



20 June 2022

Peter Newport

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Tēnā koe Peter

Response to your recent correspondence

I refer to your emails on 30 May 2022, 10 June 2022 and 16 June 2022.

30 May email

In your email on 30 May you say:

- you have evidence that Queenstown Lakes District Council (QLDC) deliberately ignored, manipulated, and sidelined their own procurement guidelines and policy over an extended period since 2016;
- the Council misled you when they told you that they were complying with their own procurement policy; and
- you have evidence that ZQN7 “have been engaged in similar, or worse, examples of avoiding procurement systems with councils throughout New Zealand”.

You have asked whether these matters would be within our remit or that of Police or the Serious Fraud Office.

10 June and 16 June emails

In your emails on 10 June and 16 June you:

- forwarded an article you had published on your website about consultants who had been engaged by QLDC and other public organisations;
- say that there appears to be no regulation of local government finances; and
- ask when this Office will take action.

Our role

The Auditor-General is the auditor of public organisations. Under section 18 of the Public Audit Act 2001, the Auditor-General can inquire into a public organisation’s use of its resources. The Auditor-General’s inquiry function under the Public Audit Act 2001 is discretionary, and covers public organisations, including government departments, councils, district health boards, tertiary institutions, and local schools. We receive many requests for inquiries and are not able to inquire into every concern raised with us. Instead, we exercise our discretion carefully, considering:

- the Auditor-General’s role under the Public Audit Act;
- the nature of the issues raised, including relevance to the wider public sector; and
- the purpose and benefits an inquiry would serve relative to the time and costs involved, including whether the Appointed Auditor (or another part of the Office of the Auditor-General) might be better placed to look at the issues.

In carrying out his functions under the Act, the Auditor-General does not have the power to:

- intervene in decisions that public organisations are making or the decision-making processes they are following;
- injunct or stop activities or contracts;
- make a decision about the legality of actions;

- order redress or other remedies, or overturn decisions; or
- direct a public organisation to act on our findings or recommendations.

In response to the questions in your 30 May email, we are interested in whether public organisations, including local authorities, are procuring in line with good practice and their own policies. As you know, in 2020 we looked at QLDC's procurement practices relating to the engagement of consultants. At that time, we observed several deficiencies relating to the Council's procurement practices, including:

- limited assessment of whole of life project costs and how it calculated the expected price of services;
- poor documentation of how procurement decisions were made;
- the need to improve contract management; and
- the need for better management oversight of contracts.

We recommended that the Council review and update its procurement and contract management policy and guidelines, including incorporating relevant aspects of the Government Procurement Rules. We asked the Council to update our Appointed Auditor on progress with implementing changes to the procurement processes. We note that progress has been made, with the Council publishing an updated procurement guide and policy in December 2021.

Based on the information you have provided and noting the recency of our work relating to QLDC procurement practices, we do not currently propose to do further work on the procurement practices at QLDC.

If you have specific examples of procurements carried out by public organisations or local authorities that have not accorded with good practice, you can provide us with those examples and the evidence you have, and we will consider whether we can or should inquire further, and where that sits relative to other priorities.

If you consider that there have been actions at a Council which, in your view, amount to wrongdoing or are unlawful, and fall within the remit of the Police or Serious Fraud Office, you can consider contacting them directly. We note that we do not have a view about whether any of the circumstances you describe fall into that category.

Regarding your comments about ZQN7 or other private persons, we can only look at issues relating to public organisations. We have no role in relation to the activities of private individuals or private sector organisations.

Nāku noa, nā



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