

Audit, Finance & Risk Committee
2 July 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:



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18/06/2020

Reviewed and Authorised by:



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18/06/2020

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 July 2019 to 30 April 2020.
- 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 627 purchases made totalling \$57,225 with an average spend of \$91.27 per transaction (previous report: \$107.98 per transaction). Refer to attachment A for a summary of the purchase card audit.
- 11 As at 30 April 2020, 56 active cards were on issue with a combined card limit of \$107,502 (31 December 2019: 57 active cards with a combined card limit of \$115,003). 4 new cards were issued to staff members due to staff changes and/or business needs and 4 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 January 2020- 30 April 2020. Note this excludes recurring contracts and contracts <\$50,000

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

	\$'000			
	Jan – Apr20	July – Dec 19	Apr – June19	Jan – Mar19
Panel members	158	433	391	130
Non-panel members	380	1,423	542	511
Total	537	1,856	933	641

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

- Brett Clews: 19/20 Luggate Storm water, wastewater and water supply- Asset Management Improvements \$62k
- PWC Advisory Services: Project Manawa \$47k
- Ngai Tahu Property: Project Manawa \$44k
- Watercare Services Ltd: Storm water sampling \$41k
- Resource Co-Ordination Partnership Ltd: Lakeview Development plan \$36k
- Niwa Ltd: QLDC Wastewater Consent - Expert Witness \$34k
- WT Partnership: Lakeview Development \$10k, N East Frankton Storm water \$5k
- Mott Macdonald New Zealand Limited: Water Supply analytics \$10k

Property & Infrastructure procurement panel

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 were appointed to the design panel (Aecom NZ Ltd, Beca Ltd, Fluent Infrastructure Solutions Ltd, GHD Ltd, Jacobs NZ Ltd and Stantec NZ). 14 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 4 construction contracts have been released to selected panel members.

Planning & Development procurement panel

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 Completion of the process initiated by the RFP for a Planning and Development professional services panel has been further held up as a result of the COVID-19 lockdown. During the lockdown, work was focussed on the continuation of business as usual processing of consents and approval applications which impacted on the ability to finalise the assessments. Given the current and possible future decline in consent numbers compared to previous years resulting from the resultant economic downturn, we are also needing to assess the likely quantum of consultant input into our processes. We intend to complete the evaluation process, select the preferred suppliers

and then confirm with them that they still want to be on the panel given the uncertainty about work volumes that we will be able to commit to.

- 19 The RFP process is now not likely to be completed until the end of July 2020.
- 20 Background - 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.
- 23 **Purchase order audit:** The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 January to 30 April 2020. A sample of 40 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 and airfare booking.
- 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