

CONFIRMED MINUTES

OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBER, THIRD FLOOR, OFFICE OF THE WAITAKI DISTRICT
COUNCIL, 20 THAMES STREET, OAMARU
ON MONDAY, 29 SEPTEMBER 2025 AT 2:00 PM

PRESENT: Simon Neale (Chair), Mayor Gary Kircher, Deputy Mayor Hana Halalele, Cr Jim Hopkins, Cr John McCone, Cr Rebecca Ryan

APOLOGY: Cr Tim Blackler

IN ATTENDANCE: Cr Jeremy Holding
Paul Hope (Director Support Services)
Joanne O'Neill (Director Strategy, Performance & Design)
Roger Cook (Director Natural & Built Environment)
Amanda Nicholls (Chief Financial Officer)
Arlene Goss (Governance Services Lead)
Allyson Wock (Governance Services Officer)
Jason Lilley (Website & Digital Content Creator)

IN ATTENDANCE FOR SPECIFIC AGENDA ITEMS:

Richard Maher (Performance & Continuous Improvement Manager), Agenda Item 3.1
Angela Murray (Procurement Advisor), Agenda Item 3.1
Victoria van der Spek (Policy Lead), Agenda Item 3.2
Ken Palomar (Risk & Assurance Advisor), Agenda Item 3.2

MEETING LIVESTREAM RECORDING:

This meeting was livestreamed on Council's YouTube channel, the recording of which can be found at the following link: <https://www.youtube.com/live/cbO0myLKpXM?si=aY4Qni78zZem1J6Z>.

MEETING OPEN

THE CHAIR DECLARED THE MEETING OPEN AT 2:07PM AND WELCOMED EVERYONE PRESENT.

1 APOLOGIES

RESOLVED PAR 2025/048

Moved: Cr Rebecca Ryan

Seconded: Deputy Mayor Hana Halalele

That the apology received from Cr Tim Blackler (for absence) be accepted.

CARRIED

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MEMORANDUM REPORTS

3.1 PROCUREMENT UPDATE

The circulated report introduced the new Procurement Advisor and summarised procurement activity for the last quarter (June to August 2025).

Director of Strategy, Performance & Design Joanne O'Neill welcomed the new Procurement Advisor Angela Murray to Council. Ms Murray spoke to the report and answered questions.

Chair Simon Neale observed that out of the total 124 procurements this quarter, 98 were non-standard, 24 are still under inspection, and only two were standard. He noted that this indicates either non-compliance with standard procurement processes by Council staff, or that the procurement policy may not be fit for purpose. He added that the latter is more likely, given that contracts have been peer reviewed and signed by senior management personnel.

Mr Neale provided examples of where the policy may not be fit for purpose. He noted that the requirement for three tenders on purchases exceeding \$10,000 is unrealistic when limited suppliers exist for certain specialised Council services. He also highlighted that the requirement to re-tender contracts exceeding \$10,000 when extensions are needed is impractical, particularly when physical works have already commenced.

Ms Murray confirmed that staff appear to be following proper processes, noting that all 98 compliant non-standard procurements had followed the correct process and provided valid reasons for their non-standard classification.

She believed the \$10,000 threshold contained in the procurement policy was low compared to other councils and was contributing to the large number of non-standard procurements. She noted that many other councils set thresholds around \$50,000. She highlighted the inefficiency created by requiring managerial sign-off for 98 non-standard procurements.

Mr Neale believed it necessary to identify improvements to the procurement process reasonably quickly to prevent any further reporting irregularities. While the complete procurement policy is scheduled for review and will return to the committee in March 2026, Mr Neale suggested interim changes. These include implementing a best endeavours approach for obtaining three tenders up to a specified threshold such as \$20,000 or \$40,000, with compulsory three tenders above that threshold, and enabling three-month extensions to existing contracts.

Deputy Mayor Hana Halalele asked that better context of the reasons for non-standard procurements be given in future reports to the committee.

A request was made to itemise additional expenditure not governed by the procurement policy in future reports. Ms Murray confirmed this was possible, but noting that such expenditure typically includes items with limited supplier options, such as software subscriptions or legal fees. Ms Murray is to report back on how many All-of-Government contracts Waitaki District Council is party to.

RESOLVED PAR 2025/049

Moved: Mr Simon Neale
Seconded: Cr Jim Hopkins

That the Performance, Audit and Risk Committee recommends changes proposed to the procurement policy be presented to the new Council for their consideration, with implementation before Christmas 2025 to make the process more efficient without increasing reputational or financial risk.

CARRIED

3.2 RISK MANAGEMENT UPDATE QUARTER 3 2025

The circulated report provided an update on risk management activity across the organisation for Quarter 3 2025, highlighting Council's key risks and encouraging discussion on the current external and internal risk landscape.

Director of Strategy, Performance & Design Joanne O'Neill and Policy Lead Victoria van der Spek spoke to the report and introduced the new Risk & Assurance Advisor Ken Palomar.

Councillor Jim Hopkins questioned the continued inclusion of climate change on the register as a very high risk, as well as the description of the climate change risk.

Chair Simon Neale disagreed that climate change should not be rated as a very high risk. He noted that almost every Council in the country has rated climate change as a very high risk.

Councillor Hopkins expressed he felt the description of the climate change risk, which describes the risk as being "that the negative impacts of climate change are more severe or difficult to manage as a result of Council inaction and lack of understanding or strategy", did not justify the risk being rated as very high. He felt Council has implemented a range of strategies across the board to ensure the mitigation of adverse effects.

Mr Neale agreed the wording in the description of the risk and reasoning for it being a very high risk could be improved, but would be reluctant to lower the risk rating.

Councillor Hopkins believes a control should be added to the climate change risk which looks at a timetabled programme for the management of potential flooding at Muddy Creek.

Mayor Gary Kircher reaffirmed the need for a climate change strategy focused on adaptation and resilience as a control for the climate change risk, but noted that having a strategy in place wouldn't in itself change the risk level.

A question was asked clarifying the operational risk event threshold, to understand whether it was set appropriately for reporting purposes. There was reassurance that it had been set at the level previously determined by the Performance, Audit and Risk Committee, however, Mr Neale asked that future reports include a bit more detail on operational risk events that don't meet the reporting threshold, such as who they've been assigned to, or whether they've been signed off, to increase the confidence of committee members.

RESOLVED PAR 2025/050

Moved: Cr Jim Hopkins
Seconded: Cr John McCone

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

3.3 FINANCIAL SUMMARY (TO 31 AUGUST 2025)

The circulated report presented a high-level financial summary for the period ended 31 August 2025.

Chief Financial Officer Amanda Nicholls spoke to the report, noting that the 2024-25 Annual Report is still in progress. She advised that the 2025 financial year has not yet been closed and the opening position as at 1 July 2025 has not been finalised, therefore the balance sheet is provisional.

It was asked whether council assets could be valued at current market value instead of at replacement cost. Ms Nicholls responded that Council values them at optimised depreciated replacement cost, which is industry standard and how all other councils value them. This approach takes into account the depreciation for what the asset is worth, not what it could be sold for right now.

RESOLVED PAR 2025/051

Moved: Cr John McCone
Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

3.4 DRAFT ANNUAL REPORT FY 2024/2025

The circulated report provided an update on the preparation of the 2024-25 Annual Report.

The first draft of the 2024-25 Annual Report was tabled and has been published as an attachment under a separate cover to the 29 September 2025 Performance, Audit and Risk Committee meeting agenda, available at the following link:

https://waitaki.infocouncil.biz/Open/2025/09/PAR_20250929_ATT_2652_EXCLUDED.PDF.

Highlighted sections within the tabled draft remain subject to finalisation and should not be relied upon.

Chief Financial Officer Amanda Nicholls spoke to the report and answered questions.

There was discussion around the statutory deadline for adopting the 2024-25 Annual Report. It was noted that the 31 October 2025 statutory deadline would not be met due to the timing of the incoming Council and practical constraints around scheduling their first meeting. Subject to audit completion, the new Council is scheduled to adopt the report at their inaugural meeting on 4 November 2025. Chair Simon Neale advised that he knows of other councils taking a similar approach.

Mr Neale thanked Ms Nicholls and staff for their work towards the 2024-25 Annual Report to date.

RESOLVED PAR 2025/052

Moved: Member John McCone
Seconded: Chairperson Gary Kircher

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

4 DECISION REPORTS

4.1 TREASURY STRATEGY, FY 2025-2026 SECOND QUARTER

The circulated report discussed Council's proposed Treasury Strategy for the second quarter of the 2025-26 financial year, reviewed the benefits arising from Council's membership of the Local Government Funding Agency (LGFA), and considered the recommendations put forward by officers.

Chief Financial Officer Amanda Nicholls spoke to the report and answered questions.

Members sought clarification on the capital projects to be funded by the circa \$10m LGFA borrowing in mid-October 2025.

It was advised that the funding would support various capital works, including the three significant ongoing projects of the Network Waitaki Event Centre, the Forrester Gallery extension, and the Kakanui Bridge. It was also noted that substantial roading works typically commence in spring.

RESOLVED PAR 2025/053

Moved: Cr Jim Hopkins

Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee recommends:

That Council:

1. Adopts a Treasury Strategy for the second quarter of the 2025-26 financial year which includes:
 - a) Monitoring available cash and projecting future cash requirements
 - b) Liaising with the Local Government funding Agency (LGFA) to ensure Council's ability to function and deliver on behalf of its communities is not impeded by lack of funds
 - c) Obtaining advice and support from Bancorp Treasury Services on key projects in addition to ensuring compliance with policy limits
 - d) Investing funds considered surplus to immediate requirements based on current forecasts to best advantage to maximise returns

.CARRIED

5 CONFIRMATION OF PREVIOUS MEETING MINUTES

**5.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE
MEETING HELD ON 26 AUGUST 2025**

Councillor Jim Hopkins requested the following grammatical corrections to Item 4.4:

- Change "Audit New Zealand have brought forward" to "Audit New Zealand has brought forward"; and
- Change "Audit New Zealand will begin their audit" to "Audit New Zealand will begin its audit".

RESOLVED PAR 2025/054

Moved: Mayor Gary Kircher

Seconded: Cr Jim Hopkins

That the Performance, Audit and Risk Committee confirms the Public minutes of the Performance, Audit and Risk Committee Meeting held on 26 August 2025, as circulated, as a true and correct record of that meeting, with the corrections noted above.

CARRIED

6 MEETING CLOSE

Mayor Kircher thanked the Chair.

The Chair declared the meeting closed at 3:05pm.

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CHAIRPERSON