

28 September 2021

Graeme Ayres
Director, Business Assurance
Department of Conservation
P O Box 10420
Wellington

Dear Graeme

Project Elliptical – Tu Te Rakiwhanoa Drylands

Background and relevant information

1. The Department of Conservation (“the Department” or “DOC”) is undertaking a conservation project in relation to the protection of the Mackenzie Drylands, following the initial funding approval that was provided in Budget ‘18. The Project involves the protection of ~11,800 hectares of land within the Mackenzie Basin. The Conservation land is at the centre of ‘Tu Te Rakiwhanoa Drylands’ (“the Project”), a collaborative initiative between the Crown, Mana Whenua and landholders¹.
2. In April 2019, a budget was released by the Department, together with the approval of an indicative business case. In February 2020, a health assessment for this project was conducted by the Business Assurance Unit that recommended an Independent Quality Assurance (“IQA”) review be undertaken. The recommendation was agreed to by the Deputy Director General (“DDG”) Partnerships, who, in August 2020, commissioned (through the Business Assurance Unit) an IQA review. The review was finalised on 15 December 2020 and presented to the DDG Partnerships and the Director General.
3. The IQA set out findings in relation to the Tu Te Rakiwhanoa Drylands project and made specific improvement recommendations aimed at mitigating and managing the risk that surfaced from the assessment.
4. In March 2021, Deloitte was engaged to assist the Department to address specific recommendations of a financial nature that were made within the IQA. This involved providing the Business Assurance team a summary of what the project funds have been spent on through to January 2021. We were also instructed to undertake a focused review of five suppliers which were selected by Deloitte and the Department using a risk-based approach. This included the review of procurement documentation and the approval process for the payments of invoices to those five suppliers.
5. This letter sets out the findings from our review. We first set out where the funds have been spent. We then provide a summary of our observations with respect to the focused review. In the appendix we provide a brief summary of the vendor analytics testing that we completed and shared with the Department on 30 March 2021.

¹ Per Consultancy Services Agreement dated 11 March 2021.

Where have Project Funds been spent?

6. To establish where project funds have been spent, Deloitte was provided with an extract from the Department's accounts payable and Purchase-Card (P-Card) systems for the sample period of 1 July 2018 to 28 February 2021. The extract captured all transactions which had been charged to the Project Cost Centre and resulted in a spend of \$466,554² (excluding GST), across 565 transactions, that were associated with 53 suppliers.
7. In total, \$450,924 of the \$466,554 was applied to the Project Cost Centre through the Departments Accounts Payable system. This is made up of 112 different transactions from 39 suppliers. The remaining \$15,630 was incurred through 453 transactions in the P-Card system. This P-Card spend was incurred by 14 Department employees.
8. To understand where the project funds have been spent, we have recorded the total spend that has been allocated to the Department's different general ledger codes with a value of greater than \$2,000. There are 20 different general ledger codes that had a spend of less than \$2,000 which we have included in one category. Collectively, the less than \$2,000 general ledger accounts total \$11,090 (which is 2.38% of the total project expenditure). A summary of these general ledger accounts is captured in Table 1. We then, as part of a focused review, selected and examined five project suppliers to understand where the spend had occurred and the documentation available to support that particular spend. The five suppliers were selected in agreement with the Department using a risk-based approach.

Table 1 – Tu Te Rakiwhanoa Drylands, Summary of General Ledger Spend

General Ledger Account	Account Description	Account Amount	% of Total Spend
62014	Consultants & Prof - Corporate advice	\$199,669	42.80%
62001	Consultants and professional services	\$132,971	28.50%
62015	Consultants & Prof - Operation advice	\$69,508	14.90%
62102	Travel-Domestic Expenses	\$15,469	3.32%
61011	Computer H/ware lease	\$12,602	2.70%
62511	Hospitality/event: Entertaining external	\$12,018	2.58%
62306	Helicopter/ Aircraft hire	\$6,679	1.43%
62354	Building/Hardware supplies	\$4,435	0.95%
60432	Sundry Personnel expenses & fees for emp	\$2,114	0.45%
Various	Total of the less than <\$2,000 accounts	\$11,090	2.38%
	Totals	\$466,554	100%

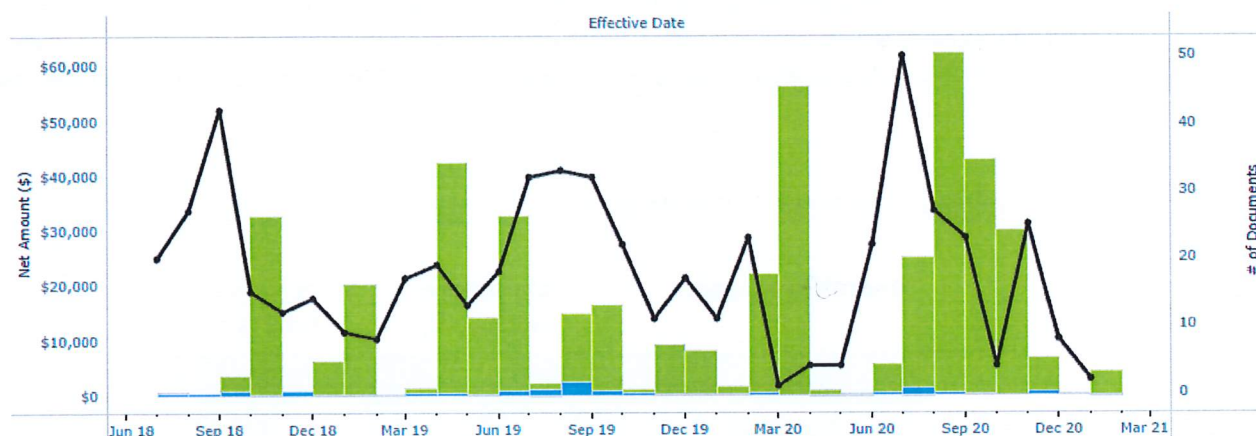
9. The largest spend in relation to the Tu Te Rakiwhanoa Drylands project is coded to professional consultancy costs. This is broken down into three categories, corporate advice, professional services and operations advice. Collectively, this spend totals \$402,148 and accounts for 86% of the total spend

² Net Invoices of \$450,914 + \$15,630 of Net P-Card payments = \$466,554 exc. GST

processed through accounts payable and the P-Card systems. As part of the focused review (set out in paragraphs 12 – 32) we reviewed 59%³ (\$238,416) of the total project spend attributed to consultancy.

10. The combined project spend over this time is illustrated in Figure 1. The blue bars represent P-Card data, the green bars the accounts payable data and the black line represents the number of corresponding documents (invoices/charges) for each month.

Figure 1 – Tu Te Rakiwhanoa Drylands, Accounts Payable and P-Card Spend



11. The labour costs and overheads that have been coded to the Project Cost Centre and captured in the project financials have not been reviewed as we have focused on external costs being incurred, as directed by the Department. The Department advised us that it considered external costs to be the highest area of risk. We have specifically focused on payments made through the accounts payable and P-Card systems.

Focused Supplier Review

12. We undertook a focused review of five project suppliers in order to:
- a. Identify the nature of the goods or services provided by the supplier that have been invoiced to the Department (it was out of scope to confirm whether the goods/services were provided).
 - b. Understand the process of how the selected suppliers were engaged and the extent to which the correct procurement process was followed (based on the value of the spend).
 - c. Confirm whether the appropriate financial delegations have been applied for the approval of the supplier's invoices and underlying procurement contract (if any).
13. Initially, Deloitte was also instructed to identify the payment terms of suppliers and compare this to the payments made. With the lack of underlying contract documentation, it was necessary to review underlying invoices for this information. In some instances, the invoices did not have a date when payment was to be made. Some of the invoices provided to us were already stamped unpaid or overdue when the invoice was put through the approval process. While we have not provided further details in this reporting letter, we discussed this issue with the Department on 3 May 2021.

³ \$238,416 / \$402,148 = 59.28%.

Sample identification

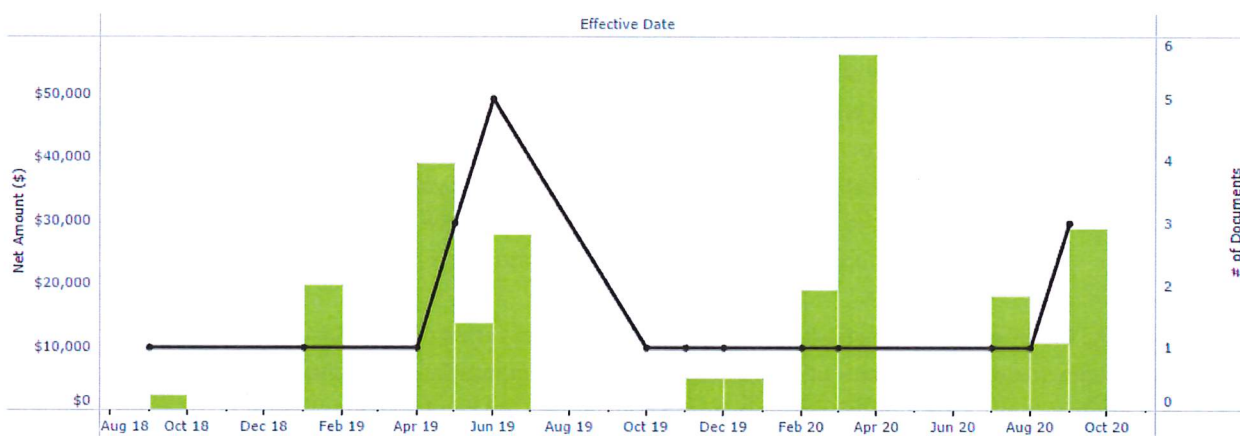
14. The five suppliers were selected through discussion with the Department, primarily to achieve a representative sample across different levels of spend taking a risk-based approach. This approach was agreed to following the review of the project vendor analytics testing. A copy of the relevant testing outcomes is set out in **Appendix 1**.

15. It was agreed with the Department that the sample would comprise two of the three project suppliers with the highest invoice value, two suppliers with mid-range expenditure and one supplier with a low spend⁴. The suppliers selected are set out in Table 2. The time period that the invoices from these suppliers covers is illustrated in Figure 2, which demonstrates a selection of invoices across the life of the project. The sample provided a total spend of \$246,042 (53%⁵ of total project accounts payable and P-Card spend).

Table 2 – Suppliers selected for Deloitte Review

Department Supplier	Total Invoices (number of)	Supplier Invoice Total (\$) ⁶
Environment Canterbury	5 ⁷	\$111,920
Lucas Associates	7	\$74,852
Te Runanga O Waihao Inc	2	\$18,245
Tekapo Helicopters	1	\$2,375
Maui Studios Aotearoa	5	\$38,650
Total Spend		\$246,042

Figure 2 – Sample supplier invoice history across the life of the project



⁴ Suppliers were approved by the Department of Conservation on 16 April 2021.

⁵ \$246,042 / \$466,554= 0.5273 so say 53%

⁶ Excluding GST. Rounded to the nearest whole number.

⁷ We note that the accounts payable information comprises six records. This is due to one invoice being split into two entries.

Focused review findings

16. We have set out a high-level summary in Table 3 of the specific supplier findings. There are three common themes across the sample suppliers. The themes relate to:
- a. The inadequacy of procurement and contract documentation held by the Department;
 - b. The Delegated Financial Approval (DFA) process (pre and post-COVID-19); and
 - c. The management of ongoing instructions/ variations and the accumulated supplier spend.
17. We also observed that the invoices received from one supplier were coded to professional consultancy spend, when the substance of what that consultancy firm was providing was publicity (i.e. there was a more appropriate code available). We provide further information on this and the themes identified below.

Table 3 – Summary of Supplier Findings

Supplier	Goods/ Services Provided in relation to Project ⁸	Documentation to support charges ⁹	Correct DFA for Approved Invoices
Environment Canterbury	On charging / Contribution to costs	Some – but not specific information	Yes
Lucas Associates	Consultancy	No	Majority ¹⁰
Te Runanga O Waihao Inc	Attendance and Meeting costs	Yes – but not specific information	Yes
Tekapo Helicopters	Transportation	No	Yes
Maui Studios Aotearoa	Film Production	Yes – but no approval document, or variation agreement.	Majority (see para 30-32)

Inadequacy of Documentation

18. The Department has been able to provide a range of documents that make reference to arrangements entered into with the sample suppliers. These documents include meeting minutes, file notes and, on one occasion, a cost memorandum. Aside from the cost memorandum, none of the documents provide sufficient detail of the costs and funding agreements being agreed to and incurred.
19. Environment Canterbury invoiced the Department a greater amount than any other supplier from our sample population. Two of the Environment Canterbury invoices related to a one third split of a Programme Alignment Manager’s cost, that was agreed to be shared by the Department, Environment

⁸ Based on the suppliers information and the explanation of why the costs were incurred, which has been provided by the Department.

⁹ This pertains to information to support the costs being incurred, over and above the invoice for the goods and services delivered. E.g. contract documentation or instructions for the delivery of goods and services.

¹⁰ Five of the seven followed the correct DFA process. Two invoices which were >\$5k but <\$10k were signed by a Tier 4 and had the signature of a second person on the document, but no name was recorded to verify who this individual was.

Canterbury and Land Information New Zealand (“LINZ”). The individual who undertakes this role has been employed by Environment Canterbury.

20. We requested the supporting documentation for the agreement of this charge and how the costs would be calculated. There are meeting notes of the Mackenzie Basin Steering Committee (“MBSC”)¹¹ and the Mackenzie Basin Agency Alignment CEOs¹², along with “Progress Updates” from the MBSC to the CEO forum¹³ that reference the agreement to share the costs of a Programme Manager. These documents showed that the Department agreed to fund a one third share of the costs of a fulltime programme manager, for a minimum two year period, to be hosted by Environment Canterbury. There was no further detail and the Department was unable to provide us with any written agreement that set out the salary costs, whether this would include overhead costs (and if so how this would be calculated), and the timing arrangements of how salary costs would be invoiced.
21. When we requested further information from Environment Canterbury, the Finance team was unable to provide details of how the invoiced amount was calculated. We set out more detail in relation to the invoiced amounts at paragraphs 36 – 43.
22. The Department was unable to provide any information to support the procurement of services from two of the suppliers (Lucas Associates and Tekapo Helicopters).
23. We were advised by the Department’s Project Manager, who is looking after the Project, that Lucas Associates provided consultancy advice to the Department. There was no documentation identified to support the scope of work completed, the costs that had been agreed to or what the outputs of the work would be. The Business Accountant also advised that engagement with Lucas Associates was undertaken on an ‘as required’ basis and that instructions were provided either verbally or by email. Three of the four individuals to whom the invoices were addressed were unable to provide information to support the invoices as they are no longer employed by the Department. We also observed that in two invoices¹⁴, the Department had been charged different rates for technical assistance provided. The hourly rates for technical assistance varied from \$55 to \$100 per hour. There is nothing to support why these rates are different or if they are the rates which were previously agreed by the Department¹⁵. The Department could not locate any specific instruction or record for the use of Tekapo Helicopters.
24. Two suppliers had costs that were invoiced directly to the Department as a result of the Department agreeing to fund Rūnanga involvement in the decision making processes. Two invoices were received from Environment Canterbury for costs that were incurred, and then passed on, to the Department in February and March 2019. Te Rūnanga o Waihao then took over the invoicing role and invoiced the Department directly for the meeting costs for the 2019-2020 Financial Year. The only documentation that supported these invoices were the meeting minutes where the Department had agreed to fund the group’s involvement. The minutes did not detail what specific costs would be met or what remuneration rates would be paid.

¹¹ 6 July 2018, 3 August 2018

¹² 29 August 2018

¹³ 29 August 2018, 10 December 2018

¹⁴ Documents “LUCAS 20 DEC 2018” and “LUCAS 29 March 2019”.

¹⁵ For completeness, we note we have not discussed these charges with Lucas Associates.

25. The supporting documentation for Maui Studios Aotearoa was a proposal document for a work programme that was to cost \$19,900 + GST. We were not provided with any information to evidence that the proposal was accepted. In the normal course of business, we would anticipate that some form of signed contract would follow the proposal acceptance. We were not provided with any information to show that any proposals were sought from other suppliers.
26. Across these suppliers, there has been some documentation and instructions that the Department has not been able to locate. Where the documentation does exist, it does not contain specific details of the obligations being agreed to or incurred.

Delegated Financial Authority

27. As part of the Department's internal control environment, when an invoice is received from a supplier, the invoice must be approved for payment by an appropriate staff member. The staff members who can sign off the invoice will depend on the amount invoiced, the nature of the expenditure being incurred and the Department employee's various levels of delegated financial authority ("DFA"). The Department's DFA policy has five tier levels to cover a range of monetary limits. The tier levels start at level 5, which has the lowest level of authority, with level 1 having the highest. We have concluded that the DFA sign off processes for the sample invoices have been followed for 16 of the 18 invoices reviewed. This includes both the pre COVID-19 approval process (where actual invoices were required to be signed), and a new approval process implemented as a result of COVID-19 (in which approval of invoices is provided via email). We do note that there are two invoices where we have been unable to confirm the compliance with the DFA, as we could not distinguish the name / signature of the individual who had approved the invoice.
28. Within the sample population, there was one supplier (Maui Studios Aotearoa) who had five invoices processed to a consultancy general ledger account. This is despite the nature of the underlying activity that the supplier was providing being a promotional video clip. It may be more appropriate for this to be coded as Publicity Expenditure (we provide more information on this at paragraphs 32-34). Based on the general ledger coding of consultancy spend that has actually been recorded against the invoices, all five of Maui Studios Aotearoa's invoices were approved by the appropriate DFA. Two out of five of the invoices would not have had the appropriate DFA sign off had the Publicity Expenditure general ledger account been used, as they had only been approved by Tier 4¹⁶ staff members, when a Tier 3¹⁷ approval would have been required.
29. We have observed one instance where an invoice of \$56,333 (excl. GST) was approved by a Tier 2¹⁸ staff member and had then been approved by a second approver. On the invoice, there is a hand written comment which records "*is this expenses? (eg travel)*". We have not been provided with any information to evidence that this question was answered, despite the invoice being approved and subsequently paid. The nature of the costs referred to did not relate to travel.

¹⁶ Department Managers.

¹⁷ Department Directors.

¹⁸ Deputy Director General.

Management of variations and increased accumulative supplier spend

30. The documentation to support the services being provided by Maui Studios Aotearoa did not record a change of output requirement from what it was initially engaged to deliver. The variation changed the supplier spend from \$19,900 in the initial proposal to \$38,650. A higher procurement threshold would apply to a procurement of this value, given the value of spend is greater than \$20,000. This higher threshold requires more procurement documentation and consideration of other possible supplier's pricing.
31. Another supplier in our sample, Lucas Associates, received multiple instructions for providing consultancy services for Tu Te Rakiwhanoa Drylands project from four different individuals within the Department. These instructions were provided on an 'as required' basis. The invoices raised by Lucas Associates for this work varied quite widely but they were all below \$20,000. Although the value of each of the specific invoices was less than \$20,000, the cumulative spend on advice related to the project totalled \$74,852, which would have required the consideration of other suppliers for the delivery of the services. Again, there was no documentation that the Department was able to provide to support the spend and instructions provided to Lucas Associates.

General Ledger Coding

32. As set out in paragraph 28, the Maui Studios Aotearoa invoices may have been more appropriately recorded in a different general ledger account.
33. When we queried whether these invoices should have been coded to the Publicity Expenditure general ledger account code, we were advised¹⁹ that the person who commissioned this work thought that the consultancy general ledger code was the best code to use, as it was principally a contractor doing all of the hands on work as well as the editing and production. They went on to say that often the coding of a general ledger item *"comes down to interpretation of the description – the above description of printing and publications can easily be interpreted as the 'end of the process' vs the view at the time was principally the person was doing all the hands on work so the contractor code was deemed a better fit"*.
34. We appreciate that invoice descriptions and the level of detail provided will vary from supplier to supplier, but the person who is ultimately responsible for the approval of the invoice should have an understanding of why the consultant was being engaged. This should determine how the invoice is coded. In this case, the objective was the production of a short publicity film for the launch of the Tu Te Rakiwhanoa Drylands project. This is publicity-related expenditure, which carries a higher DFA sign off, and the approach taken to the approval and coding of the invoices should reflect this.

Other observations as a result of the Focused Review

35. We have observed two further issues that we are bringing to your attention. These relate to:

¹⁹ Email from Irene Gwasunda to James Walford dated 25 May 2021, 9.41AM.

Environment Canterbury calculation – Salary contribution Programme Manager

36. Two of the five invoices received from Environment Canterbury were in relation to a one third split of the costs for a Programme Alignment Manager, a position that was filled on 3 December 2018. There have been additional invoices raised through to 30 June 2021. As set out above, it was agreed that DOC would be invoiced for one-third of these costs. However, we have not been able to identify any agreement setting out what the salary was to be, or the specific contributions to be paid by the parties.
37. The two invoices in our sample that were received by the Department from Environment Canterbury covered the 13-month period of 3 December 2018 to 31 December 2019. We have set out the invoice particulars in Table 4.

Table 4: Environment Canterbury Invoices for Programme Alignment Manager (in our sample)

Environment Canterbury Invoice	Invoice Amount (\$ net)	For the Period of	Number of months
SI384560 ("Inv 1")	\$39,181.50	3 December 2018 – 30 June 2019	7 months
SI400576 ("Inv 2")	\$56,333.00	1 July 2019 – 31 December 2019	6 months
Total	\$95,514.50		13 months

38. Environment Canterbury provided us with the calculation for how Inv 1 was derived. This calculation recorded that the annual salary cost was \$137,072 and was to be apportioned by the number of working days²⁰ within the 7-month period. The invoice also included an overhead cost recovery of \$38,465 for the same period.
39. The narration on Inv 2 recorded that in addition to the salary cost, there was also programme manager "costs" being invoiced, although no breakdown was provided. In response to our query, we were advised by Environment Canterbury that:
- "...The salary cost [of invoice SI400576] was the same as invoice SI384560 at \$39,181.81. The programme manager costs are the incremental overheads directly related to the role for the period of 3 December 2018 – 31 December 2019. (Incremental overheads include overhead costs related to the programme management position however exclude overhead costs such as building rent, which Environment Canterbury would incur regardless of the existence of the position)".*
40. As Inv 1 was for a longer period than Inv 2, we expected the cost would have reduced rather than increased. We were instructed by the Department to investigate this further. As Environment Canterbury was unable to provide us with details of how the invoices were calculated, we requested details of the actual salary and overhead costs incurred up to 30 June 2021 (the end date of the most recent invoice). During this process we identified that a contractor had been engaged for part of the period, as the employee was on parental leave. This had driven higher salary costs between September 2019 and January 2020. The following table sets out the details of our invoice analysis.

²⁰ This appears to include the number of working day (140) plus 10 public holiday days, for a total of 150 days.

Table 5: Environment Canterbury invoice breakdown for Programme Alignment Manager

Invoice	Period	Invoice Amt	Actual Salary Cost ²¹	Actual O/head Cost ²¹	Over/(under) payment	O/head as a % of salary
SI384560	3/12/18 - 30/6/19	\$39,181.81	\$26,360.00	\$12,821.81	\$ -	49%
SI400576	1/7/19 - 31/12/19	\$56,333.00	\$29,193.53	\$16,592.44	\$10,547.03	57%
SI420515	1/1/20 - 31/12/20	\$69,767.71	\$36,830.05	\$39,201.62	\$(6,263.96)	106%
SI429925	1/1/21 - 30/06/21	\$49,783.00	\$21,096.94	\$24,761.55	\$3,924.51	117%
Total	3/12/18 – 30/6/21	\$215,065.52	\$113,480.53	\$93,377.41	\$8,207.58	82%

41. Environment Canterbury provided the actual salary and overhead costs, however the overhead cost was not broken down into its component parts. Further, we were unable to obtain an explanation for why the overhead cost has continued to increase as a percentage of the salary cost.
42. We also note that the most recent invoice contained additional charges for “Runanga honoraria” and “miscellaneous costs”. We have excluded these from our calculation and have not examined what they relate to.
43. If it is accepted that the overhead costs provided by Environment Canterbury are accurate and appropriate, then the amount invoiced is \$8,207.58 greater than the actual costs, for the period 3 December 2018 to 30 June 2021.

Disclosure of possible interests

44. During this engagement, we identified an employee interest that may meet the Department’s criteria for disclosure. This interest was disclosed and was between two Department employees who worked on the Project. A letter surrounding steps to manage this disclosure of interest was sent to the Departmental employee, from the relevant Deputy Director General. Recollections of the employee state that the management plan within the letter was accepted and the letter was signed and returned. However, Departmental records only consist of an unsigned version.
45. We note that Deloitte has not reviewed whether an actual, or a perceived conflict exists in this instance, nor have we reviewed the management of the conflict of interest once it was declared. The observations made are to assist the Department with assessing the next steps required (if any).

²¹ Provided by Environment Canterbury

Thank you for your instructions on this matter and your team's assistance in providing information. If you have any questions in relation to this review, please contact me.

Yours sincerely



Lorinda Kelly
Partner
for Deloitte Limited
(as trustee for the Deloitte Trading Trust)



Cc: Irene Gwasunda

Limitations

We note the following limitations in respect of this reporting letter:

- a. No party is to be provided with the deliverables from this engagement (the Deliverables), or a copy of the Deliverables, or may rely on our work, without our express prior written approval. Deloitte accepts no liability whatsoever to any party who relies on our Deliverables and/or our work except to the extent set out in our engagement letter and Master Terms of Business;
- b. The Services do not constitute an assurance engagement in accordance with New Zealand standards for assurance engagements, nor do they represent any form of audit under New Zealand standards on auditing (International Standards on Auditing (New Zealand)), and consequently, no assurance conclusion nor audit opinion is provided. We do not warrant that our enquiries will identify or reveal any matter which an assurance engagement or audit might disclose.
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- e. We are not qualified to provide legal advice and are not responsible for any legal issues associated with or arising during this engagement.
- f. Our investigation relied on the evidence assembled by the Department and Environment Canterbury. We may not independently verify the evidence assembled. This includes data from publicly available sources.
- g. Given the volume of information we rely on some or all of experience, judgement, analytical review and document filtering techniques to determine which areas to focus on. Accordingly, there is an unavoidable risk that some issues may remain undiscovered.

Appendix 1 – Vendor Risk Indicators

1. As part of our analysis, we completed a series of tests of the 34 vendors who we received data for and were associated to the invoices or costs for goods and services which have been charged to the Tu Te Rakiwhanoa Drylands Project Cost Centre. The tests were performed to provide insight into vendor and payment data held by the Department. The findings of these tests were formally discussed in a walk through with the Department on 30 March 2021. This section of the letter highlights specific key findings. It is important to note that Deloitte has not explored the validity of the results which have been generated as a result of the tests applied, as this is outside the scope of work.
2. The analytical tests we have documented here are:
 - a. Vendor validity
 - b. Consecutive invoices
 - i. External Document Number (Invoice Number)
 - ii. System Sequence Number
 - c. Invoices / Payments / Credit Notes entered outside of working
3. **Vendor Validity.** This is a test which reviews vendor masterfile data for the completeness and validity of key data fields. The test identifies vendors with:
 - a. a missing or invalid GST Number²²
 - b. missing or invalid address details²³
 - c. missing, invalid or generic email domains (e.g. @hotmail, @gmail)²⁴
 - d. missing phone details²⁵
 - e. missing or invalid bank account details²⁶
4. Figure 1 below, sets out the results of these tests against the 34 vendors. All the vendors which were tested had valid bank account numbers and GST numbers. There were however:
 - a. 14 vendors (41.18%) who had invalid address information. Eleven of these results were due to no numbers being recorded in the address. Three results did not include any street or PO Box type.
 - b. Seven vendors (20.59%) had generic email addresses.
 - c. Five vendors (14.71%) had missing phone details. In all five instances, no phone number was recorded.

²² These must adhere to the IRD sum check algorithm and be in the current active range for NZ numbers. These numbers should not contain any text.

²³ To be valid, addresses must have a street or PO Box identifier, have numbers, and be longer than 5 characters. Addresses are not validated against NZ Post Databases.

²⁴ Emails must contain an '@' symbol and be to a domain (i.e. have a '.co', '.com' etc.) Generic emails (e.g. @hotmail, @xtra, @gmail) have also been flagged.

²⁵ Phone numbers must be in a recognisable NZ format or obvious foreign number (i.e. prefixed with 00 or +). Numbers with only seven digits have been flagged as missing an area code.

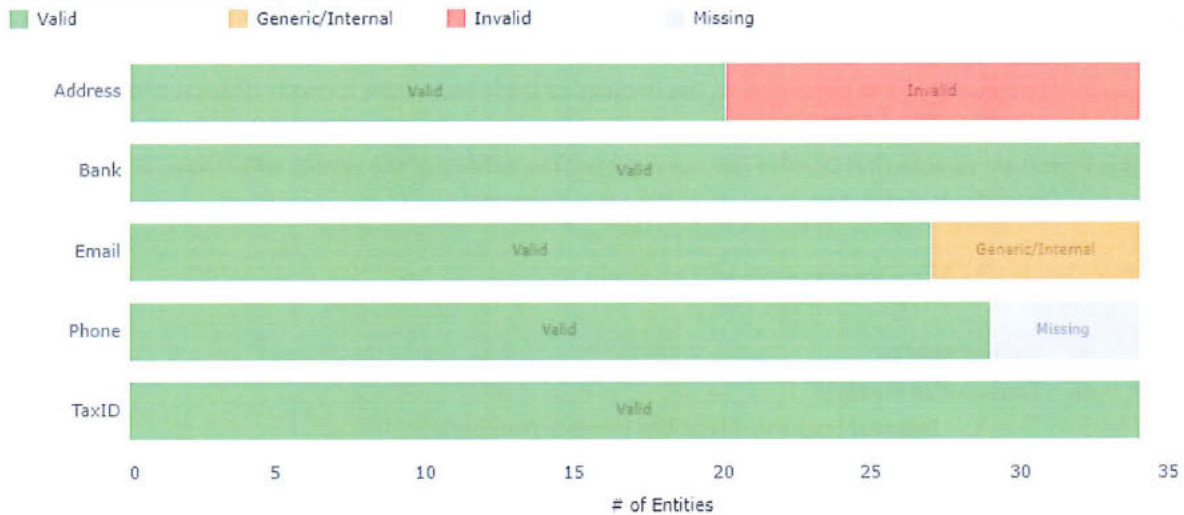
²⁶ Bank accounts must be between 15 and 16 digits and must have a branch listed on the NZ Bank Branch Register.

Figure 1 – Vendor Validity Summary of Findings

Attributes by # of Entities and Validity Result

Coloured by Validity Result

Refer below for attribute validity requirements



5. **Consecutive Invoices/ Sequential Systems Numbers.** For the purposes of this test, these are where more than one invoice is received from a vendor and the invoice number is a number which is sequential to a prior one received from the vendor. This test also extends to sequential systems numbers (i.e. the DOC system ID process number), to identify where multiple entries have been loaded against one vendor in one session.

6. Within the project data set there were eight transactions with sequential systems numbers, covering three vendors. These transactions totalled \$7,072. The first vendor is a Department employee, [REDACTED] who received two different reimbursement charges on 7 January 2020²⁸, which collectively totalled \$580 excluding GST. The second vendor (Fujitsu NZ), also has two transactions relating to what appears to be a purchase of a laptop and a docking station on 6 November 2018²⁹. These two transactions totalled \$6,026.01 excluding GST. The third is another Department employee, [REDACTED] who had four transactions³¹ for mileage totalling \$466.

7. **Invoices / Payments / Credit Notes entered outside of working hours.** This test captures transactions which are entered into the DOC AP System, or processed through the P-Card system, outside normal working hours. For the purposes of this test, this time is outside the hours of 8am to 6pm Monday - Friday or public holidays.

8. In total, there were 179 transactions in the project data set that matched this test criteria. All transactions came from the P-Card data set and totalled \$5,103. The 179 transactions were tied back to eight Department staff.

²⁷ Vendor ID 905681

²⁸ DOC system ID 1901084380 and 1901084380.

²⁹ DOC system ID 1901020386 and 1901020387.

³⁰ Vendor ID 905460

³¹ DOC system ID 130000334, 130000335, 130000336 and 130000337.

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