

Audit, Finance & Risk Committee

11 March 2021

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Minutes of a meeting of the Audit, Finance & Risk Committee held on Thursday 11 March 2021 in Council Chambers, 10 Gorge Road, Queenstown commencing at 10.09am

Present

Councillor Copland, Mr McLauchlan (Chair) (via Zoom), Mr Moran (via Zoom) and Mr Wilson

In Attendance

Mayor Boulton, Councillor Gladding, Mr Mike Theelen (Chief Executive), Mr Stewart Burns (General Manager Finance, Regulatory & Legal), Ms Meaghan Miller (General Manager, Corporate Services), Mr Tony Avery (General Manager Planning & Development), Mr Peter Hansby (General Manager Property & Infrastructure), Ms Michelle Morss (Strategic & Development Manager), Mr Paddy Cribb (Finance Manager), Ms Emily Carter (Financial Accountant), Ms Meghan Pagey (People & Capability Director), Mr Alan Thomas (Health & Safety Manager), Mr Ulrich Glasner (Chief Engineer), Mr Chris English (Building Services Manager), Mr Stephen Batstone (Recovery Manager), Mr Geoff Mayman (Commercial & Procurement Manager), Mr Gareth Noble (Programme Director), Mr Bill Nicoll (Organisation Improvement Manager), Ms Katherine Durman (Climate Action Coordinator), Ms Zoe Burton (Legal Counsel), Ms Belinda Evert (Programme Manager), Mr Miles O'Connor (Bancorp), Mr Mike Hawken (Deloitte), Mr Anthony Smith (Deloitte), Ms Stacey Harris (Governance Advisor); two members of the public and one member of the media

Due to the recent resignation of the Committee Chair, and the Committee not having a Deputy Chair appointed to act in the absence of the Chair, the Chief Executive called the meeting to order and invited the Committee Members to elect a Chair in accordance with the QLDC Standing Orders 13.2.

On the motion of Mr Wilson and Mr Moran the Audit, Finance & Risk Committee resolved that Mr Stuart McLauchlan be elected to chair the 11 March 2021 Audit, Finance & Risk Committee meeting in accordance with section 13.2 of the QLDC Standing Orders.

Apologies

There were no apologies received.

Declaration of Conflicts of Interest

No declarations of conflict were made.

Public Forum

There were no speakers in the public forum.

Matters Lying on the Table

There were no matters lying on the table.

Confirmation of Agenda

The agenda was confirmed without addition or alteration.

Confirmation of Minutes (Public)

On the motion of Mr McLauchlan and Councillor Copland the Audit, Finance & Risk Committee resolved that the public part of the minutes of the meeting held on 15 October 2020 be confirmed as a true and correct record.

1. 2020:21 December Year to Date Financial Overview

A report presented by Mr Paddy Cribb (Finance Manager) and Ms Emily Carter (Financial Accountant) presented the 2020:21 December Year to Date (YTD) Actual to Budget financial results, Capital Expenditure financial results and June 2020 Debtors Analysis and Statement of Financial Position and to report on any significant transactions and/or variances to budget.

The report was taken as read.

The Committee discussed the details of the report and corresponding attachments, noting the rates receivables variance and possible associated impact to the operational expenditure. It was clarified that a large portion of the outstanding infringement payments reported were historical and had not increased during the reporting period. It was confirmed that Council had various ways of actively pursuing outstanding payments.

A query was raised regarding resources available for BAU projects, and the process involved in determining the priority of large projects. It was clarified that priorities were assessed and set as part of the Ten Year Plan process and that whilst resources were tight, the BAU projects were continuing to progress.

On the motion of Mr McLauchlan and Mr Moran the Audit, Finance & Risk Committee resolved to note the contents of the report.

2. Sensitive Expenditure

A report presented by Ms Emily Carter (Financial Accountant) and Mr Paddy Cribb (Finance Manager) described 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 QLDC property.

The report was taken as read.

The Committee briefly discussed the details of the report and corresponding attachments.

On the motion of Mr Wilson and Mr Moran the Audit, Finance & Risk Committee resolved to note the contents of the report.

3. Risk Management Update

A report presented by Mr Bill Nicoll (Organisation Improvement Manager) and Ms Michelle Morss (Strategy & Development Manager) provided a governance update regarding the progress of the deployment of the new QLDC Risk Management Framework.

The report was taken as read.

The Committee briefly discussed the details of the report and corresponding attachment. A query was raised regarding Council resourcing and the ability to process development applications and execute projects. It was confirmed that there had been an overall decline in the number of resource consents coming through, with commercial consents dropping further than residential. In contrast, the number of residential building consents being received had increased, requiring the support of external contractors to manage the demand.

The Committee noted that Council were continuing to receive competitive tenders for works and would continue to monitor the market's capacity to respond to project demands as required.

On the motion of Mr McLauchlan and Councillor Copland the Audit, Finance & Risk Committee resolved to note the contents of the report.

4. QLDC Organisational Health, Safety and Wellbeing Performance

A report presented by Mr Alan Thomas (Health & Safety Manager), Mr Ulrich Glasner (Chief Engineer) and Ms Meghan Pagey (People & Capability Director) provided the Audit, Finance & Risk Committee with an update on the Health & Safety performance of the organisation.

The report was taken as read.

The Committee discussed the details of the report. A query was raised in relation to Council's obligations as a "Person Conducting a Business or Undertaking" (PCBU) and whether appropriate controls were in place to prevent further serious contractor incidents from occurring. It was clarified that the four serious occurrences referenced in the report were reported by small contracting companies that were engaging with Council for the first time, and that all of Council's contractors received education and support to maintain high health and safety standards. It was noted that for larger projects, contractors were assessed against thorough selection criteria, and are used to the higher level of expectations associated with such projects.

It was confirmed that site visits would be organised for the Committee members to gain further exposure to Council projects.

The Committee commented on the Whakaari (White Island) prosecutions that were taking place, noting possible implications that could ensue for adventure tourism within the district.

On the motion of Mr Moran and Mr Wilson the Audit, Finance & Risk Committee resolved to note the contents of the report.

5. Climate Action Plan Update

A report presented by Ms Katherine Durman (Climate Action Coordinator), Mr Bill Nicoll (Organisation Improvement Manager) and Ms Michelle Morss (Strategy & Development Manager) informed the Audit, Finance & Risk Committee on the Climate Action Plan (CAP) priorities and progress.

The Committee briefly discussed the details of the report, and acknowledged the positive progress made to date.

On the motion of Mr McLauchlan and Mr Moran the Audit, Finance & Risk Committee resolved to note the contents of the report.

6. Project Management Office Assurance Management Framework

A report presented by Ms Belinda Evert (Programme Manager), Mr Gareth Noble (Programme Director) and Mr Peter Hansby (General Manager Property & Infrastructure) sought approval for the Project Management Office (PMO) Assurance Management Framework.

The report was taken as read.

The Committee briefly discussed the details of the report and corresponding attachments. It was noted that the people managing the PMO assurance were having no direct impact on the project delivery and that an independent assurance group would be engaged to assess the programme as it matured.

On the motion of Mr Wilson and Mr Moran the Audit, Finance & Risk Committee resolved to:

- 1. Note the contents of this report.**
- 2. Approve the PMO Assurance Management Framework.**
- 3. Authorise the Programme Manager to manage the assurance schedule in accordance with the PMO Assurance Management Framework.**

7. Review of QLDC Procurement Practices

A report presented by Mr Stephen Batstone (Recovery Manager) and Mr Mike Theelen (Chief Executive) informed the Audit, Finance & Risk Committee of the findings of recent reviews of procurement activities and their alignment with the Procurement Policy and Guidelines.

Mr Theelen provided the Committee with an overview of the intentions of the review and stated the importance of the Committee members being involved in the process.

The Committee discussed the details of the report and corresponding attachments. It was noted that no further response had been received from the Office of the Auditor General (OAG) and that any further investigations would be conducted based on the findings of the OAG. It was confirmed that Council were basing their approach to the procurement policy, guidelines and review on that of Central Government.

On the motion of Mr McLauchlan and Mr Wilson the Audit, Finance & Risk Committee resolved to:

- 1. Note the contents of this report and its attachments:**
 - a. Mayoral Report on ZQN.7 Procurement;**
 - b. Councillor presentation re: Procurement (15 February 2021);**
 - c. Paper for Extraordinary meeting of Council 25 February 2021;**
 - d. Letter from OAG requesting information (Public Excluded); and**
 - e. Response to OAG request for information (Public Excluded).**
- 2. As requested by Council, confirm that an external peer review of the attached reports be conducted.**

8. Update on the Review of Procurement Policy & Procurement Guidelines

A report presented by Mr Geoff Mayman (Commercial & Procurement Manager) provided an update on Council's approval to amend the Procurement Guidelines; an updated review pathway for the Procurement Policy and Procurement Guidelines; and to rescind a previous approval.

The Committee briefly discussed the details of the report, reiterating the importance of the review being completed in time to report back to Council by 2 September 2021. The Committee confirmed their commitment to the review process, stating that it was vital that it be done right.

On the motion of Mr Wilson and Mr Moran the Audit, Finance & Risk Committee resolved to:

- 1. Note the contents of this report.**
- 2. Note that Council has approved interim amendments to the Procurement Guidelines.**
- 3. Approve the updated Review Pathway.**

4. Revoke the decision that transferred the Procurement Guidelines from Governance to Management Accountability.

Resolution to Exclude the Public

On the motion of Mr McLauchlan and Mr Moran the Audit, Finance & Risk Committee resolved to exclude the public from the following parts of the proceedings of the meeting:

The general subject of the matters to be discussed while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1)(a) of the Local Government Information and Meetings Act 1987 for the passing of this resolution is as follows:

Confirmation of Minutes:

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
<p>Audit, Finance & Risk Committee Minutes 15 October 2020</p>	<p><i>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:</i></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>S 7(2)(g) S 7(2)(i)</p>

Agenda Items:

General subject to be considered:	Reason for passing this resolution:	Grounds under Section 7:
<p>7: Review of QLDC Procurement Practices: Attachments D and E <u>for discussion only</u></p>	<p><i>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:</i></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>S 7(2)(g) S 7(2)(i)</p>
<p>9: Legal Update</p>	<p><i>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:</i></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>S 7(2)(g) S 7(2)(i)</p>

<p>10: Audit of Ten Year Plan 2021-2031</p>	<p><i>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:</i></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>S 7(2)(g) S 7(2)(i)</p>
<p>11: Treasury Update: February 2021</p>	<p><i>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:</i></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>S 7(2)(g) S 7(2)(i)</p>

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 moved into public excluded at 11.21am

The meeting moved out of public excluded and concluded at 12.08pm

Confirmed as a True and Correct Record:

Chairperson

Date