

**Minutes of a meeting of the Audit, Finance & Risk Committee held in the Council Chambers,
10 Gorge Road, Queenstown on Thursday, 6 March 2025 commencing at 10.00am**

Present

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

In Attendance

Mike Theelen (Chief Executive), Katherine Harbrow (General Manager, Assurance, Finance & Risk), Meaghan Miller (General Manager, Corporate Services), Tony Avery (General Manager, Property & Infrastructure), Ken Bailey (General Manager, Community Services), Katie Church (People & Capability Director), Gareth Noble (Risk & Compliance Manager), Brendan Peet (General Counsel), Paul Speedy (Manager, Strategic Projects), Paddy Cribb (Finance Director), Jeremy Payze (Senior Finance Business Partner), Will Martin (Financial Controller), Mariano Niveiro (Internal Assurance Lead), Alison Kelly (Finance Business Partner Manager), Ian Dunbar (Business Process Team Leader), Bill Nicoll (Resilience & Climate Action Manager), Tilly McCool (Resilience & Climate Action Advisor), Nichola McKernan (Health & Safety Advisor), Miles O'Connor (Bancorp Treasury Manager – online), Jon Winterbottom (Democracy Services Team Leader/Health & Safety Chair), Jane Robertson (Senior Democracy Services Advisor); no members of the public and two members 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 speakers.

Matters Lying on the Table

There were no matters lying on the table.

Confirmation of Agenda

It was moved (Mr McLauchlan, Mr Moran):

That the Audit, Finance & Risk Committee resolve that the agenda be confirmed without alteration.

Motion carried unanimously.

Confirmation of Public Minutes

It was moved (Councillor Gladding, Mr Copland):

That the Audit, Finance & Risk Committee resolve that that the public part of the minutes of the Audit, Finance & Risk Committee meeting held on 5 December 2024 be confirmed as a true and correct record.

Motion carried unanimously.

1. Risk and Compliance Update

A report from Gareth Noble (Risk and Compliance Manager) presented an update on the Queenstown Lakes District Council (QLDC) risk and compliance context, an update on the development of QLDC's insurance strategy and the overall programme of works being undertaken within the Risk & Compliance Team.

The report also presented a new version of the Risk Management Policy (version 4), to replace the existing policy. The report asked the committee to recommend to Council that the new policy be adopted.

Mr Noble and Mr Dunbar (a member of the Risk Strategy Group) presented the report. Mr Noble advised that he had altered the report's structure in response to feedback from the committee. He detailed the recommended updates to the Risk Management Policy, adding that a key change was in relation to incorporating the three-line model.

Councillor Gladding noted that she had expressed concern at the Council workshop about the Risk Management Policy, specifically, the independence of the parties in the three lines of defence. Councillor Gladding did not consider that it was sufficient to rely on a future review of the Audit, Finance & Risk Committee (AFRC) Terms of Reference as there was no certainty of this occurring.

Mr Noble explained how emerging risks were managed and described how the model served to identify new matters. Councillor Guy expressed support for the three lines model and commended the good progress made on managing risk and enhancing the Council's risk culture.

Councillor Gladding advised that she wanted to amend the recommendation to include an instruction to the incoming Council regarding the AFRC Terms of Reference. Councillor Gladding's proposed amendment failed for want of a seconder. Councillor Gladding advised that without this addition to the recommendation she could not support the motion. At present, audit oversight sat with the Chief Executive so was not independent.

It was moved (Mr McLauchlan, Councillor Cocks):

That the Audit, Finance & Risk Committee resolve to:

1. **Note** the contents of this report; and
2. **Recommend** to Council that it adopt the proposed Risk Management Policy (version 4) and revoke the existing Policy (version 3).

Motion carried with Councillor Gladding voting against the motion.

2. December 2024 Year to Date Financial Overview

A report from Paddy Cribb (Finance Director) presented the 2024:25 December Year to Date (YTD) Actual to Budget financial results, capital expenditure financial results, December 2024 Debtors' Analysis and Statement of Financial Position. The report also noted any significant transactions and/or variances to budget.

Mr Cribb Mr Payze and Ms Kelly presented the report. Mr Cribb introduced the report noting that it covered the first six months of the current financial year. The main cost pressures were in infrastructure budgets. A standard reforecast report was due to be presented to the May Council meeting and carry forwards would be presented later in the year.

Mr Moran observed that it would be useful to know more about project completion dates.

Councillor Gladding asked for more information about the \$2.3M unfavourable variance to the budgeted operating deficit, specifically what areas were affected. She considered that the officer comment in the report was unhelpful and failed to detail specifically from where savings could be extracted. The Chief Executive noted that savings were sourced broadly from other parts of the business and co-funding from outside funders (e.g. Waka Kotahi/New Zealand Transport Agency) was also being sought where possible.

In relation to the Statement of Financial Position, members observed the decrease in the value of assets. Officers noted that in June 2025 new assets were to be logged which should reverse this decrease.

It was moved (Mr Copland, Mr Moran):

That the Audit, Finance & Risk Committee resolve to:

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

Motion carried unanimously.

3. **Organisational Health, Safety and Wellbeing Report**

A report from Alan Thomas (Health & Safety Manager) presented health, safety and wellbeing information and statistics for the Council over the period 1 November 2024 – 31 January 2025 for noting.

Ms Church, Mr Winterbottom and Ms McKernan presented the report.

Contractor health and safety instances had been lower over the reporting period because of the close-down over Christmas. The often higher risk responsibilities of contractors and subcontractors meant they were at greater risk of injury and Council took its obligations to contractors and subcontractors very seriously.

It was moved (Mr Copland, Mr Moran):

That the Audit, Finance & Risk Committee resolved to:

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

Motion carried unanimously.

4. **Climate & Biodiversity Plan Update**

A report from Bill Nicoll (Resilience & Climate Action Manager) provided a summary of priorities and progress of the Queenstown Lakes Climate & Biodiversity Plan 2022-2025 for the period up to December 2024.

Mr Nicoll and Ms McCool presented the report. Mr Nicoll noted that work had started on the Climate & Biodiversity Plan 2025-28, and this would be presented to the full Council later in 2025.

There was further discussion about way of accessing easily achievable targets ('low hanging fruit') and how to respond to the community's priorities and needs. It was noted that progress seemed to have stalled on E-vehicle charging and there was a growing focus on energy needs. Comment was also made on the increase in emissions from three waters construction projects and although this was not currently part of the plan's targets there was ongoing monitoring of the volume of emissions from infrastructure projects.

Comment was also made about active travel and the recent achievement of the Southern Lakes Sanctuary to release 18 takahe after many years of predator control.

It was moved (Councillor Cocks, Mr Moran):

That the Audit, Finance & Risk Committee resolve to:

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

Motion carried unanimously.

5. **Lakeview Development Programme**

A report from Paul Speedy (Manager, Strategic Projects) presented an update on progress with the Lakeview development achievement of key milestones to February 2025.

Mr Speedy presented the report. He highlighted aspects of the project to date and acknowledged the support of both the property and legal teams, adding also that the Lakeview development was an item on the agenda for the Council workshop on 11 March 2025.

Councillor Gladding expressed concern that what was covered in the Lakeview Update to the Committee had not changed for some time. In addition, it did not detail anticipated future decisions or what documents the Chief Executive had signed under delegation in the interim. The table containing the milestones had also not been updated recently and she asked why stormwater works had been deferred.

The Chief Executive noted that the purpose of the report was to highlight decisions that were relevant to the Development Agreement, not to record every operational decision within the scope of the project and stormwater had been removed from the Development Agreement a number of years previously.

Councillor Gladding did not agree that stormwater was a small matter, and she was concerned that such a decision was not deemed significant enough to note. She questioned whether this was indicative of a need to review the present delegations. Mr Speedy observed that issue of the building consent would move the project forward and the project was currently within budget.

It was moved (Mr McLauchlan, Mr Moran):

That the Audit, Finance & Risk Committee resolve to:

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

Motion carried with Councillor Gladding recording her vote against the motion.

6. **External Audit of the Annual Report 2023-2024**

A report from Mariano Niveiro (Internal Assurance Lead) presented a summary of observations made by Deloitte (QLDC auditors) on certain internal controls and accounting practices which had come to its attention during the audit of the consolidated financial statements of the QLDC and its subsidiaries for the year ended 30 June 2024.

Mr Niveiro and Mr Noble presented the report. It was noted that this was a new report to the committee and its contents served to inform internal audit actions.

There was further discussion about the points made in the Deloitte Management Letter, in particular, whether improvement points 2.1 (access to post journal entries), 2.2. (review of journal entries) and 2.5 interest (register review/update) were satisfactory and would be actioned. Ms Harbrow advised that Deloitte auditors would be on site in April and would check that the recommendations had been acted on.

It was moved (Mr McLauchlan, Mr Moran):

That the Audit, Finance & Risk Committee resolve to:

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

Motion carried unanimously.

Resolution to Exclude the Public

It was moved (Mr McLauchlan, Mr Moran):

That the Audit, Finance & Risk Committee:

Resolve to exclude the public from the following parts of the proceedings of the meeting.

Motion carried unanimously.

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 from the public excluded part of the meeting on 5 December 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)</p> <p>Section 7(2)(i)</p>

Public Excluded Agenda Items:

Item 7: Internal Audit Report December 2024

Item 8: Legal Update

Item: 9: Treasury Report

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Item 7: Internal Audit Report December 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"> to protect information where making it available would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied <p><i>Reason for recommendation</i></p> <p>Discussion around this item is solely for the awareness of the Committee and it would be inappropriate for this report to be made available to third parties and would likely prejudice the supply of similar information. As Deloitte's audit report may evolve between now and when the final LTP is adopted by Council, it is Deloitte's request that the current version should not be released publicly.</p>	7(2)(c)(i)

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Item 8: Legal Update	<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 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>	Section 7(2)(g)

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Item 9: Treasury Update	<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:</p> <ul style="list-style-type: none"> • to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. <p><i>Reason for 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>	Section 7(2)(h)

This recommendation was 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 as shown above with respect to each item.

The meeting went into public excluded at 11.38am.

The meeting came out of public excluded and concluded at 12.19pm.

Confirmed as a true and correct record:

CHAIR

DATE