ensure any changes made, are appropriate. We will also review the consistency of the updated documents in the LTP.

Our agreed timeframes will enable us to issue our audit report in time for the Council meeting scheduled for 30 June 2025, at which time the 2025-34 LTP will be formally adopted.

At the conclusion of the LTP audit, we will ask the Council to provide us with a signed representation letter on the LTP. We will provide the letter template during the LTP audit.

Appendix 1: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the CD and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the CD does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter dated 9 December 2024 contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>, the International Standard on Assurance Engagements 3400: <i>The Examination of Prospective Financial Information</i>, and the Auditor-General's auditing standards.</p>
Auditor independence	<p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than in our capacity as auditor performing all legally required audits, and a limited assurance engagement in respect of the Council's Debenture Trust Deed, we have no other relationship with, or interests in, the Council.</p>
Fees	<p>The audit fee for the LTP is \$98,175, as detailed in our audit engagement letter.</p> <p>No other fees have been charged in this period.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council or its subsidiary that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Council during or since the end of the financial year.</p>



AUDIT NEW ZEALAND
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6.6 AUDIT NZ AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2025

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Audit Plan - 30 June 2025  

PURPOSE

1. For the Committee to consider the draft Audit Plan for the Year Ending 30 June 2025 and confirm the terms so the Audit Plan may be finalised.
2. Audit New Zealand's Rudie Tomlinson will be in attendance at the meeting, via Microsoft Teams, and therefore available should any clarification be required.

BACKGROUND

3. The Audit and Risk Committee's Terms of Reference state that 'The Committee, in conjunction with the Chief Executive, will engage and confirm with the external Auditor the terms of the Auditor's appointment and engagement, including the nature and scope of the audit, timetable and fees.'
4. Audit New Zealand have prepared the draft audit plan for the year ending 30 June 2025, and this is attached for the Committee's consideration.
5. The Audit Plan details focus areas: risks and issues, the audit process, reporting protocols and expectations, health and safety, audit logistics and next steps.
6. The focus areas: risks and issues identified are:
 - Valuation of infrastructure assets;
 - Fair value assessment of infrastructure assets (non-revaluation year);
 - Accounting for impairment, capitalisation of costs and recognition of completed assets;
 - Investment in Alpine Energy Limited; and
 - The risk of management override of internal controls.
7. Other areas of interest across the local government sector are:
 - Amendments to PBE IPSAS 1 regarding the disclosure of audit fees;
 - Mutual Liability Riskpool Scheme;
 - Dealing with the "Local Water Done Well" water reforms in the 2025 annual report;
 - Benchmark reporting;
 - Asset valuation – unit rate information;
 - Fraud risk;
 - Legislative compliance; and
 - New group audit standard.
8. Materiality thresholds have been set for the financial statements and service performance information.
9. The senior audit team members appointed to this audit are:
 - Rudie Tomlinson – Appointed Auditor
 - Po Hsu – Audit Manager
10. The proposed timetable details the following:

- Interim audit begins: 14 April 2025
 - Pre-final audit begins: 30 June 2025
 - Roading assets valuation and forestry valuation available for audit: 15 September 2025
 - Draft “printers version” of the financial statements available for audit (notes to the financial statements, statement of service performance) with actual year-end figures (including valuation adjustments if any): 15 September 2025
 - Mayor and Chief Executive’s overview or reports: 22 September 2025
 - Final audit begins: 22 September 2025
 - Audit opinion issued: 31 October 2025
 - Draft report to the Council issued: 31 October 2025
11. As in recent years, Audit NZ plan to continue to perform the audit remotely, utilising their online portal for the transfer of files and information between Council and Audit NZ staff. If a matter arises during the audit that warrants on-site attendance, this can be considered.

PROPOSAL

12. That the Audit & Risk Committee confirms the terms of Audit New Zealand’s Audit Plan for the year ended 30 June 2025 to enable the audit plan to be finalised.

Options

13. The Audit and Risk Committee, having considered the draft Audit Plan for the Year Ending 30 June 2025, amends or confirms the terms of the engagement; or
14. The Audit and Risk Committee, having considered the draft Audit Plan for the Year Ending 30 June 2025, do not amend or confirm the terms of the engagement at this time.

ASSESSMENT OF SIGNIFICANCE

15. This matter is deemed to be of low significance under the Council’s Significance and Engagement Policy.

CONSIDERATIONS

Risk

16. Confirming the terms of the audit engagement provides clarity for both Council and Audit, therefore a delay in confirmation is not recommended. This is subject to the time required for appropriate feedback to be provided and subsequent amendments made to the Audit Plan, should the Committee require any changes.

FINANCIAL

17. The fees for the 2025 financial year are \$213,311, as per the Audit NZ Proposal Letter 2023-2025, reviewed and agreed with Audit NZ at the 12 September 2023 Committee meeting.
18. The budget provided for the 2025 audit was \$213,000.

RECOMMENDATION

1. That the Audit NZ Plan for the Year Ended 20 June 2025 report is accepted; and
2. That the Audit and Risk Committee confirms the terms of the Audit New Zealand 2025 Audit Plan.



Executive Summary

I am pleased to present our audit plan for the audit of Waimate District Council (the Council) for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and service performance information. Our work improves the performance of, and the public's trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

Rudie Tomlinson
Appointed Auditor
28 March 2025

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Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and service performance information. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Valuation of infrastructure assets	
<p>The Council revalues its infrastructure assets whenever there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue its roading assets as at 30 June 2025.</p> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>The Council will need to collate information about the underlying assumptions and data to support the valuations. One of the key assumptions in a depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met; • assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; • obtain an understanding of and test the underlying source data used in the valuation; • review the methodology used to develop unit rates and test those rates back to the Council's analysis of recent contract costs; • engage with the valuers as part of assessing the reasonableness of the assumptions used as well as the reasons for movements in key asset components;



Risk/issue	Our audit response
<p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p> <p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team.</p>	<ul style="list-style-type: none"> review the accounting entries and the fixed asset register to ensure the values are correctly updated; and review the appropriateness of the disclosure, including any narrative.
Fair value assessment of infrastructure assets (non-revaluation year)	
<p>For those assets that the Council does not plan to revalue, the Council needs to perform a fair value movement assessment (assessment) to determine whether there could be a material difference between the fair value and the carrying value.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> factor in local cost information; utilise relevant and reliable price movement indicators; and involve consultation with valuers, where necessary. 	<p>We will review the reasonableness of the Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the Council will need to complete a full revaluation. If specified criteria are met, the Council may be able to undertake an index-based revaluation.</p>
Accounting for impairment, capitalisation of costs and recognition of completed assets	
<p>Impairment</p> <p>Assets are required to be assessed for indicators of impairment at each reporting date. In addition, work in progress (WIP) values on projects that</p>	<p>We will:</p> <ul style="list-style-type: none"> assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging;



Risk/issue	Our audit response
<p>span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>Capitalisation of costs</p> <p>The Council should ensure appropriate policies and processes are in place to identify and capitalise costs that are capital in nature. This includes both direct and indirect capital costs.</p> <p>Completed projects</p> <p>The Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.</p>	<ul style="list-style-type: none"> • update our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and • review management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.
Investment in Alpine Energy Limited	
<p>The Council holds a 7.54% share investment in Alpine Energy Limited. The other shareholders are Timaru District Holdings Limited and Mackenzie District Council.</p> <p>The Council recognises its share investment in the financial statements at its fair value. Movements in fair value are recorded in other comprehensive revenue and expense.</p> <p>We expect the Council will obtain an independent valuation of its share investment, to determine the fair value.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the methodology of the valuation, and assumptions used, for reasonableness, and compliance with accounting standards; • confirm valuation movements have been correctly accounted for, and that appropriate disclosures have been made; • confirm how the uncertainty or potential impact of the ongoing Commerce Commission investigation has been reflected in the valuation, and • assess the valuer's expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the Council.



Risk/issue	Our audit response
The risk of management override of internal controls	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none">• testing the appropriateness of selected journal entries;• reviewing accounting estimates for indications of bias;• incorporating and executing unpredictable procedures; and• evaluating any unusual or one-off transactions, including those with related parties.



Other areas of interest across the local government sector

There are a number of sector wide issues significant to most local authorities. These include areas of interest that are not necessarily significant to the Council but are areas we monitor as part of our responsibility to consider the broader risks affecting local authorities. We have reviewed the specific areas of interest for the 2024/25 year and have not identified any areas of focus over and above those already covered in this plan. Should any additional areas be identified during the year we will notify the Council separately. Wider public sector areas of interest are set out below.

Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories.

The amendments include reduced disclosure requirements for Tier 2 entities. Tier 2 entities are required to disclose the total fee for the audit or review of the financial statements, and, separately, the total fee for all other services, along with a general description of these services. Previously, Tier 2 PBEs were not required to disclose audit fees.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Mutual Liability Riskpool Scheme

Although Riskpool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

In August 2023, Riskpool indicated that member councils might have to provide further contributions to cover identified shortfalls whereby claims exceed reinsurance recoveries. This led to relevant councils recognising a provision or including disclosure of the situation and what it meant in their 2022/23 financial statements.

In November 2023, Riskpool made a call on member councils to fund quantified shortfalls. The amount to be funded by member councils was \$12.9 million. Riskpool reserves the right to make further calls for additional funding if needed. As of September 2024, we are not aware of any further calls being made.

The Council will need to consider its disclosures in this regard and should specifically consider whether further information is available to allow the Council to reliably measure a provision for unpaid calls.



Dealing with the “Local Water Done Well” water reforms in the 2025 annual report

Local Water Done Well is being implemented in stages:

- Stage 1 – repealing the affordable water reforms (completed in February 2024);
- Stage 2 – passing the Local Government (Water Services Preliminary Arrangements) Act 2024 (completed in September 2024); and
- Stage 3 – introducing the Local Government Water Services Bill, which will establish the enduring settings for the new water services system (expected to be passed by mid-2025).

Depending on the status of the water reforms and the Council’s response to those, we recommend the Council provide a high-level summary of the reforms at the time of reporting. This should include that the Council must prepare, consult on aspects of, and adopt a water services delivery plan. Where the Council’s intentions are well developed and formalised via council resolution, the council may wish to describe the anticipated or proposed model or arrangement for delivering water services, and planned timing of implementation.

We will communicate any changes in expectations to you when we have a better understanding of water service delivery plans and their possible effects on the audited information contained in the annual report.

Benchmark reporting

As part of the local government reform programme, the Department of Internal Affairs (DIA) is set to benchmark council performance. The DIA will publish a yearly report on key financial and delivery outcomes, of

which the first report is to be released mid-2025. The report is expected to include several council performance metrics, including rates, council debt, capital expenditure, balanced budget, and road condition. Legislation is expected to be amended to allow future benchmarking reports to include comparison of contractors and consultant expenditure, alongside other metrics.

We wish to signal to the Council that where information used in the DIA’s benchmarking process is drawn from the annual report, this may create additional areas of focus for both the Council and the audit team during the audit process. Should any additional areas be identified, we will notify the Council separately.

Asset valuation – unit rate information

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

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

Annually, for each asset class being revalued, we would appreciate a memorandum setting out management’s analysis of those contracts, the



judgements applied to this information (as applicable) and how that information aligns to the unit rates adopted in the valuation(s). Where there is variability in the contract unit rates, the memorandum should explain why the unit rate adopted for the valuation is reasonable compared to the range of actual unit rates incurred.

The memo should also include the following:

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

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

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

When establishing standard unit rates, adjustments are likely to be needed to "normalise" recent contract rates or information obtained from other local authorities. This would include adjustments to remove

non-recurring significant variances in unit costs across contracts, such as location, infrastructure complexity and scale of work. Procurement methods and design standards may also differ across projects or local authorities, leading to different cost profiles.

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

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

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

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

Such a memo should be considered by senior management / the Audit and Risk Committee to broaden the input into the document. Ideally this memo should be provided to Audit at least a month prior to the commencement of the audit.



Fraud risk

Misstatements in the financial statements and service performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the Council see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and service performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.



Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Mandatory disclosures

The annual report must contain the disclosures required under certain legislation, including:

- the Local Government Act;
- the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the Non-Financial Performance Measures Rules 2024.

The Council should continue to review the legislative disclosure requirements and check that these are accurate and complete.

New group audit standard

ISA (NZ) 600 (Revised) - Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors), is effective for the audit of your group financial statements for the first time this year. This standard has more focus on group auditors identifying and assessing the risks of material misstatement in the group financial statements. Because the emphasis is on considering risks of material misstatement, the previous concept of a "significant component" has been removed. Additionally, the requirements for

robust communication between the group auditor and component auditors have been strengthened. There are also enhanced documentation, review and professional scepticism requirements.

The requirements in the revised standard will result in more work for the group audit team, particularly as a result of the enhanced responsibilities for direction, supervision, and review of the work of component auditors. The time required to complete the group audit will increase. Some of this additional time will occur mainly in the first year of implementation, and some will be required on an ongoing basis. We will discuss the implications of this with you separately.

This standard may have an impact on the time spent on the Alpine Energy Limited and Downlands Water Scheme components of the audit.



Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers’ overall understanding of the financial statements and service performance information; and
- influence readers’ in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to make their own assessment of materiality from a preparer’s perspective. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$48,400,000 based on last year’s total

property, plant and equipment value. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

Overall materiality	\$48,400,000
Specific materiality	\$644,000
Clearly trivial threshold	\$32,000

For this audit we have set a lower, **specific materiality** of \$644,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.



We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**.

We consider misstatements of less than \$32,000 to be clearly trivial unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the Council on the reasons why the corrections will not be made.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised) *The Audit of service performance information* (issued by the External Reporting Board July 2023). This standard is closely related to the accounting standard for service performance reporting (PBE FRS 48). The new Standard is broadly similar to the existing Standard on auditing service performance information but may result in a few changes in our

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

audit work, including our approach to determining which performance measures are material, or how we link the work we do on some performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the Council's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.



We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Water supply – Safety of drinking water ¹ The Council's drinking water complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria), and (b) part 5 of the drinking-water standards (protozoal compliance criteria).	Quantitative materiality is not applicable, the reported result is to be consistent with supporting qualitative information.
Drinking water – Resident satisfaction Percentage of residents receiving the service satisfied with water supply services.	8% of result
Wastewater – Dry weather sewerage overflows The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	8% of result

¹ The DIA update to this measure took effect on 21 August 2024. The measure listed above currently reflects the 2024-2025 Enhanced Annual Plan.

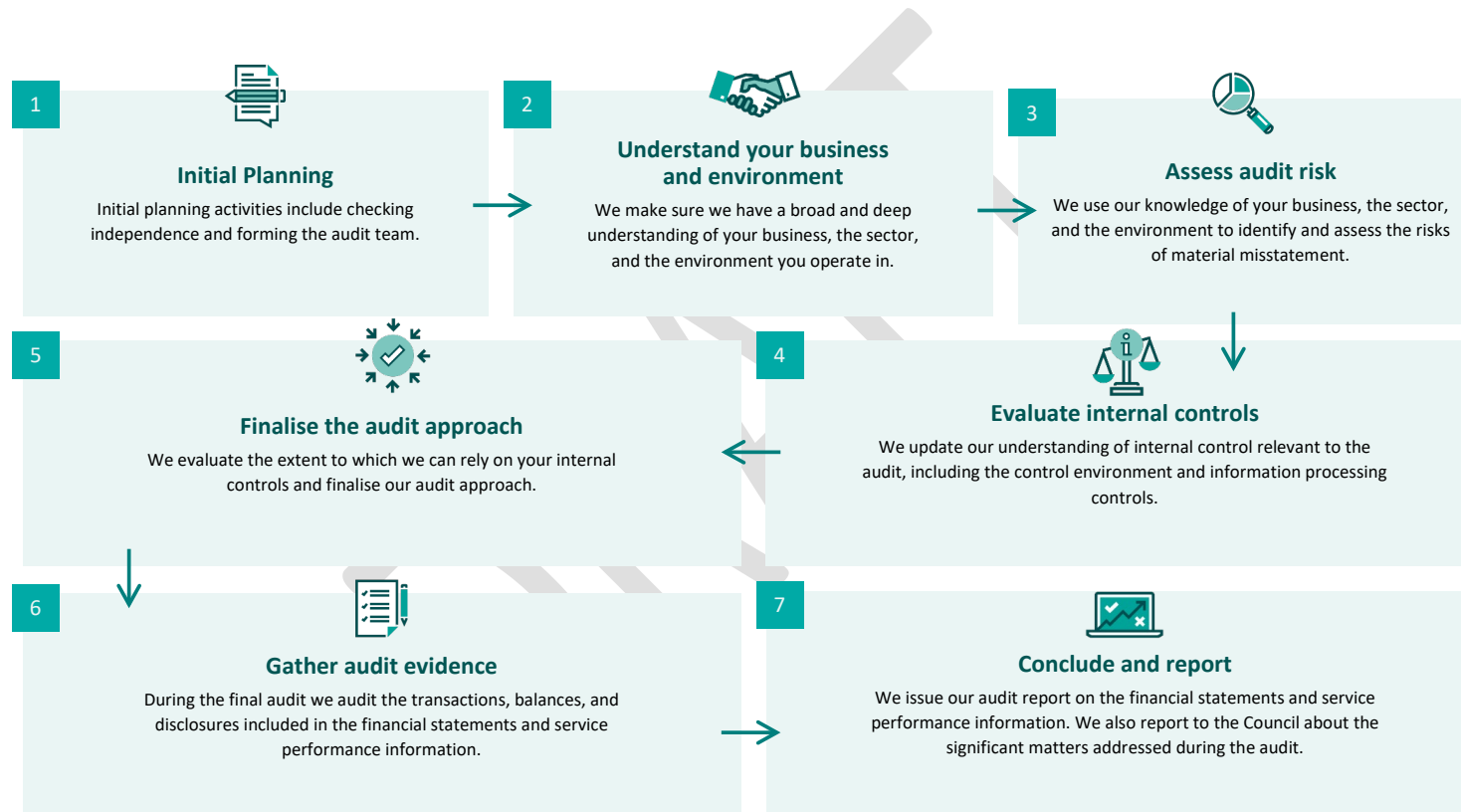
Wastewater – Discharge compliance / management of environmental impacts Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices; (b) infringement notices; (c) enforcement orders; and (d) convictions received by the territorial authority in relation to those resource consents.	Quantitative materiality is not applicable, the reported result is to be consistent with supporting qualitative information.
Stormwater – Discharge compliance / management of environmental impacts Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices; (b) infringement notices; (c) enforcement orders; and (d) convictions received by the territorial authority in relation to those resource consents.	Quantitative materiality is not applicable, the reported result is to be consistent with supporting qualitative information.



Roading – Resident satisfaction The percentage of residents satisfied with the quality and maintenance of roads and footpaths.	8% of result
Roading asset quality – Renewal of assets The percentage of the sealed local road network that is resurfaced.	8% of result



Our audit process



Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. We want the audit process to run smoothly, and we will work with management to achieve this through bringing forward the timing of audit procedures.

Substantive audit procedures are traditionally performed after the yearend. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue and operating expenditure. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our

professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- the Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one or more of its members, office holders, or employees.



Reporting protocols and expectations



Communication with management and the Council

We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the Council

We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

At the end of the audit, we will report to the Council our views on:

- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.



Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and service performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Rudie Tomlinson	Appointed Auditor
Po Hsu	Audit Manager

AuditDashboard

We will continue use AuditDashboard for transferring files as part of the audit.

Working remotely

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

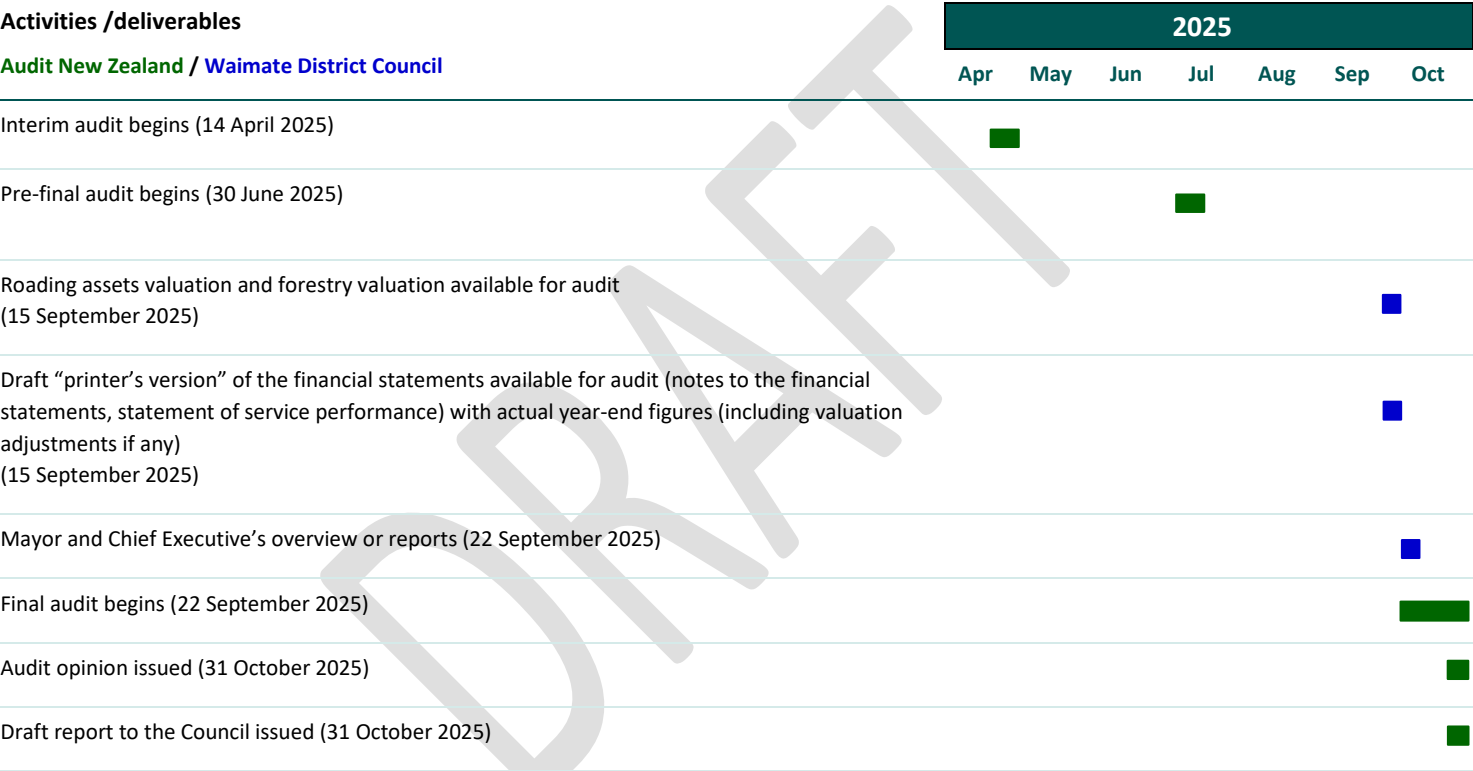
We will discuss and agree off-site working expectations in conjunction with our information requests with you as part of your 2025 audit.



Audit timetable

Activities /deliverables

Audit New Zealand / Waimate District Council



PO Box 232
Dunedin 9054

www.auditnz.parliament.nz



DRAFT



6.7 AUDIT NEW ZEALAND ENGAGEMENT - LIMITED ASSURANCE REPORT IN RESPECT OF WAIMATE DISTRICT COUNCIL'S DEBENTURE TRUST DEED

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. **Confirmation of Engagement - Limited Assurance report in respect of Waimate District Council's Debenture Trust Deed** [↓](#) 

PURPOSE

1. That the Audit and Risk Committee reviews the Confirmation of Engagement – Limited Assurance Report in respect of Waimate District Council's Debenture Trust Deed for 2025, in order that the engagement is confirmed and accepted.

BACKGROUND

2. The Audit and Risk Committee's Terms of Reference state that 'The Committee, in conjunction with the Chief Executive, will: engage and confirm with the external auditor the terms of the auditor's appointment and engagement, including the nature and scope of the audit, timetable and fees.'
3. Audit New Zealand prepared the Confirmation of Engagement – Limited Assurance Report in respect of Waimate District Council's Debenture Trust Deed.
4. The engagement letter confirms the responsibilities in order that Audit NZ can provide a report to satisfy clause 10.2.6 of Council's Debenture Trust Deed between Covenant Trustee Services Limited (the trustee) and Council dated 1 June 2022.
5. Clause 10.2.6 of the Debenture Trust Deed states the following:

10.2.6 Auditors' Reports:

(a) at the same time as it furnishes its Annual Report under clause 10.2.1, provide a separate report by the Auditors addressed to the Trustee stating:

(i) whether or not in the performance of their duties as auditors they have become aware of any matter which in their opinion is relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee and if so, giving particulars thereof;

(ii) whether or not their audit has disclosed any matter (and if so, particulars thereof) calling in their opinion for further investigation by the Trustee in the interests of the Stockholders;

(iii) that they have perused the certificate (if any) given on behalf of the Council after the end of the relevant financial year pursuant to clause 10.2.4 and that so far as matters which they have observed in the performance of their duties are concerned the statements made in such certificate are correct;

(iv) whether or not the Council or its agents (including the Registrar) have duly maintained the Register in accordance with the provisions of this Deed; and

(v) as at the end of each relevant financial year:

(aa) the amount of the Stock showing separately how much is Security Stock and how much, if any, is Bearer Stock;

(bb) the Principal Money owing or secured under the Stock, distinguishing between Security Stock and other Stock;

(cc) whether or not from normal audit tests they have conducted they are satisfied that all Principal Money due and payable on the Stock has been paid or

otherwise satisfied and that all interest due and payable on the Stock has been paid; and

(b) where the FMC Act applies in respect of any Stock:

(i) provide the Trustee with a copy of any report, financial statement or certificate which the Auditors have issued in respect of the Councillor which is otherwise required to be provided to the Trustee pursuant to the FMC Act;

(ii) procure that, if the Auditors become aware of any matter that is relevant to the exercise or performance of the rights or duties of the Trustee, the Auditors shall, within seven business days of becoming aware of the matter, report the matter to the Trustee; and

(iii) on request of the Trustee provide to the Trustee all information relating to the Council relevant to the exercise of the Council's rights and duties in respect of this Deed.

6. The audit of the annual financial statements and performance information of Council is not designed to assess whether Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificates Council has issued to the Trustee, however information obtained as a by-product of the audit is a basis for the Limited Assurance Engagement of the relevant clause of the Trust Deed.
7. Council's responsibilities, the Trustee's responsibilities and the Auditors responsibilities under the Trust Deed are outlined in the engagement letter.
8. Audit New Zealand seek acceptance of the terms and conditions set out in the engagement letter.
9. The letter has been provided to our Trustee, Covenant Trustee Services Limited, who are also required to confirm and accept the engagement. They have provided their confirmation.
10. The letter requires Committee Council confirmation before the Mayor signs and the letter can be returned to Audit New Zealand.

PROPOSAL

11. That the Audit and Risk Committee reviews the Confirmation of Engagement – Limited Assurance Report in respect of Waimate District Council's Debenture Trust Deed for 2025, in order that the engagement is confirmed and accepted.

Options

12. As an Auditors' Report is a requirement of the Debenture Trust Deed, Council must enter into the engagement in order that it complies with its Debenture Trust Deed.

ASSESSMENT OF SIGNIFICANCE

13. This item is considered to be of low significance under Council's Significance and Engagement Policy.

FINANCIAL

14. The fee for the Limited Assurance Engagement is estimated to be \$7,500, excluding GST.
15. A budget of \$7,600 has been provided for in 2025.

RECOMMENDATION

That the Audit New Zealand Confirmation of Engagement – Limited Assurance Report in respect of Waimate District Council's Debenture Trust Deed, is confirmed and accepted.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

22 April 2025

Level 1, 399 Moray Place
PO Box 232, Dunedin 9054

The Council
Waimate District Council
PO Box 122
Waimate 7960

The Directors
Covenant Trustee Services Limited
PO Box 4243
Shortland Street
Auckland 1140

Dear Councillors and Covenant Trustee Services Limited Board Members

Confirmation of engagement – Limited Assurance Report in respect of the Waimate District Council’s Debenture Trust Deed

The purpose of this letter is to confirm our understanding of our respective responsibilities arising from your request to provide a report under clause 10.2.6 of the Debenture Trust Deed between Covenant Trustee Services Limited, (the Trustee) and Waimate District Council dated 1 June 2022 (the Trust Deed).

The purpose of this letter is to confirm the terms of our Limited Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

Scope of the engagement

The Auditor-General is the auditor of Waimate District Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand to carry out the audit of the financial statements and performance information of Waimate District Council.

The objective of the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with Waimate District Council dated 6 June 2023 (attached as Appendix A), is to report our opinion on those financial statements and performance information on behalf of the Auditor General.

A business unit of the Controller and Auditor-General | www.auditnz.parliament.nz

As auditors appointed for the audit of the financial statements and performance information, we are not responsible for:

- the preparation of the annual financial statements and performance information of Waimate District Council;
- any Reporting Certificate(s) issued to the Trustee by Waimate District Council;
- Waimate District Council's compliance with the Trust Deed; or
- the obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements performance information of the Waimate District Council are not designed to assess whether Waimate District Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) Waimate District Council issued to the Trustee.

The scope of this Limited Assurance Engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a by-product of the audit of the financial statements and performance information of Waimate District Council for the year ending 30 June 2025.

For the purpose of providing our Limited Assurance report (Report), (example attached as Appendix B), other than as expressly stated in the section below titled "Scope of Auditor's Responsibilities", we will not perform any further procedures beyond those required to complete the audit of the financial statements and performance information of Waimate District Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time Waimate District Council's Reporting Certificate for the year ended 30 June 2025 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

Scope of Waimate District Council's responsibilities

Waimate District Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of Waimate District Council and our audit opinion, to the Trustee under clause 10.2.1 of the Trust Deed.

Waimate District Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. Waimate District Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

Waimate District Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

Waimate District Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

Waimate District Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Scope of the Trustee's responsibilities

The Trustee monitors Waimate District Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and Waimate District Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring Waimate District Council.

The receipt of the Report and the audited annual financial statements and performance information of Waimate District Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"¹. This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Scope of the Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we will perform and the evidence we will obtain. We will conduct our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that will be performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that will be obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

We will report to you on the following specific matters under clause 10.2.6 of the Trust Deed:

- From our perusal of the Reporting Certificate dated 30 June 2025 given on behalf of Waimate District Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

¹ Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

In meeting this responsibility we will agree the total amount of all categories of stock in the Reporting Certificate dated 30 June 2025 with the Local Government Funding Agency.

With reference to the other assertions the Chief Executive will make in the Reporting Certificate our procedures will be limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of Waimate District Council.

- Whether in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the financial statements and performance information of Waimate District Council.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the financial statements and performance information of Waimate District Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We will not test that each individual Stockholder has received all monies due and payable to them.

- Whether Waimate District Council 's agents have maintained the Register in accordance with the requirements of the Trust Deed.

Waimate District Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.8.

We will not audit the Register for the year ended 30 June 2025. Our procedures will be limited to asking Waimate District Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2025 :
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we will agree the total of all categories of Stock with the Local Government Funding Agency. We will not test that each individual Stockholder has received all monies due and payable to them.

Our Limited Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

Inherent limitations

We will report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement will not be performed continuously throughout the period and the procedures performed in respect of Waimate District Council's compliance with the Trust Deed will be undertaken on a test basis (that is, we will not check every transaction), our Report cannot be relied on to detect all instances where Waimate District Council may not have complied with the requirements of the Trust Deed. Our Conclusion will be formed on the above basis.

Restricted use

Our Report will be addressed to Waimate District Council and the Trustee. This Report has been prepared solely for Waimate District Council and the Trustee in accordance with the requirements of clauses 10.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than Waimate District Council and the Trustee or for any purpose other than that for which it was prepared.

Our Report is not to be copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

Independence and quality control

We will comply with the Auditor-General's:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Timetable

Our work will be completed concurrently with the audit of the financial statements and performance information. We will complete our Report as soon as possible once Waimate District Council has signed the financial statements and performance information and provided us with the Reporting Certificate given on behalf of Waimate District Council pursuant to clause 10.2.4 of the Trust Deed.

Fees

The fee will be payable by Waimate District Council for this Limited Assurance Engagement. The total fee is estimated to be \$7,500.

Supporting documentation required

In order to complete this engagement we will need access certain information and documentation that council should have in its files supporting its reporting certificate. Please refer to Appendix C for details of the information and documentation we will need.

Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

Yours faithfully



Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand

Waimate District Council acceptance

Waimate District Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

(Signature)

(Name)

(Position)

Covenant Trustee Services Limited acceptance

Covenant Trustee Services Limited as Trustee for Waimate District Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

Covenant Trustee Services Limited has entered into this letter of engagement in its capacity as Trustee of Waimate District Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of Waimate District Council available to it from time to time in that capacity.



(Signature)

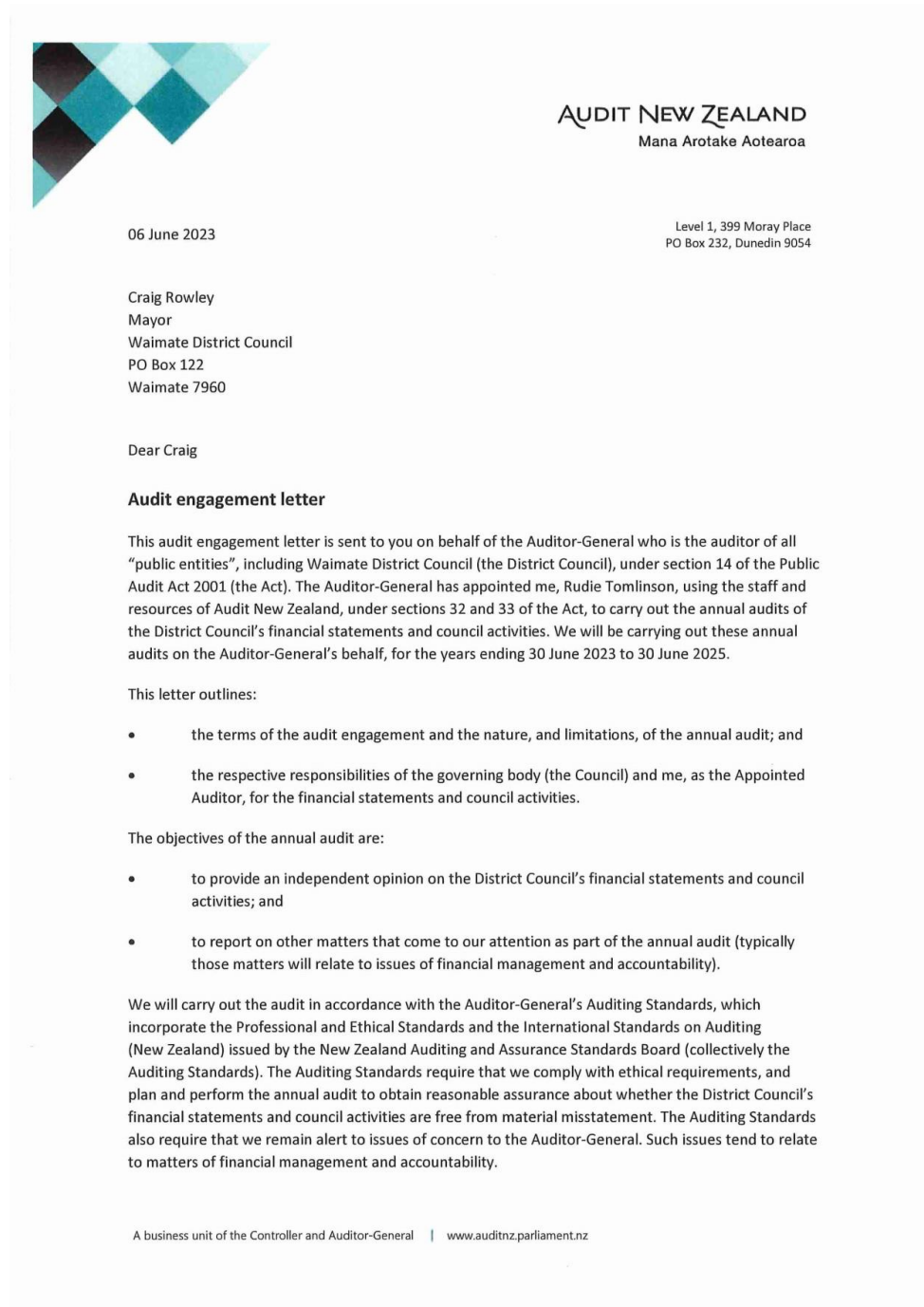
Eleanor Smith

(Name)

Relationship Manager

(Position)

Appendix A: Engagement Letter – audit of the financial statements and performance information



The Council's responsibilities

Our audit will be carried out on the basis that the Council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and council activities in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and council activities that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and council activities such as records, documentation, and other information;
 - all other information, in addition to the financial statements and council activities, to be included in the annual report;
 - additional information that we may request from the District Council for the purpose of the audit;
 - unrestricted access to council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary council activities;
- for making the audited summary financial statements and summary council activities readily available to the intended users of that information; and
- for including our audit report on the summary financial statements and summary council activities in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;

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- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and council activities and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the District Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of the District Council:

- present fairly, in all material respects:
 - its financial position; and
 - its financial performance and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

We are also responsible for forming an independent opinion on whether the service performance information of the District Council:

- presents fairly, in all material respects, the performance for the financial year, including:
 - its performance achievements as compared with forecasts included in the long-term plan and annual plan for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the long-term plan and annual plan for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

In addition to the above we are also responsible for forming an independent opinion whether:

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- the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan or annual plan; and
- the statement about capital expenditure for each group of activities of the District Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Long-term plan; and
- the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan.

We are also required to report on whether the District Council has:

- complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and council activities. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and council activities, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and council activities.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and council activities. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and council activities that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council and the District Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the District Council in an economical manner, and whether any resources are being wasted;

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- be alert for issues of a lack of probity – in particular, whether the Council and the District Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the District Council; including being independent of management personnel and members of the Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the District Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and me or Audit New Zealand.

Reporting

We will issue an independent audit report that will be attached to the financial statements and council activities. This report contains our opinion on the fair presentation of the financial statements and council activities and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary council activities. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full council activities.

We will also issue a report to the Council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the District Council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to the District Council from time to time. We will inform the Council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new audit engagement letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you

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should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Tomlinson', with a stylized flourish at the end.

Rudie Tomlinson
Appointed Auditor
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature: Crowley Date: 13/06/23
Name: Craig Rowley
Title: Mayor
Waimate District Council

Appendix 1: Respective specific responsibilities of the Council (the governing body) and the Appointed Auditor

Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and council activities	
<p>You are required by legislation to prepare financial statements and council activities in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and council activities.</p> <p>You are required by legislation to prepare the financial statements and council activities and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and council activities ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and council activities have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> • present fairly, in all material respects: <ul style="list-style-type: none"> ◦ the financial position; and ◦ the financial performance and cash flows for the financial year; and • comply with generally accepted accounting practice in New Zealand in accordance with the applicable financial reporting framework. <p>We are also responsible for forming an independent opinion on whether the council activities:</p> <ul style="list-style-type: none"> • presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> ◦ the performance achievements as compared with forecasts included in the long-term plan and annual report for the financial year; and ◦ the actual revenue and expenses as compared with the forecasts included in the long-term plan and annual report for the financial year; and • complies with generally accepted accounting practice in New Zealand. <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> • the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan or annual plan; and • the statement about capital expenditure for each group of activities of the District Council,

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Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Long-term plan; and</p> <ul style="list-style-type: none"> the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan. <p>We are also required to report on whether the District Council has:</p> <ul style="list-style-type: none"> complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. <p>We will also read the other information accompanying the financial statements and council activities and consider whether there are material inconsistencies with the audited financial statements and council activities.</p>
	<p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and council activities do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and council activities.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p>

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Responsibilities of the Council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> the appropriateness of accounting policies used and whether they have been consistently applied; the reasonableness of the significant accounting estimates and judgements made by those charged with governance; the appropriateness of the content and measures in any performance information; the adequacy of the disclosures in the financial statements and council activities; and the overall presentation of the financial statements and council activities. <p>We will ask you for written confirmation of representations made about the financial statements and council activities. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> the adoption of the going concern basis of accounting is appropriate; all material transactions have been recorded and are reflected in the financial statements and council activities; all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and uncorrected misstatements noted during the audit are immaterial to the financial statements and council activities. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and council activities, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>

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Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> correctly record and explain the transactions of the District Council; enable you to monitor the resources, activities, and entities under your control; enable the District Council's financial position to be determined with reasonable accuracy at any time; enable you to prepare financial statements and council activities that comply with legislation (and that allow the financial statements and council activities to be readily and properly audited); and are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and council activities.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and council activities and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>
Responsibilities for accounting and internal control systems	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial council activities reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and council activities.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>
Responsibilities for preventing and detecting fraud and error	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the District Council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and council activities. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and council activities, but we will:</p>

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Responsibilities of the Council	Responsibility of the Appointed Auditor
<p>will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that the District Council has systems, policies, and procedures (appropriate to the size of the District Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District Council are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> • the relevance of the law or regulation to the audit; • our assessment of the risk of non-compliance; and • the impact of non-compliance for the addressee of the audit report. <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p>

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Responsibilities of the Council	Responsibility of the Appointed Auditor
	We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the District Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
Responsibilities for conflicts of interest and related parties	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and council activities in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and council activities.</p>
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and council activities on the public entity's website. This includes ensuring that there are enough</p>	<p>Examining the controls over the electronic presentation of audited financial statements and</p>

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Responsibilities of the Council	Responsibility of the Appointed Auditor
security and controls over information on the website to maintain the integrity of the data presented. If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.	council activities, and the associated audit report, on your website is beyond the scope of the annual audit.

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Appendix 2: Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

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Appendix B: Example Report

Independent Assurance Report

To Waimate District Council and to Covenant Trustee Services Limited in respect of Waimate District Council's Debenture Trust Deed for the year ended 30 June 20xx

The Auditor-General is the auditor of Waimate District Council (the Council) pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand to undertake a limited assurance engagement, on his behalf, as required by clause 10.2.6 of the Debenture Trust Deed dated 1 June 2022 (the Trust Deed), for the year ended 30 June 20xx.

Councillor's responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and activities and service performance information of the Council and our audit opinion, to the Covenant Trustee Services Limited (Trustee) under clauses 10.2.1 and 10.2.6 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Trustee's responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed, and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of this limited assurance report (Report) and the audited financial statements and activities and service performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and activities and service performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"¹. This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate/s the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a byproduct of our engagement to perform the audit of the annual financial statements and activities and service performance information of the Council for the year ended 30 June 20xx.

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and activities and service performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 20xx is prepared by the Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

Our responsibility under clause 10.2.6 of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated xx given on behalf of the Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

¹ Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

In meeting this responsibility, we have agreed the total of all categories of Stock with Link Market Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

Inherent limitations

We report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

Restricted use

This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clauses 10.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Limited Assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- the statements made by the Council in the Reporting Certificate dated xx pursuant to clause pursuant to clause 10.2.4 are materially incorrect (Reporting Certificate dated xx is given in Appendix 1).
- there are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee;
- there are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.
- in all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on xx and our conclusion is expressed as at that date.

The Register and Stock

The Council has provided us with a copy of the audit report about the Register. Please refer to appendix two for a copy of the audit report about the Register.

Based on the work described in this Report, as at 30 June xxxx the following balances are given:

Total stock of	\$xxxx
This is comprised of:	
o Security stock of	\$xxxx
o Bearer stock of	\$xxxx
o Other stock of	\$xxxx
o Security stock (Local Government Funding Agency stock) of	\$xxxx

Based on the work described in this Report, as at 30 June 20xx the following balances are given:

Total Principal Money owing and secured under the stock of	\$xxxx
This is comprised of:	
o Security stock of	\$xxxx
o Bearer Stock of	\$xxxx
o Other stock of	\$xxxx
o Security stock (Local Government Funding Agency stock) of	\$xxxx

The Council is one of a group of guarantors of the Local Government Funding Agency. As at 30 June 20xx the Council had xxxx units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 20xx is as follows:

000s	
xxxx	Units of Security Stock on issue associated with the guarantee
xxxx	Accrued interest
xxxx	Treasury Stock ² held by the Local Government Funding Agency
xxxx	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
xxxx	Total borrowings of the Local Government Funding Agency at 30 June 20xx

² Treasury Stock is stock which is bought back by the issuing entity reducing the amount of outstanding stock on the open market. When an entity repurchases its stock, it reduces its liabilities.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this engagement, we performed the annual audit of The Council's annual financial statements and activities and service performance information. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries or the Trustee.

Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, Audit New Zealand

Appendix C: Supporting documentation required

We will need access to the following information and documentation from council's records supporting the reporting certificate:

- A copy of the debenture trust deed.
- The signed reporting certificate for the debenture trust deed for 30 June 2025.
- The Local Government Funding Agency floating nominal amount confirmation as at 30 June 2025.
- Copies of all security stock certificates, including all security stock recorded on the register as 1 cent/1 unit security stocks.
- A security stock listing, indicating who the holders of each security stock are.
- Debt terms sheets for all debenture stock outstanding.
- Written confirmation that all stock that was due to be repaid during the financial was in fact repaid.
- Written confirmation that any interest due for payment on the stock was in fact paid.

Please note that items requested above may not represent all of the information that we need, and additional requests for information and documentation may follow during the course of the engagement depending on the circumstance

6.8 ALPINE ENERGY ECONOMIC DEVELOPMENT FUND UPDATE

Author: Michelle Jones, Executive Support Manager

Authoriser: Stuart Duncan, Chief Executive

Attachments: Nil

PURPOSE

1. To provide the Audit and Risk Committee with an update on the Alpine Energy Economic Development Fund relating to Council initiatives, ward initiatives and elected member initiatives.

BACKGROUND

2. At its meeting on 3 December 2024, the Audit and Risk Committee requested an update on expenditure and balances for the Alpine Energy Economic Development Fund relating to Council initiatives, ward initiatives and elected member initiatives.
3. Below is a list of expenditure and balances for Council initiatives, wards initiatives and elected member initiatives.

COUNCIL INITIATIVES (GL 122033302)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2017/18				
1/07/2017	<i>Budget</i>	\$33,000		\$33,000
12/06/2018	Explore Waimate Branding (Explore Waimate launch, logo design, banners, etc)		\$5,674	\$27,326
FINANCIAL YEAR: 2018/19				
1/07/2018	<i>Budget</i>	\$70,000		\$70,000
1/07/2018	<i>Balance carried forward</i>	\$27,326		\$97,326
FINANCIAL YEAR: 2019/20				
1/07/2019	<i>Budget</i>	\$49,452		\$49,452
1/07/2019	<i>Balance carried forward</i>	\$97,326		\$146,778
FINANCIAL YEAR: 2020/21				
1/07/2020	<i>Budget</i>	\$50,000		\$50,000
1/07/2020	<i>Balance carried forward</i>	\$146,778		\$196,778
30/09/2020	White Horse Redevelopment		\$20,000	\$176,778
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$23,000		\$23,000
1/07/2021	<i>Balance carried forward</i>	\$176,778		\$199,778
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$23,460		\$23,460
1/07/2022	<i>Balance carried forward</i>	\$199,778		\$223,238
31/05/2023	Contribution to Queen Street Community Space		\$20,000	\$203,238
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$23,929		\$23,929
1/07/2023	<i>Balance carried forward</i>	\$203,238		\$227,167
1/07/2023	Comms position		\$27,000	\$200,167

Date	Project	Deposit	Withdrawal	Balance
12/12/2023	Lease of McNamaras Road property to Menzshed (committed)		\$15,000	\$185,167
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$185,167		\$185,167
30/04/2025	ANZAC 2025 traffic management		\$1,097	\$184,070
30/05/2025	Tuia Programme		\$1,535	\$182,535

WARD INITIATIVES

Date	Description	Deposit	Withdrawal	Balance
HAKATARAMEA-WAIHAORUNGA WARD (GL 122033304)				
	<i>Budget</i>	\$15,000		\$15,000
21/11/2020	Contribution towards Southern Canterbury A&P Pavilion barn doors		\$5,000	\$10,000
5/11/2020	14 English Oaks for Hakataramea		\$1,680	\$8,320
PAREORA-OTAIO-MAKIKIHI WARD (GL 122033306)				
	<i>Budget</i>	\$15,000		\$15,000
29/03/2021	Contribution to Environment Canterbury Catchments Collective South Canterbury to prepare project grant applications		\$7,500	\$7,500
LOWER WAIHAO WARD (GL 122033305)				
	<i>Budget</i>	\$15,000		\$15,000
30/04/2022	Painting of Willowbridge Hall		\$15,000	\$0
WAIMATE WARD (GL 122033303)				
	<i>Budget (no expenses to date)</i>	\$15,000		\$15,000

ELECTED MEMBER INITIATIVES**Mayor Craig Rowley (GL 122033311)**

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
5/11/2021	Glenavy COVID-19 vaccine clinic		\$835	\$2,165
30/06/2022	Matariki 2022		\$340	\$1,825
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$1,825		\$4,825
27/07/2022	Matariki 2022		\$488	\$4,337
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$4,337		\$4,337
30/06/2024	Matariki 2024		\$1,777	\$2,560
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$2,560		\$2,560
30/07/2024	Matariki 2024		\$400	\$2,160

Date	Project	Deposit	Withdrawal	Balance
11/10/2024	Menzshed insurance		\$954	\$1,206
30/05/2025	Tuia Programme		\$1,004	\$202

Deputy Mayor Sharyn Cain (GL 122033312)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$3,000		\$6,000
30/06/2023	Explore Waimate retail products for disc golf spot prizes		\$195	\$5,805
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$5,805		\$5,805
31/12/2023	Community Garden fundraiser		\$208	\$5,597
18/03/2024	Supplies for Twizel Maadi Cup MTFJ promotion		\$55	\$5,542
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$5,542		\$5,542
24/04/2025	Explore Waimate retail products for Miles Anderson MP and Youth MP		\$60	\$5,482

Cr John Begg (GL 122033314)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$3,000		\$6,000
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$6,000		\$6,000
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$6,000		\$6,000

Cr Peter Collins (GL 122033313)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$3,000		\$6,000
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$6,000		\$6,000
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$6,000		\$6,000

Cr Sandy McAlwee (GL 122033318)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
28/03/2022	Half share of community defibrillators for Maungati and Pareora Gorge		\$1,995	\$1,005
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$1,005		\$4,005
6/06/2023	Bill Wright fuel vouchers		\$500	\$3,505
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$3,505		\$3,505
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$3,505		\$3,505
30/07/2024	Half share of Makikihi speed indicator signs		\$477	\$3,028

Cr Tom O'Connor (GL 122033319)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
28/03/2022	Half share of community defibrillators for Maungati and Pareora Gorge		\$1,995	\$1,005
30/06/2022	Rubbish bin application fee for local resident		\$100	\$905
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$905		\$3,905
FINANCIAL YEAR: 2023/24				

1/07/2023	Budget	\$0		\$0
1/07/2023	Balance carried forward	\$3,905		\$3,905
FINANCIAL YEAR: 2024/25				
1/07/2024	Budget	\$0		\$0
1/07/2024	Balance carried forward	\$3,905		\$3,905
2/08/2024	Half share of Makikihi speed indicator signs		\$3,900	\$5

Cr Colin Pankhurst (GL 122033316)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	Budget	\$3,000		\$3,000
FINANCIAL YEAR: 2022/23				
1/07/2022	Budget	\$3,000		\$3,000
1/07/2022	Balance carried forward	\$3,000		\$6,000
FINANCIAL YEAR: 2023/24				
1/07/2023	Budget	\$0		\$0
1/07/2023	Balance carried forward	\$6,000		\$6,000
FINANCIAL YEAR: 2024/25				
1/07/2024	Budget	\$0		\$0
1/07/2024	Balance carried forward	\$6,000		\$6,000
8/07/2024	Hakataramea Cenotaph upgrades		\$6,000	\$0

Cr Lisa Small (GL 122033317)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	Budget	\$3,000		\$3,000
30/04/2022	Willowbridge Hall painting (ex-Councillor Sheila Paul expense)		\$2,600	\$400
FINANCIAL YEAR: 2022/23				
1/07/2022	Budget	\$3,000		\$3,000
1/07/2022	Balance carried forward	\$400		\$3,400
FINANCIAL YEAR: 2023/24				
1/07/2023	Budget	\$0		\$0
1/07/2023	Balance carried forward	\$3,400		\$3,400
FINANCIAL YEAR: 2024/25				
1/07/2024	Budget	\$0		\$0
1/07/2024	Balance carried forward	\$3,400		\$3,400

Cr Rick Stevens (GL 122033315)

Date	Project	Deposit	Withdrawal	Balance
FINANCIAL YEAR: 2021/22				
1/07/2021	<i>Budget</i>	\$3,000		\$3,000
FINANCIAL YEAR: 2022/23				
1/07/2022	<i>Budget</i>	\$3,000		\$3,000
1/07/2022	<i>Balance carried forward</i>	\$3,000		\$6,000
FINANCIAL YEAR: 2023/24				
1/07/2023	<i>Budget</i>	\$0		\$0
1/07/2023	<i>Balance carried forward</i>	\$6,000		\$6,000
FINANCIAL YEAR: 2024/25				
1/07/2024	<i>Budget</i>	\$0		\$0
1/07/2024	<i>Balance carried forward</i>	\$6,000		\$6,000

RECOMMENDATION

That the Alpine Energy Economic Development Fund Update report is accepted.

6.9 MAJOR PROJECTS REPORT

Author: Dan Mitchell, Asset Group Manager

Authoriser: Stuart Duncan, Chief Executive

Attachments: 1. Three Waters Quarterly Major Projects Report to 31 March 2025 [↓](#) 
2. Roding Quarterly Major Projects Report to 29 May 2025 [↓](#) 

PURPOSE

1. For the Audit & Risk Committee to receive the Major Projects reports:
 - a. Three Waters
 - b. Roding

COMMENTARY

2. The Roding quarterly report extends past 31 March 2025 so as significant works such as overlays and the resealing programme progress can be presented to the Committee.

Waimate Event Centre

3. Progress on the fire reinstatement at the Waimate Event Centre is currently ahead of programme. Priority has been given to squash courts, social room and old changing rooms (variation to contract), with the latter still in the pre-Event Centre state.
4. A variation has been requested to replace the entire roof over the squash court area. This has historically been problematic and presents an opportunity to replace flashings with modern equivalents. Variations will be managed within the contingency allowance for the project.

Library Extension / Chambers Refit

5. Practical completion has been awarded and only minor omissions remain. The replacement aluminium entrance doors for the Chambers will be installed in July 2025 and modifications to the Perspex safety screens in the library are being actioned.
6. Current workloads have meant that the reception area upgrade is currently on hold until resources (both internal and external) are available to progress this. Given the potential impact on business as usual, timing will be discussed with all affected parties.

Edward Street Cost Overrun

7. At the previous Audit and Risk Committee Meeting on 11 March 2025, the Committee requested a report that focussed on the learnings from the Edward Street Wastewater Renewal project. The following commentary summarises the drivers for the cost overrun and mitigations that were implemented prior to, and after the project.
8. The original contract cost supplied by the contractor to complete the work was \$593,197.62
9. The format of the contract was Measure and Value, but the structure of the scheduled items, specifically for trenching deviated from our typical methodology. In a typical circumstance, a lineal per meter rate is used that encompasses excavation, cut to waste, pipe bedding, backfill, compaction and resurfacing.
10. In the latter circumstance, the contractor calculates the risk associated with ground material, depth and other factors and this is presented in the lineal meter rate. Given the significance of this project, staff intended to “de risk” the project to obtain tenders from smaller, albeit capable, contractors.
11. To achieve this there was a deviation from lineal meter rates to a combination of volumetric (excavation and backfill), area (sealing) and lineal (pipe supply).

12. Depth of the pipe determined (a) the typical trench profile and (b) the installation method. When trenches are deeper than 1.50m either trench shields are required, or benching of the trench is required. The contract documents indicated which methodologies were expected in specific areas.
13. Trench shields typically provide more expensive installations as they are slower and more difficult to work around. On the other hand, open trenching requires the removal and placement of more material.
14. The main drivers for the cost escalation can be summarised as:
 - (a) Change of alignment resulting in an additional deep manhole
 - (b) Trench shields not being utilised when their use, albeit more expensive than the preferred methodology, would have reduced the volumes of material excavated and replaced
 - (c) Additional sealing area associated with (b)
 - (d) Unforeseen private laterals not mapped in the GIS system and consequently not allowed for in the contract
 - (e) Significant excavation and reinstatement associated with the manhole at the intersection of Edward and Wilkin Streets
15. The result was a total actual cost of \$944,643.43 (with an increased cost of \$351,445.81 associated with paragraph 14).
16. It should be noted that it is difficult to estimate what the tender price would have been under a conventional (lineal) measure and value contract.
17. For a successful measure and value contract utilising the volumetric approach, the following would mitigate the risk to council:
 - (i) Geotechnical investigation to establish ground conditions prior to tendering
 - (ii) Tighter control on which installation methodology is utilised, and where
 - (iii) Analysis of property files and historic records to ensure the best information is available in the tender documentation
 - (iv) A more detailed basis of payment
18. There would be significant investment associated with mitigation of risk as mentioned in paragraph 17. This is, in part, offset in a linear measure and value contract where the contractor weighs up the risk and allows for a rate to cover most eventualities.
19. Given the variance in ground conditions experienced during this project, it is unlikely that the Edward Street methodology would be widely used in the future.

RECOMMENDATION

That the Major Projects report be accepted.

Quarterly Major Projects Report
1 July 2024 to 30 June 2025
Quarter # 3 (Q3) March 2025

										Time/Budget on track within expected Project Completion	
										Some Risk to budget/timeframe - but within planned year / contingencies	
										High Risk to budget/timeframe - exceeding planned year / contingencies	
										Not started / external to Council	
GL Code	Project	Project Description	Budget (\$000's)	Expenditure to date (\$000's)	Expenditure %	Works %	Project Completion	RISKS	RISKS2	Last Financial Year comments	New comments 2024/25 Financial Year
								Estimated (\$000's)	Delayed Completion		
CANNINGTON											
511076002	Cannington - Drinking Water Compliance Upgrade	Drinking Water Standards upgrades to meet compliance. (Install Monitoring and Control in the interim, while waiting for Government direction on legislation and standards).		123	10.00%	18.00%		1200	30/06/2026	This Budget line is a carry forward from the 2018/19 Financial Year. The Drinking Water Acceptable Solution for Mixed Use Rural Supplies (end point treatment) have been published, effective 14 November 2022. This means a direction has been given for alternative ways to meet compliance. In the mean time monitoring and control has been installed including a new shed, power to site and telemetry, in agreement with the MoH and DWA (Now Taumata Arowai). Waugh Infrastructure has been engaged through funding provided by the WSE Transition process to produce an options report and a preferred solution. Report now complete. Rebudgeted for construction in 2025/26.	Rebudgeted for construction in the 2025/26 year The 2022 Acceptable Solution is currently being reviewed by Taumata Arowai and is expected to be consulted on mid-2025. The indicative changes provide a cost-effective compliance pathway for Mixed-Use Rural Water Supplies. Will require a budget review.
HOOK / WAITUNA											
513076005	Hook / Waituna - Drinking Water Intake/Plant Compliance Upgrade	Drinking Water Standards upgrades to meet compliance	109	229	210.00%	20.00%	30/06/2022	3820	30/06/2026	This Budget line is a carry forward from previous Financial Year. Contract 21-25 Hook and Lower Waihao Water Treatment Plant Upgrades, has been awarded to Filtec. Stage 1 Design is still in process of the early contractor/design build contract. From the results of water sampling, three options were submitted by Filtec, which were reviewed. From the review it was recognised the treatment, operation and the overall cost were becoming unmanageable. After hydraulic assessment of the Hook, Otiao and Urban supply a new direction is being investigated. The option to augment the Hook supply from Otiao's Tavitock Bore is being investigated and a Hydrologist has been engaged to assess the current and potential future bores. Desktop analysis from the Hydrologist indicates there should be sufficient capacity to augment the Hook-Waituna scheme from the Otiao Scheme. Further work will be on hold pending the result of the Otiao Bore Redundancy project below. Investigations into a 12km pipelines to augment Hook from Otiao have resulted in a Feasibility & Preliminary Design cost that trigger Procurement protocols. Procurement Planning underway. Rebudgeted for construction in LTP 25/26	Q3- Treatment plant design underway. Survey of the area for pipeline has been completed and we expect to have a design with us shortly. It has been identified that ordering pipework & fittings for such a large project will take time and cannot be fulfilled in one delivery, so we are planning to stage the required pipework supply to alleviate any supply issues, prior to any procurement for install taking place. A water permit application is underway. Rebudgeted for construction in the 2025/26 year Work is underway to design the new treatment plant, consent to take and use water, review the hydraulic modelling, and design the pipeline to connect Hook-Waituna to Otiao Makihiki.
513076015	Hook / Waituna - Dual check augmentation	Dual check valve for Urban augmentation of East section of Hook Waituna Scheme		14	78.00%	77.78%	31/07/2024			This Budget line is a carry forward from previous Financial Year. Reviewing Garlands line as it may be upgraded as part of development around Point Bush, and Garlands Road. Manchester's augmentation line is also being reviewed as part of Urban pressure management. Manchesters is planned for April / May 2023. Waugh Infrastructure has been engaged through funding provided by the WSE Transition process. They have presented a number of options and we are further investigating options in conjunction with the following projects: 1. Hook / Waituna - Dual check Augmentation 2. Urban Water - Booster for Bakers/Court/Hunts/Fitzmaurice Roads 3. Urban Water - Te Kiteroa Main, Booster and Reservoir 4. Hook / Waituna - Investigation into Garlands / Studholme supply (Minor project) Project procurement documentation currently being developed Likely to be rebudgeted in the 25-34 LTP.	Dual Check Augmentation at Manchesters Road is now complete. Investigation into Garlands / Studholme supply ongoing.
513076051	Hook / Waituna - Intake upgrade SF	Intake upgrade		52	34.00%	10.00%	31/12/2022		30/06/2026	What was originally supposed to be a straight forward intake reconstruction has become a significant project due to major erosion of the riverbed and embankments. Project has covered the cost of design and consent applications to date. Subsidised under the SF with remainder of expenditure from Council's agreed Co-funding portion. Will be reviewed in conjunction with the Hook/Waituna DWS Compliance Upgrade and potential augmentation works. At this stage unlikely to proceed if augmentation occurs in the future.	No Budget line for this financial year, working through augmentation planning, staging of works & design phase currently as above. Remaining roll over budget to assist Hook Waituna / Otiao Makihiki project.
513076021	Hook/Waituna - Source WTP Generator	Generator at water treatment plant	51	0	0.00%	30.00%	30/06/2026				Q3- Generator will be sourced once new treatment plant & pipeline augmentation complete 2025/2026 Currently being investigated as to what is required as we look at pipe augmentation & bore requirements Update in Q3
LOWER WAIHAO											

514076013	Lower Waihao - Drinking Water Compliance De-nitrification plant	Addition of the de-nitrification plant to the new treatment plant to remedy the nitrate issue	678	101	14.00%	30.00%	30/06/2024		30/06/2026	Report on consenting options is now complete and has been reviewed by staff. Given the likely complexity of consenting, staff will liaise directly with the Runanga and other stakeholders prior to applying for a consent. There is a budget of 700 K (2023/24), but actual Cost of the denitrification module will not be known until design is finished. Completion date to be confirmed also. Note there is potential delay with purchasing and supply of equipment for this project due to current global supply issues. Likely to be rebudgeted in the 25-34 LTP. Awaiting feedback report from Aukaha Consultancy (Waihao Consultant)	Q3- Staff are progressing the development of an alternate source, connecting pipework and associated consenting. Concurrently a review of the existing treatment process is occurring given the change in source water. Denitrification plant no longer a preferred solution due to ongoing operational costs & continual spike in nitrate levels observed in Q2 Considering & investigating new source & applicable consent/s currently. Propose to repurpose remaining budget accordingly.
514076012	Lower Waihao - Glenavy line renewal	Glenavy Rural water main renewals	145	1	7.00%	35.00%	30/06/2026				Q3- Area identified, Plan & Design now completed. Letter to residents has been completed and due to be mailed out. Pipework is to be ordered shortly & procurement to commence for installation. Project underway & consultation with private land owners is required. Servelines on private property need to be agreed.
OTAIO / MAKIKIHI											
515076003	Otaio / Makikihi - New Bore Redundancy	Source Water		153	114.00%	100.00%	30/06/2023		1/05/2024	Practical Completion awarded. Awaiting redevelopment of existing 2014 Bore. Redevelopment of existing 2014 Bore now complete. Practical Completion issued.	Q3- Final Completion achieved
WAIHAORUNGA											
516076003	Waihaorunga - Drink Water Intake/Plant Compliance Upgrade	Drinking Water Standards upgrades to meet compliance. (Install Monitoring and Control in the interim at Tavendales, while waiting for Government direction on legislation and standards).		0	0.00%	0.00%		1200	1/06/2026	The Drinking Water Acceptable Solution for Mixed Use Rural Supplies (end point treatment) have been published, effective 14 November 2022. This means a direction has been given for alternative ways to meet compliance. Staff will start reviewing the new Acceptable Solutions and looking into options to meet compliance. Monitoring and control have been installed at Waihaorunga Main, and also at Tavendales Plant, in agreement with the MoH and DWA (now Taumata Arowai). Waugh Infrastructure has been engaged through funding provided by the WSE Transition process to produce an options report and a preferred solution. Likely to be rebudgeted for 2025/26 at \$1.2M	Rebudgeted for construction in the 2025/26 year The 2022 Acceptable Solution is currently being reviewed by Taumata Arowai and is expected to be consulted on mid-2025. The indicative changes provide a cost-effective compliance pathway for Mixed-Use Rural Water Supplies.
WAIKAKAHI											
517076003	Waikakahi - Drinking Water Intake/Plant Compliance Upgrade	Drinking Water Standards upgrades to meet compliance		15	1.00%	0.00%		2900	1/06/2026	This Budget line is a carry forward from previous Financial Year. The Drinking Water Acceptable Solution for Mixed Use Rural Supplies (end point treatment) have been published, effective 14 November 2022. This means a direction has been given for alternative ways to meet compliance. Staff will start reviewing the new Acceptable Solutions and looking into options to meet compliance. In the interim a Turbidity meter has been installed at shed. A detailed desktop investigation for an alternate source (Stimulus funded) was carried out, and two sites were identified for exploratory drilling. Those two sites were reviewed down to one, and a meeting was held with the landowners of a potential site. From that meeting it was discussed that exploratory drilling was not favourable. The landowner had other activities that would be impacted, if the bore became a community drinking water supply. Further work needs to be carried out on options for taking and treating water at Waikakahi. This includes a reduction in the total number of connections within the supply and potentially source water obtained from Waihao Downs Irrigation Scheme. Waugh Infrastructure has been engaged through funding provided by the WSE Transition process to produce an options report and a preferred solution. Likely to be rebudgeted for 2025/26 at \$2.9M	Rebudgeted for construction in the 2025/26 year The 2022 Acceptable Solution is currently being reviewed by Taumata Arowai and is expected to be consulted on mid-2025. The indicative changes provide a cost-effective compliance pathway for Mixed-Use Rural Water Supplies.
517076001	Waikakahi - Renewals	Waihao bridge South extension & Line upgrade for capacity	35	35	100.00%	100.00%	31/01/2025				Q3- Work has been completed Pipeline attached to Waihao South branch Bridge. Extension of network programmed in 2025/26 through a mix of optimised renewals and extension.
URBAN											
531076001	Urban Water - Rising Main Renewals	Upsize remaining pipe from Parsonage Road to Queen Street.	469	285	61.00%	90.00%	30/06/2025			This Budget line is a carry forward from previous Financial Year. Upgrade Queen Street 285 metres of 150mm PVC to 200mm PVC. Due to length, size and placing the current budget may not be sufficient. Project will be reviewed to understand costs. Indicative costings significantly higher than expected with the median price of approx. \$180,000. Design and procurement underway Q3- Herbert Street watermain renewal underway. Queen Street Rising main installation completed ahead of what was originally planned, to work in with NZTA's resal of the main street. Further assessment of PRV placement being considered for remaining budget. Queen Street Planning, design & procurement documents complete. Consulting with NZTA around the resal programme for Queen Street. Work completion due Q3	

531076002	Urban Water - Lateral Renewals	Toby and lateral renewals	117	3	3.00%	50.00%	30/06/2025			<p>This Budget line contains a carry forward from previous Financial Year (\$128,000). Ongoing Toby and lateral renewals.</p> <p>Project Initiation for the following:</p> <ol style="list-style-type: none"> 1. Urban Water - Parsonage Rd & Queen St Link (FPO) 2. Regent Street Water Main Renewal (FPO) 3. Herbert St Water Main Renewal (FPO) 4. Butchers Lane Water Main Renewal <p>June update - Butchers Lane complete, other projects in design and procurement</p>	<p>Q3- Herbert Street Watermain renewal is underway. Scheduled for completion in Q4</p> <p>Butchers lane has Practical Completion. Herbert Street Watermain Renewal Design & Procurement documents completed. Tender issued, Installation Scheduled to be completed Q3</p>
531076003	Urban Water - AC Water Main Renewals	Renewal of aged and poor condition AC water main, with PVC. Herbert Street water main renewal	190	84	44.00%	50.00%	30/06/2025			<p>This Budget line contains a carry forward from previous Financial Year (\$63,000).</p> <p>September Update: Completed Renewals works on Timaru rude late August</p> <p>Project Initiation for the following:</p> <ol style="list-style-type: none"> 1. Urban Water - Parsonage Rd & Queen St Link (FPO) 2. Regent Street Water Main Renewal (FPO) 3. Herbert St Water Main Renewal (FPO) 4. Butchers Lane Water Main Renewal <p>June update - Butchers Lane complete, other projects in design and procurement</p>	<p>Q3- Herbert Street watermain renewal is underway. When confident that there is remaining budget we will assess when to purchase the RF meters required.</p> <p>Herbert Street Watermain Renewal Design & Procurement documents completed. Tender issued, Installation Scheduled to be completed Q3. Quote has been received to complete the remaining non RF meter replacements in east part of the urban township.</p>
531076007	Urban Water - Pressure Management	Pressure Management to reduce stress on existing mains and prevent leakage	77	0	0.00%	0.00%	30/06/2026			<p>This Budget line is a carry forward from previous Financial Year. The rising main installation is now complete which allows for pressure management to be implemented. However there is still some upgrading work to be done on the Manchester's Bore rising main and some urban mains upgrade (Queen Street 150mm to 200mm PVC).</p> <p>One Water Modelling has done a Hydraulic Model update of the Urban area. This will also inform progress and timing of this project. Note: most of the 2021/22 Hydraulic Modelling has been covered under the SF. Timing also dictated by other capital projects.</p>	<p>Q3- Queen Street rising main installation has now been completed.</p> <p>Planning to progress the Urban area with associated PRV's required & any pipe size upgrades evaluated according to the Hydraulic modelling.</p> <p>Queen Street section to be completed Q3, planning can then continue</p>
531076024	Urban Water - Booster Bakers/Court/Hunts/Fitzmaurice Roads	Booster pump station for Bakers/Court/Hunts/Fitzmaurice Roads	310	5	2.00%	7.00%	30/06/2022		30/06/2027	<p>This Budget line is a carry forward from previous Financial Year. Due to Stimulus Funding projects, this may not be completed till next financial year.</p> <p>Waugh Infrastructure has been engaged through funding provided by the WSE Transition process. They have presented a number of options and we are further investigating options in conjunction with the following projects:</p> <ol style="list-style-type: none"> 1. Hook / Waituna - Dual check Augmentation 2. Urban Water - Booster for Bakers/Court/Hunts/Fitzmaurice Roads 3. Urban Water - Te Kiteroa Main, Booster and Reservoir 4. Hook / Waituna - Investigation into Garlands / Studholme supply (Minor project) <p>Likely to be rebudgeted (in part) the 25-34 LTP.</p>	<p>Q3- Te-kit project is still the priority for this financial year with this being the next project as they link together. Once Te-kit has been installed, bakers/courts/hunts/fitzmaurice will progress. Designs are being reviewed currently to ensure that both extensions to the urban network will work well & efficiently together.</p> <p>Planning & staging of works underway, to complete various outcomes in stages. Te-kit is the priority for this financial year.</p>
531076025	Urban Water - Extension Bakers/Court/Hunts/Fitzmaurice Roads		540	1	0.20%	10.00%	30/06/2027			<p>Q3- Te-kit project is still the priority for this financial year with this being the next project as they link together. Once Te-kit has been installed, bakers/courts/hunts/fitzmaurice will progress. Designs are being reviewed currently to ensure that both extensions to the urban network will work well & efficiently together.</p> <p>Planning & staging of works underway, to complete various outcomes in stages. Te kit priority</p>	
531076028	Urban Water - Te Kiteroa Main, Booster and Reservoir	Point Bush Road Development	1499	36	2.40%	35.00%	30/06/2023		30/06/2026	<p>This Budget line contains a carry forward from previous Financial Year (\$83,000). Project Initiation / Early Design Phase.</p> <p>Waugh Infrastructure has been engaged through funding provided by the WSE Transition process. They have presented a number of options and we are further investigating options in conjunction with the following projects:</p> <ol style="list-style-type: none"> 1. Hook / Waituna - Dual check Augmentation 2. Urban Water - Booster for Bakers/Court/Hunts/Fitzmaurice Roads 3. Urban Water - Te Kiteroa Main, Booster and Reservoir 4. Hook / Waituna - Investigation into Garlands / Studholme supply (Minor project) <p>Likely to be rebudgeted in the 25-34 LTP.</p>	<p>Q3-Design plan is in the final stages, also prompting review to ensure Te-kit will work with the bakers/courts/hunts/fitzmaurice extension, which is also underway.</p> <p>Sizing of pipework is underway, which will lead to procurement plan & documents being progressed before heading to market for installation.</p> <p>New pump shed & booster/reservoir will be staged after the mainline install.</p> <p>2 sections of the Te-kit Watermain extension are planned to be installed via trenchless technologies due to tricky areas of install; a tight corner on Point bush road & under the Garlands Road Ford. This will commence when the drillers are available Q4.</p> <p>Planning & staging of works underway, to complete various outcomes in stages. Te kit is the 1st priority over Bakers. Looking to price & procure in Q3.</p>
531076029	Urban Water - Bond Street Subdivision	Water and waste infrastructure for Bond Street Subdivision		0	0.00%	0.00%	30/06/2022		1/10/2025	<p>Awaiting invoice from developer</p>	Q3- Completed
531076021	Urban Water - Waimate Reservoir Cover Replacement	Replacement Cover, Urban Water Reservoir	100	0	0.00%	15.00%	30/06/2025			<p>Awaiting invoice from developer</p>	Q3- CE approval achieved, waiting to receive re-quote from supplier to push forward.
531076023	Urban Water - Main line valve renewals	Herbert Street watermain renewal portion	86	0	0.00%	35.00%	30/06/2025			<p>See above for progress on the Herbert Street Watermain renewal. Scheduled for completion Q4</p> <p>Part of herbert street project referenced above</p>	

531076031	Urban Water - Manchester's treatment plant generator		108	108	100.00%	100.00%	30/06/2025				Completed Q2
WASTEWATER											
552074501	Sewer - Waimate Urban Renewals	Waimate Urban network Renewals (pipe, manholes) Gorge Road sewer main renewal, Shearman Street north Sewer main renewal, Investigate Augustine Street Sewer main renewal	444	77	17.00%	40.00%	30/06/2025			This Budget line contains a carry forward from previous Financial Year (\$341,900). Remainder used to offset overspend on Edward Street	Q3- Gorge Road WW renewal awarded, Scheduled to start Beginning of April. Shearman Street (north) Scheduled for internal install before the end of Q4. Augustine Street, due to budget constraints this project will move to the next financial year. Procurement documents are being finalised and it will head to market for installation in Q4, Scheduling install to start Q1 2025/2026 financial year. Gorge Road: Procurement documents & design completed. Looking to quote/tender in Q3. Shearman Street North (internal install) Scheduled Q3
552074532	Sewer - Garlands Road low pressure sewer extension	Low pressure sewer extension on Garland Rd connecting into the recent Pt Bush Road LP Sewer	198	122	62.00%	100.00%	30/06/2025		30/09/2024	Contract Awarded late August. Likely completion by end September	Practical completion awarded Q2
STORMWATER											
553075011	Stormwater - Belt Street main renewal		12	0	0.00%	10.00%	30/06/2025				Q3- Awaiting output report Part of 553075015 project, Completed permeability(soakage) tests, design concepts underway with issues & options.
553075014	Stormwater - Rapid soakage devices		50	0	0.00%	10.00%	30/06/2025				Q3- Awaiting output report Part of 553075015 project, Completed permeability(soakage) tests, design concepts underway with issues & options.
553075015	Stormwater - Park Road catchment investigation		154	183	118.00%	100.00%	30/06/2025				Q3- Awaiting output Report Completed permeability(soakage) tests, design concepts underway with issues & options.

Major Projects Report
29-May-25
Roading and Footpaths

Completed
On track with time/budget for completion within the plan year
High risk (budget and/or timeframe)
Some risk (budget and/or timeframe) - highlight issues in comments

Project	Project Description	Budget	Estimate to 30/4/25	%	Status		Comments / Issues / Risks / Reasons
					Time	Budget	
Kerb & Channel and Footpath Renewal	<i>K&C and Footpath</i>						Completed
	George LHS (Belt to Rhodes) Deep Channel						
	Rhodes St RHS (George 60m) Deep Channel						
	Opie LHS (Grass to Marry 120m)						
	Belt LHS (George to Edinburgh 233m)						
	Harris St RHS (High to Manse 187m)						
	<i>Footpath only</i>						
	Wilkin 2 Sections 105m & 52m						
	Micheal 125m						
	SH 1 Standrews 280m 1.5 wide						
	Footpath	\$141,500	\$176,000	124%			
	Kerb and Channel Renewal	\$292,850	\$253,300	86%			
							K&C complete, Footpath in progress
							Deferred budget decrease
							Deferred budget decrease
							St Andrews complete
Sealed Road Resurfacing	Resealing is programmed on an as needed basis to arrest and prevent the deterioration of the road surface. Contract awarded to Fulton Hogan Ltd. November 2024	\$1,296,922	\$1,346,586	104%			Completed April 2025
Pavement Rehabilitation	Additional Pavement layer and new sealed surface constructed on failed section of Bluecliffs Road 930m Between Grays Crossing and Lyalldale Roads, Grays Crossing Road 710m, Maori Road 400m, Tawai Ikawai 350m, Glenavy Tawai 200m	\$817,900	\$840,000	103%			Completed April 2025
Centrewood Park Road Seal Extension	Centrewood Park Road first 600m to top of Hill and Parkers Bush Road intersection. Three Waters "Better Off Funding".	\$257,000	\$197,951	77%			Completed April 2025

6.10 RISK REGISTER

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Risk Register - June 2025  

PURPOSE

1. To provide the Audit and Risk Committee with Council's Risk Register for consideration.

Risk Register

2. In accordance with the Audit and Risk Committee Annual Work Plan, the Committee is to 'monitor corporate risk assessment' at each meeting.
3. We provide the register to the Audit and Risk Committee to consider Council's key risks, their ratings and mitigation measures.
4. The Risk Register represents a strategic view of the organisation's risks for the Committee, with risks of an operational nature being handled directly by management.
5. As per Council's Risk Management Policy, risks classified as 'Extreme' are to the 'Attention Of/Assigned To' the Audit and Risk Committee/Council/Chief Executive (as required) and statutory bodies, with an immediate assessment of actions required.
6. The Risk Register has been reviewed with any changes since the March 2025 meeting tracked for the Committee's ease of identification.
7. The risks which have had changes include:
 - a. Human Resources
 - b. 3 Waters (a)
 - c. *Unintended (or intended) consequences of Central Government Reforms*
 - d. Health & Safety & Well-being
 - e. Regulatory and Compliance
 - f. Funding & Investments
 - g. Performance & Delivery
 - h. Governance Roles and responsibilities
 - i. Māori Engagement
8. At the March 2025 meeting the following notes were made in relation to the Risk Register:
 - a. *Māori Engagement: The Committee noted the Chief Executive will circulate legal advice received on Ngāi Tahu's legal claim against the Crown relating to freshwater in the South Island.*
 - b. *The Committee discussed the wording 'Council has a statutory obligation to ensure Māori are involved in the decision-making (beyond environmental and cultural matters)' suggesting rather the word 'opportunity to be involved' be used instead.*
9. We ask the Committee to consider the reviewed Risk Register and provide any feedback or suggested amendments to be subsequently incorporated.
10. The Committee should focus on ensuring an assessment of actions is completed for 'Extreme' rated risks and be satisfied on the progress of the mitigations and actions required to adequately manage the risk.

RECOMMENDATION

That the Risk Register Report is accepted.

Risk Register | Waimate District Council

Last update: ~~June~~March 2025

Risk Name	Risk and Impact Description	Risk Drivers (Existing and Potential Causes)	Risk Owner	Inherent Consequence	Inherent Likelihood	Inherent Risk Rating	Current Mitigations (Existing Controls)	Residual Consequence	Residual Likelihood	Residual Risk Rating	Mitigations Required/ Actions
Human Resources	<p>Recruitment risk: risk that insufficient resource availability in the market impacts WDC’s ability to hire. If the risk escalates, it could prevent the Council from delivering key services at the required level.</p> <p>Decision-making impaired from overwork. Impact on staff workload, stress, staff might leave Council.</p> <p>Also flow on impact to other areas: under resourced means we don’t peruse opportunities that may arise e.g., to identify and drive new revenue streams (lessen rates reliance).</p> <p>Uncertainty remains about the future for 3 Waters reform, and its impact on staff, while there are also increased pressures in 3 Waters compliance from Taumata Arowai. This uncertainty is likely to prevail for an extended period of timeperiod. As of now, the WDC has a full complement of 3 Waters staff. WDC is now in a better position to work through any legislation and organisation changes that might occur in the future.</p> <p>There is now uncertainty with government reforms in the Building Consent System which could create concern over job stability, affecting both recruitment and retention.</p>	<p>Causes:</p> <ul style="list-style-type: none">WDC is competing in a tight employment market, <u>which can result in paying slightly higher than market rates to attract people to key positions, and for some vacant positions we can be forced to match market rates to attract key staff.</u> In addition, wWhile the labour market is now loosening, some candidates have left/leaving central government with expectations of ‘like’ salaries <u>which are often significantly higher than what we can afford.</u>Attracting staff in a very challenging market applies considerable pressure on employers to ensure pay equity across the organisation. While the new minimum wage increases are anticipated to be small, pressure on budgets for recruitment and retention remain high.Working environment (stress),Ongoing uncertainties around government reforms, such as 3 Waters and Building Consent System changes, create concerns over job stability, affecting both recruitment and retention.COVID-19’s impact on workload, <u>and</u> staff sickness — have diminished, although given it’s a virus, this could change at any given time.Reform fatigue and stress can impact on staff retention.	Chief Executive	Major (Threatens service delivery)	Likely (60% to 90% chance of occurring in next 12 months)	Extreme Risk	<ul style="list-style-type: none">Communication across the organisation; manager/staff regular meetingsMaintain positive work culture and team buildingEncourage breaks/leaveWorkplace Support availableNewHR Advisor assists with recruitment so that staff vacancies occur for shorter periodsHealth MonitoringCommunication is vital!Improvements in recruitment packages, and employee remuneration offerings, impacting positively on retention.	Major (Threatens service delivery)	Likely (60% to 90% chance of occurring in next 12 months)	Extreme Risk	<p>Ensure sufficient monitoring of workforce performance (some staff might be overloaded, but are all staff taking an appropriate level of work allocation in their department?)</p> <p>Investigate the potential to employ trainee, or part-time employees/contractors, or shared services with other Councils to assist, noting though that this can sometimes increase overload due to the requirement to train; and this would also be a short-term solution.</p> <p>The development of a robust Remuneration Strategy, with accompanying processes and policy (created and implemented with the assistance of a third partythird-party provider), followed by a review of Employee Position Descriptions, Grades and Remuneration benchmarking, could have a significant, positive impact across Council for recruitment and retention, providing assurance of sound and fair processes that can be logic checked. Present simplified communications to staff (removing legal jargon, etc) on a periodic basis.</p> <p>Potential for 3 Waters to be enveloped in a CCO.</p> <p>The Asset Group Manager has implemented changes within the Three Waters activity to assist Council with transitional work associated with Three Waters reform.</p>
3 Waters (a)	Risk associated with central government reforms: (1) risk of a poor reform strategy that results in negative/ unintended consequences to Waimate community, and (2) risk of excessive staff time to address	<p>Causes:</p> <ul style="list-style-type: none">Central government, inadequate reform strategy; and/ or poor implementation of reforms creates issuesInsufficient planning resources internally within WDC for the change	Chief Executive	Major/ Catastrophic (clearly threatens operations)	Likely (60% to 90% chance of occurring in	Extreme Risk	<ul style="list-style-type: none">Information & communication flow from DIA to Council: CEO, Councillors receive updates from DIAMonitor staff workloadsUse of Transition Support Funding to assist with costs of extra resourcing and	Major/ Catastrophic Even with mitigations in place it could	Likely	Extreme/ Significant	Managing the risk associated with uncertainty post the repeal of the Affordable Waters Legislation and the introduction of the Local

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	<p>Government reform requests, takes time away from delivering on WDC outcomes. The proposed Delivery Plan timeline is very tight with a deadline of 3 September 2025</p> <p>Impact:</p> <ul style="list-style-type: none">To the public: receive a lower standard of community services.To staff: workload pressure on staff (and staff leave);To staff: our staff may leave the organisation for a new water entity (impacting our resourcing)	<ul style="list-style-type: none">Flow on impact to Council: reduction in staff results in insufficient resources to deliver servicesResponding to legislative uncertainty takes staff time away from core service deliveryComplexity associated with timing of legislative changes and the 2025-34 Long Term Plan process most notably, the repeal of the Affordable Water legislation and implementation of Local Water Done Well.Potential delay of the 2024/34 LTP, production of an enhanced Annual Plan and subsequent 2025/34 Long Term Plan		over an extended period)	next 12 months)		<p>contractors to assist with Requests for Information and related modelling.</p> <ul style="list-style-type: none">Council is part of the Communities4LocalDemocracy group and has representation on the Rural Water Schemes Working Group (LGNZ)Documentation of key assumptions associated with the 2025-34 Long Term PlanForward planning process selected to take advantage of the introduction of the two new Water Bills (Now Acts))	still clearly impact the ability for WDC to achieve its long-term objectives			<p>Water done Well Reforms, associated planning horizon.</p> <p>Development of a robust Water Services Delivery Plan is critical for (a) obtaining approval through the Secretary for Local Government and (b) creating a plan to deliver services sustainably.</p>
3 Waters (b)	<p>Nitrate Contamination</p> <p>Lower Waihao is experiencing fluctuations in Nitrate concentrations within the groundwater. After significant rainfall elevated nitrates persist and have exceeded to maximum acceptable value (MAV) of 50mg/l NO³</p> <p>Impact:</p> <ul style="list-style-type: none">To consumers: Health concerns, having to seek alternate drinking water sourceTo staff: Significant workload associated with managing the risks, liaison with stakeholders, Taumata Arowai and the Ministry of health.To Council: Significant scrutiny and public sentiment issues	<ul style="list-style-type: none">Likely related to historic land use and unlikely to change within the medium term.Compounded by sustainable water use policy.Reputational risk remains	Chief Executive	Major	Likely	Extreme Risk	<ul style="list-style-type: none">Online monitoring of nitrate concentrationProvision of alternate water supply points at three locations within the catchment.Initial options report for denitrification options and associated consent challenges complete.Additional discharge options (three) currently being investigated.Alternate supply point currently being investigated but will require monitoring over time to ensure reliability and response to adverse weather events.	Major	Likely	Extreme Risk	<ul style="list-style-type: none">Continue to liaise with Ecan, MGI, Taumata Arowai and Te Runanga o Waihao.Continue with an intensive communications programme to inform consumers.Ensure decisions relating to the future are fully informed through technical reports and supporting data.An alternate point of supply is being developed that is not demonstrating elevated nitrates
<p>Unintended (or intended) consequences of Central Government Reforms</p> <p>For example, the Local Water Done Well (LWDW) reforms may require council to form a multi-council CCO. The result of this activity may question the relevance of the</p>	<p>The Future for Local Government Review Panel released its final report 'He piki tūranga, he piki kōkutu' on 20 June 2023</p> <p>LGNZ and Taituara and some councils have welcomed the report with many councils dismissing the report as a failed opportunity to provide common sense, new and positive direction for local government.</p> <p>Risk associated with central government reforms: (1) risk of a poor reform strategy that results in negative/ unintended consequences to the local government as a sector and in particular attracting new employees. and (2) risk of excessive staff time to address Government reform requests,</p>	<ul style="list-style-type: none">Possible extensive amalgamationsLoss of local democracyCentral government, inadequate reform strategy; and/ or poor implementation of reforms creates issuesComplexity associated with timing of legislative changes and the 2024-34 Long Term Plan processShifting the centre of power and decision making away from the very communities that receive them (centralisation)	Chief Executive	Moderate	Possible	Significant Risk	<p>Waimate District Council acts now and examines several areas of well-reasoned, practical, affordable and community-oriented approaches to local democratic reform with its local government neighbours in advance of the national election.</p>	Moderate risk of National adoption	Possible	Significant Risk	<p>To examine and fully understand the total impact of any reform agendas. If necessary, seek third-party advice and monitor the movement of draft legislation from repeal of legislation and its incoming replacement and pivot to ensure legislative compliance is maintained.</p>

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remaining council, including Future 4 Local Government	takes time away from delivering on WDC core activities/outcomes .										
Health & Safety & Wellbeing	Not ensuring the safety, health and wellbeing of staff, contractors, and the community Impact to bodily harm, loss of life; breach of statutory obligations; loss of staff time	Causes: <ul style="list-style-type: none"> Inadequate assessment and management of H&S risks across all areas of Council delivery. Staff culture towards H&S External events (e.g. covid impacting wellbeing) and external sources (e.g. government reforms impacting staff workload) Staff continuing to transition in and out of the organisation impacting workload and causing stress. The current coalition government is beginning to focus on the application of health and safety legislation, in the first instance by refocusing WorkSafe from a regulatory compliance space to an advisory focus. 	Chief Executive	Catastrophic (loss of life is possible)	Likely (likely without sufficient controls in place)	Extreme Risk	<ul style="list-style-type: none"> H&S policy H&S Governance/ Council Committee Contractor prequalification (SiteWise), and through procurement process H&S staff committee continues to meet at least bi-monthly. Terms of Reference has been reviewed with amended version adopted. H&S officer role responsibilities Divisions incorporate H&S into their work plans Public places H&S risks identified & managed 	Major (Serious harm can still occur even with controls in place)	Possible (“not likely but don’t be surprised”)	Significant Risk	<p>Internal control audits for 2025 are are being completed.</p> <p>H&S management system review completed in Sept 2022 by external contractor. Recommendations being actioned as per gaps analysis report.</p> <p>H&S manual being reviewed (last review was Oct 2022). A first draft of an updated manual is being proof-read and reviewed prior to being disseminated for further discussion.</p>
Regulatory and Compliance	A risk where the Council does not perform a regulatory or compliance function correctly: <ul style="list-style-type: none"> Building Consent Authority, IANZ (risk of loss of accreditation) Enforcement responsibilities – risk of staff not using their powers responsibility within the limits of statute District Plan – specifically RMA reforms and impact on delivering updated District Plan in 2024. Water quality standards compliance 	Causes: <ul style="list-style-type: none"> Conduct a regulatory function subsequently found in proceedings to be in error or ultra vires (done beyond one’s legal power or authority). Staff error/ incorrect assessment Insufficient staff resource; insufficient staff training 	Regulatory & Compliance Manager	Catastrophic	Almost Certain	Extreme Risk	<ul style="list-style-type: none"> Follow enforcement policy guidance Training to staff Management oversight of work Seek legal advice where appropriate The 3 yearly review of Enforcement Policy was completed in Dec 2022 Compliance Officer role implemented in September 2019. Constant monitoring of IANZ assessments. To be reviewed by CE and Audit Committee Legislation/LGNZ newsletters regularly Published timelines Working to due process and prescribed timelines Liaise with Audit NZ Keep a close watching brief on the development (phase two and three of the reform to replace the RMA during 2024) 	Moderate	Possible	Moderate Risk	<p>Groundwork for progressing the District Plan review is underway.</p> <p>BCA accreditation preparation is in progress.</p>
Climate mitigation and adaptation	Changing climate, increased weather events. Impact on Council strategic planning: adaption for roading, water infrastructure; impact to finances of this. Council has employed a Climate Change Officer in partnership with Ecan (50/50) The intention is to have	Causes: <ul style="list-style-type: none"> Higher proportion of extreme weather events Financial (from disaster mitigation and recovery and transitioning to low carbon economy) Legal - Planning provisions need to recognise for the management of significant risks from natural hazards. 	Chief Executive	Major (risk of unexpected overspend of \$500k to \$1m)	Likely (expected to occur at least once in next 5 years: more extreme weather events)	Significant Risk	<ul style="list-style-type: none"> CCO is operational & leading the WDC response to Climate mitigation and adaptation with support from the Planning, Building and Leadership Team. Workshops being held monthly to collate community ideas to build a draft climate change strategy Following national adaptation plan Asset management plans 	Major (risk of unexpected overspend of \$500k to \$1m)	Likely (expected to occur at least once in next 5 years: more extreme weather)	Significant Risk	Continued positive public messaging to improve community engagement and understanding of the mandated obligations WDC has, whilst also highlighting the goal to build resilience and take advantage of economic opportunities that arise.

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	<p>completed several rounds of stakeholder and public engagement and have Councils draft Climate Change Strategy ready for adoption by mid 2025.</p> <p>Managed retreated; extends into roofing standards</p> <p>Potentially significant land use change. Biosecurity risk associated with changing weather (pest introduction). Coastal setback.</p>	Central government has announced that the cost of climate change adaption will need to be shared by all stakeholders					<ul style="list-style-type: none"> Update planning and GIS provisions including possible prohibition of building in certain areas or restricted designs. Liaise with Ecan, LGNZ and other TA's Showing leadership through action 		events, flood damage etc)		CCO is drafting the final CC Strategy for WDC since reaching the end of planned workshops in January 2025.
Funding & Investments	<p>There is a risk of inadequate delivery of community services arising from a negative shock to our finances.</p> <p>This may come from an external event (economic downturn), or from an internal event (e.g. inadequate planning to fund asset replacements).</p>	<p>Causes:</p> <ul style="list-style-type: none"> International or NZ economic downturn Alpine Energy financial performance and ability to provide shareholder dividends Forestry investment reduction in income Government funding changes (NZTA or similar) Interest rate risk, impacting debt payments and returns on cash investments Inadequate planning internally Not operating within budget 	Corporate Services Group Manager	Major (unexpected failure to deliver key community services)	Likely (negative external economic event: 60% to 90% chance of occurring in next 12 months)	Significant Risk	<ul style="list-style-type: none"> Monitor drivers: interest rate and Alpine Energy dividends – and impact of reduction/ strategies to mitigate Treasury Advisors engaged to provide economic forecasts and investment and debt management advice Report income and expenditure against budget periodically and annually Performance reporting quarterly and annually Follow our Investment and Liability Management Policies Monitoring returns on investments Participation in Shareholder, company and board represented meetings for Alpine Energy Limited to ensure District's wishes are heard Engaged Forestry Consultants to provide advice Budget variation reports provided to Council on a quarterly basis. The 2020/21 Annual Plan and 2021-31 Long Term Plan budgets incorporated a reduction in reliance on Alpine Energy Dividend funds used to offset rates in order to spread our exposure to the anticipated income reduction. The impact of this income reduction continues to be absorbed. Council's draft Long Term Plan 2025-34 is presently being prepared on the assumption that no dividends are anticipated, to minimise Council's exposure to risk. 	Moderate	Likely (60% to 90% chance of occurring in next 12 months)	Significant Risk	<p><i>Given the uncertainties from the Price Path Correction due to Alpine Energy's historical pricing error and DPP4 (Default price quality path), the Board decided not to issue a dividend and will review this decision after the Commerce Commission releases its findings and after the finalisation of the DPP4 determination in November 2024. On this basis, dividends have not been included in the company's SCI. The company will review the payment of any dividends throughout the 2024/25 financial year and make decisions based on the information available. The Statement of Corporate Intent 2026 – 2028 does not include provision for dividend returns to Shareholders. A meeting of shareholders prior to the company AGM is proposed to discuss concerns regarding the company's performance.</i></p>
Natural Hazards	<p>A significant external event causes damage to public infrastructure and buildings, preventing the community from receiving core services (from roading to water and access to council buildings).</p> <p>The event requires both an immediate emergency response from Council as well as medium-term recovery back to normal service levels.</p>	<p>Causes:</p> <ul style="list-style-type: none"> Flooding is the highest risk/impact - we need to be prepared. Wind secondary. Extreme weather events Black Swan events (unknown large scale, large impact events) AF8 earthquake 	Chief Executive	Major (threatens operations or ability to deliver objectives, major financial overspend)	Possible (not likely, but don't be surprised)	Significant Risk	<ul style="list-style-type: none"> Policies Asset Management Plans Civil Defence Phone-In Facilities Insurance Cover Secondary Ops centre (Gorge Road) IT Information recovery (off-site back-ups) CDEM 	Moderate (failure of an operation or financial overspend of \$100k to \$500k)	Possible (not likely, but don't be surprised)	Significant Risk	<p>Availability of Waimate Event Centre, Gorge Road Office and Works yard as secondary operational centres.</p> <p>Fund a study into overland flood pathways as part of the built environment / urban catchment management</p>

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				\$500k to \$1m)			<ul style="list-style-type: none">Flood protection including redirection of overland flows and redesign.Urban modelling to inform future land-use planning and direction of overland flows.				Flood mitigation including a lift in Urban Catchment Management practices includes negotiation with Waka Kotahi (around road profiles and road height). Will take time and funding to assess, design solutions and implement. This work is underway with capital budgets proposed to reduce flood flows in one catchment and the reinstatement of a necessary overland flow path adjacent to the Local Government Centre.
Performance & Delivery	<p>Council not delivering on its commitments/ Annual Plan, which results in services not delivered to the community expectations.</p> <p>Across all council services: Water, roading, property, parks, solid waste, and others</p>	<p>Causes:</p> <ul style="list-style-type: none">Without adequate additional resourcing or a significant reduction in the pace/volume of reform, this pressure poses a substantial risk to the Council's ability to maintain existing performance levels, achieve strategic objectives, and effectively respond to the needs of the community.Internal delivery constraints: lack of sufficient resource; poor project managementReprioritisation of commitments by Council, without appropriate recognition of impact on previous public commitmentsFinancing – insufficient funds set asideInsufficient Asset management plansNational unemployment rate too low resulting in low job vacancy applicant pools	Chief Executive	Major (Significant dissatisfaction expressed by stakeholders)	Likely (without controls in place, “will occur more often than not”)	Significant Risk	<ul style="list-style-type: none">Project managementPerformance measurement framework; KPI monitoring against annual planPlanning and budgeting process (LTP & Annual Planning)Asset Management Plans	Minor (residual risk is localised to isolated failure to meet stakeholder requirements)	Unlikely	Moderate Risk	Internal audits to ensure our controls are in place.
Governance Roles and Responsibilities	<p>Councillors not following the principles of good governance.</p> <p>Resulting in poor decision making, ignoring statute, confidentiality leaks.</p> <p>Non-functional Council (Council unable to make resolutions due to irreconcilable differences)</p>	<p>Causes:</p> <ul style="list-style-type: none">Prolonged periods of intense government reform carry a strategic risk of undermining elected member effectiveness. The constant requirement to react to external mandates can detract from proactive, community-focused strategic planning and policy development. This may result in a more reactive council, less able to anticipate and address local needs, and potentially eroding public confidence in local governance.Lack of awareness, knowledge, and training in good governance practicesCouncillors not informed timely of key decisions (a ‘no surprises approach’).	Chief Executive	Major (Unexpected failure to meet key community outcomes)	Possible (not likely, but don’t be surprised)	Significant Risk	<ul style="list-style-type: none">Workshop topicsPublications (Auditor General)Email to Councillors via Council networkEducationProfessional AdviceLGNZ AdviceMembers handbookLegal opinionsIdentify conflicts of interestUse of Council facilities	Moderate (risk of failure of project or an operation)	Possible/ Unlikely (a surprise but not beyond the bounds of imagination)	Moderate Risk	<p>Targeted Training & Briefings: Provide timely, concise, and highly relevant training and briefings on upcoming and implemented reforms, focusing on practical implications for the council and community, include access to expert advice where necessary.</p> <p>Develop and maintain a clear, consistent communication strategy for reforms, ensuring elected members are well-briefed</p>

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		<ul style="list-style-type: none">Councillors not being fully engaged in their role by not engaging in all available information to increase their Local Government education.									to effectively communicate with their constituents.
Cyber security and IT	A risk eventuates from our IT systems which prevents us from delivering our core community services; or sensitive information is taken from our systems.	<p>Causes</p> <ul style="list-style-type: none">Cyber threats; locked out of systemsCompromised availability of systemsSensitive information exposed/ stolen from our systemsComplacency of staff and elected members, including potential reluctance to complete training	Corporate Services Group Manager	Major	Possible	Significant Risk	<ul style="list-style-type: none">IT Compliance AuditAnalysis of the results of the SAM for compliance baseline assessment.Ongoing Cyber Security training of staff and Elected MembersComputers Systems Use Policy prohibits personal use of any council computer or device.Responsiveness and availability for assistance of Council IT staff.Ongoing conformance to the ALGIM framework.	Major	Possible	Significant Risk	<ul style="list-style-type: none">Ongoing implementation of prioritised actions identified through the IT Compliance AuditContinued training of users of Council devices and reinforcement of the requirement to complete.Ongoing planning to reduce cyber security risk.
Community Engagement	<p>The risk that the community is not aligned with the Council's objectives, initiatives, or projects. Risk of Council conflict with the community.</p> <p>Acknowledge that the Council sometimes needs to make decisions in the long term interest of the District, which might conflict with some people's near term views.</p>	<ul style="list-style-type: none">Not identifying who needs to be engaged with and nature of engagement to be effectiveCommunication with community not delivering right level of engagement and understanding of strategic prioritiesNot sharing what we are doing with the communityCommunity not wanting to engage	Chief Executive	Moderate	Possible	Moderate Risk	<ul style="list-style-type: none">Community consultation processMayor and Councillor availability to the publicCouncillor led meetings in respective wards.	Minor	Unlikely	Moderate Risk	<ul style="list-style-type: none">Further Councillor led meetings in respective wards to be held.Live streaming of Council meetings and workshops to encourage community participation.
Māori engagement	Risk that Council is not aligned with local Iwi. Risk of conflict with local Iwi. This can lead to reputational damage/ media attention. Council has an opportunity -statutory obligation to ensure Māori are involved in the decision-making process (beyond environmental and cultural matters).	<ul style="list-style-type: none">Not collaborating with iwi in all appropriate places and stages of developing and implementing strategy and actionsAdequate funding to collaborate properly	Chief Executive	Moderate	Possible	Moderate Risk	<ul style="list-style-type: none">Meet with representatives of Te Runanga o Waihao at least once a year, to discuss current issues and the progress of the Long Term Plan. These meetings are in addition to other contact as part of the consultation process.	Minor	Possible	Moderate Risk	

PUBLIC EXCLUDED

7 EXCLUSION OF THE PUBLIC REPORT

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 11 March 2025	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Computer Systems Incident Response Policy 619	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Insurance Update 2025-2026	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 s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**8 RE-ADMITTANCE OF THE PUBLIC REPORT
MEETING CLOSURES**