AUDIT AND RISK COMMITTEE MEETING
HELD AT 3.00 PM ON TUESDAY 12 MAY 2026 IN TOTARA, COUNCIL CHAMBERS, 96 WEST END, KAIKOURA

Date:	Tuesday 12th May 2026
Time:	3.00pm
Location:	Totara, Council Chambers

AGENDA

1. **Opening with a Karakia**
   Kia wātea te Wairua, Kia wātea te tinana, Kia wātea te hinengaro, Kia wātea ai te mauri, Tuturu ōwhiti whakamaua kia tina, TINA!, Haumi e, Hui e, TAIKI E!

2. **Apologies**

3. **Declarations of Interest**

4. **Confirmation of Minutes**
   4.1 Committee meeting minutes dated 10 February 2026 page 3

5. **Review of Action List** page 8

6. **Matters of Importance to be raised as Urgent Business**

7. **Audit & Risk Agenda Report** page 9
   7.1 Fraud Policy page 20
   7.2 Proposed PwC internal audit scope of work page 30

8. **Risk Management Report** page 34
   8.1 Risk Register page 36

9. **Recommendations from the Committee to the Council**

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 10 February 2026
b) Harbour Financial Matters – verbal update
c) Commercially sensitive and legally privileged risk items – verbal update

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 10 February 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 and legally privileged risk items – verbal update	To protect information that is commercially sensitive and subject to legal professional privilege, and because the verbal update will discuss risk matters that could unreasonably prejudice the organisation if made publicly available	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

*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.

11. Close meeting with a Karakia

MINUTES OF THE INAUGURAL MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON 10 FEBRUARY 2026 AT 2.59PM, TOTARA, COUNCIL CHAMBERS, 96 WEST END, KAIKOURA

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

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. REVIEW OF ACTION LIST

The action list was reviewed and noted:

- Item 1 - Seek advice from PWC on mid-range rate on internal borrowing – This action remains open. The team expects to begin work on this around mid-March, as good progress is being made on the Local Water Done Well workstream and the Annual Plan. The Senior Manager also requested that the scope be expanded to include development contributions, ensuring the approach is fit for purpose for historical recording and identifies any required changes to the levy.

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

6. REVIEW OF COMMITTEE TERMS OF REFERENCE

The Committee reviewed the Terms of Reference and indicated its agreement with the document.
Staff advised that internal audit work had not progressed due to limited internal capacity. External assistance had been obtained for eight hours of voluntary advisory support to help set up an internal audit framework.

Audit NZ meetings had been arranged with staff, ELT, and the Mayor and Deputy Mayor.
The Committee requested a separate session with the auditors without staff present (**ACTION**).
Staff would provide updates on progress with internal audit work and a proposed programme (**ACTION**).

7. PROCESS FOR SETTING THE AGENDA – STANDING ITEMS

The Committee confirmed there were no issues with the agenda structure.

A request was made for information on historical decisions that contributed to rates increases, and for ongoing monitoring of whether programmes such as footpaths and roading continue to be required and are achieving intended outcomes. Staff advised this information is incorporated into existing monitoring processes, including the community satisfaction survey.

8. AUDIT AND RISK AGENDA REPORTS

The Audit and Risk Agenda Report cover the main risk topics identified in the risk register, these are on page 9 of the Agenda. The following was discussed:

UNCONFIRMED MINUTE

Local Waters Done Well

The Committee noted the high level of risk associated with the work required to establish the new water services CCO.
Recruitment for the General Manager role had commenced, with Director recruitment to follow.
Work was underway on drafting delegations for both the Board and the General Manager.
Asset valuation work was scheduled to begin in March, with valuers confirmed by the end of February.
DIA funding of approximately $350,000 was available to support the valuation work for both Councils.

Capital Programme

The capital programme was generally on track in terms of expenditure. Some projects had been delivered over budget, and several items identified in the LTP were not yet completed. Staff were prioritising procurement and delivery of key projects.
Further updates were expected at the next meeting on landfill capping and wastewater treatment plant upgrades and staff were working with ECan to identify consent costs.

Annual Plan

Staff were considering system-based tools to support the Annual Plan process and reduce manual workload.
Procurement options and possible offsets (such as reduced staff time) were being assessed.

Other matters discussed included:

- The team are reviewing the fees and charges, including CPI adjustments
- The Council should give consideration to the Civil Defence capability in the upcoming budgets
- The District Plan review funding may need to be revisited due to changes resulting from the new RMA reforms.
- The Finance Team are working with consultants to develop the financial model excluding water assets. Modelling and testing was still underway.

Long Term Plan (LTP)

Preliminary discussions had started, with competing priorities highlighted.
Rates capping would be a key factor.
Substantive work on the LTP would commence following adoption of the Annual Plan in July.

Legislative Changes

Local Waters Done Well reforms were discussed, with attention given to the implications for smaller councils, particularly around maintaining viable and affordable water services.

Cyber Security

Staff reported that existing cyber security settings were operating effectively.
Monitoring and data reporting will be increased through the Shared Service IT Team.
Several hacking attempts had been identified and blocked.
Staff received regular cyber security training and testing. Additional training opportunities were noted.
A cyber security session for Councillors would be arranged (**ACTION**).

Civil Defence

The rising frequency of severe weather events was noted, with the need to incorporate resilience considerations into planning and procurement.
Civil Defence training is being arranged with staff to boost capability.
Staff who worked during events received compensation.
Council may need to consider increases to reserve levels as part of the LTP process.

UNCONFIRMED MINUTES

Limited staffing capacity for EOC rotations continued to present a risk, with operational pressures affecting availability.

Legal Matters
Legal matters were considered in the Public Excluded section of the meeting due to commercial sensitivity.

Audit
The Operations Team was progressing audit recommendations and would provide a further report.
The Committee noted potential inflation implications for the $30 meal policy.
Staff were seeking clarification from Audit NZ regarding the scope of the upcoming audit work, particularly in relation to the ERP implementation.

Technology
The Finance Team was completing work on data validation, balance sheet accuracy, and journal processing.
Two additional staff members had joined the team which has eased some pressure.
An automated Accounts Payable scanning system had been implemented.
Further training was required to optimise the system, and a Datascape specialist would be engaged for support.

Commercial Activities
Commercial matters were discussed in the Public Excluded section due to commercial sensitivity.

RESOLUTION
THAT:
a) the Council/Committee receives this report and attachments for information
b) provides staff direction on any amendments or inclusion/deletion for agenda topics
c) notes full financials are absent and will be included in due course
d) notes the Treasury Report in section 13
e) notes the Debtors Report in section 14

Moved: Mayor C Mackle
Seconded: D Brandish

CARRIED UNANIMOUSLY

---

9. RISK MANAGEMENT REPORT
The Committee approved an amendment to the Risk Register:

- Risk 8 (Catastrophic Events): Treatment changed from *Accept* to *Mitigate*.

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: Mayor C Mackle
Seconded: Councillor M Redwood

CARRIED UNANIMOUSLY

UNCONFIRMED MINUTE

10. RECOMMENDATION TO COUNCIL

The Committee recommends that the Council:

a) Receives the report for information.
b) Notes the Committee's support for the ongoing improvements to the Audit & Risk structure.

11. PUBLIC EXCLUDED SESSION

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

a) Harbour Financial Matters – verbal update
b) Commercially sensitive and legally privileged risk items – verbal update

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
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 and legally privileged risk items – verbal update	To protect information that is commercially sensitive and subject to legal professional privilege, and because the verbal update will discuss risk matters that could unreasonably prejudice the organisation if made publicly available	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

*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 4.30pm.

UNCONFIRMED

12. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 5.03pm.

13. CLOSE MEETING

There being no further business, the meeting was declared closed at 5.03pm.

CONFIRMED _____ Chairperson
Date

UNCONFIRMED MINUTE

FINANCE AUDIT AND RISK
ACTION LIST AS AT 7 MAY 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	Staff would provide updates on progress with internal audit work and a proposed programme	P Kearney	May 2026	High level audit timings are included in May report.
3	Arrange a separate session between the Auditors and Committee Members only	P Kearney / B Makin	May 2026	Discussions with audit underway.
4	Arrange a cyber security session for Councillors with IT	P Kearney / B Makin	May 2026	Discussions underway with IT Manager.
5	Amendment to the Risk Register: • Risk 8 (Catastrophic Events): Treatment changed from *Accept* to *Mitigate*.	P Kearney / B Makin	May 2026	Completed

UNCONFIRMED MINUTE

Report to:	**Audit & Risk Committee**	**File #**
Date:	May 2026	
Subject:	Audit and Risk Agenda Reports	
Prepared by:	P Kearney – Senior Manager Corporate Services	
Input sought from:	C Kaa – Finance and Business Partnering Manager	
Authorised by:	W Doughty – Chief Executive Officer	

1. SUMMARY

This report provides narrative on a number of Council processes, projects or initiatives including statutory and legislative obligations. In addition, this report includes oversight on Treasury and Debtors status.
Summary Risk Ratings Below:

Financial	LWDW	Legislative/Legal	IAF	People
Green	Amber	Red	Red	Amber

Since the previous report, key movements include Legislative/Legal remaining Red due to ongoing litigation exposure and central government announcements, IAF delays influencing overall capital programme risk. ERP implementation for Building and Planning remains a pressure point with Datascape delays alongside issues with Regulatory components.

Priority focus areas for the next period are Datascape stabilisation and implementation, legislative reform preparation, and staff capacity constraints. The above classifications are explained further below (where risks have changed from the previous report this has been indicated).

2. RECOMMENDATION

It is recommended that:

a) the Committee receives this report and attachments for information
b) approves the amended Fraud Policy subject to any minor amendments
c) provides staff direction on any inclusion/deletion for future agenda topics
d) provides feedback on Annual Plan/budget risk actions within section 5.1 as a result of the fuel situation
e) notes the proposed PwC internal audit scope of work and provides feedback for staff
f) notes the change for underground Water Asset insurance from 1 July 2026
g) notes the Treasury Report in section 13
h) notes the Debtors Report in section 14

3. LOCAL WATERS DONE WELL

Next steps will focus on:

- confirming CEO & Director placements – in progress/complete. Status: Green
- transfer agreement – initial conversations held. Status: Amber/Red
- preparation of the Waters entity annual plan including progress to satisfying LGFA metrics – in progress. Risk regarding metrics. Status: Amber/Red
- system requirements and set up – in progress. Status: Amber
- staff ways of working from go live – in progress. Status: Amber

Insurance – from 1 July 2026 cover provided by LAPP (Local Authority Protection Programme) will transfer to the entity.

PwC have been engaged to provide accounting assurance advice on treatment (in conjunction with HDC) – this will be provided to AuditNZ as specialist accounting opinion on our actions as part of the asset transfer and accounting recognition.

Overall Risk Status: Amber/Red
Previous: Amber

4. CAPITAL PROGRAMME

Sector	Description	Budget 2026	Actual YTD Costs	Year-End Forecast	Variance $ (B)/W	Variance % (B)/W	Status
Facilities	Pensioner Flats	70,000	17,540	52,513	(17,487)	-25%	Monitor
Facilities	Airport Capex	67,500	3,507	13,507	(53,993)	-80%	Needs Action
Facilities	Harbour		6,425	6,425	6,425		n.a
Facilities	Multi Use Courts		78,180	78,180	78,180		n.a
Facilities	Amphitheatre & Bridge	100,000	646	40,000	(60,000)	-60%	Needs Action
Facilities	Landfill Capping & Closure	392,000	179,856	239,856	(152,144)	-39%	Monitor
Facilities	**Total**	**629,500**	**286,154**	**430,481**	**(199,019)**	**-32%**	
IAF	Kowhai Stopbank	447,891	107,850	150,000	(297,891)	-67%	Needs Action
IAF	IAE 3W Network	611,266	3,962	400,000	(211,266)	-35%	Monitor
IAF	IAF Transport	9,821,326	446,744	500,000	(9,321,326)	-95%	Needs Action
IAF	**Total**	**10,880,483**	**558,556**	**1,050,000**	**(9,830,483)**	**-90%**	
Leadership	IT - Equipment	46,000	20,984	27,979	(18,021)	-39%	Monitor
Leadership	Office Furniture & Equipment	34,000		30,000	(4,000)	-12%	On Track
Leadership	Civic Centre Renewals		1,391	7,000	7,000		n.a
Leadership	Books Purchases	32,000	28,985	32,000	0		On Track
Leadership	Vehicles New	30,000	25,201	25,201	(4,799)	-16%	On Track
Leadership	Emergency Management		11,035	13,000	13,000		n.a
Leadership	BOF - Upgrades		26,253	26,253	26,253		n.a
Leadership	**Total**	**142,000**	**113,849**	**161,433**	**19,433**	**14%**	
Roading	Link Pathway		41,270	41,270	41,270	0%	n.a
Roading	I-site Carpark	20,000		8,000	(12,000)	-60%	Needs Action
Roading	Jordan Stream Bridge	500,000	311,759	311,759	(188,241)	-38%	Monitor
Roading	Streetlights - Capex		55,090	55,090	55,090		n.a
Roading	Footpath Renewals	250,000	22,671	250,000	0	0%	On Track
Roading	Road Renewals	1,478,634	261,790	1,478,634	0	0%	On Track
Roading	**Total**	**2,248,634**	**692,580**	**2,144,753**	**(103,881)**	**-5%**	
Wakatu Quay	Wakatu Quay - Capex	4,030,000	2,466,999	2,500,000	(1,530,000)	-38%	On Track
Wakatu Quay	**Total**	**4,030,000**	**2,466,999**	**2,500,000**	**(1,530,000)**	**-38%**	
Waters	Oxidation Ponds	53,700	70,035	70,035	16,335	30%	Monitor
Waters	Sewerage Reticulation	227,145	109,131	200,000	(27,145)	-12%	On Track
Waters	Stormwater Reticulation	10,000	13,256	15,000	5,000	50%	Monitor
Waters	Oaro Water - Facilities	6,922		6,922	0	0%	On Track
Waters	Fernleigh Water - Facilities	59,656		39,656	(20,000)	-34%	Monitor
Waters	Kincaid Facilities	21,794	4,660	21,794	0	0%	On Track
Waters	East Coast Facilities	7,500		7,500	0	0%	On Track
Waters	Peketa Water Facilities	8,998		8,998	0	0%	On Track
Waters	Kaikoura Urban Water	195,976	6,466	145,976	(50,000)	-26%	Monitor
Waters	**Total**	**591,691**	**203,548**	**515,881**	**(75,810)**	**-13%**	
TOTAL		**18,226,463**	**4,219,912**	**6,544,607**	**(11,681,855)**	**-64%**	
less IAF & Wakatu Quay		*3,315,980*	*1,194,357*	*2,994,607*	*(321,372)*	*-10%*	
performance to adjusted budget			*36%*	*90%*			

The capital programme is broadly on track; however, the IAF project remains materially behind schedule and represents the most significant delivery risk.

Water renewals are progressing, with current focus on critical sewer infrastructure repairs. The programme is being reprioritised for inclusion in the Annual Plan and transition to the new entity.

A key dependency remains the outcome of ECan-led landfill work. This may require a future stop/go decision, depending on confirmed funding requirements – further information will be provided when known.

With the roading work picking up and excluding IAF it is expected that the capital programme will deliver 60-70% on budget.

Overall Risk Status: Amber (excluding IAF)

5. ANNUAL PLAN / LTP

5.1 Annual Plan

The current focus of the team is on refining the narratives and entering the financial information. The Council will show the Annual Plan as excluding Water although we will be setting the Water rates for the new entity. The draft annual Plan and Fees and Charges will be presented to Council for the May meeting and the final as part of the June Council meeting.

Additional communication is planned to support the change of Water Service delivery from Council to the entity so that the community is updated and informed as best as possible. While funding the total cost of Water Services, i.e. including depreciation remains a significant burden the first year is expected to see water charges across the various schemes increase by 10-15%.

A number of unknown impacts remain at the current time such as the effect of the RMA reforms on the District Plan and the Plan stop exemptions, the recent "HeadStart" announcements by the government on the 5th May 2026 and the ongoing Iran/US conflict impacting oil prices.

Fuel Risk Action:

Analysis:

- Current analysis indicates elevated oil prices could increase total roading programme costs by approximately 5–7% in FY 2026/27, compared with pre crisis budgets
- Cost pressure is driven primarily by diesel fuel (used in plant, transport, and materials production) and bitumen, a key oil-derived input for sealing works.
- Under the US Energy Information Administration's central forecast, oil prices remain materially above historic norms through most of 2026, easing only gradually
- The roading budget is estimated to have approximately 10% of its cost exposed to fuel and oil although some indirect costs such as transport and other inputs that are harder to measure. Bitumen is the single largest exposure with approx. 30% of the resealing works contract value being bitumen. Pavement and Asphalt are at or less than 5%.

Options:

1. Provide for a 5-7% contingency in the roading budget – either via roading reserve, debt or rates – value ~$115,000. This would equate to an approximately a 1% increase in rates
2. Rephase – defer oil intensive works to later
3. Scope adjustment – Adjust quantity of work to remain in budget but complete less works

Recommendation:

- Management recommends provision of a 5–7% contingency (~$115k) for roading from the roading reserve, noting this equates to ~1% rates impact, to manage fuel price volatility risk
    - Impacts above this amount should be subject to further discussion/approvals including deferment/rephasing, adjusting scope or utilising debt.

- This is felt to be a prudent approach which doesn't unnecessarily impact the community if the situation resolves in the short term but takes into account the probable risk of an impact

Overall Risk Status: Amber

5.2 LTP

Discussion:

While still early in the LTP (2027-2037) journey, there are a number of items that will need to be considered for the LTP which may put pressure on council resources; some items which will require analysis and consideration including:

- Rates Capping / User Pays
- Asset Management Plans and Infrastructure Strategy Development Procurement/resourcing
- Consultation Topics
- Impact of Overhead / Shared Services arrangements as part of LWDW
- Depreciation funding for non waters assets
- Economic Strategy aligned Initiatives
- Town Centre Enhancements
- Automation
- Shared Services
- Legal matters
- Central Government Reform
- Clarence Bridge Cost Recovery

A high level roadmap has been prepared, a project group proposed and it is likely that to ensure success a project manager should be brought on board given the competing priorities simultaneously alongside the need to do an overhaul of process and policies.

An initial review of our Revenue and Financing policy has also been instigated.

6. LEGISLATION CHANGES

Uncertainty around Local Government reform and RMA changes may lead to misaligned planning assumptions and inefficient allocation of resources. This increases the likelihood of potential rework, staff fatigue, and suboptimal LTP decisions.

It is planned to mitigate this as much as possible via ongoing monitoring, communication with staff and councillors, scenario planning, and engagement with central government updates.

Overall Risk Status: Amber/Red

Previous: Amber

7. CYBER SECURITY

A recent Phishing exercise run by the IT team caught around 25% of Kaikoura staff through its "malicious" link. This highlights the continued risk from this threat and the need for continued education and training.

Platforms and software in place are mitigating risk from:

- access to websites
- ASR (attack surface reduction) rules blocking ~thousands of threats across HDC and KDC
- ZAP (Zerohour Auto Purge) scanning removes a number of emails per day post delivery

Instantly rejected emails prior to delivery indicates bulk of threat in emails from phishing but malware and content malware is also captured. Currently the systems are coping well with the level of threat but this requires constant review and monitoring.

Overall Risk Status: Amber

Previous: Green

8. CIVIL DEFENCE

Kaikoura has been fortunate so far with more recent rain events post January however the biggest risk in this space is staff capacity to attend training.

Ensuring staff are current and understand their roles and responsibilities in this space as well as ensuring contractability remains a core focus. Risk remains that staff are not ready nor well prepared in a large or serious event.

Mitigation steps is that the Emergency Officer will conduct in house, internally led, scenario training and readiness workshops across the functions with specific focus on function leads.

The January rain event shows that even where the event does not require an EOC to be established for an extended period that the costs of repair become costly very quickly. Consideration for greater contingency has been enabled through increasing the road reserve funding.

Overall Risk Status: Amber

9. LEGAL MATTERS

Mediation for an ongoing legal matter regarding the application of rates and subsequent non-payment was held on the 9th February. The outcome of this included actions that were to presented on the 31 March 2026. Council met its obligations in this regard. Current legal costs this year for this matter are approximately $30k ($12k at the last update).

A defence response to the defamation case was prepared for the 16th February. We are working with both a legal firm and a special counsel who specialises in these kind of cases. At the time of writing it remains unknown regarding insurance although an update is expected on the 8th May. Should insurance be provided the excess will be $50k.

Overall Risk Status: Red

10. AUDIT

Central to a positive audit experience and outcome is a productive working relationship across staff and the audit team. Our previous audit manager has left which will create a relationship gap however early meetings with the teams to be established.

Update: A positive relationship appears to be emerging with the Audit team connecting on how we could benefit from using our Tier 2 status to streamline our Audit report. This will be part of the work plan for the team.

The 25J Audit report to Management included a number of recommendations with a number relating to sensitive expenditure. To address these specifically it is proposed that the expenses incurred by both the Mayor and CE on credit cards will be provided to this committee for transparency. The driver for Audit is largely regrading approvals and receipts.

Critical areas for the 26J audit are expected to focus on the financials regarding Water and the ERP implementation as well as progress on recommendations (the management response to these recommendations will be shared in due course).

The high level audit plan timings are provided below:

Pre-final audit begins	1 June 2026 (1 week)	The focus areas for our pre-final audit will be: • revaluation of three water assets; and • fair value assessments for assets not undergoing full revaluation this year.
Trial balance provided to audit	14 September 2026	The Council to provide the final trial balances for the year ended 30 June 2026.
Draft financial statements and statement of service performance available for audit (including Mayor and Chief Executive Officer reports and notes) with actual year-end figures	14 September 2026	This is for audit to start verifying compliance with generally accepted accounting principles (disclosures), legislation compliance (only as it relates to audit), completeness (high-level sense check of the content and structure of the annual report, verify comparative info and budgets.

Milestone	Date	Comment/objectives
Final audit begins	21 September 2026 (5 weeks)	The focus areas for our final audit will be finalising all work started in interim and pre-final phases, as well as completion of the remainder of the audit.
Final financial statements and statements of service performance available, incorporating all agreed amendments	22 October 2026	This will be the version that Kaikōura District Council intend to adopt. Please provide these by 9:00am.
The Council adoption date and signing of representation letters	28 October 2026	
Final governors report to Council issued	28 October 2026	Audit New Zealand to issue the report to Council.
Audit report issued	28 October 2026	

The interim audit is currently in progress and while the audit team appear to be reviewing more in depth than normal for an interim audit we are on track with items to be submitted and no red flags have been presented to us.

The Fraud policy was raised by Audit although this was up for review this year along with the Capitalisation policy both of which are brought for approval and comment as part of this report.

Substantial risk still exists regarding the legislated non-financial performance measures relating to Water. This is mitigated by the preparation of department monthly reporting and confirmation on service request reporting from IWK. However, populated reports that can verify the data remain outstanding.

Overall Risk Status: Amber

11. TECHNOLOGY

Staff capability in Datascape continues to improve, although system maturity and user confidence are still developing.

Within the Regulatory function, the team is actively progressing testing and preparation for the upcoming dog registration process. Current registration levels sit at approximately 90%, with a high level of confidence in the integrity of the underlying data.

The primary risk at present relates to the annual rollover process, where testing has identified that fee calculations are not consistently functioning as expected. This creates a risk that incorrect invoices could be generated and issued automatically.

Mitigation measures are in place. Ongoing system testing is being undertaken, including engagement with Datascape consultants to resolve the issue. Should this not be satisfactorily addressed by mid-June, a decision will be made to revert to manual invoicing as a contingency to ensure accuracy and continuity of service.

In addition, reporting functionality for both the Ministry of Justice (MoJ) and the National Dog Database is currently not operating as required. The team is working collaboratively with both agencies and Datascape to resolve these issues. This issue is not isolated to Kaikōura.

Planning and Building are undertaking data validation and user testing work currently. Go live for Planning is expected in May (delayed from March) and Building go live for Kaikoura is expected in June. Good progress, even though the delays are incredibly frustrating, have been made with the Planning module expected to reduce administrative burden while previous statutory non-performance of the building 'clocks' has been corrected. Relevant commercial conversations as a result of these delays are to be held with Datascape representatives on 6th May. The delays will have a financial impact to planning as staff time has been directed to system testing with consents being largely outsourced to external consultants.

As part of the change in technology platforms we have approached PwC to undertake an internal review and audit of our systems and related controls (refer recommendation f). Due to cost pressures, while the sample size is relatively small the review will identify whether there are material issues, provide a form of assurance to the committee on existing controls, residual risk and provide recommendations on remediation actions.

Overall Risk Status: Amber

12. USER FEES

Overall fees are tracking to the full year target. Planning is below target due to Datascape implementation focus, this should reset once the module is live. Animal management requires additional review to assess gap to target. The Harbour gap to target is largely driven by a single debtor with attempted resolution in play.

Description/Activity	User Fees % (Actuals)	User Fees % (Target)	Notes
Airport	89	90-100	On track

Building	57	>80	Reflects volume and position as at March
Pensioner Housing	62	100	Reflects position as at March. CPI conversation likely
Harbour	31	>50	Position as at March, reflects debtor issue
Statutory Planning	34	>80	Reflects focus on Planning module go live
Animal Control	52	70-90	Position at March, with 90% of dogs registered, this needs further review

Overall Risk Status: Amber

Previous: None

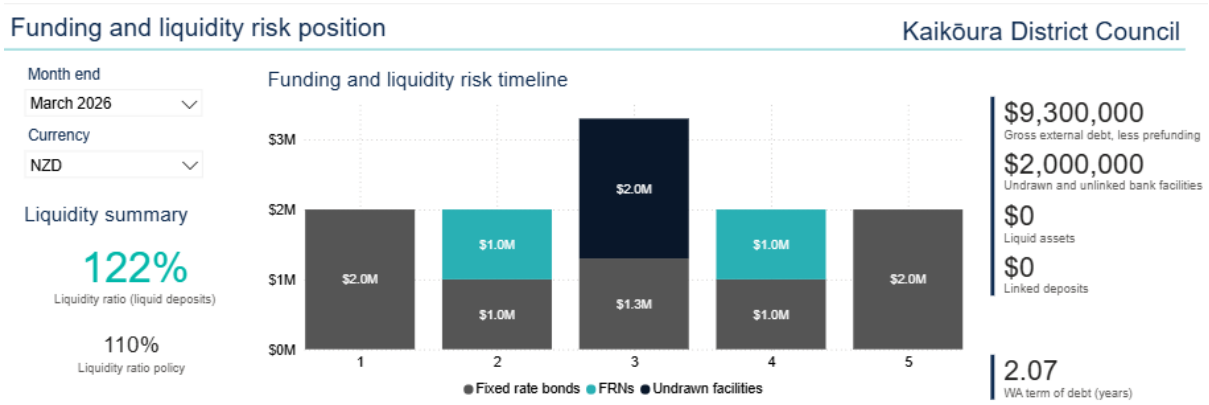
13. TREASURY REPORT

Treasury remains stable, with all LGFA covenants comfortably met. The only exception is debt maturity concentration, which is a timing issue and actively managed.

Metrics:

- Actual Debt = $9.3m
- Forecast Debt 2025/2026 = $10.3m
- Net Debt = $7.3m (given $9.3m drawdown and $2m currently in cash, on call, as at May)
- Net Debt % (net debt / budgeted revenue) = 30% (LGFA covenant is net debt <175%)
- Net interest to total Rates income 1.6% (LGFA covenant is net interest <25%)

Council is compliant with funding/liquidity and interest rate risk profile and well within LGFA covenants.



Funding summary

Bucket (years)	Maturing in period ($)	Policy	Actual
0 - 3	$7,300,000	15% - 60%	65%
3 - 7	$4,000,000	25% - 85%	35%
7 - 16	$0	0% - 60%	0%

List of instruments

Instrument	Counterparty	Drawn ($)	Limit ($)	Maturity	Margin	Com
Fixed Rate Bond	LGFA	$1,000,000	$1,000,000	15 April 2026		
Fixed Rate Bond	LGFA	$1,000,000	$1,000,000	15 April 2026		
Fixed Rate Bond	LGFA	$1,000,000	$1,000,000	15 April 2027		
Floating Rate Note	LGFA	$1,000,000	$1,000,000	15 April 2027	0.81%	
Fixed Rate Bond	LGFA	$1,300,000	$1,300,000	15 May 2028		
Revolving Cash Advance Facility	BNZ	$0	$2,000,000	5 December 2028		

As a going concern forward look in relation to treasury, our position appears solid in the absence of water revenue and associated debt limits. The metrics based off the 2026/2027 annual plan supporting this view are shown below:

1. Surplus (Revenue less water) = average $9m across years to 2034
2. Revenue less interest revenue and vested assets = average $23m across years to 2034
3. Debt limit at 1.75 x revenue = $41m average across years to 2034
4. Total assets increasing
5. Current ratio is close to 2 for years to 2034

Overall Risk Status: Green

14. DEBTORS REPORT

14.1 Sundry Debtors:

Month	SI Outstanding	Aged Debtors	% Non-Current	DMC Bal
Jan	$316,141	$173,947	55%	$12,458
Feb	$1,342,562	$194,171	14%	$12,458
Mar	$757,419	$450,800	60%	$12,458

The debtor profile is highly concentrated, with the top 5 debtors comprising 91% of outstanding balances. This presents a concentration risk, partially offset by improving arrears trends in rates.

14.2 Rates Debtors:

Month	Arrears Bal	No. in Arrears	New DD	Active DD	DMC Cases	DMC Bal
Jan	$295,315	60	22	1743	7	$72,482

Feb	$257,427	46	8	1751	6	$65,756
Mar	$248,368	42	10	1761	2	$51,038

- Arrears are reducing in both value and volume
- DD are a key driver for arrears reduction and penalty prevention

Overall Risk Status: Amber (Would be Green; if not for the single large debtor)

15. COMMERICAL ACTIVITIES

Council provided approval to explore further opportunities at the Wakatu Quay location with the aim of maximising returns to the Council while ensuring full site activation is achieved.

Key risks include community consultation/engagement, financial and legal due diligence, MBIE approvals and the proposed JV partner relationships. RMA and other statutory processes and outcomes remain TBC.

While the risk exposure here would be classed as above medium, the potential opportunity to reduce rates pressure or assist with community investment is substantial.

Council approved officers to progress with due diligence at the end of April 2026 Council meeting.

Overall Risk Status: Green

16. PEOPLE AND CULTURE

Survey:

The organisation wide staff survey has been completed with a decent overall result and an over 80% participation rate. The survey has indicated that overall staff are content although there were some teams with responses indicating a less positive experience or outlook and this will addressed as part of a wider staff survey action plan

Leavers and Joiners:

Danielle Currie and Dannielle Solheim from Finance and the Library respectively have left for opportunities outside the district. Danielle's position has been filled internally. We are currently recruiting to back fill this internal position and for the Library position.

Recruitment for a permanent replacement for the Business Partner role is ongoing and has been a difficult area since Cherie stepped into the management role. The role is being covered at 20 hours a week with the gap picked up by both the Finance and Business Partnering Manager and the Senior Manager Corporate Services. The 20 hour gap will be addressed from June to December although the need for a replacement remains critical.

The Community Services Manager role remains vacant with recruitment not started.

Staff Capacity:

Capacity constraints given new legislation e.g. LWDW implementation, RMA changes, as well as the impact of the new ERP system alongside the usual day to day continues to impact teams and remains a high risk for certain teams and individuals in particular in a small council. Currently service

delivery is not impacted but teams are stretched in some areas and quality and staff morale are likely to be affected.

Staff Turnover:

2025-2026 YTD: 25%
Driven by three people leaving the district, one moving to another employer in Kaikōura, two trial notice period terminations, one person leaving to manage their own business, two people retiring and one to study fulltime.

2024-2025: 32.5%
Driven by six people leaving the district, two moving to another employer in Kaikoura, two people retiring, one misconduct, and two fixed term positions

Risk to service quality, staff wellbeing, and organisational knowledge retention mitigated by recruitment, internal backfilling, annual salary reviews (including benefits) & flexible working options.

Overall Risk Status: Amber

17. COMMUNITY OUTCOMES SUPPORTED

Community
We communicate, engage and inform our community

Development
We promote and support the development of our economy

Environment
We value and protect our environment

Future
We work with our community and our partners to create a better place for future generations

FRAUD & CORRUPTION POLICY

DOCUMENT MANAGEMENT

Purpose	To provide basic information about the document, outline the procedure for amendments, and describe the amendment history.
Application	This policy applies to all Council officers and elected members in regards to all fraud and corruption incidents, whether suspected, alleged or proven.
Document information	The following table provides basic information about the document. **Document name**: Kaikōura District Council – Fraud & Corruption Policy **Version**: V1 **Release date**: 24 June 2020 **Document reference**: Fraud & Corruption Policy **Prepared by**: Cherie Kaa **Document owners**: Finance Team **Review Date**: Every 3 Years or as required
Approval	This Strategy has been reviewed and approved by accountable officers in the table below: **Name & Title**: Executive Team **Date of Approval**: 22 August 2023
Endorsement	This Strategy has been endorsed by the following: **Name & Title** / **Date of Approval** Finance Audit and Risk Committee: 29 August 2023 Council: 6 September 2023

Formatted: Highlight

Formatted: Highlight

CONTENTS

Contents

DOCUMENT MANAGEMENT i
CONTENTS ii
1. Purpose and Objectives 3
2. Principles 3
3. Definitions 3
3.1 FRAUD 3
3.2 CORRUPTION 4
3.3 SERIOUS WRONGDOING 4
3.4 COUNCIL OFFICERS 4
4 Responsibilities 4
5 Policy Statement 5
5.1 GENERAL STATEMENTS 5
5.2 FRAUD PREVENTATION 5
5.3 RECOGNISING FRAUD AND CORRUPTION RISKS ..... 6~~5~~
5.3 REPORTING SUSPECTED FRAUD, CORRUPTION OR SERIOUS WRONGDOINGS 6
5.4 PRELIMINARY INVESTIGATION ..... 7~~6~~
5.5 DISCIPLINARY ACTION 7
5.6 CONFIDENTIALITY ..... 8~~7~~
5.7 RECOVERY OF LOSSES ..... 8~~7~~
6 Delegated Authority ..... 8~~7~~
7 Review and Improvement of Fraud & Corruption Policy ..... 8~~7~~
8 Appendix 1 – Investigation Process ..... 9~~8~~

1. Purpose and Objectives

The purpose of this policy is to provide clear guidance and raise awareness for Council Officers and elected members of Kaikoura District Council (KDC) who encounter or suspect fraud and/or corruption.
The policy outlines Council's:

- Approach to preventing fraud and raising awareness amongst Council Officers and elected members,
- Procedure for investigating and the report of fraud or serious wrongdoing,
- Procedure to ensure compliance with internal control systems that are designed to minimise the opportunity for fraudulent and corrupt behaviour
- Approach to protecting officers who disclose allegations of fraud or corruption

2. Principles

This policy is based on the Auditor-Generals Statement on Auditor's Responsibilities Relating to Fraud in an Annual Audit (AG ISA (NZ) 240) that states:

"The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management."

Kaikoura District Council is committed to preventing, detecting and responding to fraud and corruption. Council adopts a ZERO TOLERANCE policy to identified behaviour or incidents involving fraud and corruption.

All Council staff are contracted to diligently and ethically serve the Council and use all endeavours to promote and protect the interests of the Council, as part of their employment contract.

This policy will be part of the induction process for all employees and will be available on the Council intranet and/or Laserfiche. Familiarisation with this policy will be undertaken on induction and reinforced at least twice yearly through a combination of training, internal communications, or other awareness-raising activities appropriate to Council~~Familiarisation with this policy will be circulated on an annual basis to staff and elected members~~.

3. Definitions

3.1 FRAUD

The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party, and for the purposes of this policy includes dishonesty. Some examples or fraud and abuse of position may include but is not limited to:

- Theft of cash or inventory
- Theft or misappropriation of plant or equipment
- Unauthorised personal use of plant, equipment, expertise or time of any contractor this is engaged by Council
- Expense claim, credit card or fuel card fraud
- Payroll fraud
- False invoicing
- Misuse of a document

- Accepting gifts in return for influence/favours eg awarding procurements
- Undeclared gifts

3.2 CORRUPTION

Means the lack of integrity or honesty or the use of a position of trust for dishonest gain. Some examples include but is not limited to:

- Knowingly providing, assisting or validating in providing false, misleading, incomplete or fictious information to interfere with Council procurement process
- Disclosing private, confidential or proprietary information to outside parties without implied or expressed consent,
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to Council

3.3 SERIOUS WRONGDOING

Actions may include:

- Conduct that undermines adherence to the law or obstructs the investigation and detection of unlawful behaviour,
- Interference with the fair trial process,
- Conduct that is oppressive, improperly discriminatory or grossly negligent or that constitutes gross mismanagement.

3.4 COUNCIL OFFICERS

For the purpose of this policy includes:

- All current and former Council employees
- Any contractor or consultant ~~employed~~ engaged by the Council
- Temporary employees supplied through an agency
- Seconded personnel
- Volunteers

4 Responsibilities

Position	Responsibilities
Finance, Audit and Risk Committee	• Review the effectiveness and appropriateness of the Fraud and Corruption Policy. • Provide feedback on the Fraud and Corruption Policy to the Executive Leadership Team. • Ensure that the Council has internal control systems in place • Ensure Council have an annual familiarisation with the policy
Chief Executive	• Overall responsibility and accountability for preventing fraud and corruption within Council • May delegate an Investigation Officer to investigate allegations on their behalf
Investigation Officer	• Appointed by the Chief Executive, or where there is complaint against the Chief Executive, the Finance, Audit & Risk Committee

	• Carry out duties as determined by the Chief Executive, or the Finance, Audit & Risk Committee
Managers	• Ensure all officers are provided with regular communication highlighting the importance of this policy. • Maintain a high level of understanding relating to prevention and detection techniques including internal controls.
Council Officers	• Adherence to and compliance with this policy and internal controls. • Advising Managers or Chief Executive as soon as fraudulent or corrupt behaviour is detected

5 Policy Statement

5.1 GENERAL STATEMENTS

- Council will conduct a thorough investigation of any suspected acts of fraud, corruption, misappropriation or serious wrongdoing. Investigations will be fully documented
- The Chief Executive has ultimate responsibility for the investigation of all suspected fraud and corruption.
- The Chief Executive will notify the Mayor of any reported allegations and inform them throughout the investigation on any findings.
- The Chief Executive will notify Audit New Zealand where applicable as per the Investigation Process.
- The Chief Executive will contact the Police in serious instances where it has been determined a crime has occurred.
- Council will pursue every reasonable effort to recover losses from the offender
- Any Council officer who is subject to an investigation may be stood down on full pay for all or part of the duration of the investigation as approved by the Chief Executive.
- Council regards all correspondence and records of correspondence including letters, emails and phone calls made during Council work hours as belonging to Council.

5.2 FRAUD PREVENTION

- Council staff will continually evaluate and improve internal procedures and controls, supported by written policies and procedures. These controls include, but are not limited to:
  - Segregation of duties
  - Best practice is to ensure no single person can initiate, approve, and process the same transaction from start to finish. Where full segregation is not practicable, compensating controls will be implemented (e.g. independent review, exception reporting, periodic reconciliations, and enhanced oversight by a manager or the Audit and Risk Committee).
  - Internal checks
  - Appropriate delegations and authorisation levels
  - Financial planning, reporting and monitoring

- All Officers have a responsibility to adhere to Council's systems of internal control and Managers need to ensure officers are aware of the reasons for such controls and the expectation that they will be complied with.

Formatted: Bulleted + Level: 1 + Aligned at: 2.53 cm + Indent at: 3.17 cm

Formatted: Font: (Default) Arial, English (United Kingdom), Ligatures: None

- Council's systems are evaluated each year by Council's auditors. Any weaknesses identified need to be addressed on an ongoing basis by the Finance, Audit and Risk Committee.

- Council recognises the heightened risk of fraud arising from the override of controls by management or those charged with governance. To mitigate this risk, Council requires:
- Appropriate segregation of duties across budgeting, procurement, approval, and payment activities wherever practicable;
- Independent review and approval of significant or high-risk transactions, including procurement involving actual or perceived related parties;
- Mandatory declaration and management of conflicts of interest in accordance with Council's Conflict of Interest policy; and

Additional scrutiny where normal controls cannot be fully segregated due to organisational size, including secondary review or committee oversight.

Council seeks to separate responsibility for budget setting from authority to approve expenditure against that budget. Where this is not practicable due to organisational size or role breadth, compensating controls will be applied, including independent review of expenditure, enhanced reporting, or oversight by senior management or the Audit and Risk Committee.

- This policy is supported by, and should be read in conjunction with, the following documents:
  - Conflict of Interest Policy
  - Procurement Memo
  - Delegations Manual
  - Cash Handling Policy
  - Sensitive Expenditure Policy
  - Complaints Policy
  - Disciplinary Policy

Formatted: Font: (Default) Arial

Formatted: Indent: Left: -0.63 cm, Bulleted + Level: 1 + Aligned at: 1.25 cm + Indent at: 1.89 cm

Formatted

Formatted: Bulleted + Level: 2 + Aligned at: 4 cm + Indent at: 4.64 cm

Formatted: Indent: Left: 1.25 cm

5.3 RECOGNISING FRAUD AND CORRUPTION RISKS

- **Incentives/pressures:** Management, other employees or external parties have an incentive or are under pressure, which motivates them to commit fraud or act in a corrupt manner (e.g. personal financial trouble)
- **Opportunities:** Circumstances exist that allow employees to commit fraud or act in a corrupt manner, organisations do not have appropriate controls in place, or employees are able to get around or override controls (e.g. managers being able to approve and authorise their own sensitive expenditure)
- **Attitudes:** Employees are able to rationalise committing fraud (e.g. beliefs such as "everybody else is doing it' or 'they made it so easy for me')

5.4 REPORTING SUSPECTED FRAUD, CORRUPTION OR SERIOUS WRONGDOINGS

- Any person may report suspected or attempted fraud or corruption, these instances must be reported to the Chief Executive immediately. Where the suspected or alleged act is by the Chief Executive the officer will report their findings to the Mayor.

- In consideration of the specific circumstances, the person reporting the activity/behaviour may remain anonymous.

- The person reporting the activity/behaviour will be informed of the following:
  - Not to contact the suspected individual
  - Not to discuss the case facts, suspicions or allegations with anyone else unless specifically asked to do so by the Chief Executive or Investigation Officer

- The person reporting the allegation will not be disadvantaged in their employment by the act of disclosure, nor will they be liable to any disciplinary proceeding by reason of having made disclosure or information. Only where allegations are made that the reporter knows to be false, and therefore acts in bad faith, could the reporter be subject to disciplinary action. Employees making disclosures of serious wrongdoing may also be protected under the Protected Disclosures Act 2000 (as amended). Council will take all reasonable steps to protect the confidentiality, safety, and employment position of any person making a protected disclosure in good faith.
-

5.5 PRELIMINARY INVESTIGATION

- The investigation process will begin with a 'preliminary investigation'. The full investigation is detailed in Appendix 1.

- The Chief Executive is primarily responsible for preliminary investigations which shall be undertaken to establish whether the allegations may be founded.
  -
- Where the allegations are in relation to the Chief Executive, the Mayor is primarily responsible for preliminary investigations, and all decisions as to the nature of further investigations and actions are the responsibility of the Mayor.

- The nature of preliminary investigations will be determined on a case by case basis in consideration of the suspicions raised.

- The Chief Executive may delegate preliminary investigations at their discretion.

- In undertaking a preliminary investigation care must be taken to secure and preserve the integrity of any evidence. The Chief Executive or Investigation Officer will take immediate action to prevent theft, alteration or destruction of relevant records. Such actions include, but are not limited to:
  - removing the records and placing them in a secure location
  - limiting access to the location where the records are currently held, and
  - preventing the individual suspected of committing the fraud from having access to the records. The records must be adequately secured until the audit investigation begins.

- At the conclusion of the preliminary investigation, a report will be provided documenting the findings. If the report concludes that the allegations are founded recommendation to the appropriate manager will be provided to assist in the prevention of similar occurrences in the future.

5.6 DISCIPLINARY ACTION

- Where fraud or corruption is suspected from preliminary investigation, disciplinary action will be taken up to and including dismissal, in accordance with the Councils, internal disciplinary procedures.

5.7 CONFIDENTIALITY

- It is acknowledged that alleged or actual instances of fraud and/or corrupt behaviour can affect the rights and reputation of anyone implicated. Individual identities should be protected wherever possible without detriment to Council

- All participants in an investigation under this policy shall keep the details and results of the investigation confidential.

5.8 RECOVERY OF LOSSES

- Recovering losses of money or property is a major objective of the Council following any fraud investigation. The amount of any loss will be quantified as far as possible and repayment or reparation will be sought.

6 Delegated Authority

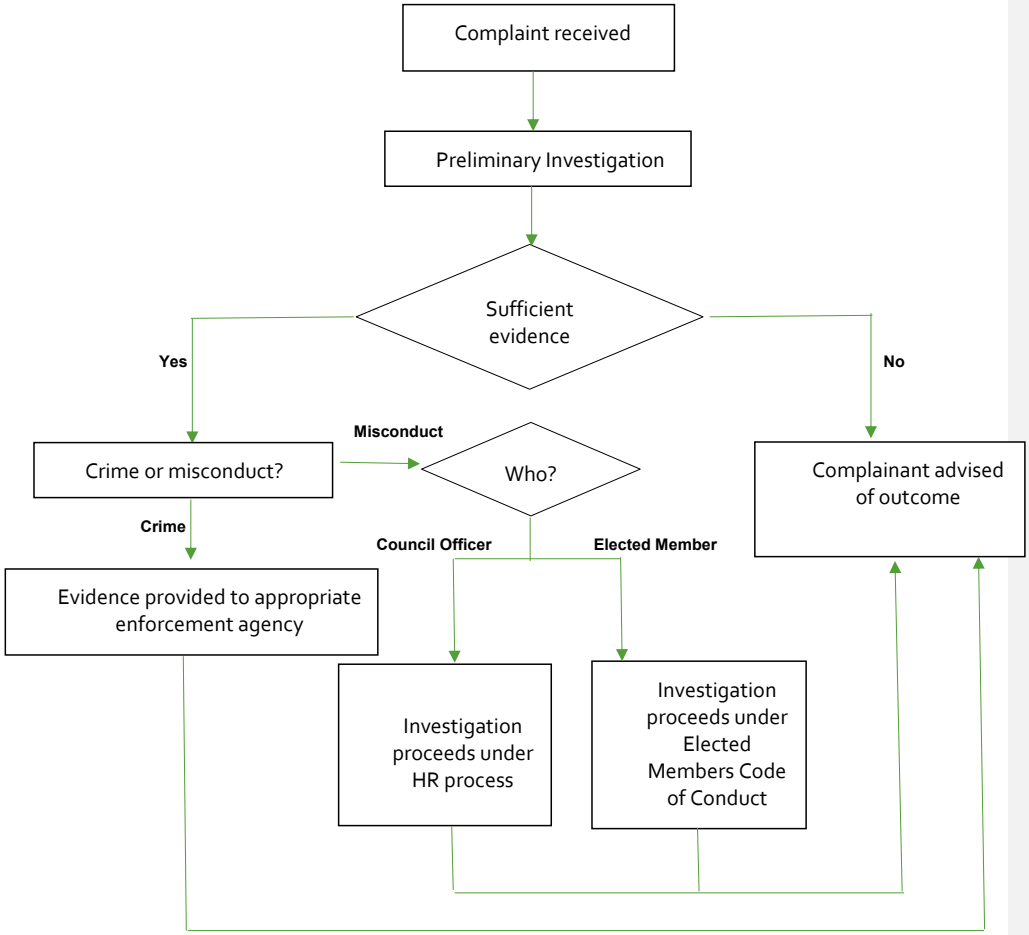
Council's delegations must be followed by all staff. Please refer to the staff delegation manual: Delegations Manual

This policy may only be amended by resolution of Council.

7 Review and Improvement of Fraud & Corruption Policy

At least every three years, the Fraud and Corruption Policy will be reviewed by the Leadership Team, ~~the Finance~~, Audit and Risk Committee and Council to assess its effectiveness, ensure that it remains updated and appropriate for the context of the Organisation, and determine whether adjustments in policies, plans, staff training or other factors are needed.

8 Appendix 1 – Investigation Process



Option 2 - Post-implementation review of Datascape controls over vendor data management and procurement approvals

Background

Kaikōura District Council implemented the Datascape system, replacing Ozone, with a go-live date of 1 July 2025. The new system is intended to support Council's procurement processes, including vendor data management, approval workflows, and related user access arrangements.

Effective controls over vendor data and procurement activity are important as they influence who Council can transact with, how purchasing decisions are approved, and whether expenditure is processed in line with Council requirements. Weaknesses in vendor setup and amendment, approval workflows, system access, or procurement processing may increase exposure to fraud, error, unauthorised expenditure, or procurement activity occurring outside intended controls.

A post-implementation internal audit has been scheduled to assess whether key controls within Datascape are functioning as intended and are fit for purpose to support Kaikōura District Council's internal control framework.

Objective and scope

The objective of this internal audit is to assess whether key controls over vendor data management and procurement activity in Datascape are appropriately designed and operating effectively.

This assessment will focus on answering the following key questions:

1. Are key vendor data management controls in Datascape appropriately designed and operating effectively?
2. Are procurement approval workflows in Datascape appropriately aligned with Kaikōura District Council's DFA and procurement requirements?
3. Are key procurement controls, including approval controls and selected higher-risk transactions, operating effectively in practice?
4. Is user access to Datascape appropriate for staff roles and responsibilities, including access to vendor master data and procurement functions?
5. Are there any significant control weaknesses relating to vendor data changes, procurement processing, segregation of duties, or system overrides?

We will consider the appropriateness of these controls in the context of an organisation of Kaikōura District Council's size and complexity, and highlight opportunities to align with good practice.

The following is not in scope for this engagement:

- Broader system implementation activities not related to vendor data management, procurement workflows, or related user access

- Technical cyber security controls not specific to role-based or user access management
- A full procurement policy compliance review, except where directly relevant to system controls
- Detailed review of downstream accounts payable processing, except where directly relevant to vendor setup, approval workflows, or procurement control operation

Approach

To deliver this engagement, we will undertake the following activities:

Obtain an understanding of the vendor data and procurement control environment

- Review key documents relating to Datascape vendor data management, procurement workflows, user access, DFA requirements, and relevant procurement procedures.
- Interview relevant staff, including system owners, administrators, procurement and operations representatives, to understand how key controls have been designed and are maintained.

Evaluate vendor data management controls

- Review the process for creating and amending vendor records, including key vendor master data fields such as bank details and other critical supplier information.
- Select a risk-based sample (sample of 5) of vendor records and changes to assess whether controls are operating as intended, including approval, verification, and segregation of duties.
- **Optional:** Extend sample size (sample of additional 10) and perform more detailed testing of higher-risk vendor changes (e.g. bank detail amendments)
- Assess whether access to create or amend vendor data is appropriate and whether monitoring or review processes are in place.

Evaluate procurement approval and processing controls

- Review procurement approval workflows in Datascape and compare these to the documented DFA and relevant procurement requirements.
- Select a risk-based sample of procurement transactions (sample of 5) and walkthrough selected activities to assess whether approval controls are operating as intended, including one-up approvals where relevant.
- **Optional:** Expanded transaction testing across a broader sample (additional sample of 15), including targeted testing of higher-risk or unusual transactions.
- **Optional:** Consider whether higher-risk or unusual transactions, manual workarounds, or approvals outside the intended workflow are occurring (informed by expanded testing).

- Consider whether the control design supports KDC's procurement expectations, including threshold-based approval and governance arrangements reflected in its procurement guidance.

Evaluate user access and oversight controls

- Review user access roles and select a risk-based sample of users (sample of 5 or as agreed) to assess whether access is appropriate for their roles and responsibilities.
- Evaluate how access is granted, changed, and removed, including where staff change roles or leave the organisation.
- Evaluate whether segregation of duties conflicts exist across selected roles or users; where conflicts exist, assess whether compensating controls are in place (high-level assessment of key roles).
- **Optional:** Perform a more detailed segregation of duties analysis across a broader user population, including identification of conflicts and assessment of compensating controls.
- Evaluate whether robust and complete logging of vendor data activity, user access, and key procurement activity is in place, and whether processes exist to ensure these logs are subject to regular and effective review.

Deliverable

A draft report will be prepared outlining our key findings, recommendations, or improvement opportunities for Kaikōura District Council to consider. After agreement of any required modifications, we will issue our final report.

Sponsors for engagement

The Sponsor for this internal audit is Peter Kearney, Senior Manager Corporate Services.

PwC Team

Juanita Victor (Engagement Partner), Stefan Theron (Engagement Associate Director), with support from other PwC staff at appropriate levels where needed.

Expected fee

Based on the **core** scope and approach we have estimated an effort of 6.5 - 8 days and a fee of $15,000 - $19,200 (depending on complexity), excluding GST. The core and optional additional effort scope and approach is estimated to be 8.5 - 10 days and a fee of $20,400 - $24,000, excluding GST. Expenses, if any, will be charged at cost. If the effort to be incurred is likely to exceed our estimate, we will obtain approval for the additional effort.

Scope area	Core effort (days)	Optional additional effort (days)
Understanding Datascape vendor data, procurement workflow, user access design, and relevant documentation	1.2 - 1.4	
Review of vendor data management controls, including vendor creation, amendments, and selected sample testing	1.2 - 1.6	0.6
Review of procurement approval and selected processing controls, including risk-based transaction testing	1.2 - 1.6	1
Review of user access and oversight controls, including segregation of duties and monitoring	1.2	0.4
Reporting, close-out and finalisation	2 - 2.2	
Total	6.5 – 8 days	2 (full scope 8.5 - 10 days)

Report to:	**Audit & Risk Committee**	
Date:	12 May 2026	
Subject:	Risk Management Report	
Prepared by:	B Makin – Executive Officer	
Input sought from:	KDC Management Team P Kearney – Senior Manager Corporate Services W Doughty – Chief Executive Officer	
Authorised by:	P Kearney – Senior Manager Corporate Services	

1. BACKGROUND

This report presents the updated Risk Management Report as at May 2026.

Attachments:

1. Risk Register as at May 2026 – see A3 version.

2. RECOMMENDATION

It is recommended 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.

3. BACKGROUND

Attached to this report is an updated Risk Register. This has been reviewed and updated by the Management Team. A summary one-page risk report has been added as previously outlined. Updates are clearly identified in the attached. Additions are included in bold, italics and underlined, and deletions have been removed but are noted below. Risk level changes are highlighted in yellow.

The updates to the risk register have been made to include the new 5 risk levels (low, medium, significant, high and extreme) rather than the previous 3 (low, medium and high), and a revised consequence table with the inclusion of 'reputational risk'.

4. SUMMARY

Overall movements in the Risk Register reflect an increasingly uncertain external environment for local government. Increases in risk ratings are primarily driven by central government direction, particularly the recent announcement on Simplifying Local Government, alongside ongoing economic pressures and regulatory activity. These matters are largely outside Council's direct control and have heightened exposure across reform, financial, and capacity-related risks.

Several operational risks have also increased on a short-term basis where Council is entering critical delivery phases (such as system implementation), reflecting temporary transition risk rather than a reduction in control effectiveness. Conversely, a reduction in risk associated with Rūnanga relationships reflects the positive impact of sustained engagement and regular hui, demonstrating that targeted mitigation can reduce risk even within a challenging broader environment.

Overall, the updated register shows Council's highest risks are increasingly shaped by external policy, economic conditions, and reform uncertainty, reinforcing the need for continued monitoring as further detail emerges from central government.

The following risks have had their inherent and/or residual risk ratings increased:

- **Risk ID #29 – Reforms:** The inherent and residual risk has increased from 20 to 25 following the latest Government announcement on Simplifying Local Government, increasing uncertainty around the scale and pace of reform.
- **Risk ID #26 – Political Pressure:** The residual risk has increased from 12 to 16, reflecting increased enforcement action by the Regulatory Team in relation to visitor accommodation, with heightened political and reputational exposure.
- **Risk ID #30 – Price Escalation:** The residual risk has increased from 12 to 20, as the ongoing fuel crisis and inflationary pressures continue to have significant implications for budgets and project delivery.
- **Risk ID #37 – ERP Replacement:** The residual risk has increased from 12 to 16, as the go live for the Building and Planning modules is scheduled within the coming weeks, increasing short term operational and delivery risk.
- **Risk ID #22 – Financial and Staff Capacity for CDEM:** The residual risk has increased from 9 to 12 due to limited internal resources currently available. Ongoing training and capability development remains a key focus to address this risk.
- **Risk ID #44 – Legal Challenges:** The residual risk has increased from 10 to 16, reflecting uncertainty arising from the lack of confirmation regarding insurance cover.

The following risk has had its residual risk rating reduced:

- **Risk ID #16 – Runanga Relationships:** The residual risk has decreased from 16 to 12 due to regular hui being held with Ata and Chevy, and the relationship between Kaikōura District Council and the Rūnanga continuing to strengthen and function well.

5. FINANCIAL IMPLICATIONS AND RISKS

Most risks have financial implications and risks – these are taken into account in the compilation of the report.

6. COMMUNITY OUTCOMES

The work is in support of all community outcomes.

Community

We communicate, engage and inform our community

Development

We promote and support the development of our economy

Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

Environment

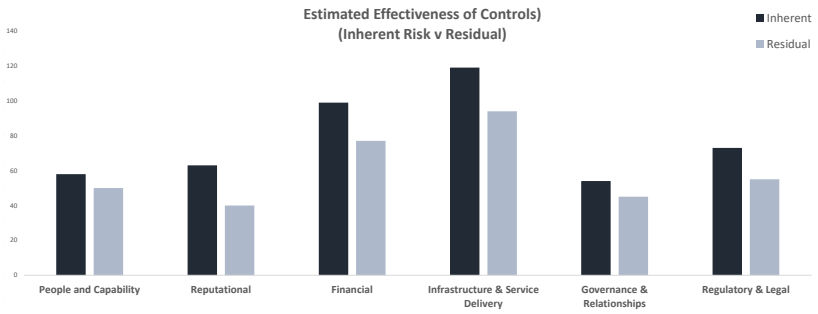
We value and protect our environment

Future

We work with our community and our partners to create a better place for future generations

KaiKoura District Council - Risk Register Summary

Risk Category	Ext	High	Sig	Med	Low	Total
People and Capability	0	3	0	1	0	4
Reputational	0	2	2	0	0	4
Financial	0	5	0	1	1	7
Infrastructure & Service Delivery	0	6	1	1	1	9
Governance & Relationships	0	3	1	0	0	4
Regulatory & Legal	1	2	0	2	0	5
Total	**1**	**21**	**4**	**5**	**2**	**33**



Commentary:

While the Simplifying Local Government and wider reform agenda continues to present the largest single risk to the organisation, current and potential legal actions represent a significant standalone risk due to their potential financial and reputational impact. The ERP change has caused disruption to staff during the initial implementation period; however, impacts are generally reducing and the change is also providing opportunities to review and improve ways of working. The total number of risks recorded is 33. Infrastructure and Service Delivery continues to have the highest number of risks (9), as well as the highest-rated risks overall, which is considered appropriate given Council's operating model. The estimated effectiveness analysis indicates that mitigation actions relating to People, Financial, and Governance risks may require further review to provide additional assurance around the effectiveness of controls.
People and Capability and Governance and Relationships risks appear the most complex to mitigate, as reflected in the analysis. These risks primarily relate to cost-of-living pressures, staff attraction and retention, and staff engagement, all of which are influenced by external economic conditions and reform uncertainty. The comparison between inherent and residual risk scores for People and Capability (a reduction of 11 points) suggests this remains the most challenging area to mitigate and may require ongoing focus, although Governance and Relationships presents a similar profile.
The Risk tolerance classification is a starting position and is designed to indicate Councils position on dealing with the risk. Councils options regard risk is to:
i) transfer the risk (i.e. insurance)
ii) mitigate the risk i.e. find ways to reduce exposure to the risk
iii) avoid the risk i.e. as much as possible should be done to reduce any exposure to this risk and,
iv) accept the risk i.e. council is willing to accept the risk of the risk event taking place (e.g. Council has to accept that Earthquakes may take place, Council will seek to ensure readiness and scenario planning to prepare for such events

The scoring for Risk classifications is as follows:
Extreme >20
High <20
Sig <9
Med <7
Low <3

Residual Risks (All)	Residual Risk Score	Risk Treatment	Risk Tolerance	Risk Category	Risk Outcome
LWDW & RMA Reform and Simplifying Local Government	25	Accept	High	Regulatory & Legal	Operational, Political
Price escalation	20	Mitigate	Low	Financial	Financial, Operational
Climate Change	16	Mitigate	High	Infrastructure & Service Delivery	Environmental, Financial
Staff Attraction/Retention	16	Accept	High	People and Capability	Operational
ERP Replacement	16	Mitigate	Low	Infrastructure & Service Delivery	Operational, Financial, Reputational
Staff Engagement	16	Mitigate	Medium	People and Capability	Operational
Political Pressure	16	Accept	High	Governance & Relationships	Political or Reputational
Legal Challenges	16	Transfer	Low	Financial	Financial
Runanga Relationship (General)	12	Mitigate	Low	Governance & Relationships	Operational
Lack of Project Methodology (General)	12	Mitigate	High	Infrastructure & Service Delivery	Operational
Poor record keeping	12	Mitigate	Medium	Reputational	Operational and reputational
Rural residents moving to private water supply	12	Mitigate	Low	Infrastructure & Service Delivery	Operational
Lack of timely, relevant and accurate information (General)	12	Avoid	Low	Financial	Financial
Lack of Financial and Staff Capacity for CDEM	12	Mitigate	High	People and Capability	Operational
Legal Challenge from affected residents	12	Mitigate	Medium	Reputational	Financial
Demographic changes increase in +65 age group	12	Mitigate	High	Financial	Environmental, Financial
Poor Contract Establishment	12	Avoid	Low	Infrastructure & Service Delivery	Operational
Lack of decisive decision making	9	Avoid	Medium	Governance & Relationships	Political or Reputational
Statutory Non-Compliance	9	Mitigate	Low	Regulatory & Legal	Operational
Cost pressure from consent conditions	9	Mitigate	Low	Financial	Financial
Lack of Process and Systems	9	Mitigate	High	Infrastructure & Service Delivery	Operational
Failure to achieve Statutory Requirements	9	Avoid	Low	Regulatory & Legal	Operational
Lack of Appropriate Prioritisation and Capacity	8	Mitigate	Low	Governance & Relationships	Political or Reputational
Lack of Appropriate IT Access Controls	8	Avoid	Low	Reputational	Political or Reputational
Lack of Water Testing and Responsiveness	8	Avoid	Low	Infrastructure & Service Delivery	Health & safety
Lack of BCA Process and Procedures	8	Avoid	Low	Reputational	Operational
Lack of Appropriate Fraud Controls	6	Avoid	Low	People and Capability	Financial
Water Services CCO (WSCCO) Set Up	6	Mitigate	Low	Regulatory & Legal	Reputational
Failure to maintain/replace IT Hardware	6	Avoid	Low	Infrastructure & Service Delivery	Operational
Regulatory Judical Process	6	Mitigate	Medium	Regulatory & Legal	Financial, Operational
Carbon Credit liability for the next four years (2025-2029)	5	Mitigate	Low	Financial	Financial
Lack of Financial Buffer	3	Mitigate	High	Financial	Financial
Catestrophic Event / Black Swan	3	Accept	High	Infrastructure & Service Delivery	Operational

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
29	Council and District Risk	Regulatory & Legal	Accept	Enterprise	All	LWDW & RMA Reform and Simplifying Local Government	Substantial changes to the role of Councils arising from LWDW and RMA planning reforms, purpose of local government review threaten the viability of KDC as a stand-alone entity and with its local democracy. Associated shorter term risks in respect of maintaining staff morale and retaining capability. LWDW - loss of critical mass and financial consequences for remaining organisation	Chief Executive	Chief Executive	Operational, Political	High	***5***	5	25	LWDW, RMA and Local Government Reforms and changes largely outside of control of KDC. Involvement in submission processes and C4LD where ever opportunity arises RE: Staff morale, retention and recruitment - a number of actions being taken (refer risks 3,10, 32). Developing plan for retention of local government influence in Kaikoura post reform, and for progressive structural change towards that provides some reasssurance to staff. Opportunistic actions RE: staff retention and recruitment when opportunities arise. Keeping teams informed of reforms. RMA and Building Reforms are ongoing. Ensure plan changes focus on community needs as opposed to political direction which is subject to change with political cycles.	***5***	5	25	Joint WSCCO to be established by 1 July 2026. The planning team have put together a submission on the proposed two bills to replace the RMA and presenting this to the Council at a workshop on 11th February. Taituara put together a response to the proposed rate-capping model. ***New Government announcement around Simplifying Local Government***
30	Council Risk	Financial	Mitigate	Enterprise	All	Price escalation	Rapid cost escalation (e.g. oil/Ukraine) and inflation effects on capital delivery and BAU costs and possible rates increases	Chief Executive	Executive team	Financial, Operational	Low	5	4	20	Internal monthly reporting of capital projects and operational results within Management meetings. Inflationary effects factored into 2025/2026 Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with -PWC RE: effect on future borrowings	***4***	***5***	20	Ongoing effects monitored to assess effects on current LTP forecasts Review of capital programme procurement and delivery Increased cost of delivery factored into LTP. ***Fuel crisis implications on budgets.***
3	Council Risk	People and Capability	Accept	Enterprise	HR	Staff Attraction/Retention	Depth of staffing - one tier deep - loss of key people, loss of institutional knowledge, difficult to recruit, lack of backup support, very limited opportunity for succession planning.	Chief Executive	Management team	Operational	High	5	4	20	Fair remuneration and staff benefits e.g. medical insurance. Regular team building exercises and training opportunities. Staff culture improved. Use of shared BA resource to help document process and procedures. Develop standard operating procedures: documented and agreed policies, and complete workflows, implementation of records management project. Team leader training. Develop a whole of team approach and encourage cross-department support. Keep job descriptions up to date. Increased use of external contractor resource. Contracted Building Control Manager appointed. Consideration of shared BCA arrangements for longer term.	4	4	16	As one option for consideration: closer collaboration with neighbouring Councils. Work underway at both Canterbury and North Canterbury level. Consider succession plans for key roles where we can. Recruitment of Senior Management on hold. Strategic Advisor to provide some support. Explore opportunities for growth in roles. Job sizing project underway internally. ***Consider "retention" payments.***
31	Council Risk	People and Capability	Mitigate	Enterprise	HR	Staff Engagement	Team morale and impacts of workloads, reforms uncertainty staff shortages, and cost of living and ERP change process	Chief Executive	Management team	Operational	Medium	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management. Wellbeing action plan in place. Flexible Working Policy implemented. Regular communication around reform agenda. Internal Strategy roll out. Human Resources Business Partner recruited.	4	4	16	Management Team to provide support to their teams. Staff working group action plan. Leadership training undertaken. Purchasing NZIM training for management as part of developing leadership. Successful staff development day for team building. Continued roll out of actions. Impact from ERP project. New survey provider engaged for 2026 annual survey with the ability to run multiple pulse surveys throughout the year. ***Results of staff survey being considered by management team.***
35	Council Risk	Infrastructure & Service Delivery	Mitigate	Enterprise	All	Climate Change	More frequent and severe weather events (rainfall, wind, fire) that increase risk of slips, road/bridge damage and increase risk of property damage Ocean Warming sees marine life change e.g. Whale migration and Whale/dolphin tourism decreases	Chief Executive	Executive team	Environmental, Financial	High	4	4	16	Data driven investment in stormwater drainage and increased roading resiliance requirements.	4	4	16	Other controls required include facilitating/promoting marine research and diversifying toursism opportunity Canterbury climate change action plan. Emergency Preparedness. Increased rainfall events this year. Increased resilience in rainfall events need to be factored into infrastructure procurement

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
26	Council Risk	Governance & Relationships	Accept	Enterprise	RMA consent compliance monitoring and enforcement	Political Pressure	Continuation of KDC historic practice of reactive rather than proactive monitoring and enforcement of consent conditions will result in material breaches	Senior Manager Corporate Services	Chief Executive	Political or Reputational	High	4	3	12	Historic approach and resource levels restrict the ability to proactively monitor compliance Resource Management Officer on 0.2 full-time equivalent through secondment from Environment Canterbury. In addition part of a Regulatory Officer has been allocated, where available to monitoring. A draft plan has been created for priorities bearing in mind the small FTE Further proactive monitoring compliance will require additional resource.	4	***4***	16	Non compliances being identified. Additional regulatory resource would be required for pro-active compliance. Increased focus for Regulatory Team but may require additional resource and budget. Good progress being made on identifcation of issues. ***Enforcement action being taken especially in visitors accommodation space.***
37	Council Risk	Infrastructure & Service Delivery	Mitigate	Enterprise	All	ERP Replacement	ERP fails to work as expected or certain modules do not provide the expected service causing service or finanical implications	Senior Manager Corporate Services	Management team	Operational, Financial, Reputational	Low	4	4	16	Joint procurement with Hurunui IT team. Involvement in staff in module reviews Budget for training in LTP Implementation project plan to be developed in detail once preferred supplier chosen	***4***	4	16	Implementaiton and training will be in conjunction with Hurunui IT team. Staff kept informed to progress with feedback opportunity Testing and training to be incorporated. ***Go Live for the Building and Planning modules is within the next few weeks.***
44	Council Risk	Financial	Transfer	Enterprise	Financial management	Legal Challenges	Judicial reviews and legal action - unbudgeted costs for the ratepayers	Chief Executive	Senior Manager Corporate Services	Financial	Low	5	4	20	Legal experts engaged to prepare defence submission by 16th February. Awaiting confirmation on insurance cover	***4***	***4***	16	Insurance cover if approved may limit any liability to the excess of $50,000 Liklihood of damages sought been awarded is considered highly unlikely. ***Lack of confirmation from insurance.***
16	Council Risk	Governance & Relationships	Mitigate	Enterprise	All	Runanga Relationship (General)	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	Low	*5*	4	20	Regular meetings with Te Runanga and Mana to Mana Hui held, and some issues discussed In addition specific project meetings held for key capital projects in particular. Continued Governance hui's to discuss key issues. These to include further highlighting of difficulties for Council projects and operations. MOU and SLA to be developed. Cultural awareness activities to be undertaken.	***3***	4	12	Development a formal partnership agreement to establish framework for relationship. Movement on several key projects but no change in overall approach Taking the approach to keep them informed of issues. Chair has indicated no major issues.
21	Council Risk	Reputational	Mitigate	Finance & IT	Information & Records Management	Poor record keeping	Records and documents can't be accessed reasonably or found, due to lack of information management processes across the organisation	SMC: Senior Manager Corporate Services	Community Services Manager	Operational and reputational	Medium	5	3	15	Laserfiche procured and operational. All Staff now using Laserfiche but uptake across organisation is slow. Evidence of IT audit January 2023 shows high number of files being kept on desktops. Project Manager in place shared with Hurunui District Council. Local Information Management Officer in place. Dedicated time factored into weekly schedule. Files scanned and inputted in Laserfiche as created or requested internally or externally. Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche	4	3	12	Continued monitoring and training to ensure 100% uptake of staff using Laserfiche. Likely to require significant time and cost. Review of H:Drives and Desktops 2nd phase of back scanning project commended in July using transition funding. Additional budget included in LTP. Increased staff hours to focus on backlog of data quality.
24	Council Risk	Infrastructure & Service Delivery	Avoid	Enterprise	Contractor performance risk	Poor Contract Establishment	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	Chief Executive	Operations Delivery Manager	Operational	Low	4	4	16	Experienced and full compliment of current works and services team, exercising better oversight of activities under improved contract documents that more clearly specify required outcomes. Increasing focus on health & safety documentation. Priorities for major contractor works being clarified in LTP. Contractor reports are received monthly from the Roading Contractor, contains H&S reporting.	3	4	12	Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in LOE + SOI for IWK Contract checklist in place. Focus on quality checks remain work in progress. ***Roading contract in the market place.***

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
34	Council Risk	Infrastructure & Service Delivery	Mitigate	Enterprise	Capital Delivery	Lack of Project Methodology (General)	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	High	4	4	16	Monthly reporting to management team on critical projects covering finanicals, status, risks and progress issues. Pace of change impacted by project reporting methodology, systems and capacity	3	4	12	Development of project management process. Increased focus on all aspects of delivery by ELT. Project cordination role included in draft LTP. Monthly reporting remains a work in progress. Better controls in place in Operations Team.
36	Council Risk	Financial	Mitigate	Enterprise	Financial Management	Demographic changes increase in +65 age group	Higher proportion of +65 aged population will place more stress on ability to absorb rates increases. The types of services required will need to be more care based which we currently don't have. Being seen as a retirement town may be restrictive on ability to grow per aspirations	Chief Executive	Executive team	Environmental, Financial	High	3	4	12	Watching brief	3	4	12	Watching brief Aging Well Group meeting regularly. Elderly person housing requirements.
39	Council Risk	Infrastructure & Service Delivery	Mitigate	Works & Services	Local Waters Done Well	Rural residents moving to private water supply	Cost of water service provisions are spread to a diminishing group	Chief Executive	Chief Executive	Operational	Low	4	4	16	Use of debt and exploring tarrif amalgamations	4	3	12	Communication with community. Meeting with specific water scheme members. KDC Comms increasing messaging for LWDW. ***A newsletter will be going out in to the community.***
40	Council Risk	Reputational	Mitigate	Works & Services	Waiau Toa / Clarence Valley Access	Legal Challenge from affected residents	Residents lodge a legal challenge seeking financial compensation for loss of access	Chief Executive	Chief Executive	Financial	Medium	4	4	16		4	3	12	Residents are being kept informed of the progress. Council are considering the options. Initial legal advice sought. ***Wharekiri options being developed***
11	Council Risk	Financial	Avoid	Enterprise	Financial management	Lack of timely, relevant and accurate information (General)	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	Low	4	3	12	Financial delegation limits, budget supervision, monthly reporting of variances Robust LTP and Annual Plan processes Budget variances closely monitored. Monthly Management meetings reviewing capital and operational expenditure. Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets Risks remain for any contracts or commitments that exceed budget provisions - the financial reporting only brings these to attention after the commitment has been made. Mitigated by involvement of Senior Managers and CEO and regular management meetings regarding operational and capital expenditure	4	3	12	No surprises reporting to elected members. Increased costs of audit & insurance included in LTP. Increased legal costs for harbour. Annual Plan has all updated budgets for 2025/2026 Risk raised given difficulty in extracting required reporting through Datascape. The team has better understanding of the sytem and issues that need to be resolved. Use of Datascape consultant SME to provide expert oversight and assurance to be booked ***Monthly reporting improvement of data***
22	Council Risk	People and Capability	Mitigate	Community Services	Emergency Management	Lack of Financial and Staff Capacity for CDEM	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	High	3	3	9	Regular meetings and significant EOC specific training Enchanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM Clear understanding of who does what in the event of a disaster. New staff trained as they arrive	3	***4***	12	Developing clearer operating procedures for all function managers. Will always need external resource for significant local event. ***Limited internal resources. Training is a focus.***

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
10	Council Risk	Regulatory & Legal	Avoid	Building, Regulatory and Operations	Building control, other regulatory and service delivery activities.	Failure to achieve Statutory Requirements	Statutory non-compliance (e.g. failure to conduct BWOFs, enforcement activities), and RMA abatement notices. ***Increse in enforcement and compliance through Abatement and Infringement may see a risk of potential court cases***	Chief Executive	Regulatory Manager Building Manager Operations Delivery Manager	Operational	Low	4	3	12	Ongoing investment in staff, resources and training Building have full team qualified to do BWOF audits ~~Regulatory Manager employed~~ ~~Dog control/Investigation officer employed~~ ~~Contractor engaged for freedom Camping and Parking enforcement~~ Created new digital management systems for all of our resource consents so tasks are monitored. Team is working on removing abatements either via new, less onerous consents for the WWTP or by undertaking monitoring. Upskill regulatory staff on court procedures for all unpaid infringments and non-compliance to consents, bylaws	3	3	9	~~Food Safety Officer training.~~ Resource consent/RMA monitoring training. Building have ***regular*** ~~instigated~~ audits ***and processes in place for all BWOFs as per MBIE recommendations.*** Regulatory are assisting with enforcement New management systems in place and active monitoring now occurring. Working to remove 2 new abatements on closed landfills at Clarence and Kekerengu. New consents for the WWTP and Kaikoura Landfill will be oeprationalised once they are granted later in 2026.
13	Council Risk	Governance & Relationships	Avoid	Enterprise	Council	Lack of decisive decision making	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	Medium	3	4	12	Council decision making is supported through well researched and balanced reports, competent staff advice, and comprehensive elected member induction covering key governance procedures. Councillors receive information in advance (no surprises), are provided briefings, and complex issues are workshopped to ensure full understanding before decisions are required. Independent oversight is maintained through the appointment of an external Audit & Risk Committee member ensuring decisions are informed, timely, and robust.	3	3	9	Elected members to receive ongoing development opportunities, including legislative updates, Chairs Training, and media training, supported by access to the Akona learning platform. Continuous capability building is further reinforced through a scheduled mid-term review in 2027, ensuring members remain confident and well-equipped to make timely and informed decisions.
15	Council Risk	Regulatory & Legal	Mitigate	Strategy & policy	District planning	Statutory Non-Compliance	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	Low	4	3	12	Staff are adequately trained, adherence to current district plan, use of qualified consultants as required. Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time. Aware of national shortage of skilled planners with many councils and central governement departments recruiting. In addition some external contractors are declining work due to workload. Consent timeframes excluded due to "special circumstances" where necessary	3	3	9	Weekly consent timeframes are being prepared to assist with tracking consents. Involve legal advisor if required at an early stage
43	Council	Financial	Mitigate	Works & Services	Solid Waste	Cost pressure from consent conditions	Environmental consent conditions may require Council to undertake costly mitigation or infrastructure upgrades, resulting in financial strain and challenges meeting statutory obligations	Chief Executive	Service Delivery Manager	Financial	Low	3	4	12	Staff are actively engaged in the consenting process for the landfill capping project to lobby for pragmatic consent conditions.	3	3	9	Looking to raise fees and charges proactively to cover the costs of consenting and capex. ***Review of consent conditions.***
5	Council Risk	Infrastructure & Service Delivery	Mitigate	Works & Services	Asset management	Lack of Process and Systems	Lack of knowledge about KDC assets, especially critical infrastructure	Chief Executive	Operations Delivery Manager	Operational	High	4	4	16	Roading asset management is in a more mature place. Very little progress, if any, has been made on strategic asset management for 3waters, solid waste, parks, facilities, harbours	3	3	9	Further work required with ADAPT Working alongside Hurunui District Council and Waimak Council on ADAPT. ***WSCCO responsibility for 3 waters post 1 July.***
2	Council Risk	Reputational	Avoid	Building & Regulatory	Building control	Lack of BCA Process and Procedures	Loss of BCA accreditation	Chief Executive	Building Control Manager	Operational	Low	5	4	20	Ongoing investment in staff, resources and training, monitoring BCA audit outcomes Accreditation achieved March/April. 2 Year low risk	2	4	8	~~Audit booked for early March 2026~~ ***Good outcome from IANZ audit.*** Datascape go live has been deferred for building to ensure no interuption with the audit. A further audit may be requried

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
12	District Risk	Infrastructure & Service Delivery	Avoid	Works & Services	Water supplies	Lack of Water Testing and Responsiveness	Drinking water transgression, people get sick or die	Chief Executive	Operations Delivery Manager	Health & safety	Low	2	5	10	Water treatment facilities are in place, are well maintained, and data collection water testing regimes are followed. Drinking Water Safety Plans are in place Water safety plans in place.	2	4	8	Regular interface with regulator. Source water risks understood and managed UV disinfection in place- for all schemes. Chloridation in place for all but airport (as very small) Annual Review by independent acessor.
18	Council Risk	Reputational	Avoid	Enterprise	IT services	Lack of Appropriate IT Access Controls	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	Low	3	4	12	Firewalls are in place, laptops and devices are password protected. Increased focus on cyber security. Mimecast security training has been rolled out for staff by IT. Free Privacy Act training modules available for staff to gain an understanding. Personal devices owned by staff and elected members don't have the same protection protocols in place. Would require IT to enforce 6-digit pin numbers and other protection measures. Data regularly exported (e.g. to Quotable Value and Environment Canterbury) could be encrypted - IT to advise.	2	4	8	Have installed new firewalls with greatly improved security capabilities. Upgrade to Microsoft E3 also gives a larger suite of security products Prohibited access to external webmail platforms. Multifactor authentication being phased in.
19	Council Risk	Governance & Relationships	Mitigate	Enterprise	Leadership	Lack of Appropriate Prioritisation and Capacity	Qualified annual report for 2024 - 2025	Chief Executive	Management team	Political or Reputational	Low	5	2	10	Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting. Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided. On Council Agenda for October meeting.	4	2	8	Successful audit in 2023/2024 but need to retain focus on measures - ERP change could affect risk. ***Audit plan arranged***
17	Council Risk	Infrastructure & Service Delivery	Avoid	Enterprise	IT services	Failure to maintain/replace IT Hardware	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	Low	2	4	8	Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations. Document management system now up and running, the document management system does not have cloud-based storage (its on one of our new onsite servers). This risk is mitigated by the backups described as above. Core servers - all now replaced,replacement programme in place Secure elected members devices issued Ongoing awareness of potential threats through Mimecast security awareness training arranged by IT. Monthly updates. Hardware replacement policies required.	2	3	6	No hardware issues to report.
20	Council Risk	People and Capability	Avoid	Enterprise	Financial management	Lack of Appropriate Fraud Controls	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	Low	3	3	9	Segregation of duties within finance team, daily checking of banking and cash handling, regular financial reporting, financial delegations enforced. Cash Handling Policy has been updated and endorsed by the Finance, Audit & Risk Committee in August 2021. Monthly internal reconcilliation process. Safe purchased.	3	2	6	Increased internal auditing and deep dives. 25J Management letter has some medium level recommendations to work through. ***Sensitive expenditure controls in place.***
32	Council Risk	Regulatory & Legal	Mitigate	Enterprise	Financial management, HR	Regulatory Judical Process	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	Medium	4	3	12	Regulatory Manager on board Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives. Section 17a sample review	3	2	6	Completed and updated contract in place. DLC Commissioner approved. Look at ways to fully recover costs.

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerence	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	What is the Councils tolerence for this Risk (low = must be avoided or transfer; High = risk can be accepted or mitigated	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
41	Council	Regulatory & Legal	Mitigate	Legislative, Financial	Governance	Water Services CCO (WSCCO) Set Up	Complexities and or resource capacity impact on the ability to set up the WSCCO alongside potential for HR action	Chief Executive	SMC: Senior Manager Corporate Services	Reputational	Low	3	4	12	Project team in place, use of legal and finance/accounting external advice. Ensure milestone progression is in place with appropriate expert review and endorsement. A coherent communication plan will also be required	2	3	6	Project plan to ensure milestone reviews in place. Progression to be dependent on expert endorsement. Minimal staff impact expected. A strong communication plan to keep the community informed will help mitigate unfounded perceptions and ensure accurate details are available. ***On track for 1 July.***
42	Council	Financial	Mitigate	Works & Services	South Bay Forestry	Carbon Credit liability for the next four years (2025-2029)	Potential for Council to have a financial liability due to the harvesting of SB Forest	Chief Executive	SMC: Senior Manager Corporate Services	Financial	Low	3	5	15	Submitted request for further information - currently exploring replant options	1	5	5	Landscaping plan is being put together.
1	Council Risk	Financial	Mitigate	Enterprise	Financial management	Lack of Financial Buffer	Long-term financial position: Major unforeseen projects or disaster events raise our debt levels too high	Chief Executive	Executive team	Financial	High	2	4	8	Financial delegation limits, budget supervision, monthly reporting of variances, asset management planning, and inputs to Long Term Plan. LTP approved. Headroom remains Current debt levels leave headroom.	1	3	3	Would require very major event as borrowing headroom significant
8	Council Risk	Infrastructure & Service Delivery	Mitigate	Enterprise	HR	Catestrophic Event / Black Swan	Major disaster - business continuity severely impacted	Executive team	Team leaders	Operational	High	1	5	5	Regular EOC function manager training, documented processes, EOC cupboards stocked, participate in Exercise Pandora, IT backups and disaster recovery plans in place Policy and procedures review and update commenced. BCP plans in place from Covid.	1	3	3	Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster