

Minutes

Confirmation of minutes:

11 June 2024
Ordinary Meeting

Minutes of a meeting of the Audit, Finance & Risk Committee held in the Council Chambers at 10 Gorge Road, Queenstown on Tuesday, 11 June 2024 commencing at 10.00am.

Present

Mr Stuart McLauchlan (Chair), Mr Heath Copland (Deputy Chair), Mr Bill Moran, Councillor Lyal Cocks, Councillor Niki Gladding, Councillor Lisa Guy.

In Attendance

Councillor Gavin Bartlett, Ms Michelle Morss (General Manager, Strategy and Policy), Mr Sean Gillispie (Senior Communications Advisor), Mr Gareth Noble (Risk and Compliance Manager), Ms Kirsty Pope (Resilience and Climate Action Advisor), Mr Kenneth Bailey (General Manager, Community Services), Mr Tony Avery (General Manager, Property & Infrastructure), Mr Stewart Burns (General Manager, Assurance Finance & Risk), Mr Jeremy Payze (Senior Management Accountant), Mr Naell Crosby-Roe (Governance & Stakeholder Services Manager), Mr Paul Speedy (Manager Strategic Projects), Mr Grant Duthie (Senior Financial Accountant), Ms Katie Church (People & Capability Director), Mr Ryan Clements (Chief Information Officer), Mr Dave Brash (Dave Brash Consulting), Mr Mariano Niveiro (Internal Assurance Lead), Mr Brendan Peet (Legal Counsel), Mr Miles O’Conner (Bancorp Treasury Manager), Mr Mike Theelen (Chief Executive), Ms Meagan Miller (General Manager, Corporate Services), Mr Dan Crosby (Organisation Performance Manager), Mr Mike Hawken (Partner – Assurance and Advisory Deloitte), Mr Jon Winterbottom (Governance Team Leader and Health & Safety Chair), Miss Sarah Bradey (Governance Advisor), no members of the public and 1 member of the media.

Apologies

There were no apologies.

Declarations of Conflicts of Interest

There were no declarations of conflicts of interest.

Public Forum

There were no public forum presentations

Matters Lying on the Table

There were no matters lying on the table.

Confirmation of Agenda

On the motion of Chair McLauchlan and Councillor Gladding it was agreed that the agenda be confirmed without alteration.

Motion carried unanimously.

Confirmation of Public Minutes

On the motion of Councillor Gladding and Councillor Guy it was agreed that the public minutes of the meeting on 7 March 2024 be confirmed.

Motion carried unanimously.

1. Risk and Compliance Update

Mr Gareth Noble (Risk and Compliance Manager) presented the report. Mr Noble highlighted compliance obligations management and the mandatory obligations register, the new internal assurance lead position, and that the Fraud Control Plan (Attachment B) has been developed since the Fraud Policy was adopted by Full Council.

Mr Noble responded to questions on the risk rating of the Shotover wastewater dispersal field, when the wastewater treatment plant failure risk occurred and was reported, whether the three lines of defence model would be presented at a future workshop, how staff plan to roll out training on the Fraud Policy, how the findings of audits completed as part of the Internal Assurance Plan would be reported to the Audit, Finance & Risk Committee (the Committee), whether the work on development agreements is included in the compliance work programme, and whether there was anything further the Committee should know regarding the Shotover wastewater treatment plant.

Mr Noble committed to providing a risk update report on Project Shotover and an update on the three lines of defence model at a workshop.

Mr Tony Avery commented on the Shotover wastewater dispersal field non-compliance issues which have been known since 2021. Mr Avery explained that the non-compliance issue was previously covered in a Council workshop.

There was discussion on the need to include Fraud Policy training in Councillor induction.

Councillor Gladding was concerned about the non-compliance issue not being reported in a timely manner to Councillors. Ms Michelle Morss commented on the non-compliance issue and that management on this is well coordinated.

On the motion of Chair McLauchlan and Seconded by Councillor Guy it was resolved that the Audit, Finance & Risk Committee:

- 1. Note the contents of this report.**

Motion carried unanimously.

2. June 2023 year-to-date Financial Overview

Mr Stewart Burns (General Manager, Assurance Finance & Risk) and Mr Jeremy Payze (Senior Management Accountant) presented a report authored by Mr Paddy Cribb (Finance Manager). Mr Burns took the report as read. Mr Burns highlighted where the Council is forecasted to be at the end of the 2023/2024 financial year, raising the challenges of unexpected events which impacted the last financial year and paragraph eight of the report which indicated that Council is forecasting a \$4.5M unfavourable variance to the budget operating deficit. Mr Burns suggested that Council will try to mitigate some of the losses.

Mr Burns and Mr Payze responded to questions on which principles were applied to the half a million deficit, whether filling current vacancies over the last twelve to twenty-four months would result in overspend, and what the overspend would be if Council had filled these vacancies.

On the motion of Mr Moran and Seconded by Councillor Gladding it was resolved that the Audit, Finance & Risk Committee:

- 1. Note the contents of this report**

Motion carried unanimously.

3. June 2023 Year-to-date Sensitive Expenditure

Mr Stewart Burns and Mr Grant Duthie (Senior Financial Accountant) presented Mr Paddy Cribb (Finance Manager) report and took the report as read.

Mr Burns and Mr Duthie responded to a question on whether any further detail could be provided on the five non-compliance cases in clause twenty of the report.

On the motion of Chair McLauchlan and Seconded by Mr Moran it was resolved that the Audit, Finance & Risk Committee:

- 1. Note the contents of this report**

Motion carried unanimously.

4. Organisational Health, Safety and Wellbeing Report

Mr Jon Winterbottom (Health and Safety Chair) and Ms Katie Church (People & Capability Director) presented the report, took the report as read and highlighted the TELUS health application and the employee assistant programme.

Mr Winterbottom, Ms Church, Mr Naell Crosby-Roe and Ms Meaghan Miller responded to questions on whether there is anything staff would like to highlight, whether there are any early wellbeing warning signs of staff committing fraud or related behaviours, whether there is a staggered reporting structure or if this goes to the top tier manager, whether there is guidance or support to staff regarding public interface/ social media with staff, how does the organisation pick up on important social media content, and whether support is provided to staff for other mental health conditions.

Staff clarified that the Council has a social media policy.

There was a comment on potential guidance needed for elected members on how to communicate with staff and respond to social media.

**On the motion of Mr Copland and Seconded by Councillor
Gladding it was resolved that the Audit, Finance & Risk
Committee:**

1. Note the contents of this report.

Motion carried unanimously.

5. Climate & Biodiversity Plan Update

Ms Kirsty Pope (Resilience and Climate Action Advisor) presented the report and took the report as read.

Ms Pope and Ms Morss responded to a question regarding energy forecasting with Transpower and if the organisation is across the risks and how the risk profile could change.

There was discussion on whether the District Plan presents barriers to renewable energy solutions, whether the Council can stay open to alternative fuels such as hydrogen in the public transport space, and whether staff could provide information on community response groups in the district and also provided an update on the spray free programme.

Ms Pope indicated that updates on individual actions are available on the Climate Action and Biodiversity website.

On the motion of Chair McLauchlan and Seconded by Councillor Cocks it was resolved that the Audit, Finance & Risk Committee:

- 1. Note the contents of this report.**

Motion carried unanimously.

6. Lakeview Update

Mr Paul Speedy (Manager, Strategic Projects) presented the report which provided an update to the Committee on the Lakeview development progress, and key milestones.

Mr Speedy responded to questions on how confident officers are that dates will be adhered to, the ancillary works of the subdivision site and which aspects are holding the consent up, the seven hundred thousand dollars mentioned for Lakeview in the previous financial paper, whether there is any indication on when the Council will receive payment, and whether the Committee could be notified when the work is logged with Land and Information New Zealand (LINZ).

On the motion of Chair McLauchlan and Seconded by Mr Copland it was resolved that the Audit, Finance & Risk Committee:

That the Audit, Finance & Risk Committee:

- 1. Note the contents of this report.**

Motion carried. Councillor Gladding voted against the motion.

7. Annual Privacy Update

Mr Naell Crosby-Roe (Governance & Stakeholder Services Manager), Ms Katie Church (People & Capability Director), Mr Ryan Clements (Chief Information Officer) and Mr Brendan Peet (Legal Counsel) presented the report. Staff highlighted this is the third year of the Annual Privacy Report and that the report positively reflected the organisation's current privacy work.

There was a comment on the privacy review and whether this would be more nuanced in future.

On the motion of Councillor Gladding and Seconded by Chair McLauchlan it was resolved that the Audit, Finance & Risk Committee:

That the Audit, Finance & Risk Committee:

1. Note the contents of this report.

Motion carried unanimously.

8. Alliance Lessons Learnt Report

Mr Tony Avery (GM Property & Infrastructure) and Mr Dave Brash (Dave Brash Consulting) presented the report. Mr Avery and Mr Brash noted that the covering report provided a summary of Mr Brash's Lessons Learnt Report. Mr Brash took the report as read.

Mr Brash highlighted that were this type of decision to be made again, there should be more oversight at the governance level at the Council as well as at the senior management level.

Mr Avery and Mr Brash responded to questions on whether there is a gap in the hierarchy of management of the Council and whether this was considered when preparing the report, whether Council could be given the opportunity to evaluate and potentially agree to the recommended actions in the report, whether in preparing the report there was any work on accountability (especially in relation to the Arterials project), why actions are limited to the Alliance and not QLDC's other partners, how the Chief Executive can ensure that all risks around long-term projects are properly managed, whether there is a gap that needs to be filled in the long-term around the capability to manage long-term project delivery, whether the Committee is going far enough in noting the Alliance Lessons Learnt Report or whether the Committee should make a recommendation that relates to a wider scope of project delivery, and whether a progress report on the actions of the Alliance update can be provided at the next Audit, Finance & Risk Committee meeting and/or to Full Council.

In response to a query on whether there will be a Council report with an update on the Planning & Infrastructure review and how Council manages projects, Ms Michelle Morss clarified that any update on the Property & Infrastructure review would need to be governance-related and not operational. However, the Committee did not ultimately request such an update.

There was extensive discussion regarding whether the appropriate next step would be a report to the Committee or to Council, and also about what such a report should include.

After further discussion it was agreed the next step would be to bring a report back to Council rather than to the Committee. The Committee agreed to add a new clause to the resolution with the following language, which clarified the information that the Committee believed should be brought back to Council: "Recommend the Chief Executive to prepare a report to Council outlining short-term requirements for the management and governance of the Alliance and implications for long-term capital delivery."

On the motion of Councillor Cocks and Seconded by Councillor Gladding it was resolved that the Audit, Finance & Risk Committee:

- 1. Note the contents of this report;**
- 2. Note the independent lessons learnt review report of the performance of the Whakatipu Transport Programme Alliance;**
- 3. Note the proposed actions in response to the recommendations made in the report.**
- 4. Recommend the Chief Executive to prepare a report to Council outlining short-term requirements for the management and governance of the Alliance and implications for long-term capital delivery.**

Motion carried unanimously.

Resolution to Exclude the Public

On the motion of Chair McLauchlan and Mr Copland the Audit, Finance & Risk Committee resolved that the public be excluded from the following parts of the proceedings of the meeting:

The general subject of each matter to be considered whilst 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 Information and Meetings Act 1987 for the passing of this resolution is as follows:

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Draft Audit, Finance & Risk Committee minutes 7 March 2024	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of information is necessary to:</p> <ul style="list-style-type: none"> • maintain legal professional privilege • enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) 	<p>Section 7(2)(g) Section 7(2)(i)</p>

Public Excluded Agenda Items:

Item 9: Internal Audit Report

Item 10: Audit of the draft Consultation Document and underlying information from the draft Long Term Plan 2024-2034

Item 11: Legal Update

Item 12: Treasury Update

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Item 9: Internal Audit Report	<p>to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p><i>Reason for this recommendation:</i></p> <p>Discussion around this item is likely to include reference to sensitive commercial material which could prejudice Council if released publicly.</p>	7(2)(h)

<p>Item 10: Audit of the draft Consultation Document and underlying information from the draft Long Term Plan 2024-2034</p>	<p>to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p><i>Reason for this recommendation:</i></p> <p>Discussion around this item is likely to include reference to sensitive commercial material which could prejudice Council if released publicly.</p>	<p>7(2)(h)</p>
<p>Item 11: Legal Update</p>	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of information is necessary to:</p> <ul style="list-style-type: none"> • maintain legal professional privilege <p><i>Reason for this recommendation:</i></p> <p>Legal privilege protects communications between a lawyer and a client which have been made for the purposes of giving and receiving legal advice. The contents of this report are covered by legal privilege as the items in this report are matters that Council is seeking legal advice on that relate to legal proceedings (or threatened legal proceedings).</p> <p>Withholding the contents of this report from the public enables Council to obtain confidential legal advice about its position on legal issues without the risk of that advice being disclosed to another party (including the claimant) and disadvantaging its position.</p>	<p>Section 7(2)(g)</p>

<p>Item 12: Treasury Update</p>	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of information is necessary to:</p> <ul style="list-style-type: none"> enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities <p><i>Reason for this recommendation:</i></p> <p>The report includes commercially sensitive financial information such as interest rates & SWAP rates which are subject to competitive bids. It could unreasonably prejudice Council's ability to compete in financial markets if such information were made public.</p>	<p>Section 7(2)(h)</p>
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This recommendation 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 or Section 6 or Section 7 or Section 9 of the Official Information Act 1982 as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above with respect to each item.

The meeting went into public excluded at 11.54am

Confirmed as a true and correct record:

Chair

Date