

**MINUTES OF AN ORDINARY MEETING OF THE
AUDIT AND RISK SUBCOMMITTEE
HELD IN THE COUNCIL CHAMBERS
ON MONDAY 24 MARCH 2025 COMMENCING AT 1.00PM**

PRESENT

Ms A Elstob (Chair), Mayor S T Broughton, S N O Epiha, N C Reid; and Mr B Gemmell

ATTENDEES

Mrs S Mason (Chief Executive); Messrs; S Gibling (Executive Director People, Culture and Capability), R Love (Executive Director Development and Growth), T Mason (Executive Director Infrastructure and Property), M England (Head of Asset Management), Wayne Stack (Health and Safety Lead), N Koch (Head of Financial Control), M Strong (Chair for LWDW Programme), J Knight (Head of Health, Safety and Wellbeing), D Seath (Deloitte), J Tan (Audit NZ), L Hautler (HEB), Mesdames; A Sneddon (Chief Financial Officer), M Kruger (Audit NZ), J Hands (Head of Legal and Risk), S Healy (Risk Manager), Maria Mudgway (Health and Safety Specialist), Tracy Copping (Wellbeing Lead), K Bryla (Deloitte), K Hansen (Head of People), H Tate (Communications Advisor), Jodie Beker (Legal Counsel, Policy and Compliance), Michelle Mordaunt (Assistant to the CDO and CFO), and T Van der Velde (Assistant to the ED People, Culture and Capability).

The meeting was opened with a karakia.

APOLOGIES

Apologies were received from Councillor Dean.

Moved – Mr Gemmell / **Seconded** – Councillor Epiha

‘That the Audit and Risk Subcommittee receive the apologies from Councillor Dean.’

CARRIED

EXTRAORDINARY OR GENERAL BUSINESS

The meeting began in Public at 1pm and moved into Public Excluded at 4.07pm.
The meeting moved back into public at 4.09pm.

CONFLICTS OF INTEREST

None.

TERMS OF REFERENCE

For information only.

ORDER OF BUSINESS

1. CONFIRMATION OF MINUTES

Minutes of the ordinary meeting of the Audit and Risk Subcommittee held on Tuesday 5 November 2024.

Moved – Mayor Broughton / **Seconded** – Mr Gemmell

‘That the Audit and Risk Subcommittee confirms the minutes of the ordinary meeting of the Subcommittee held on Tuesday 5 November 2024, as circulated.’

CARRIED

REPORTS

1. Chairperson’s Report / Actions Register

Chairperson’s (Verbal) Report

Chairperson acknowledged the extensive agenda, noting it as the largest the Committee has received. Thanked staff for their work on the Annual Report and also highlighted the high quality of the meeting pack. The Chair wished to extend her thanks to the management team for their efforts.

Moved – Ms Elstob / **Seconded** Councillor Epiha

‘That the Audit and Risk Subcommittee receives the Chairperson’s (verbal) Report to Committee for information.’

CARRIED

Actions Table

Item	Meeting referred from	Action required	Report Date
Internal Audit Programme	6 August 2024	Deloitte to confirm how they will identify any actual or perceived and how will they manage these going forward. Discussed at the 24 March meeting.	Closed

Health, Safety and Wellbeing	6 August 2024	Staff to report back the process for selecting contractor management providers. Discussed at the 5 November meeting. Discussed at the 24 March meeting.	Closed
Local Government Official Information and Meetings Act (LGOIMA)	24 March 2024	A request from the subcommittee for staff to compile statistics on LGOIMA numbers, including numbers on repeat applicants.	6 May 2025

Moved – Mayor Broughton / **Seconded** Mr Gemmell

‘That the Audit and Risk Subcommittee receives the actions table to Committee for information.’

CARRIED

2. Annual Report

Chief Financial Officer

Head of Financial Control

The Chief Financial Officer (CFO), introduced Council's Head of Financial Control, who presented high-level details of the report. The Annual Report consists of three sections: the front section, the statement of service performance, and the financial statements

Council reported a \$5 million surplus after tax, in the 2023/24 financial year, which is \$17.1 million below budget. The majority of the expenses incurred this year was due to additional expenses related to district growth, including asset maintenance, building levies, and insurance. Revenue remained on budget.

Subcommittee members thanked staff for a readable and well-structured report.

There was a question whether growth was solely population-related or included growth of Council's work. The CFO confirmed there were multiple contributing factors.

There was discussion on council's development of an investment and disinvestment framework over the past 12 months which takes into account CORDE and Orion. This framework leads to strategic conversations and opportunities.

There was discussion on forestry assets, staff highlighted the governance focus on climate change through the Climate Change and Sustainability Subcommittee and its integration with council plans.

The Chair commented that the Annual Report tells a good story about major projects but they also would have liked to have seen more on health and safety and the council's health and safety journey especially given the great progress being made on this important area.

A subcommittee member observed that the accounts generally aligned with expectations for the Long-Term Plan. However, he would like to see more clarity on the intended direction for the Selwyn area and an explanation of why certain decisions were made and emphasised the importance of linking these decisions to the overall vision.

There was reflection on the Annual Plan, emphasising the importance of timely completion for the year's plan and ensuring adherence to statutory timelines.

Subcommittee members thanked Julian Tan and the team from Audit NZ, for their contributions, guidance and services over the past years as Julian moves off auditing Selwyn District Council.

Moved – Councillor Epiha / **Seconded** – Mr Gemmell.

'That the Audit and Risk Sub-Committee receives for information the Selwyn District Council Draft Annual Report for the year ended 30 June 2024' and:

- a. Receive the 'Draft Letter of Representation for the year ended 30 June 2024' to be signed by the Mayor and Chief Executive at the Council adoption meeting on 26 March 2025.*
- b. Receive the 'Draft Independent Auditor's Report' to the readers of Selwyn District Council's annual report for the year ended 30 June 2024, to be signed by Audit New Zealand (Audit NZ) at the Council adoption meeting on 26 March 2025.*
- c. Recommend to Council adoption of the Draft Annual Report for the year ending 30 June 2024, subsequent to Audit NZ providing written sign-off on their 'Independent Auditor's Report'.*
- d. Delegates to the Chief Financial Officer the authority to make alterations of minor effect or to correct any minor errors to the Draft Annual Report for the year ended 30 June 2024, as or if required.'*

3. Executive Director's Report

Executive Director People, Culture and Capability

The Executive Director for People, Culture, and Capability acknowledged the efforts of the team since the last subcommittee meeting, emphasising that it has been an organisation-wide effort. The report is taken as read and the Establishment Chair for

Your Water Done Well (YWDW) Programme was invited to speak.

Your Water Done Well

The Chair of the Your Water Done Well Programme provided an update to Your Water Done Well, noting the upcoming deliberations on Wednesday and emphasizing the need to avoid influencing the decision-makers ahead of their meeting on Wednesday.

The council will decide on either proceeding with a water service CCO or retaining an in-house model by April 2nd. Various pieces of work have been ongoing to meet the July 1st start-up deadline if the decision is to proceed. The chair of YWDW spoke of the Water Services Preliminary Arrangement Act, which outlines the government's expectations for water service delivery. There were lots of discussion points that came out of the conversations at the hearings last week.

The Executive Director of Infrastructure and Property noted that the council received over 400 submissions. Considerable time was spent reviewing these submissions and hearing submitters. The findings have been incorporated into the deliberation agenda, with a detailed discussion scheduled for Wednesday.

Mr Gemmel shared his observations on the 'Your Water Done Well' programme, with discussion on decentralised and centralised approaches. He noted that both models have their advantages. He highlighted that decentralisation, when implemented effectively, can offer significant benefits. With the support of Artificial Intelligence (AI) tools and the appointment of the right individuals, additional opportunities could emerge.

The Chair discussed the benefits of both options, highlighting their respective perspectives. She raised the question of whether these options provide support for intergenerational needs and long-term planning.

People Dashboard

A question was asked about a breakdown on exit surveys, which includes statistics on the percentage of staff who fill this survey out. Staff did not have this on hand but will look to provide this information within the next Dashboard report to the Committee.

The theme of 'frustration with systems and processes' was discussed and it was asked how council are approaching this. The Chief Executive responded by explaining that budget prioritisation currently focuses on financial management ('financial hygiene') and infrastructure needs, as aligned with the five-year strategic plan.

Discussion was held around feedback at exit interviews that, where feedback was provided that job descriptions do not adequately reflect the actual role, asked how this feedback being managed. Staff commented that two years ago a review of all position descriptions (PDs) was conducted. Emphasis has also been placed on leadership development to equip leaders with the necessary tools for productive performance conversations. This ensures alignment between individual goals and broader organisational strategies and plans. Efforts are ongoing to transition everyone to this new framework.

A subcommittee member commented on the challenges of striking a balance between dynamic change and structured frameworks. He emphasised that overly rigid frameworks could stifle growth. Additionally, he highlighted the importance of fostering the right skill sets in staff and supporting them as they adapt to shifting scopes and organisational dynamics.

Moved – Councillor Reid / **Seconded** – Mr Gemmell

‘That the Risk and Audit Committee:

- 1. Receive the report ‘Executive Directors Joint Report to February 2025.’*
- 2. Note the updated memo from Deloitte regarding their provision of Internal Audit services.’*

CARRIED

4. Health, Safety and Wellbeing Update

Head of Health, Safety and Wellbeing, Health and Safety Lead and Wellbeing Lead

The Executive Director of People, Culture, and Capability introduced the new Head of Health, Safety, and Wellbeing. The Head of Health, Safety, and Wellbeing took the report as read and highlighted its key points. Additionally, the Health and Safety Lead emphasised key aspects of the report, while the Wellbeing Lead outlined key wellbeing initiatives.

In the discussion on body cameras, it was clarified that body cameras are available for all lone workers to book and use.

Lee Hautler, South Island Regional Manager from HEB Construction spoke of the service strikes of three live overhead electric cables within 18 months. Incidents were deemed HiPo (high potential incidents). Mr Hautler spoke of the findings, learnings and the controls put in place to mitigate these incidents.

‘Cr Epiha left the Chambers 2.41pm’

‘Cr Epiha returned 2.43pm’

The Chair highlighted the need for officers, management and executives to engage in learning and development programmes, site visits, and other required work. Drawing from experience on other boards, she noted the practice of logging completed work and suggested discussing expectations for staff, including KPIs and monitoring processes.

Moved – Councillor Reid / **Seconded** – Councillor Epiha

‘That the Audit and Risk Subcommittee receive the Health, Safety and Wellbeing Update Report.’

CARRIED

‘Meeting adjourned for an afternoon tea break at 2.55pm’

'Meeting reconvened at 3.00pm'

'Cr Epiha left the meeting during the break'

5. Internal Audit Report

Head of Legal and Risk and Risk Manager

Council's Risk Manager introduced David Seath and Kasia Bryla from Deloitte. This is the first internal audit report from the programme, Deloitte staff highlighted the objectives and findings of the report.

The report is divided into two main sections, focusing on three control objectives. The first half assesses whether operating expenditures are classified and funded in compliance with revenue policy, and whether costs and debt allocations align with this policy. The second half reviews key systems and controls related to development contributions.

Management has committed to continuous improvement, and the committee is encouraged to track progress on recommendations.

There was discussion on the funding of operating expenditure (OPEX) through debt, an issue identified during the Long-Term Plan (LTP) review. Borrowing has been used to cover funding shortfalls, with some smoothing applied. While smoothing itself is not a problem, it must align with the revenue and finance policy by being linked to capital projects.

A key challenge is the timing mismatch between development contributions, borrowings, and OPEX expenditures. While the council has addressed past shortfalls through rate increases, further work is needed to ensure borrowings comply with financial policies.

Additionally, some of these issues stem from legacy financial decisions. However, the council has had open discussions, leading to greater transparency about past funding practices and future financial strategies.

Moved – Ms Elstob / **Seconded** – Mr Gemmel

'That the Audit and Risk Subcommittee:

a) Receives for information the "Revenue & Financing Internal Audit" report.'

CARRIED

6. LTP Process Review March 2025

Chief Financial Officer

David Seath from Deloitte spoke to the report. The discussion focused on lessons learned from the Long-Term Plan (LTP) process and areas for improvement. Recognising the strain the process placed on staff, management proactively engaged an external team to assess internal capacity, capability, and governance structures. Moving forward, a dashboard will track internal and external audit actions, timelines, and responsibilities.

The subcommittee recognised the importance of these improvements, particularly in enhancing data collection and financial prioritisation. Encouragingly, some recommendations have already been implemented.

A subcommittee member commented that in future consultations it would be beneficial for leadership team to first articulate their vision and purpose clearly, allowing the team to respond to it. This approach would provide more clarity, rather than starting with broad, open-ended questions that leave the meaning unclear.

Moved – Mr Gemmell / Seconded – Mayor Broughton

‘That the Audit and Risk Subcommittee:

a) Receive the “Long Term Plan Process debrief and lessons learned” report.

CARRIED

7. Risk Management Update

Head of Legal and Risk and Risk Manager

The Head of Legal and Risk provided an update on the risk framework introduced in November, which involved a series of six risk workshops. The findings from the engagement revealed that the workshops were conducted at a fast pace, making engagement challenging and the maturity level of risk management was lower than initially expected, suggesting the need to take a step back and reassess.

The Executive Director for People, Culture and Capability, emphasised the importance of "doing the basics well" in risk management. He noted that the risks were not adequately managed due to the lack of proper tools and systems, and some controls were either non-existent or ad hoc. Additionally, the scope and pace of changes within the organisation had evolved, particularly in the areas of effective workforce management. This includes managing people information, ensuring current role design, and aligning it with the skills and capabilities of staff (as reflected in the exit surveys). Training for staff is also a priority, and failing to address these issues could have major consequences.

A subcommittee member discussed the potential benefits of Artificial Intelligence (AI) for enhancing productivity and stated that the Council is well-positioned to leverage AI to its advantage.

The Chair congratulated the staff for presenting a risk register to the subcommittee. She suggested that, in the future, the Audit & Risk (A&R) subcommittee members and councillors should provide feedback on this register.

Moved -Mayor Broughton / **Seconded** – Mr Gemmell

“That the Audit and Risk Subcommittee:

a) Receive the “Risk Management Update” report.

b) Endorse the development of a Three-Year Risk Roadmap.

CARRIED

8. Quarterly Treasury Report for the quarter ended 20 December 2024

Head of Financial Control

The Head of Financial Control spoke to the report with the report covering financial details for the quarter ending December 31, 2024, and provided a summary of the report.

Moved – Mr Gemmel / **Seconded** –Mayor Broughton

‘That the Audit and Risk Sub-Committee receives for information the Selwyn District Council Quarterly Treasury Report for the quarter ended December 2024.’

CARRIED

9. Legal and Policy Report

Head of Legal and Risk and Legal Counsel - Policy and Compliance

The Head of Legal and Risk provided a summary of the report. The report provides key updates in the legal and policy space including a Local Government Official Information and Meeting Act (LGOIMA) update.

A fully established legal function is now in place, with two senior counsels who have significantly contributed in a short time. Their focus is on identifying legal and commercial risks, working with the organisation to proactively manage them.

They've also begun rolling out training on statutory compliance, including areas like privacy, construction contracts, and local government consultation principles. The legal team is building a system to track legislative changes, as the government is expected to introduce many new laws relevant to local government in the coming year.

Subcommittee members thanked the Head of Legal and Risk and team for the update.

It was discussed that there was a general rise of interest in the public of what council do throughout the organisation with an increase in LGOIMA's. There was a request by

a subcommittee member for staff to provide statistics on LGOIMA numbers in terms of repeat applicants. There was discussion on making LGOIMA information publicly available with staff progressing work in this space.

Moved – Mayor Broughton / **Seconded** – Mr Gemmell

‘That Audit and Risk Subcommittee receive the Legal and Policy Report’

CARRIED

10. Development Timelines Update

Executive Director Development and Growth and Head of Asset Management

The Executive Director for Development and Growth spoke to the report. The report was taken as read. It highlighted the high volumes of resource consent applications, which are putting a strain on processes and staff. The report details the challenges and outlines the procedures and additional actions being put in place to address them.

There have been changes in staffing, capacity, resilience, and depth. To address these, more resources have been allocated, including the addition of a dedicated duty engineer. The website has also been updated with relevant forms and information.

It was discussed that one of the biggest hurdles are systems that do not communicate with each other, leading to no single view of the customer, which complicates processes.

The Chief Executive reiterated the earlier discussion about budgets and other priorities. The focus is on taking the time to do things well, rather than rushing.

Moved – Councillor Reid / **Seconded** – Mayor Broughton

“That the Audit and Risk Subcommittee receives this report”.

CARRIED

GENERAL BUSINESS

None

11. RESOLUTION TO EXCLUDE THE PUBLIC

Moved – Mayor Broughton **Seconded** – Mr Gemmell

RESOLUTION TO EXCLUDE THE PUBLIC

'That the public be excluded from the following proceedings of this meeting. The general subject matter to be considered while the public is excluded, the reason of passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reasons for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution	Date information can be released
1.	Public Excluded Minutes	<i>Good reason to withhold information exists under Section 7</i>	<i>Section 48(1)(a)</i>	

This resolution 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 follows:

1	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 7(2)(h) & (i)
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2. that appropriate officers remain to provide advice to the Committee.'

CARRIED

The meeting closed at 4.10pm

DATED this 06 day of May 2025

ASPL

CHAIRPERSON