

Audit, Finance & Risk Committee
14 June 2022

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

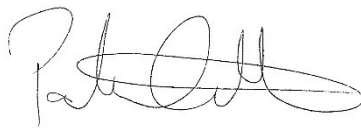
The purpose of this report is to describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud or misuse of QLDC property.

RECOMMENDATION | NGĀ TŪTOHUNGA

That the Audit, Finance & Risk Committee:

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

Prepared by:



Paddy Cribb
Finance Manager

24/05/2022

Reviewed and Authorised by:



Stewart Burns
General Manager – Finance, Legal &
Regulatory

24/05/2022

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;
 - Consultant 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 | TATĀRITANGA ME NGĀ TOHUTOHU

- 1 The following assessments have been made for sensitive expenditure over the period from 1 January 2022 to 31 March 2022.
- 2 **Chief Executive’s 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 was only one entry for the quarter and it was accepted and handed into the EA of the CEO for distribution amongst staff.
- 4 **Travel register:** The register was reviewed to ensure all travel entries were appropriately approved in line with the sensitive expenditure policy. There were no travel entries for the quarter. This is consistent with the COVID-19 restrictions that were place around the country during that time with most training and conferences being held online or postponed.
- 5 **Purchase card audit:** There were 427 purchases made totalling \$55,319 with an average spend of \$129.55 per transaction (previous report: \$119.48 per transaction). Refer to Attachment A for a full summary of the purchase card audit.
- 6 As at 31 March 2022, 55 active cards were on issue with a combined card limit of \$110,001 (31 December 2021: 53 active cards with a combined card limit of \$106,001). 5 new cards were issued to staff members due to staff changes and/or business needs, 3 cards were deactivated as the staff members left QLDC and 2 cards were cancelled and replaced due to being lost by the employee.

- 7 All new purchase cards require the sign off from the Chief Executive.
- 8 **New contracts:** Refer to Attachment B for a summary of contracts created in TechOne during the period 1 January – 31 March 2022. Note this excludes contracts <\$50,000. Going forward we are capturing data within each contract in TechOne as to how the contract was procured, so will add this to the contract register next quarter.
- 9 **Professional Services spend:** Total supplier spend from 1 July 2021 to 31 March 2022 year to date is \$174.6m (2020:21 \$193.9m, 2019:20 \$148.3m, 2018:19 \$142.0m) and of that, total spend on Professional services (including legal) for the period is \$21.3m or 12.2%. (2020:21 \$31.2m or 16.1%, 2019:20 \$29.1m or 19.6%, 2018:19 \$28.2m or 19.9%)

\$21.3m is the spend across both Capex and Opex, with half being driven by capital projects \$10.6m (50%).

During this period there was 117 suppliers used coded as Professional Services and there were 41 professional services suppliers who have an individual spend greater than \$100k.

The 10 largest suppliers make up \$12.3m of the total spend or 58%:

#	Supplier	Total spend	Type
1	Wynn Williams	2,828,631	Weather tightness
		634,361	Other legal
2	BECA Limited	2,656,323	Design
3	WSP New Zealand Limited	1,018,799	Design
4	Simpson Grierson	937,304	Legal
5	Meredith Connell Barristers & Solicitors	745,634	Legal
6	Stantec New Zealand	714,996	Design
7	GHD Limited	664,824	Design
8	Resource Co-Ordination Partnership Ltd	632,651	Project Management
9	Lane Neave Queenstown	628,495	Legal
10	Solutions Team Limited	595,148	Building Services

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

- 10 **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.
- 11 **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 31 March 2022. Purchase requisitions were selected from transactions with travel and accommodation providers to ensure that appropriate approval was obtained.
- 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 Choose an item. 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