

**Minutes of a meeting of the Audit, Finance & Risk Committee held in the Council Chambers, 10 Gorge Road, Queenstown on Thursday, 5 December 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 (online)

**In Attendance**

Mr Mike Theelen (Chief Executive), Ms Katherine Harbrow (General Manager, Assurance, Finance and Risk), Mr Stewart Burns (General Manager, Assurance, Finance and Risk), Ms Meaghan Miller (General Manager, Corporate Services), Mr Tony Avery (General Manager, Property & Infrastructure), Ms Katie Church (People & Capability Director), Mr Gareth Noble (Risk and Compliance Manager), Mr Brendan Peet (General Counsel), Mr Paul Speedy (Manager, Strategic Projects), Mr Paddy Cribb (Finance Manager), Mr Jeremy Payze (Senior Management Accountant), Mr Grant Duthie (Senior Financial Accountant), Mr Mariano Niveiro (Internal Assurance Lead), Ms Alison Kelly (Finance Business Partner Manager), Mr Harry Beaumont (Legal Counsel), Mr Bill Nicoll (Resilience & Climate Action Manager), Ms Kirsty Pope (Resilience & Climate Action Advisor), Mr Adrian Hoddinott (Parks Operations Contracts Manager), Mr Miles O'Conner (Bancorp Treasury Manager), Mr Mike Hawken (Deloitte), Mr Jon Winterbottom (Democracy Services Team Leader/Health & Safety Chair), Mr Matthew Hulscher (Democracy Services Advisor); no members of the public and no members of the media

**Apologies**

There were no apologies.

Councillor Guy joined the meeting remotely at 10.04am.

**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/Councillor Gladding):**



**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 Cocks/Councillor Gladding):**

**That the Audit, Finance & Risk Committee resolve that that the public part of the minutes of the meeting of the Audit, Finance & Risk Committee held on 12 September 2024 be confirmed as a true and correct record.**

**Motion carried unanimously.**

#### **1. Risk and Compliance Update**

The purpose of this report was to provide a governance update regarding the status of 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's author, Mr Gareth Noble (Risk and Compliance Manager) presented the report.

Mr Noble and Mr Theelen responded to questions on risks associated with Shotover Wastewater Plant, how treatment plans worked in practice, how councillors could be confident that risks were being addressed effectively, whether the legal team represents the Chief Executive or councillors, the definition of "fraud" in the Fraud Policy, how contractors would be notified about the Protective Disclosures Policy, and whether the Protective Disclosures Policy was clear on how to proceed if those who disclosed wished to submit further disclosures.

Ms Harbrow distinguished risk management and issue management, noting that the Shotover Wastewater Plant related to issue management. Mr Peet clarified that the legal team represented the Council as a whole rather than specific councillors.

Councillor Gladding suggested that the proposed framework for capital reporting from Queenstown Airport Corporation (QAC) did not address all issues that had been envisaged. Mr McLaughlan suggested the Audit, Finance & Risk Committee ('the Committee') should wait for the first report from QAC and then it could examine whether the reporting was adequate.

Mr McLaughlan agreed to take the parts of the recommendation separately. Questions and discussion on points 2 and 3 took place after point 1 had been moved, seconded

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and carried. Mr McLaughlan and Mr Moran moved and seconded points 2 and 3 after that further discussion.

**It was moved (Mr McLaughlan/Mr Moran):**

**That the Audit, Finance & Risk Committee resolve to:**

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

**Motion carried unanimously.**

2. **Recommend** to Council that it adopts the proposed Protected Disclosures (Protection of Whistleblowers) Policy and Revoke the existing Policy (March 2017);

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

3. **Recommend** to Council that it approves Queenstown Airport Corporation's proposed framework for Capital reporting.

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

## **2. Insurance Update**

The purpose of this report was to brief the Committee on the insurance market, and progress on the review of QLDC's insurance policies and strategies. The report's author was Bridget Allen (Senior Insurance Advisor). Ms Allen and Gareth Noble presented the report.

Ms Allen and Mr Noble responded to questions on risk associated with the Building Act exclusion (a \$45M aggregated cap between 36 councils), in particular in relation to the weathertightness claim. Mr Noble indicated he would report back on this risk at the next meeting.

Officers responded to further questions on the distinction between the primary layer and the excess layer, the timeframe for understanding by how much premiums would increase, and why government support was limited to covering up to 60% when it comes to rebuilding or repairing assets after damage due to an emergency or disaster.

**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.**

### **3. September 2024 Year to Date Financial Overview**

The report's author was Paddy Cribb (Finance Manager). Mr Cribb, Jeremy Payze (Senior Management Accountant) and Alison Kelly (Senior Management Accountant) presented the report.

The purpose of this report was to present the 2024:25 September Year to Date (YTD) Actual to Budget financial results, Capital Expenditure financial results and September 2024 Debtors Analysis and Statement of Financial Position and to report on any significant transactions and/or variances to budget.

Mr Cribb, Mr Payze, Ms Kelly and Mr Theelen responded to questions about actions taken to mitigate the deficit, why a contingency was being reserved for a matter that had been resolved, repayment plans, whether parking fines were imposed in order to generate revenue, areas across the organisation where there were challenges filling vacant roles, whether there was confidence in contractors' capacity to meet their contract expectations, and why there were a number of large unpaid accounts.

Mr Theelen clarified that parking fines were for revenue recovery rather than revenue generation.

Mr Moran suggested that it would be good to include an extra paragraph in the report identifying where there were outyear implications from changes to multiyear projects that Council needed to manage.

**It was moved (Councillor Cocks/Mr Copland):**

**That the Audit, Finance & Risk Committee resolve to:**

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

**Motion carried unanimously.**

### **4. Sensitive Expenditure Report**

The purpose of this report was to describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud or misuse of Queenstown Lakes District Council (QLDC) property. The report's author, Mr Paddy Cribb (Senior Financial Accountant), presented the report and took it as read.



Mr Cribb responded to questions about whether there was a risk in unreported Purchase Orders for those less than 10k, whether there could be less detail over purchase orders, and whether it took a lot of work to prepare the report.

It was suggested that the Committee may not need all the detailed information around purchase orders and could potentially focus on exception reporting. It was also suggested that the report could potentially come to the Committee less often, e.g. annually. Mr Theelen suggested that Mr Cribb and Ms Harbrow could identify where there was stability over time and make recommendations about how to update.

**It was moved (Councillor Cocks/Councillor Guy):**

**That the Audit, Finance & Risk Committee resolve to:**

1. **Note** the contents of this report;
2. **Provide** staff with feedback on what information in this report is useful or not to assist staff when producing the next report.

**Motion carried unanimously.**

## **5. Organisational Health, Safety and Wellbeing Report**

Ms Katie Church (People & Capability Director) presented the report. Ms Church highlighted that there had been great participation in training and noted enhanced reporting on contractor reporting.

Ms Church responded to questions on the increase in contractor incidents.

Ms Church and Tony Avery (General Manager Property & Infrastructure) responded to questions regarding whether the Committee needed to do more to ensure there were fewer serious incidents, whether any contractors had been stood down, whether there was any way to reduce incidents related to accidentally damaged pipes, and education about vape and lithium battery disposal.

**It was moved (Mr McLaughlin/Councillor Guy):**

**That the Audit, Finance & Risk Committee resolved to:**

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

**Motion carried unanimously.**



## 6. Climate & Biodiversity Plan Update

The purpose of this report was to provide a summary of priorities and progress of the Queenstown Lakes Climate and Biodiversity Plan 2022-2025 (CBP) for the period up to August 2024. The report's authors, Mr Bill Nicoll (Resilience & Climate Action Manger) and Ms Kirsty Pope (Resilience and Climate Action Advisor), presented the report and took it as read. Officers noted that the next Plan would be ready by the end of the current financial year.

Ms Pope, Mr Nicoll and Ms Morss responded to questions on whether the steering group had met in November, the adaptation strategy and natural hazards, and whether risk 159 (on lack of adaption to climate change) should be classified as rare.

**It was moved (Councillor Gladding/Mr Moran):**

**That the Audit, Finance & Risk Committee resolve to:**

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

**Motion carried unanimously.**

## 7. 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 highlighted key points from the report.

Mr Speedy and Mr Avery responded to questions on whether there was a chance of any further Alliance extension claim, stormwater risks related to the project and where reporting on such risks sat and the plan to develop hot pools.

**It was moved (Mr McLauchlan/Mr Copland):**

**That the Audit, Finance & Risk Committee resolve to:**

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

**Motion carried unanimously.**

## 8. Audit of the Annual Report 2023-2024

Mr Paddy Cribb presented the report and introduced Mr Mike Hawken (Partner – Assurance and Advisory, Deloitte). Mr Hawken presented Deloitte's Audit Report.

Ms Harbrow, Mr Cribb and Mr Hawken responded to a question on whether valuations need to be peer reviewed,



Councillor Gladding requested a means to report to the Committee on whether recommendations in the audit report had been followed up by the organisation.

**It was moved (Mr McLauchlan/Councillor Cocks):**

**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 Copland):**

**That the Audit, Finance & Risk Committee resolve to:**

**Exclude** the public 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 from the public excluded part of the meeting on 12 September 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"> <li>• maintain legal professional privilege</li> <li>• enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>	<p>Section 7(2)(g)</p> <p>Section 7(2)(i)</p>

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**Public Excluded Agenda Items:**

Item 7: Audit of the Long Term Plan 2024-2034

Item 8: Legal Update

Item: 9: Treasury Report

Item: 10: Internal Audit Report September

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
<p>Item 7: Audit of the Long Term Plan 2024-2034</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"> <li>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</li> </ul> <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>	<p>7(2)(c)(i)</p>





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"> <li>• maintain legal professional privilege.</li> </ul> <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)

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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"> <li>• to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</li> </ul> <p><i>Reason for recommendation</i></p> <p>The report includes commercially sensitive financial information such as interest rates &amp; 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)

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General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
Item 10: Internal Audit Report September 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"> <li>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</li> </ul> <p><i>Reason for recommendation</i>                      The internal audit report provides assurance regarding procurement practices and relies on information relating to procurement systems and processes. If findings were to be made public, this would likely impact upon the provision of information and the openness of those subject to an audit, as well as those responsible for relevant systems and associated controls, thereby limiting the effectiveness of findings and associated recommendations.</p>	Section 7(2)(c)

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 are as shown above with respect to each item.

*The meeting went into public excluded at 11.38am.*

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Confirmed as a true and correct record:

  
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CHAIR

6-3-25  
DATE