

**Audit, Finance & Risk Committee**  
**12 September 2024**  
**Report for Agenda Item | Rīpoata moto e Rāraki take [2]**

**Department: Assurance, Finance & Risk**

**Title | Taitara: 2023:2024 June YTD Sensitive Expenditure Review**

**Purpose of the Report | Te Take mō te Pūroko**

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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**

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That Audit, Finance & Risk Committee:

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

**Prepared by:**



**Name:** Grant Duthie  
**Title:** Senior Financial Accountant  
20 August 2024

**Reviewed and Authorised by:**



**Name:** Stewart Burns  
**Title:** General Manager Finance, Assurance & Risk  
20 August 2024

**Context | Horopaki**

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1. The current sensitive expenditure policy took effect from January 2019. At the February 2015 Audit, Finance & Risk Committee (the 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

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#### **2023:24 June YTD Sensitive Expenditure Review:**

4. The following assessments have been made for sensitive expenditure over the period from 1 April 2024 to 30 June 2024, unless noted otherwise.
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 Chief Executive or acting Chief Executive.
6. **Gift and hospitality register:** The register was reviewed, and no anomalies were noted.
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.

#### **Purchase card audit:**

8. For the period 1 April 2024 to 30 June 2024 there were 581 purchases made totalling \$72,616 with an average spend of \$125 per transaction (as per the 1 January 2024 to 31 March 2024 report there were 674 purchases at an average of \$119 per transaction). Refer to Attachment A for a full summary of the purchase card transactions.
9. As at 30 June 2024 a total of 59 active cards were on issue with a combined card limit of \$122,000. Since 1 April 2024 a total of 6 cards were deactivated, and 5 cards were issued. All new purchase cards require approval from the Chief Executive.
10. **New contracts:** Refer to Attachment B for a summary of contracts created in TechnologyOne during the period from 1 April 2024 to 30 June 2024. Note this excludes contracts less than \$50,000.

#### **Professional Services spend:**

11. The total supplier spend from 1 July 2023 to 30 June 2024 is \$284.1m (the figures for the previous years are as follows - 2022:23 \$295.8m, 2021:22 \$265.5m, 2020:21 \$194.9m, 2019:20 \$148.3m, and 2018:19 \$142.0m). Of the total supplier spend, the spend on professional services (including legal expenses) to June 2024 is \$26.7M or 9.4%. The previous year's figures are as follows -

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. \$26.7m is the spend across both Capex and Opex, with just under half of it being driven by capital projects \$11.5M (43.1%). Of the \$15.2m Opex spend, Planning & Development account for \$9.1M of this (59.9%).

#	Supplier	Total spend	Type
1	BECA Limited	\$4,188,788	Design
2	Wynn Williams	\$3,389,571	Legal
3	Stantec New Zealand	\$2,202,341	Design
4	WSP New Zealand Limited	\$1,398,026	Design
5	Meredith Connell Barristers & Solicitors	\$1,165,895	Legal
6	Simpson Grierson	\$1,069,905	Legal
7	Solutions Team Limited	\$1,051,141	Building Services
8	TEAM Projects Advisory Ltd	\$1,107,516	Project Advisory
9	Boffa Miskell	\$814,048	Design
10	Resource Co-Ordination Partnership Ltd	\$637,485	Project Advisory

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

13. **Employee benefits:** No anomalies noted as per report and register provided by 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 5 years of service to QLDC.
14. **Purchase order (PO) audit:** A total of 1,445 POs were raised during the quarter ended 30 June 2024. A total of 30 individual PO's were for greater than \$100K each. Of these a total of 4 PO's were greater than \$500K each – of which two were overarching POs for capital related works covering the period July 2024 to June 2025 (both raised in June 2024). The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 April 2024 to 30 June 2024.

**Purchase orders (PO's) less than \$10K:**

15. Work is routinely performed to determine whether Contracts or POs are being split into component parts and procured using a lower financial threshold, to avoid the mandatory requirement for a procurement plan where the whole of life cost exceeds \$10K.
16. For the quarter from 1 April 2024 to 30 June 2024 a total of 1,191 individual POs were raised for less than \$10K in value. In total these amounted to \$2,117,355, relating to 465 suppliers. For the year ended 30 June 2024 there were 4,946 POs raised for less than \$10K, totalling \$9,499,928, relating to 1,255 suppliers.

17. For the year ended 30 June 2024 there were 11 suppliers with individual PO's less than \$10K that accumulated to over \$100K in total for the 12-month period. The cumulative total was \$1,989,263 (consisting of 1,205 requisitions). A total of 2 suppliers had contracts in place, others were supported by light procurement plans to capture total costs with appropriate financial delegation approval, and there were other instances where the POs were for separate work streams or the supplier was appointed from a panel (either a QLDC or All Of Government panel). These instances complied with the mandatory requirements of the Procurement Policy. In 2 other cases (relating to maintenance contractors) a contract or light procurement plan was required but was not in place, and a commitment has been made to ensuring the requirements of the Procurement Policy are complied with in future.
18. The first step in this process has been to ensure agreed levels of service and agreed rates are in place for all maintenance contractors. These will then be signed off by the maintenance contractors. QLDC is also seeking additional maintenance contractors to sign up to these agreed levels of service, to widen the pool of service providers. QLDC is currently rolling out "sign in" facilities at all venues, to enable the time worked by maintenance contractors (as reflected on their invoices) to be more readily and rigorously verified.
19. **Internal controls:** There is a publicly excluded report on this agenda which reports the findings of a desktop audit (performed by the Internal Assurance Lead). This report relates to the analysis of accounts payable. These findings have been reported to the Chief Executive.
20. **Advice:** The report is for noting.

#### Consultation Process | Hātepe Matapaki

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#### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

21. 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

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

#### Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

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23. 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 high residual risk rating.

24. The approval of the recommended option will allow Council to retain the risk at its current level. This will 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

25. 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

26. 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.

27. 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

28. 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-Kīaka

29. 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

**Attachment A  
Purchase Card Audit Summary**

<b>Period</b>	<b>1 April to 30 June 2024</b>	<b>Report no:</b>	<b>33</b>
Transactions			581
Audited transactions			30
Issues with audited transactions			0
Transactions with process/coding issues identified as part of monthly review			36

**Preamble**

The audit process checked individual transaction details, specifically receipt information and user comments, including if products or services purchased were work related and in compliance with relevant policies. A sample of 10 sensitive expenditure transactions per month were selected as all transactions are checked for accuracy of coding monthly and all account and/or GST coding errors are corrected as part of the month end process which is performed by the Assistant Financial Accountant.

Transactions were classified as having either:

- a. no issue
- b. use issue (private without being reimbursed)
- c. process issue
  - no tax invoice for purchases > \$50
  - not in accordance with policy

The monthly review of coding identifies:

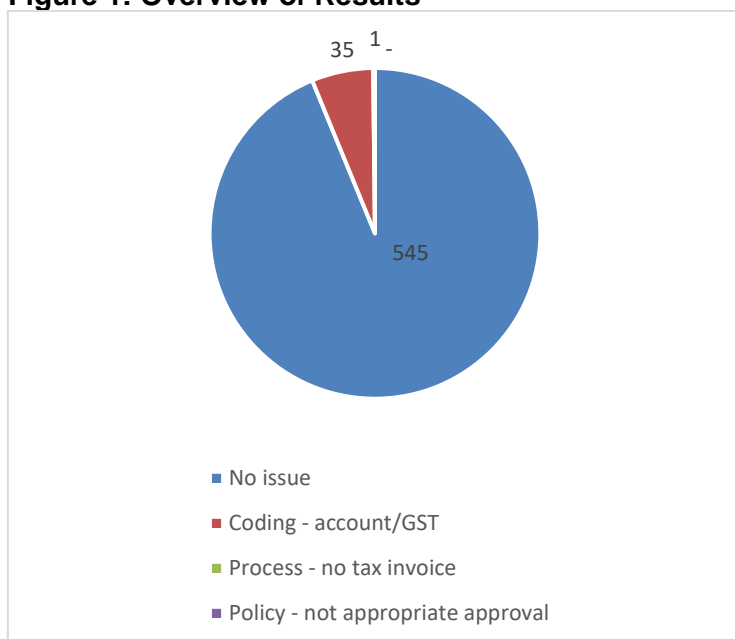
- a. GST issue; and/or
- b. account coding issue

**Results**

The following issues were noted:

- Thirty six instances of an incorrect account and/or GST classification were noted during the monthly checks. These included coding GST on international supplier invoices and on gift voucher purchases.
- All transactions greater than \$50 had the appropriate supporting tax invoice.
- These errors were all corrected as part of the month-end process and are therefore not an area of concern. P-card holders are notified of those with relevant explanations to minimise future mistakes. For those with regular processing errors finance will assess whether there is a need to start temporarily blocking staff Pcards to reiterate the importance of complying with the Pcard policy.
- All 30 sensitive expenditure transactions that were tested as part of this Committee report had correct receipts and were for appropriate business expenses.

**Figure 1: Overview of Results**



## CONTRACTS REGISTER

Period: 1 April 2024 - 30 June 2024

New contracts created in TechOne &gt;\$50,000

Contract Number	Supplier	Contract Description	Procurement Method	Approved	Expected Start	Expected Finish Date
				Contract Value	Date	
001620	Southern Insulation Limited	C-24-053 Queenstown Arts Centre Asbestos Management	Direct Appointment Off Panel	\$ 159,979	8/04/2024	24/06/2024
001621	McNeilly Heavy Haulage Limited	C-24-052 Queenstown Arts Centre Relocation	Direct Appointment Off Panel	\$ 487,745	3/04/2024	27/06/2024
001630	Ryal Bush Transport Ltd	C-24-029 Cemetery Road Cabin Demolition	Open Rfx	\$ 506,068	15/03/2024	24/05/2024
001633	TEAM Projects Advisory LTD	C-24-060 Kingston 3W Upgrades ETC	Close Rfx	\$ 282,840	30/04/2024	5/07/2025
001637	Fulton Hogan Ltd	Materials - Project Pure – SBR 1 & 2 Aeration Grid Renewal	Direct Appointment - QLDC Panel	\$ 900,404	2/05/2024	
001643	Apex Water	Cardrona WTP O&M 24-26	N/A only 1 supplier	\$ 760,500	30/04/2024	19/04/2026
001645	M R Decorating Central Otago LTD.	M R Decorating ECI Alpine Aqualand Repairs	N/A	\$ 95,100	13/05/2024	15/07/2024
001646	TEAM Projects Advisory LTD	C-24-046 Kingston WW – PM DES, Construct Admin, Engineer Rep	Open Rfx	\$ 535,392	22/04/2024	22/04/2026
001657	Exeloo Limited	C-24-042 Demo of Novaloo, Install of Exeloo	Open Rfx	\$ 209,808	23/05/2024	
001659	AON New Zealand	AON - Vertex Material Damage And Business Interruption Insur	Request for Quote - Formal	\$ 1,745,229	30/04/2024	30/04/2025
001660	TBIG	C-24-046 Kingston WS/SW/PL – PM Works & lead, Engineer Rep	Open Rfx	\$ 443,520	27/05/2024	5/07/2025
001661	Filtec Limited 102A Carbine Road	C-24-087 Supply & Install UV Disinfection TP (D18-2 Mile)	Direct Appointment Off Panel	\$ 439,081	1/06/2024	
001673	Citycare Group	C-23-052 Hawea Smart Meters Project	Open Rfx	\$ 2,800,000	1/07/2024	5/07/2025
001674	Wilson Contractors (2003) Ltd	C-24-083 Wanaka Airport Sump Pit Remediation	Request for Quote - Informal	\$ 167,319	6/05/2024	20/06/2024
001676	Naylor Love Contruccion	C-24-050 Paetara Aspiring Central Basketball Hoops	Direct Appointment Off Panel	\$ 213,088	20/05/2024	17/10/2024

# Professional Services Spend Audit, Finance & Risk Committee update

Quarter 4 FY 2024 30 June 2024  
Paddy Cribb & Grant Duthie



## Professional Services spend \$26.7M

Professional Services total spend June year to date is \$26.7m which is 9% of total expenditure.

## Opex spend \$15.2M / 57%

60% or \$9.1M of the total operational professional services spend is within P&D, with \$2.1M weathertightness legal fees, recoverable costs of \$4.4M, and \$1.9M District Planning appeals and hearings costs.

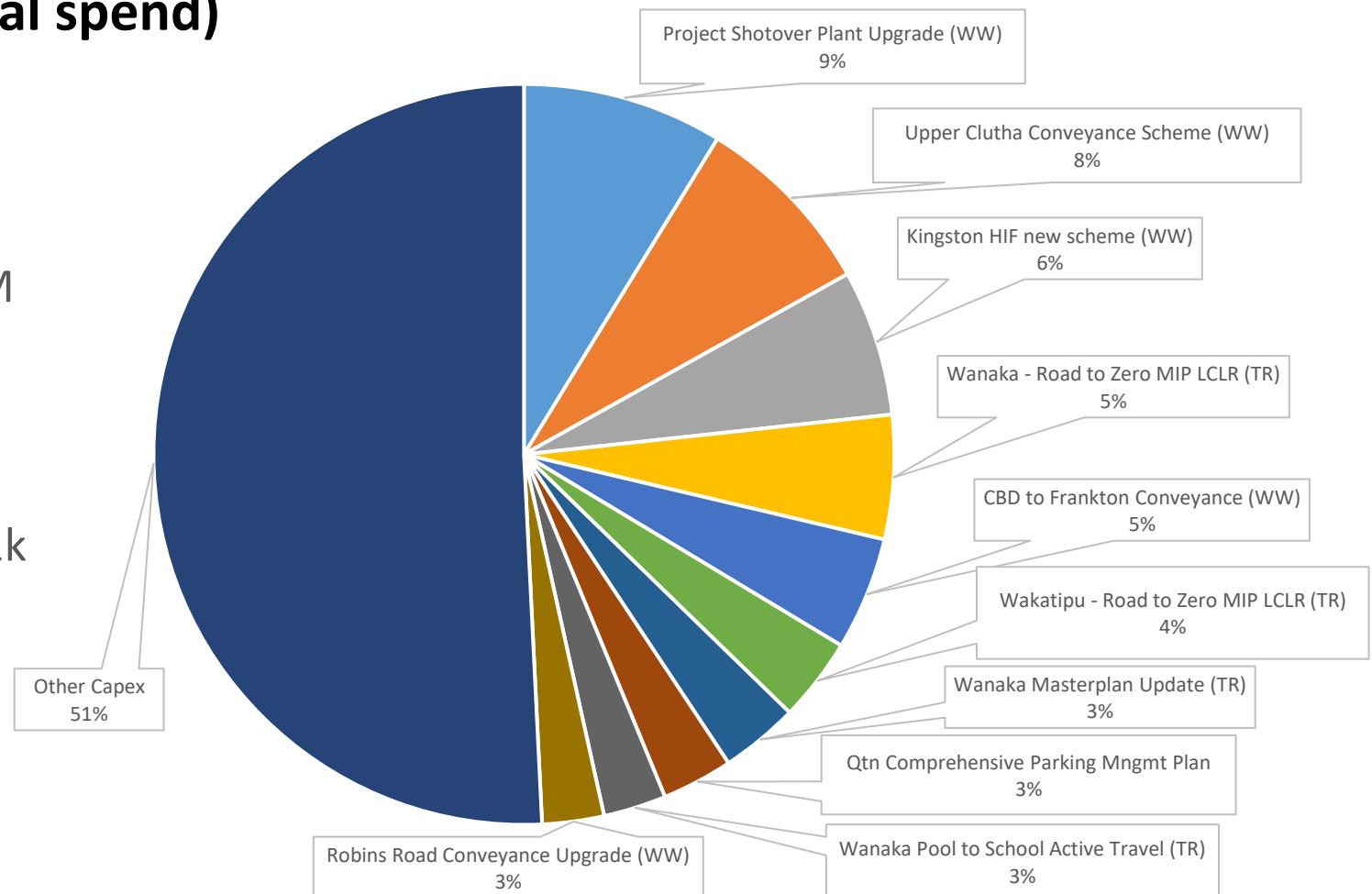
## Capital Spend \$11.5M / 43%

\$5.7M (49%) driven by ten largest capex projects, the remaining \$5.8M relates to 104 other projects.

# CAPEX Spend by Project

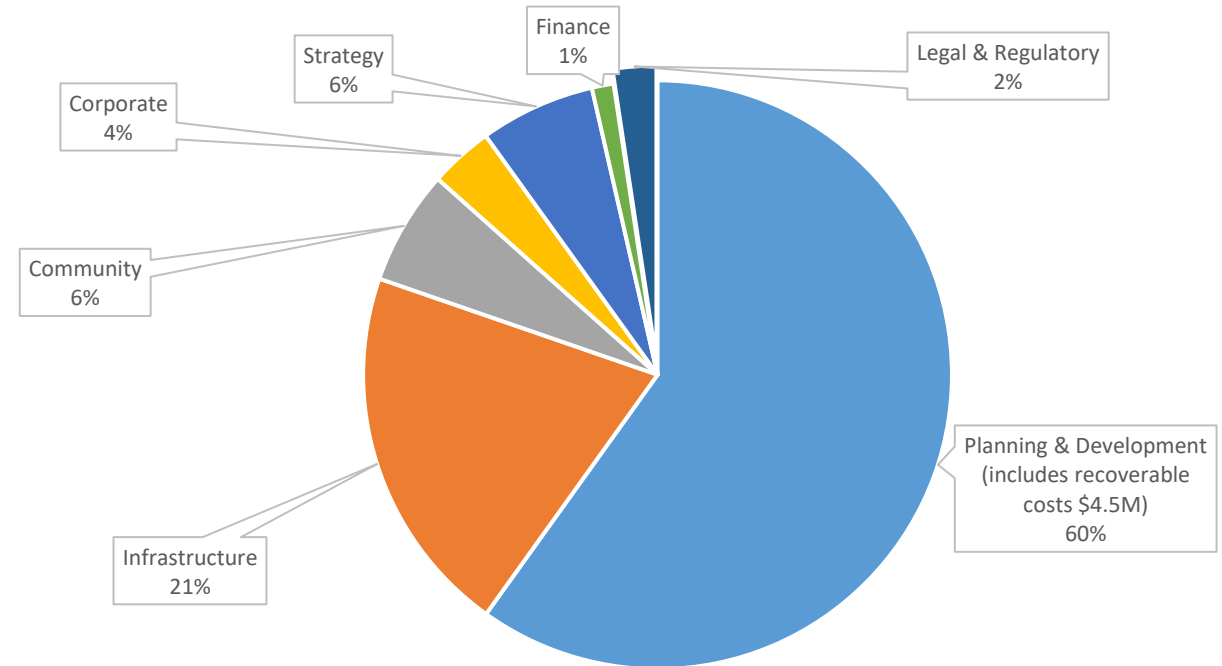
## TOTAL: \$11.5M (43% of total spend)

- > \$5.7M (49%) driven by ten largest projects (*see pie chart*)
- > Other CAPEX represents \$5.8M (51%), spread across 104 projects
- > In total, there are 114 projects with an average spend of \$101k June YTD.

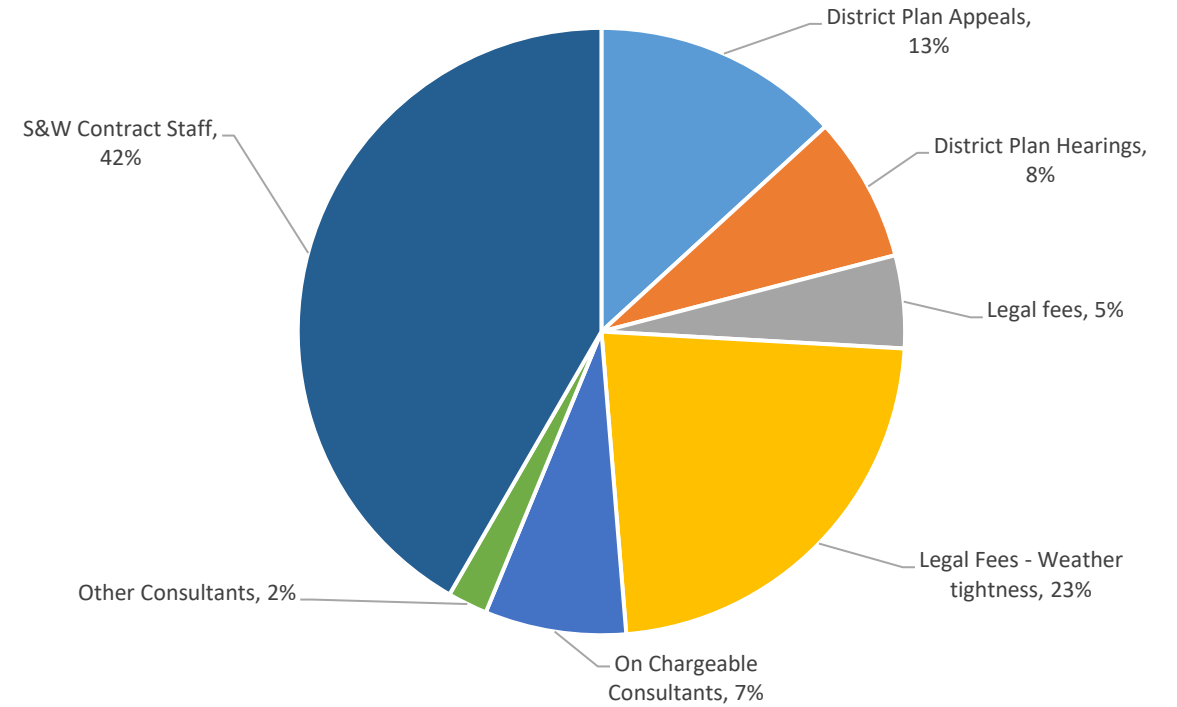
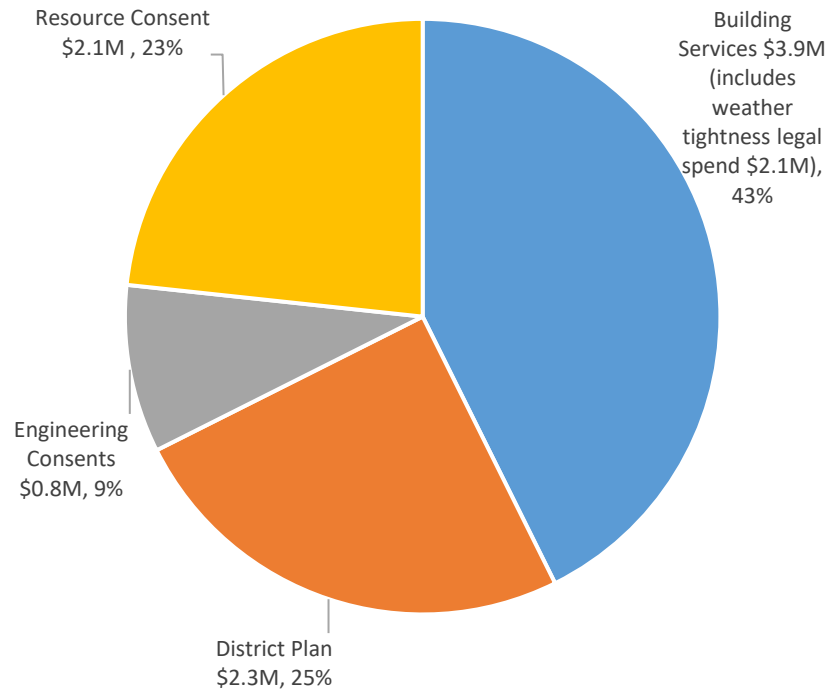


## TOTAL: \$15.2M (57% of total spend)

- > \$9.1M (60%) driven by Planning and Development, refer to the next slide for a detailed breakdown



## Planning & Development Spend: \$9.1M



# 10 largest suppliers

#	Supplier	Total spend	Type
1	BECA Limited	\$4,188,788	Design
2	Wynn Williams	\$1,930,128	Weather Tightness
		\$1,459,443	Other Legal
3	Stantec New Zealand	\$2,202,341	Design
4	WSP New Zealand Limited	\$1,398,026	Design
5	Meredith Connell Barristers & Solicitors	\$1,165,895	Legal
6	Simpson Grierson	\$1,069,905	Legal
7	Solutions Team Limited	\$1,051,141	Building Services
8	TEAM Projects Advisory Ltd	\$1,107,516	Project Advisory
9	Boffa Miskell	\$814,048	Design
10	Resource Co-Ordination Partnership Ltd	\$637,485	Project Advisory

# 10 largest suppliers per significant project or department

	Amount
<b>Beca Limited</b>	<b>\$4,188,788</b>
Upper Clutha Conveyance Scheme (WW)	\$914,920
Project Shotover Plant Upgrade (WW)	\$735,524
Kingston HIF new scheme (WW)	\$573,139
CBD to Frankton Conveyance (WW)	\$562,508
Robins Road Conveyance Upgrade (WW)	\$244,504
Project Pure Upgrade (WW)	\$236,121
Catchment Management Plans - Wanaka (SW)	\$147,100
Wakatipu - Road to Zero MIP LCLR (TR)	\$116,390
Other	\$658,582
<b>Wynn Williams</b>	<b>\$3,389,571</b>
Legal Fees – Weather Tightness	\$1,930,128
Property legal fees	\$599,973
Stormwater legal fees	\$138,838
Resource Consent legal fees	\$129,288
Other	\$591,344

	Amount
<b>Stantec New Zealand</b>	<b>\$2,202,341</b>
Wanaka - Road to Zero MIP LCLR (TR)	\$501,352
Qtn Comprehensive Parking Mngmt Plan	\$356,460
Wanaka Pool to School Active Travel (TR)	\$310,264
Wakatipu - Road to Zero MIP LCLR (TR)	\$296,737
Cardrona Water Supply Scheme Pipeline	\$117,193
Other	\$620,335
<b>WSP New Zealand Limited</b>	<b>\$1,398,026</b>
Wanaka Masterplan Update (TR)	\$392,944
Arthurs Point to CBD Active Travel (TR)	\$234,677
Wanaka - Road to Zero MIP LCLR (TR)	\$119,643
District Plan Hearings	\$93,854
Transport Network Management	\$87,758
Parks Structures Renewals Wakatipu	\$51,122
Other	\$418,028

# 10 largest suppliers per significant project or department

	Amount
<b>Meredith Connell</b>	<b>\$1,165,895</b>
Cardrona Water Supply Scheme (WS)	\$118,888
Queenstown One Office (Project Connect)	\$89,704
Queenstown Arterial - Balance of Route (TR)	\$43,035
Other	\$914,268
<b>Simpson Grierson</b>	<b>\$1,069,905</b>
District Plan Appeals	\$590,571
Kingston HIF new scheme (WW/SW)	\$134,606
Other	\$344,728
<b>Solutions Team Limited</b>	<b>\$1,051,141</b>
Building Services Contract staff	\$1,051,141

	Amount
<b>Team Projects Advisory Limited</b>	<b>\$1,007,516</b>
Project Shotover Plant Upgrade (WW)	\$221,675
Two Mile WTP (WS)	\$143,849
Compliance Response - UV Treatment (WS)	\$133,674
Beacon Point new Reservoir	\$126,550
LTP 3 Waters Programme Management	\$53,625
Project Pure Upgrade (WW)	\$36,400
Other	\$291,743
<b>Boffa Miskell</b>	<b>\$814,048</b>
Spatial Plan	\$427,754
Resource consent on-chargeable consultants	\$152,515
Parks & Reserves Consultants	\$64,078
Luggate Reservoir Capacity (WS)	\$31,976
Other	\$137,725
<b>Resource Co-Ordination Partnership Ltd</b>	<b>\$637,485</b>
Infrastructure Contract Staff	\$212,000
Lakeview Development	\$182,535
Shotover Country New WTP (WS)	\$57,225
Other	\$185,725

# Prior years comparison spend

Creditor Name	2020:21 Amount	Type
BECA LIMITED	\$3,925,811	Design
WSP New Zealand Limited	\$3,006,167	Design
Wynn Williams	\$2,320,820	Legal
MEREDITH CONNELL BARRISTERS & SOLICITORS	\$1,925,913	Legal
Stantec New Zealand	\$1,710,434	Design
SIMPSON GRIERSON	\$1,195,073	Legal
JACOBS NEW ZEALAND LIMITED	\$1,157,265	Design
Candor3 Limited	\$1,088,295	Design
RESOURCE CO-ORDINATION PARTNERSHIP LTD	\$1,036,099	Project Management
GHD LIMITED	\$785,539	Design
<b>Total</b>	<b>\$18,151,416</b>	

Creditor Name	2022:23 Amount	Type
Wynn Williams	\$3,946,707	Legal
BECA LIMITED	\$2,920,152	Design
WSP New Zealand Limited	\$1,777,247	Design
Stantec New Zealand	\$1,729,640	Design
SIMPSON GRIERSON	\$1,285,103	Legal
Solutions Team Limited	\$1,019,426	Building Services
GHD Limited	\$787,827	Design
Meredith Connell	\$765,892	Legal
Resource Co-Ordination Partnership Ltd	\$750,483	Project Advisory
TEAM Projects Advisory LTD	\$787,107	Project Advisory
<b>Total</b>	<b>\$15,769,584</b>	

Creditor Name	2021:22 Amount	Type
Wynn Williams	\$4,568,836	Legal
BECA LIMITED	\$3,182,999	Design
WSP New Zealand Limited	\$1,427,802	Design
SIMPSON GRIERSON	\$1,234,426	Legal
MEREDITH CONNELL BARRISTERS & SOLICITORS	\$947,530	Legal
Stantec New Zealand	\$916,055	Design
Solutions Team Limited	\$809,946	Building Services
LANE NEAVE QUEENSTOWN	\$808,075	Legal
GHD LIMITED	\$799,982	Design
RESOURCE CO-ORDINATION PARTNERSHIP LTD	\$793,833	Project management
<b>Total</b>	<b>\$15,489,584</b>	

Creditor Name	2023:24 Amount	Type
BECA LIMITED	\$4,188,788	Design
Wynn Williams	\$3,389,571	Legal
Stantec New Zealand	\$2,202,341	Design
WSP New Zealand Limited	\$1,398,026	Design
MEREDITH CONNELL BARRISTERS & SOLICITORS	\$1,165,895	Legal
SIMPSON GRIERSON	\$1,069,905	Legal
Solutions Team Limited	\$1,051,141	Building services
TEAM Projects Advisory LTD	\$1,007,516	Project Advisory
Boffa Miskell	\$814,048	Design
RESOURCE CO-ORDINATION PARTNERSHIP LTD	\$637,485	Project Advisory
<b>Total</b>	<b>\$16,924,716</b>	