
Audit and Risk Management Committee

AGENDA

Notice of Meeting Te Pānui o te Hui:

An ordinary meeting of the Audit and Risk Management Committee will be held on:

Date: **Monday 2 February 2026**
Time: **10 am**
Venue: **Camellia Chambers, Level 2, Civic Offices, 53 Hereford Street**

Membership Ngā Mema

Chairperson	Mr Bruce Robertson
Deputy Chairperson	Councillor Jake McLellan
Members	Councillor Tyrone Fields Councillor Sam MacDonald Councillor Tim Scandrett Mr Michael Wilkes

26 January 2026

Principal Advisor Helen White General Counsel / Director of Legal & Democratic Services Tel: 941 8999 helen.white@ccc.govt.nz	Meeting Advisor Samantha Kelly Team Leader Democratic Services Support Tel: 941 6227 samantha.kelly@ccc.govt.nz Website: www.ccc.govt.nz
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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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<https://www.ccc.govt.nz/the-council/meetings-agendas-and-minutes/>

What is important to us?

Our Strategic Framework is a big picture view of what the Council is aiming to achieve for our community

Our focus this Council term 2022–2025

Strategic Priorities

-  Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.
-  Champion Ōtautahi-Christchurch and collaborate to build our role as a leading New Zealand city.
-  Build trust and confidence in the Council through meaningful partnerships and communication, listening to and working with residents.

Adopted by the Council on 5 April 2023



Reduce emissions as a Council and as a city, and invest in **adaptation and resilience**, leading a city-wide response to climate change while protecting our indigenous biodiversity, water bodies and tree canopy.



Manage **ratepayers' money wisely**, delivering quality core services to the whole community and addressing the issues that are important to our residents.



Actively balance the needs of **today's residents** with the **needs of future generations**, with the aim of leaving no one behind.

Our goals for this Long Term Plan 2024–2034

Draft Community Outcomes

-  Collaborative and confident
Our residents have the opportunity to actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.
-  Green and liveable
Our neighbourhoods and communities are accessible and well connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.



A cultural powerhouse

Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events 'powerhouse'.



Thriving and prosperous

Our city is a great place for people, business and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.

To be adopted by the Council as part of the Long Term Plan 2024–2034

Our intergenerational vision

A place of opportunity for all.

Open to new ideas, new people, new investment and new ways of doing things – a place where anything is possible.



Ngāi Tahu has rangatiratanga over its takiwā – the Council is committed to partnering with Ngāi Tahu to achieve meaningful outcomes that benefit the whole community

Audit and Risk Management Committee - Terms of Reference / Ngā Ārahina Mahinga

Chair	Mr Bruce Robertson
Deputy Chair	Councillor McLellan
Membership	Councillor Fields Councillor MacDonald Councillor Scandrett External Members: Mr Michael Wilkes
Quorum	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
Meeting Cycle	Quarterly and as required
Reports To	Council

Purpose

To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting policy and practice;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, includes: independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

Procedure

- In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
- The Committee should meet the internal and the external auditors without Management present as a standing agenda item at each meeting where external reporting is approved, and at other meetings if requested by any of the parties.
- The external auditors, the internal audit manager and the co-sourced internal audit firm should meet outside of formal meetings as appropriate with the Committee Chair.

- The Committee Chair will meet with relevant members of Management before each Committee meeting and at other times as required.

Responsibilities

Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

Risk Management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.
- Consider emerging significant risks and report these to Council where appropriate.

Internal Audit

- Review and approve the annual internal audit plan, such plan to be based on the Council's risk framework. Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of management's response to internal audit recommendations.
- Review six monthly fraud reporting and confirm fraud issues are disclosed to the external auditor.
- Provide a functional reporting line for internal audit and ensure objectivity of internal audit.
- Oversee and monitor the performance and independence of internal auditors, both internal and co-sourced. Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function.
- Monitor compliance with the delegations policy.

External Reporting and Accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as appropriate.
- Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting.
- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released, make recommendations to Management.
- Consider the underlying quality of the external financial reporting, changes in accounting policy and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices and any significant disagreements

between Management and the external auditors, the propriety of any related party transactions and compliance with applicable New Zealand and international accounting standards and legislative requirements.

- Consider whether the external reporting is consistent with Committee members' information and knowledge and whether it is adequate for stakeholder needs.
- Recommend to Council the adoption of the Financial Statements and Reports and the Statement of Service Performance and the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive.
- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including certification from the Chief Executive, the Chief Financial Officer and the General Manager Corporate Services that risk management and internal control systems are operating effectively;
- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

External Audit

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. Including the adequacy of the nature and scope of the audit, and the timetable and fees.
- Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.
- The external audit reporting should describe: Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings, all relationships between the Council and the external auditor, Critical accounting policies used by Council, alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
- Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and NZ Auditing Standards.

Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

Appointment of Independent Members

- Identify skills required for Independent Members of the Audit and Risk Management Committee. Appointment panels will include the Mayor or Deputy Mayor, Chair of Finance & Performance Committee and Chair of Audit & Risk Management Committee. Council approval is required for all Independent Member appointments.
- The term of the Independent members should be for three years. (It is recommended that the term for independent members begins on 1 April following the Triennial elections and ends 31 March three years later. Note the term being from April to March provides continuity for the committee over the initial months of a new Council.)
- Independent members are eligible for re-appointment to a maximum of two terms. By exception the Council may approve a third term to ensure continuity of knowledge.

Long Term Plan Activities

- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.

Audit and Risk Management Committee Forward Work Programme 2026

2026	Feb 2	Apr 17	Jun 15	Aug 21	Annual Report Oct 16	Dec 4
Update Reports	<ul style="list-style-type: none"> • Risk and Assurance • Cyber Security Report • Major Litigation • Procurement • Riskpool Update 	<ul style="list-style-type: none"> • Risk and Assurance • Kiwi Rail update 	<ul style="list-style-type: none"> • Risk and Assurance • Cyber Security • Procurement 	<ul style="list-style-type: none"> • Risk and Assurance • Riskpool Update 	<ul style="list-style-type: none"> • Risk and Assurance • Procurement 	<ul style="list-style-type: none"> • Risk and Assurance • Procurement • Major Litigation
Other Reports	<ul style="list-style-type: none"> • Long Term Plan Update • Office of the OAG Report 		<ul style="list-style-type: none"> • Office of the OAG Report 	<ul style="list-style-type: none"> • Interim Audit Report 2025 • KiwiRail Update 	<p>LTP – Risk Assessment and Update</p>	<p>KiwiRail Update</p>
Annual Report		<ul style="list-style-type: none"> • External Reporting and Audit Programme for 2026/27 Update 	<ul style="list-style-type: none"> • External Reporting and Audit Programme Update • Audit Plan 	<ul style="list-style-type: none"> • Update on critical judgments, estimates & assumptions • Financial Statements Update - Valuations 	<ul style="list-style-type: none"> • Financial Statements and Annual Report 	<ul style="list-style-type: none"> • Audit NZ Management Letter from prior year's audit
Annual Plan	<ul style="list-style-type: none"> • Draft Annual Plan 		<ul style="list-style-type: none"> • Final Annual Plan 			

Part A Matters Requiring a Council Decision
Part B Reports for Information
Part C Decisions Under Delegation

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Karakia Whakamutunga

Karakia Tīmatanga

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tihei mauri ora

1. Apologies Ngā Whakapāha

Apologies will be recorded at the meeting.

2. Declarations of Interest Ngā Whakapuaki Aronga

Members are reminded of the need to be vigilant and to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

3. Public Forum Te Huinga Whānui

A period of up to 30 minutes will be available for people to speak for up to five minutes on any issue that is not the subject of a separate hearing process.

Public Forum presentations will be recorded in the meeting minutes

4. Deputations by Appointment Ngā Huinga Whakaritenga

Deputations may be heard on a matter, or matters, covered by a report on this agenda and approved by the Chairperson.

Deputations will be recorded in the meeting minutes.

5. Presentation of Petitions Ngā Pākitanga

There were no petitions received at the time the agenda was prepared.

6. Procurement & Contracts FY26 Q1 & Q2

Reference Te Tohutoro: 26/4561

Responsible Officer(s) Te Pou Matua: Luke Stevens - Head of Procurement & Contracts

Accountable ELT Member Pouwhakarae: Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 To provide the Committee with assurance that Council's procurement is being conducted in accordance with its obligations as a Local Authority pursuant to the Local Government Act 2002 (**LGA**) and the Controller and Auditor-General's Procurement Guidance for Public Entities (June 2008) (part 2, paragraph 2.3) (**OAG Guidelines**).

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information in the Procurement & Contracts FY26 Q1 & Q2 Report.

3. Background/Context Te Horopaki

- 3.1 The LGA requires Council to:
 - 3.1.1 conduct its business in an open, transparent, and democratically accountable manner (LGA: s14(1)(a)(i));
 - 3.1.2 give effect to its identified priorities and desired outcomes in an efficient and effective manner" (LGA: s14(1)(a)(ii));
 - 3.1.3 undertake any commercial transactions in accordance with sound business practices (LGA: s14(1)(f)); and
 - 3.1.4 ensure prudent stewardship and the efficient and effective use of its resources (LGA: s14(1)(g)).
- 3.2 The OAG Guidelines provide guidance on good practice that public entities should follow to procure their goods and services. The guidelines also set out principles that Council should apply which include:
 - 3.2.1 Value for money: Public entities should use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve.
 - 3.2.2 Openness: Public entities should be transparent in their administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between entities.
 - 3.2.3 Fairness: Public entities have a general public law obligation to act fairly and reasonably. Public entities must be, and must be seen to be, impartial in their decision-making.
- 3.3 The Principles of the Government Procurement Rules (5th Edition, 2025) provide the Government's overarching procurement values. While the Rules are not mandatory for local authorities, they represent sector best practice.

3.4 Council's Procurement Policy (adopted 2 July 2025) strengthens procurement governance by embedding sustainability, community wellbeing, and strategic alignment into procurement activity, providing the overarching framework that guides how procurement decisions are planned, managed, and assured across the organisation.

4. Long Term Plan Activity Reports

4.1 This report presents information in two broad categories. First is reporting against levels of service for Procurement and Contracts. The second is to provide an update on other Council procurement compliance information. Both are seen as providing information for the Committee to assess compliance with Council's framework and rules.

4.2 When reporting against the levels of service for Procurement and Contracts this information is presented with two broad themes. First, is the appropriate use of public funds to evidence value of money, and the second is compliance with Council's procurement policies and rules.

Appropriate use of public funds

4.3 **LTP24: 13.1.21.1** Procurement and Contract Management is managed as a shared service delivery as follows:

4.3.1 Opex: 5% Cost Avoidance and/or 2% Cost Reduction.

4.3.2 Capex: 10% Cost Avoidance and/or 5% Cost Reduction.

4.4 **75** financial benefits were captured from the procurement activities that have a financial impact in **FY26 Q1 & Q2**. Procurement activities that have a financial impact include sourcing projects, renewals, price adjustments and variations with a financial impact.

4.4.1 Below is a summary of the captured financial benefits for **FY26 Q1 & Q2**.

- OPEX cost reduction **\$1.36m** (8.01%)
- OPEX cost avoidance **\$74.93k** (13.99%)
- CAPEX cost reduction **\$13.55m** (19.53%)
- CAPEX cost avoidance **\$4.08k** (24.59%)

4.4.2 The savings are calculated as per the below:

- A cost reduction is when the final agreed amount is lower than the estimate.
- A cost avoidance is when the final agreed amount is lower than the offered amount.

4.5 **LTP24: 13.1.21.2** Procurement and Contract Management is managed as a shared service delivery as follows: 90% of sourcing activity and contract management activity to achieve sustainable outcomes annually.

4.5.1 **246** sustainable benefits reported through **179** procurement activities completed in **FY26 Q1 & Q2** for a percentage return of 100%.

Compliance with Council's procurement framework and rules

4.6 **LTP24: 13.1.22.1** Procurement and Contract Management is managed as a shared service delivery as follows:

4.6.1 95% of all procurement activity more than \$100k (excl. GST) put to market through Proposal (RFP) or a Request for Tender (RFT).

4.6.2 **100%** of all the procurement activity over \$100k in **FY26 Q1 & Q2** followed the Council Procurement Framework and was put to market through an RFP or an RFT. There were **116** contracts awarded with an expected value of over \$100k in **FY26 Q1 & Q2**.

4.7 **LTP24: 13.1.22.3** Procurement and Contract Management is managed as a shared service delivery – Conformance as follows: 100% of Procurement & Contract recommended Departures have valid procurement plans/strategies and risk assessment.

4.7.1 There were **42** departures approved in **FY26 Q1 & Q2** with a total value of **\$41.12m**. 100% of all Departures approved had a valid procurement plan and a risk assessment. There is **100%** compliance on this activity.

4.7.2 The rationale for not going to market is justified based on the Office of the Auditor General Procurement Guidance for Public Entities.

5. Other Council Procurement Compliance Information

5.1 The measures below are reported to provide indicators of good and improving practice within Council in respect of its transactions.

Spend not allocated to a contract in financial system (SAP)

5.2 Off-Contract spend is at a steady average of **10.42%**. Staff expect to see a continued management of contract allocation in SAP, as the Procurement and Contract Unit together with Finance are currently carrying out multiple in-person trainings across all Council Units.

Purchase Orders raised after Invoice

5.3 Purchase Orders raised after Invoice for the current FY to date (December 2025) is at **17.0%** trending downward from a high of **18.6%** for the same period in the previous FY. Staff expect to see a reduction of Purchase Orders raised after Invoice due to improvements the Finance Unit are making in conjunction with General Managers around monitoring and training.

5.4 Best practice Procurement at Council

5.4.1 Risks

- Procurement & Contracts, Digital and Finance are continuing to work on impacts due to the removal of custom contract management fields in SAP. This impacts on staff's ability to plan sourcing activity for expiring contracts.

5.4.2 Mitigation

- Currently the old and new SAP systems are being used in parallel to get the necessary contract management information. Staff are still assessing whether the upgraded SAP enables this data to be extracted. Once this is confirmed staff will determine the appropriate approach.

6. Comparative information

6.1 Comparative information has been provided to give additional context to the information presented in this report.

Area	FY25 Q2 (Apr 2025 report)	FY26 Q1-Q2 (Feb 2026 report)	12-month change / observation
Policy & rules framework	2018 Procurement Policy; Government Procurement Rules (4th ed., 2019)	New Procurement Policy adopted July 2025; Government Procurement Rules (5th ed., 2025)	Framework formally updated and strengthened, with greater focus on sustainability and strategic alignment
Financial benefits captured (count)	31 benefits in the quarter	75 benefits across two quarters (~37.5 per quarter)	Increase in scale and volume of reported benefits
CAPEX cost reduction	NZ\$14.80m in the quarter (24%)	NZ\$13.55m over two quarters (~NZ\$6.78m per quarter, 19.53%)	Lower average reduction per quarter, likely reflecting different project mix
CAPEX cost avoidance	NZ\$529.40k in the quarter (10%)	NZ\$4.08k over two quarters (24.59%)	Apparent significant drop; figure appears anomalous and likely requires validation
OPEX cost reduction	NZ\$770.16k in the quarter (19.25%)	NZ\$1.36m over two quarters (~NZ\$680k per quarter, 8.01%)	Slight reduction in average quarterly savings
OPEX cost avoidance	NZ\$61.29k in the quarter (5.63%)	NZ\$74.93k over two quarters (~NZ\$37.5k per quarter, 13.99%)	Lower per quarter but higher percentage reported
Sustainable outcomes (LTP target $\geq 90\%$)	79% (95 benefits from 120 activities)	100% (246 benefits from 179 activities)	Material improvement; sustainability now fully embedded
Procurements $\geq \text{NZ\\$100k}$ put to market	100%; 33 contract awards in the quarter	100%; 116 awards over two quarters (~58 per quarter)	Activity increased while maintaining full compliance
Departures from market	16 departures; NZ\$6.33m total; 100% with plans and risk assessments	42 departures; NZ\$41.12m total (~21 per quarter); 100% with plans and risk assessments	Significant increase in both number and value of approved departures. Concentration in 3W: ~67% of total value and 44 of 101 departures sit in 3W. Specialised/complex is the dominant rationale (~47% of value, ~\$40m), followed by standardisation and sole capacity rationales. Together they explain ~82% of total value. Departures are approved only when there is strong, objective evidence that open competition will not deliver better public value, and each rationale aligns with the Auditor-General's principles embedded in

			<p>our Procurement Policy. Specialised/complex work is permitted where unique capability or IP means only certain suppliers can safely or effectively deliver; standardisation/compatibility applies where continuity with existing systems is essential and whole-of-life value shows a single-supplier approach is the prudent option; and sole-capacity is accepted only when it is demonstrably true that one supplier alone can meet a critical timeframe or service requirement.</p>
Off-contract spend (SAP)	7.90%	10.42% average	<p>Higher than previous year snapshot; management actions underway.</p> <p>Drivers: (1) SAP changes disrupted contract-coding/visibility; (2) turnover/new starters; (3) catalogue gaps driving free-text buys.</p> <p>Management actions (already underway): in-person training across Units; Finance-led exception monitoring with GMs.</p> <p>Additional actions (from February): monthly “No-PO-No-Pay” reinforcement for repeat exceptions; catalogue refresh for top 80% suppliers; mandatory contract assignment field validation.</p> <p>Monitoring: live Power BI feed from SAP to track off-contract % by Unit and top suppliers (shared to ELT monthly).</p>
Purchase orders raised after invoice	3.54%	17.0% FY-to-date (Dec 2025), trending downward	<p>Result worsened year-on-year, though improving within FY26.</p> <p>Plan: time-bound reduction to $\leq 10\%$ by 30/06/2026; weekly exception list to GMs; root-cause tags (urgency/late coding/retrospective) visible in dashboards; refresher training on pre-commitment controls; Finance to enforce approval cut-offs for invoice-first cases.</p>
Key system risk (SAP)	Loss of custom contract fields; old and new SAP run in parallel	Same risk persists; assessing upgraded SAP extraction capability	<p>Risk ongoing; mitigation remains transitional.</p> <p>What this is: removal of contract-management fields in SAP has reduced visibility of expiries/renewals and impaired forward sourcing plans.</p> <p>Mitigation: parallel run of old/new SAP to extract the needed data while Digital confirms upgraded extract options.</p> <p>Next steps: (1) confirm extract method and build a lightweight contract register view by 31/03/2026; (2) cease parallel run post-UAT sign-off; (3) add this risk with milestones to</p>

			the corporate risk register so ARMC can track closure.
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Attachments Ngā Tāpirihanga

There are no attachments to this report.

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Authors	Luke Stevens - Head of Procurement & Contracts David McArdle - Team Leader Procurement Special Projects Chris Banks - Senior Procurement Reporting Analyst
Approved By	Bruce Moher - Acting GM Finance, Risk & Performance

7. Office of the Auditor-General Report to Christchurch City Council Audit and Risk Management Committee

Reference Te Tohutoro: 26/112208

Responsible Officer(s) Te Pou Matua: Office of the Auditor-General

Accountable ELT Bede Carran, General Manager Finance, Risk & Performance / Chief **Member Pouwhakarae:** Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to enable the Committee to receive the report provided by the Office of the Auditor-General (OAG) dated 20 January 2026.
- 1.2 This report has been prepared to formally table the OAG's report.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information in the Office of the Auditor-General Report to Christchurch City Council Audit and Risk Management Committee Report.

3. Background/Context Te Horopaki

- 3.1 The report from the OAG provides a brief update across four workstreams, noted below, which are relevant to local government.

4. Considerations Ngā Whai Whakaaro

1. Work Programme

- 4.1 The OAG introduced its services to elected members on 5 November. This included an extended session on managing conflicts of interest. More information is available on request.
- 4.2 Work on the 2026-28 contract for local government audits has commenced. A separate report is on the agenda for this. Note the intention to set the fee for one year rather than the standard three because of the uncertainty relating to water entities.

2. Local Government Reforms

- 4.3 Auditor guidance is being developed for water services reform requirements. OAG's understanding is DIA is preparing guidance for planning, reporting and accountability arrangements including covering Council's situation where services are delivered directly.
- 4.4 Other reforms are being monitored closely with DIA and Taituara to ensure auditor implications are understood.

3. Recent Publications

- 4.5 Recent work has been undertaken on the information required, and factors to consider when assessing the mitigation of flood risk. This will be a focus on the review of 2027 LTP's.
- 4.6 The OAG has repeated the guidance on managing offers to public officials and organisations that was provided to the 15 August 2025 ARMC meeting. This guidance reinforces the importance of ethical leadership, transparency, and integrity in decision-making, particularly in relation to gifts, hospitality, and other benefits.

4. Insights into Local Government: 2024

4.7 This section relates to a report published in September 2025 covering what OAG saw in their 2023/24 audits. Key points cover:

- 4.7.1 Most Councils not meeting their balanced budget benchmark. Christchurch is in this category, although it has a strategy to address this.
- 4.7.2 The significant change water reform is driving.
- 4.7.3 The struggle for many councils to meet statutory time frames for resource consent processing.
- 4.7.4 Concern around councils meeting drinking water targets.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	OAG Report for CCC Audit and Risk Management Committee 2 February 2026	26/112226	19

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Author	Sarah-Jane Thompson - Executive Assistant
Approved By	Bruce Moher - Acting GM Finance, Risk & Performance



20 January 2026

Report to the Christchurch City Council Audit and Risk Management Committee

This report provides an update to the Christchurch City Council (CCC) Audit and Risk Management Committee (the Committee) from the Office of the Auditor-General (the Office).

Elected member induction

- The Auditor-General, Grant Taylor, met with elected members on 5 November, supported by sector managers and the Assistant Auditor-General, Legal. This was part of our introduction to Auditor-General services that we offer to all local authorities following local body elections. The discussion included an extended session on managing conflicts of interest, which generated a lot of conversation. We were encouraged by the level of Councillors showed in developing an understanding of their responsibilities under legislation.
- We would be happy to provide the Committee with more information about the topics covered in the elected member sessions if you are interested.

Local Government audits 2026-28 contract round

- We have started work on the 2026-28 contract for local government audits. Our Audit Quality group will be in touch with CCC if there are any proposed changes to the appointed auditor and/or audit service provider. Once this has been finalised, the appointed auditor will contact CCC to negotiate fees and timeframes. We intend setting the fee for one year rather than the standard three because of uncertainty relating to new water entities.

Water reforms

- We are developing guidance for auditors around the reform's requirements for water services. We understand DIA is preparing guidance for the planning, reporting and accountability arrangements for provision of water services. This guidance will cover situations where services are delivered by the council directly, with separate guidance for water services organisations that have one or more councils as shareholders.
- We note CCC's decision to proceed with delivery of water services through an internal unit rather than establishing a separate water services organisation.

Other reforms affecting local government

- This is a time of significant change for local government, with legislative reform either in train or proposed. These changes include
 - Local Government (System Improvements) Amendment Bill – awaiting second reading following report back from select committee

- Regulatory Systems (Internal Affairs) Amendment Bill which includes a provision that lifts the cap for the contracting rule under the Members Interest Act – select committee report due 12 February 2026
- RMA reforms – two bills currently in committee stage [Planning Bill and Natural Environment Bill]
- A proposal to replace regional councils with combined territorial boards made up of regional mayors and Crown representatives, with a direction toward potential amalgamation.
- Rates capping policy announced December 2025, with the intention that legislation is passed in 2026
- These and other changes will clearly have a significant impact on local government and generate a period of risk and uncertainty. We are monitoring these changes closely and maintaining contact with DIA and other relevant parties such as Taitura to ensure we understand the implications for local government accounting and auditing. We will be developing guidance for our auditors as the implications become clearer.
- We would welcome the opportunity to discuss the reforms and hear the Committee's views on the risks that you see in the proposals and how these can be mitigated.

Recent OAG publications relevant to local government

[How Tasman District Council and Waikato Regional Council mitigate flood risk](#)

Why we did this work

- Flooding is New Zealand's most frequent natural hazard, and its impact can be significant. Councils need to decide where they should mitigate the risk of flooding, how much of the risk they should mitigate, how they will achieve that, and how it should be paid for.
- We wanted to understand how well councils are ensuring that their flood protection infrastructure effectively mitigates the risk of flooding by rivers and inland bodies of water, and to provide observations about how councils could improve their planning.

What we found

- We looked at how Tasman District Council and Waikato Regional Council mitigate flood risk in their regions. We found that:
 - Both Tasman District Council and Waikato Regional Council need to carry out more work so that they can make better-informed decisions about the level of protection they will provide.
 - Both Councils need more information about flood risk, including the potential impacts of flooding on their communities.
 - Waikato Regional Council generally has high-quality asset information. The Council's regularly scheduled inspections collect asset information, including about its flood protection infrastructure's reliability, capacity, condition, and efficiency.
 - Tasman District Council needs to improve its information about its infrastructure, including about condition, structural integrity, and which assets are the most critical for flood protection.

- Both Councils will need to engage with their communities about changes to flood protection, how flood protection will be paid for, and any remaining flood risk their communities will face. They will need to support these conversations with good information about flood risk, what options there are for mitigating it, and the cost and benefits of those options.

Recommendations and next steps

- This report includes four recommendations for Tasman District Council and Waikato Regional Council. However, all councils responsible for flood protection should consider how the findings in our report apply to their processes, especially if they re-assess their intended levels of service.
- Councils should take steps to ensure that they have the right information to determine the intended levels of service needed to mitigate flood risk effectively and affordably. We intend to focus on these issues in our review of long-term plans in 2027.

Insights into local government: 2024

Why we did this work

- Councils provide essential services, facilities, and infrastructure to their communities and fulfil important regulatory functions. As stewards of essential infrastructure, they have a responsibility to balance the needs of their current communities with those of future generations. Amid a backdrop of ongoing economic recession, a growing infrastructure deficit, and rising costs, achieving this balance is becoming more challenging.
- The report, published 17 September 2025, covers what we saw in our 2023/24 audits of councils.

Most councils are not meeting their balanced budget benchmark

- Some councils have not met their balanced budgeted benchmark for some time. This means that these councils are not generating enough revenue to cover their ongoing operational costs. In 2022/23, the number of councils that did not meet their balanced budget benchmark increased significantly. The number increased further in 2023/24.

Significant reform programmes are affecting local government

- Councils are navigating a period of significant change. Most significantly, new water services legislation required councils to consult their communities about how water services should be delivered in the future. For many councils, responsibility for water services will shift to new organisations and governance structures. These changes will have wide-reaching consequences for councils' roles and functions. Our auditors will continue to work with councils to assess how these changes impact their balance sheets and what the implications are for their long-term plans.

Councils are meeting some performance measures, but falling short on others

- More councils are meeting the statutory time frames for processing building consent applications. However, many councils are struggling to meet the statutory time frames for processing resource consents. Half of the councils we looked at process fewer than 95% of resource consent applications within the set time frame.



- There has been some improvement in councils' performance in meeting water service targets, but drinking water targets remain a cause for concern.

Guidance: Managing offers to public officials and organisations

Overview

- In the public sector, how we respond when gifts, benefits, hospitality, or other offers are made, whether to our organisations or to us personally, sends a clear signal about our commitment to serving the public interest.
- These decisions are not always straightforward. An offer might be well-intentioned, professionally valuable, or genuinely modest. But even when there is no intent to influence, questions can arise about impartiality and judgement. The challenge lies in managing these offers with transparency, consistency, and care.
- This guidance supports those responsible for developing and overseeing policies about offers. It also helps organisations give their staff the clarity and confidence they need to uphold the standards that Parliament and the public expect of us all.

Item 7

Attachment A

8. Audit Engagement Letter

Reference Te Tohutoro: 26/112480

Responsible Officer(s) Te Pou Matua: Bruce Moher, Head of Finance

Accountable ELT Member Pouwhakarae: Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to inform the Audit and Risk Management Committee of the Auditor-General's intention to renew Audit New Zealand's appointment as the Council's auditor and to appoint Chantelle Gernetzky as Audit Partner commencing with the audit of the financial year ending 30 June 2026.
- 1.2 The report has been prepared in response to correspondence dated 18 December 2025 from the Office of the Auditor-General (refer Attachment A).

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information contained in this report regarding the proposed renewal of Audit New Zealand's appointment and the appointment of the audit partner.
2. Notes the proposed appointment of Chantelle Gernetzky as Audit Partner for the audit of the year ending 30 June 2026 and the Long-Term Plan audit.
3. Notes that a formal Audit Proposal, including audit scope and audit fees, will be prepared by Audit New Zealand for discussion with management and governance once initiated.
4. Notes that a change in audit partner is likely for the 2027 financial year due to mandatory audit partner rotation requirements.

3. Background/Context Te Horopaki

Audit Appointment

- 3.1 The contract for Audit New Zealand to complete the audit of Christchurch City Council on behalf of the Auditor-General expired with the completion of the audit for the year ended 30 June 2025.
- 3.2 The Auditor-General has advised that he intends to renew the appointment and appoint Chantelle Gernetzky of Audit New Zealand to undertake the audit commencing with the audit of the financial year ending 30 June 2026 (refer Attachment A).
- 3.3 The renewal term would normally be three years, unless otherwise agreed between the parties.
- 3.4 Audit New Zealand will prepare a formal Audit Proposal for discussion with management and/or governance. Once agreed, the proposal will form part of the auditor's contract with the Auditor-General.

Audit Partner and Rotation

- 3.5 Chantelle Gernetzky will be the audit partner for the FY2026 audit and the Long-Term Plan audit.

- 3.6 In accordance with independence and rotation requirements set by the Auditor-General and applicable auditing standards, audit partners are required to rotate after a prescribed period.
- 3.7 While Chantelle Gernetzky will lead the audit for FY2026 and the Long-Term Plan, it is likely that a new audit partner will be required for the FY2027 audit as the partner rotation cycle is expected to be reached.

Independence and Additional Services

- 3.8 The Auditor-General sets independence standards for auditors acting on his behalf, including restrictions on additional services that may be provided while Audit New Zealand is appointed as auditor.
- 3.9 Any additional services must be assessed for compliance with independence requirements prior to engagement.

Next Steps

- 3.10 Management will engage with Chantelle Gernetzky and Audit New Zealand to progress preparation of the Audit Proposal for subsequent consideration by management and governance, including audit scope and fees.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	OAG Letter of Audit Arrangements for Christchurch City Council	26/112501	25

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Author	Sarah-Jane Thompson - Executive Assistant
Approved By	Bruce Moher - Acting GM Finance, Risk & Performance



18 December 2025

Phil Mauger
Mayor

By email: phil.mauger@ccc.govt.nz, mary.richardson@ccc.govt.nz

Tēnā koe Phil

AUDIT ARRANGEMENTS: CHRISTCHURCH CITY COUNCIL

The contract for Audit New Zealand to complete the audit of your organisation on behalf of the Auditor-General expired with the completion of the audit for the financial year ended 30 June 2025.

The Auditor-General intends to renew the appointment and appoint Chantelle Gernetzky of Audit New Zealand to undertake the audit of your organisation on his behalf, commencing with the audit of the financial year, ending 30 June 2026.

The contract renewal term would normally be 3 years. If it needs to be for a different period, Audit New Zealand will discuss that with you.

I have asked Chantelle Gernetzky to contact you and prepare an Audit Proposal for discussion with you and/or your Board. Once the audit arrangements are agreed, that proposal will form part of the auditor's contract with the Auditor-General. It will cover key items including:

- the statutory basis for the audit;
- key staff assigned to the audit;
- the audit hours and fees for each year of the audit (together with explanations and justification for them); and
- the auditor's key expectations of your organisation in relation to the audit.

Once you and the auditor have agreed the terms of the audit, they will ask you to countersign the proposal as evidence of your organisation's acceptance of the terms, and they will send it to me, leaving you a copy for your records.

Below is a link to our report about how auditors are appointed and audit fees set in the public sector. You should find this useful in preparing for discussions with Chantelle Gernetzky.

Link - [Appointing Auditors and setting audit fees](#)

If you or your Board wishes to discuss this further, please contact me.

The Auditor-General sets independence standards for auditors acting on his behalf, which include the standards set by the New Zealand Auditing and Assurance Board. In addition restrictions are placed on additional services that can be provided to Christchurch City Council – and sometimes other entities - over and above the work carried out by Audit New Zealand on behalf of the Auditor-General. The additional services are generally limited to services of an "assurance nature" and also apply to additional services provided by other offices of Audit New Zealand, whilst that firm is engaged to audit Christchurch City Council on behalf of the Auditor-General.

If you are concerned that any additional service your organisation expects, or may ask, your auditor to undertake may breach these independence standards, this summary may assist you in discussions with your auditor before approaching them to undertake such additional services.

Nāku noa, nā

Amin Khan
Manager, Auditor Appointments

9. Resolution to Exclude the Public

[Section 48, Local Government Official Information and Meetings Act 1987](#).

Note: The grounds for exclusion are summarised in the following table. The full wording from the Act can be found in [section 6](#) or [section 7](#), depending on the context.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely the items listed overleaf.

Reason for passing this resolution: a good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

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.”

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 relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PUBLIC INTEREST CONSIDERATION	POTENTIAL RELEASE REVIEW DATE AND CONDITIONS
10.	CONSIDERATION OF THE COUNCIL'S DRAFT ANNUAL PLAN 2026/27	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THE CURRENT DRAFT VERSION OF THE COUNCIL'S ANNUAL PLAN REMAINS SUBJECT TO CHANGE. PREMATURE RELEASE OF THIS INFORMATION COULD PREJUDICE THOSE PEOPLE AND ENTITIES THAT MAY BE AFFECTED BY ANY CHANGES MADE WHICH WOULD NOT BE IN THE PUBLIC INTEREST.	10 FEBRUARY 2026 FOLLOWING THE ADOPTION OF THE DRAFT ANNUAL PLAN AT ON 10 FEBRUARY 2026 AND WITH THE APPROVAL OF THE CHIEF FINANCIAL OFFICER.
11.	CYBER SECURITY QUARTERLY REPORT	S7(2)(C)(I)	PROTECTION OF SOURCE OF INFORMATION	DISCLOSURE OF OUR APPROACH TO CYBER SECURITY WILL INCREASE THE RISK OF COUNCIL BEING A TARGET, RESULTING IN POTENTIAL SERVICE DISRUPTIONS OR INFORMATION BREACHES THAT WILL NOT BE IN THE PUBLIC INTEREST.	17 FEBRUARY 2027 THIS REPORT MAY ONLY BE RELEASED IF THE CHIEF EXECUTIVE OFFICER HAS DETERMINED THAT THERE IS NO LONGER ANY REASONS UNDER THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETING ACT TO WITHHOLD THE INFORMATION.
12.	RISKPOOL UPDATE	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THIS REPORT MUST REMAIN CONFIDENTIAL TO	31 DECEMBER 2026

				PROTECT RISKPOOL'S POSITION WHEN DEALING WITH REINSURERS. SHOULD THIS INFORMATION BE RELEASED IT MAY RESULT IN ADDITIONAL COST TO RATEPAYERS, WHICH OUTWEIGHS THE PUBLIC INTEREST IN THIS MATTER.	THIS REPORT MAY BE RELEASED ONCE RISKPOOL COMPLETES THE CLOSURE OF THE FUND YEARS IN QUESTION.
13.	MAJOR LITIGATION UPDATE	S7(2)(G)	MAINTAIN LEGAL PROFESSIONAL PRIVILEGE	THE REPORT CONTAINS LEGAL ADVICE TOUCHING ON MATTERS RELATING TO POTENTIAL LITIGATION AND IT IS NOT IN THE PUBLIC INTEREST TO RELEASE THIS INFORMATION.	2 FEBRUARY 2027 UPON REVIEW BY THE DIRECTOR OF LEGAL & DEMOCRATIC SERVICES IN FULL OR IN PART AS APPROPRIATE WHEN IT IS NO LONGER DEEMED TO BE LEGALLY PRIVILEGED, OR IF THE LEGAL PROFESSIONAL PRIVILEGE IS WAIVED.
14.	RISK AND AUDIT UPDATE	S7(2)(E)	PREVENTION OF MATERIAL LOSS	DISCLOSURE OF THE COUNCIL'S ORGANISATIONAL WEAKNESSES AND ITS APPROACH TO REMEDIAL ACTIONS COULD RESULT IN SERVICE DISRUPTIONS WHICH OUTWEIGHS THE PUBLIC INTEREST.	2 FEBRUARY 2027 UPON REVIEW AND APPROVAL FROM MANAGER RISK AND AUDIT AND GM FINANCE, RISK AND PERFORMANCE / CFO.

Actions Register Ngā Mahinga

When decisions are made at meetings, these are assigned to staff as **actions** to implement. The following lists detail any actions from this meeting that were:

- Open at the time the agenda was generated.
- Closed since the last ordinary meeting agenda was generated.

Open Actions Ngā Mahinga Tuwhera

No open actions were remaining at the time the agenda was generated.

Actions Closed Since the Last Meeting Ngā Mahinga kua Tutuki nō Tērā Hui

REPORT TITLE/AGENDA SECTION	MEETING DATE	DUUE DATE	ACTION CLOSURE DATE	UNIT	TEAM
Risk and Assurance Update	15 August 2025	14 November 2025	4 November 2025	Risk and Assurance Unit	Risk and Assurance Unit
Council draft annual report for the year ended 30 June 2025	7 October 2025	6 January 2026	17 October 2025	Finance	Management