

Policy:	Sensitive Expenditure
Department:	Corporate Services
Approved by:	Director – Corporate Services
Effective date:	August 2023
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1. Purpose

- 1.1 The purpose of this policy is to ensure ‘sensitive expenditure’ is appropriately controlled. It addresses issues referred to in the Controller & Auditor-General’s good practice guide, *Controlling sensitive expenditure: Guide for public organisations (October 2020)*.
- 1.2 The purpose is to ensure that all Council expenditure is transparent, appropriate to the circumstances, and provides value for money for ratepayers.

2. Scope

- 2.1 This policy applies to all expenditure by staff and elected members that is reimbursed or paid for by the Stratford District Council.

3. Definitions

- 3.1 For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

Term	Definition
Sensitive Expenditure	Sensitive expenditure is any spending by Council that could be seen to be giving private benefit to a staff member, their family, or friends. It risks harming Council’s reputation – for example, if the expenditure could lead to concerns that the spending is inappropriate or lacks a legitimate business reason. Even a small amount can raise concerns if it appears to be improper. In plain English, it is expenditure that could be perceived as a wasteful or extravagant use of ratepayer funds.
Public Money	Funds/Money collected from the public by either central or local government

4. Principles

- 4.1 As councils’ expenditure is funded by public money, expenditure is subject to the highest standards of probity and financial prudence, expected of a public entity. These expectations are higher than those that exist in the private sector.
 - (a) Expenditure decisions should be made with these principles applied together and no one principle should be treated as more important than another:
 - Have a justifiable business purpose.
 - Preserve impartiality.
 - Be made with integrity.
 - Be moderate and conservative when viewed from the standpoint of the public and having regard to the circumstances.
 - Be made transparently.
 - Be appropriate in all respects and made with the proper financial delegated authority and approved by the direct manager as a minimum.

(b) Sensitive expenditure approvals should:

- Be given only when there is a justified business purpose.
- Where practical, be given before expenditure is incurred.
- Be within delegated authority and statutory limits.
- Be subject to budget provision.
- Be authorised by a person in a more senior position, and who will not personally benefit.

5. Travel for work-related business

5.1 Travel may be required by Council staff to attend meetings, conferences, or training offered to staff as part of learning and development. Consideration should be made in the first instance to online, technology enabled alternatives as an alternative to travel. The following principles / guidelines apply to travel for work-related business:

- If travel by air is required, the employee is expected to take the most cost-effective option unless flexibility in travel times or dates is required.
- It is expected that travel will be on the same day of any course or meeting if it is deemed possible for the employee to reach the destination on time. However, if same day travel is not practical then travel to the destination the night before, or return travel the next day may be more appropriate, convenient and result in lower flight costs with any additional costs for accommodation to be approved by the Director or CEO.
- Any extension to travel, such as an extra day or night, will be at the employee's expense and leave will be required to be taken.
- Council will not pay for check-in baggage for overnight travel as carry-on luggage is considered sufficient for most staff members' needs. In special circumstances, check-in baggage may be approved for a one-night stay at the CEO's discretion. For stays longer than two nights, one item of check-in baggage may be covered by Council at the staff member's request.
- There may be occasions where travel by car is more appropriate, or the only way to go. Car-pooling should always be considered, and use of Council owned vehicles (rather than rentals) will generally be more economic.
- The use of private vehicles for Council business is not encouraged and all employees must make use of the available Council pool vehicles in the first instance. Where a Council vehicle is not available, then mileage reimbursement will be granted at the Inland Revenue Department mileage rates for statutory bodies and local authorities covered by the Fees and Travelling Allowances Act 1951 and prior approval from the staff member's direct manager and the fleet manager is required.
- Overseas travel must always be approved by the Chief Executive and economy fares taken in all cases.
- Where no additional expense is incurred by Council, airpoints earned may be credited to employee's accounts. In this situation, there is no loss to Council, the airpoints are generally of minimal worth, and this is some form of recognition of the impact of travelling for work on individuals' private time.
- Koru Club membership will not be paid for by Council.
- Council employees are expected to obey all parking and speeding rules and laws. Consequently, any fines incurred by Council employees will not be paid for or reimbursed by Council. Any costs billed directly to Council will be on-charged.

5.2 Travel related to training must be booked using the Training Form (D21/20918), authorised by the direct manager, and forwarded to the Executive Assistant.

- 5.3 Council expects the use of taxis to be moderate, conservative, and cost effective relative to other transport options. Wherever practicable, shuttle, train or bus services are to be used in lieu of taxis. When taxi use will be required, the employee will notify the Finance Office 48 hours before it is required. A full chargeback taxi card will be provided to the employee for the dates specified for travel.

6. Meals/Alcohol

- 6.1 Council does not expect staff to be out of pocket when on Council business. Therefore, in most cases, food while on Council business will be reimbursed or provided, subject to the following conditions:
- When travelling out of Stratford on Council business, depending on the time away from Stratford, employees may have breakfast, lunch and an evening meal provided.
 - Employees will be required to fill out a reimbursement form (D22/47351) when claiming for meals on Council business.
 - Cost of such meals should not be excessive. A maximum of \$30 for breakfast, \$30 for lunch, and \$60 for dinner should be used as guidance.
 - Morning or afternoon tea are considered a personal expense and will not be paid for or reimbursed.
 - Alcohol will not be paid for at the Council's expense. However, in special circumstances where there is an element of hosting guests, and pre-approval from the CEO or Mayor is obtained, Council may incur alcohol related expenditure, however this must not be excessive.
 - The use of mini bars for either drinks or snacks will not be paid for or reimbursed.
 - Tipping is not a recognised practice or requirement in New Zealand or Australia and will be regarded as a personal expense if made. It will not be paid for or reimbursed.

7. Accommodation

- 7.1 Overnight accommodation is often required when travel outside of the Taranaki region on Council business is required. The following limitations apply:
- Accommodation should be booked in a safe, clean facility that does not exceed the mid-range pricing for that location. This will vary from location to location and could be influenced by where the conference/meeting is being held and what else is happening in that town or city at the time.
 - If the conference/meeting is being held at a place that offers accommodation, preference should be given to that venue as accommodation to avoid the staff or elected member from incurring additional expense and inconvenience travelling between the accommodation and meeting venue.

8. Credit Cards

- 8.1 Credit cards can provide a more efficient, convenient method of making low-value purchases. There are also situations where payment in advance by credit card is a requirement by some vendors, e.g travel bookings, conferences.
- 8.2 Refer to the Credit Card Policy - D22/3603.

9. Sale Of Surplus Assets To Staff And Elected Members

9.1 Disposal of Surplus Assets to Staff and Elected Members is allowed providing disposal is undertaken in an open, fair transparent and accountable manner.

9.2 Refer to the Asset Disposal Policy - D19/3278.

10. Information Systems

10.1 Personal use of Council's information systems is allowed providing it is reasonable and Appropriate and does not impact on staff productivity. Reasonable and appropriate personal use is allowable on Council supplied mobile devices.

10.2 Refer to the IT Acceptable Use Policy - D22/15669.

11. Clothing

11.1 Staff may be issued with a uniform and/or personal protective equipment with the aim to promote unity as one team, presenting a recognisable image to the community and protecting our people whilst carrying out their duties.

11.2 Refer to the Stratford District Council Uniforms Policy - D21/43614.

12. Financing Social Club Activities

12.1 Council will make annual contributions (of up to \$500) to the Staff Social Club to host an event(s) or initiative(s). The decision on how the contribution is to be spent is to be made by the Social Club Committee.

13. Presentations To Elected Members And Staff

13.1 Expenditure on farewells and recognition of long service will be made in accordance with the Presentations to Elected Members and Staff Policy. Any other presentations or functions will be at the discretion of the Chief Executive (staff) and District Mayor (elected members).

13.2 Other gifts may be made with specific pre-approval by the Chief Executive.

14. Functions

14.1 Occasionally, the Council will organise functions for staff and elected members that are paid for by Council. This includes staff breakfasts and Christmas functions. Council will generally use Council owned facilities, and catering should not be more than \$50 per person. Availability of alcohol will be limited.

14.2 Catering for staff during work hours, such as for staff meetings or training purposes, may be used where meetings are at least 2 hours, and a Director has approved the catering beforehand. The cost should not exceed \$10 per person for morning teas, or \$15 per person for lunch for in-house catered meals.

15. Gifts

15.1 Receiving Gifts from third parties

It is important to avoid any suggestion of potential bribe or inducement arising from the acceptance of gifts to employees from companies or individuals. Public office has a level of accountability that is different from the private sector.

In all cases where gifts are accepted, the staff member must fill in the gift register (D20/2532).

Staff and elected members must disclose details of any gifts accepted with a value of over \$50, in all cases, to their Director, or to the CEO (if a Director), or the Mayor (the Mayor must disclose to the Deputy Mayor and CEO). This must be followed up by an acknowledgement in writing thanking the person, with the Director, CEO, Mayor, Deputy Mayor or a combination, copied in, and the acknowledgement filed in Content Manager within a week of receiving the gift.

In no case should a gift of cash of any amount be accepted, this includes cash equivalents such as bank transfers, credit, cheques, and vouchers.

Where the gift relates to the perceived performance of a Department or a Team of employees, it is best if it can be shared amongst everyone. There is no problem with accepting gifts such as calendars, diaries, appointment books, low value food items such as chocolates, morning teas etc as these items are common, low-value items used by businesses to acknowledge the business relationship and these items are generally expected to be utilised in the staff member's work environment, therefore no declaration is required. However, if any of these types of gifts become regular, or perceived to be of a regular nature, then the staff member must disclose this to their Director, CEO or Mayor, and elected members must disclose to the Mayor.

15.2 Giving Gifts to third parties

Council staff may give gifts – such as a thank you for a speech or presentation, or when giving gifts is customary (for koha, refer to the additional guidance below). However, giving gifts presents significant risks, including that:

- the value or nature of a gift is inappropriate or excessive to the occasion or the reason for giving it;
- the gift is given in explicit or implicit expectation of favour in return; and
- the gift is given in substitution for legitimate payment or remuneration.

15.3 Giving Koha

Koha is a gift, token, or contribution given on appropriate occasions including:

- tangihanga;
- attendance at an event/meeting;
- for use on or for a marae; and
- kaumātua support for pōwhiri, mihi whakatau meetings, blessings or other events.

The probity issue associated with koha is that it is discretionary and usually un-receipted expenditure. Preferably, staff will request an invoice from the authority receiving the koha, and a remittance slip in an envelope will be passed over instead of cash. Any koha given by cash must be approved in advance by the Chief Executive and must not exceed \$400..

There must be clear documentation of the date the koha was given, the amount, description of event or purpose, and the name of the individual person (and organisation) the koha was given to.

15.4 Donations

Donations can include any money given out by Council that does not directly result in a service or good being received and has no conditions attached.

- Grant funding must be made in line with the Community Relationships Policy and approved budgets D18/36607
- Donations for work or goods provided are to be in line or less than the market value of the goods or services provided.

16. Employee/Elected Member Expense Reimbursements

- 16.1 Claims should be made using the *Claim for Expenses* form D22/47351 and must comply with this Policy, and should:
- Clearly explain the business purpose for the expenditure - where this is not clear from supplier documentation a written statement should be included.
 - Be accompanied by original supporting documentation such as tax invoices (credit card statements are not adequate).
 - Be submitted within one month after expenditure is incurred.
 - Include a description, date and amounts where receipts are not available for minor expenditure (eg. parking meters).

17. Fleet Fuel Cards

- 17.1 Fuel cards are provided in each Council-owned vehicle for the sole purpose of re-fuelling the fleet vehicle.
- 17.2 Fuel cards shall not be used for car washes or for fuelling private vehicles or for any other private expenditure.

18. Rental Cars

- 18.1 Rental cars are only to be used if it is impracticable or uneconomic to use a Council vehicle. Council requires that the most economical type and size of rental car be used, consistent with the requirements of the trip.
- 18.2 Any fine (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.
- 18.3 Personal use of a rental car is only permitted in exceptional circumstances and requires the express approval of the relevant Director or Chief Executive. All additional costs as a result of private use are the responsibility of the elected member or staff member.

19. Professional Memberships

- 19.1 Membership to a professional body is sensitive expenditure due to its personal nature. Payment of professional fees by Council on behalf of a staff member must be:
- Approved by the Director or Chief Executive
 - Clearly relevant to the performance of the staff member's duties and responsibilities
 - For the staff member alone and is not to cover members of their family or other non-staff members
 - For no longer than one-year in duration unless significant discounts are available, and it is reasonable to expect a two-year membership to be an advantage to the Council
 - For the benefit of the Council and are not intended to be a personal benefit to staff members, and accordingly are not liable for fringe benefit tax.

20. Severance Payments

- 20.1 A severance payment is any payment that is made in addition to the employee's contractual entitlements as part of an agreement to end their employment. Severance payments are made to help resolve an unsatisfactory employment situation or might be agreed to bring the employee's employment to an end for other reasons.
- 20.2 The amount of any severance payment must be reasonable, and comparable against other cases decided by the Employment Relations Authority. Good reasons for a comparatively higher payment might include the seniority of the employee, the effect of any publicity on all the people involved, the sensitivity of the dispute, and the value of certainty and speed of resolution. These factors can justify a higher settlement because the outcome is more advantageous than a judicial outcome.
- 20.3 A Council's Annual Report must:
- state the amount of any severance payments made in the year to any person who vacated office as Chief Executive of the Council;
 - the number of employees of the Council to whom severance payments were made in the year; and
 - the amount of every such severance payment.

21 References

21.1

References	Location
Credit Card Policy	D22/3603
HR Policy	D19/9905
Asset Disposal Policy	D19/3278
IT Acceptable Use Policy	D22/15669[v3]
Wellbeing Strategy	D20/22832
Presentations to Elected Members and Staff Policy	D19/22992
Stratford District Council Uniforms Policy	D21/43614