



**SOUTH WAIRARAPA
DISTRICT COUNCIL**

Kia Reretahi Tātau

Sensitive Expenditure Policy and Procedures

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Sensitive Expenditure Policy

1. Purpose

This policy provides a principles-based approach for managing South Wairarapa District Council's (SWDC) sensitive expenditure to ensure it is appropriate, justifiable and can withstand public scrutiny. It should be read in conjunction with the attached Sensitive Expenditure Guidelines which provide boundaries for common types of sensitive expenditure and outline the process for expenditure approval and reimbursement.

This policy seeks to protect public trust and confidence in South Wairarapa District Council by outlining the approach taken to expenditure where there is a perceived, or actual private benefit to staff and elected members. This principle ensures that expenditure can withstand independent audit, and public scrutiny, even if technically compliant with legislation, policy, and guidance.

SWDC acknowledges the Controller and Auditor-General (2020) Controlling Sensitive Expenditure: Guidelines for Public Entities publication in the development of this policy.

2. Scope

This policy applies to Council sensitive expenditure by SWDC staff and elected and appointed members. This policy applies equally to:

- Council-funded, reimbursed, and Council-facilitated expenditure (including credit cards, cash advances, and third-party payments);
- Contractors and secondees when acting on behalf of Council; and
- All spending regardless of funding source (including grants, sponsorships, or externally funded projects).

3. Principles

SWDC is committed to ensuring expenditure meets standards of probity and financial prudence. All expenditure decisions should:

- have a justifiable business purpose that is consistent with SWDC's objectives. A justifiable business purpose means a reason that would make clear sense, supported by evidence of the need for the spending and evidence that a range of options have been considered.
- be impartial, which means decisions are based on objective criteria, rather than based on any sort of bias, preference or improper reason.
- be made with integrity. Integrity is about exercising power in a way that is true to the values, purposes and duties for which that power is entrusted to, or held by someone. It is about consistently behaving in keeping with agreed or accepted moral and ethical principles.
- be moderate and conservative when viewed from the standpoint of the public and given the circumstances of the spending. It includes considering whether the justifiable business purpose could be achieved at a lower cost.
- be made transparently. Transparency in this context means being open about the spending, and willing to explain any spending decisions or have them reviewed.
- be made with proper authority. This means the person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedure.
- be cost effective. This means that alternatives should be explored where the cost is high or the expenditure is non-routine.
- actively avoid situations where expenditure could be interpreted as primarily benefiting an individual.

These principles should be applied together. None should be applied alone, and no principle should be treated as more important than any other.

Where expenditure is of a higher risk, or non-standard type decision-makers must document how these principles were applied.

All expenditure must be in accordance with the following Council documents:

- Procurement Policy, to ensure purchasing decisions are consistent, fair, transparent and lawful and deliver value for money.
- Financial Delegations Policy, to ensure employees act within delegated authority.

SWDC staff are guided by the SWDC adopted values and behaviours in the application of this policy and guidelines.

4. Types of Sensitive Expenditure

Sensitive expenditure is any spending that could be seen to be giving private benefits additional to the business benefit to the organisation.

The Sensitive Expenditure Guidelines provides boundaries for managing common types of sensitive expenditure. If there are no specific rules for a situation, those incurring and approving sensitive expenditure should use careful judgement by considering the above principles and the context of the situation.

Exceptions to this policy and guidelines may be granted under exceptional circumstances at the discretion of the Chief Executive.

Higher-risk sensitive expenditure requires enhanced scrutiny, including pre-approval where practicable, clear documentation of business purpose, demonstration of proportionality and value for money, and consideration of how the expenditure would be perceived if subject to public or audit scrutiny.

The following types of sensitive expenditure are inherently higher-risk due to their potential for real or perceived private benefit and therefore require greater scrutiny, clear justification, and robust documentation:

- **Travel and accommodation, particularly:**
 - International travel
 - Use of premium economy or flexible fares
 - Travel combined with private leave or non-work activities
 - Travel where remote participation was a feasible alternative
- **Entertainment and hospitality, including:**
 - Hospitality involving alcohol
 - External stakeholder entertainment
 - After-hours or off-site meetings
 - Hospitality exceeding normal or routine limits
- **Staff recognition and celebration, including:**
 - Farewells, retirements, long-service recognition
 - Team celebrations or functions
 - Gifts or events recognising individual achievement
- **Gifts, whether:**
 - Given by Council to external parties
 - Received by staff, elected members, or contractors
 - Associated with suppliers, stakeholders, or regulated parties
- **Koha, particularly where:**
 - Cash is involved
 - Receipt is not available
 - Amounts are material or outside normal practice
- **Donations and sponsorships, including:**
 - Monetary or in-kind donations
 - Support provided outside formal grant programmes

- **Use of Council credit cards, including:**
 - Cash advances
 - Online purchasing
- **Expenditure outside standard procurement channels**
- **Staff wellbeing and support expenditure that:**
 - Is discretionary rather than contractual
 - May be perceived as substituting for remuneration or personal benefit
- **Sale or disposal of Council assets to staff, including:**
 - Low-value assets
 - Non-auction disposals
 - Situations where staff have preferential access
- **Expenditure involving conflicts of interest or close personal relationships, whether actual or perceived.**

5. Monitoring

Any expenditure that is deemed to be inappropriate must be reported to the Chief Executive as soon as identified.

Managers are encouraged to discuss the contents of this policy with their teams and all new starters to ensure that the requirements for sensitive expenditure are fully understood. The recovery of inappropriate expenses will be pursued.

- GM Corporate Services shall be provided with a list of Sensitive Expenditure, on a quarterly basis, for review.
- The Risk & Assurance Committee shall be advised of any exceptions to this policy discovered by GM Corporate Services.
- A trend report on Sensitive Expenditure shall be provided twice yearly to the Risk & Assurance Committee.

Sensitive Expenditure Guidelines

These guidelines outline processes for sensitive expenditure approval and reimbursement and provide boundaries for common sensitive expenditure decisions. If there are no specific rules for a situation, those incurring and approving sensitive expenditure should use careful judgement by applying the policy principles.

6. Approval and Reimbursement Processes

6.1. Expenditure Approval

In deciding whether sensitive expenditure is appropriate, individual transactions and the cumulative amount for each employee/team should be considered to ensure the combined amount is justified.

All non-routine, high-value, or perception-sensitive expenditure must be approved in writing in advance.

Approvers are required to consider the public perception of the spending.

Sensitive expenditure should only be approved when:

- The approver is satisfied that expenditure is appropriate and consistent with the principles.
- Whenever practical, approval is given before expenditure is incurred.
- Expenditure is within budget and delegated authority.
- Expenditure is compliant with SWDC policies and procedures.
- Approval is given by an appropriate manager (minimum 'one up' rule applies) who does not benefit from the expenditure.

Sensitive expenditure incurred by:

- the Chief Executive is to be approved by the Mayor
- the Mayor is to be approved by the Independent Chair of the Risk & Assurance Committee
- elected members are to be approved by the Chief Executive or Mayor

6.2. Expenditure Reimbursement

People claiming for reimbursement of expenditure incurred on behalf of SWDC are responsible for providing proper supporting records (invoices and receipts) with their claim. These supporting records need to:

- clearly state the business purpose of the expenditure.
- be the original document (such as a tax invoice) or electronic copies provided they preserve the integrity and completeness of the document. Credit card statements do not constitute adequate documentation to support reimbursement.
- state the date, amount, description, and purpose for small expenditure when receipts are unavailable e.g., tips (for international travel only).
- be submitted within eight weeks of expenditure.

7. Common types of sensitive expenditure

7.1. Expenses when travelling

Staff might need to incur travel, accommodation and meal costs while travelling for work. Travel and accommodation should be economical and efficient, having regard to purpose, distance, time, urgency, health, security, and safety considerations.

In cases where a technology-enabled solution is available, consideration should be given to whether physical travel outside the Greater Wellington region would provide additional organisational benefits over attending remotely.

7.2. Transport

SWDC vehicles are provided for work travel, however at times the use of private vehicles, air travel, public transport (e.g., buses, trains), or small passenger services (e.g. taxis, rental vehicles) may be required.

SWDC vehicles

Use of SWDC vehicles is to be in accordance with the SWDC Driving Policy.

Air travel

Council will meet travel costs (or the equivalent airfare or mileage, whichever is the lower) required by staff, subject to that travel being necessary for the fulfilment of their role as approved by their Strategic Leadership Team member (or Chief Executive for International Travel).

The following guidelines apply:

- Travel is to be economy class. Travel should be booked as early as possible to obtain the benefit of cheaper airfares.
- For international travel, fares will be economy class unless the flight exceeds 4 hours in duration and there is a requirement for staff to work immediately after arrival, or the staff member has personal health issues. In these circumstances, an upgrade to Premium Economy can be considered if available. CE approval is required prior to booking.
- Basic travel insurance for International Travel should be arranged by the staff member travelling. A receipt will need to be produced for reimbursement.
- Flights may be booked for travel the previous day to ensure that staff arrive on time for the course/conference/meeting. Consideration must also be given regarding where the staff member is travelling to and from before and after the flight to ensure that Health & Safety concerns are considered.
- Staying away over weekends, stopovers, taking spouse or annual leave in conjunction with council travel is subject to the approval of the Strategic Leadership Team member. In all cases, this should involve no additional cost for Council.
- Seat allocation on airfares incurs additional charges. If staff would like seat allocation, they must do this at their own cost and it is not claimable for reimbursement.
- During winter months travel officers shall book Fully Flexi flight fares in the event of disruptions due to bad weather. Where staff experience out-of-town delays due to disruptions staff may book required accommodation at a reasonable price and must keep all receipts for reimbursement.

- Fully flexi flights should always be booked for the CE and Strategic Leadership Team members as arrangements can change often in relation to their travel. This ensures that any cancellations can be refunded.
- Subscriptions to airline clubs (such as Koru Club), shall be at the staff member's own expense, except for the Chief Executive.

Private vehicles

A vehicle mileage allowance may be claimed in accordance with the SWDC Driving Policy for use of their own vehicle, including travel to and from the staff member's residence, if the travel is:

- In the staff members own vehicle; and
- On the Council's business; and
- By the most direct route that is reasonable in the circumstances; and
- The staff member could not book a pool vehicle or the use of such a vehicle was impractical; and
- Approved by the one-up manager prior to the trip being undertaken.

The Chief Executive is not required to use a pool vehicle and can claim mileage for all business-related trips in their private vehicle. These claims must be approved by The Mayor.

The vehicle mileage allowance is payable to staff at the relevant rate at the time of claim.

Information on Elected Member mileage is in the Elected Member Remuneration Policy.

Taxi/Uber/ride share travel

Taxi/Uber should be used where they are either cost or time effective or provide for personal safety, over other forms of transport. Council travel officers can arrange pre-booking of taxis and charge back to Council at some locations. Receipts should be presented to support all expense claims.

The following reimbursements for taxi fares will be approved.

- Airport to Hotel / Venue (and return)
- Hotel to conference or event related to council business (and return)

Rental vehicles

Council does not require rental vehicles on a regular basis therefore accounts with rental companies are not possible.

Where possible the booking will be secured against the Corporate Credit Card in advance of the booking taking place. Where the hire company will not accept the "card not present" security, the staff member will need to secure the booking against their own credit card and make payment at the time of hire. Receipts for hire charges and fuel will be required in all cases. The size of the car needs to be consistent with the requirements of the trip (including the distance travelled and the number of people).

Any fines (parking or traffic offences) incurred while using a rental vehicle on entity business will be paid by the driver of the vehicle and not claimable as an expense or reimbursement.

Further, there should not be unreasonable or extensive private use of the vehicle. In these cases, "away from home" means outside of the district. Within the District, it is expected that a Council pool car would be used if required.

7.3. Meals

Meals purchased by staff whilst away from home on Council business may be reimbursed for actual and reasonable costs, on production of receipts or appropriate evidence where a charge back facility is used to your hotel or motel. The total value of meals per day should not exceed \$150 inclusive of GST. Any costs exceeding that value must be justified to show that no other option was available to the staff member and approved by a senior manager with delegated authority to do so.

Meal expenses may not be claimed if a meal is provided as part of another package paid for by the entity.

Council will not reimburse alcohol costs with meals. Any alcohol that is purchased (e.g., a glass of wine with dinner) must be paid for by the employee, except in the circumstances outlined in 7.4. Entertainment and hospitality.

Council will not pay for any purchases from the mini bar or any additional services, for example movies or other services provided by the accommodation. Any such charges must be settled at check out by the staff member.

Council will not pay for any accompanying partners, family, or friends.

7.4. Accommodation

Council will meet costs of any accommodation required by staff, subject to that accommodation being necessary for the fulfilment of Council business. Local Government rates should be sought in all cases and the most cost-effective option taken, subject to the availability of accommodation at the time of booking as well as the geographic location of the accommodation relative to where the staff member is working, the standard of the accommodation and safety and security issues.

However, reimbursement for mini-bar purchases or 'in-house' movies, purchase of clothing and laundering will not be made. Full charge-back will apply for room, internet access, parking, and meals. All other charges are to be at the staff member's expense and are not claimable.

If a staff member stays with a friend or family member rather than in commercial accommodation, a claim for expenses of \$100 may be made.

7.5. Other travel matters

Fines

Any fines (e.g., parking and speeding) incurred while travelling are at the driver's expense.

Private travel combined with work travel.

Private travel may be linked to official business travel if there are no additional costs to SWDC, and private travel is only incidental to the business purpose of the travel.

Spouses, partners, or other family members accompanying travel.

Travel costs for spouses, partners, or other family members will not be covered.

Staff members should discuss with their manager if they intend for any family member to accompany them on a work-related trip to ensure there is proper consideration of any perceived personal benefit. Elected members should discuss this with the Mayor prior to travel.

Tipping

Tipping expenses may only be reimbursed if travelling in countries where it is local practice and appropriate in the circumstances. If this applies, a daily allowance is to be preapproved prior to travel, and any unused funds are to be accounted for.

Other Travel

Council will reimburse or meet the actual and reasonable costs of any 'other travel' (e.g. train fares, bus fares, car parking fees, overseas travel insurance, etc.) undertaken in the fulfillment of Council business. Receipts should be presented in support of all claims.

Interviewee Travel Arrangements

On occasion, there may be justification to cover travel costs for prospective employees to travel to council premises and attend an interview. These occasions should be the exception rather than the rule and any such request must be treated with strict confidentiality, as with any recruitment information.

8. Entertainment and hospitality expenditure

8.1. Entertainment and Hospitality

Recognising staff achievements and occasions

SWDC will recognise staff and elected or appointed members milestones such as farewells, retirements and staff achievements, or occasions such as a Christmas function. Any expenditure is to be conservative, appropriate for the years of service and must come from the group operational budget. Staff may want to personally contribute to a small gift.

External hospitality

Expenditure on entertainment and hospitality should be claimed by the senior member of the group and relate to the following purposes:

- Building relationships.
- Representing the organisation.
- Reciprocity of hospitality where the case has a clear business purpose and is within normal bounds; and
- Recognising significant business achievement.

Allowances or expense reimbursement for hospitality and/or entertainment greater than \$50 will only be considered where these are:

- Cost-effective and appropriate for the occasion.
- Approved at the relevant level of delegated authority (for the CE, this will require approval from the Mayor), with clear and appropriate limits on quantities and use of alcohol, if any;
- Substantiated by appropriate documentation that includes receipts, name and number of parties entertained, and the reasons for entertainment and hospitality.
- Supporting internal organisational development may also be a legitimate business purpose for moderate expenditure. This should be limited to
 - Small team events to recognise achievement or to commence a new workstream/activity.
 - No more than \$50; and be:
 - Substantiated by appropriate documentation that includes receipts, when the event took place, and the reasons for expenditure.

Alcoholic beverages

There will be occasions where, to build and maintain relationships that significantly benefit Council, meetings will be held out of office hours at a venue that offers alcoholic beverages. For example, an after-hours meeting held in the employees' own time to discuss an important project for Council with external stakeholders. On these occasions, and where the employee finds themselves with a very modest alcohol expense (the value of which is minor in relation to the benefit Council receives from the meeting), the Chief Executive at their discretion may choose to reimburse the employee for all or part of this expense. All such cases will be recorded for audit purposes and included in the supporting evidence for the payment.

Flowers

The purchase of flowers in recognition of significant events is limited to death of a current or former staff member, elected member or community board member or a close relative. Flowers can be sent to the family or funeral service of any staff member or elected official up to a maximum limit of \$100.

Flowers that are required in any other circumstance should not be accounted for as council expenditure and should be funded by internal staff donation. There may be exceptional events that may require a form of recognition, and these will be dealt with on a case-by-case basis by the Chief Executive.

9. Goods and services expenditure

9.1. Loyalty reward scheme benefits

Personal loyalty cards (such as Fly Buys and Airpoints cards) are not to be used when purchasing goods or services on behalf of SWDC. Any accidental accrual of loyalty benefits (e.g., unavoidable loyalty points accrued when using airline app to check in for a booking) must be declared.

9.2. Reasonable private use of SWDC assets

Reasonable private use of SWDC assets (phones, photocopiers, internet) is permitted. See the Information and Technology Policy for more detailed guidelines.

9.3. SWDC use of private assets

On occasions SWDC staff may need to use their own private assets for work purposes for reasons such as cost, convenience, or availability (e.g., their own device/printer when required to work from home). SWDC may decide to reimburse reasonable costs provided prior approval is sought.

9.4. Sale of surplus assets to staff

As part of its normal business, SWDC will occasionally dispose of its assets when they become obsolete, worn out or surplus to requirements (e.g., old office furniture).

Low value obsolete and worn-out goods may be tendered to staff provided this maximises the return to SWDC. Maximising return can include consideration of non-financial benefits like sustainability (e.g., if an alternative use is unable to be found it may be preferable that assets are offered to staff rather than be taken to the landfill).

All vehicles, high value items and confiscated items, e.g., stereos are to be sold through an auction process as set out in the Acquisition and Disposal of Assets Policy.

10. Staff support and wellbeing expenditure

10.1. Staff Support and Wellbeing

SWDC may provide staff support and wellbeing to benefit both the organisation and staff and to meet its “good employer” obligations in accordance with the SWDC Reward and Benefits Framework.

Staff wellbeing expenditure must not be in lieu of remuneration and must be applied consistently across teams where practicable.

10.2. Social Club

SWDC does not finance the activities of the social club. Monetary contributions to the social club are made by staff who opt to join on a voluntary basis.

11. Other types of expenditure

11.1. Donations

- Any donation made by SWDC is made voluntarily without expectation of goods and services in return.
- Donations must align with Council objectives and be free from political or personal influence.
- Donations may include monetary payments or contributions of goods or services and are to be approved in advance.
- Donations will be Lawful in all respects.
- Must be disclosed in aggregate.
- Made to recognised organisations (not individuals) by normal commercial means, not in cash or favour.

Donations do not include grants to community groups and organisations which are covered by the SWDC Grants Policy.

12. Koha

Koha describes the customary practice of reciprocal gifting between people and groups – which is based on relationships. Koha is an important and relevant custom practiced across Aotearoa today, in a wide range of settings, and for a variety of purposes. Koha may be described as a gift, a token, a present, an offering, a donation, or a contribution. Importantly, Koha should be viewed as relational, reciprocal practice through which relationships are built, strengthened, enhanced, and maintained. The amount to be given should be appropriate to the occasion and advice should be sought from the Pou Māori.

Koha may be given by SWDC to show respect and value for a relationship or an occasion, acknowledging the importance and significance of the relationship. As Koha is usually unreceipted, it should be approved in advance and clearly documented with the date, amount, and a description. Koha should come from the specific budget that the event/project relates to. The request must:

- Specify in claim form what the Koha is for
- The Group Manager – Corporate Services then should withdraw the money from their SWDC credit card.

13. Gifts

Giving gifts

Gifts may be given by SWDC to a maximum value of \$200 as part of significant ceremonies with visiting dignitaries e.g., Twinning Agreement.

Receiving gifts

SWDC may accept gifts provided acceptance won't be perceived as influencing SWDC's purchasing or decision making. SWDC maintains a Gift Register for the recording of gifts. The Gift Register must be brought by the Group Manager – Corporate Services for review by Strategic Leadership Team annually.

Staff may personally acquire infrequent and inexpensive gifts that are openly distributed by suppliers and clients (for example pens, badges, calendars). These gifts do not need to be recorded in the Gift Register.

Staff may either decline to accept (provided doing so is not culturally insensitive and will not cause offence) or handover all other gifts to their manager. Any gift over the value of \$50, regardless of whether accepted or not, is to be recorded in the Gift Register.

14. Use of Credit Cards

The provision of council credit cards is limited to the Group Manager – Corporate Services only. The maximum combined limit for all credit cards shall be \$10,000, which shall be limited to:

- payment of business-related expenditure only.
- can only be used for cash advances related to Koha.
- subject to approved expenditure budgets; and
- in accordance with approved financial delegations' policy.

Where a staff member is travelling overseas and does not have a personal credit card, or they are not able to use it overseas, a cash allowance may be made for expenses. The staff member must keep all receipts and provide a reconciliation of the expenditure upon returning to the office, with any unspent cash being returned.

Where the credit card is used to purchase items online, the approval process remains the same as any other purchase. A manual payment request is required to be completed outlining the purchase to be made and must be approved by a manager holding an appropriate delegated authority.

Such payment requests should then be sent to the Group Manager – Corporate Services for approval before any purchase takes place.

When making payments online it is important that these are on sites that have secure payment processes and that a receipt for the payment can be obtained.

Claims and approvals for credit card expenditure must comply with SWDC's Sensitive Expenditure Policy and Procurement Policy. The credit card statement shall be reconciled monthly.

On termination of employment, or on a change of position, credit cards must be surrendered by the cardholder to the CE. The employee and the card shall then be deactivated in the online banking portal and the card immediately destroyed by cutting it in half and notifying the issuing bank. The cancellation shall be processed within 5 working days.

The cardholder is responsible for immediately reporting to the issuing bank a credit card that has been lost, damaged, fraudulently used or stolen and confirming the loss in writing. The card will be

deactivated in the online banking portal, and a replacement credit card shall be arranged by the Group Manager – Corporate Services.

Breach of this policy and misuse of the credit card by the card holder will invoke:

- Immediate withdrawal of the credit card; and
- Investigation and disciplinary action in accordance with SWDC's Fraud, Corruption and Whistleblowing Policy.

Definitions

Actual & Reasonable	This means the actual cost incurred, supported by receipts, that must not exceed the value specified in this policy.
Approving Manager	A staff member's line manager or a manager higher in the financial delegation approval hierarchy (also known as 'one up' manager).
Conflict of Interest	A situation in which private interests or personal considerations may affect an employee's judgement and/or ability to act in the best interest of SWDC.
Employee	For the purposes of this policy, 'employee' includes: • full-time, part-time, permanent, temporary, fixed term and casual staff members • contractors • people seconded to organisations • volunteers
Entertainment Expenses	Expenditure on food, beverages, tickets for events, and related supplies for events, involving one or more Council staff members and/or one or more guests, and the purpose of the expenditure is to represent the Council or provide reciprocity of hospitality or build business relationships in pursuit of Council goals.
Official Function	Social functions, entertainment events, ceremonies, meetings, special events and conferences that can be demonstrated to provide clear benefit to the Council. Such functions must be sanctioned by the Chief Executive, or the relevant Strategic Leadership Team member.
Sensitive Expenditure	Any Council expenditure that provides, or has the potential or perceived potential to provide, a private benefit to an individual staff member that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by Council that could be considered unusual for Council's purpose and/or functions. Examples of sensitive expenditure include: • travel and accommodation (private linked with business or where a personal relation / friend accompanies staff travel) • entertainment and hospitality • staff support and welfare expenses • loyalty points programmes • staff recognition and team building • sponsorship of staff • sale of surplus assets to staff