

Audit, Finance & Risk Committee
15 October 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:



Emily Carter
Financial Accountant

1/10/2020

Reviewed and Authorised by:



Stewart Burns
General Manager Finance, Legal
& Regulatory

1/10/2020

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-up 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 May 2020 to 30 June 2020.
- 6 **Chief Executive's exercise of delegated powers:** No significant anomalies noted; all transactions were within delegated authority.
- 7 **Gift and hospitality register:** The register was reviewed with no anomalies noted.
- 8 **Travel register:** The register was reviewed with no new travel entries included.
- 9 **Purchase card audit:** There were 307 purchases made totalling \$28,855 with an average spend of \$93.99 per transaction (previous report: \$91.27 per transaction). Refer to attachment A for a summary of the purchase card audit.
- 10 As at 30 June 2020, 56 active cards were on issue with a combined card limit of \$112,002 (30 April 2020: 56 active cards with a combined card limit of \$107,502). 3 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 due to identification of an external fraudulent transaction on the card.
- 11 All new cardholders received individual training prior to obtaining their Pcard. This included an overview of the Sensitive Expenditure Policy and other relevant policies.
- 12 **New contracts:** Refer to attachment B for a summary of contracts created in TechnologyOne during the period from 1 May 2020- 30 June 2020. Note this excludes contracts <\$50,000.

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

	\$'000			
	May – June20	Jan – Apr20	July – Dec 19	Apr – June19
Panel members	185	158	433	391
Non-panel members	181	380	1,423	542
Total	366	537	1,856	933

14 The majority of non-panel work for the June 2020 quarter related to the following projects and firms respectively:

- PWC Advisory Services: \$34k for 6-9 month engagement re Project Manawa.
- Price Waterhouse Coopers: \$32k Strategic Infrastructure Prioritisation Tool Stage 1 for Water supply asset management.
- Brett Clews: \$27k 3 Waters As-built processing and asset creation. Subdivision & Network Contractor.
- The Flow Company \$22k Project Manawa workplace strategy review.
- Market Economics: \$21k Spatial Plan Housing Capacity modelling.

Property & Infrastructure procurement panel

15 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 were appointed to the design panel (Aecom NZ Ltd, Beca Ltd, Fluent Infrastructure Solutions Ltd, GHD Ltd, Jacobs NZ Ltd and Stantec NZ). 16 design projects have currently been released to the panel, in a ‘bundled’ approach. 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 5 construction contracts have been released to selected panel members.

Planning & Development procurement panel

16 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.

17 Completion of the process initiated by the Request For Proposals (RFP) for a Planning and Development professional services panel has continued to progress. Letters confirming appointment to the Panel of providers for RM Engineering and for Resource Consents are going to be issued shortly. Providers will need to confirm that they still want to be on the panel given the uncertainty about work volumes, post COVID-19, that we will be able to commit to. Those suppliers who have not made it onto the panel, but have met the pre-qualification requirements will also be contacted. Work on finalising the Planning Policy Panel is still to be completed.

- 18 **Employee benefits:** No anomalies noted; all employee benefits were as per employment contracts.
- 19 **Purchase order audit:** The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 May to 30 June 2020. All purchase requisitions were selected from transactions with travel and accommodation providers to ensure that appropriate one-up approval was obtained. There was one purchase requisition in the sample selected which did not meet the one-up approval requirement for an accommodation booking and this received subsequent GM approval prior to flights being taken.
- 20 **Advice:** The report is for noting.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 21 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

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

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 23 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.
- 24 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

- 25 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

- 26 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

27 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 TAKOHA KA WAETURE

28 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

29 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