

Agenda

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

Tuesday 17 March 2026

9:30 AM

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 17 March 2026, 9:30 AM.

Committee Membership

David Ward	Chairperson
Craig Rowley	Mayor
Rick Stevens	Councillor
Jakki Guilford	Councillor
Sandy McAlwee	Deputy Mayor

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

Order Of Business

Opening	4
1 Apologies	4
2 Visitors	4
Debbie Bradfield – Associate Audit Director Audit NZ – 10.15am	4
3 Conflicts of Interest	4
4 Identification of Major (Urgent) or Minor Items Not on the Agenda	4
Minutes	5
5 Confirmation of Minutes	5
5.1 Minutes of the Audit and Risk Committee Meeting held on 9 December 2025	5
Reports	13
6 General Reports	13
6.1 Audit and Risk Chair's Report - March 2026	13
6.2 2026 Annual Work Plan Review	23
6.3 Health and Safety Report.....	26
6.4 Audit New Zealand Draft Audit Proposal Letter 2026-2028	28
6.5 Audit New Zealand Engagement 2026-2028	37
6.6 Audit NZ Audit Plan for the Year Ended 30 June 2026	53
6.7 External Audit Recommendations Progress Report to March 2026	76
6.8 Risk Register	106
6.9 Risk Management Policy Review	115
6.10 Risk Tolerance Recommendation.....	126
6.11 Major Projects Report	130
6.12 Legislative Reform Risk Report	135
6.13 Council's Policy Status.....	141
Public Excluded	148
7 Exclusion of the Public Report	148
7.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 9 December 2025.....	148
7.2 CCTV Footage Requests	148
8 Re-admittance of the Public Report	149
Meeting Closures	149

OPENING

1 APOLOGIES

2 VISITORS

Debbie Bradfield – Associate Audit Director Audit NZ – 10.15am.

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 9 DECEMBER 2025**

Author: Aleisha Macpherson, Corporate Services Assistant

Authoriser: Tina Stevenson, Corporate Services Group Manager

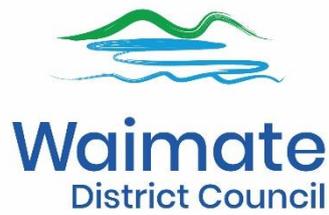
Attachments: 1. Minutes of the Audit and Risk Committee Meeting held on 9 December 2025

PURPOSE

For the unconfirmed Minutes of the Audit and Risk Committee meeting held on 9 December 2025 to be presented for confirmation.

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 9 December 2025 be adopted as a true and correct record



MINUTES

Audit and Risk Committee Meeting

9 December 2025

**MINUTES OF WAIMATE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, WAIMATE DISTRICT COUNCIL, 125 QUEEN STREET,
WAIMATE ON TUESDAY 9 DECEMBER 2025, COMMENCING AT 9:30AM**

PRESENT: Chair David Ward, Mayor Craig Rowley, Deputy Mayor Sandy McAlwee,
Cr Jakki Guilford, , Cr Rick Stevens

IN ATTENDANCE (NOT ON THE COMMITTEE): Cr John Begg, Cr Paul Harrison, Cr Lisa Small

STAFF: Stuart Duncan (Chief Executive), Michelle Jones (Executive Support
Manager), Dan Mitchell (Asset Group Manager), Dylan Murray (Regulatory
and Compliance Group Manager), Tina Stevenson (Corporate Services Group
Manager), Nicole Timney (Community and Strategy Group Manager)

Karalyn Reid (Committee Secretary)

APOLOGIES (NON COMMITTEE MEMBERS): Cr Peter Paterson, Cr Stacey Hall

PARTIAL ATTENDANCE: Grace Aikman (Acting Human Resources Manager)

OPENING

The Chair welcomed members of the Audit and Risk Committee, other Councillors, staff and noted the meeting was being livestreamed.

1 APOLOGIES

Nil

2 VISITORS

Nil

3 CONFLICTS OF INTEREST

Nil

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

Nil

REPORTS

5 GENERAL REPORTS

5.1 AUDIT AND RISK CHAIR'S REPORT - DECEMBER 2025

COMMITTEE RESOLUTION 2025/20

Moved: Chair David Ward

Seconded: Mayor Craig Rowley

That the Audit and Risk Chair's report – December 2025 is received.

CARRIED

Note:

The Chair acknowledged a discussion held with elected members on the Audit and Risk Committee's role and function at the recent Governance Workshop. The Audit and Risk Committee will have an opportunity review and discuss the Terms of Reference document at the March meeting in order to make recommendations to Council.

The Chair attended the latest Office of the Auditor General Forum held on Friday 5 December on the Water Services Reform and gave a brief verbal explanation. He also noted the Government's recent announcement on the regional council review, and how that might impact councils.

A discussion was held around the cost and impact of legislative compliance and it was agreed that the Audit and Risk Committee Chair write to Local Government New Zealand, requesting a workstream be undertaken in relation to identification of costs to councils through legislation.

A discussion was held around the Audit and Risk Committee's ability to access independent funding (financial delegation), and that this could be incorporated into the review of the Terms of Reference and subsequently Council's Delegation Policy if it is not already sufficiently defined.

5.2 HEALTH AND SAFETY REPORT**COMMITTEE RESOLUTION 2025/21**

Moved: Cr Rick Stevens

Seconded: Cr Jakki Guilford

That the Health and Safety Report is accepted.

CARRIED**Note:**

The Regulatory and Compliance Group Manager advised there will be review of Council's overall Health and Safety activity, following the appointment of the new Health & Safety Officer.

5.3 HUMAN RESOURCES REPORT**COMMITTEE RESOLUTION 2025/22**

Moved: Cr Jakki Guilford

Seconded: Deputy Mayor Sandy McAlwee

That the Acting Human Resources Manager's report is accepted.

CARRIED**Note:**

The Audit and Risk Committee held a discussion on training and recognising skills of existing staff to step into higher positions as it may be easier to fill lower level positions.

5.4 BUDGET CARRY FORWARDS FROM 2024/25 TO 2025/26

Audit & Risk Committee reviewed the budget carry forwards to 2025/26 in order to make a recommendation to Council for their consideration at the Council Meeting scheduled for 16 December 2025, to enable management budgets to be updated.

COMMITTEE RESOLUTION 2025/23

Moved: Mayor Craig Rowley

Seconded: Cr Jakki Guilford

1. That the Budget Carry Forwards from 2024/25 to 2025/26 report is accepted; and
2. That the Audit and Risk Committee recommends Council approves the Budget Carry Forwards to 2025/26, as presented.

CARRIED

Note:

The Corporate Services Group Manager gave a brief explanation on reasons and rating impacts of the budget carry forward process for the new Councillors, the impact on deliverability, and the Audit and Risk Committee discussed the value of a deep review of the items including the original intent of approved budgets.

The Audit and Risk Committee agreed one of the biggest risks moving forward was attracting and retaining qualified people for Council roles, and recognised the importance to look after skilled staff.

5.5 AUDIT NZ AUDIT REPORTS FOR THE YEAR ENDED 30 JUNE 2025**COMMITTEE RESOLUTION 2025/24**

Moved: Mayor Craig Rowley

Seconded: Deputy Mayor Sandy McAlwee

That the Audit New Zealand Audit Reports for the year ended 30 June 2025 are received, and That Audit and Risk Committee reluctantly agrees to pay the additional audit fee of \$10,110, exclusive of GST.

CARRIED

Note:

Mayor Rowley congratulated staff on getting unqualified audit in certain times, noting it was very impressive to see so many closed recommendations and he suggested that members of the public should read the document to understand how Council is performing.

The Chair noted the additional fee was associated with the presentation of drinking water standards, performance measure results and issues with the roading valuation and with the Corporate Services Group Manager had spoken with the Audit Director and recommended the Committee agree to pay the additional funding request.

The Audit and Risk Committee agreed Audit New Zealand should be working within their agreed budgets, and additional fees in the future would not be accepted. A move by Local Government New Zealand to calculate data on behalf of councils on legislative costs would be welcome.

5.6 AUDIT NEW ZEALAND INDEPENDENT ASSURANCE REPORT IN RESPECT OF COUNCIL'S DEBENTURE TRUST DEED FOR THE YEAR ENDED 30 JUNE 2025

The Corporate Services Group Manager outlined the background on the Debenture Trust Deed and audit on compliance, undertaken by Audit New Zealand for the benefit of new Councillors.

COMMITTEE RESOLUTION 2025/25

Moved: Cr Jakki Guilford

Seconded: Cr Rick Stevens

That the Audit New Zealand Independent Assurance Report in respect of Council's Debenture Trust Deed for the year ended 30 June 2025 is received.

CARRIED**5.7 MAJOR PROJECTS REPORT****COMMITTEE RESOLUTION 2025/26**

Moved: Deputy Mayor Sandy McAlwee

Seconded: Mayor Craig Rowley

That the Major Projects report be accepted.

CARRIED**Note:**

The Asset Group Manger highlighted the identified risk of moving into the Local Waters Done Well space is to balance business as usual with key responsibilities of quarterly reporting while continuing with compliance upgrades. He pointed out delivery of some lesser projects may need to be balanced with the undertaking of more necessary projects.

5.8 RISK REGISTER**COMMITTEE RESOLUTION 2025/27**

Moved: Cr Jakki Guilford

Seconded: Cr Rick Stevens

That the Risk Register Report is accepted.

CARRIED**Note:**

The Chair highlighted the Audit and Risk Committee will identify areas of the Risk Register at the March meeting for staff to prepare a deep dive risk review to report to the June meeting.

A discussion was held on implementing a robust Human Resources strategy, taking into account increased wage expectations but also incorporating the importance of staff culture, a fair remuneration across the organisation, and the value of security of employment. The Audit and Risk Committee heard that other Canterbury councils are considering the use of cadets, including in a shared capacity.

The Chief Executive will keep the Audit and Risk Committee informed on the flow on effects of the proposal for the removed of regional government.

A discussion was held on the existing Risk Register which was a valuable document with comments that a legislative aspect would be helpful.

5.9 2026 AUDIT AND RISK COMMITTEE MEETING SCHEDULE

COMMITTEE RESOLUTION 2025/28

Moved: Deputy Mayor Sandy McAlwee
 Seconded: Mayor Craig Rowley

That the 2026 Audit and Risk Committee Meeting Schedule report is accepted.

CARRIED

PUBLIC EXCLUDED

6 EXCLUSION OF THE PUBLIC REPORT

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2025/29

Moved: Mayor Craig Rowley
 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
<p>6.1 - Public Liability & Professional Indemnity Insurance AON Presentation - 11.30am</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>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</p> <p>s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage</p>	<p>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</p>

CARRIED

7 RE-ADMITTANCE OF THE PUBLIC REPORT

COMMITTEE RESOLUTION 2025/30

Moved: Cr Jakki Guilford

Seconded: Cr Rick Stevens

That Council moves out of Closed Council into Open Council.

CARRIED

MEETING CLOSURE

There being no further business, the Chair closed the meeting at 12.08pm.

The Minutes of this meeting are to be confirmed at the Audit and Risk Committee Meeting scheduled on Tuesday 17 March 2026.

.....
CHAIRPERSON

REPORTS

6 GENERAL REPORTS

6.1 AUDIT AND RISK CHAIR'S REPORT - MARCH 2026

Author: Aleisha Macpherson, Corporate Services Assistant

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. **Audit & Risk Committee Terms of Reference**  

PURPOSE

1. This report is prepared to enable the Chair to provide an overview of key discussion topics during today's meeting of the Waimate District Council Audit and Risk Committee.

CHAIR'S REPORT

TERMS OF REFERENCE

2. During our meeting of 9 December 2025, we undertook a review of the content of our carried over Terms of Reference to gain an understanding of the expectations placed on this Committee, and an acknowledgement of the responsibilities we are charged with delivering.
3. We acknowledged that generally we were satisfied with the content of the Terms of Reference, albeit we agreed to take time between then and today's meeting to consider any changes of content or emphasis. Attached to this report is a Terms of Reference with some tracked changes that I would like the Committee to consider. Those changes are predominantly in respect to Internal Audit functions for which we are neither resourced or funded. To retain those references in the document would place expectations of the Committee that we would not be able to achieve.
4. I would like to hear the views of Committee members on those proposed changes, and also whether we are happy with the content of agenda reports to provide us with the necessary information to inform our decision making.
5. There has been discussion in respect to our Committee name – should we continue to be known as Audit and Risk Committee or would we consider renaming ourselves Risk and Assurance Committee. We will discuss this further today and in doing so we remind ourselves that we have a key role in assessing risk and levels of tolerance for most of the activities and projects undertaken by Council. We are responsible for providing assurance to Council that there are appropriate controls in place to measure and mitigate that risk to Council.
6. Members will note the review process in clause 23. I would propose that the review be undertaken at the mid-point of the current triennium.

COMMITTEE WORK PROGRAMME

7. We also discussed the potential content of the Committee work programme at our previous meeting. A proposed programme for this calendar year is included as a separate agenda item. Again, I am keen to hear the views of members as to whether they are comfortable that this programme will enable the Committee to effectively carry out its responsibilities.
8. As mentioned last meeting there are two areas that I would like to see added to the programme, namely regular reports on the affect the establishment of the Water Entity will have on our resourcing and our balance sheet, with specific identification of stranded overheads on our District wide rates, and also a report on the potential impact on cost and resourcing that may evolve from imposition of further Central Government legislation.
9. In respect to the latter, I have initiated a conversation with LGNZ, which is still ongoing.

FINANCIAL

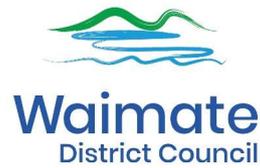
10. It is current Council practice to incorporate regular financial reports onto the Agenda of Council meetings, and have our independent auditors report to Audit and Risk. Is this a practice that members are comfortable with?
11. Alternatively, members may wish to receive additional financial information at Audit and Risk meetings, including cash flow reports, year-end projections, exception reports and further detailed capex reports with emphasis on construction timeframe, treasury impact and future rating impact both from a construction and an operational perspective.

GENERAL BUSINESS

12. We continue to await further developments in respect to proposed Central Government legislation that was released pre-Christmas. We will receive expert advice from our staff when they have matters to report.
13. We will hear from staff today on any outstanding matters contained within the external audit management report that we initially discussed during our previous meeting.
14. Currently we do not have a Deputy Chair for the Committee. Given that we only have four scheduled meetings per year, barring absence for illness, the services for a Deputy Chair are unlikely to be required, however for the avoidance of doubt it may be prudent to consider the appointment of a Deputy.
15. I am also interested to understand Elected Member training needs and how we may consider making these available particularly where there is an opportunity to use the skills and knowledge of internal staff members or independent appointees.

RECOMMENDATION

1. That the Audit and Risk Chair's Report – March 2026 be received; and
2. That the Audit and Risk Committee ask Council to accept the proposed amendments to the Terms of Reference for this triennium.



Terms of Reference

Audit and Risk Committee

17~~21~~ March 2026~~2023~~

Contents

Preamble	3
Purpose	3
Membership	3
Risk Management and Internal Controls	4
External Audit	5
Internal Audit	5
Compliance with Legislation, Standards and Best Practice Guidelines	6
General	6
Meetings	6
Quorum	6
Frequency	6
Meetings with External Auditor	6
Standing Orders	6
Delegations from Council	7
Reporting Procedures	7
Review of the Committee	7
Publication Details	8

Preamble

A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district...

Local Government Act 2002, s14 (g)

The Local Government Act 2002 requires a local authority to manage its revenue, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The aim of the Audit and Risk Committee (the Committee) is to independently assist and advise the Waimate District Council in its responsibility for risk management, Council's control and compliance framework and its external accountability responsibilities, thereby giving assurance to Elected Members, management and the public that Council processes operate in an efficient and effective manner.

Purpose

- 1 The purpose of the Committee is to assist the Council to discharge its responsibilities and provide independent observations on:
 - 1.1 the robustness of risk management systems, processes and practices;
 - 1.2 the robustness of the internal control framework;
 - 1.3 the independence and adequacy of ~~internal and~~ external audit functions;
 - 1.4 the integrity and appropriateness of internal and external reporting and accountability arrangements, including performance reporting;
 - 1.5 compliance with applicable laws, regulations, standards and best practice guidelines;
 - 1.6 the establishment and maintenance of controls to safeguard Council's financial and non-financial assets; and
 - 1.7 the governance framework and processes.
- 2 The Committee reports and recommends directly to Council.

Membership

- 3 Within 40 days of the Local Government Triennial Election, Council will establish and appoint the Committee and its members, including the appointment of a non-elected (external appointee) as Chairperson or the reconfirmation of a Chairperson appointed for a term beyond the Triennial Election.
- 4 The Committee membership will be the external appointee (as Chairperson), the Mayor and up to three appointed members.

- 5 The Committee members should bring to the Committee:
 - 5.1 the ability to act independently and objectively;
 - 5.2 the ability to ask relevant and pertinent questions and evaluate the answers;
 - 5.3 the ability to work constructively with management to achieve improvements;
 - 5.4 an appreciation of Council's culture and values, and a determination to uphold these;
 - 5.5 a proactive approach to providing feedback on matters that require further attention;
 - 5.6 business acumen; and
 - 5.7 appropriate diligence, time, effort and commitment.
- 6 The external appointee should have the following experience:
 - 6.1 financial reporting;
 - 6.2 broad governance experience;
 - 6.3 familiarity with risk management disciplines (identification, evaluation and management);
 - 6.4 understanding of internal control and assurance frameworks;
 - 6.5 a good understanding of the roles of internal and external audit;
 - 6.6 industry or sector expertise; and
 - 6.7 the ability to explain technical matters in their field of expertise to other members.
- 7 The Chief Executive and senior staff may attend Committee meetings, however, the Chief Executive and senior staff are not members of the Committee.

Responsibilities

Risk Management and Internal Controls

- 8 The Committee will:
 - 8.1 understand the key operational business activities of Council and the significant risks associated with each of the activities;
 - 8.2 recommend to Council the Risk Management Policy and any amendments;
 - 8.3 recommend to Council an appropriate level of risk tolerance after an assessment of risks;
 - 8.4 review whether management has in place a current and comprehensive risk management framework (including likelihood and consequences) and associated procedures for effective identification and management of Council's significant risks;
 - 8.5 consider whether appropriate action is being taken by management to mitigate Council's significant risks;

- 8.6 Review Council's insurance arrangements and monitor insurance claims;
- 8.7 enquire as to steps management has taken to ensure the organisation's culture is one of commitment to workplace safety, probity and ethical behaviour;
- 8.8 monitor major project reports to ensure transparency of financial management and achievement of project objectives and provide assurance that there are robust processes in place to manage project risks appropriately;and
- 8.9 Review requests for budgets to be carried forward to the following financial year.

External Audit

- 9 The Committee, in conjunction with the Chief Executive, will:
 - 9.1 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;
 - 9.2 develop a relationship with, and liaise with, the external auditor;
 - 9.3 discuss issues arising from the interim and final audit reports, and any matters the external auditor may wish to discuss;
 - 9.4 receive the external audit report(s) and monitor the implementation by management of any significant issues and recommendations made by the external auditor;
 - 9.5 conduct a session with the external auditor to discuss any matters that the auditor wishes to bring to the Committee's attention and/or any issues of independence; and
 - 9.6 review reports from any other external audits (including IANZ and NZTA) and/or reports relating to Council's performance, of a financial, risk mitigation or compliance nature, that are undertaken.

Internal Audit

- 10 The Committee will:
 - 10.1 monitor management's approach to maintaining an effective internal control framework that is sound and effective;
 - 10.2 monitor existing ~~corporate~~ policies and recommend, where necessary, the formulation of new policies as to further enhance the elements of transparency and accountability in organisational practices;
 - ~~10.3 approve the internal audit programme and determine the appointment of any assistance required to implement the programme having regard to risk, independence and expertise;~~
 - ~~10.4 monitor the delivery and implementation of the internal audit work programme and audit process; and~~
 - ~~10.5 receive the internal audit report and monitor the implementation by management of any significant issues and recommendations made by the internal auditor.~~

Compliance with Legislation, Standards and Best Practice Guidelines

- 11 The Committee will review the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards and sector best practice guidelines.

General

- 12 Oversee special investigations which fall within the Committee's scope of purpose.
- 13 The Committee is to be informed by the Chief Executive as to any investigation of any alleged fraudulent activity.
- 14 The Committee may review and make recommendations on any relevant reports prepared by management for public distribution.
- 15 The committee may review policy relating to Treasury, published Financial Statements and accounting standards of Council.
- 16 The Committee is also responsible for maintaining and considering its own effectiveness, and must ensure that there are robust processes in place to ensure effective communication with both Council and management.
- 17 The Committee has limited delegation from Council and it will largely operate as an advisory committee to Council. The Committee will not assume any management functions or make decisions that are the statutory responsibility of the Chief Executive.

Meetings

Quorum

- 18 A quorum of members of the Committee shall be three, however one of the three members must be the Chairperson, or in the absence of the Chairperson, another member of the Committee delegated to act as Chair by the Chairperson.

Frequency

- 19 The Committee will meet at least four times each year having regard to Council's reporting and audit cycle. Additional meetings may be held as determined by the Chairperson in order for the Committee to fulfil its duties and responsibilities.

Meetings with External Auditor

- 20 The Committee will work at "arms-length" to the office of the Chief Executive and is able to meet with the external auditor without management present.

Standing Orders

- 21 The Committee will abide by the Waimate District Council Standing Orders.

Delegations from Council

- 22 The Committee has delegated authority to:
- 22.1 engage and confirm with the external auditor the terms of the auditor's appointment and engagement, including the nature and scope of the audit and timetable;
 - ~~22.2 approve the appointment of any internal auditor, internal audit programmes, audit engagement letters and letters of undertaking for audit functions;~~
 - ~~22.3~~22.2 approve additional services provided by the external auditor;
 - ~~22.4~~22.3 approve, coordinate and monitor special investigations;
 - ~~22.5~~22.4 seek independent advice within budget; and
 - ~~22.6~~22.5 seek any information it requires from the Chief Executive who will co-operate with any reasonable request made by the Committee.
- 23 The Audit and Risk Committee does not have any financial delegations.
- 24 The Committee may not delegate any of its responsibilities, duties or powers.

Reporting Procedures

- 25 The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive and the Corporate Services Group Manager. The Chief Executive and Corporate Services Group Manager are responsible for drawing to the Committee's immediate attention any matter of significance that relates to Council's financial condition, any breakdown in internal controls, any area of immediate and significant risk or any event of fraud.
- 26 The Committee shall be provided with copies of reports from the external auditor to management and staff regarding the audit process.
- 27 After each Committee meeting the Chairperson shall prepare a report to Council for the next available Ordinary Meeting of Council.

Review of the Committee

- 28 Council, in collaboration with the Committee, will every three years review the performance of the Committee, including a review of the Terms of Reference at the commencement of the new triennium.
- 29 The Terms of Reference will be approved by Council.

Publication Details

All inquiries or suggestions regarding this document should be referred to:	Chief Executive
Revision:	Final version
Revision Dates:	22 August 2017, 14 September 2018, 14 April 2020, 21 March 2023
Effective Date:	21 March 2023
Minimum Review by:	October 2025 (triennially)
Chief Executive – Release Signature:	Stuart Duncan
Document can only be amended by:	Resolution of Council
Document filed at:	L:\SUPPORT SERVICES\Meetings - Audit
Document Writer:	Stuart Duncan Chief Executive

6.2 2026 ANNUAL WORK PLAN REVIEW

Author: Tina Stevenson, Corporate Services Group Manager
Authoriser: Tina Stevenson, Corporate Services Group Manager
Attachments: 1. Draft 2026 Annual Work Plan [↓](#) 

PURPOSE

1. To provide the Audit and Risk Committee with the draft 2026 Work Plan for review and approval.

BACKGROUND

2. The Audit and Risk Committee are accustomed to reviewing the Work Plan for the ensuing year at its final meeting of the year.
3. At the December 2025 Committee meeting the potential content of the Committee work programme was discussed. The Chair wishes to hear the views of members as to whether they are comfortable that this programme will enable the Committee to effectively carry out its responsibilities.
4. The Annual Work serves as a checklist to ensure the various purposes of the Committee are achieved.
5. The nature of the proposed amendments are driven by the proposed changes to the Committee's Terms of Reference.
6. Additionally, the Chair has identified two areas for potential inclusion in the work programme:
 - a. Regular reports on the affect the establishment of the Water Entity will have on our resourcing and our balance sheet, with specific identification of stranded overheads on our District wide rates; and
 - b. A report on the potential impact on cost and resourcing that may evolve from imposition of further Central Government legislation.
7. The draft 2026 Annual Work Plan is attached for consideration by the Committee.

RECOMMENDATION

1. That the 2026 Annual Work Plan Review report is received, and
2. That the 2026 Annual Work Plan is approved, with or without modifications.



AUDIT AND RISK COMMITTEE

202~~6~~⁵ Annual Work Plan

Approved on ~~17 March 2026~~ ~~3 December 2024~~

ACTIVITY	MAR	JUN	SEP	DEC
Meetings				
Schedule meetings for next year				●
Committee Chair to establish meeting agenda	●	●	●	●
Minutes of previous meeting	●	●	●	●
Review action list	●	●	●	●
Review Committee work plan				●
Chair to provide update report to Council following Committee meetings	●	●	●	●
External Audit				
Schedule Committee meetings with external auditor (discuss issues arising from the interim and final audit reports)	●		●	
	Or as required			
Engage and confirm with the external auditor the terms of the auditor's appointment and engagement, including the nature and scope of the audit and timetable	●			
Monitor implementation by management of any issues and recommendations made by external auditors	●		●	
Review reports from other external audits (including IANZ and NZTA) and/or reports relating to Council's performance, of a financial, risk mitigation or compliance nature that are undertaken	As required			
Internal Audit				
Monitor existing corporate policies and recommend new policies	●		●	
Approve the appointment of the internal auditor, internal audit programme, audit engagement letters and letters of undertaking for audit functions		●		
Monitor the delivery and implementation of the internal audit programme and audit processes		●		●
Regulatory Compliance				
Monitor Council's compliance with laws (including governance legislation, regulations and associated government policies) with Council's own standards and sector best practice guidelines		●		●

ACTIVITY	MAR	JUN	SEP	DEC
Risk Management and Internal Controls				
Monitor corporate risk assessment	●	●	●	●
Recommend to Council an appropriate level of risk tolerance	●			
Review Council's Risk Management Policy and recommend any amendments	As required			
Health and safety report	●	●	●	●
Human resources report		●		●
Monitor access requests to Council's security camera footage	As required			
Review Council's Insurance Arrangements and monitor claims		●		
Review requests for budgets to be carried forward to the following financial year			●	
Projects				
Monitor major projects including the overall capital works programme	●	●	●	●
Other				
Approve, coordinate and monitor special investigations	As required			
Review the performance of the Committee and Terms of Reference at the mid-point commencement of the new triennium (in collaboration with Council)	As required			
Review and make recommendations on any relevant reports prepared by management for public distribution.	As required			
Review policy relating to Treasury, published Financial Statements and accounting standards of Council.	As required			

6.3 HEALTH AND SAFETY REPORT

Author: Ann Hume, Emergency Management Officer and 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 December 2025, a total of two hazards, five accidents and zero incidents/events have been raised by staff members.

Hazards

3. A Christmas flag and the steel arm it was attached to was blown off a power pole in Glenavy. The contractor believes strong winds had caused the attachment bolt to loosen. The contractor reattached the arm and flag and checked all other flags in Glenavy.
4. An anonymous report was received that two Parks and Reserves workers were not wearing correct PPE. Investigation showed the PPE worn for the task was correct.

Incidents/Events/Accidents

5. A driver reversed into a parked Council vehicle. No injury sustained by the driver or the Council employee. An insurance claim was lodged and the vehicle repaired.
6. A staff member was using a battery-operated drill when the drill slipped, injuring the operator's forearm. The staff member was admitted to hospital with minor tendon damage. WorkSafe was notified and the investigation has now been closed with no intervention required. Standard Operating Procedures (SOPs) are currently being prepared for all handheld tools.
7. A staff member hit a wallaby whilst driving. No injury to driver and minor damage to the vehicle. An insurance claim was not lodged.
8. A vehicle containing two staff members was struck by another vehicle on SH1 when they were turning left into a driveway. No fault found with staff driver. No injuries were sustained and an insurance claim was lodged.
9. The hose on a grease gun used by a staff member broke and grease was injected into their hand. The injured party attended A&E and was prescribed antibiotics. The staff member will wear gloves in future. Standard Operating Procedures (SOPs) are currently being prepared for all handheld tools.

GENERAL

10. On 25 February, Themhani Mveleli commenced work at Council's Senior Health, Safety and Wellness Advisor. This is a full-time position of 40 hours a week.
11. Test and Tag examinations of electrical equipment was carried out at Parks and Reserves and the Michael Street Water Yard.
12. First Aid training was undertaken by one staff member.
13. Two Health & Safety Inductions were completed for new staff members.

Dare 2 Care Team Report (Health & Safety Committee)

14. Since the last report, the 'Dare to Care' Health and Safety Committee met on 15 January 2026 and 5 February 2026 (venue: Library). The Committee continues to focus on improving communication, staff engagement, and safety awareness across Council sites. Key highlights include:
- a. Health and Safety Committee minutes, along with a themed health and safety focus, are shared monthly on Council's internal news system (BOB) to keep staff informed and encourage engagement. The focus for March is on hazard and near-miss reporting, reinforcing the importance of early identification and shared learning.
 - b. The Committee continues to promote open communication between staff, health and safety representatives, and management, with an emphasis on practical, site-specific safety discussion.
 - c. A new representative from the Event Centre has joined the Committee, along with the recently appointed Senior Health, Safety and Wellbeing Advisor.
 - d. The Senior Health, Safety and Wellbeing Advisor is engaging directly with teams across Council Sites to better understand roles, risks, and safety needs.
 - e. Rotating Meeting Locations: Every second meeting is held at a different Council site to encourage broader participation and increase visibility of health and safety across the organisation. The next rotating meeting will be held at Parks and Reserves.
 - f. Next Meeting is scheduled for 2 April 2026.

RECOMMENDATION

That the Health and Safety Report is accepted.

6.4 AUDIT NEW ZEALAND DRAFT AUDIT PROPOSAL LETTER 2026-2028

Author: Tina Stevenson, Corporate Services Group Manager
Authoriser: Tina Stevenson, Corporate Services Group Manager
Attachments: 1. WDC Audit Proposal Letter Draft 2026-28  

PURPOSE

1. That the Audit and Risk Committee reviews the draft Audit New Zealand Proposal to Conduct the Audits for the 2026, 2027 and 2028 financial years, and makes a recommendation as to whether the proposal may be finalised and signed. indicating acceptance of the 2026 audit fees.
2. Associate Audit Director Debbie Bradfield will be in attendance to present the draft Audit Proposal Letter and to discuss the proposed 2026 audit fees.

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 has provided the proposal to conduct the audit of Waimate District Council on behalf of the Auditor General for the 2026, 2027 and 2028 financial years.
5. The Proposal provides information on:
 - the statutory basis for the audit and how audit fees are set;
 - the entities covered by this proposal;
 - key members of the audit team;
 - the hours Audit plan to spend on the audit and reasons for any change in hours;
 - their proposed fee for the audit for the financial year ending 30 June 2026 and reasons for any change. ***Given the ongoing changes in the sector, we will agree the fees for the financial years ending 30 June 2027 and 30 June 2028 at a future date;***
 - assumptions relating to the proposed audit fees, including what Audit expect of our organisation;
 - what the OAG Audit Standards and Quality Support (ASQS) fee provides;
 - certifications required by the Auditor-General; and
 - their commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.
6. The Auditor-General has asked auditors to ensure that the audit hours included in their proposals reflect the time that is required to complete a quality public sector audit efficiently, and that the fees proposed are reasonable.
7. The Audit and Risk Committee and Audit Director have the opportunity to reach agreement first and recommend those fees for approval.
8. Council being well prepared for the audit with good systems and controls and ensuring staff are available to assist the auditors as they undertake their audit work will help with efficiency and the effectiveness of the audit.
9. The required audit hours for 2026 audit hours has been estimated at 878, compared to 1,436 hours spent during the 2025 audit.

10. The budgeted fees for 2027 and 2028 will be negotiated following the completion of the 2026 audit.
11. Audit NZ intends to use the 2026 audit to reassess the scope, required effort and resourcing levels, to provide a basis for a revised and sustainable fee for future years.
12. It is noted that over the past five years the actual audit effort has ranged from 1,135 to 1,436 hours, significantly above the budgeted hours of 581 to 878.
13. Audit will work collaboratively with management to identify efficiencies on both sides and establish a sustainable fee that is fair, transparent and achievable.
14. The proposed audit fees for 2026 are \$216,981, representing a \$3,670 increase from the 2025 budgeted fees.

PROPOSAL

15. That the Audit and Risk Committee review the draft Audit New Zealand Proposal to Conduct the audits for the 2026, 2027 and 2028 financial years, and make a recommendation as to whether the proposal may be finalised and signed, and the associated 2026 audit fees accepted.

ASSESSMENT OF SIGNIFICANCE

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

FINANCIAL

17. The agreed Audit fees for the 2025 year were \$213,311 excl GST, as indicated in the audit proposal letter, with an additional recovery of \$10,110 subsequently agreed by the Committee.
18. The budget provided for the 2026 audit is \$213,000 excl GST.

RECOMMENDATION

1. That the Audit New Zealand Draft Audit Proposal Letter 2026-2028 report is accepted; and
2. That the Audit and Risk Committee makes a recommendation as to whether the proposal to conduct audits for the 2026, 2027 and 2028 financial years may be finalised and signed, and the 2026 audit fees accepted.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

25 February 2026

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

Craig Rowley
Mayor
Waimate District Council
PO Box 122
Waimate 7960

Ref: EN/LCA/03-0046 / C114 26J
Copy: Manager, Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 60140

Dear Craig

Proposal to conduct the audit of Waimate District Council on behalf of the Auditor-General for the 2026, 2027 and 2028 financial years

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2026, 2027 and 2028. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fee for the audit for the financial year ending 30 June 2026 and reasons for any change. ***Given the ongoing changes in the sector, we will agree the fees for the financial years ending 30 June 2027 and 30 June 2028 at a future date;***
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support (ASQS) fee provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under section 15 of the Public Audit Act 2001 (the Act), which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Act. The Auditor-General has asked auditors to ensure that the audit hours included in their proposals reflect the time that is required to complete a quality public sector audit efficiently, and that the fees proposed are reasonable.

Your Audit and Risk Committee and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

There is much that the Council can itself do to ensure the efficiency and effectiveness of the audit. This includes being well prepared for audit, having good systems and controls, and ensuring staff are available to assist the auditors as they carry out their audit work.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Key members of the audit team

Appointed Auditor Debbie Bradfield
 Audit Manager Po Hsu

In accordance with normal professional practice, the key members of the audit team named in this proposal are subject to change. For example, a change made to comply with the Auditor-General’s independence requirements.

4 Estimated audit hours

We have prepared a one-year fee budget with the budgeted fees for the two outer years of this proposal to be prepared and negotiated with you following completion of the 2026 audit.

We estimate that the following hours will be required to carry out this year’s audit (compared to the budgeted and actual data from the previous financial year):

Audit team member	2025 budget	2025 actual*	2026
Appointed Auditor	65	77	65
Audit Manager	125	135	126
Audit Staff	671	1,224	681

Audit team member	2025 budget	2025 actual*	2026
Information Systems	11	0	0
Tax Specialists	1		1
Other specialists	5		5
Total audit hours	878	1,436	878

*Note – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies and one-off time spent on transitioning to new audit software. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

4.1 Comments regarding audit hours

The audit fee has consistently been exceeded by the actual hours required, highlighting a long-standing gap between the level of effort needed to complete the audit and the hours historically budgeted. To improve transparency and ensure the fee fairly reflects the work performed, we are proposing an open book approach for this year’s audit.

Although the audit fee for the current year will remain unchanged in terms of hours, we intend to use the current audit to reassess the scope, required effort, and resourcing levels. This will provide the basis for a revised and sustainable audit fee for future years, and we welcome management’s input throughout this process.

Over the past five years, actual audit effort has ranged from 1,135 to 1,436 hours, significantly above the budgeted hours of 581 to 878 hours. This has resulted in annual variances of between 554 and 659 hours, clearly demonstrating the ongoing gap between the fee and the level of work required to complete the audit to the expected standard. Based on this trend and considering the council’s activities, system maturity, control environment, and quality of reporting, the recent actual hours provide the most reliable baseline for determining future audit effort.

We will continue to work collaboratively with management to identify efficiencies on both sides and to establish a sustainable audit fee that is fair, transparent, and achievable. The table below summarises the actual audit hours incurred from 2021 to 2025.

Year	Actual hours	Budgeted hours	Variance to budgeted hours
2021	1,135	581	554
2022	1,240	581	659
2023	1,486	878	608
2024	1,457	878	579
2025	1,436	878	558

5 Proposed audit fees

Our proposed fees for this year’s audit (compared to budgeted and actual data from the previous financial year) is:

Structure of audit fees	2025 budget fees	2025 actual fees charged (*)	2026
	\$	\$	\$
Net audit fee (excluding OAG ASQS charge and disbursements)	195,076	195,076	198,754
OAG ASQS charge	18,235	18,235	18,227
Additional audit fee	0	10,110	0
Total audit fee (excluding disbursements)	213,311	223,421	216,981
Estimated disbursements	0	2,508	0
Total billable audit fees including ASQS and disbursements	213,311	225,929	216,981

We have discussed the keeping the hours and fees constant in table 4.1 but have explained that we would like to use this year to determine what an appropriate fee will be going forward.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support fees.

The reasonable cost of disbursements (including travel and accommodation where necessary) will be charged in addition to the above fees.

We may also need to engage external experts to assist with certain specialist areas of valuation or estimation. These costs will be included as a disbursement. In such situations, we will discuss this with management.

5.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

Reasons for increased or decreased audit fees compared to previous period budgeted fees.	2026
Predicted staff salary cost movements	3,678
Increase in OAG ASQS charge	(8)
Total (decrease)/increase in audit fees	3,670

Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your organisation's annual report (including financial statements and statements of service performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your organisation's financial statements will include all relevant disclosures;
- we will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to the accounting standards or the financial reporting framework that require additional;
- there are no significant changes to auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements that change the scope of, timing of, or disbursements related to, this audit.

Our fee specifically excludes the following:

- Changes to the annual report or financial statements resulting from regulatory or legislative changes.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

6 What the OAG ASQS fees provides

Parliament has indicated that it expects the cost of annual audits under the Act (including an OAG ASQS fees) to be funded by public entities.

The OAG ASQS fees partially fund a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;

- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG ASQS fees portion of the total audit fee, to the OAG.

7 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

8 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



Debbie Bradfield
Appointed Auditor
Audit New Zealand

I accept the audit fees for the financial year ending 30 June 2026 as stated above.

Full name: Craig Rowley Position: Mayor

Authorised signature: _____ Date: _____

Entity name: Waimate District Council

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Email a PDF copy of the signed letter to: debbie.bradfield@auditnz.parliament.nz

6.5 AUDIT NEW ZEALAND ENGAGEMENT 2026-2028

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. **Audit Engagement Letter 2026-2028**  

PURPOSE

1. That the Audit and Risk Committee reviews the Audit Engagement Letter 2026-2028 and makes a recommendation as to whether the Mayor may sign to accept the terms of engagement.
2. Associate Audit Director Debbie Bradfield will be in attendance to present the Audit Engagement Letter 2026-2028 and assist with any related questions.

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 Audit Engagement Letter to outline the terms of the annual audits for the 2026, 2027 and 2028 years.
5. The terms of engagement are similar to that of the previous engagement.
6. The letter outlines: the terms of the audit engagement and the nature, and limitations, of the annual audit; and the respective responsibilities of the governing body (the council) and the Appointed Auditor, for the financial statements and performance information.
7. The objectives of the annual audit are: to provide an independent opinion on the Council's financial statements and performance information; and to report on other matters that come to the auditor's attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).
8. Audit New Zealand seek acknowledgement of receipt of this letter and the terms of the audit engagement by the Mayor signing and returning the letter.

PROPOSAL

9. That the Audit and Risk Committee reviews the Audit Engagement Letter 2026-2028 and considers making a recommendation for the Mayor to accept the terms of engagement.

ASSESSMENT OF SIGNIFICANCE

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

CONSIDERATIONS**FINANCIAL**

11. The audit fees are considered as part of the Audit Proposal Letter, a separate agenda item in this Committee meeting.

RECOMMENDATION

1. That the Audit New Zealand Engagement 2026-2028 report is accepted; and
2. That the Audit and Risk Committee considers making a recommendation for the Mayor sign the Audit Engagement Letter 2026-2028 for it to be returned to Audit New Zealand.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

20 February 2026

Level 3, 335 Lincoln Road
Addington
PO Box 2, Christchurch 8140

Craig Rowley
Mayor
Waimate District Council
PO Box 122
Waimate 7960

Dear Craig

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Waimate District Council (the Council) under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Debbie Bradfield, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2026 to 30 June 2028.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body (the council) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Council’s financial statements and performance information are free from material misstatement. The

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

Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

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 performance information in accordance with any applicable legal requirements and financial reporting standards;
- preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and schedule 10 of the Local Government Act 2002;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information 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 performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the 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 performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information 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;
- 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 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 Council's financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 1 also contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the 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 Council:

- present fairly, in all material respects:
 - its financial position; and
 - the results of its operations 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 Reduced Disclosure Regime.

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

- provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;
- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

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

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 24 of schedule 10 to the Act;
- the funding impact statement for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 26 of schedule 10 to the Act; and
- the funding impact statement of Council, has been prepared, in all material respects, in accordance with clause 30 of schedule 10 to the Act.

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

- complied with the information disclosure requirements of Part 3 of schedule 10 to the Act; and
- included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the Council's financial statements and performance information, 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 Council's financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the Council's financial statements and performance information. 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 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 performance information 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 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 Council in an economical manner, and whether any resources are being wasted:
 - be alert for issues of a lack of probity – in particular, whether the council and the 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 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 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 Council's financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information 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 performance information. This audit report will include our opinion about whether:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43, *Summary Financial Statements*.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to 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 Act.

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 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



Debbie Bradfield
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.

Signed _____ Date _____
Mayor Craig Rowley
Waimate District Council

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

Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards. You are also responsible for preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and schedule 10 of the Local Government Act 2002.</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 performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information 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 performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information 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 Council's 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 results of the operations 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. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> • provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand; • fairly presents, in all material respects, the actual levels of service for each group of activities, including: <ul style="list-style-type: none"> ○ the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and ○ the reasons for any significant variation between the levels of service achieved and the intended levels of service; and • complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> • the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 24 of schedule 10 to the Act; • the funding impact statement for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 26 of schedule 10 to the Act; and • the funding impact statement of Council, has been prepared, in all material respects, in accordance with clause 30 of schedule 10 to the Act. <p>We are also required to report on whether the Council has:</p> <ul style="list-style-type: none"> • complied with the information disclosure requirements of Part 3 of schedule 10 to the Act; and • included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</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 performance information 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 performance information.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<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> <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 performance information; and • the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. 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 performance information; • 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 performance information. <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 performance information, or for some other reason beyond our control, as soon as possible after that.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	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 Act.
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 Council; • enable you to monitor the resources, activities, and entities under your control; • enable Council's financial position to be determined with reasonable accuracy at any time; • enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information 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 performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information 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 Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information 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 performance information.</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 of the Council	Responsibility of the Appointed Auditor
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 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 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 Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</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 performance information. 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 performance information, but we will:</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 of the Council	Responsibility of the Appointed Auditor
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that Council has systems, policies, and procedures (appropriate to the size of Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of 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> <p>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.</p>
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 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>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<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 performance information 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 performance information.</p>
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and performance information on Council’s website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>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.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities under the Health and Safety at Work Act 2015	
<p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises or otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:</p> <ul style="list-style-type: none"> • information, training instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures; • suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation; • adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities; • appropriately labelled and equipped first-aid kits; • personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and • protection from offence conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs. <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p>	<p>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, as a person conducting a business or undertaking (PCBU), we will make arrangements with you to keep our audit staff safe while they are working at your premises or otherwise engaging with you on their audit work.</p> <p>We will obtain an understanding of health and safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or don't do does not adversely affect the health and safety of other people.</p> <p>We will co-operate with the workplace health and safety policies and procedures of the [entity name] and comply with any reasonable instructions given.</p> <p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as a Chief Financial Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p>

6.6 AUDIT NZ AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2026

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. **Audit Plan - 30 June 2026**  

PURPOSE

1. For the Committee to consider the draft Audit Plan for the Year Ending 30 June 2026 and confirm the terms so the Audit Plan may be finalised.
2. Associate Audit Director Debbie Bradfield will be in attendance to present the 2026 Audit Plan and assist with any related questions.

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 2026, and this is attached for the Committee's consideration.
5. The Audit Plan details focus areas: risks and issues, materiality, expectations, the audit team, the audit process and how they manage quality.
6. The focus areas: risks and issues identified are:
 - Fair value assessment of property, plant and equipment (non-revaluation year);
 - Local Water Done Well;
 - Investment in Alpine Energy Limited; and
 - The risk of management override of internal controls.
7. Materiality thresholds have been set for the financial statements and service performance information.
8. The proposed timetable details the following:
 - Interim audit begins: 13 April 2026
 - Pre-final audit begins: 6 July 2026
 - 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 2026
 - Mayor and Chief Executive's overview or reports: 21 September 2026
 - Final audit begins: 21 September 2026
 - Final financial statements and Service Performance Information available, incorporating all agreed amendments: 19 October 2026
 - Verbal audit clearance given: 23 October 2026
 - Report to the Council issued: 30 October 2026
 - Report to Management issued: 30 October 2026
 - Audit opinion issued: 30 October 2026
9. The senior audit team members appointed to this audit are:

- Debbie Bradfield – Appointed Auditor
 - Po Hsu – Audit Manager
 - Kanami Moriyama – Audit Supervisor
10. While the majority of the audit is expected to be undertaken remotely, utilising the online portal for the transfer of files and information between Council and Audit NZ staff, if a matter or area of review would be more efficient to be audited on-site, the Corporate Services Group Manager will discuss with Audit staff so this can be considered.

PROPOSAL

11. That the Audit & Risk Committee amends or confirms the terms of Audit New Zealand's Audit Plan for the year ended 30 June 2026 to enable the audit plan to be finalised.

ASSESSMENT OF SIGNIFICANCE

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

CONSIDERATIONS**Risk**

13. Confirming the terms of the audit engagement provides clarity for both Council and Audit, therefore delaying confirmation is not recommended.

FINANCIAL

14. The audit fees are considered as part of the Audit Proposal Letter, a separate agenda item in this Committee meeting.

RECOMMENDATION

That the Audit and Risk Committee confirms the terms of the Audit New Zealand 2026 Audit Plan.



Audit plan

Waimate District Council

For the year ending 30 June 2026

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 2026. Our role as your auditor is to give an independent opinion on the Council’s and the Council group’s financial statements and Service Performance Information and all other information required to be audited or reported on under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Non-Financial Performance Measures Rules 2024. We also recommend improvements we identified during the audit.

The contents of this plan provide a basis for discussion with you. We are 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

Debbie Bradfield
Appointed Auditor
25 February 2026

Contents

Focus areas: Risks and issues	2
Materiality	5
Expectations	9
Our team	13
Our audit process	14
How we manage quality	17



Focus areas: Risks and issues

Based on the planning work and discussions we have completed to date; we set out the main audit risks and issues in the table below. These will be the focus areas during the audit. 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
Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets carried under the valuation model 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>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>	<p>We will review the reasonableness of the Council's assessment including the appropriateness of the assumptions used in the assessment.</p>



Risk/issue	Our audit response
Local Water Done Well	
<p>The Council adopted the in-house model of delivery of three waters at its meeting on 19 August 2025. Its Water Services Delivery Plan was approved by the Secretary for Local Government on 14 November 2025.</p> <p>The Department of Internal Affairs issued its guidance on planning, reporting, and accountability for council water service providers in January 2026. We recommend that the Council reviews the guidance to understand the necessary steps to ensure that its in-house unit complies with the planning, reporting, and accountability requirements set out in the Local Government (Water Services) Act 2025.</p>	<p>We are currently reviewing this guidance for any risks or issues that could impact our audit planning for the year ending 30 June 2026. Where applicable, we will develop appropriate audit responses to address them.</p>
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	
<p>There is an inherent risk of fraud in every organisation due to management override of internal controls. Management is in a unique position to perpetrate fraud because of its 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>	<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.

DRAFT



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 considering the surrounding circumstances and its impact. Qualitative considerations are just as important as quantitative considerations.

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

Financial statements materiality

Overall materiality – used for asset revaluations	\$51,300,000
Specific materiality – used for all other items	\$660,000
Clearly trivial threshold	\$33,000

This materiality is subject to change once the actual results for the current year are available.

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** with no relevant qualitative considerations. Where management does not wish to correct a

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. We assess the effects of any detected and uncorrected misstatements, individually and in aggregate, against materiality and qualitative considerations.



misstatement, we will seek written representations from the Council on the reasons why the corrections will not be made.

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 Council’s performance. We normally express this materiality as a percentage of the reported result.

Outlined below are the measures we assessed as material and our materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
a. 4.4 T1 Treatment Rules	
b. 4.5 D1.1 Distribution System Rule	
c. 4.7 T2 Treatment Rules Module	
d. 4.8 D2.1 Distribution System Rule	
e. 4.10.1 T3 Bacterial Rules	
f. 4.10.2 T3 Protozoal Rules	
g. 4.11.5 D3.29 Microbiological Monitoring Rule	

Material measure	Materiality
<p>Water supply – Provide safe drinking water (Safety of drinking water)</p> <p>The Council’s drinking water complies with the following parts of the drinking water quality assurance rules:</p>	0% of result



Material measure	Materiality
<p>Water supply – Provide a continuous, appropriate, and safe water system throughout the district with excellent customer service (Fault response times)</p> <p>Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <ul style="list-style-type: none"> a. attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and b. resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. c. attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and d. resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. 	8% of result

Material measure	Materiality
<p>Sewerage – Maintain reliable sewerage network services (System and adequacy)</p> <p>The number of dry weather sewerage overflows from the territorial authority’s sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	8% of result
<p>Sewerage – Deliver sewer services according to required environmental standards (Discharge compliance)</p> <p>Compliance with the territorial authority’s resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> a. abatement notices; b. infringement notices; c. enforcement orders; and d. convictions; <p>received by the territorial authority in relation to those resource consents.</p>	0% of result
<p>Stormwater – Deliver stormwater services according to required environmental standards (Discharge compliance)</p> <p>Compliance with the territorial authority’s resource consents for discharge from its stormwater system measured by the number of:</p>	0% of result



Material measure	Materiality
a. abatement notices; b. infringement notices; c. enforcement orders; and d. convictions; received by the territorial authority in relation to those resource consents.	
Roading – Provide a safe transport environment (Road safety) The change from the previous year in the number of fatalities and serious injury crashes on local road network, expressed as a number.	8% of result
Roading – Provide adequate asset renewal asset quality (Road maintenance) The percentage of the sealed local road network that is resurfaced.	8% of result



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. Your responsibilities, with appropriate assistance from management, include:

- preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;
- providing us with access to all relevant records and providing information in a timely manner;
- providing access to staff, who will provide an appropriate level of assistance;
- providing draft financial statements and performance information, including all relevant disclosures, in accordance with the agreed timetable;
- maintaining accounting and other records supporting the information in the financial statements and providing us with access to those records; and
- subjecting the annual report, financial statements, and Service Performance Information] to appropriate levels of quality review before they are provided to us.

Our responsibilities include carrying out the audit, maintaining our independence, and providing you with an audit report.

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. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

Draft financial statements and performance information

We expect that we will need to perform a detailed review of three versions of the annual report:

- A good quality draft set of financial statements and performance information (including notes) that is reasonably complete, received before or at the start of the final audit visit.
- A final set of financial statements and performance information incorporating all changes identified during the audit, received at the end of the audit.
- A final signed annual report or printers proof version.

We do not intend performing a detailed check of additional versions. If this becomes necessary, we will discuss this with you first and there will be an additional cost.

Year-end processes

The year-end financial statement close process and the preparation of the annual report require significant time and effort to complete them 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.

Bringing forward audit procedures

A lot of audit work is traditionally performed after the financial year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- year-to-date transactions for revenue, expenditure, payroll, and additions for property plant and equipment;
- results for selective performance measure; and
- fair value assessments.

Completion of these tests earlier in the year enables more timely identification and resolution of errors and reduces the time your management needs to support the audit process at year-end, when the annual report is being prepared.

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



Timetable

Our proposed timetable is:

Interim audit begins	13 April 2026
Pre-final audit begins	6 July 2026
Draft “printer’s 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 2026
Mayor and Chief Executive’s overview or reports	21 September 2026
Final audit begins	21 September 2026
Final financial statements and Service Performance Information available, incorporating all agreed amendments	19 October 2026
Verbal audit clearance given	23 October 2026
Report to the Council issued	30 October 2026
Report to the Management issued	30 October 2026
Audit opinion issued	30 October 2026



Reporting

Communication with the Council and management

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

Meeting with	Planned timing
Craig Rowley (Mayor) and Stuart Duncan (Chief Executive)	Start and end of the audit. Will also meet as and when needed during the year.
Tina Stevenson (Corporate Services Group Manager), Dan Mitchell (Asset Group Manager) and Nicole Timney (Community AND Strategy Group Manager)	As and when needed.
Audit and Risk Subcommittee	Start and end of the audit. Will also meet as and when needed during the year.

Reports to the Council

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

- our findings on the audit risks identified in this plan;
- any other significant matters found during our audit, including significant deficiencies in internal controls;
- 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.

At our discretion, we may also provide an interim report to the Council and separate reports to management on less significant findings arising from our audit. We will advise the Council if we issue a report to management.



Our team

Our engagement team is selected to ensure 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:

Debbie Bradfield	Appointed Auditor
Po Hsu	Audit Manager
Kanami Moriyama	Audit Supervisor

DRAFT



Our audit process



Fraud risks

Misstatements in the financial statements and 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.

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.

Professional judgement and professional scepticism

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 mindset that leads to a questioning approach when considering information and forming conclusions. It means not accepting information at face value, being alert for inconsistencies or anomalies, and considering the possibility of fraud or error.

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 judgments and assumptions and weigh them against alternative possibilities.

It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.



Wider public sector considerations

A public sector audit also examines whether:

- A public entity carries out its activities effectively and efficiently;
- waste is occurring or likely to occur because of any act or failure to act by a public entity;
- there is any sign or appearance of a lack of probity because of any act or omission by a public entity 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 because of any act or omission by a public entity or by one or more of its members, office holders, or employees.



How we manage quality



We apply a risk-based approach to designing, implementing, and operating the components of our system of quality management (SOQM) in an interconnected and coordinated manner to proactively manage the quality of our audits.

Audit quality encompasses the key elements that create an environment which maximises the likelihood that we perform quality audits on a consistent basis. Audit quality is about more than issuing the right audit opinion, it is also about how we reach that opinion. We maintain a persistent focus on audit quality and on continuing improvement to audit quality over time.

Quality objectives

Quality objectives are the desired outcomes for each component of the SOQM.

Quality objective	What this involves
Governance and leadership	Establishing an environment that supports the system of quality management.
Relevant ethical requirements	All staff understand and fulfil their responsibilities regarding ethical requirements.
Acceptance and continuance	Making judgments about accepting or continuing engagements and our ability to perform each engagement.
Engagement performance	Performing a quality engagement, including directing and supervising the team, exercising professional judgment, consulting on difficult or contentious matters, and ensuring appropriate engagement documentation.
Resources	Having sufficient and appropriate human, technological, and intellectual resources.
Information and communication	Maintaining and communicating information regarding the quality management system both internally and externally.



Risk identification and key responses included in our SOQM

We perform an annual risk assessment to identify any risks to achieving our quality objectives. We then implement responses to address these risks. The combination of responses ranges from specific controls to developing policies and procedures for our audit teams. Some of these operate at a firm level, while others are applied to each individual audit.

Of these numerous responses, there are two notable responses that we would like to share as examples:

Independence

Our independence and conflicts of interest policy require all employees to be scrupulous about identifying and managing any conflicts of interest or independence risks. We manage this through our ethics and independence declarations for every staff member, including a compulsory annual review, supplemented by individual independence declarations for each engagement.

Internal and external inspections

All our Appointed Auditors are subject to internal and external inspections on a cyclical basis to ensure that our engagements comply with standards. The Office of the Auditor-General, the Financial Markets Authority, and the New Zealand Institute of Chartered Accountants perform the external inspections. We perform a root cause analysis on selected findings from these

reviews and develop action plans to address the identified root causes.

Monitoring and assessing the SOQM

Monitoring and assessment of the SOQM is ongoing. We perform regular monitoring which informs our annual assessment of whether we are achieving our quality objectives and therefore complying with professional requirements. Our most recent assessment to June 2025 noted that our system was effective, with some improvements needed around the timeliness of completing some monitoring activities.

Independent quality reviews are integral to our assessment of our SOQM. Our most recent FMA review in 2022, which focused only on FMC entities, assigned an overall grade of 'compliant' on a scale of good, compliant, and non-compliant.

The NZICA review, also conducted in 2022, raised relatively few findings from the files they inspected and made the following observation:

It was evident from our review that Audit New Zealand seeks to apply a high standard of quality in its audits, which is comparable with the major commercial audit firms. Since Audit New Zealand does not have the resources of a global network behind it, maintaining this standard requires significant investment in local technical resources to keep the audit methodology up to date. A high level of technical competence was apparent



both from our file reviews and the FMA's review of the quality control system.

DRAFT



DRAFT

PO Box 2
Christchurch 8140

www.auditnz.parliament.nz



6.7 EXTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT TO MARCH 2026

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. **Audit NZ Management Report Recommendations - March 2026**  

PURPOSE

1. To provide the Audit and Risk Committee with a progress update on recommendations from Audit New Zealand (Audit NZ).

BACKGROUND

2. Audit NZ previously identified recommendations through their audit process within the following classifications:
 - Urgent: These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay. These recommendations need to be addressed urgently.
 - Necessary: These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control. These recommendations should be addressed at the earliest reasonable opportunity, generally within 6 months.
 - Beneficial: These recommendations relate to areas where the District Council is falling short of best practice. In the view of Audit NZ, it is beneficial for management to address these, provided the benefits outweigh the costs. These recommendations should generally be addressed within 6 to 12 months.
3. Audit NZ no longer reports on Beneficial Recommendations and now classifies recommendation as high, medium or low in lieu of the above.
4. The recommendations are followed up by Audit NZ during each interim and final audit and if sufficient remedial action has occurred, they may be closed due to the implementation of the recommendation.
5. During the 2025 audit 10 previous recommendations were identified as implemented or closed, as follows:
 - a. Downlands Water Scheme
 - b. Improvement based on WSP Valuation
 - c. Periodical review of user access and inactive users (General information technology controls (GITC) review)
 - d. Useful lives not in line with accounting policy
 - e. User access role for general ledger postings
 - f. Equity investments previously measured at cost should be measured at fair value per IPSAS 41
 - g. Management of delegation limits
 - h. Journal review process
 - i. Declaration of related party interest
 - j. No formal IEA variation for vehicle benefits
6. Additionally, as Audit NZ no longer report on 'beneficial' recommendations, 2 prior year recommendations classified as beneficial no longer appear as open recommendations.

7. 5 previous recommendations remain open. Staff believe progress has been made on all with some already addressed and expected to be closed out during the 2026 audit.
8. 2 new recommendations for improvement were made during the 2025 audit:
 - a. That Council ensures roading assets are inspected as part of the valuation, and further valuation related recommendations.
 - b. That Council ensures drinking water safety disclosures contained within its service performance information comply with drinking water quality assurance rules and generally accepted accounting practice.
9. 1 recommendation from the 2025-34 Long Term Plan audit continues to be reported and will be tested during the audit of the 2027-37 Long Term Plan.
10. Council staff have updated progress on the open/in progress External Audit Recommendations in the attached report where appropriate, for the Audit and Risk Committee's information and any relevant feedback.
11. Recommendations will be re-visited by Audit NZ during the various 2026 audits, to be completed by 30 October 2026.

RECOMMENDATION

That the External Audit Recommendations Progress Report to March 2026 Report is accepted

AUDIT NEW ZEALAND RECOMMENDATIONS – PROGRESS REPORT TO ~~MARCH 2026~~ **SEPTEMBER 2025**

Open recommendations as per 2020 Final Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Beneficial				
Enhancing sensitive expenditure policies				
Consider updating sensitive expenditure policies to fully comply with the Office of the Auditor-General’s good practice guidelines, as applicable to the District Council.	2019/20	Open Closed This finding has not been addressed and remains outstanding as no update done on the Sensitive Expenditure Policy.	When next reviewing the Sensitive Expenditure Policy we will incorporate Audit New Zealand’s recommendations, that is, closer alignment to the OAG guidelines.	<p>September 2025: The Sensitive Expenditure Policy has been reviewed and updated to incorporate closer alignment to the OAG guidelines. The policy was adopted by Council in November 2024. We therefore expect this recommendation will be satisfactorily addressed and closed following our 2025 audit.</p> <p>March 2026:</p> <p><u>Audit NZ no longer reports ‘Beneficial’ recommendations, so this recommendation will be removed from future</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				progress updates for the Committee.

Recommendations as per 2022 Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
High				
Downlands Water Scheme				
<p>The DWS accounting records are maintained by staff from TDC. Over successive years, receiving completed and audited information from TDC have been delayed, impacting our ability to complete the District Council’s audit on time.</p> <p>The revised Joint Agreement dated 14 December 2021 places certain requirements on the District Council when TDC takes out a loan to fund DWS assets. These include issuing of indemnities and power of attorneys.</p>	2021/22	<p>In ProgressClosed</p> <p>We have been provided with DWS accounts close to the finalisation of the audit. Some audit work has been performed to check the figures.</p> <p>The issue relating to verification of debt applicable to DWS assets remain. To obtain some certainty, and similar to the prior year, we</p>	<p>Council has taken steps to formalise the requirements of TDC for the timely supply of the DWS financial information. This has included communication between Governance and management of both Councils, including reference to the requirements of the Joint Agreement being</p>	<p>September 2025:</p> <p>In April 2024, the Mayor wrote to the Timaru District Council (TDC) Mayor, reinforcing the following key messages already communicated between WDC and TDC staff:</p> <ul style="list-style-type: none"> WDC’s reliance on TDC’s timely

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<p>Currently interaction between the parties appear to ignore the existence of the revised agreement.</p> <p>As all debt incurred by TDC in its own name to fund the development, extension or modification of the DWS becomes the liability of the other parties in their ownership proportions, it is important that the District Council is satisfied that debt allocated to it can be supported as actually relating to the DWS.</p> <p>Formalise arrangements with TDC to agree a date when audited DWS information will be available. This should align with the District Council's agreed audit timeline.</p> <p>Ensure that the procedures and requirements of the revised Joint Agreement are implemented and adhered to.</p> <p>Establish what documentation would be required from TDC that would support any new debt allocated to the District Council.</p>		<p>requested direct confirmation from TDC.</p> <p><u>Repeat findings not identified in current year's audit as the</u></p> <p><u>Downlands Water Scheme</u></p> <p><u>accounts were provided to the Council on time.</u></p>	<p>adhered to and appropriate documentation to support any new debt allocated to WDC.</p>	<p>supply of financial information for Annual Reports, Annual Plans, Long Term Plans and rates setting processes.</p> <ul style="list-style-type: none"> • An initial request for DWS financials to be provided no later than 31 August was unable to be met by TDC, so subsequently revised to 'as soon as this is available'. • The significance of DWS in respect of WDC's reporting, and the issues limited or delayed information have caused WDC and our auditors.

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<ul style="list-style-type: none"> • Adherence to the Joint Committee Agreement. • Sufficient information disclosure around matters that may be raised by our auditors, including any issues and the recognition of loans for the scheme. • Clear evidence of the direct association of the DWS with its loan and reserve balances, given WDC indemnifies TDC for its ownership portion of these (14%). <p>WDC staff will continue to reiterate the issue relating to verification of</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p>debt applicable to DWS assets, which should be provided direct to WDC rather than requiring our Auditors to obtain direct confirmation from TDC.</p> <p>TDC staff have recently provided the Downlands draft financials to 30 June 2025.</p> <p><u>March 2026:</u></p> <p><u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u></p>
Medium				
Improvement based on WSP Valuation				
The District Council contracted WSP to undertake a valuation of the District Council's roading network assets during the audit period ending 30 June 2022. The final valuation report identified a number of areas for improvement.	2021/22	<p>OpenClosed</p> <p>This will be followed up as part of our review of the next roading network asset valuation.</p> <p><u>The recommendations were either implemented by the new valuer</u></p>	The recommendations from WSP have been considered, with a number of the recommendations completed or our now standard practice.	<p>September 2022:</p> <p>The recommendations have either been completed or are now standard practice.</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
We recommend the District Council considers the recommendations from WSP and implement changes where appropriate.		<p><u>IAMC in FY2025 or not relevant anymore given the changes in methodology applied by the new valuer. Detailed below:</u></p> <p><u>WSP recommendation</u></p> <p><u>The depreciation method of 'No Depreciation' for unsealed pavement structure assets should be reviewed to accurately capture the depreciation of these assets.</u></p> <p><u>Council may wish to monitor the renewal programme of unsealed pavements to determine this.</u></p> <p><u>FY25 valuation: unsealed road has now been captured under base and subbase and depreciated.</u></p> <p><u>WSP recommendation: Review the types of minor structures included in the valuation in order to accurately capture the depreciation of these assets.</u></p> <p><u>FY25 valuation: Not relevant given the changes in categories of assets.</u></p> <p><u>WSP recommendation: Ensure that retaining walls are recorded in the retaining walls table and included in the valuation in order to accurately capture the depreciation of these assets.</u></p> <p><u>FY25 valuation: Confirmed retaining walls included as part of the</u></p>		<p><u>September 2025:</u></p> <p><u>No further update applies. We expect this will be tested during the 2025 audit when the next roading asset valuation is reviewed.</u></p> <p><u>March 2026:</u></p> <p><u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
		<p><u>bridge category</u> WSP recommendation: Ensure that railings are recorded in the railings table and included in the valuation in order to accurately capture the depreciation of these assets. FY25 valuation: Confirmed railings included as part of the miscellaneous category.</p>		

Recommendations as per 2023 Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
Periodical review of user access and inactive users (General information technology controls (GITC) review)				
We recommend that a regular review of users and their access levels be performed to ensure access to data remains appropriate.	Nov 2023	<p>OpenClosed During our audit of GITC, we noted that there are no periodic reviews of users and their access levels within the Magiq system. This increases the risk of unauthorised system</p>	A user access report will be provided to management for review on an annual basis.	<p>September 2025: A new process to provide management with a User Access Report on an annual basis has been implemented, with this review most recently completed in September</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
		<p>access. Employees that no longer require system access owing to either a change in their role, resignation or termination should be removed from the system in a timely manner. Ad hoc reviews of system access should be conducted to ensure that the above controls are in place and operating effectively. We have confirmed that an annual review process in place for user access and inactive users as part of our review of the information technology environment.</p>		<p>2024. We therefore expect this recommendation will be satisfactorily addressed and closed following our 2025 audit.</p> <p>March 2026:</p> <p>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</p>
Medium				
Useful lives not in line with accounting policy				
<p>The upcoming long-term plan provides an opportune time to review and update the current policy. We recommend that a review of the Depreciation Policy is undertaken to ensure it is reflective of the actual useful lives and depreciation applied to the assets in the different asset classes. For assets carried at fair value, these should be similar to the valuer’s recommendations.</p>	Nov 2023	<p>-In ProgressClosed</p> <p>We still find inconsistencies between useful lives recorded in the fixed assets register and those noted in the accounting policies. However the inconsistencies are considered to be immaterial. We have also confirmed the depreciation for assets measured at fair value under the ODRC</p>	<p>Assets and finance will review the accounting policy and grouping of components of each asset class for the LTP to ensure alignment with the useful lives from the revaluation reports, translating through to the depreciation applied.</p>	<p>September 2025:</p> <p>The Finance Team and Asset Group will continue to work together to review the Depreciation Policy as required.</p> <p>March 2026:</p> <p>The report on the audit of the 2025 Annual</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
		<p>method are consistent with the depreciation suggested by the latest valuation report. We have reviewed the useful lives and confirmed the actual useful lives aligns with accounting policy. And for buildings and infrastructure assets measured at fair value, the useful lives now aligns with the most recent valuation.</p>		<p>Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</p>
Medium				
User access role for general ledger postings				
<p>We recommend for the update of access rights for users tagged as inappropriate. We further recommend preparing and reviewing the journal reconciliations on a timely basis, that is, quarterly.</p>	Nov 2023	<p>In-ProgressClosed</p> <p>Inappropriate access given to General Ledger (GL) users</p> <p>As part of our interim audit, we noted four instances where a staff member's administrator access was no longer appropriate (not required for their role).</p> <p>Delays in preparation and review of journal reconciliations</p> <p>We have confirmed that journal reconciliations have been performed on a timely basis.</p>	<p>Inappropriate access given to GL users: The Deloitte consultant and NCS employee's access to Magiq have been removed, and the Cashier's access has been modified to officer level – instead of administrator access.</p> <p>Delays in preparation and review of journals reconciliation: Due to resourcing constraints, more timely preparation and review of journals reconciliations was unable to be achieved,</p>	<p>September 2025:</p> <p>Inappropriate access given to GL users:</p> <p>The four instances of administrator access identified have been removed. A new process to provide management with a User Access Report on an annual basis has been implemented, with this review most recently completed in September 2024.</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
		<p><u>We have not identified inappropriate users with access right to general ledger. And we have confirmed the journal reconciliation is being performed on quarterly basis.</u></p>	<p>but this is expected to be alleviated with the introduction of an extra (fixed term) resource.</p>	<p>Delays in preparation and review of journal reconciliations:</p> <p>Audit have confirmed journal reconciliations have been performed on a timely basis so we expect this recommendation will be closed in due course.</p> <p><u>March 2026:</u></p> <p><u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
Equity investments previously measured at cost should be measured at fair value per IPSAS 41				
We recommend that going forward the Council applies a valuation technique to estimate the fair value of these shares.	Nov 2023	<p>OpenClosed</p> <p>The District Council has confirmed the value of the shareholdings directly with each entity. We have not verified whether the investments have been recorded at fair value as the information provided do not specifically state the valuation methods. All equity investments are now valued at fair value.</p>	We will consider valuation techniques for measuring the fair value of Council's unquoted shares for the 2024 Annual Report.	<p>September 2025:</p> <p>The audit team did not look into the details of our valuation during their audit. We are of the view that the supporting evidence confirms the fair value of these investments and expect this recommendation has been addressed.</p> <p><u>March 2026:</u></p> <p><u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Beneficial				
Password policy not compliant with NZISM requirement (General information technology controls (GITC) review)				
We recommend that management review the Password Policy to comply with NZISM.	Nov 2023	Open Closed There's no change in policy in the current year, as such we continue to recommend to the District Council to review password and lockout policies, considering the NZISM recommendations.	WDC will investigate how the next version of Magiq conforms to the NZISM password recommendations	<p>September 2024: The new version of Magiq has multiple authentication options. We are currently evaluating.</p> <p>September 2025: No further update until we transition our Magiq software to the cloud, anticipated during the 2025 calendar year.</p> <p>March 2026: Audit NZ no longer reports 'Beneficial' recommendations, so this recommendation will be removed from future progress updates for the Committee.</p>

Recommendations as per 2024 Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
High				
Segregation of duties over cash receipt at head office				
<p>We recommend that:</p> <ol style="list-style-type: none"> 1 two individuals count and document/sign off on the cash count at the District Council offices; 2 there should be segregation between individuals who balance the cash receipts to the till and those that enter the cash receipts into the system; and 3 consideration be given to implementing the recommendations resulting from the September 2023 investigation into the missing campground funds. 	Nov 2024	Open	<p>Various improvements are being considered for implementation. In the interim, we have introduced the following process improvement: When cash is delivered to the main Council office from off-site, it will be counted and signed off by 2 members of the Business Administration Team. These staff will not be involved with entering the cash into the system, just as the staff entering the cash into the system will not be involved with counting the cash. Where the Business Administration Team is short-staffed, assistance will be requested from other staff to ensure appropriate independent checks and that</p>	<p>September 2025: The process improvement to ensure two individuals count cash received at the Council office and segregation between those who count cash and those who enter this information into the system, has been implemented. The Business Administration Team Leader was tasked with considering further improvements including implementing recommendations resulting from the September 2023 investigation, however due to competing work streams and a vacancy in this role, consideration to</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
			segregation of duties is maintained.	<p>further improvements is to occur.</p> <p>March 2026:</p> <p>The process improvement to ensure two individuals count cash received at the Council office was implemented during the 2025 financial year.</p> <p>Segregation between those who count cash at the Council office and those who enter this information into the system is not practical due to the small size of the team.</p> <p>While vacancies in roles and competing priorities have delayed focus on the recommendations from the investigation, Corporate Services staff have discussed a project to gather information around cash handling</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<u>processes outside of the main office, in order that improvements in controls can be considered and implemented.</u>
Medium				
Management of delegation limits				
We recommend that management improve processes to ensure that any temporary approval delegations are revoked upon expiry of the approval term.	Nov 2024	Open Closed <u>No repeat findings identified in current year's audit during review of the delegation limits.</u>	The recommendation is noted with Accounts Payable staff responsible for the administration of the Purchase Order (PO) system required to document temporary approval delegations appropriately to ensure they are revoked upon expiry by default.	<p>September 2025: Staff have implemented a process for the Accounts Payable Officer to document temporary approval delegations including a system for a reminder of the expiry date of the delegation. The Business Administration Team Leader monitors this.</p> <p>March 2026: <u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<u>and has therefore been closed.</u>
Medium				
Approval of employment contracts				
We recommend that the District Council ensure that staff appointments are appropriately approved by the Chief Executive, or if deemed appropriate, amend the existing delegation to include the Human Resources Manager in relation to employment of staff.	Nov 2024	Open <u>We have found that there are email communication with CE on the details of the employment, but final approval by CE is still not made on the employment contract itself.</u>	The CE will ensure that staff appointments are appropriately approved, which may include potential amendment of delegations if considered appropriate.	September 2025: It is the CE's preference to continue to approve all staff appointments. The signing of the associated documentation including employment contracts is to be delegated from the CE to the HR Manager. An amendment to the Delegation Policy is required to implement this change and will be considered in due course. <u>March 2026:</u> <u>A review of the Human Resources Manager delegations is currently underway and will be updated in the</u>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p><u>accordingly. Draft wording for inclusion in the Delegations Policy Manual has been prepared by the Strategic Planning and Policy Advisor and is proposed to be included as an appendix to the Delegations Manual, formalising the delegation of appointing staff, within approved structure and budget, to the Human Resources Manager.</u></p> <p><u>In the interim, approval for the delegation to sign employment related documents has been provided by the Chief Executive via email, pending formal adoption through the updated Delegations Policy Manual.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
Journal review process				
An effective “one up” review of journals is a key control process mitigating against the significant audit risk of fraud. We recommend that the journal review process be improved in order to minimise the chance of incorrect or inappropriate transactions being processed.	Nov 2024	Open Closed <u>We have not identified further incorrect transactions being processed in our journal testing.</u>	The recommendation is noted. The anomaly was simply human error. It is noted the error was identified by staff prior to the commencement of the audit, but this was not in time to amend for the first version of the draft annual report.	September 2025: No further action required. <u>March 2026: The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u>
Medium				
One up authorisation of sensitive expenditure				
We recommend that a one-up approval process for sensitive expenditure be followed. We further recommend that prior approval for attending conferences and training be obtained.	Nov 2024	Open <u>We continued to find instances of one-up approval not made in current year’s audit during sensitive expenditure testing.</u>	The recommendation is noted. The revised Sensitive Expenditure Policy was adopted by Council on 19 November 2024, and clarifies the one-up approval principle, as does the Elected Member Reimbursement and Expenses Policy. The	September 2025: We have introduced clear approval documentation to support this process for Elected Members and the Audit & Risk Chair. <u>A process to document the approval of the Chief Executive’s sensitive</u>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
			revised Sensitive Expenditure Policy will be communicated to all staff to ensure awareness and ensure compliance with the policy. The process for completion of training forms for Elected Members and the Chief Executive has/is being improved to ensure compliance with policy.	expenditure is yet to be formalized. <u>March 2026:</u> <u>Approval documentation has been introduced for Elected Members, the Audit & Risk Chair and the Chief Executive.</u>
Medium				
Declaration of related party interest				
We recommend that the need to disclose related party interests in the interest register, be reenforced with councillors and senior managers.	Nov 2024	Open <u>Closed</u> <u>Repeat findings not identified in current year's audit during review of the interest register and related party transactions.</u>	The recommendation has been brought to the attention of the Asset Group Manager so that disclosure of this interest can be included in his interests declaration and the interest register.	September 2025: No further update. <u>March 2026:</u> <u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
Formal documentation of TOIL records				
We recommend formally documenting when staff are eligible to earn TOIL, and to ensure compliance with the District Council staff manual in terms of TOIL accumulation and approval.	Nov 2024	Open	All TOIL was approved by the Chief Executive and is now being documented within the Datacom Payroll system.	<p><u>September 2025:</u> TOIL is approved by approving managers (usually the employee's 'one up' manager) within the Datacom payroll system (and/or hardcopy timesheets).</p> <p>However, being paid for TOIL (and other additional payments such as additional ordinary hours and T1.5) are not always consistent with contractual terms and conditions, the Staff Manual and other directives; this is an area that needs to be improved upon.</p> <p><u>March 2026:</u> While the catalyst for this particular recommendation has not</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p><u>been re-tested during the 2025 audit, management are confident this particular instance has not reoccurred.</u></p> <p><u>Generally, TOIL is approved by approving managers (usually the employee's 'one-up' manager) within the Datacom payroll system (and/or hardcopy timesheets).</u></p> <p><u>However, being paid for TOIL (and other additional payments such as additional ordinary hours and T1.5) are not always consistent with contractual terms and conditions, the Staff Manual and other directives; this is an area that needs to be improved upon. In general, employees work in accordance with their Individual Employment Agreements (IEAs) or the</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p><u>relevant collective agreement. IEAs are typically updated when other changes are required, such as a change to hours of work, and Council takes the opportunity at that time to ensure the agreement is otherwise up to date.</u></p> <p><u>In relation to Time Off in Lieu (TOIL) and overtime payments, it is understood that these are generally applied in accordance with contractual terms and conditions, the collective agreement, the Staff Manual, and other relevant directives.</u></p>
Medium				
Expenditure approval – repairs and maintenance costs of community housing properties				
We recommend improvement to the process for approval of repairs and maintenance costs relating to community	Nov 2024	Open	We have reviewed and revised our processes so that staff responsible for	September 2025:

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
housing properties and that this approval should be by the relevant managers within their delegation.			processing banking obtain the relevant managers approval for the rental related expenditure deducted from the rental income, in line with the process for all expenditure. The manager’s written approval is filed with the accompanying LJ Hooker statement with the banking transaction records. This process has already been implemented.	<p>The process implemented was extended to a second rental property managed by LJ Hooker, to ensure managers written approval is documented for all rental related expenditure, including community housing.</p> <p><u>March 2026:</u></p> <p><u>Noting no similar expenditure was selected for testing during the 2025 audit, staff believe this item has been addressed.</u></p> <p><u>The process implemented was extended to a second rental property managed by LJ Hooker, to ensure managers written approval was documented for all rental related expenditure, including community housing.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
No formal IEA variation for vehicle benefits				
We recommend that where the value of a cash or non-cash benefit provided for in an employee's IEA, exceeds the stated limit, the variation should be formally documented and approved.	Nov 2024	Open Closed <u>No instances of vehicle benefits exceeding the stated limits per IEA were identified.</u>	The recommendation is noted. The HR Manager will assess the value of benefits and – should these exceed the limits in the IEA - prepare documentation for approval by the Mayor in conjunction with the CE Recruitment and Performance Review Committee.	<p>September 2025: The CE is the only person who has a stated cash benefit with a stated limit. Their cash benefit with stated limit was recently updated in their terms and conditions.</p> <p>Some employees receive a vehicle benefit that is documented in their contractual terms and conditions but does not include a stated limit per se.</p> <p>Some employees receive a vehicle benefit without this being documented in their contractual terms and conditions in any way.</p> <p>Waimate District Council does not currently have an agreed methodology to capture and record the</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p>second and third points above.</p> <p><u>March 2026:</u></p> <p><u>The report on the audit of the 2025 Annual Report confirmed that this item has been satisfactorily addressed and has therefore been closed.</u></p>

Recommendations as per 2025-34 Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Asset Management Practices				
<p>Improve the planning process for the next LTP by considering the staff resources and skills appropriate for the exercise.</p> <ul style="list-style-type: none"> Consider engaging an independent peer reviewer to review the asset management plans. 	July 2025	<u>NewOpen</u>	As part of the Local Water Done Well process and the production of the Water Services Delivery Plan, staff are considering the resource structure. Asset Management, Finance	<p><u>September 2025:</u></p> <p><u>The Roading Manager notes that the Roading Asset Management Plan (AMP) improvement plan was completed in July</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<ul style="list-style-type: none"> • Ensure specific assumptions relating to each asset management plan is disclosed in the respective asset management plan's in addition to the corporate assumptions. • Include an improvement plan in the roading asset management plan. • Implement a robust system to track the condition and performance of stormwater assets, to ensure funding of depreciation is sufficient to ensure sustainability. 			and Information Disclosure activities will be addressed as part of the unit design. Subsequent to the 2025-2034 Long Term Plan an assurance review of the Three Waters Asset Management Plans has been completed. We propose to utilise this methodology for future iterations as a key requirement of the Economic Regulation (in tandem with the 13 current audit processes). Furthermore, staff are undertaking an Asset Management Maturity Assessment to inform the 2037-47 Asset Management Plans.	<p><u>2025, subsequent to the LTP audit.</u></p> <p><u>March 2026:</u></p> <p><u>This will be reconsidered by Audit for the 2027-37 Long Term Plan.</u></p>

Recommendations as per 2025 Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
High				
Roading Valuations				
<p><u>We recommend that the Council ensures roading assets are inspected by the valuer as part of the valuation. We further recommend that the Council ensures:</u></p> <ul style="list-style-type: none"> <u>asset quantities extracted from the asset management system (RAMM) are able to be witnessed by the auditor;</u> <u>quantities are reviewed to confirm completeness prior to submitting the data to the valuer;</u> <u>that valuer determined quantities are understood by management and that these are reconciled back to the previous valuation and existing Council records; and</u> <u>appropriate records are kept of Council contract unit rates and that these are able to be reconciled to unit rates used by the valuer.</u> 	<p><u>Oct 2025</u></p>	<p>New</p>	<p>Site inspections and asset verification <u>A representative sample of roading assets will be inspected by the valuer to assess the reliability and accuracy of the Roothing asset data.</u> Data extraction <u>For future valuations, it is proposed that the roading assets be valued directly within the asset management database. This will remove the need to extract data separately for valuation purposes.</u> Unit rates <u>Council will continue to refine and expand its unit rate cost data to support accurate and reliable valuations.</u></p>	<p><u>March 2026:</u> Site inspections and asset verification <u>Mark Gordon IAM Consulting has been requested to complete a site Verification in April 2026.</u> Data extraction <u>Future valuations will be valued in the asset management database</u> Unit rates <u>Will continue to collect contract costs to Support Units Rate, sharing rates with adjoining Councils.</u></p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
Medium				
Compliant Drinking Water Safety Disclosures within Service Performance Information				
<p><u>We recommend that the Council ensures drinking water safety disclosures contained within its service performance information:</u></p> <ul style="list-style-type: none"> <u>• fully complies with the drinking water quality assurance rules;</u> <u>and</u> <u>• complies with generally accepted accounting practice (GAAP).</u> 	<u>Oct 2025</u>	<u>New</u>	<p><u>Due to staff availability, it was not possible to provide appropriate formatting of the DWQAR reporting. Systems are already in place to allow this to occur for the next reporting year, including the disclosure of the previous year's results.</u></p>	<p><u>March 2026:</u></p> <p><u>Reporting has been adjusted to allow these disclosures to meet the requirements stated.</u></p>

6.8 RISK REGISTER

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Risk Register - March 2026 [↓](#) 

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. The register is provided 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 December 2025 meeting tracked for the Committee's ease of identification.
7. The risks which have had changes include:
 - a. Human Resources
 - b. 3 Waters (b)
 - c. Health & Safety & Wellbeing
 - d. Regulatory & Compliance
 - e. Climate Mitigation and adaptation
 - f. Funding & Investments
 - g. Governance Roles and Responsibilities
 - h. Community Engagement
8. We ask the Committee to consider the reviewed Risk Register and provide any feedback or suggested amendments to be subsequently incorporated. Please also consider any further items that should be included.
9. 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.
10. At the December 2025 meeting, the Committee agreed that during this March meeting, the Committee would identify areas of the Risk Register for staff to focus a 'deep dive' on, to be reported back to the June Committee meeting.

RECOMMENDATION

That the Risk Register Report is accepted

Risk Register | Waimate District Council

Last update: ~~March 2026~~December 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>There is a risk that workforce capacity and capability are impacted as the Council responds to organisational and sector change.</p> <p>This includes the establishment of the water services unit (planned to be in place by July 2026 with full implementation by 1 July 2027), ongoing legislative and regulatory change, and sector-wide recruitment and retention pressures, particularly for specialist roles.</p> <p>If not effectively managed, these factors may place additional pressure on staff and HR resources, affect retention, and reduce organisational capacity, potentially impacting the Council's ability to support staff and deliver planned activities.</p> <p>Impact to staff: Increased workload during periods of organisational change, with potential impacts on engagement and retention.</p> <p>Impact to the Council: Reduced organisational capacity if critical roles are difficult to recruit or retain, or if workforce impacts are not effectively managed during transition.</p> <p>Impact to service delivery: Delays or reduced efficiency in recruitment, workforce planning, or implementation of organisational change. The coming year will involve significant preparation as WDC positions itself for major sector changes. Planning under the 'Local Water Done Well' framework and other reforms will require coordinated effort across multiple departments, creating additional workload and requiring adaptability.</p> <p>While the water services business unit has been approved and will commence in 2027, the next 12 months are focused on laying the groundwork and managing the impacts of ongoing reforms. Staff may experience uncertainty as expectations evolve, and some roles may change in scope over time, which underscores the importance of clear communication</p>	<p>Causes:</p> <ul style="list-style-type: none"> Ongoing sector and organisational change requiring workforce adaptation Establishment and transition of the water services unit Evolving legislative and regulatory requirements affecting workforce capability Recruitment and retention challenges, particularly for specialist roles Increased demand on HR resources during periods of change Maintaining internal pay equity becomes increasingly complex when external market pressures drive higher remuneration for hard-to-fill positions. The organisation faces ongoing challenges in keeping pay structures aligned with market benchmarks while responding to cost-of-living increases. Rising inflation and evolving employee expectations are creating additional strain on budgets and limiting flexibility to attract and retain talent. These pressures can also affect staff wellbeing, as employees may take on broader responsibilities and adapt to changing priorities in a dynamic labour market. Working environment (stress). Ongoing uncertainties around government reforms, including the establishment of a dedicated Water Services business unit in 2027, which may require significant organisational change and workforce planning. Reform fatigue and stress can impact staff retention and engagement, especially as Three Waters transition planning adds complexity to workloads and heightens uncertainty about future roles and pay structures. Recruitment delays for specialist roles can increase workload pressures on existing staff. Cultural disruption as multiple reforms can affect team cohesion and engagement. Potential capability gaps as new compliance requirements emerge, requiring upskilling or redeployment. 	Chief Executive	Major/Moderate (Threatens service delivery) (If not effectively managed, workforce pressures could impact service delivery, staff wellbeing, and organisational capability)	Likely Possible (Sector-wide conditions and planned organisational change make this risk reasonably foreseeable. 60% to 90% chance of occurring in next 12 months)	Extreme Risk/Moderate Risk	<ul style="list-style-type: none"> Workforce planning aligned to organisational priorities Structured consultation and engagement processes Ongoing communication and leadership support HR support for role changes and organisational transitions Recruitment, development, and succession planning initiatives Communication across the organisation; manager/staff regular meetings Maintain positive work culture and team building Encourage breaks/leave Workplace Support available Health Monitoring Communication is vital! Improvements in recruitment packages, and employee remuneration offerings, impacting positively on retention. 	Major/Moderate (Threatens service delivery)	Possible Likely (60% to 90% chance of occurring in next 12 months)	Extreme Risk/Moderate Risk	<p>Ongoing monitoring of workforce capacity and workload</p> <p>Continued focus on retention and internal development</p> <p>Continued emphasis on staff wellbeing and engagement</p> <p>Regular review of capability requirements as reforms progress</p> <p>Support for managers in leading teams through change</p> <p>Regularly monitor workload and workforce performance to ensure fair distribution and avoid overload.</p> <p>Explore options for additional support, such as trainees, part-time staff, contractors, or shared services with other councils (noting training requirements for short term solutions).</p> <p>Develop and implement a robust Remuneration Strategy, supported by benchmarking and clear processes, to strengthen recruitment and retention.</p> <p>Set clear roadmaps for the year ahead to provide certainty and direction.</p>

Risk Register | Waimate District Council

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
	<p>and support to maintain engagement and wellbeing.</p> <p>Government reforms, including changes to the Building Consent System, may also create uncertainty around future role scope. This could affect morale and retention and make recruitment for specialist roles more challenging.</p> <p>If WDC cannot attract and retain talent, existing staff may need to take on broader responsibilities, increasing pressure and the potential for stress.</p> <p>Proactive planning will be essential to maintain capability and avoid attrition. Beyond workload pressures, WDC may face capability gaps as new compliance requirements emerge, requiring targeted upskilling and/or redeployment.</p> <p>Change fatigue and cultural disruption are possible as multiple reforms progress simultaneously, highlighting the need for strong leadership and wellbeing initiatives. These factors, combined with ongoing recruitment challenges, reinforce the importance of proactive workforce planning and a positive, supportive work environment.</p>	<ul style="list-style-type: none"> 									<p>Recognise and appreciate staff contributions through non-financial recognition programs (e.g., shout outs, internal newsletters). Encourage internal knowledge sharing and peer mentoring to build capability and resilience. Invest in targeted training programs for compliance requirements and change management. Provide leadership support and coaching tools to help managers lead through uncertainty. Strengthen wellbeing initiatives, including resilience workshops and access to mental health resources. Communicate openly and regularly about reform timelines and role expectations to reduce uncertainty. Plan for succession in critical roles to maintain capability and continuity.</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 Transition to the new delivery model.	<p>Causes:</p> <ul style="list-style-type: none"> Central government, inadequate reform strategy; and/ or poor implementation of reforms creates issues Insufficient planning resources internally within WDC for the change 	Chief Executive	Major/ Catastrophic (clearly threatens operations over an	Likely 100%	Extreme Risk	<ul style="list-style-type: none"> Information & communication flow from DIA to Council: CEO, Councillors receive updates from DIA. Transition reporting to DIA Monitor staff workloads 	Major/ Catastrophic Even with mitigations in place it could still clearly	Likely	Extreme/ Significant	Ensure a detailed transition plan is produced and alignment with the 2026/27 Annual Plan and 2027 2037 Long Term Plan in maintained.

Risk Register | Waimate District Council

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
	<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 services Responding to legislative uncertainty takes staff time away from core service delivery (BAU) Complexity associated with timing of implementation and the 2027-37 Long Term Plan process. Potential delay of the 2027/37 LTP 		extended period)			<ul style="list-style-type: none"> Use of remaining Transition Support Funding to assist with ring-fencing / planning requirements. Utilise consultancy support to enable the business unit to be live by 1 July 2026. Stand up water services committee to ensure strategic and planning framework is complete by 1 July 2027. 	impact the ability for WDC to achieve its long-term objectives			
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 source To 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 (Significant impact on the provision of potable water)	Likely (Council is unable to control / influence source water quality within the catchment)	Extreme Risk	<ul style="list-style-type: none"> Online monitoring of nitrate concentration Provision of supply point for consumers not connected to the Lower Waihao supply Initial options report for denitrification options and associated consent challenges complete. Alternate supply point consented. <u>Awarded Tender for new source intake and pipework with physical works well underway, about to be advertised.</u> Investigation into possible connection to the Waikakahi RWS underway. 	Major (Without denitrification and / or an alternate supply source, the risk remains)	Likely (In the shorter term it is highly likely that spikes in nitrate concentration will continue to occur)	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 of current status and alternate supply point. Ensure decisions relating to the future are fully informed through technical reports and supporting data.
Unintended (or intended) consequences of Central Government Reforms	<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, takes time away from delivering on WDC core activities.</p> <p>For example, the Local Water Done Well (LWDW) and Simplifying Local Government (draft proposal) may question the relevance of the council.</p>	<ul style="list-style-type: none"> Possible extensive amalgamations Loss of local democracy Central government, inadequate reform strategy; and/ or poor implementation of reforms creates issues Complexity associated with timing of legislative changes and the 2024-34 Long Term Plan process Shifting the centre of power and decision making away from the very communities that receive them (centralisation) 	Chief Executive	Moderate (Threatens the future of WDC with the intention to "preferred option" establish 15 Unitary councils)	Possible (Should all 17 recommendations of the Report be nationally adopted, Significant Risk)	Significant Risk	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.	Moderate risk of National adoption	Possible	Significant Risk	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.
Health & Safety & Wellbeing	Not ensuring the safety, health and wellbeing of staff, contractors, and the community	<p>Causes:</p> <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 	Chief Executive	Catastrophic (loss of life is possible)	Likely (likely without sufficient	Extreme Risk	<ul style="list-style-type: none"> H&S policy H&S Governance/ Council Committee Contractor prequalification (SiteWise), and through procurement process 	Major (Serious harm can still occur even with	Possible ("not likely but	Significant Risk	H&S Advisor position filled and in play as of late February 2026. 0.5FTE will

Risk Register | Waimate District Council

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
	Impact to bodily harm, loss of life; breach of statutory obligations; loss of staff time	<ul style="list-style-type: none"> 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. 			controls in place)		<ul style="list-style-type: none"> 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 	controls in place)	don't be surprised"		<p><u>be dedicated to Water Services as it evolves.</u></p> <p><u>Consideration for an external H&S management system review being made post initial assessment by new H&S Advisor. Internal control audits for 2025 are being completed.</u></p> <p><u>A review of internal forms (including the H&S Manual), software, and process to take place.</u></p> <p><u>H&S management system review completed in Sept 2022 by external contractor. Recommendations being actioned as per gaps analysis report.</u></p> <p><u>H&S manual being reviewed (last review was Oct 2022). A first draft of an updated manual will need to be worked in by recruited H&S Advisor. 40-hour H&S Position is in the recruitment phase.</u></p>
Regulatory and Compliance	<p>A risk where the Council does not perform a regulatory or compliance function correctly:</p> <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 	<p>Causes:</p> <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><u>Groundwork for progressing the District Plan review was underway until Government recommended all TA's pause this work. RMA changes pending. RMA replacement legislation (Planning Bill and Natural Environment Bill) creates uncertainty and additional work, risking re-scope, delays, and increased costs due to potential rework and transitional requirements. Significant work pending</u></p>

Risk Register | Waimate District Council

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
											<p>in relation to providing data for regional spatial planning.</p> <p>Additional (Graduate) Planner is in the recruitment phase to assist with resourcing.</p> <p>BCA accreditation is current.</p> <p>Enforcement Policy reviewed and approved in November 2025.</p>
Climate mitigation and adaptation	<p>Changing climate, increased weather events.</p> <p>Impact on Council strategic planning: adaption for roading, water infrastructure; impact to finances of this.</p> <p>Council has employed a Climate Change Officer in partnership with Ecan (50/50) The intention is to have 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>	<p>Causes:</p> <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. <p>Central government has announced that the cost of climate change adaption will need to be shared by all stakeholders</p>	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"> Following national adaptation plan Asset management plans 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 	Major (risk of unexpected overspend of \$500k to \$1m)	Likely (expected to occur at least once in next 5 years: more extreme weather events, flood damage etc)	Significant Risk	<p>Climate Resilience Strategy for WDC adopted by Council.</p> <p>Climate Change Officer finished contract on 24 September 2025.</p> <p>WDC remains part of and has provided funds for the Climate Change Working Group run by Environment Canterbury</p>
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 	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 	Moderate	Likely (60% to 90% chance of occurring in next 12 months)	Significant Risk	

Risk Register | Waimate District Council

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
		<ul style="list-style-type: none"> Inadequate planning internally Not operating within budget Financial pressure resulting from navigating Government Reforms 					<ul style="list-style-type: none"> Monitoring returns on investments Participation in Shareholder, company and board represented meetings for Alpine Energy Limited to ensure District's wishes are heard. Shareholder meetings provide for a collective view to be communicated to the Company. Engaged Forestry Consultants to provide advice Budget variation reports provided to Council on a quarterly basis. Council's Long Term Plan 2025-34 was prepared on the assumption that no Alpine Energy dividends are anticipated in line with the company's Statement of Corporate Intent 2026-2028, to minimise Council's exposure to risk. The draft 2026-27 Annual Plan is also being prepared on the basis that no dividends are expected. 				
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 \$500k to \$1m)	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 Flood protection including redirection of overland flows and redesign. Urban modelling to inform future land-use planning and direction of overland flows. 	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> <p>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.</p>
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 	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 management Performance measurement framework; KPI monitoring against annual plan Planning 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.

Risk Register | Waimate District Council

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
		effectively respond to the needs of the community. <ul style="list-style-type: none"> Internal delivery constraints: lack of sufficient resource; poor project management Reprioritisation of commitments by Council, without appropriate recognition of impact on previous public commitments Financing – insufficient funds set aside Insufficient Asset management plans National unemployment rate too low resulting in low job vacancy applicant pools 									
Governance Roles and Responsibilities	Councillors not following the principles of good governance. Resulting in poor decision making, ignoring statute, confidentiality leaks. Non-functional Council (Council unable to make resolutions due to irreconcilable differences)	Causes: <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 practices Elected Members not informed timely of key decisions (a ‘no surprises approach’). Elected Members not being fully engaged in their role by not engaging in all available information to increase their Local Government education. Triennial elections can result in a proportion of Elected Members with no previous Local Government experience, requiring increased initial education of these new members. 	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 topics Publications (Auditor General) Email to Councillors via Council network Education Professional Advice LGNZ Advice Members handbook Legal opinions Identify conflicts of interest Use of Council facilities Mayor reinforcing the expectations of the elected members and their obligation to be informed and follow good governance principles. The Akona learning and development programme, specifically designed for elected members, available through LGNZ. 	Moderate (risk of failure of project or an operation)	Possible/ Unlikely (a surprise but not beyond the bounds of imagination)	Moderate Risk	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. Develop and maintain a clear, consistent communication strategy for reforms, ensuring elected members are well-briefed 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.	Causes <ul style="list-style-type: none"> Cyber threats; locked out of systems Compromised availability of systems Sensitive information exposed/ stolen from our systems Complacency of staff and elected members, including potential reluctance to complete training System implementation without IT’s knowledge (Shadow IT) 	Corporate Services Group Manager	Major	Possible	Significant Risk	<ul style="list-style-type: none"> IT Compliance Audit Analysis of the results of the SAM for compliance baseline assessment. Ongoing Cyber Security training of staff and Elected Members Computers 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 Audit Continued training of users of Council devices and reinforcement of the requirement to complete. Ongoing planning to reduce cyber security risk.

Risk Register | Waimate District Council

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
Community Engagement	The risk that the community is not aligned with the Council's objectives, initiatives, or projects. Risk of Council conflict with the community. 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.	<ul style="list-style-type: none"> Not identifying who needs to be engaged with and nature of engagement to be effective Communication with community not delivering right level of engagement and understanding of strategic priorities Not sharing what we are doing with the community Community not wanting to engage 	Chief Executive	Moderate	Possible	Moderate Risk	<ul style="list-style-type: none"> Community consultation process Mayor and Councillor availability to the public Councillor led meetings in respective wards. Live streaming of Council meetings and workshops to encourage community participation. 	Minor	Unlikely	Moderate Risk	<ul style="list-style-type: none"> 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 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 actions Adequate 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. Ongoing operational liaison with representatives occurs at a staff level e.g. consenting Ensure representation on the new water services committee is attained. 	Minor	Possible	Moderate Risk	

6.9 RISK MANAGEMENT POLICY REVIEW

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Risk Management Policy with Proposed Amendments  

PURPOSE

1. For the Audit and Risk Committee to review Council's Risk Management Policy as identified in the Annual Work Plan.

BACKGROUND

2. The Audit and Risk Committee's Annual Work Plan requires the Committee to review the Council's Risk Management Policy and recommend any amendments to Council, as required.
3. At the Audit and Risk Committee meeting on 1 March 2022, the Committee considered a new Risk Management Policy and recommended its adoption to Council. Prior to this, Council did not have a formalised Risk Management Policy.
4. The adoption of the Risk Management Policy by Council occurred on 22 March 2022. The policy has a review cycle of 3 years, so the review fell due in March 2025.
5. It is the view of staff that the policy remains largely fit for purpose and just a few amendments are proposed in the attached policy document, as indicated by the tracked changes.
6. It is proposed that the Committee continue to review Council's Risk Management Policy in line with the policy cycle of review, however if a need is identified to undertake a review earlier, then this can be considered at any time.

PROPOSAL

7. That the Audit and Risk Committee review the Risk Management Policy and confirm any amendments to be included in a recommendation to Council.
8. Council will subsequently consider and adopt the finalised policy.

RECOMMENDATION

1. That the Risk Management Policy Review report is accepted; and
2. That the Audit and Risk Committee reviews the Risk Management Policy and confirms any amendments to be included in a recommendation to Council.

Risk Management Policy			
Approved by:	Council		
Sponsor:	Corporate Services Group Manager		
Date approved:	22/03/2022		
Next review:	March 2025	Resolution:	

POLICY OVERVIEW

1.0 Purpose

- 1.1 The purpose of this policy is to explain the Waimate District Council's (WDC) underlying approach to risk and risk management.

2.0 Scope

- 2.1 WDC Elected Members, staff, and contractors.

3.0 Definitions

- 3.1 For the purpose of the policy, relevant terms are defined as below:
- a. **Risk:** Defined as the effect of uncertainty on objectives. It is often characterised by reference to potential events and the consequences of an event and may have either a positive or negative effect on objectives. Risk is measured in terms of likelihood and impact.
 - b. **Risk management:** Refers to the culture, processes and structures that are directed towards the effective management of risk.
 - c. **Risk management framework:** Refers to the combined suite of tools and processes, including this policy and supporting procedures, by which WDC manages risk.
 - d. **Risk Tolerance:** Refers to the level of risk the Council is willing to accept.
 - e. **Internal controls:** Refers to policies and procedures WDC uses to govern the organisational work. Internal controls mitigate risk.
 - f. **Inherent risk:** Refers to the assessed level of raw or untreated risk; that is, the natural level of risk inherent in a process or activity without doing anything to mitigate the risk.
 - g. **Risk mitigation:** Refers to actions that must be taken to lower the likelihood of the risk occurring and/or to minimize the impact if the risk does occur. Risk can often not be totally eliminated, but it can be mitigated to lessen its likelihood and/ or impact.

- h. **Residual risk:** Refers to the risk remaining after risk mitigation. The formula is: Inherent Risk minus Risk Mitigation equals Residual Risk.
- i. **Risk owner:** Refers to person with the accountability and authority to manage a risk.

4.0 Approaches to Risk Management

- 4.1 WDC recognises that early and systematic identification, analysis and assessment of risks, and the development of plans for controlling and mitigating risk, are necessary to achieve its desired objectives.
- 4.2 As such, the WDC is committed to:
 - a. The implementation of a comprehensive Risk Management Framework;
 - b. Identifying, analysing, assessing and appropriately managing the risks to its objectives;
 - c. An open and receptive approach to solving risk problems;
 - d. Ensuring that risk management is integrated into normal business processes and is aligned to the strategic outcomes of the WDC.
- 4.3 The WDC recognises that the identification and management of risk is linked to the achievement of its strategic outcomes, as outlined in its Long-Term Plan, Financial Strategy, Annual Plan, and 30-year Infrastructure Strategy.

5.0 Key Principles in Risk Management

- 5.1 The WDC adopts the following key principles in its approach to risk management:
 - a. Risk management creates and protects value.
 - b. Risk management is an integral part of all organisational process.
 - c. Risk management is a part of decision-making process.
 - d. Risk management explicitly addresses uncertainty.
 - e. Risk management is systematic, structured and timely.
 - f. Risk management is based on the best available information.
 - g. Risk management is tailored.
 - h. Risk management takes human and cultural factors into account.
 - i. Risk management is transparent and inclusive.
 - j. Risk management is dynamic, iterative and responsive to change.
 - k. Risk management facilitates continual improvement of the organisation.

POLICY

6.0 Roles & Responsibilities

6.1 While all Waimate District Council employees have a responsibility to manage risk in accordance with this policy, assigning specific responsibilities to specific roles provides clarity and strengthens the overall risk management framework, as below:

- a. **Elected Members** to be assured that a risk management framework is in place and that risks are being appropriately managed.
- b. **Audit & Risk Committee** to provide direction for the WDC's risk management and to ensure that appropriate risk mitigation activities are functioning effectively. Subject to the governing body's delegated authority, the Committee responsible for risk has responsibility to:
 - Review the risk management framework
 - Consider the robustness of mechanisms adopted by management to mitigate key risks, including the adequacy of internal controls
 - Advise the governing body on matters of risk and provide objective advice and recommendations for the governing body's consideration
 - Review disaster management and business continuity plans.
 - Review the Risk Register at each quarterly meeting.
- c. **Chief Executive** has the responsibility to:
 - Approve the risk management framework and recommend it to the Committee responsible for risk.
 - Lead and promote a risk aware culture across the organisation.
 - Implement the risk management framework across the organisation.
- d. **Leadership Team** has the responsibility to:
 - Endorse the risk management framework and champion it to the organisation.
 - Monitor effective implementation of the risk management framework across the organisation.
 - Receive and consider risk management plans (risk registers) on a quarterly basis.
 - Receive and consider other risk-related reports on an as-required basis.
 - Provide direction on risk tolerance at a general and risk-specific level.
 - Periodically review the risk management framework to ensure it remains appropriate.
- e. **Leadership Team & People Managers** have the responsibility to:
 - Lead and promote a risk aware culture within their units.
 - 'Own' risks relevant to, or arising from, their teams.

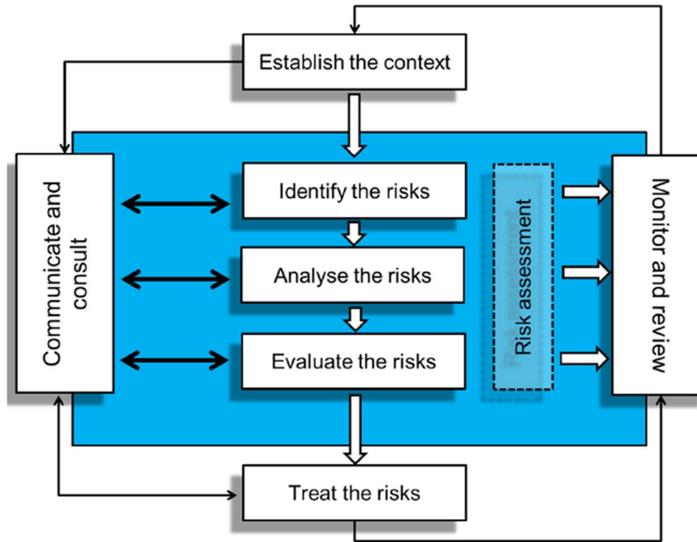
- Develop, populate, and manage the risk management plan (risk register) for their unit in accordance with the risk management framework.
- f. **Corporate Services Group Manager & Leadership Team** have the responsibility to:
 - Develop and maintain the risk management framework.
 - Facilitate the population and ongoing review of the high level 'corporate risk management plan' (risk register).
 - Manage the interface between subsidiary risk management plans and the high level 'corporate risk management plan' (risk register).
 - Advise on potential risk treatments for identified risk.
 - Consider and, where necessary, challenge the risks, controls, mitigations and accountabilities included (or not included) in risk management plans (risk registers) across the organisation.
 - Support unit managers to implement the risk management framework in their divisions and teams.
 - Lead the integration of risk management principles into other WDC decision-making processes.
- g. **Staff & Contractors** have the responsibility to:
 - Provide support in identifying risk.
 - As appropriate, report and identify risks, controls or mitigations.

7.0 Business-as-usual Procedures

- 7.1 Business-as-usual procedures encompass a number of elements that together facilitate an effective and efficient operation, enabling the WDC to respond to a variety of risks. These elements include:
- a. Operational awareness: keeping ourselves updated on changes or issues within our operating environment.
 - b. The process of tracking progress towards achievement of the strategic outcomes defined in the Long Term Plan, Annual Plan, Financial Strategy, and 30-year Infrastructure Strategy.
 - c. Unit planning and budgeting – the unit planning and budgeting process is used to set actions and allocate resources. Progress towards meeting unit plan targets is monitored regularly.
 - d. Major projects - risk assessment and mitigation strategies are essential elements.
 - e. Risk Register – to identify, assess, and monitor risks significant to the WDC. The risk register is reviewed quarterly and emerging risks are added as required.
 - f. Assurance measures (internal reporting and internal audit where appropriate).

8.0 Risk Management Process

8.1 The Risk Management Process comprises the activities described in the diagram below. It should be embedded in the culture and practices of the organisation and tailored to its business processes.



IDENTIFICATION OF RISKS

- 8.2 All staff members are empowered, and expected, to identify and communicate risks. Identified risks will be recorded in a risk management plan.
- 8.3 Where, for whatever reason, direct reporting lines are not able to be used to communicate identified risks, alternative methods will be made available. These will include, but not be restricted to, direct notification to Group Managers or the Chief Executive.

ANALYSIS OF RISKS

- 8.4 Risks will be analysed to determine potential causes, the likelihood of occurrence, and the potential consequences if they do occur.
- 8.5 The causes, likelihood and consequence will be recorded in a risk management plan (risk register).
- 8.6 In accordance with the principle that risk management is tailored, the analysis of risks will reflect the relevant objectives of the Elected Members, organisation, group, unit or project.
- 8.7 For the high-level corporate risk management plan (risk register):
 - a. The likelihood of a risk event occurring will be assessed in accordance with the Likelihood Table included as Appendix 1.

- b. The potential consequences if a risk event occurs will be assessed in accordance with the Consequence Table included as Appendix 1.
 - c. The assessments of the likelihood of a risk event occurring and the potential subsequent consequences will be considered together in accordance with the Risk Matrix included as Appendix 2.
- 8.8 The analysis of risks at subsidiary levels will be undertaken in a manner consistent with the above but may be tailored to suit the relevant circumstances.

EVALUATION OF RISKS

- 8.9 Analysed risks will be evaluated against criteria to determine whether a risk is tolerable in its current state or whether further action is required.
- 8.10 The evaluation of risks will consider established risk tolerances for such risks, as well as any risk-specific factors. In the first instance, the evaluation of risk will include reference to the Risk Response table included as Appendix 2.

TREATMENT OF RISKS

- 8.11 Where residual risk is considered to be too high, risk treatments will be applied to reduce the residual risk to an acceptable level.
- 8.12 In considering risk treatments, consideration will be given to both the costs and effort involved in the treatment and the potential benefit from the risk reduction.
- 8.13 Risk treatment can involve:
- a. Avoiding a risk by deciding not to start or continue with the activity that gives rise to the risk.
 - b. Taking or increasing risk in order to pursue an opportunity
 - c. Removing the risk source
 - d. Changing the likelihood of the risk occurring
 - e. Changing the consequence if the risk occurs
 - f. Sharing the risk with another party or parties, or
 - g. Retaining the risk by informed decision.

RECORDING OF RISKS

- 8.14 Risks, controls and mitigations will be recorded in a risk management plan (risk register).
- 8.15 A high-level organisation-wide 'corporate risk management plan' (risk register) will be maintained to record and report on risks of WDC-wide significance.
- 8.16 Subsidiary risk management plans will be prepared as appropriate throughout the organisation. These may include, but will not be limited to:
- a. Group risk management plans
 - b. Activity risk management plans (within Activity Management Plans)

- c. Asset risk management plans (if appropriate to be separate from Activity Management Plans)
- d. Specialists risk management plans (for example, health and safety)
- e. Project risk management plans, and
- f. Any other risk management plan relevant to helping the WDC achieve its objectives.

REPORTING OF RISKS

- 8.17 Identified risks, and the associated controls, mitigations and accountabilities, will be reported in accordance with the Risk Response table included as Appendix 2. Risk management plans (risk registers) will be reported regularly to both the Leadership Team and the Committee responsible for risk.

ACCOUNTABILITY OF RISKS

- 8.18 Specific accountability for each risk, control and mitigation will be identified and recorded in a risk management plan (risk register).

~~9.0 Internal Audit Programme~~

- ~~9.1 The use of internal audit is an important tool to assess the effectiveness of the internal control environment. The Audit and Risk Committee are responsible for approving the appointment of the internal auditor and overseeing their programme of work.~~

~~10.09.0 Third Party Audits~~

- ~~10.09.1 From time to time, the use of external consultants may be appropriate. The use of specialist third parties for auditing and reporting may be used to increase the reliability of the internal control system.~~

~~11.010.0 Associated Documents~~

- ~~11.010.1 This Risk Management Policy has been developed in line with the standard AS/NZ ISO 31000:2018 Risk Management – Principles and Guidelines.~~

Appendix 1: Likelihood & Consequences Defined

THE RATING DEFINITION OF RISK LIKELIHOOD

Likelihood Rating	Score	Likelihood Rating Definition
Almost certain	5	90% or greater chance of occurring in next 12 months Expected to occur in 9 or next 10 years Certain to occur at least once in next 5 years It would be unusual if this didn't happen
Likely	4	60% to 90% chance of occurring in next 12 months Expected to occur at least once in next 5 years Will occur more often than not
Possible	3	25% to 60% chance of occurring in next 12 months Expected to occur in 4 or next 10 years Likely will occur at least one in next five years (>80% chance) Not likely, but don't be surprised
Unlikely	2	2% to 25% chance of occurring in next 12 months Expected to occur a maximum of once every 5 to 20 years 50% chance of occurring in next 5 years A surprise, but not beyond the bounds of imagination
Rare	1	Up to 2% chance of occurring in next 12 months Could occur once every 50 or more years Less than 10-% chance of occurring in next 5 years Will only occur in exceptional circumstances

CONSEQUENCE RATING DEFINITIONS

Rating Level	Consequence Description	Score
Catastrophic	<ul style="list-style-type: none"> • Catastrophic loss of public or stakeholder confidence, or breakdown in standards, which requires major recovery action to restore reputation or effectiveness; or • Clearly threatens operations or ability of organisation over an extended period to achieve its objectives, or • Major unexpected financial overspend or loss of \$1 million or above • Loss of life • Prolonged national media and political attention 	5
Major	<ul style="list-style-type: none"> • Major unexpected financial overspend or loss of \$500,000 to \$1 million • Significant dissatisfaction expressed by stakeholders, • Serious harm, or • Unexpected failure to meet a standard and/or legislation. 	4
Moderate	<ul style="list-style-type: none"> • Failure leading to review of project or operation that will require changes to processes or goals; or • Likely to cause some damage or, disruption or breach of controls; or • Moderate financial overspend or loss of \$100,000 to \$500,000 • Regional media attention, loss of image • Injury to staff or contractor 	3
Minor	<ul style="list-style-type: none"> • Localised or isolated failure to meet stakeholder requirements or standards, • Unlikely to cause damage or threaten the effectiveness of the project, • Minor financial impact, involves management time, up to \$100,000 	2
Insignificant	<ul style="list-style-type: none"> • Very low impact that will not be visible, negligible 	1

Appendix 2: Scoring Risks Defined

Likelihood	Consequence				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain Frequent (5)	5	10	15	20	25
Often Likely (4)	4	8	12	16	20
Likely Possible (3)	3	6	9	12	15
Possible Unlikely (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5

Risk Score	Level of Risk	Action Required	Attention Of / Assigned To
15-25	Extreme risk	Requires immediate assessment of actions	Audit and Risk Committee / Council / Chief Executive (as required), statutory bodies
8-12	Significant risk	Requires remedial assessment and action via the annual planning process	Chief Executive / Leadership Team
4-6	Moderate risk	Address via new procedures and/or modification of existing practices and training	Group Manager, programme manager, work stream leaders
1-3	Low risk	No formal requirement for further action, unless escalation of risk is possible	Work stream leaders, project managers

6.10 RISK TOLERANCE RECOMMENDATION

Author: Tina Stevenson, Corporate Services Group Manager

Authoriser: Tina Stevenson, Corporate Services Group Manager

Attachments: 1. Risk Appetite Summary - March 26  

PURPOSE

1. For the Audit and Risk Committee (the Committee) to recommend an appropriate level of risk tolerance to Council.

BACKGROUND

2. In accordance with the Audit and Risk Committee Annual Work Plan, the Committee is to 'recommend to Council an appropriate level of risk tolerance' annually at its March meeting.
3. The ISO 31000 risk management standard defines risk appetite as the "amount and type of risk that an organization is prepared to pursue, retain or take to achieve its objectives". It reflects the organisation's risk management philosophy and, in turn, influences the organisation's culture and operating style.
4. For any business the taking on of risk to achieve objectives is at times necessary. Every business will also recognise that in taking on any risk (with positive or negative outcomes) the exposure to risk is expected to be managed.
5. With most operational and Council decisions, there are a mix of risks that touch on different risk categories, requiring balancing and prioritisation.
6. The risk appetite statement can help to balance these risks and ensure they are viewed subjectively, and should be considered in Council's decision making process.
7. The attached 'Risk Appetite Summary' was adopted by Council in September 2022, following the development of the Risk Management Policy.
8. It has subsequently been reviewed annually, with no changes to date.
9. The broad categories of risk that have been identified are as follows:
 - a. Economic & District Growth
 - b. Financial
 - c. Compliance
 - d. Health & Safety
 - e. Reputation
10. Risk appetite has been graded into three categories – 'low', 'moderate' and 'high'.
11. Low means being unwilling to take on anything other than small risks. Moderate means having an appetite between low and high (a flexible approach). High means being willing to take on significant risks to exploit opportunities despite potentially major consequences if the risk is realised.
12. When applied to the various categories of risk in the nature of our business, a profile is built for acceptable risk appetite and tolerance across the Council. This shapes the risk management culture, planning, operations, decision making process and guidance.
13. It would be expected that the identified risks across the various categories are assessed, treated and managed within these appetite levels.
14. The proposed risk profile is generally 'risk adverse', which is common for public sector organisations given the obligations around transparency and accountability.

15. The most risk tolerant category was Economic & District Growth, with Council being prepared to take more risk to achieve desired outcomes, with Health & Safety at the other end of the spectrum, with Council being risk adverse in this area.

PROPOSAL

16. That the Audit and Risk Committee recommend the level of risk tolerance that is acceptable for each category of risk.
17. Management have not proposed any changes.

Options

18. The Committee may decide to recommend to Council the appropriate level of risk tolerance as presented; or
19. The Committee may decide to make amendments to the risk appetite statement before confirming their recommendation.

RECOMMENDATION

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, or with modifications.

Risk Appetite Summary | Waimate District Council | March 2026

About our Risk Appetite Statement

The Council’s risk appetite is the shared view of the Councillors and the Leadership Team and refers to the type and amount of risk that the Council is prepared to accept or avoid to achieve its strategic objectives. The risk appetite statement influences and guides decision making.

In pursuing its vision and strategic objectives the Council will accept a level of risk proportionate to the expected benefits to be gained, and the impact or likelihood of damage.

Risk Appetite Summary									
	Low Appetite			Moderate Appetite			High Appetite		
	Accept little or zero risk, taking a cautious approach towards taking risk			A balanced and considered approach is adopted to taking risk			A more assertive or aggressive approach to taking risk is accepted to realise strategic objectives		
Economic & District Growth									
Financial									
Compliance									
Health & Safety									
Reputation									

Area	Risk Appetite Statement
Economic and District Growth	We want to be nimble, try new things and staff need to feel safe to fail in the environment we set for them.
Financial	As a publicly funded entity there is a need to ensure sound financial decision making that takes between a cautious to balanced approach towards taking risk.
Compliance & Regulatory	There is a low risk appetite for compliance areas which will result in a breach of regulation or have flow on implications to public health and safety. A moderate risk appetite where there is flexibility in the decision and we don't want to slow down business or community activity.
Health & Safety	A strong need to ensure a safe environment for staff, contractors and the community.
Reputation	A realisation that Councils have to make tough decisions in the short term for the benefit of long-term objectives, however it is important to ensure a strong and positive community engagement.

Risk Appetite Summary | Waimate District Council | March 2026

The Council has a high appetite for risk in the context of:

- Supporting areas of economic and district growth.

The Council has a low appetite for risk where there is a likelihood of:

- Significant financial damage.
- Harm to the public and our staff.
- Breach of regulatory obligations.

The risk classification and rating tables within the Risk Management Policy provide guidance regarding the Council's appetite for risk.

6.11 MAJOR PROJECTS REPORT

Author: Dan Mitchell, Asset Group Manager

Authoriser: Dan Mitchell, Asset Group Manager

Attachments:

1. **Three Waters Major Project Report Quarter 2**  
2. **Roading Major Project Report 8 March 2026**  

PURPOSE

1. For the Audit & Risk Committee to receive the Major Project quarterly reports for:
 - a. Three Waters
 - b. Roothing

DISCUSSION

2. Quarterly reports enable the Committee to understand risks associated with capital delivery, risks associated with compliance and mitigations that have been made.
3. There is an emerging challenge for Council related to future projects / procurement. The situation in Iran is likely to drive significant cost increases in material supply and construction.
4. Contractors are already experiencing cost pressures associated with elevated diesel costs and are actively engaging with council staff to mitigate these impacts, especially on higher value and longer duration works.
5. Given the financial pressures, it is likely that some capital projects may need to be delayed.

RECOMMENDATION

That the Major Projects report is accepted.

Quarterly Major Projects Report
1 July 2025 to 30 June 2026
Quarter #2 (Q2) December 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		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).	1200	26	2.00%	20.00%		1174	30/06/2026	Rebudgeted for construction in 2025/26. Q4-Taumata Arowai review outcome expected for point of entry units by the end of August Procurement process options have been initiated 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.	Q1- Engaged Morrison Low to support issues & options for Point of Entry units. Develop procurement process & documents. Field inspection completed for each property. Q2- Tender documents developed and published to market, due to close at the end of January.
HOOK / WAITUNA											
513076005	Hook / Waituna - Drinking Water Intake/Plant Compliance Upgrade	Drinking Water Standards upgrades to meet compliance	1320	416	31.00%	25.00%	30/06/2022	350	30/06/2027	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. Investigations into a 12km pipelines to augment Hook from Otaio have resulted in a Feasibility & Preliminary Design cost that trigger Procurement protocols. Procurement Planning underway. Rebudgeted for construction in LTP 25/26 Q4-Pipeline survey complete & design underway for both pipe & new Water treatment plant. Rebudgeted for construction in the 2025/26 year	Q1- Design scope for additional treatment plant has been completed. Q2- Design has been completed & Contract has been offered, awaiting award.
513076022	Hook / Waituna - Tavistock/Hook Pipe Supply Link	Design & Install of pipe main from tavistock 2, to supply Hook/Waituna scheme.	2390	71	3.00%	25.00%	30/06/2027				Q1-NPV review of alignment & costs completed by Waugh. Steel pipe work on bridges completed. Q2- Awaiting remodel, consideration of alignment options underway.
513076021	Hook/Waituna - Source WTP Generator	Generator at water treatment plant	57	0	0.00%	30.00%	30/06/2027		30/06/2027	Q4- Budget roll over to 25/26. Generator will be procured once new Water treatment plant has been completed.	Q1-Generator will be procured as part of Water treatment plant construction. Q2- No additional progress
LOWER WAIHAO											
514076013	Lower Waihao - Drinking Water Compliance Denitrification plant	Investigate solution to the nitrate issue.	494	237	48.00%	40.00%	30/06/2024		30/06/2027	Q4- Resource consent application for new take lodged. 4km of new pipeline from new intake to current water treatment plant- design complete & ready for tender. 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.	Q1- Resource consent granted (October). Procurement documents produced for pipeline & treatment plant upgrade. Q2- Tender documents released for pipeline, closing January 2026. New intake awarded. Water treatment plant upgrade offer to design build received.

514076012	Lower Waihao - Glenavy line renewal	Glenavy Rural water main renewals	143	11	7.00%	35.00%	30/06/2026			Q4- Discussions being had around how to procure & timeline to be completed 2025/2026.	Q2- Stage 1 modelling complete. Assessing options available for on demand vs restricted supply for Glenavy township. Q2- No progress to report this quarter
514076004	Lower Waihao- Glenavy Township mains renewal	Lower Waihao- Glenavy Township mains renewal	70	106	151.00%	90.00%	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.	Q1- Pipe main installation complete. Laterals to be completed. Q2- Materials ordered for Laterals, Laterals to be installed beginning of 2026.
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).	1200	28	2.40%	20.00%		1200	1/06/2027	Rebudgeted for construction in 2025/26. Q4-Taumata Arowai review outcome expected for point of entry units by the end of August Procurement process options have been initiated 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.	Q1- Engaged Morrison Low to support issues & options for Point of entry units. Develop procurement process & documents. Field inspection completed for each property. Q2- Tender documents developed and published to market, due to close end of January.
WAIKAKAHI											
517076003	Waikakahi - Drinking Water Intake/Plant Compliance Upgrade	Drinking Water Standards upgrades to meet compliance	2900	38	1.00%	20.00%		2900	1/06/2027	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. Q4- TA review outcome expected for point of entry units by the end of August Procurement process options have been initiated. New water source is being investigated as part of the process due to poor existing water quality for point of entry supply.	Q1- Engaged Morrison Low to support issues & options for Point of entry units. Develop procurement process & documents. Investigation of new alternative source underway. Q2- Tender documents developed and published to market, due to close at the end of January. This scheme has been stated as provisional due to assessing options for the Lower Waihao Scheme
URBAN											
531076001	Urban Water - Rising Main Renewals	Investigation of options for a dedicated rising main on High Street.	700	228	33.00%	10.00%	30/06/2026			Q4- Herbert Street watermain renewal awarded practical completion end of June 25. Queen Street watermain completed using in house team. Remaining budget allocated to purchase RF (radio frequency) water meters to complete the remaining non RF meter installation.	Q1- Investigation of dedicated rising main on High Street-Queen Street to Cemetery. Water meters being installed. Q2- No progress this quarter
531076024	Urban Water - Booster Bakers/Court/Hunts/Fitzmaurice Roads	Booster pump station for Bakers/Court/Hunts/Fitzmaurice Roads	305	12	4.20%	10.00%	30/06/2022		30/06/2027	Q4- Budget carry over to 25/26 Booster will be staged after the below extension work. 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. Planning & staging of works underway, to complete various outcomes in stages.	Q1- Booster to be staged after the pipe extensions have been completed Q2- Pump shed installed.

531076025	Urban Water - Extension Bakers/Court/Hunts/Fitzmaurice Roads		540	52	10.00%	20.00%	30/06/2027			Q4- Design and staging of extension underway, expect to procure first phase by end of 2025. Q3- 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. Planning & staging of works underway, to complete various outcomes in stages.	Q1- Base plans & staging completed, Procurement documents underway. Q2- Stage 1 Fitzmaurice Road has been completed. Design work for Hunts Road is progressing.
531076028	Urban Water - Te Kiteroa Main, Booster and Reservoir	Point Bush Road Development	2029	427	21.00%	50.00%	30/06/2023		30/06/2026	Q4- Staging & design of works complete for extension & install of pipework. Procurement Q1 25/26 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. Sizing of pipework is underway, which will lead to procurement plan & documents being progressed before heading to market for installation. New pump shed & booster/reservoir will be staged after the mainline install. 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. 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.	Q1- Procurement of pipe & installation underway. Q2- Tender for part 1(Point Bush Road) and 2(Garlands Road) Awarded. Part 2 completed December 2025. Part 2 Scheduled to commence January 2026
531076021	Urban Water - Waimate Reservoir Cover Replacement	Replacement Cover, Urban Water Reservoir	100	0	0.00%	15.00%	30/06/2025		30/06/2026	Q4- Obtaining an up to date quote. Will be carry forward to 25/26 Q3- CE approval achieved, waiting to receive re-quote from supplier to push forward. Have obtained Quotes, awaiting CE approval due to exceeding budget by approximately 10%	Q1- CE approval obtained. Q2- Contract awarded, Physical works scheduled to begin March 2026
WASTEWATER											
552074501	Sewer - Waimate Urban Renewals	Waimate Urban network Renewals (pipe, manholes) Augustine Street Renewal	726	803	110.00%	90.00%	30/06/2026			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.	Q1-CCTV inspection completed to schedule future renewals. Augustine Street Renewal (pipe bursting) underway. Q2- Augustine Street nearing completion
STORMWATER											
553075016	Stormwater - LGC Overland Flow renewal		100	0	0.00%	0.00%	30/06/2026				Q2- Consultant engaged to review catchment
553075015	Stormwater - Park Road catchment investigation		304	215	71.00%	0.00%	30/06/2026			Q4- Completed permeability(soakage) tests, design concepts underway with issues & options.	Q1-Modelling completed for proposed Park Road pipe & Belt Street soakage Q2- Project on hold, reviewing alternative options.

Major Projects Report

08-Mar-26

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	Status		Comments / Issues / Risks / Reasons
			Time	Budget	
Kerb & Channel and Footpath Renewal	<i>K&C and Footpath</i> George Street 210m Deep Channel Innes 90m Bluecliffs Road 30m Studholme Street 230m Deep Channel (on Hold) <i>K&C only</i> Opie Street 350m <i>Footpath only</i> Wilkin St 2 Sections 105m & 52m Micheal 125m Cameron 30m Footpath Kerb and Channel Renewal	\$141,500 \$248,707			George & Innes Street K&C and footpath complete. Opie Street K&C complete Resurfacing work in progress
	Cameron Street footpath completed				
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	\$1,280,000			Work Started Mid February 2026 45% completed 9 March,
Pavement Rehabilitation	Additional Pavement layer and new sealed surface constructed on failed section of Road Approx. 3.5 km Length increased to 4.4km because of additional funding from NZTA Pothole Prevention Programme	\$1,214,258			Programme includes ,Gordons Valley Road & Pareora River Road sections., Gordons Valle y Road Sections Completed. Work in Progress Pareora River Road Maech April.
Structure Component Renewals	Bridge Component replacement Beams, Deck Etc	\$206,907			Farm Road Bridge (25m) Superstructure and piles replaced with materials ex Waitaki Bridges. Cleaves Bridge Milne Road (6m) Superstructure replaced.

6.12 LEGISLATIVE REFORM RISK REPORT

Author: Shey Taylor, Strategic Planner/Policy Advisor

Authoriser: Nicole Timney, Community Services and Strategy Group Manager

Attachments: 1. Legislative Reform Risk Tracker  

PURPOSE

1. This paper tracks Central Government reforms and proposed legislative changes, maps them to Council activities, assesses implications and risk, and provides general mitigation strategies for the Audit and Risk Committee's consideration.
2. At the time of this report, the status of each of the tracked pieces of legislation is up to date in line with information from central government.
3. This report is tabled by the Community and Strategy Group with input from subject matter experts from each Council activity.
4. The purpose of this report is to:
 - a. Inform – Improve the Audit and Risk Committee's understanding of pending reform/legislation affecting Council's activities and enables early direction setting.
 - b. Assess Risk – Identify likelihood, impact, timing, and scale of potential changes at an activity level.
 - c. Enable Action – Recommend general responses to mitigate risk and enable more extensive workshops when required.
 - d. Enhance – Improve risk mitigation reporting in Council's core planning documents.
5. The report is structured to identify:
 - a. Council activity (e.g. Water, Roading, Regulatory)
 - b. Contributing subject matter expert
 - c. Reform/Legislative Act (Including title and relevant agency)
 - d. Status (e.g. Emerging, introduced, consulting)
 - e. Executive summary (3-4 sentences)
 - f. Risk assessment pros/cons
 - g. Recommended response
 - h. Next steps and key dates

RECOMMENDATION

1. That the Audit and Risk Committee accepts the Legislative Reform Risk report, and
2. That the Audit and Risk Committee provides feedback and direction, as required.

Risk Name (Reform/Act)	Status	Summary	Risk			Implications Pros/Cons	Recommendations	Next Steps and Key Dates
			Impact	Timing	Scale			
District Planning and Regulatory								
Building Consents Systems Reform	Proposal No draft bill available	<p>Central Government is proposing major reforms to the building consents system. At the reforms core is the shift from joint and severe liability to proportional liability. This means that Councils, and by extension, ratepayers are not left with the full cost of defective building work when other responsible parties cannot pay.</p> <p>Central Government has indicated that this shift in liability will be accompanied by several support mechanisms including mandatory warranties, personal indemnity insurance, and deposit security schemes.</p> <p>The reforms also provide a pathway for the voluntary consolidation of Building Control Authority (BCA) functions.</p> <p>Along with these reforms Central Government is concurrently granting approval for private BCAs.</p>	Major	Within 12 months	Significant Includes aspects of Council's Building Control operations	<p>Impact on Council operations is partially dependant on the extent to which Council choses to engage in consolidated shared services.</p> <p><u>Pros</u></p> <ul style="list-style-type: none"> - Reduced financial exposure to defective building work - Potential operational efficiency through shared services - More risk mitigation tools at earlier stages of liability <p><u>Cons</u></p> <ul style="list-style-type: none"> - Increased complexities in monitoring indemnities and warranties. - Shared services may result in reduced independence and autonomy of Council - Implementation complexities include revising internal policies, and staffing considerations 	<p>Prepare a formal submission when consultation is open.</p> <p>Financial review of how a shift to proportional liability may alter Council's risk profile.</p> <p>Consider aspects of BCA functions that may benefit from a shared services arrangement.</p>	Draft bill expected in early 2026
Resource Management Act Reform	Draft bill introduced 9 Dec 2025 Consultation Closed 13 Feb 2026	<p>The reform programme seeks to replace and modernize the Resource Management Act with two new acts that support several "national direction instruments".</p> <p>Natural Environment Bill - focused on protecting and restoring the natural environment</p> <p>Planning Bill - focused on land use, infrastructure, and development.</p> <p>A significant aspect of the reform is to narrow the scope of regulation by providing a stronger emphasis on unified national standards, regional spatial strategies, and compliance/enforcement consistency.</p>	Major	Within 12 months Indication of 10 year transitional period	Significant Includes impacts on Council's consenting activities	<p>Specific implications for council are difficult to determine until draft bills are available. However, the stated aims of the reform are likely to impact Council's planning, development, consenting, and regulatory activities. The following pros and cons are purely speculative.</p> <p><u>Pros</u></p> <ul style="list-style-type: none"> - Streamlined consenting processes based on clearer national standards - Spatial strategies will enhance land use, infrastructure, and environmental long term planning <p><u>Cons</u></p> <ul style="list-style-type: none"> - Significant costs in implementing may fall on Councils - Extensive complex changes over a 10? year implementation - Further consolidation, centralization, and regionalisation may erode elements of local decision making. 	<p>Council acknowledges the importance of engaging in the regional spatial planning process and considers whether resourcing is commensurate with the significance of the work along with the need to meet short statutory timeframes.</p> <p>Utilize existing information sharing networks like LGNZ and Taituara to stay informed of potential developments.</p>	<p>Submission made by Alex MacDonald 10 Feb 2026</p> <p>Awaiting second reading and submission outcomes</p>

Risk Name (Reform/Act)	Status	Summary	Risk			Implications Pros/Cons	Recommendations	Next Steps and Key Dates
			Impact	Timing	Scale			
District Planning and Regulatory								
Emergency Management Bill (To replace Emergency Management Act 2002)	Bill Introduced 9 Dec 2025	<p>The proposed reform updates and replaces the Civil Defence Emergency Management Act 2002. The purpose of the reform is to modernise the current civil defence system by creating a nation-wide common operating framework in achieving the 4 Rs</p> <ul style="list-style-type: none"> - Risk Reduction - Readiness - Response - Recovery <p>This framework will aim to standardise planning, information sharing, and reporting systems across existing CD groups and focus on strengthening community and iwi/Māori engagement.</p>	Minor	6-12 months	Civil Defence Activities	<p>The majority of the bill is aimed at strengthening national and regional governance and accountability measures including expanding emergency powers and civil liberties protections, introducing compliance mechanisms and planning standards, and mandating Maori engagement at a regional planning level.</p> <p>For Council's civil defence activities there are very few significant changes.</p> <ul style="list-style-type: none"> - The Mayor remains the primary individual responsible for declaring an emergency. - Establishment of a line of accountability between the CE and local Emergence Management Officers. - Mandate for CE to coordinate resources made available for the purposes of the act (may delegate) 	<p>Council acknowledges the potential scale of reviewing existing Civil Defence planning to meet new statutory requirements and ensure staff have the necessary resources.</p> <p>Update Delegations Policy to include new legislation. Delegation from CE to EMO of coordination responsibility.</p>	<p>Bill awaiting second reading</p> <p>No indication of timelines</p>

Risk Name (Reform/Act)	Status	Summary	Risk			Implications Pros/Cons	Recommendations	Next Steps and Key Dates
			Impact	Timing	Scale			
Three Waters (Drinking Water, Storm Water, Sewerage)								
<p>"Local Water Done Well"</p> <p>Local Government (Water Services) Act 2025</p>	<p>In force</p> <p>Rollout of requirements through to 2027</p> <p>Approved Internal Business Unit must be established and ring-fenced by 1 July 2027</p>	<p>Local water done well is the current governments water service reform policy, replacing the prior 3 waters reforms.</p> <p>Its focus is on councils retaining a local ownership and decision making for water infrastructure and services while instituting stronger central government oversight.</p> <p>Economic regulation will be administered by the Commerce Commission for water service providers which includes financial regulation aimed at ensuring long term financial sustainability and effective long term planning for infrastructure development.</p> <p>Taumata Arowai will continue to remain an independent national drinking water regulator who will set and enforce both drinking water standards (DWSNZ) and quality assurance rules (DWQAR).</p>	<p>Major</p>	<p>18 Months</p>	<p>Significant</p>	<p>Council has submitted its Water Services Delivery Plan (WSDP) for approval indicating the intention to operate a financially ring-fenced water services internal business unit (IBU)</p> <p>This plan was approved on 14 Nov 2025.</p> <p>While further guidance from DIA, OAG, and ComCom is expected to clarify reporting requirements and expectations, it is clear that LTP core planning documents (Financial and Infrastructure Strategies) will continue to have ongoing connections with the operation of a ring-fenced IBU. For this reason, progress on the IBU's stand up and transition cannot occur in isolation from the LTP process as misalignment could result in operational, financial, and compliance risks.</p> <p>There is a risk that material or perceived departures from the approved plan during implementation may result in DIA requesting clarifications.</p>	<p>Council acknowledge the critical interdependency between the establishment of a water service delivery internal business unit and the adoption of the 2027-37 Long Term Plan.</p> <p>To mitigate risk and minimise schedule slippage, Council should closely monitor integrated progress reporting and be prepared to escalate emerging delays by ensuring leadership has the appropriate capacity to meet deadlines.</p> <p>Continue to closely monitor guidance from regulatory agencies.</p>	<p>6 months December 2025 to June 2026</p> <p>IBU stand up including core governance documentation and policies</p> <p>18 Months January 2026 – June 2027</p> <p>Transition of water services to IBU, including establishment of processes and procedures to meet reporting, regulation, and financial requirements.</p>

Risk Name (Reform/Act)	Status	Summary	Risk			Implications Pros/Cons	Recommendations	Next Steps and Key Dates
			Impact	Timing	Scale			
Council								
Local Government Systems Improvement Bill	Awaiting second reading	<p>This primary policy objective of this bill is to reduce pressure on council rates by refocusing the purpose of local government, better measuring and publicising council performance, prioritising core services in council spending, strengthening council accountability and transparency, and providing regulatory relief to councils.</p> <ul style="list-style-type: none"> - Removes the four "well-beings" from the LGA - Redefines the purpose of local government to include an increased focus on Infrastructure, transport, waste, civil defence, recreational facilities and facilitating economic growth. - Secretary for Local Government may set benchmarks for performance measures. - Publishing of Council benchmarking data - Introduce standardised code of conduct and standing orders for Councils. - Reduce miscellaneous regulatory requirements - Mandatory disclosure of all consulting costs 	Major	12 months	Significant (Changes may impact a large portion of Councils activities)	<p>The overwhelming narrative surrounding this reform is rates affordability.</p> <p>The proposed redefinition of the purpose of local government will narrow the scope of Councils core planning. The shift in focus is from broad "well-beings" based outcomes to "core services" deliverables that are measurable, benchmarked, and promoted. These metrics will serve as the basis for fostering increased financial/operational scrutiny.</p> <p><u>Update 25 November 2025</u> Select committee report delivered with proposed amendments to the bill.</p> <ul style="list-style-type: none"> - Softer framing of constitutes a "core service" - Inclusion of "community facilities" as a core service (i.e. toilets, halls, reserves) - Consultation requirements when: 	<p>Continue to monitor the development of the bill.</p> <p><i>Note: This could have an impact on how we develop the Long Term Plan 2027-2037. More specifically:</i></p> <ul style="list-style-type: none"> - Wellbeings - Assumptions and Risk - Council Activities <p><i>To be discussed in more depth at LTP Workshop</i></p>	<p>Awaiting 2nd reading</p> <p>We are not anticipating enactment before the end of March.</p>
Simplifying Local Government	<p>Proposal and Consultation</p> <p>(Bill would likely be introduced in 2nd half or 2026)</p>	<p>The proposed target of these reforms is major changes to simplify and reduce the cost of Local Government.</p> <p>Regional Councils would be replaced with "Combined Territories Boards" comprised of the regions Mayors which would manage regional functions using a voting system weighted by population.</p> <p>Boards would be responsible for developing a "Regional Reorganization Plan" that could include shared services or the merging of Councils into unitary authorities.</p>	Major	12-24 months	Significant	<p>This reform would fundamentally reshape how Councils operate. Council would lose regional Councillor representation but gain more direct representation in regional decision making through the Mayor.</p> <p>Reorganisation will push councils towards shared services and amalgamation with promises of operational efficiencies. While Council may benefit from streamlined planning and fewer duplicated functions there is a significant threat of eroding local representation.</p>	<p>Consultation closed 20 February 2026.</p>	<p>Consultation Closed</p> <p>Submission made by Stuart Duncan</p> <p>Awaiting outcome of submissions</p>

Risk Name (Reform/Act)	Status	Summary	Risk			Implications Pros/Cons	Recommendations	Next Steps and Key Dates
			Impact	Timing	Scale			
Council								
Rates Capping Legislation Proposal	Proposal and Consultation	<p>Proposed reform to institute a targeted cap on annual local government rates rises with the stated aim of "improving affordability for households."</p> <p>Under the proposal, Council would be expected to keep annual rates within a centrally defined range, with the ability to exceed the cap in limited circumstances.</p> <p>Early indications suggest that this centrally defined range will target 2-4%, drawing from forecasted inflation targets for the minimum and long-run nominal GDP growth as the ceiling.</p> <p>Any change would not be enacted until December 2026. A trajectory of rates reduction to the target 4% would be expected in the first 2 years of the LTP 2027-2037, with rates within the 2-4% target in the third year.</p>	Major	12-36 months	Significant	<p>A rates-capping regimes would have a substantial impact on how Council will plan, fund, and deliver its services.</p> <p>While a cap may offer predictability and restraint on rising rates, there are significant concerns regarding the inability to adequately fund core services and infrastructure development/maintenance.</p> <p>A centrally derived cap based on general economic indicators may fail to capture the diversity of local circumstances, including infrastructure age/use, population growth/decline, economic activity, and natural hazards. This could result in the inability of Council to adequately respond to community priorities and unexpected cost pressures.</p>	<p>Consultation closed 4 Feb 2026.</p> <p>Await the outcome of submissions.</p>	<p>Consultation Closed</p> <p>Submission made by Stuart Duncan</p>
Local Government (Infrastructure Funding and Financing) Amendment Bill	Exposure Draft available	<p>Bill will replace development contributions with a system of development levies. Potential changes to targeted rates.</p>	Minor	6-12 Months	Significant	<p>This bill amends the Infrastructure Funding and Financing Act 2020 (IFFA) to streamline the use of a Special Purpose Vehicle (SPV) and development levies as the primary funding mechanism of infrastructure development.</p> <p>The amendment would streamline a system that allows Councils to circumvent debt limits on infrastructure spending by the debt being help by the SPV. This debt would be serviced by a targeted long term levy that Council would collect.</p> <p>While a streamlined IFFA funding mechanism would alleviate Council of directly carrying debt for major infrastructure development, It may erode Councils decision making power over infrastructure projects.</p>	<p>This bill has been made available as an exposure draft and has not yet been submitted to parliament formally.</p> <p>Council should track the development of the proposed amendment and make a submission when available for consultation.</p> <p><i>Note: Impact of this amendment may change to major based on the contents of the bill.</i></p>	<p>Not formally introduced to parliament.</p> <p>Awaiting introduction of formalized bill.</p>

6.13 COUNCIL'S POLICY STATUS

Author: Shey Taylor, Strategic Planner/Policy Advisor

Authoriser: Nicole Timney, Community Services and Strategy Group Manager

Attachments: 1. Policy Status Report - A&R 5 March 2026  

PURPOSE

1. The Policy Status report, updated 5 March 2026, is presented for the information of the Audit and Risk Committee.

BACKGROUND

2. Policies will be reviewed each month with a status report sent to sponsors to either begin discussions for review or review any updated drafts.
3. The internal process is as follows:
 - a. Each sponsor is informed of any upcoming review or to review any draft sent to them.
 - b. An invite will be sent to sponsor of the policy to discuss with Community and Strategy Group requirements of the policy, any updates or changes as required.
 - c. When the sponsor agrees with the updated draft policy it is taken to the Leadership Team for discussion and agreement.
 - d. The agreed policy will come to Council for adoption or come into effect within council operations if an internal policy that does not require Council adoption.

RECOMMENDATION

That the Council's Policy Status report is accepted

Waimate District Council Policy Index

Legend	
Valid Policy	
Policy Review Date Approaching	
Policy Review Overdue	
Proposed Policy	
Task Review Update	

Task Review Update	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
DEMOCRACY					
26/2/26	Standing Orders	Chief Executive (LGA cl 27 sch. 7)	Sent to Comms Manager to begin review	March 2026	
24/2/26	Elected Members Code of Conduct	Chief Executive (LGA cl 15 sch. 7)	Sent to Corporate Services GM for review	March 2026	
26/2/26	Governance Statement	Chief Executive (LGA s 40)	Sent to Corporate Services GM for review	March 2026	
5/3/26	Triennial Agreement	Chief Executive (LGA s 15)	Council signed agreement on 16 December 2025 and valid through to 2028	February 2028	

Updated 5 March 2026

	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
PUBLIC POLICIES					
	Significance and Engagement Policy	Community and Strategy	Reviewed before each LTP (Must consult if amended)	30 June 2027	
27/2/26	Risk Management Policy	Corporate Services	1 st Draft with sponsor for review	March 2025	
25/2/26	NEW - Media Policy	Executive Support	2 nd Draft with sponsor for review	February 2026	
25/2/26	Gambling Venue (& TAB Venue) Policy	Regulatory and Compliance	With GM for discussion with Leadership	March 2026	
25/2/26	Dog Control Policy	Regulatory and Compliance	Under special review – with GM	July 2028	
	Sustainability Policy	Asset Group	Not under development. Request removal of this policy, discussion with LT		
5/3/26	Delegations Policy	Corporate Services	Will require further review, there was a minor review due to changes with Water Committee. Major review underway.	27 January 2026 – Minor Change	
16/2/26	Elected Members Remuneration and Expenses Policy	Corporate Services	Draft with sponsor for 25/26 determination review	March 2026	
2/2/26	Fraud Policy	Corporate Services	Draft with sponsor for review	October 2022	
17/2/26	Smokefree & Vapefree Policy	Community and Strategy	Review ready for sponsor	March 2026	
25/2/26	Dangerous, Affected, and Insanitary Buildings Policy	Regulatory and Compliance	With GM for discussion with Leadership	August 2028	

Updated 5 March 2026

	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
FINANCIAL POLICIES					
Note: ** these policies are reviewed as part of each Long Term Plan process and are effective when the LTP is adopted each of the LTP June.					
	**Revenue and Financing Policy	Corporate Services LTP (LGA sch 10)	(Must Consult)	30 June 2027	
	**Liability Management Policy	Corporate Services		30 June 2027	
	**Investment Policy	Corporate Services		30 June 2027	
	**Financial Contributions Policy	Corporate Services	(Must Consult)(Must renew every 3 years)	30 June 2027	
	**Rates Remission and Postponement of Policy	Corporate Services	(Must Consult)	30 June 2027	
	**Statement of Accounting Policies	Corporate Services	Reviewed for each annual plan and annual report	30 June 2027	
26/2/26	Property and Land Sale, Purchase and Lease Policy	Asset Group	Start process of review with GM	July 2026	
	Sensitive Expenditure Policy	Corporate Services		November 2027	

Updated 5 March 2026

	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
INFRASTRUCTURE POLICIES					
26/2/26	Dust Suppression Policy	Asset Group	With Manager and GM for review	August 2021	
26/2/26	Asset Management Policy	Asset Group	Begin discussions with GM for review	August 2026	
INTERNAL POLICIES					
26/2/26	Harassment Policy	Human Resources	Continue discussions with Manager to review after change of staff member	June 2023	
26/2/26	Office Secure Access Policy	Corporate Services	Begin discussions with GM to review	April 2026	
26/2/26	Flexible Working Policy	Human Resources	Continue discussions with Manager to review after change of staff member	February 2025	
26/2/26	Workwear Policy	Human Resources	Appendix updated but still requires further review by Manager	May 2026	
26/2/26	Computer Systems Use Policy	Corporate Services	Draft with sponsor for review, will be followed up	July 2025	
	Corporate Gifts and Hospitality Policy	Chief Executive		August 2028	
2/2/26	Vehicle Use Policy	Corporate Services	Draft with sponsor for review	November 2024	
26/2/26	Personnel Records Policy	Human Resources	Continue discussions with Manager to review after change of staff member	September 2024	

Updated 5 March 2026

26/2/26	Drug and Alcohol Policy	Human Resources	Continue discussions with Manager to review after change of staff member	April 2024	
	Sick Leave Gifting Policy	Human Resources	HR Review	November 2025	
	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
	Computer Security Incident Management Policy	Corporate Services		March 2028	
	NEW - Leave Policy	Human Resources	Proposed new policy		
2/2/26	NEW - Personal Accident Insurance Policy	Corporate Services	Draft with sponsor for review	March 2026	
	NEW - Privacy Policy	Human Resources	Proposed new policy		
INTERNAL MANUALS					
26/2/26	Health and Safety Manual	Regulatory & Compliance	New Health and Safety Officer to begin review	October 2025	
26/2/26	Staff Manual	Human Resources	HR Reviewed, discussed with LT	March 2025	

Updated 5 March 2026

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
<p>7.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 9 December 2025</p>	<p>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</p>	<p>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</p>
<p>7.2 - CCTV Footage Requests</p>	<p>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</p> <p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>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</p>

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