

# Sensitive Expenditure Policy

## 2017 (Elected members)

A policy to ensure that sensitive expenditure by elected members of the Greater Wellington Regional Council is appropriate and justifiable.

<b>Policy owner</b>	Council
<b>Position administering this Policy</b>	Manager, Democratic Services
<b>Date policy comes into effect</b>	The first working day following the date of approval by Council.
<b>Related policies, legislation and documents</b>	Code of Conduct for Elected Members  Policy on Elected Members' Allowances and Expenses  Local Government Elected Members Determinations, and expenses rules issued by the Remuneration Authority
<b>Policy review date</b>	By 31 December 2019.
<b>Policy history</b>	This policy was first established in 2007 and has been revised at the start of each subsequent Council triennium.

**Date of Council approval:**

# Contents

<b>1.</b>	<b>Introduction .....</b>	<b>3</b>
<b>2.</b>	<b>Scope.....</b>	<b>3</b>
<b>3.</b>	<b>Legislative requirements .....</b>	<b>4</b>
<b>4.</b>	<b>Guiding principles.....</b>	<b>4</b>
<b>5.</b>	<b>Payment for sensitive expenditure.....</b>	<b>4</b>
<b>6.</b>	<b>Entertainment and hospitality.....</b>	<b>5</b>
<b>7.</b>	<b>Travel and accommodation.....</b>	<b>5</b>
7.1	Approval process.....	6
7.2	Bookings.....	6
7.3	Accommodation (in Wellington).....	6
7.4	Travel .....	7
7.5	Meals while travelling .....	9
7.6	Miscellaneous expenses incurred whilst travelling.....	9
<b>8.</b>	<b>Goods and services expenditure.....</b>	<b>10</b>
8.1	Loyalty reward scheme benefits and prizes .....	10
<b>9.</b>	<b>Sponsorship of elected members.....</b>	<b>11</b>
<b>10.</b>	<b>Gifts .....</b>	<b>11</b>
10.1	Giving gifts.....	11
10.2	Receiving gifts .....	11
10.3	Invitations to a social function or event .....	12
<b>11.</b>	<b>Koha .....</b>	<b>12</b>
<b>12.</b>	<b>Communications technology .....</b>	<b>12</b>

## 1. Introduction

“Sensitive Expenditure” is expenditure by Greater Wellington Regional Council where elected members either directly benefit or are perceived to benefit personally from the expenditure they have incurred during the conduct of Council business.

While it is necessary for Greater Wellington Regional Council to spend public money in order to achieve its objectives, there is heightened public sensitivity when sensitive expenditure is involved. In particular, the public expects that:

- Any decisions Greater Wellington Regional Council commits to, and any goods and services Greater Wellington Regional Council makes payment for, should be subject to proper authorisation and controls; and
- Any such expenditure must meet standards of probity that can withstand Parliamentary and public scrutiny.

This policy has been developed with reference to the Office of the Auditor-General’s “Controlling Sensitive Expenditure: Guidelines for public entities” (February 2007).

## 2. Scope

This policy covers the following areas where sensitive expenditure may occur during the course of Greater Wellington Regional Council business:

- Entertainment and hospitality;
- Travel and accommodation;
- Goods and services;
- Elected member support and welfare;
- Gifts, donations and koha; and
- Communications technology.

It should be read together with the following documents:

- Policy on Elected Members’ Allowances and Expenses;
- Code of Conduct for Elected Members (with regard to gifts and opportunities to build relationships); and
- Local Government Elected Members Determinations (the Determinations), and expenses rules issued by the Remuneration Authority.

### **3. Legislative requirements**

This policy is designed to be consistent with the Determinations. To the extent that this policy and the Determinations may differ, the Determinations take precedence.

### **4. Guiding principles**

Greater Wellington Regional Council requires that all sensitive expenditure decisions must follow these principles:

- They must have a justifiable business purpose;
- The business purpose must be the dominant purpose for the expenditure;
- Impartiality must be preserved;
- They must be properly authorised;
- They must be made with integrity;
- The expenditure must be moderate and conservative in the circumstances;
- The decision must be transparent; and
- The expenditure must be both actually and perceived to be appropriate (taking into account both the individual transaction and the total amount of sensitive expenditure in that area).

In accordance with the Determinations and Council policies it should be noted that at no time does Council business include events where the primary focus is on social activities.

### **5. Payment for sensitive expenditure**

#### *Chair's credit card*

The Chair may be issued with a credit card (Pcard). The Chief Executive will determine the credit limit which shall be the minimum amount necessary for the Chair to undertake his/her duties for Greater Wellington Regional Council.

The Chair's credit card may be used only for a justifiable Greater Wellington Regional Council business purpose which:

- Is moderate and appropriate in the circumstances;
- Has acceptable original documentation to explain and corroborate the transaction (credit card statements are not acceptable); and

- Is within delegations of authority limits.

Private use of the credit card for expenditure or credit is prohibited. Inadvertent private use of the credit card must be immediately reimbursed to Greater Wellington Regional Council.

The Chair must keep all original documentation recording the expenditure, including all GST invoices, to explain and corroborate the transaction. Within one week of receiving the credit card statement, the Chair must process the purchase in the flexipurchase system. All credit card expenses must be supported by itemised credit card receipts and GST invoices.

Cash advances on the credit card are prohibited unless, in the rare circumstance, cash is required for an emergency. If the credit card is used for a cash advance in an emergency, the Chair must attach:

- The original receipt or other documentation recording the cash advance;
- A detailed account of what the cash was used for, including:
- The date, amount, description, purpose of expenditure; and
- Any relevant GST invoices.

Credit card purchases made by the Chair are approved in the flexipurchase system by the Chief Executive and the Chief Financial Officer. It is the responsibility of the approvers to validate that all expenses are in line with Greater Wellington Regional Council policies relating to the appropriateness of the type of expenditure and relevant dollar limits.

## **6. Entertainment and hospitality**

All sensitive expenditure decisions relating to entertainment and hospitality must, where relevant, be consistent with the guiding principles set out in section 4. The principles of a justified business purpose, and moderate and conservative expenditure, are particularly relevant to these decisions.

## **7. Travel and accommodation**

Greater Wellington Regional Council recognises that, from time to time, certain members of the Council may need to incur travel and accommodation costs while conducting its business elsewhere in New Zealand or overseas. Such expenditure must be economical and efficient, having regard to the purpose, distance, time, and urgency for the travel as well as any personal health, security and safety considerations arising from the circumstances of the particular case.

Decisions regarding travel and accommodation expenditure shall be made in accordance with the guiding principles set out in section 4 above, the Policy on Elected Members' Allowances and Expenses, and the policy that follows.

## 7.1 Approval process

### *Overseas travel*

Participation by an elected member in an overseas event, involving international travel at Council expense, must be authorised by resolution in a public session of a Council meeting. The report seeking approval must outline:

- The purpose of the event;
- When and where is it being held;
- Who is proposed to attend;
- The estimated costs involved (appropriately itemised); and
- The benefits to Greater Wellington Regional Council.

### *New Zealand travel*

All domestic travel and accommodation must have written approval by the Chair. The Chair's domestic travel shall be approved by the Chief Executive and Chief Financial Officer.

## 7.2 Bookings

All business related travel and accommodation should be booked as far in advance as possible through Greater Wellington Regional Council's travel agent. Travel arrangements are to be made through Democratic Services.

## 7.3 Accommodation (in Wellington)

Approval by the Chief Executive may be given only for overnight accommodation when the following criteria have been met:

- The elected member is attending a function or conducting business that has a justifiable and dominant Council business purpose; and
- The event or business finishes at an unsociable hour; and
- The elected member is required to represent the Council early (before 9.00am) the next morning in a geographic location near to where the accommodation is located; **or**
- It is unsafe to drive home in the circumstances.

All accommodation must be of a standard that is moderate and conservative, having regard to:

- The geographic location of the accommodation relative to where the elected member will be working;

- The standard of accommodation reasonably available; and
- Any safety and security issues.

Greater Wellington Regional Council will not pay any costs that may be incurred if any of the above criteria have not been met, nor will it pay any costs that may be incurred if the elected member chooses to stay with friends rather than use commercial accommodation.

## **7.4 Travel**

### **7.4.1 Class of travel**

Economy class travel must be booked for all business travel with the following exceptions:

- The elected member agrees to top up the cost for the higher class of travel; or the cost of business class air travel for elected members travelling on flights of more than six hours duration was approved in the report submitted for Council consideration.

### **7.4.2 Airpoints/Airline club membership**

Airline club membership, at the cost of the Council, may be arranged only for the Chair.

The Chair is entitled to accept airpoints for business travel. However, all airpoints accrued as a result of the Chair's business travel shall be used only for further Greater Wellington Regional Council business travel conducted by the Chair.

Any unapplied rewards must be left to lapse when the Chair leaves the Council.

The Chair must disclose any gifts derived through the membership in accordance with the Code of Conduct for Elected Members.

### **7.4.3 Rental cars**

Rental cars shall be of the most economical type and size available given the distance to be travelled and the number of people travelling.

Any rental car shall only be used for the justifiable business purpose intended. Private use is not permitted unless the elected member driver is away from home and undertaking Councillor responsibilities for Greater Wellington Regional Council before and after the weekend. If these circumstances exist, reasonable weekend use of the rental car by the elected member may be permitted on the basis that the elected member will reimburse Greater Wellington Regional Council for any additional costs incurred.

Greater Wellington Regional Council shall not be liable for any parking fines or traffic offences incurred by the elected member whilst responsible for the rental car.

#### 7.4.4 Private car use

Greater Wellington Regional Council shall not be liable for any parking fines or traffic offences incurred by the elected member whilst using a private car for Greater Wellington Regional Council business purposes.

Any travel costs that Greater Wellington Regional Council will reimburse for the use of a private vehicle for Greater Wellington Regional Council business purposes shall be in accordance with the mileage rates determined by the Remuneration Authority (referred to in the *Policy on Elected Members' Allowances and Expenses*) and dependent upon the elected member providing a signed claim form detailing the distance travelled, and the justifiable business purpose requiring the use of the private vehicle.

“Council business” does not include events where the primary focus is on social activity. For full interpretation of “Council business”, please refer to the *Policy on Elected Members' Allowances and Expenses*.

#### 7.4.5 Chair's vehicle

The Chair may be provided with a car for their business and private use as part of their remuneration approved by the Remuneration Authority. Greater Wellington Regional Council shall not be liable for any parking fines or traffic offences incurred by the Chair whilst using the car.

#### 7.4.6 Taxis

Taxi chits may be provided to elected members for Greater Wellington Regional Council business purposes. All taxi use by elected members must be moderate and cost-effective, relative to the other forms of transport available.

Elected members may not use Greater Wellington Regional Council taxi chits for personal use.

The Council Chair may be provided with a taxi card, to be used for undertaking official Council business when use of the Chair's vehicle or Council provided transport is unavailable or impractical. Private use of the taxi card is prohibited. Inadvertent private use of the taxi card must be immediately reimbursed to Greater Wellington Regional Council.

#### 7.4.7 Private travel linked with official travel

“*Private Travel*” includes travelling with a partner or spouse, and/or:

- Extending a stopover; or

- Extending a stay out of town,

for an additional period of time before, during or at the end of the official travel, including a weekend.

Elected members may combine private travel and accommodation with official travel and accommodation on the following basis:

- The primary reason for the travel is a justifiable business purpose;
- Any additional cost for the private travel and accommodation is not incurred by Greater Wellington Regional Council;
- Arrangements for the private travel and accommodation are made by the elected member in their private capacity, i.e. Greater Wellington Regional Council resources may not be used; and
- The Chair, or Chief Executive if the Chair is the traveller, is advised of each elected member's intention to add private travel and accommodation to their official business.

## **7.5 Meals while travelling**

Greater Wellington Regional Council will pay for an elected member's meals and refreshments (including alcohol) whilst travelling on the following basis:

- The travel is for a justifiable business purpose;
- The value of the meals and alcohol is reasonable<sup>1</sup>;
- None of the refreshments or alcohol are sourced from a hotel's mini-bar;
- The meal is not in addition to, or as an alternative to, a meal that was provided as part of another package paid for by Greater Wellington Regional Council; and
- Original documentation and tax invoices are provided for reimbursement.

## **7.6 Miscellaneous expenses incurred whilst travelling**

### **7.6.1 Tipping**

Greater Wellington Regional Council will not refund tipping that may have occurred in New Zealand, but will reimburse tipping during international travel on the following basis:

- The tip is in accordance with local practice;

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<sup>1</sup> As a guide, while travelling in New Zealand, the recommended maximum amounts for food and beverage per person are \$30 for lunch and \$80 for dinner (both amounts GST incl.).

- The tip is not extravagant (i.e., does not exceed 10-15% of the total bill);
- Where possible, a receipt or tax invoice recording the tip is provided; and
- The tip occurred during the course of the justifiable business purpose for the travel.

#### 7.6.2 Optional hotel services

Greater Wellington Regional Council may reimburse an elected member's use of the following optional hotel services:

- Laundry (if accommodation is for three nights or more);
- Communications technology; and
- Valet parking

if the elected member can demonstrate that the expenses incurred were reasonable and related to a justifiable business purpose and the elected member provides all relevant original documentation detailing the expenditure.

In no circumstances will Greater Wellington Regional Council reimburse an elected member for use of the optional hotel services such as:

- Mini-bar;
- In-Room pay movies; or
- Spa treatments.

## 8. Goods and services expenditure

### 8.1 Loyalty reward scheme benefits and prizes

Elected members are not permitted to purchase goods or services for personal use through a Greater Wellington Regional Council purchase order. All purchase orders shall be made in the name of Greater Wellington Regional Council and not an individual elected member.

Any loyalty rewards or prizes accrued by elected members as a result of carrying out their official duties shall, to the greatest extent practicable, be the property of Greater Wellington Regional Council and/or only be applied for the benefit of Greater Wellington Regional Council.

There may be situations where receiving a prize or loyalty reward could be perceived as inappropriate. Even if Greater Wellington Regional Council rather than the elected member would benefit from it, the prize or reward should be declined in accordance with the policy on receiving gifts below.

## **9. Sponsorship of elected members**

Greater Wellington Regional Council will not provide sponsorship for elected members relating to their private activities.

## **10. Gifts**

### **10.1 Giving gifts**

Gifts may be given to promote international relations when gift-giving is customary; or when the Chair has assessed the specific purpose or occasion warrants gift giving.

The value of the proposed gift must not be inappropriate or excessive to the occasion or reason for it being given.

The nature of the proposed gift must not be inappropriate or excessive to the occasion or reason for it being given. It must be a tangible object. In this regard, the gift may take the form of alcohol if the Chair is satisfied that the circumstances render it appropriate.

### **10.2 Receiving gifts**

Gifts may be accepted by Greater Wellington Regional Council as an organisation except when acceptance could be perceived as a means of influencing a Council decision-making process.

All gifts are the property of Greater Wellington Regional Council, as an organisation, and the Chief Executive must be advised of the gift, except where individual elected members are given infrequent, inexpensive gifts such as pens, badges, or calendars.

Gifts with an estimated value of over \$150 (GST incl.) must be recorded on Greater Wellington Regional Council's Gifts and Invitations Register and forwarded to the Chief Executive who will determine how they should be used or distributed.

Where it is necessary, in the circumstances, to decline a gift, the following steps should be taken in order to preserve the relevant working relationships of Greater Wellington Regional Council and the person or organisation involved:

- Thank the person or organisation for the gesture of the gift and acknowledge Greater Wellington Regional Council's appreciation;
- Explain that due to Greater Wellington Regional Council's policy, the gift cannot be accepted; and
- Advise that you are not the only person who has had to respectfully decline a gift as a result of this policy. Other colleagues are in the same situation.

In no circumstances should an elected member accept cash, or solicit a gift by virtue of their position.

Refer also to the *Code of Conduct for Elected Members*, “Gifts”.

### **10.3 Invitations to a social function or event**

From time to time elected members will be invited to social events so that they can build appropriate business relationships. Attendance will be authorised at their discretion, taking account of the *Code of Conduct for Elected Members*. The decision as to whether to accept the invitation requires consideration of whether attendance would:

- Benefit a business relationship of Greater Wellington Regional Council;
- Be consistent with the guiding principles of this policy set out in section 4; or
- Could be perceived as a means of influencing a Council decision-making process.

Members must be aware of the line between appropriate relationship building and compromise, and should consult with the Chief Executive in cases of doubt as to whether to accept an invitation to an event.

The invitation, and its acceptance or otherwise, should be recorded in the Greater Wellington Regional Council Gifts and Invitations Register.

## **11. Koha**

Any decisions concerning koha must be consistent with Greater Wellington Regional Council’s *Koha Policy*.

## **12. Communications technology**

The use of Greater Wellington Regional Council communications technology is covered by the *Policy on Elected Members’ Allowances and Expenses*, and the *Guidelines regarding Councillor Use of Greater Wellington Regional Council iPads*.