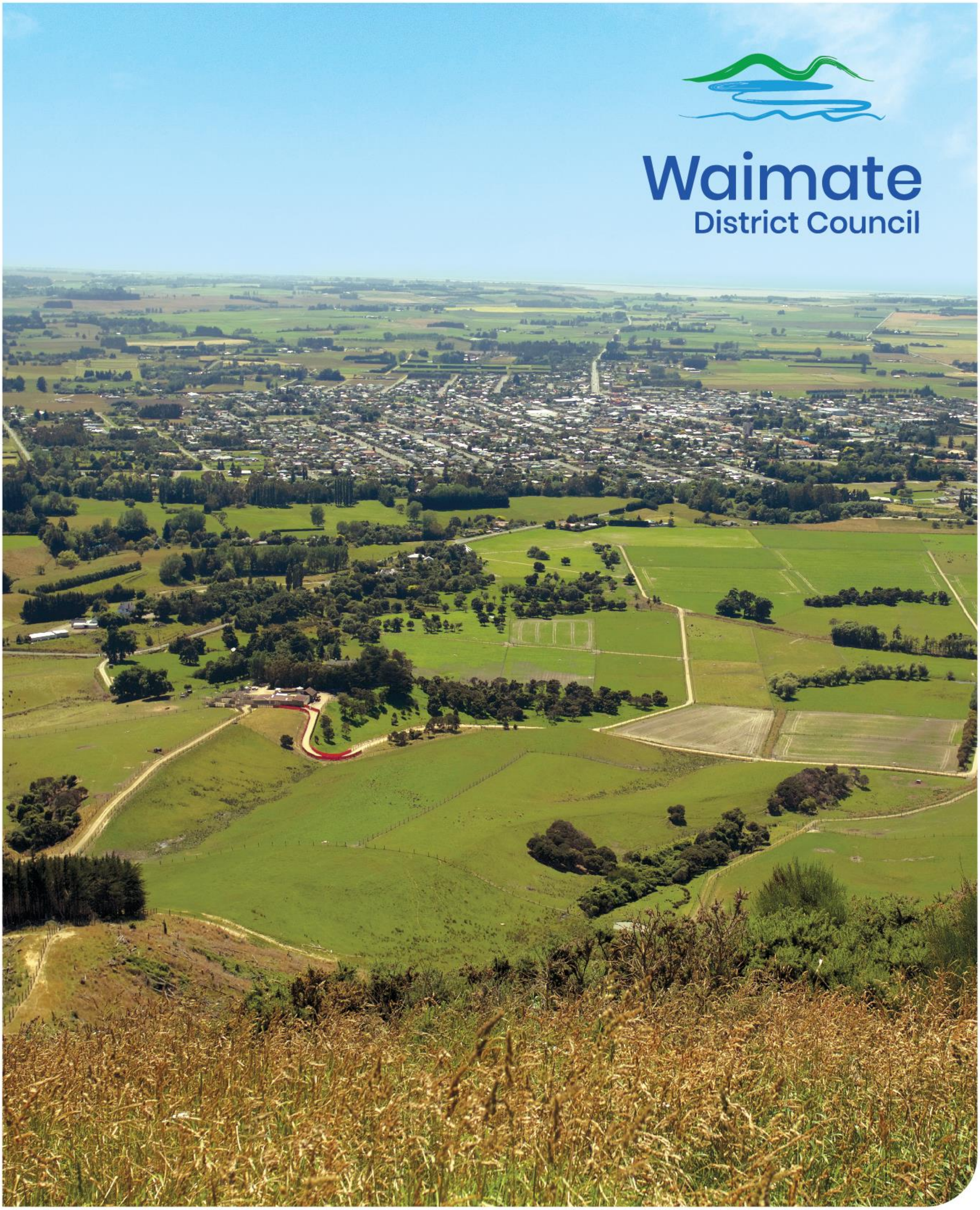

Waimate District Council

19/11/2024

411 Sensitive Expenditure Policy

TABLE OF CONTENTS

POLICY OVERVIEW

1.0 PURPOSE

1.1 To define and implement protocols for ensuring that Waimate District Council's (WDC) sensitive expenditures are transparent, conservative, justifiable, and able to withstand public scrutiny/enquiry.

2.0 APPLICABILITY

2.1 WDC staff

2.2 WDC Elected Members

- Specific to WDC Elected Members, the present policy must be read in conjunction with the WDC *310 Elected Members Expenditure & Reimbursement Policy*.

3.0 POLICY PRINCIPLES

3.1 All decisions involving sensitive expenditures, from proposal to approval, are to be commanded by the principles below:

- Maximising financial cost-effectiveness
- Justifiability of business purpose
- Maximising direct relation to the WDC business
- Preservation of impartiality
- Integrity
- Moderation and fiscal conservatism
- Transparency
- Strict avoidance of any present, perceived, or potential private gain/benefit
- Obtaining approval via appropriate authority, as outlined in the present policy

3.2 In the absence of a specific rule for a given situation, the Mayor, Elected Members, and staff are expected to exercise good judgement by taking the principles outlined in this policy into account in the context of any given situation. Leadership should make it clear to staff what is and is not acceptable sensitive expenditure' and model those behaviours to the highest standard.

4.0 DEFINITIONS

4.1 For the purpose of the present policy, key terms are defined as below:

- <u>Sensitive expenditure</u>: Any spending by an organisation that could be seen to be giving private benefit to staff/elected members, or to staff/elected member relatives and/or acquaintances, additional to the business benefit to the organisation.
- <u>One-up principle</u>: The requirement to inform and gain verifiable endorsement of a direct manager for staff or a nominated appropriate independent authoriser for Elected Members.

5.0 ASSOCIATED POLICIES & PROCEDURES

Council Elected Members and staff shall make decisions on sensitive expenditure in compliance with the principles and procedures outlined in this policy and the following Council policy documents.

- 308 Delegations Policy
- 310 Elected Members Expenditure & Reimbursement Policy
- 311 Fraud Policy
- 316 Procurement Policy
- 326 Protected Disclosures for Employees, Contractors, and Volunteers
- 607 Computer Systems Use Policy
- 608 Corporate Gifts and Hospitality Policy
- 609 Vehicle Use Policy

PROCEDURES

6.0 APPROVAL OF SENSITIVE EXPENDITURE

6.1 Any approval of any instance of sensitive expenditure must be:

- Acquired prior to the expenditure occurring, unless verifiably impractical to do so; and
- Include a purchase order number; and
- Acquired by applying the one-up principle; and
- Remains within budget and purview of delegated authority; and
- Approved only where all principles outlined in Section 3 of the present policy are observed and subsequently met.

6.2

One-Up Principal Hierarchy	
Position Seeking Approval	**Approval granted by**
General Staff	Manager
Manager	Group Manager/Leadership Team
Group Manager/Leadership Team	Chief Executive
Chief Executive	Mayor and Corporate Services Group Manager*
Council Members	Mayor and Corporate Services Group Manager*
Mayor	Two Council Members and Corporate Services Group Manager*; or One Council Member, the Chair of the Audit & Risk Committee, and the Corporate Services Group Manager*

*The Corporate Services Group Manager is included to ensure that the expenditure is within approved budgets.

6.3 In the event that a party seeking one-up approval does not have access to their direct manager due to their managers sick leave, annual leave, or travel, one-up approval may be authorised by either:

- The intended approving party’s direct manager; or
- For general staff and managers, approval may be sought by an authorised group manager acting in place of the absent group manager.

7.0 REIMBURSEMENT OF SENSITIVE EXPENDITURE

7.1 All reimbursement claims must be submitted promptly after an expenditure is incurred. The maximum delay permissible is 1 month from the date of the expenditure occurring.

7.2 Claims for expenditure that exceed a pre-authorised budget must include an explanation for overages.

7.3 Claims will be processed and, if qualified for full or partial reimbursement, reimbursed promptly, within 5 working days from the date of a claim being submitted.

7.4 All supplier provided documentation, including GST compliant receipts and invoices, must be submitted for all sensitive expenditure reimbursement claims.

- Credit card or bank statements do not constitute adequate documentation for reimbursement.

7.5 All claims must clearly and explicitly state the business purpose of an expenditure. If the provided supplier documentation does not clearly state a business purpose or documentation was unable to be supplied, a written statement should be included as part of the claim.

7.6 The use of personal loyalty/reward systems for expenditure requiring reimbursement is strictly prohibited. Supplier documentation provided in a reimbursement claim is reviewed to ensure compliance.

7.7 Claims and documentation must be written in English or Te Reo Māori.

7.8 In relation to minor expenditures totalling less than $20, if a receipt is unavailable, all claims must document and include:

- Date
- Amount
- Description, and
- Purpose of the expenditure.

7.9 All claims must be separate for each individual who has incurred the expenditure when possible. When an individual's claim relates to more than one person by nature or necessity of the expenditure, it must list the other individuals to whom the expenditure relates. Detail of the claim must note circumstances and all involved parties.

7.10 Finalised sensitive expenditure claims are to be submitted to accounts payable.

8.0 ENTERTAINMENT AND HOSPITALITY

8.1 There are four business purposes for Council providing entertainment and hospitality:

- Building relationships.
- Representing the organisation.
- Reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
- Recognising significant business achievement.

8.2 The principles of a justified business purpose, and moderate and conservative expenditure, must be applied.

8.3 Where meetings are hosted internally by Council employees, external catering should only be provided where:

- external parties will be in attendance; and

- the meeting extends over the lunch time period;
- elected members are present, such as for a workshop, working group, committee meeting, or Council meeting.

8.4 Supporting Council's internal organisational development or long service recognition, in occasional circumstances, also be a legitimate business purpose for moderate expenditure.

9.0 TRAINING, CONFERENCES, OR SEMINARS

9.1 Conferences or training or seminars by staff may only be attended with prior consent from the relevant one up approval party via the following procedure:
- Completion of the WDC Training Form by the attending staff, and
- Acquiring relevant one up approval as per section 6.2

9.2 In relation to the Chief Executive, conferences or training seminars may only be attended with the prior approval from the relevant one up approval party via the following procedure:
- Completion of the "WDC Chief Executive Professional Development and Travel Expenditure" form.
- Acquiring relevant one up approval as per section 6.2

9.3 In relation to WDC Elected Members and the Mayor, conferences or training or seminars may only be attended with the prior approval from the relevant one up approval party via the following procedure:
- Completion of the "WDC Elected Member Application for Expenditure Form" by the attending Elected Member, and
- Acquiring relevant one up approval as per section 6.2

9.4 All reimbursement requests must be submitted to the relevant one-up approval party via the WDC Expense Claim Form.

10.0 SPONSORSHIPS

10.1 Council does not provide sponsorships for employees participating in activities outside their professional duties.

11.0 DONATIONS

11.1 Donations may only be made by resolution of Council.

11.2 Donations made by Council must be:
- lawful in all respects,
- disclosed in aggregate in Council's Annual Report,
- made to a recognised organisation by normal commercial means and not in cash.

11.3 Council must not donate to political organisations.

12.0 USE OF CREDIT CARDS

12.1 WDC will have only 1 credit card issued in the name of the WDC Chief Executive, kept secure on WDC premises.

12.2 The credit card may not be used for any private expenditure, or for cash advances.

12.3 The credit card's limit is $10,000.

12.4 Approval for the use of the credit card, by either staff or Elected Members, may only be granted by:

- Corporate Services Group Manager, or
    - WDC Accountant
    - The Corporate Services Group Manager requires approval from the Chief Executive

Approval process for purchases via the credit card is as below:

- Identify the purchase cost with written verification
- Initiate a purchase order and secure one-up authorisation
- Present all documents to either the Corporate Services Group Manager, or the WDC Accountant, for obtaining approval to use the credit card

12.5 All credit card purchases must be accompanied with a tax invoice with WDC order number quoted, the invoice to be forwarded to the WDC account payable.

12.6 Credit card use is reviewed by the Corporate Services Group Manager.

12.7 Credit card expenditure must be authorised in a manner similar to other invoices, and in accordance with the WDC Procurement Policy 316.

12.8 The credit card will be paid on a monthly basis, with the Chief Executive and the Mayor authorising payments.

12.9 On the Chief Executive's termination of employment, the Corporate Services Group Manager will arrange with the bank to cancel the card. The Corporate Services Group Manager will ensure that the credit card is physically destroyed.

13.0 TRAVEL & ACCOMMODATION EXPENDITURE

13.1 Technology-enabled solutions should be prioritised before in person attendance is considered.

13.2 In relation to WDC staff, all travel and accommodation expenditures must be approved by relevant one-up approval party, as per section 6.2, prior to bookings being made.

13.3 In relation to the Chief Executive, travel and accommodation expenditure requires the prior approval from the relevant one up approval party via the following procedure:

- Completion of the "WDC Chief Executive Professional Development and Travel Expenditure" form.
- Acquiring relevant one up approval as per section 6.2

13.4 In relation to WDC Elected Members and the Mayor, travel and accommodation expenditure requires the prior approval from the relevant one up approval party via the following procedure:

- Completion of the "WDC Elected Member Application for Expenditure Form" by the attending Elected Member, and
- Acquiring relevant one up approval as per section 6.2

13.5 The use of communication technology (e.g. mobile phones, telephones, email, and internet access) while travelling internationally should be moderate. Staff and Elected Members must use Wi-Fi networks or pre-paid data packages. Mobile roaming data may only be employed in emergency situations with approval from the Chief Executive and Corporate Services Group Manager.

14.0 AIR TRAVEL

14.1 Air travel is to be booked at the earliest practical opportunity.

14.2 Air travel may be booked by either the individual, or by the relevant manager responsible.

14.3 If practical, priority must be given to flights that leave for the destination within 24 hours before the intended event.

14.4 Flight, ticket fare, and airline selection must prioritise the lowest cost relevant to the circumstances.

14.5 The Chief Executive or Mayor may consider an upgrade to another travel class, for staff or elected members respectively, in special circumstances, if there is:

- no additional costs to Council; or
- the cost is covered by the person travelling; or
- where the work schedule on arrival, or personal health, safety, or security reasons make another class preferable.

14.6 Membership of the Air New Zealand Club, also known as Koru Programme, is permissible for the WDC Mayor, subject to budget allocations, as the membership benefits may directly facilitate the WDC business and be advantageous in reducing other costs such as meals and beverages while travelling.

15.0 ACCOMMODATION, BEVERAGES, AND MEALS WHILE TRAVELING

15.1 Regarding accommodation, the procedures/considerations below must apply:

- Accommodation is to be booked at the earliest practical opportunity.
- Accommodation is to be booked by either the individual, or by the relevant administrator responsible.
- The use of offshore-based booking companies (e.g. Expedia, Kayak, booking.com) is prohibited, unless:
  - NZ-based booking platforms (e.g. websites, companies) are unavailable, or
  - Significant saving- hereby defined as any saving on original price that would either be equal to, or exceed, 15% of that price- can be made by the use of offshore-based platforms.
- The maximum amount to be spent on accommodation is $220 (GST included) per night.
  - In circumstances where the $220 cap cannot be met, a sufficient explanation must be provided for the required one-up approval prior to any booking.
- Seeking accommodation with relatives/acquaintances, as an alternative to commercial accommodation, is permissible.
- If accompanied by companion(s) (e.g. relative, acquaintance, etc.), approval from the relevant one-up approval party is required.
  - All additional expenses incurred by companion(s) during a WDC business travel must be covered by parties other than the WDC.
- If resulting in reduction of overall costs, an accommodation should be selected that is in close proximity of the intended event.

- Discretionary entertainment expenses incurred during the stay in accommodation will not be reimbursed by the WDC.
- Unless in exceptional and mitigating circumstances, any additional cost incurred by failing to checkout in time is an individual's responsibility.
- Where arrangements are extended to accommodate an individual's personal arrangements, any costs incurred that are deemed additional to the WDC business component of the trip remains the responsibility of the individual.

15.2 Regarding purchase and consumption of beverages, the procedures/considerations below must apply:

- No costs incurred by purchase and consumption of alcoholic beverages will be reimbursed.

15.3 Regarding purchase and consumption of meals, the procedures/considerations below must apply:

- As a general guide, the total cost of meals, including beverages, is expected not to exceed that of:
    - $30 for breakfast
    - $30 for lunch
    - $40 for dinner.
- If due to mitigating circumstances, the cap defined above is exceeded, an explanation of relevant circumstances must accompany the produced receipt when presented to the relevant one-up approval party, who retains sole discretion for approval or rejection of any such claims.
- If a meal is provided by the hosting event, separate meal expenses will not be reimbursed by the WDC.
- All meals should be charged to the accommodation account, unless externally purchased in which case the individual must obtain a GST receipt to enable reimbursement.

16.0 WDC VEHICLES, RENTAL VEHICLES, TAXIS

16.1 For provisions on the use of WDC pool vehicles, and private vehicles on WDC business, refer to the WDC Vehicle Use Policy 609.

16.2 In relation to use of rental vehicles, the procedures/considerations below must apply:

- Vehicles that are most economical and suitable for the requirements of the trip must be chosen.
- Rental vehicles are only available for WDC business trips where the use of WDC pool vehicles would be impractical.

16.3 Private use of rental vehicles is prohibited unless the nature of the private use is demonstrably incidental to the intended business use. Any additional costs incurred during the personal use of a rental vehicle will not be reimbursed by the WDC.

16.4 In relation to use of public transportation, shuttles, rideshare services,[1] and taxis, the procedures/considerations below must apply:

- Public Transportation should be considered as the priority option, if deemed practical.

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[1] NB: Also includes 'mobility as a service' (MaaS) providers, such as Uber, Inc.

- The cost of the method of transportation should be considered as a priority.
- Reimbursement of public transportation, shuttles, rideshares or taxi fares requires submitting GST receipt.
- WDC will only reimburse the cost of using taxis, where the use of taxis is the more economical option relative to other alternatives.
- Uber email receipts must be submitted with reimbursement requests.

17.0 PARKING

17.1 Individuals may use paid parking options where free parking is not a reasonable option.
17.2 The most economical option must be chosen when using paid parking.

18.0 TIPPING

18.1 No tipping by individuals on WDC business will be reimbursed, unless during international travels to destinations where tipping is established local practice (e.g. the US).

19.0 KOHA AND HOSPITALITY EXPENDITURES

19.1 For provisions on koha and hospitality expenditure refer to the WDC Corporate Gifts and Hospitality Policy 608.

20.0 LOYALTY REWARD SCHEME BENEFITS

20.1 Loyalty rewards accrued in the process of staff carrying out their official duties are considered to be the property of Council and cannot be accrued for personal benefit.
20.2 Where the accrual of loyalty rewards is unable to be avoided, staff/elected members should record the accrual of loyalty rewards and applied for the benefit of the entity in expense claims.

21.0 PROFESSIONAL MEMBERSHIPS

21.1 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 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.

- cancelled or, where possible, transferred to an appropriate staff member, if the staff member's employment with the Council is terminated, via resignation or otherwise;
- refunded directly to the Council if the membership is cancelled.

22.0 DISPOSAL OF SURPLUS ASSETS

22.1 Council will, from time to time, dispose of assets. Typically, this is when the assets have become obsolete, worn out, or surplus to requirements. Council's disposals must be both transparent and fair.

22.2 To ensure transparency, fairness, and receipt of best value for Council, the disposal of assets shall be conducted on the open market or by way of trade-in on a replacement asset, as a priority.

22.3 If the value of the assets is minimal (<$200), the Chief Executive may approve an alternative method of disposal.

22.4 Council will not dispose of assets to employees, or elected members, or related parties, at a discounted rate if a greater net value is likely to be realised by an alternative method of sale.

22.5 The principles of preserving impartiality and integrity are particularly relevant. Council employees disposing of assets must not benefit personally from the disposal.

22.6 Where disposal to employees or elected members is approved by the Chief Executive, the following principle shall apply:

- All assets identified for disposal to employees/elected members shall be valued and subject to a tender or other process proportionate to the value of the asset.

23.0 PRIVATE USE OF COUNCIL ASSETS

23.1 Council assets are strictly for official business use only and must not be used by staff or Elected Members for any personal or private purposes unless explicitly provided for in this or another Waimate District Council policy.

23.2 Any physical item owned, leased, or borrowed by Council is considered an asset for the purpose of this policy. This includes tools, plant, and equipment, photocopy machines, telephones, cell phones, cameras, means of accessing the Internet, and stationary.

23.3 Private use of Council IT systems is strictly forbidden as per the 607 Computer Systems Use Policy.

24.0 COUNCIL USE OF PRIVATE ASSETS

24.1 The main issue associated with Council's use of private assets is the risk of Council paying or reimbursing amounts that inappropriately benefit employees or elected members. Therefore, it is expected that Council use of private assets will be rare and one-up approval is required prior to the use occurring.

24.2 Council may decide that reimbursing employees or elected members for use of private assets is appropriate for reasons such as cost, convenience, or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it is acquired it directly. Examples include private motor vehicles, private cell phones, and private computers. Reimbursements of such costs are contingent on the activity being clearly identifiable as usage associated with Council business and such usage generating additional cost.

24.3 Employees must not approve or administer payments to themselves for Council's use of their private assets.

25.0 PRIVATE USE OF COUNCIL SUPPLIERS

25.1 Council does not permit the private use of Council suppliers by staff outside of those explicitly stated in this policy.

25.2 Staff are permitted to access supplier benefits through the BP fuel card that entitles them to a discounted price on fuel at participating BP locations.

25.3 The BP fuel card program is required to be pre-paid and cannot be used as a source of credit. BP fuel card purchases are monitored by Council.

25.4 More information can be found in the WDC Employee Handbook regarding the BP fuel card program.

25.5 Fuel Card benefits may not be extended to any individuals outside of those outlined in the promotion's terms and conditions.

26.0 MONITORING AND COMPLIANCE

26.1 Compliance with this policy will be monitored by Finance.

26.2 All staff involved in making or approving sensitive expenditure are required to comply with this policy.

26.3 Where expenditure is deemed to be unreasonable by the Corporate Services Group Manager an explanation will be sought from the authoriser.

26.4 Staff who consider there are grounds for enquiry into inappropriate expenditure may advise their Manager or the Corporate Services Group Manager. Alternatively, a disclosure may be made under the Protected Disclosures Act 2000. Refer to the 326 Protected Disclosures for Employees, Contractors, and Volunteers policy.

26.5 Failure by a staff member to fully comply with this policy may amount to misconduct or serious misconduct by the staff member which may result in the disciplinary action.

26.6 Where a staff member breaches this policy, Council may:

- seek reimbursement of costs directly from the staff member;
- refuse to use Council funds to meet the purchase commitment.

27.0 DOCUMENT CONTROL

Document owner:	Corporate Services Group Manager
Effective:	19/11/2024
Previous review date(s):	4 December 2018
Next review date:	November 2027
Policy can only be amended by:	Resolution of Council
Council resolution number:	2024/182