

4 August, 2014

**STRICTLY PRIVATE & CONFIDENTIAL**

Sue Bidrose  
 Chief Executive Officer  
 Dunedin City Council  
 P O Box 5045  
 Moray Place  
 DUNEDIN 9058

Dear Sue

**CITI FLEET INVESTIGATION – MATTERS RAISED BY COUNCILLORS**

As part of our investigation into the issues Council has identified in its Citifleet Division (“Citifleet”), we spoke with Councillors Lee Vandervis and Doug Hall.

Whilst a number of the concerns they raised during our interviews have been addressed in our draft report, there were a number of additional matters that we wanted to report on for completeness purposes.

We do not have any objection to you sharing this letter with the Councillors.

**Councillor Vandervis Concerns**

	<i>Concern raised</i>	<i>Work done</i>	<i>Conclusion</i>
1	Email dated 29 September 2011 provided by Cllr Vandervis – Ford Courier going to Turners for disposal.  Check that it was sold and proceeds were receipted by DCC.	Ford Courier XL Diesel 2005 Reg [REDACTED] sold at Turners (DCC disposal date 01 October 2011). Proceeds of \$10,651.21 received by Council.	No further work required.
2	Per discussion with Cllr Vandervis, Turners were aware of Brent disposing of vehicles (i.e. not through the Turners channel).  Meet with Turners.	We have spoken with the Turners Auctions manager. Neither he nor his staff had any awareness of Brent disposing of vehicles personally (he did state that there had been a considerable amount of staff turnover at Turners in the recent past).	No further work required.

Result  
 Claim unfounded  
 No evidence to support claim  
 No evidence to support claim (denial of claim)

	Concern raised	Work done	Conclusion
3	<p>Concern raised relating to Citifleet tendering processes.</p> <p>Confirm exactly what is and isn't tendered. Confirm procurement practices with [redacted] for:</p> <ol style="list-style-type: none"> <li>Purchase of vehicles (and what has changed over last 10 years);</li> <li>Maintenance of vehicles (and what has changed over last 10 years);</li> <li>Tyres (and what has changed over last 10 years);</li> <li>Fuel (and what has changed over last 10 years).</li> </ol>	<p>Our interviews with staff have identified that historically there was little in the way of formal tendering for Citifleet purchasing. The All of Government contracts have assisted in addressing this issue with regards to the purchase of vehicles and tyres.</p>	<p>We understand that Council is currently complete a full review of all non-tendered procurement. We support this course of action.</p>
4	<p>Email dated 18 April 2011 - [redacted] pays \$100 per year plus GST to store his boat and car.</p> <p>Confirm current status.</p>	<p>We have been informed by Council staff that this is no longer the case.</p>	<p>No further work required.</p>
5	<p>Email dated 14 October 2011 (subsequent replies 8 November 2011 and 10 November 2011) requesting:</p> <ul style="list-style-type: none"> <li>Brent Bachop credit card expenditure for September 2007 relating to an alleged payment made by Brent Bachop for Jim Harland tyres (see below).</li> <li>Sales information for the sale of Mazda Bounty vehicles, especially one that Brent Bachop allegedly sold to himself.</li> <li>DCC's disposal policy and the businesses that have been used to dispose of vehicles.</li> </ul> <p>Understand what happened with this and what was done from Council's perspective.</p>	<p>The DCC's Governance Manager responded to this request by:</p> <ul style="list-style-type: none"> <li>Obtaining the DCC vehicle policy;</li> <li>Obtaining a response from Brent Bachop in relation to the businesses that the DCC disposes of vehicles through;</li> <li>Obtaining confirmation as to the valuation process if vehicles are sold to DCC employees; and</li> <li>Obtaining a schedule of vehicles sold including the values and who they were sold to.</li> </ul> <p>The schedule provided did include four Mazda Bounty's and details as the purchasers:</p> <ul style="list-style-type: none"> <li>YD5691 - \$11,000 sold to Anngow Mazda. We note that YD5691 was not a vehicle that was owned by the DCC.</li> <li>ZS8986 - \$6,000 sold to Dunedin City Motors. We note that ZS8986 was not a vehicle that was owned by the DCC.</li> <li>UT6763 - \$4,500 sold to H Nicholls. We note that UT6763 was not a vehicle that was owned by the DCC.</li> <li>WN2292 - \$4,500 sold to R Ratten. This was owned by the DCC and no proceeds have been received for the sale of this vehicle.</li> </ul> <p>In terms of the DCC's process the response was sought directly from Brent Bachop. There was no independent verification of the information he provided and the vehicle disposal information was not reconciled to the fixed asset register. We can conclude from this that the information provided back to the</p>	<p>Interview Paul Orders.</p> <p>This matter will be set out in our report.</p>

Poor practice now remedied practices are common place

was a declared process - no ceased

Staff followed up allegation - Brent lied in response

- no further allegation made once fraudulent result given

	Concern raised	Work done	Conclusion
		Governance Manager was fabricated.	
6	<p>Email dated 14 October 2011 – Accusation re: [redacted] tyres (Falken 195/65-15 fitted to an Aston Martin).</p> <p>Check that this ties in with Doug Hall comments.</p>	Please see Doug Hall notes below.	No further work required.
7	<p>Cllr Vandervis informed us that [redacted] received a boat from Anngow Motors in the early days in exchange for the maintenance contract (the allegations are that this contract was at inflated values).</p> <p>Analyse maintenance spend by year for the past 10 – 15 years if possible to review the trend.</p>	<p>We have been informed that one DCC vehicle was purchased by [redacted] from [redacted].</p> <p>We have provided comments on the maintenance spend in our report – maintenance spend was increasing until 2007 and comments from Cardlink indicate issues with the hours being charged by Anngow Motors. Since the ending of the Anngow contract in 2007, expenditure has remained steady.</p> <p>We are aware that the main rumour in the local motor vehicle industry is that Anngow Motors purchased a boat for Brent.</p> <p>Note: boats are not registered therefore it isn't possible to check a registration database. We will specifically ask this question of [redacted] if/when she is interviewed.</p>	<p>Very difficult to confirm such rumours and we have specifically asked the three motor vehicle dealers whether they have purchased assets for any DCC employees.</p> <p>We will specifically ask this question of [redacted] if/when she is interviewed.</p>
8	<p>Cllr Vandervis raised concerns regarding the purchase of electric bikes priced at \$2,600 where there was a local alternative priced at \$600.</p> <p>Investigate this matter.</p>	<p>Council staff have investigated this matter. A discount was received on the purchase of the electric bikes and the bikes have been purchased by a number of public sector organisations in New Zealand. We are satisfied that due process was followed.</p>	No further work required.

No foundation to claim (denial by vendor)

No evidence to support claim

claim unfounded

## Councillor Hall Concerns

	Concern raised	Work done	Conclusion
1	Allegation that previous [redacted] had tyres for his car paid for by Council (tyres purchased from Tyreland)	<p>We met with [redacted] and spoke with [redacted].</p> <p>[redacted] informed us that Brent Bachop attempted to pay for [redacted]'s new tyres for his Alfa Romeo with a Council fuel card. [redacted] had previously paid for tyres himself. [redacted] did not accept this. [redacted] eventually paid for the tyres himself. [redacted] stated that he paid via credit card).</p> <p>We spoke to [redacted] who stated that he paid for the tyres himself via cash. He stated he still had the receipt in his glovebox.</p>	No further work required.
2	[redacted] purchased a vehicle from Brent Bachop.	<p>Mr [redacted] purchased a Mazda Bounty Registration [redacted] (changed to [redacted] for \$6,000 - \$6,500. He paid either cash or cheque for the vehicle and did not receive a receipt. He spent approximately \$4,000 on the vehicle and sold it 9 months later for \$13,000. He felt that it was a "good deal".</p> <p>Council records show a proceeds received for this vehicle of \$6,000.</p> <p>RedBook wholesale valuation (exc. GST) of \$5,783.</p>	No further work required.
3.	Tyreland lost the contract for the supply of tyres to the DCC as a result of the issue noted in 1.	<p>We met with [redacted] and requested details in relation to this. [redacted] confirmed that Tyreland lost the contract through a tender process (and noted they had won it and lost in a number of times prior to this as the contract was regularly tendered). [redacted] did not believe there was anything untoward in Tyreland losing this contract.</p> <p>However, [redacted] did note that Tyreland responded the next time the contract was tendered and they were unsuccessful, despite what he believed was pricing that could not be met by competitors.</p> <p>Tyres are now purchased as part of the All of Government arrangement.</p>	No further work required.

No evidence to support claim (in fact, Denial) by Vendor

Claim unfounded

Claim unfounded (Denial by vendor)



Please do not hesitate to contact either me on the number below, or David Seath on 03 474 8659, if you have any questions on any of these matters.

Yours sincerely  
**DELOITTE**

A handwritten signature in black ink that reads "K Cameron".

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