

Audit, Finance & Risk Committee 14 December 2018

Minutes of a meeting of the Audit, Finance & Risk Committee held on Friday 14 December 2018 in Council Chambers, 10 Gorge Road, Queenstown commencing at 9.01am.

Present

Councillor McRobie (Chair), Councillor Hill, Mr McLauchlan and Mr Wilson

In Attendance

Mr Mike Theelen (Chief Executive), Mr Stewart Burns (General Manager Finance, Regulatory & Legal), Mr Peter Hansby (General Manager Property & Infrastructure), Ms Meaghan Miller (General Manager Corporate Services), Ms Michelle Morss (Strategic Manager), Ms Anita Vanstone (Performance & Risk Manager), Mr Bill Nicoll (Quality Manager), Mr Dan Crosby (Business Improvement Specialist), Mr Paddy Cribb (Financial Advisory Manager), Ms Lyn Zeederberg (Financial Controller), Ms Meghan Pagey (Human Resources Manager), Mr Gareth Noble (Programme Director), Ms Belinda Evert (P&I Programme Manager), Mr Grant Hodges (EY), Ms Shelley Dawson (Senior Governance Advisor) and 1 member of the media.

Apologies

There were no apologies

Declaration of Conflicts of Interest

There were no declarations

Matters Lying on the Table

There were no matters on the table

Public Forum

There were no speakers in public forum.

Confirmation of Agenda

The agenda was confirmed without addition or alteration.

Confirmation of Minutes

On the motion of Mr McLauchlan and Mr Wilson it was resolved that the minutes of the Audit, Finance & Risk Committee held on 10 October 2018 be accepted.

1. 2018:19 Quarter 1 Actual to Quarter 1 Budget Financial Overview

Consideration was given to a report that presented the 2018:19 Quarter 1 Actual to Budget financial results and reported on any significant transactions and/or variances to budget. Mr Burns, Mr Cribb and Ms Zeederberg spoke to this item.

Mr Cribb highlighted that the favourable variance was from additional income, underspend in personnel costs and underspend in interest. The number of vacancies was questioned and Mr Cribb noted that the number was now down to 30. The Chief Executive noted that HR were steadily recruiting for the increased FTE's approved in the Ten Year Plan. There was discussion on the increase in trade receivables and Ms Zeederberg noted there were a lot of low value debtors. She explained that the team would focus on debt collection in the New Year.

On the motion of Councillor Hill and Mr McLauchlan it was resolved that the Audit, Finance & Risk Committee note the contents of the report.

2. Sensitive Expenditure

Consideration was given to a report that 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. Ms Zeederberg spoke to this item

Mr McLauchlan commended Ms Zeederberg on the paper noting that it was very well written. There was discussion on the use of p-cards and the Chief Executive highlighted that there were a lot of controls around their use. Ms Zeederberg explained that every transaction went to a manager for approval.

There was discussion on the amendments to the Sensitive Expenditure Policy and the approvals outlined in section 1.6 of the policy (page 22 of the agenda). Mr McLauchlan commented that he was not comfortable with a direct report to the Chief Executive signing off the Chief Executive's expenditure. The Committee agreed that at section 1.6 iii. sensitive expenditure incurred by the Chief Executive would be approved by the Mayor. The Chief Executive suggested that approval for sensitive expenditure for the Mayor (section 1.6 ii.) should be as suggested in the report, from the GM Finance, Legal & Regulatory rather than from another elected member. The Committee agreed. Mr McLauchlan noted that if QLDC was a part of the All-of-Government scheme for flights then no air points could be accrued. Staff noted they would look at the wording in the policy around air points.

On the motion of Councillor McRobie and Councillor Hill it was resolved that the Audit, Finance & Risk Committee

- 1. Note the contents of this report; and**
- 2. Recommend the proposed Sensitive Expenditure Policy as amended to Council for adoption to the extent that it applies to elected members as set out in the attached Policy.**

3. Risk Management Update

Consideration was given to a report that provided the Committee with an update in relation to QLDC's risk management process, ethos and on-going approach and to adopt the amended Queenstown Lakes District Council Risk Management Policy (the Policy). Ms Miller, Ms Morss, Mr Nicoll and Ms Vanstone spoke to this report.

The Chair commented that it was a well written report and thanked Ms Morss and her team for putting it together. Ms Morss commented that there had been some technical system changes since the last meeting when the policy was presented to the Committee therefore they were presenting it again. There were no questions on the Policy itself.

Mr Nicoll gave the Committee a demonstration of the TechOne risk module noting that it covered strategic and operational risks. He noted that they were still transitioning from the current risk register to the new system. Mr Nicoll explained that the matrix was graded on the likelihood and consequence of the risks that had been grouped into categories based on what was being impacted such as community, environment, operational. He demonstrated that the user could move into the full risk register and also into individual risks to see the owner, analysis and treatment within each.

Ms Miller commented that this system brought risk to the General Managers easily and conveniently. She introduced Mr Dan Crosby who had developed the module. There was discussion on access, reporting and escalation and if there would be any peer review of the process. The Chief Executive noted that the system would provide regular reporting to the Executive Leadership Team faster and more efficiently to provide them with more regular overview of the organisation. Mr Nicoll explained that any potential changes in the matrix would report up to the Committee. The Chief Executive noted that the Committee would provide a lens to Council whether it should be more tolerant or adverse to a risk. Mr Nicoll provided the Committee with a copy of the draft Risk Management Change Proposal that outlined requirements as well as key actions. The Chief Executive noted the reporting schedule and the requirement of the Committee to report back to Council the comfort or otherwise around risk.

The Chair thanked Ms Morss and her team for an excellent report.

On the motion of Mr McLauchlan and Mr Wilson it was resolved that the Audit, Finance & Risk Committee

1. **Note the contents of this report.**
2. **Recommend to Council that the attached Queenstown Lakes District Council Risk Management Policy dated 14 December 2018 is adopted, subject to any minor amendments, including graphic design alterations.**

4. QLDC Organisational Health Safety and Wellbeing Performance

Consideration was given to a report that provided the Audit, Finance & Risk Committee with an update on the Health & Safety performance of the organisation. Ms Pagey and Ms Miller spoke to this item.

Ms Pagey explained that My Safety, a new electronic reporting system, was now in place providing real time reporting of hazards and safety issues. Ms Miller gave an example of how it had alerted them to the diesel spill issue. She acknowledged Mr Dan Crosby and the IT team who had project managed the software and module. Mr Crosby explained that My Safety was integrated into TechOne and there had been no issues so far. He commented that anyone in the organisation could report a safety issue and the module used the management structure to review and investigate.

Ms Pagey noted that within the reporting period there had been an incident with loose ceiling tiles at the pool at Alpine Aqualand. She explained that they had done an investigation and subsequently closed the facility to remove and replace the ceiling tiles. Ms Pagey announced to the Committee that she had appointed a new Health & Safety Manager, Mr Alan Thomas who would start in January 2019. She noted that Mr Roberts would finish with the organisation next week.

On the motion of Councillor Hill and Mr McLauchlan it was resolved that the Audit, Finance & Risk Committee note the contents of this report.

The Chair thanked the staff who were present and wished them a Merry Christmas

Resolution to Exclude the Public

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

- Item 5: Treasury Update - November 2018
- Item 6: Stage 1 Review and Update, by EY, of the readiness of the Three Waters Programme to deliver the Ten Year Plan

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(a) 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
<p>Item 5: Treasury Update – November 2018</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> <p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p>	<p>Section 7(2)(h)</p>
<p>Item 6: Stage 1 Review and Update, by EY, of the readiness of the Three Waters Programme to deliver the Ten Year Plan</p>	<p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>Section 7(2)(i)</p>

This resolution 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.

It was also resolved that Grant Hodges (EY) be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of Item 6: Stage 1 Review and Update, by EY, of the readiness of the Three Waters Programme to deliver the Ten Year Plan. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because Mr Hodges represents EY who undertook the review for Council.

The meeting moved into public excluded at 9.50am

The meeting moved out of public excluded and concluded at 10.22am.

The Chair thanked Ms Dawson the Committee Advisor, for her work with the Committee and wished her well in her new role with the Planning team.

The Chief Executive thanked Mr McLauchlan and Mr Wilson for their contributions and input to the Committee.

Confirmed as a True and Correct Record:

Chairperson

Date
