

**Audit, Finance & Risk Committee  
10 March 2017**

**Report for Agenda Item 4**

**Department: Finance & Regulatory**

**Sensitive Expenditure**

**Purpose**

- 1 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**

- 2 That the Audit, Finance & Risk Committee:
  1. **Note** the contents of this report.

Prepared by:



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Financial Controller

23/02/2017

Reviewed and Authorised by:



Stewart Burns  
Chief Financial Officer

23/02/2017

**Background**

- 3 The current sensitive expenditure policy took effect from November 2014. At the February 2015 Audit and Risk 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 Audit and Risk Committee meeting, a request was made to perform a review of one-up approvals looking randomly at purchase orders and the authorisation levels.

### **Comment**

- 5 The following assessments have been made for sensitive expenditure over the period from 1 September 2016 to 31 January 2017.
- 6 **Chief Executive's exercise of delegated powers:** No anomalies noted; all transactions were within delegated authority.
- 7 **Gift register:** The register was reviewed with no significant anomalies noted.
- 8 **Hospitality register:** The register was reviewed with no significant anomalies noted.
- 9 **Travel register:** The travel register was reviewed and no anomalies were found.
- 10 **Purchase card audit:** There were 783 purchases made totalling approximately \$81,400 with an average spend of \$104.01 per transaction (previous report: \$107.57 per transaction). The current reporting period includes Christmas. All purchase card transactions relating to Christmas functions were within the allocated budget of \$25 per person.
- 11 As at 31 January 2017, 32 active cards were on issue with a combined card limit of \$69,500 (31 August 2016: 33 active cards with a combined card limit of \$75,500). 5 new cards were issued to new staff members; 6 cards were deactivated as staff members either left the organisation or no longer require a purchase card. These cards were returned to Finance.
- 12 All new cardholders received individual training prior to obtaining their purchase card. This included an overview of the Sensitive Expenditure Policy and other relevant policies. Two instances of non-compliance with policy were noted: one related to Significant Event Guidelines for Staff and the other to Sensitive Expenditure. The relevant staff received further education as part of the follow up. Policies relating to sensitive expenditure will be included in "The Way We Work" training series which is administered by Human Resources. Refer to attachment A for the purchase card audit summary.
- 13 **New contracts:** Refer to attachment B for a summary of contracts created in TechnologyOne during the period from 1 September 2016 to 31 January 2017.
- 14 **Infrastructure consultant spend:** The value of infrastructure work undertaken under the classifications "Engineering Consultants" and "Consultants" was as follows:

	\$'000			
	Oct – Dec16	Jul – Sep16	Apr – Jun16	Jan – Mar 16
Panel members	80	90	82	106
Non-panel members	102	125	154	209
<b>Total</b>	<b>182</b>	<b>215</b>	<b>236</b>	<b>315</b>

- 15 The majority of non-panel work went to the following firms in the December 2016 quarter: Harrison Grierson Consultants \$27k, Nichols Garden Group \$19k, Watercare Services \$12k and Kirsty Barr \$11k. See attachment G for a report on infrastructure spend on consultants which includes additional commentary for each expenditure item.
- 16 **Employee benefits:** No anomalies noted; all employee benefits were as per employment contracts and within budget.
- 17 **Purchase order audit:** A list was generated of purchase requisitions approved during the period from 1 September to 31 January 2017. All purchase requisitions were approved within the current financial delegation limits. A random sample of 30 purchase requisitions was selected from transactions with accommodation and conference providers to ensure that appropriate one-up approval was obtained. No anomalies were noted.

## Options

- 18 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:
- 19 Option 1 The report is for noting, therefore no options are discussed.

## ***Significance and Engagement***

- 20 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.

## ***Risk***

- 21 This matter relates to the operational risk OR014b Theft/fraud or misuse of Council property (assets, data, funds etc.), as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because implementing and monitoring controls regarding sensitive expenditure is important in maintaining transparency and public confidence in the use of public money.
- 22 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**

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 anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

## **Council Policies, Strategies and Bylaws**

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

25 The recommended option is consistent with the principles set out in the named policies.

## **Local Government Act 2002 Purpose Provisions**

26 The recommended option is consistent with the Council's plans and policies.

## **Consultation: Community Views and Preferences**

27 Consultation is not required.

## **Legal Considerations and Statutory Responsibilities**

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

## **Attachments**

- A Purchase Card Audit Summary
- B Contracts Register