

**Audit, Finance & Risk Committee**  
**11 March 2021**

**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**

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- 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**

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- 2 That the Audit, Finance & Risk Committee:

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

Prepared by:



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25/2/2021

Reviewed and Authorised by:



Stewart Burns  
General Manager Finance, Legal  
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25/02/2021

## CONTEXT | HOROPAKI

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- 3 The current sensitive expenditure policy took effect from January 2019. At the February 2015 Committee meeting, the Chair requested updates against the following sensitive expenditure categories:
- Chief Executive's exercise of delegated powers;
  - Gift and 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

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- 5 The following assessments have been made for sensitive expenditure over the period from 1 July 2020 to 31 December 2020.
- 6 **Chief Executive's exercise of delegated powers:** No significant anomalies noted; all transactions were within delegated authority. This review included the signing and sealing register.
- 7 **Gift and hospitality register:** The register was reviewed with no anomalies noted. All entries were accepted and approved in line with the Receiving Gifts and Hospitality Policy.
- 8 **Travel register:** The register was reviewed and all travel entries were appropriately approved in line with the sensitive expenditure policy.
- 9 **Purchase card audit:** There were 407 purchases made totalling \$34,121 with an average spend of \$83.83 per transaction (previous report: \$93.99 per transaction). Refer to attachment A for a summary of the purchase card audit.
- 10 As at 31 December 2020, 57 active cards were on issue with a combined card limit of \$110,001 (30 June 2020: 58 active cards with a combined card limit of \$112,002). 2 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. 2 cards were cancelled and replaced due to being lost by the employee.
- 11 All new cardholders received individual training prior to obtaining their Pcard from a finance representative. 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 July 2020- 31 December 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:

	<b>\$'000</b>			
	<b>July – Dec20</b>	<b>May – June20</b>	<b>Jan – Apr20</b>	<b>July – Dec 19</b>
Panel members	90	185	158	433
Non-panel members	536	181	380	1,423
<b>Total</b>	<b>626</b>	<b>366</b>	<b>537</b>	<b>1,856</b>

**14** The majority of non-panel work for the December 2020 quarters related to the following projects and firms respectively:

- Tregaskis Brown Limited: \$62k for Three Waters asset management improvements.
- Morphem Environmental LTD: \$62k Wastewater network risk assessment.
- EID Consultancy LTD: \$60k Queenstown Arterials.
- PricewaterhouseCoopers: \$56k LTP prioritisation and initial third party funding assessment framework and advice re. funding options for waste facilities.
- Brett Clews: \$34k As-built processing and asset creation.

### **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).

**16** 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.

**17** All projects are now in delivery phase with 3 projects having progressed into the construction phase of the project lifecycle.

### **Planning & Development procurement panel**

**18** 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.

**19** A final panel list has been confirmed and almost all awarded contracts have been signed and returned for resource consenting, resource management engineering and building services. This splits out both those suppliers who are preferred and also those who are pre-qualified and within each area of expertise. The planning policy panel will be confirmed by the end of March.

- 20 **Employee benefits:** No anomalies noted as per report and register provided from HR; all employee benefits were as per employment contracts.
- 21 **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 2020. All purchase requisitions were selected from transactions with travel and accommodation providers to ensure that appropriate approval was obtained.
- 22 **Advice:** The report is for noting.

## CONSULTATION PROCESS | HĀTEPE MATAPAKI:

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### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 23 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

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

## RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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- 25 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.
- 26 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

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- 27 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

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- 28 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

29 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**

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30 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**

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31 The report is for noting and is consistent with the Council’s plans and policies.

## **ATTACHMENTS | NGĀ TĀPIRIHANGA**

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A	Purchase Card Audit Summary
B	Contracts Register