

Audit, Finance & Risk Committee

12 December 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Assurance, Finance & Risk

Title | Taitara: 2023:24 September YTD Sensitive Expenditure Review

Purpose of the Report | Te Take mō te Pūroko

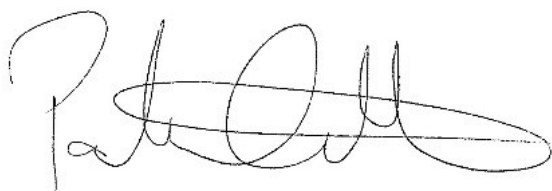
The purpose of this report is to describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud, or misuse of Queenstown Lakes District Council(QLDC) property.

Recommendation | Kā Tūtohuka

That Audit, Finance & Risk Committee:

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

Prepared by:



Name: Paddy Cribb
Title: Finance Manager
30 November 2023

Reviewed and Authorised by:



Name: Stewart Burns
Title: GM Finance, Assurance & Risk
30 November 2023

Context | Horopaki

1. 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;
 - Professional Services spend; and
 - Employee benefits.
2. 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.
3. 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

2023:24 September YTD Sensitive Expenditure Review:

4. The following assessments have been made for sensitive expenditure over the period from 1 July 2023 to 30 September 2023.
5. **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.
6. **Gift and hospitality register:** The register was reviewed with no anomalies noted. There were two gifts worth less than \$50, and one greater than \$50 although less than \$150.
7. **Travel register:** The register was reviewed to ensure all travel entries were appropriately approved in line with the sensitive expenditure policy. No exceptions were noted.
8. **Purchase card audit:** There were 526 purchases made totalling \$272,831 with an average spend of \$135 per transaction (June 23 report: 2,332 purchases average \$117 per transaction). Refer to attachment A for a full summary of the purchase card transactions.
9. As at 30 September 2023, 60 active cards were on issue with a combined card limit of \$123,000 (30 June 2023: 57 active cards with a combined card limit of \$117,000). One card was deactivated and 4 cards were issued. All new purchase cards require the sign off from the Chief Executive.

10. **New contracts:** Refer to Attachment B for a summary of contracts created in TechnologyOne during the period from 1 July – 30 September 2023. Note this excludes contracts <\$50,000.
11. **Professional Services spend:** Total supplier spend from 1 July 2023 to 30 September 2023 year to date is \$66.5m (For the full years previous 2022:23 \$295.8m, 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 Sep 23 year to date is \$5.7m or 8.6%. (2022:23 \$27.3m or 9.2%, 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%).
12. \$5.7m is the spend across both Capex and Opex, with just under half of it being driven by capital projects \$2.5m (44%). Of the \$3.2m Opex spend, Planning & Development account for \$2.2m of this (67%).
13. During this period there were 84 suppliers used coded as Professional Services and of these there were 14 professional services suppliers who have an individual spend greater than \$100k;
14. The 10 largest suppliers make up \$3.4m of the total spend or 59%

#	Supplier	Total spend	Type
1	Beca Limited	\$750,037	Design
2	Wynn Williams	\$585,256	Legal
3	Stantec New Zealand	\$527,720	Design
4	Solutions Team Limited	\$349,289	Building Services
5	SIMPSON GRIERSON	\$243,313	Legal
6	WSP New Zealand Limited	\$231,932	Design
7	TEAM Projects Advisory LTD	\$211,227	Project Advisory
8	Meredith Connell	\$162,427	Legal
9	Boffa Miskell	\$156,790	Legal
10	Barker and Associates	\$154,527	Design

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

15. **Employee benefits:** No anomalies noted as per report and register provided from People & Capability; Employee benefits include free eye checks, influenza vaccinations, subsidised health insurance and discounted gym memberships at QLDC facilities for eligible employees, and a 5th week of annual leave for five years of service to QLDC.
16. **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 30 September 2023.
17. **Purchase orders less than \$10k:** During the period 1 July – 30 September 2023 there were 1,498 purchase orders raised for less than \$10k, totalling \$3,231k. Of this, 564 suppliers had total spend less than \$10k when combining all those low value purchase orders (POs).
18. **Advice:** The report is for noting.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

19. 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 Rūnaka

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

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

21. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10029 Ineffective compliance management practices within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

22. The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This shall be achieved 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 | Kā Riteka ā-Pūtea

23. 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 | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

24. 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

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

25. 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-Kiaka

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

Attachments | Kā Tāpirihaka

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