

Audit, Finance & Risk Committee

14 March 2023

Report for Agenda Item | Rīpoata moto e Rāraki take 3

Department: Assurance, Finance & Risk

Title | Taitara: 2022-2023 December YTD Sensitive Expenditure Review

Purpose of the Report | Te Take mō te Pūroko

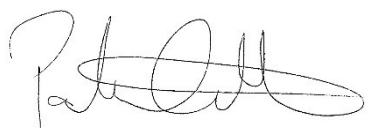
1. The purpose of this report is to describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud or misuse of Queenstown Lakes District Council (QLDC) property.

Recommendation | Kā Tūtohuka

2. That Audit, Finance & Risk Committee:

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

Prepared by:



Name: Paddy Cribb
Title: Finance Manager
11 February 2023

Reviewed and Authorised by:



Name: Stewart Burns
Title: GM Finance, Assurance & Risk
11 February 2023

Context | Horopaki

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;
 - 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.
5. At the June 2021 Committee meeting, it was agreed that a more detailed review of professional services spend would be completed going forward which replaced the previous review of infrastructure consultant spend through purchase orders.

Analysis and Advice | Tatāritaka me kā Tohutohu

2022/23 December YTD Sensitive Expenditure Review:

- 1 The following assessments have been made for sensitive expenditure over the period from 1 July 2022 to 31 December 2022.
- 2 **Exercise of delegated powers:** All transactions were within delegated authority. This review included the signing and sealing register for all entries with financial delegation authority from the CE or acting CE.
- 3 **Gift and hospitality register:** The register was reviewed with no anomalies noted. There were seven gifts received between \$50 and \$150, and eight gifts over \$150 in value, of which three were distributed amongst staff and five had written approval by the CE to be accepted by the recipient.
- 4 **Travel register:** The register was reviewed to ensure all travel entries were appropriately approved in line with the sensitive expenditure policy. All travel was domestic. No exceptions were noted.
- 5 **Purchase card audit:** There were 1,022 purchases made totalling \$123,883 with an average spend of \$121 per transaction (previous report: 319 purchases average \$139 per transaction). Refer to attachment A for a full summary of the purchase card transactions.

- 6 As at 31 December 2022, 53 active cards were on issue with a combined card limit of \$109,000 (31 December 2021: 53 active cards with a combined card limit of \$106,001). One new card was issued to staff members due to the filling of a new position (Contracts Administrator), two cards were deactivated as the staff members left QLDC. All new purchase cards require the sign off from the Chief Executive.
- 7 **New contracts:** Refer to attachment B for a summary of contracts created in TechnologyOne during the period from 1 July – 31 December 2022. Note this excludes contracts <\$50,000.
- 8 **Professional Services spend:** Total supplier spend from 1 July 2022 to 31 December 2022 year to date is \$143.0M (2021/22 \$265.5M, 2020/21 \$194.9M, 2019/20 \$148.3M, 2018/19 \$142.0M) and of that, total spend on Professional services (including legal) for the year is \$14.3M or 10.0%. (2021/22 \$28.4M or 10.7%, 2020/21 \$31.2M or 16.1%, 2019/20 \$29.1M or 19.6%, 2018/19 \$28.2M or 19.9%)

\$14.3M is the spend across both Capex and Opex, with just under half of it being driven by capital projects \$6.0M (42%). Of the \$8.3M opex spend Planning & Development account for \$6.2M of this (44%).

During this period there were 102 suppliers used coded as Professional Services and of these there were 29 professional services suppliers who have an individual spend greater than \$100k;

The ten largest suppliers make up \$8.4M of the total spend or 59%

#	Supplier	Total spend	Type
1	Wynn Williams	2,701,865	Legal
2	Beca Limited	1,322,941	Design
3	Simpson Grierson	828,358	Legal
4	Stantec New Zealand	788,737	Design
5	WSP New Zealand Limited	552,499	Legal
6	GHD Limited	533,532	Design
7	Solutions Team Limited	519,096	Building Services
8	Resource Co-Ordination Partnership Ltd	408,933	Project Management
9	Meredith Connell	392,846	Legal
10	Team Projects Advisory LTD	317,070	Project Advisory

Refer to attachment C Professional Services Spend Summary for further details.

- 9 **Employee benefits:** No anomalies noted as per report and register provided from HR; Employee benefits include free eye checks, influenza vaccinations, subsidised health insurance and discounted gym memberships at QLDC facilities for eligible employees, and a fifth week of annual leave for five years of service to QLDC.
- 10 **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 2022.

11 **Purchase orders less than \$10k:** During the period 1 July – 31 December 2022 there were 2,818 purchase orders raised for less than \$10k, totalling \$5,875k. Of this, 710 suppliers had total spend less than \$10k when combining all those low value PO's.

12 **Advice:** The report is for noting.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

13 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 significant anomalies have been identified.

> MĀORI CONSULTATION | IWI RŪNANGA

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

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

15 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.

16 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

17 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 significant 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

18 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

19 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

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

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

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

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Purchase Card Audit Summary
B	Contracts Register
C	Professional Services Spend Summary