

**MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE
HELD ON 11 AUGUST 2026 AT 3.00PM, TOTARA, COUNCIL CHAMBERS,
96 WEST END, KAIKOURA**

PRESENT: Deputy Mayor V Gulleford (Chair), Mayor C Mackle, Councillor M Redwood, Councillor J Diver

IN ATTENDANCE: W Doughty (Chief Executive Officer), P Kearney (Senior Manager Corporate Services), C Kaa (Finance and Business Partnering Manager), B Makin (Executive Officer - minutes).

1. OPENING WITH A KARAKIA

2. APOLOGIES Nil

3. DECLARATIONS OF INTEREST Nil

4. CONFIRMATION OF MINUTES

Mayor C Mackle joined the meeting at 3.02pm.

RESOLUTION

THAT the Committee confirms as a true and correct record, the circulated minutes of the meeting held on 12 May 2026.

Moved: Councillor J Diver

Seconded: Councillor M Redwood

CARRIED UNANIMOUSLY

5. REVIEW OF ACTION LIST

The action list was noted.

6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil

7. AUDIT AND RISK AGENDA REPORTS

The Senior Manager Corporate Services spoke to the report and highlighted that officers are continuing to refine reporting provided to the Committee. This includes consideration of how future reporting can provide greater visibility of infrastructure asset condition, compliance requirements and asset-related risks e.g. maintenance requirements, particularly through information provided by the water services entity and IWK.

Council continues to manage a significant number of concurrent work programmes, including flood recovery, infrastructure projects, the HeadStart, Long Term Plan development, annual report audit preparation, ERP implementation, legal matters, and business-as-usual operations. While the report confirms Council remains financially strong and compliant with LGFA requirements, it was noted that the primary organisational risk is not financial capacity but ensuring appropriate prioritisation of work programmes and maintaining delivery without creating greater risks in the future. Organisational capacity, flood recovery costs, audit readiness, Long Term Plan planning, and emergency management preparedness remain key areas of focus.

The incoming Senior Manager Operations starting in August would assist with organisational capacity at an executive level. Management is continuing to assess whether additional resourcing may be required in key areas. Members queried the likely cost and staffing implications of additional support may be required. Officers advised that options were still being worked through, including consideration of whether senior specialist resources would provide greater value than external consultants in some areas. It was also noted that recruitment challenges continue in certain specialist roles, particularly within finance.

The Chief Executive advised that the proposed Regional Spatial Plan could have significant resource and cost implications for Council. A report would be presented to Council regarding participation in the Canterbury Spatial Plan process; however, a commitment to any financial contribution would not be recommended until the outcome of the HeadStart proposal is known. It was noted that if the proposal is unsuccessful, Council would be required to contribute to the Canterbury Spatial Plan work.

Members discussed the financial implications of the July flood event and associated health and safety risks. A query was raised regarding repair costs associated with damaged infrastructure, including sites such as Bay Paddock Road. Officers advised that work packages were currently being scoped and costed, with initial estimates expected shortly. It was noted that the flood event represents a significant financial challenge for Council due to the limited availability of Government funding support. Preliminary estimates indicated recovery costs could be in the vicinity of \$5 million plus, with approximately \$1-1.5m million potentially falling to ratepayers. Discussion also occurred regarding rates capping, natural disaster funding mechanisms, and potential Long Term Plan implications.

An update was provided on Plan Change 6. It was noted that NIFFCO had advised that the remediation plan is currently with Ministers for consideration. Members were informed that the proposed arrangement requires funds from both NIFFCO and the developer to be held in a dedicated account, as Council is unable to fund the associated cashflow requirements. It was further noted that construction contracts would remain between Council and the contractor.

The Senior Manager Corporate Services highlighted audit readiness as an area of focus and noted that performance measures within departmental reporting had not yet been updated. It was acknowledged that management had requested sample testing information throughout the year; however, this information had not yet been received.

Members noted that this will be the first annual audit undertaken following implementation of the new ERP system. Officers advised that asset data has now been successfully migrated into Datascope, including water assets. It was noted that some challenges had been experienced with water asset information; however, these issues had largely been resolved. Officers further advised that WSP had indicated the asset revaluation programme is approximately one month behind schedule.

Discussion also occurred regarding sensitive expenditure. Officers advised that Audit New Zealand had identified this as an area of focus during interim audit work. Members were informed that additional approval controls have been implemented for credit card expenditure to strengthen governance oversight.

The Committee discussed the HeadStart proposal and associated risks. It was noted that key risks relate to the process itself, associated costs, and the impact on business-as-usual activities. Officers advised that any future cost-sharing arrangements remain to be determined. While debt funding remains available if required, Government funding assistance had also been sought, with no confirmation received to date. It

was noted that detailed design work would require additional resourcing and may necessitate deferral of other work programmes. Discussion also occurred regarding Council's self-imposed debt limit of \$15 million and whether this should be revisited as part of Long Term Plan deliberations, noting that Council remains well within formal LGFA borrowing limits.

Emergency management readiness was also discussed. Members noted that Council remains constrained by limited internal resources and that additional planning and preparedness work is required. The Chief Executive advised that proposed emergency management legislation is expected to place greater responsibility on councils across all aspects of emergency management and recovery, increasing the importance of organisational readiness.

Mayor C Mackle left the room at 3.46pm and re-entered at 3.50pm.

Members queried Environment Canterbury's planned recovery works programme. Officers advised that Environment Canterbury is currently assessing costs and preparing funding requests through the Regional Infrastructure Fund process. It was noted that substantial costs are anticipated within the affected catchments and that further information would be available once post-event assessments are completed. Flood protection works performed as designed during the event and Environment Canterbury is currently considering options for managing material deposited within river systems.

Regarding Council's on-premise IT server, replacement costs are expected to be significant and that strategic decisions will be required regarding future investment.

Members sought clarification regarding water services rates billing following the establishment of the new water services entity. Officers confirmed that the current rating year will continue under the existing process, as rates have already been set by Council. It was noted that future water charges will be informed by the water services strategy and tariff-setting framework developed by the entity.

The Committee also noted that future options for Waiau Toa access arrangements are likely to form part of upcoming Long Term Plan discussions.

RESOLUTION

That the Committee:

- a) receives this report and attachments for information*
- b) provides staff direction on any inclusion/deletion for future agenda topics*
- c) notes the Treasury Report (including borrowing headroom)*
- d) notes the Debtors Report*
- e) notes the intention of management to include information on Infrastructure and Compliance in*
- f) due course*

Moved: Councillor M Redwood

Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

8. RISK MANAGEMENT REPORT

In discussing Risk 40 (Waiau Toa / Clarence Valley Access), the Chief Executive advised that, following the recent rainfall event, previously identified access options are no longer considered viable and attention has returned to the original proposal involving a bridge crossing at Wharekiri. It was noted that the annual cost of maintaining the existing ford is approximately \$50,000 depending on rainfall events and that the northern

approach has sustained further damage during the recent weather event. Discussion occurred regarding the potential need for a targeted rate to contribute towards ongoing access costs, with members noting that further discussion would be required if consultation on such a proposal is to be undertaken.

Members discussed the format of future reporting and indicated support for combining the Audit and Risk Agenda Report and Risk Management Report into a single report, while retaining the detailed Risk Register as a separate attachment.

It was also noted that Council has received 48 LGOIMA requests to date for 2026.

RESOLUTION

That the Committee:

- a) Receives this report*
- b) Notes the contents of the Risk Management Report (including Risk Register)*
- c) Provides any feedback for staff consideration.*

Moved: Councillor J Diver

Seconded: Councillor M Redwood

CARRIED UNANIMOUSLY

9. RECOMMENDATION TO COUNCIL Nil

10. PUBLIC EXCLUDED SESSION

Moved, Seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Public Excluded Minutes from 12 May 2026
- b) Harbour Financial Matters – verbal update
- c) Commercially sensitive, private and legally privileged risk items

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public Excluded Minutes from 12 May 2026	To approve minutes of the last meeting, the content contains commercially sensitive information and risk items that are commercially sensitive and legally privileged.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) Section (7)(2)(g) maintain legal professional privilege
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Commercially sensitive, private and legally privileged risk items	To protect information that is commercially sensitive, private, and subject to legal professional privilege.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) Section (7)(2)(g) maintain legal professional privilege Section (7)(2)(a) protect the privacy of natural persons
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*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

- Disclosure would likely prejudice the Council by weakening its commercial position, compromising legally privileged advice, and exposing sensitive risk information that could be misused or misunderstood. This may lead to financial loss, reduced bargaining power, reputational harm, or increased operational risk.

Moved: Mayor C Mackle

Seconded: Councillor M Redwood

CARRIED UNANIMOUSLY

The meeting moved into the public excluded session at 4.18pm.

11. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 4.43pm.

12. CLOSE MEETING

There being no further business, the meeting was declared closed at 4.43pm.

CONFIRMED

Chairperson
Date

**AUDIT AND RISK COMMITTEE
ACTION LIST AS AT 13 AUGUST 2026**

OPEN ITEMS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	Reserves: Seek advice from PWC on mid-range rate on internal borrowing	P Kearney	Ongoing	Start mid-March 2026
2	Arrange a separate session between the Auditors and Committee Members only	P Kearney / B Makin	May 2026	Discussions with audit underway.
3	Arrange a cyber security session for Councillors with IT	P Kearney / B Makin	May 2026	Discussions underway with IT Manager.