



AGENDA

Audit and Risk Committee Meeting Monday, 19 October 2026

Date Monday, 19 October 2026

Time 9:00 am

Location Council Chambers
Timaru District Council
King George Place
Timaru

File Reference 1880396

Timaru District Council

Notice is hereby given that a meeting of the Audit and Risk Committee will be held in the Council Chambers, Timaru District Council, King George Place, Timaru, on Monday 19 October 2026, at 9:00 am.

Audit and Risk Committee Members

Bruce Robertson (Chairperson), Clr Scott Shannon (Deputy Chairperson), Janice Fredric, Clr Michelle Pye, Clr Stacey Scott, Clr Graeme Wilson and Mayor Nigel Bowen

Quorum – no less than 3 members including at least one external member

Local Authorities (Members' Interests) Act 1968

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

Nigel Trainor
Chief Executive

Order Of Business

1	Apologies	5
2	Identification of Items of Urgent Business.....	5
3	Identification of Matters of a Minor Nature	5
4	Declaration of Conflicts of Interest	5
5	Confirmation of Minutes	6
	5.1 Minutes of the Audit and Risk Committee Meeting held on 7 September 2026	6
6	Reports	23
	6.1 Annual Report 2025/26	23
7	Consideration of Urgent Business Items.....	28
8	Consideration of Minor Nature Matters	28
9	Exclusion of the Public.....	28
	10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 7 September 2026	28
	10.2 Legislative Compliance Report for the year ended 30 June 2026.....	28
	10.3 Insurance Programme Update	28
	10.4 Deloitte Procurement Review - Progress towards meeting recommendations	28
	10.5 Committee and Chief Executive only time (Agenda Placeholder)	28
	10.6 Committee and Auditor only time (Agenda Placeholder).....	28
10	Public Excluded Reports.....	32
11	Readmittance of the Public.....	33

- 1 Apologies**
- 2 Identification of Items of Urgent Business**
- 3 Identification of Matters of a Minor Nature**
- 4 Declaration of Conflicts of Interest**

5 Confirmation of Minutes

5.1 Minutes of the Audit and Risk Committee Meeting held on 7 September 2026

Author: Jessica Kavanaugh, Democracy Services Lead

Recommendation

That the Minutes of the Audit and Risk Committee Meeting held on 7 September 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

1. Minutes of the Audit and Risk Committee Meeting held on 7 September 2026



MINUTES

Audit and Risk Committee Meeting Monday, 7 September 2026

Ref: 1880396

**Minutes of Timaru District Council
Audit and Risk Committee Meeting
Held in the Council Chambers, Timaru District Council, King George Place, Timaru
on Monday, 7 September 2026 at 9:00 am**

Present: Bruce Robertson (Chairperson), Clr Scott Shannon (Deputy Chairperson), Janice Fredric, Clrs Michelle Pye, Stacey Scott, Graeme Wilson

In Attendance: **Councillor:** Chris Thomas

Officers: Nigel Trainor (Chief Executive), Stephen Doran (General Manager Corporate), Andrea Rankin (Chief Financial Officer), Paul Cooper (General Manager Regulatory, Development and Growth), Suzy Ratahi (General Manager Land Transport), Justin Bagust (Chief Information Officer), Narayan Swamy (Assurance and Audit Officer), Matthew O'Brien (Financial Accountant/Finance Manager), Ashlea Whyte (Financial Accountant/Finance Manager), Tyler Zandrack (Senior Management Accountant), Amrita Singh (Management Accountant), Sam Esterhyuse (Continuous Improvement Business Partner), Bhavisha Kapadia (Marketing and Communications Advisor), Jessica Kavanaugh (Acting Democracy Services Lead)

Public: Rudie Tomlinson (Audit New Zealand), Monique Kruger (Audit New Zealand)

1 Apologies

1.1 Apologies Received

Resolution 2026/385

Moved: Mr Bruce Robertson

Seconded: Clr Scott Shannon

That the apology of Mayor Nigel Bowen be received and accepted.

Carried

2 Identification of Items of Urgent Business

No items of urgent business were received.

3 Identification of Matters of a Minor Nature

No matters of a minor nature were raised.

4 Declaration of Conflicts of Interest

No conflicts of interest were declared.

5 Confirmation of Minutes**5.1 Minutes of the Audit and Risk Committee Meeting held on 8 June 2026****Resolution 2026/386**

Moved: Mr Bruce Robertson

Seconded: Clr Scott Shannon

That the Minutes of the Audit and Risk Committee Meeting held on 8 June 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

6 Reports**6.1 Actions Register Update**

The Chairperson spoke to the report to provide the Audit and Risk Committee with an update on the status of the action requests raised by members at previous Audit and Risk meetings.

Insurance Renewal

It was confirmed that this will be brought to the December meeting and that the majority of insurance policies are renewed 30 June/01 July.

The Committee discussed the insurance renewal process and noted the importance of considering insurance matters through a risk-based lens. The discussion also provided an opportunity for strategic consideration of risk exposure and the extent of insurance coverage.

Amendments to the Audit and Risk Committee Work programme

The committee advised that this is not on the work plan for the September meeting; therefore, it should remain open until it is complete at the December meeting.

Resolution 2026/387

Moved: Mr Bruce Robertson

Seconded: Clr Stacey Scott

That the Audit and Risk Committee receives and notes the updates to the Actions Register.

Carried

6.2 Audit and Risk Committee Work Programme

The Chairperson spoke to the report to outline the programme of work for the Audit and Risk Committee (ARC).

It was confirmed that the October Meeting will be held on 19 October 2026, with the external members attending online.

Resolution 2026/388

Moved: Mr Bruce Robertson

Seconded: Clr Graeme Wilson

That the Audit and Risk Committee received and notes the Audit and Risk Committee Work Programme update.

Carried

6.3 Internal Audit Activities

The Assurance & Audit Officer spoke to the report to provide the Audit and Risk Committee (ARC) with an update on the Internal Audit (IA) activities since the last meeting on 2 March 2026 and upcoming IA activities for 2025/26.

Resolution 2026/389

Moved: Clr Scott Shannon

Seconded: Clr Graeme Wilson

That the Audit and Risk Committee receives and notes:

1. The Internal Audit Activities Report; and
2. The update of completed and upcoming Internal Audit activities for 2025/26.

Carried

6.4 External Auditors Open Recommendations

The General Manager Corporate spoke to the report to provide the Audit and Risk Committee (ARC) with an update on outstanding recommendations made from external audits.

It was confirmed that the actions will remain until they have clearance from the external auditors.

Clarification was sought on item 7: contracts signed without the appropriate delegation, and item 8: the delegation manual in place has not been approved by the council. It was clarified that the updated delegation register will be complete by December 2026.

Assurance was given that the items to be completed as part of the Long Term Plan will be reviewed as part of this process.

Resolution 2026/390

Moved: Mr Bruce Robertson

Seconded: Clr Michelle Pye

That the Audit and Risk Committee receives and notes the Outstanding Recommendations update from External Auditors.

Carried

6.5 Risk Management Quarterly Report

The General Manager Corporate spoke to the report to provide the Audit and Risk Committee (ARC) with an update on the Council's Strategic Risks and to provide the Committee with the Risk Management Maturity Improvement Plan and the current status of the plan.

The Chief Executive provided an overview of the Head Start proposal for the Canterbury region, and how the Timaru District Council is preparing. The Regional Spatial Plan was noted as the biggest risk.

Discussion included separating the different reforms in the risk register, the capability and capacity of officers to undertake the work, the link between reform and the Long Term Plan, and the detail required in the Activity Management Plans to recognise growth and demand.

The decision deadline for Head Start was outlined.

There was a request from the Audit and Risk Committee that a separate report be prepared for the December 2026 meeting to focus on reform, including the spatial plan from a risk perspective.

There was a further request to present a regular report on the different workstreams to include budget implications, deadlines and updates. It was confirmed this report would need to be presented to full Council.

Further discussion included the systemic failure of identifying and rectifying risks as a result of the Davidson Report. There was an update provided on water reform. It was requested to add to the work programme a schedule to do a deep dive of each risk area.

The risk of standard corporate overheads was clarified. The risk drivers, risk owners and actions were further discussed.

The Audit and Risk Committee highlighted the concern about the current position, not the performance but the general strategic risk environment of this council. It was also noted that the Davidson Report raises a couple of key issues: the Geotech and stability of the land in the Timaru District, whether vulnerable land areas are known, and whether we follow through on LIMS.

It was highlighted that two current known risks are Patiti Point and Milford Huts. It was requested that another report be presented to Council on Patiti Point.

The systemic issue on how critical information is handled was highlighted.

Resolution 2026/391

Moved: Mr Bruce Robertson

Seconded: Cllr Michelle Pye

That the Audit and Risk Committee receive and note the Risk Management Quarterly Report.

Carried

The Chairperson rearranged the agenda, to move item 6.6 Draft Annual Report 2025/26, due to the availability of the external auditors. This item will be heard at 11.00am.

At 9:57 am, Cllr Scott Shannon left the meeting.

6.7 Long Term Plan 2027-37 Development Update

The General Manager Corporate spoke to the report to provide the Audit and Risk Committee (ARC) with an update on the development of the Long Term Plan (LTP) 2027-37.

At 9:59 pm, Clr Scott Shannon returned to the meeting.

Discussion was held on the Audit NZ engagement letter. The Chairperson advised that the Chairperson and Deputy Chairperson are required to clear the engagement letter, with distribution to the councillors and the Audit and Risk Committee. Concern was raised in relation to the timeline of the Long Term Plan adoption, and the action that will be taken to ensure there are enough resources.

It was requested that the Audit and Risk Committee have the programme plan included in the Long Term Plan update reports; the inclusion of a risk register was noted.

An update was given on the Financial Strategy, including the rates trajectory. The Chief Executive noted that progressing the Asset Management Plans is a critical component of the Long Term Plan process, as they will inform infrastructure requirements based on projected growth and demand. It was advised that this level of detail was not sufficiently captured in the current Long Term Plan. The Committee discussed Council's current position, including that a number of major projects are nearing completion, with the exception of Claremont, and that there is an opportunity to consider debt repayment and future infrastructure investment within the rates cap.

It was also confirmed that there will be a Depreciation Policy for the Long Term Plan 2027/37.

Resolution 2026/392

Moved: Mr Bruce Robertson

Seconded: Clr Michelle Pye

That the Audit and Risk Committee

1. Receive the Long Term Plan 2027-37 Development Update report.
2. That the engagement letter is circulated, with the approval delegated to the Chairperson and Deputy Chairperson of the Audit and Risk Committee.

Carried

6.8 Sensitive Expenditure Quarterly Report

The Chief Financial Officer spoke to the report to update the Audit and Risk Committee on sensitive expenditure for the period 1 April – 30 June 2026.

It was noted that the Chairperson of Audit and Risk approves Mayor Nigel Bowen's travel, and Mayor Nigel Bowen approves the Chief Executive's travel.

Resolution 2026/393

Moved: Mr Bruce Robertson

Seconded: Clr Scott Shannon

That the Audit and Risk Committee receives and notes the Sensitive Expenditure Quarterly report.

Carried

6.9 Draft IT Strategy Amendment - Readiness and Risk Plan

The Chief Information Officer spoke to the report to update the Audit and Risk Committee (ARC) on the Draft Council Information Technology Strategy Amendment - Digital Merger Readiness and Risk Plan and give the Committee the opportunity to provide feedback.

Discussion included the different scenarios due to the unknowns with the Head Start proposal. The contact with other councils and the operating systems that they use.

There was further clarification was provided on the benefit of progressing with the Altitude upgrade. It was also advised that there are some workstreams/upgrades that are on hold due to the current uncertainty. The budget for the Altitude upgrade was highlighted.

It was highlighted that there is uncertainty relating to regional council services and system integrations. Clarification was provided on federation services and the roadmap controls to be considered as part of the next stage of planning.

It was requested that a report be prepared for the December meeting on the Head Start proposal, including whether the relevant scenarios had been confirmed.

Emphasis was provided on the importance of neighbouring councils working together, regardless of Head Start or backstop.

Resolution 2026/394

Moved: Mr Bruce Robertson

Seconded: Cllr Graeme Wilson

That the Audit and Risk Committee receives and notes the Draft Information Technology Strategy Amendment – Digital Merger Readiness and Risk Plan.

Carried

6.10 Continuous Improvement Update

The Continuous Improvement Business Partner spoke to the report to provide the Committee with an update on the Continuous Improvement Work Programme and outline the next steps.

It was confirmed that ElementTime will be rolled out at the end of November 2026 for all council officers, with the ability to capitalise time and that elected members will have an automated pay system.

Resolution 2026/395

Moved: Cllr Michelle Pye

Seconded: Cllr Scott Shannon

That the Audit and Risk Committee receive and notes the Continuous Improvement Update report.

Carried

7 Consideration of Urgent Business Items

No items of urgent business were received.

8 Consideration of Minor Nature Matters

No matters of a minor nature were raised.

9 Exclusion of the Public**Resolution 2026/396**

Moved: Mr Bruce Robertson

Seconded: Cllr Scott Shannon

That the public be excluded at 10.35am from the following parts of the proceedings of this meeting, namely, —

10.1 Deloitte Procurement Review**10.2 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 8 June 2026****10.3 Public Excluded Actions Register Update****10.4 Cyber Security Report****10.5 Issues Watch Register****10.6 Internal Audit Quarterly Report****10.7 Legislative Compliance Update****10.8 Health and Safety Performance Report****10.9 Committee and Chief Executive only time (Agenda Placeholder)****10.10 Committee and Internal Auditor only time (Agenda Placeholder)****10.11 Committee and Auditor only time (Agenda Placeholder)**

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
---	---	----------------------

10.2 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 8 June 2026 Matters dealt with in these minutes: 10.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 2 March 2026 10.2 - Public Excluded Actions Register Update 10.3 - Cyber Security Report 10.4 - Issues Watch Register 10.5 - Internal Audit Quarterly Report 10.6 - Health and Safety Performance Report 10.7 - Committee and Auditor only time (Agenda Placeholder) 10.8 - Committee and Internal Auditor only time (Agenda Placeholder)	Section 48(1) of the Local Government Official Information and Meetings Act 1987.	The public excluded minutes of the meeting held on 8 June 2026 are considered confidential pursuant to the provisions of the LGOIMA Act of 1987. The specific provisions of the Act that relate to these minutes can be found in the open minutes of the meeting held on 8 June 2026.
10.3 - Public Excluded Actions Register Update	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	To protect a person's privacy, including the privacy of deceased persons To protect commercially sensitive information
10.4 - Cyber Security Report	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	To prevent use of the information for improper gain or advantage
Carried		

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—
 - (a)shall be available to any member of the public who is present; and
 - (b)shall form part of the minutes of the local authority.”

10 Public Excluded Reports**10.1 Deloitte Procurement Review****10.2 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 8 June 2026****10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 2 March 2026****10.2 Public Excluded Actions Register Update****10.3 Cyber Security Report****10.3 Public Excluded Actions Register Update****10.4 Cyber Security Report****Resolution 2026/397**

Moved: Mr Bruce Robertson

Seconded: Cllr Scott Shannon

That the meeting moves out of Closed Meeting into Open Meeting.

Carried

The Audit and Risk Committee had adjourned at 10.56 am to continue with the public part of the session for item 6.6 Draft Annual Report 2025/26.

The Audit and Risk Committee reconvened at 11.10 am for item 6.6 Draft Annual Report 2025/26.

6.6 Draft Annual Report 2025/26

The General Manager Corporate, Chief Financial Officer and Finance Manager / Financial Accountant spoke to the report to provide the Audit and Risk Committee (ARC) with an update on the development of, and present the committee with, the draft Annual Report 2025/26.

It was advised that the front half of the Draft Annual Report, which included the performance measures and impact statements was had been circulated over the weekend; however, the financial section was not complete in time and was tabled at the meeting.

There was confirmation given that a final draft will be circulated on the 08 September 2026 to councillors and the Audit and Risk Committee to enable feedback to be provided.

Rudie Tomlinson (Audit New Zealand) provided a verbal update on the audit process. It was advised that a couple of things identified last year were to be covered off early in this audit process; this includes the proforma financial statements and the PP and E note in the financial statements requiring review. It was advised that the audit will begin next week, and that the landfill provision had been flagged previously; it is understood there has been a delay in receiving a report from PwC. Items that have arisen in the last couple of months included revenue infringement letters, property, plant and equipment versus investment property, and the work in progress. A verbal update was given on work in progress and how it is audited by the auditors.

Discussion was held on legitimate costs in relation to work in progress; the level of comfort with these work in progress costs was discussed, including the importance of the Audit and Risk Committee reviewing the schedule of what is written off.

Further discussion included consultation costs, external parties and associated staff time. The Fixed Asset Register (FAR) reconciliation.

The chairperson advised the Audit and Risk Committee to review the draft Annual Report 2025/26 this week and provide feedback, as when it comes to the 19 October 2026 there will be no time to make any non-critical changes.

There were questions raised on the capital programme delivery and the commentary required to be provided.

Rudie Tomlinson (Audit New Zealand) provided a verbal update on the Long Term Plan (LTP) 2027/37. It was advised that there is a lot happening, which is also taking council officers' attention and that the LTP audit can not be business as usual. The audit engagement letter set out the timelines in conjunction with council officers, which is the starting point. There is a lot around three waters that will not be subject to audit. It was advised it would be easier if the Council's position on certain important items was provided beforehand, so as not to result in additional rework. It was highlighted that the importance of the Long Term Plan document during the potential amalgamations, and the equal focus on all 10 years or a heavier focus on years one to three. It was further advised that there are no implications of an opinion modification, and the importance of having a Long Term Plan adopted on 30 June 2027.

Discussion included the potential to have an increase in opinion modifications; clarification was provided on three waters, that stormwater is remaining in-house for Timaru District Council and Mackenzie District Council.

It was advised that the engagement letter has been circulated to the Chairperson, and the Chairperson and Deputy Chairperson will clear this post-meeting. It was confirmed that council officers are trying to put the best LTP document together as a foundation document for the possible amalgamations.

Discussion included the implications of the LTP depending on the outcome of Headstart or backstop; the importance of complying with existing legislation as it stands was noted. It was also advised the importance of continuous communication between Audit New Zealand and council officers.

Resolution 2026/398

Moved: Mr Bruce Robertson

Seconded: Clr Scott Shannon

That the Audit and Risk Committee receive the *Draft Annual Report 2025/26* report, noting that comments from the Audit and Risk Committee will come by 15 September 2026.

Carried

Attachments

- 1 DRAFT Annual Report tabled at item 6.6 Audit and Risk Committee 07.09.2026 section one
- 2 DRAFT Annual Report tabled at item 6.6 Audit and Risk Committee 07.09.2026 section two

11 Exclusion of the Public

Resolution 2026/399

Moved: Mr Bruce Robertson

Seconded: Clr Scott Shannon

That the public be excluded at 11.48am from the following parts of the proceedings of this meeting, namely,—

10.1 Deloitte Procurement Review

10.5 Issues Watch Register

10.6 Internal Audit Quarterly Report

10.7 Legislative Compliance Update

10.8 Health and Safety Performance Report

10.9 Committee and Chief Executive only time (Agenda Placeholder)

10.10 Committee and Internal Auditor only time (Agenda Placeholder)

10.11 Committee and Auditor only time (Agenda Placeholder)

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
10.1 - Deloitte Procurement Review	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the	To protect commercially sensitive information

	commercial position of the person who supplied or who is the subject of the information	
10.5 - Issues Watch Register	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client To enable Council to carry out commercial activities
10.6 - Internal Audit Quarterly Report	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(f)(ii) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect commercially sensitive information To protect the effective conduct of public affairs To enable Council to carry out commercial activities
10.7 - Legislative Compliance Update	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client
10.8 - Health and Safety Performance Report	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to	To protect a person's privacy, including the privacy of deceased persons To protect commercially sensitive information

	protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	
10.9 - Committee and Chief Executive only time (Agenda Placeholder)	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect information that is subject to an obligation of confidence and/or that was required by law to be provided; and to ensure that the supply of such information is not affected in the future, when it is in the public interest for it to be provided To enable Council to carry out commercial activities
10.10 - Committee and Internal Auditor only time (Agenda Placeholder)	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or	To protect information that is subject to an obligation of confidence and/or that was required by law to be provided; and to ensure that the supply of such information is not affected in the future, when it is in the public interest for it to be provided To enable Council to carry out commercial activities

	disadvantage, commercial activities	
10.11 - Committee and Auditor only time (Agenda Placeholder)	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect information that is subject to an obligation of confidence and/or that was required by law to be provided; and to ensure that the supply of such information is not affected in the future, when it is in the public interest for it to be provided To enable Council to carry out commercial activities

Carried

10.5 Issues Watch Register

10.6 Internal Audit Quarterly Report

10.7 Legislative Compliance Update

10.8 Health and Safety Performance Report

10.9 Committee and Chief Executive only time (Agenda Placeholder)

10.10 Committee and Internal Auditor only time (Agenda Placeholder)

10.11 Committee and Auditor only time (Agenda Placeholder)

11 Readmittance of the Public

Resolution 2026/400

Moved: Mr Bruce Robertson

Seconded: Cllr Scott Shannon

That the meeting moves out of Closed Meeting into Open Meeting at 3.50pm.

Carried

The meeting closed at 3.50pm.

Minutes confirmed 07 September 2026

.....
Bruce Robertson
Chairperson

6 Reports

6.1 Annual Report 2025/26

Author: Stephen Doran, General Manager Corporate

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Audit and Risk Committee receives the Draft Timaru District Council Annual Report 2025/26, provides any feedback, and recommends adoption by Council subject to receipt of audit clearance and the Audit Office's final audit opinion.

Purpose of Report

- 1 To provide the Committee with the Draft Annual Report 2025/26, which, subject to audit clearance, is scheduled to be presented to Council on 27 October 2026 for adoption.
- 2 To enable representatives of the Audit Office to provide an update on the audit process and answer any questions the Committee may have.

Assessment of Significance

- 3 This matter is of low significance under the Council's Significance and Engagement Policy. The Annual Report is a statutory accountability document required under section 98 of the Local Government Act 2002 and reports on Council's activities, financial results and service performance for the year ended 30 June 2026.

Discussion

- 4 The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of its financial year. Council has a 30 June balance date, meaning the Annual Report 2025/26 must be adopted by 31 October 2026. The Annual Report is required to be audited, with the Audit Office carrying out the audit on behalf of the Auditor-General.
- 5 The purpose of the Annual Report is to compare Council's actual activities and performance for 2025/26 with what was intended in the 2024-34 Long Term Plan and the Annual Plan 2025/26, and to promote accountability to the community for the decisions made and services delivered during the year.
- 6 The Draft Annual Report is supplied under separate cover.

Notable achievements, events and non-financial performance measures

- 7 Key Performance Indicators for 1 July 2025 to 30 June 2026 were set in the Long Term Plan 2024-34 and reported across nine groups of activities. Corporate Activities does not have performance targets in the LTP.

- 8 The Annual Report records 101 performance measures across the nine activity groups. Overall, Council achieved 67 measures, nearly achieved 13, did not achieve 19, and did not measure 2. The two measures not reported in 2025/26 relate to Building Control measures that will be measured in 2026/27.
- 67 measures were achieved.
 - 13 measures were nearly achieved.
 - 19 measures were not achieved.
 - 2 measures were not measured in 2025/26 and will be reported in a future year.
- 9 In respect of the performance measure targets not achieved, the details on each performance measure can be viewed in the Council activity reports section of the Annual Report.
- 10 The Annual Report highlights a year in which Council continued to deliver core services while progressing significant reform, capital projects and organisational change. Notable 2025/26 achievements include:
- 10.1 **Democracy:** Council continued strong advocacy on legislative reform, including local government system changes, water, transport, resource management and funding settings. The Mayor remained Chair of the Canterbury Mayoral Forum during the year.
- 10.2 **Community Support:** Timaru Airport regained Civil Aviation Authority certification in February 2026 for a further five years. Community Partnerships supported refugee settlement, Welcoming Communities initiatives, disability inclusion work and the 2026 Youth Impact Awards. The Mayor's Taskforce for Jobs delivered 34 employment outcomes and supported the South Canterbury Careers Expo.
- 10.3 **District Planning and Environmental Services:** Decisions on the Proposed Timaru District Plan were issued in March 2026, with only 12 appeals. Building Control maintained Building Consent Authority accreditation and expanded out-of-district consent processing work. Animal Control, liquor licensing and parking enforcement all reported operational improvements.
- 10.4 **Recreation and Leisure:** CBay recorded 406,595 visits, libraries achieved all performance targets and recorded 95% user satisfaction, the Museum recorded 28,108 service users, and the Aigantighe House reopened following refurbishment, with the project recognised by an NZIA Canterbury Architecture Award.
- 10.5 **Roading and Footpaths:** The sealed resurfacing programme was completed; significant pavement rehabilitations were delivered on Route 72 Arundel-Geraldine Road, Rangitata Island Road, Totara Road and Robinson Road; the Geraldine to Woodbury shared path was completed; and the South Canterbury Road Safety team received a 2025 regional road-safety award.
- 10.6 **Stormwater:** Projects were completed across Temuka, Geraldine, Timaru and Pleasant Point, including soakpits, outfall upgrades, Gleniti stormwater bund works and drainage improvements to reduce flooding impacts.
- 10.7 **Wastewater:** Planning progressed for critical sewer-main renewals in Timaru and Geraldine, and safety upgrades were completed at the Aorangi Road Wastewater Treatment Plant.
- 10.8 **Water Supply:** Renewal work progressed on the Downlands trunk watermain along State Highway 8, the Caroline Bay watermain renewal continued, stage one of the

Seadown upgrade programme was completed, the McNair Road reservoir was commissioned for Temuka, and contracts were awarded for the Claremont Water Treatment Plant upgrade.

- 10.9 **Waste Management:** Peel Forest closed landfill remediation was completed ahead of schedule and under budget, with 29,170 tonnes removed over the life of the project. Resident satisfaction with waste services improved to 84%, although remained below the 90% target.

Financial Information

- 11 The primary financial statements are on pages 93-104 of the Annual Report.

- 12 In summary, the key financial performance measures are:

	ACTUAL FOR YEAR (\$000)	BUDGET FOR YEAR (\$000)	ACTUAL YEAR ENDED 30 JUNE 2025 (AS A COMPARISON) (\$000)
TOTAL REVENUE	161,025	145,306	135,833
TOTAL EXPENDITURE	149,403	146,526	141,508
OPERATING SURPLUS/(DEFICIT) BEFORE TAX	11,622	(1,220)	(5,675)
PROPERTY, PLANT AND EQUIPMENT REVALUATION	33,654	70,063	45,428
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	45,276	68,843	39,753

- 13 Total revenue was \$15.71 million higher than budget. The major favourable variances were:
- 13.1 Subsidies and grants were \$13.8 million above budget, primarily due to significant projects budgeted in prior years commencing during 2025/26, including Aorangi Stadium (\$2.7 million), Theatre Royal (\$8.9 million), and Peel Forest remediation grant funding (\$3.4 million).
 - 13.2 Development and financial contributions were \$1.53 million above budget.
 - 13.3 Finance revenue was \$2.0 million below budget due to lower interest rates.
 - 13.4 Other revenue was above budget, including weighbridge charges associated with Peel Forest remediation works, partly offset by a historical infringement revenue correction.
- 14 Total operating expenditure was \$2.88 million higher than budget. The major variances were:
- 14.1 Personnel costs were \$3.7 million below budget, reflecting restructure and vacancy savings.
 - 14.2 Finance costs were \$3.3 million below budget due to lower interest rates and delays in borrowing for capital projects.

14.3 Depreciation was \$5.4 million below budget, primarily due to capital project delays and adjustments arising from the prior year roading revaluation.

14.4 Other losses were above budget as a result of losses recognised through reviews of property, plant and equipment.

15 Council continues to maintain a strong financial position. This is set out in the Statement of Financial Position on page 97 of the Annual Report. The main items in the Statement of Financial Position are:

	ACTUAL AS AT 30 JUNE 2026 (\$000)	BUDGETED AS AT 30 JUNE 2026 (\$000)	ACTUAL AS AT 30 JUNE 2025 (FOR COMPARISON) (\$000)
TOTAL CURRENT ASSETS	57,996	60,195	63,320
TOTAL NON-CURRENT ASSETS	2,090,164	2,197,010	2,041,798
TOTAL ASSETS	2,148,160	2,257,205	2,105,118
CURRENT LIABILITIES	90,949	26,437	99,237
TOTAL NON-CURRENT LIABILITIES	200,374	295,892	194,320
TOTAL LIABILITIES	291,324	322,329	293,557
TOTAL EQUITY	1,856,837	1,934,876	1,811,561

16 Total equity is the community's interest in the total assets of Council.

17 Council is required to publish a Disclosure Statement (pages 181-184 of the Annual Report). This is a series of disclosures regarding rates affordability, debt affordability and servicing, meeting essential services benchmarks and a balanced budget benchmark. The details are set out in the Disclosure Statement.

18 During 2025/26, capital expenditure on Council infrastructure, facilities and services totalled \$65.5 million against a budgeted programme of \$80.4 million. Most expenditure was in Recreation and Leisure (49.4%), Roothing and Footpaths (28.3%) and Water Supply (11.1%), with the balance across Wastewater, Stormwater, Community Support, Waste Management and Corporate Activities.

19 Major capital projects progressed during the year included the Theatre Royal and Museum redevelopment, the Aorangi Stadium upgrade and the Claremont Water Treatment Plant upgrade. Infrastructure renewals and improvement work also continued across roading, stormwater, wastewater, water supply and waste management.

Unmodified audit opinion

20 At the time of authoring the report, officers are expecting that Audit NZ will provide an unmodified audit opinion as to the fair presentation in all material respects of matters presented and disclosed in the Annual Report.

- 21 The value of the audit opinion for readers and users of the Annual Report is the assurance they can have as to the material accuracy of information and faithfulness of the representations that it contains and discloses.

Options

- 22 Adoption of the Annual Report by the council is a legislative requirement. The Audit and Risk Committee can choose to:
- 23 Option 1: Recommend to Council the adoption of the Annual Report 2025/26, subject to audit clearance and any final immaterial changes required through the audit process.
- 24 Option 2: Do not recommend adoption at this stage and advise officers what amendments are required before the Annual Report is presented to Council. This would likely require further audit input and could delay adoption beyond the statutory deadline.

Attachments

1. **Draft Annual Report 2025-26 - V3 (under separate cover)** 

7 Consideration of Urgent Business Items**8 Consideration of Minor Nature Matters****9 Exclusion of the Public****Recommendation**

That the public be excluded from—

- *(a) the whole of the proceedings of this meeting; or
- *(b) the following parts of the proceedings of this meeting, namely,—

10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 7 September 2026

10.2 Legislative Compliance Report for the year ended 30 June 2026

10.3 Insurance Programme Update

10.4 Deloitte Procurement Review - Progress towards meeting recommendations

10.5 Committee and Chief Executive only time (Agenda Placeholder)

10.6 Committee and Auditor only time (Agenda Placeholder)

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
10.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 7 September 2026 Matters dealt with in these minutes: 10.1 - Deloitte Procurement Review 10.2 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 8 June 2026	Section 48(1) of the Local Government Official Information and Meetings Act 1987.	The public excluded minutes of the meeting held on 7 September 2026 are considered confidential pursuant to the provisions of the LGOIMA Act of 1987. The specific provisions of the Act that relate to these minutes can be found in the open minutes of the meeting held on 7 September 2026.

10.3 - Public Excluded Actions Register Update 10.4 - Cyber Security Report 10.5 - Issues Watch Register 10.6 - Internal Audit Quarterly Report 10.7 - Legislative Compliance Update 10.8 - Health and Safety Performance Report 10.9 - Committee and Chief Executive only time (Agenda Placeholder) 10.10 - Committee and Internal Auditor only time (Agenda Placeholder) 10.11 - Committee and Auditor only time (Agenda Placeholder)		
10.2 - Legislative Compliance Report for the year ended 30 June 2026	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client
10.3 - Insurance Programme Update	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	To protect commercially sensitive information To enable Council to carry out commercial activities To enable Council to carry out commercial or industrial negotiations

10.4 - Deloitte Procurement Review - Progress towards meeting recommendations	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	To protect commercially sensitive information
10.5 - Committee and Chief Executive only time (Agenda Placeholder)	s7(2)(f)(i) - DO NOT USE: The withholding of the information is necessary to maintain the effective conduct of public affairs through free and frank expressions of opinion by or between or to members or officers or employees of any local authority in the course of their duty	DO NOT USE: To maintain the effective conduct of public affairs
10.6 - Committee and Auditor only time (Agenda Placeholder)	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To protect information that is subject to an obligation of confidence and/or that was required by law to be provided; and to ensure that the supply of such information is not affected in the future, when it is in the public interest for it to be provided To enable Council to carry out commercial activities

*I also move that [\[name of person or persons\]](#) be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of [\[specify\]](#). This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because [\[specify\]](#)

.

*Delete if inapplicable.

--

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—
 - (a)shall be available to any member of the public who is present; and
 - (b)shall form part of the minutes of the local authority.”

10 Public Excluded Reports

11 Readmittance of the Public