

Council Policy Management Policy Sensitive Expenditure Policy

Relevant Legislation

Local Government Act 2002
NZ International Financial Reporting Standards
Goods & Services Tax
Fringe Benefits Tax
Income Tax Act

1. Policy Objective

In accordance with the financial management sections 100 and 101 of the Local Government Act 2002 (financial prudence); and, with due regard to the Controller & Auditor-General's good practice guide, "Controlling sensitive expenditure: Guidelines for public entities" (February 2007).

Council and its staff or agents are required to spend public funds subject to the standards of probity and financial prudence, such that all expenditure withstands public scrutiny.

2. General approach

The standards of probity and financial prudence apply the principles that expenditure decisions:

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

3. Policy criteria and conditions

3.1 Travel and Accommodation Expenditure

3.2 Entertainment and Hospitality Expenditure

3.3 Goods and Services Expenditure

3.4 Staff Support and Welfare Expenditure

3.5 Other Types of Expenditure

Council Policy

Management Policy

Sensitive Expenditure Policy



3.1 Travel and Accommodation Expenditure

- 3.1.1 General**
- 3.1.2 Air Travel**
- 3.1.3 Car Travel**
- 3.1.4 Taxis**
- 3.1.5 Travel Arrangements**
- 3.1.6 Airline Lounge Membership**
- 3.1.7 Accommodation and Meals**
- 3.1.8 Overseas Travel – Cash Advances**

3.1.1 General

- 3.1.1.1 Business Travel is any travel that an elected member or employee is required to undertake during their term or employment in order to carry out Council business and includes travel undertaken for education and development purposes, such as attendances at conferences or courses.
- 3.1.1.2 When elected members or employees must travel on Council business, Council aims to provide for their comfort and well being, while at the same time receiving the best value for the money spent on business travel expenses
- 3.1.1.3 Generally, Council will pay for accommodation, meals and other reasonable business travel expenses. Elected members and employees are expected to live normally while on Council business without experiencing any personal financial loss. At the same time, elected members and employees are asked to spend public money with the same care and judgment that they would use with their own funds.
- 3.1.1.4 A spouse or partner may accompany the Mayor, Chief Executive Officer, Deputy Chief Executive Officer, Elected Member, Chief Financial Officer or Group Manager to a business conference or event only when required to represent Council in an official capacity and where their attendance contributes to a clear business purpose. Council shall pay for the conference registration (where applicable) and the cost of their spouse/partner attending the official conference dinner. This is restricted to the Chief Executive Officer, Deputy Chief Executive Officer the Mayor, elected members, Chief Financial Officer and Group Managers' spouse/partner only and does not include any other extra activities, airfares or meals. Such attendance requires prior approval from the Chief Executive Officer or, in the case of the Chief Executive Officer's spouse/partner, the Mayor.
- 3.1.1.5 Employees are permitted to undertake private travel before, during or at the end of business travel that is paid for by Council provided that there is no additional cost to Council and the private travel is only incidental to the business purpose.

Council Policy

Management Policy

Sensitive Expenditure Policy



3.1.1.6 In respect of tipping, individuals must have due regard for the principles of moderate and conservative expenditure. Council shall not reimburse for costs incurred for tipping while on Council business in New Zealand. Tipping expenses incurred during international business travel may be reimbursed providing they are not extravagant and only in places where tipping is local practice.

3.1.2 Air Travel

3.1.2.1 Domestic

Economy class shall be used for all flights within New Zealand.

3.1.2.2 International

International travel requires prior written approval from the Chief Executive Officer.

Economy class shall be used for all flights except in special or certain circumstances, for example, long-haul flights (7-8 hours) where, with the prior approval of the Chief Executive Officer, business class or Pacific class may be appropriate.

Council will pay for stop-overs only when there is a clear business purpose and with prior approval of the Chief Executive Officer.

3.1.3 Car Travel

3.1.3.1 Vehicle Use

3.1.3.1.1 When driving is the most convenient and economical means of transportation, employees must, in the first instance, use a Council Vehicle to reach their destination or for use during the business trip.

3.1.3.1.2 Council expects employees to hire the most economical type and size of rental car for use on Council business, taking into account the distance and number of people. Rental cars shall be arranged by the Executive Assistants who will obtain at least two quotes and ensure best value for money.

3.1.3.1.3 Employees who wish to, or those without access to a Council vehicle, may use their personal vehicle for a business trip provided that:

- they obtain their Supervisors/ Managers approval in advance;
- use of their vehicle is the most economical and convenient form of transportation to the business site; and,
- their vehicle is legally compliant and they carry insurance for business use to cover liabilities to third parties.

Council Policy

Management Policy

Sensitive Expenditure Policy



- 3.1.3.1.4 Reimbursement of expenses associated with the use of a personal vehicle is calculated at a rate per kilometre. The maximum amount the Council will pay for a trip during which an elected member or employee uses a personal vehicle will be the amount that would have been reimbursed if they had taken an economy class flight.

The current rate per/km reimbursed for use of a personal car is shown on the [Expenses Claim Form](#).

- 3.1.3.1.5 Elected members and employees shall be responsible for any fines incurred (parking or traffic offences) whilst using a vehicle for Council business. Employees may not be required to pay fines relating to an aspect of the condition of a vehicle being used for Council business that is outside their control.

3.1.4 Taxis

- 3.1.4.1 Elected members and staff will be issued with and use the taxi voucher system when on Council business or if the travel is part of a full itinerary including flights and accommodation the Executive Assistant can use Council's travel company Orbit who will organise a taxi. The Executive Assistants issuing taxi vouchers will record the name of the recipient and purpose for which each voucher is issued.

3.1.5 Travel Arrangements

- 3.1.5.1 Elected members' travel shall be booked through the Democracy team or Mayor's Executive Assistant and employees' travel shall be booked through their respective Executive Assistant. All flights are to be booked via the AOG Air New Zealand portal unless a full itinerary is required that includes flights and accommodation. The booking for a full itinerary should be made with Council's travel company Orbit via their online booking system. Accommodation can be booked separately adhering to Council's travel guidelines. Purchase orders are required before any travel arrangements are booked. In all cases the most economical prices for airfares, car rentals, hotels and other related expenses shall be obtained, with two quotes being obtained for international travel from TANZ accredited travel agents.

3.1.6 Airline Lounge Membership

- 3.1.6.1 Council will meet the full annual cost of airline lounge club membership for the Chief Executive Officer and the Mayor, for those airlines used for travel on official Council business.
- 3.1.6.2 The cost of airline lounge club membership may be fully or partially met by Council as approved by the Chief Executive Officer on a case-by-case

Council Policy

Management Policy

Sensitive Expenditure Policy



basis for elected members and senior staff (third tier managers and above), or as agreed per individual employment package.

3.1.7 Accommodation and Meals

- 3.1.7.1 Elected members and employees will be expected to demonstrate prudence in their selection of hotel accommodation in order to minimise costs without compromising the business/education investment or their personal safety/security. This means that individuals may not necessarily stay at the course/conference venue. A comparison of accommodation should be undertaken and a final assessment be made, taking into consideration best value, commuting costs, etc.
- 3.1.7.2 Elected members arrangements shall be made through the Democracy team or the Mayor's EA and employees' arrangements shall be made through Group EAs who will check corporate rates and availability.
- 3.1.7.3 Elected members and employees may choose to make private accommodation arrangements and stay with friends or family. It is recognised that, in this situation, Council will not incur any accommodation costs and, accordingly, reasonable claims will be approved for expenditure incurred in return for hospitality received by individuals staying privately. The reimbursement shall not exceed \$65.00 per night
- 3.1.7.4 Council may reimburse the Chief Executive Officer, Deputy Chief Executive Officer, the Mayor, Elected Members, Chief Financial Officer, Group Managers and Third Tier Managers for meals and alcohol consumed with meals whilst on Council business. Council may reimburse all other employees for meals but not alcohol whilst on Council business. Such expenditure shall be moderate and conservative and must be supported by itemised tax receipts and details of the circumstances of the expenditure. At the Chief Executive Officer's discretion, reimbursement may be denied in the event expense claims are deemed unreasonable in the circumstances. Council shall not reimburse costs incurred for mini-bar or in-room entertainment (e.g. pay-per-view televised sports events). Council shall not reimburse separate meal expenses where meals are included in the education/conference package paid for by Council.

Please Note: Overseas expense claims for meals, accommodation, taxis and any other expenses incurred while overseas are GST exempt and should not be claimed on an expense claim form.

3.1.8 Overseas travel – cash advances

- 3.1.8.1 In instances where an elected member or employee does not have a corporate credit card and is required to travel overseas on Council business, it may be necessary to provide a cash advance.

Council Policy

Management Policy

Sensitive Expenditure Policy



3.1.8.2 The amount of any cash advance shall be determined in consideration of the nature and duration of the business travel being undertaken.

3.1.8.3 Original receipts and invoices are to be submitted with all remaining cash from the advance upon return. These are to be reconciled to the original amount of cash advances. Any shortfalls must be reimbursed to Council by the individual to whom the cash was advanced.

3.2 Entertainment and Hospitality Expenditure

3.2.1 Council's Entertainment and Hospitality Expenditure can be defined as for the purposes of:

- building relationships;
- representing the organisation;
- reciprocating 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 the provision of hospitality; and
- recognising significant business achievement.

3.2.2 It is Council's policy to reimburse elected members and employees for expenses incurred in business entertainment according to the following:

3.2.2.1 Management personnel will conduct entertainment of business associates. On occasions where circumstances justify business entertainment by elected members or employees other than management, prior approval must be obtained from the Chief Executive Officer or the employee's Group Manager.

3.2.2.2 Entertainment expenses will be reimbursed only for business meals or where these are related to a justified business purpose. The principles of moderate and conservative expenditure and appropriateness are particularly relevant and, accordingly, Council shall reimburse entertainment expenses incurred, including for the provision of alcohol, only where these principles and the integrity of the organisation remain uncompromised. Expenses for entertainment of a personal nature are ineligible for reimbursement.

3.2.2.3 Requests for reimbursement of entertainment expenses must be approved by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or appropriate Group Manager and submitted to Accounts Payable on an Expenses Claim Form. Claims must contain detailed itemisation of expenses and the date, place and business reason for the entertainment, in addition to the names of those present (including the relationships to the Council). Claims must include itemised tax receipts for all expenditure. Unsupported expenses claims will not be reimbursed.

Council Policy

Management Policy

Sensitive Expenditure Policy



- 3.2.2.4 Entertainment expenses must be moderate, conservative and reasonable and will not be reimbursed if they are extravagant or lavish. An unusual or large expenditure for entertainment must be approved by the Chief Executive Officer, before the event.
- 3.2.2.5 Reimbursement of expenses for entertainment of Council employees must have prior approval of the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Group Manager.
- 3.2.2.6 Entertainment expenses are subject to controls for monitoring and reporting purposes.

3.3 Goods and Services Expenditure

3.3.1 Sale of Surplus Council Assets

3.3.2 Private Use of Council Assets

3.3.3 Council Use of Private Assets

3.3.4 Private Use of Council Suppliers

3.3.1 Sale of Surplus Council Assets

- 3.3.1.1 The principles of impartiality and integrity are particularly relevant. Council assets shall be sold with prior approval of the Chief Executive Officer and for the maximum possible price.
- 3.3.1.2 Two valuations are to be obtained prior to sale. If Council assets are being sold to an elected member or staff member, three valuations are required.
- 3.3.1.3 As Asset reserve prices are to be approved by two of the following:
- Chief Executive Officer
 - Deputy Chief Executive Officer/Group Manager Infrastructure Services
 - Chief Financial Officer
 - Group Manager Policy Planning and Regulatory Services
 - Group Manager Customer and Community Services
 - Strategic Property Manager
- 3.3.1.4 Any method of sale that allows Council to meet the authorised reserve is permissible.
- 3.3.1.5 The Strategic Property Manager has authority to alter the reserve by 10%.

3.3.2 Private Use of Council Assets

- 3.3.2.1 Unauthorised private use of Council assets is theft and therefore Council assets may not be used for private purposes unless such use is approved by the Chief Executive Officer or otherwise as specifically provided for in the employee's contract of employment. This includes but is not limited to, private use of Council vehicles, stationery, photocopiers, telephones,

Council Policy

Management Policy

Sensitive Expenditure Policy



mobile telephones, email and internet services. Refer also to Communications Technology (below).

3.3.2.2 Parking permits issued in connection with official Council business may not be used for private purposes.

3.3.2.3 Route K toll cards issued in connection with official Council business may not be used for private purposes.

3.3.3 Council Use of Private Assets

3.3.3.1 Reimbursement for Council use of personal assets may, from time to time, be approved for reasons such as cost, convenience and availability and where Council would not fully use such an asset if it was acquired directly. For example, business use of private motor vehicle, private mobile telephone, home telephones and computers.

3.3.3.2 Individuals may not approve or administer payment to themselves for use of their assets; managers approving such payments must ensure the principles of justified business purpose, impartiality, integrity and appropriateness are applied.

3.3.3.3 Reimbursement of Council use of private assets is subject to scrutiny, monitoring and reporting.

3.3.4 Private Use of Council Suppliers

3.3.4.1 Managers are responsible for ensuring the selection of suppliers is in Council's best interests and is not influenced by purchasing privileges available to staff. Council's Procurement Policy and Manual details the requirement to use approved suppliers as listed on the intranet and the process for requesting a new supplier.

3.3.4.2 Access to staff-preferential purchases from Council suppliers is subject to:

- use of such privileges being moderate;
- personal purchases not being made on behalf of third parties (such as family members, friends, etc.);
- cash payment being made in full at time of purchase;
- Council not being used as a source of credit.

3.4 Staff Support and Welfare Expenditure

[3.4.1 Clothing and Grooming](#)

[3.4.2 Financing Activities of the Staff Social Club](#)

[3.4.3 Farewells and Retirements](#)

[3.4.4 Sponsorship of Staff or Others](#)

Council Policy

Management Policy

Sensitive Expenditure Policy

3.4.1 Clothing and Grooming

3.4.1.1 Other than where uniforms or health and safety clothing/equipment are supplied, staff shall not normally be entitled to expenses for clothing or grooming (e.g. dry cleaning, hairdressing, etc.) for normal business activity.

3.4.2 Financing Activities of the Staff Social Club

3.4.2.1 Council will support the Staff Social Club and will assist by way of salary deductions and other activities as approved by the Chief Executive Officer.

3.4.3 Farewells and Retirements

3.4.3.1 Expenditure on farewells (including the cost of functions and gifts) shall be moderate and relevant and with prior approval of the Chief Executive Officer. The Chief Financial Officer will be advised of all costs for FBT purposes.

3.4.4 Sponsorship of Events and Teams

3.4.4.1 Staff taking part in an activity that is not part of their job, e.g. a sporting event, may receive sponsorship from Council through provision of, or payment for, specified goods or services, e.g. T-shirts or tournament entry fees. This policy is intended to cover sponsorship of events such as Business House relays, Business House golf, indoor netball, touch rugby, etc.

3.4.4.2 Sponsorship shall be moderate and conservative and have a justified business purpose, e.g. publicising Council activities and objectives or organisational development. Payments made without a justified business purpose are deemed "donations", see below.

3.4.4.3 A maximum of \$600.00 per annum covering all sponsorship events shall be budgeted in the Staff Welfare Account, which is to be administered by the Chief Executive Officer.

3.4.4.4 All applications from staff for sponsorship shall be in writing to the Chief Executive Officer. All proposals must include specific details on how the acknowledgement of the sponsorship from the Western Bay of Plenty District Council will be shown, e.g. this could be by acknowledging on T-shirts, naming the team, etc.

3.4.4.5 Once the annual budget has been allocated, there shall be no further sponsorship for that financial year.

3.4.4.6 The Chief Executive Officer's decisions shall be final.

Council Policy

Management Policy

Sensitive Expenditure Policy



- 3.4.4.7 Team/Project Leaders for each sponsored event are required to submit a written report to the Chief Executive Officer detailing how the event went and how the team was placed.

3.5 Other Types of Expenditure

3.5.1 Corporate boxes – acquisition and use

3.5.2 Donations

3.5.3 Koha

3.5.4 Communications Technology

3.5.5 Gifts

3.5.1 Corporate Boxes – acquisition and use

- 3.5.1.1 Council shall not, as a general principle, acquire corporate boxes.

3.5.2 Donations

- 3.5.2.1 Where payment (in money or provision of goods or services) is made without expectation of receiving goods or services in return, it is a donation.

- 3.5.2.2 As a general principle Council does not make donations.

- 3.5.2.3 Donations may only be approved by the Chief Executive Officer and must be:

- disclosed;
- consistent with Council business;
- lawful;
- unpolitical;
- appropriate in size to the circumstances; and
- shall not result in any counterparty obligation.

- 3.5.2.4 Approved donations shall be made only to recognised organisations (rather than an individual) and be by normal commercial means, i.e. by cheque rather than cash.

3.5.3 Koha

- 3.5.3.1 Koha is acknowledged as a gift, token or contribution given on appropriate occasions.

- 3.5.3.2 Issuing koha shall have a justified business purpose and be in accordance with Council's Koha and Kuia-Kaumatua Payments Policy which defines appropriate occasions, size of koha and approval requirements.

Council Policy

Management Policy

Sensitive Expenditure Policy

3.5.4 Communications Technology

3.5.4.1 Council endeavours to provide its elected members and employees with appropriate equipment to undertake their work, including telephones, printers, mobile telephones, email and other internet access. Whilst acknowledging that some personal use of these technologies may be unavoidable, e.g. dealing with a family emergency during work hours, Council regards excessive use to be a diversion of public money from business purposes and, therefore, unacceptable. Such costs include lost productivity (including from incoming personal emails and telephone calls) and the direct cost of the technology. Refer to HR policies for information regarding reimbursement to Council the costs of personal use of Council assets.

3.5.5 Gifts

- 3.5.5.1 Gifts usually take the form of a tangible object, given as a token of recognition of something provided by the recipient but may also include discounted goods or services or entry to an event.
- 3.5.5.2 Council may offer gifts to employees for long or outstanding service or in international relations when giving of gifts is customary. Gifts may be offered by another organisation to Council or a staff member.
- 3.5.5.3 Gifts may not be offered by staff except for a justified business purpose, under the principles of moderate and conservative expenditure, with integrity and preserving impartiality being particularly relevant, nor without prior approval of the Chief Executive Officer.
- 3.5.5.4 Gifts may not be offered or given in substitution for legitimate payment or remuneration.
- 3.5.5.5 Staff shall take measures to avoid any risk of a gift being excessive or inappropriate, involving an expectation of favour in return or being a substitute for legitimate payment of remuneration.
- 3.5.5.6 Gifts and gratuities or personal benefits offered to Elected members and Council employees must be declared for inclusion in Council's Gift Register and are subject to public scrutiny.
- 3.5.5.7 Criteria and conditions that apply to the giving and receiving of gifts are specified for staff in HRP200-205 and in the Code of Conduct for Elected Members.

4. Policy procedures

4.1 The Chief Executive Officer's expenses are to be approved by the Mayor and Deputy Mayor.

Council Policy

Management Policy

Sensitive Expenditure Policy



- 4.2 The Mayor's expenses are to be approved by the Chief Executive Officer and the Deputy Mayor.
- 4.3 The Deputy Mayor's expenses are to be approved by the Mayor and Chief Executive.
- 4.4 Elected members expenses will be approved and authorised for payment by the Group Manager Customer and Community Services or, in their absence, the Chief Financial Officer.

Associated Policies

Fraud Prevention Policy
 Protected Disclosures (Whistle-blowing) Policy
 Koha and Kuia-Kaumatua Payments Policy
 Procurement Policy
 Credit Card Policy

Associated Procedures

Code of Conduct Elected Members
 Declaration of Interests (Elected Members)
 Declaration of Interests (Management Staff)
 HRP200-205 Giving and Receiving Gifts (Council officers and staff)
 [Expenses claim form]
 [Petty cash voucher]
 [Cash Refund Slip]
 [Refund Payment Voucher]
 [Request for Overseas Travel]
 [Declaration of Gifts received/offered] (Elected Members)
 [Declaration of Gifts given/offered] (Elected Members)
 [Declaration of Gifts received/offered] (Employees)
 [Declaration of Gifts given/offered] (Employees)

Group	Financial Services	Contact (3rd Tier Manager)	Finance Manager
Supersedes	HR806, HR807		
Creation Date	June 2009	Resolution Reference	MT09.07 / C32.5
Last Review Date	25 February 2016	Resolution Reference	SMT15.11.09/PP26
Review Cycle	Three yearly/legislative revisions, not later than	Date	February 2019
Authorised by	Management Team/Council	Date	30 November 2015 / 25 February