

Audit, Finance & Risk Committee
5 March 2020

Report for Agenda Item | Rīpoata moto e Rāraki take 2

Department: Finance, Legal & Regulatory

Title | Taitara Sensitive Expenditure

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is 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 QLDC property.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That the Audit, Finance & Risk Committee:

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

Prepared by:



Kathy Voss
Financial Controller

14/02/2020

Reviewed and Authorised by:



Stewart Burns
General Manager, Finance, Legal
& Regulatory

20/02/2020

CONTEXT | HOROPAKI

- 3 The current sensitive expenditure policy took effect from November 2014. At the February 2015 Committee meeting, the Chair requested updates against the following sensitive expenditure categories:
- Chief Executive’s exercise of delegated powers;
 - Gift register;
 - Hospitality register;
 - Travel register;
 - Purchase card audit;
 - New contracts;
 - Infrastructure consultant spend; and
 - Employee benefits.
- 4 At the March 2016 Committee meeting, a request was made to perform a review of one-off approvals looking randomly at purchase orders and the authorisation levels.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 5 The following assessments have been made for sensitive expenditure over the period from 1 July 2019 to 31 December 2019.
- 6 **Chief Executive’s exercise of delegated powers:** No significant anomalies noted; all transactions were within delegated authority.
- 7 **Gift register:** The register was reviewed with no anomalies noted.
- 8 **Hospitality register:** The register was reviewed with no significant anomalies noted.
- 9 **Travel register:** The register was reviewed with no significant anomalies noted.
- 10 **Purchase card audit:** There were 1,140 purchases made totalling \$123,092 with an average spend of \$107.98 per transaction (previous report: \$88.85 per transaction). Refer to attachment A for a summary of the purchase card audit.
- 11 As at 31 December 2019, 59 active cards were on issue with a combined card limit of \$115,003 (30 June 2019: 56 active cards with a combined card limit of \$108,503). 5 new cards were issued to staff members due to staff changes and/or business needs and 3 cards were deactivated as the staff members left QLDC. 1 card was cancelled and replaced after being misplaced.
- 12 All new cardholders received individual training prior to obtaining their pcard. This included an overview of the Sensitive Expenditure Policy and other relevant policies.
- 13 **New contracts:** Refer to attachment B for a summary of contracts created in TechnologyOne during the period from 1 July 2019- 31 December 2019.

14 **Infrastructure consultant spend:** The value of infrastructure work undertaken during each quarter under the classifications “Engineering Consultants” and “Consultants” was as follows:

	\$'000			
	July – Dec 19	Apr – June19	Jan – Mar19	Oct – Dec18
Panel members	433	391	130	66
Non-panel members	1,423	542	511	367
Total	1,856	933	641	433

15 The majority of non-panel work for the December 2019 half year related to the following projects and firms respectively:

- Lakeview development: Alta Consulting \$15k, CBRE \$602k, Engeo \$14k, Minter Ellison \$129k, Resource Co-Ordination Partnership \$47k, Mitchell Daysh \$9k
- Website Development: NV Interactive \$105k
- Wastewater modelling and Masterplan: Aukaha (1197) \$4k, GHD \$24k, Morphum Environmental \$8k, Ryder Environmental \$40k, Harrison Grierson \$43k, Watershed Engineering \$6k
- Stormwater: Team Projects advisory \$12k, Watercare Services \$5k, WT Partnership \$10k;
- Roading: Arborlab Consulting \$6k
- Project Manawa: APL Property \$5k, Ngai Tahu Property \$8k, PWC Advisory \$35k
- Ladies Mile IFF scoping: Utility 2017 \$6k
- 3 Waters Programme: Brett Clews \$97k; Bond Construction Management \$15k, Resource Co-ordination Partnership \$19k
- Organic waste mass modelling: SLR Consulting \$3k
- Spatial Plan Wanaka Beacon Point: Harrison Grierson \$17k
- Engineering Consulting: Harrison Grierson \$62k
- QEC and WRC Masterplans: Rider Levett Bucknall \$10k, Hydraulic Analysis \$21k
- Fast approval Procurement: Technology one \$6k

16 In 2018, the Property and Infrastructure Group developed a strategic procurement plan for the 2018-2021 3-waters programme. The resultant framework included the development of two panels (3 Waters Design, 3 Waters Contract Works). Following a tender process, 6 organisations have been appointed to the design panel (Aecom NZ Ltd, Beca Ltd, Fluent Infrastructure Solutions Ltd, GHD Ltd, Jacobs NZ Ltd and Stantec NZ). 6 design ‘bundles’ have currently been released to the panel. 4 organisations have been appointed to the Contract Works panel (Downer, Fulton Hogan, HEB Construction and McConnell Dowell), 2 early contractor engagement (ECI) bundles and 3 construction contracts have been released to selected panel members.

17 A Request For Proposals (RFP) for a Planning and Development professional services panel was released on 30 August 2019 on GETS, with a closing date of 9 October 2019.

- 18 There was an unprecedented response to the RFP which resulted in a total of 288 proposals from 102 responders across the 34 categories and sub-categories included in the RFP – noting that some companies provided proposals for a number of different categories, with each such proposal to be assessed for each category.
- 19 Combined with the pre-christmas surge in consenting numbers, and then the Christmas-New Year holiday period, we were unable to meet the RFP timeline we had set and the assessment is still underway. the aim now is to conclude the process by the end of February.
- 20 The panel will assist the in-house team which includes resource consents, building consents, resource management engineering, and planning policy, and will consist of Specialist and On-going Support services. The On-going Support will supplement the in-house team for work including consent processing and reports. The Specialist Support will provide additional technical expertise which is currently outsourced periodically such as landscape, noise, and geotech assessments.
- 21 The RFP will result in a limited number of consultants being appointed to the P&D Professional Services Panel. Once appointed, the panel members will be the preferred (but not exclusive) suppliers for the delivery of those professional services. Respondents that do not get appointed to the panel, but who meet minimum requirements, will be included on a pre-qualified list and may be offered work dependent on the Council workloads, specialist skills and availability of panel members.
- 22 **Employee benefits:** No anomalies noted; all employee benefits were as per employment contracts and the final YTD costs should be within \$20k of budget.
- 23 **Purchase order audit:** The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 July to 31 December 2019. A sample of 34 purchase requisitions was selected from transactions with travel and accommodation providers to ensure that appropriate one-up approval was obtained. There were no purchase requisitions in the sample selected which did not meet the one-up approval requirement for an accommodation booking and airfare
- 24 Advice: The report is for noting.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 25 This matter is of low significance, as determined by reference to the Council’s Significance and Engagement Policy because it is not considered to adversely affect the level of service or the manner or extent to which the Council delivers its services as no anomalies have been identified.

> MĀORI CONSULTATION | IWI RŪNANGA

- 26 Not required as the matter is of low significance as noted above.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 27 This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK00024 Ineffective Control Processes to Prevent Theft/Fraud by Staff and Contractors within the [QLDC Risk Register](#). This risk has been assessed as having a Moderate inherent risk rating.
- 28 The report is for noting only, however by noting this report the committee gives the public confidence that the controls used to treat the risk are effective in the reporting period.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 29 As the assignment of delegated powers and the assessment of sensitive expenditure is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 30 The following Council policies, strategies and bylaws were considered:

- Receiving Gifts & Hospitality Policy
- Sensitive Expenditure Policy
- Staff Recognition for Significant Events Guideline
- Purchasing Card Policy
- Procurement Policy
- Financial Delegations Register

- 31 The report is for noting and is consistent with the principles set out in the named policies.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

- 32 This report achieves the purpose of the Local Government Act 2002 by ensuring that transactions occur in a manner that is accountable.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

- 33 The report is for noting and is consistent with the Council's plans and policies.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Purchase Card Audit Summary
B	Contracts Register