

Attachment 9: The Council's Sensitive Expenditure Policy (related to Question 7)

SENSITIVE EXPENDITURE POLICY



PURPOSE

The purpose of this policy is to outline the expectations regarding sensitive expenditure.

Sensitive or discretionary expenditure is any expenditure by the Council that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member that is additional to the business benefit to the Council of the expenditure. It also includes expenditure by the Council that could be considered unusual given the Council's purposes and/or functions.

Travel, accommodation, hospitality, entertainment, gifts and the use of Council mobile phones are examples of sensitive expenditure. Separate policies outline further detail on the processes relating to these types of expenditure and are listed at the end of this policy.

There is heightened public sensitivity when Council employees are perceived to benefit personally, or do directly benefit, from sensitive expenditure incurred during the conduct of business.

Expenditure needs to:

- have a justifiable **business purpose**;
- preserve **impartiality**;
- be made with **integrity**;
- be **moderate** and **conservative**, having regard to the circumstances;
- be **transparent**; and
- be **appropriate** in all respects.

SCOPE

This policy applies to all Porirua City Council employees.

RESPONSIBILITIES

Who	Responsibilities
The Executive Leadership Team (ELT) will	<ul style="list-style-type: none"> • establish policy oversight; • approve policy documents as required; • ensure that sensitive expenditure is appropriate for the Council environment.
People leaders will	<ul style="list-style-type: none"> • ensure employees who report to them can access, and have read and understand policies relevant to their role; • exercise good judgement within the context of this policy and any expenditure they incur and approve.
Employees will	<ul style="list-style-type: none"> • ensure they are aware of and follow the Sensitive Policy
The Policy Sponsor and Owner will	<ul style="list-style-type: none"> • be responsible for the Sensitive Policy; and • answer employees questions about the Sensitive Policy

POLICY

Employees, and the managers to whom they report, are expected to exercise prudent judgement regarding the expenses they incur through undertaking their duties.

In deciding what appropriate expenditure is, employees need to take account of both individual transactions and the total value of the expenditure. Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, Council could be considered extravagant or wasteful.

Approval

Approval of sensitive expenditure should be:

- given only when the person approving the expenditure is satisfied that a justified business purpose has been adequately met;
- given before the expenditure is incurred, wherever practical;
- made only when budgetary provision and delegated authority exist; and
- given by a person senior to the person who will benefit or who might be perceived to benefit from the sensitive expenditure (the “one-up” approach), wherever possible.

There will be some instances where an alternative to the “one-up” approval approach will be required because there is no more senior person. In such instances, it is essential that there should be no reciprocal arrangement for approving sensitive expenditure (that is, with a person approving expenditure having their own expenditure approved by the person whose expenditure they are approving).

Claims

Claims relating to sensitive expenditure need to:

- clearly state the business purpose of the expenditure – in instances where the business purpose is not clear from the supplier documentation supporting the claim, a written statement of the purpose should be included as part of the claim;
- be accompanied by adequate original (not photocopied) supporting documentation, such as tax invoices or other validating documentation – credit card statements do not constitute adequate documentation for reimbursement;
- document the date, amount, description, and purpose of minor expenditure when receipts are unavailable; and
- be submitted promptly after the expenditure is incurred.

If a receipt is not produced then Council cannot claim back the GST and this in itself puts Council at a disadvantage. Staff must ensure that whenever they are claiming for expenses incurred be that with a credit card, cash or an invoice then they make every effort to provide the original receipt to accompany the claim.

Purchase cards

All purchases must comply with the Council’s *Purchase Card Policy*.

The purchase card and the card details, such as card number and expiry date are to be stored securely.

The use of the card is restricted to the employee it is assigned to.

Credit card payments over the internet must be to established reputable suppliers. The cardholder must keep a copy of any online order forms as evidence and the transaction must be within the normal expenditure guidelines.

POLICY COMPLIANCE

While this policy and the policies listed below describe actions to be taken in certain circumstances, it is recognised that they cannot cover all scenarios. Where a situation arises that is not covered by policy, Council staff are to use reasonable judgement and err on the side of caution in determining how to proceed, acting in accordance with the spirit and principles of this policy.

Failure to adhere to the obligations of this policy may be in breach of the Porirua City Council Code of Conduct and could result in disciplinary action.

REFERENCES

This policy should be read in conjunction with the:

- Code of Conduct
- Contract and Delegations Policy
- Corporate Travel Policy
- Donations and Koha Policy
- Gifts, Entertainment and Hospitality Policy
- Mobile device Policy

- Procurement Policy
- Purchase Card Policy

Date adopted by ELT	9 April 2019
Next review date	9 April 2021
Policy sponsor (name and position)	Roy Baker, GM Corporate Services/CFO
Policy owner (name and position)	[REDACTED] Manager, Internal Audit
Business group	Corporate Services