



SOUTH WAIRARAPA  
DISTRICT COUNCIL  
*Kia Reretahi Tātau*

# Discretionary Expenditure Policy and Guidelines

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# Discretionary Expenditure Policy

## 1. Purpose

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

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 discretionary expenditure by SWDC staff and elected and appointed members.

## 3. Principles

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

- 3.1 **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.
- 3.2 **be impartial**, which means decisions are based on objective criteria, rather than based on any sort of bias, preference or improper reason.
- 3.3 **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.
- 3.4 **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.
- 3.5 **be made transparently**. Transparency in this context means being open about the spending, and willing to explain any spending decisions or have them reviewed.
- 3.6 **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.

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

## **4. Types of Discretionary Expenditure**

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

The Discretionary Expenditure Guidelines provides boundaries for managing common types of discretionary expenditure. If there are no specific rules for a situation, those incurring and approving discretionary 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.

## **5. Monitoring**

Inappropriate spend must be reported to the General Manager Finance as soon as identified. The recovery of inappropriate expenses will be pursued.

## Discretionary Expenditure Guidelines

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

### 6. Approval and Reimbursement Processes

#### 6.1. Expenditure Approval

Discretionary expenditure should only be approved when:

- 6.1.1 the approver is satisfied that expenditure is appropriate and consistent with the principles
- 6.1.2 whenever practical, approval is given before expenditure incurs
- 6.1.3 expenditure is within budget and delegated authority
- 6.1.4 expenditure is compliant with SWDC policies and procedures
- 6.1.5 approval is given by an appropriate manager (minimum 'one up' rule applies) who does not benefit from the expenditure.

In deciding whether discretionary expenditure is appropriate, individual transactions and the total amount should be considered to ensure the combined amount is justified.

Discretionary expenditure incurred by:

- 6.1.6 the Chief Executive is to be approved by the General Manager Finance
- 6.1.7 elected members is to be approved by the Chief Executive.

#### 6.2. Expenditure Reimbursement

Persons 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:

- 6.2.1 clearly state the business purpose of the expenditure.
- 6.2.2 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.
- 6.2.3 state the date, amount, description, and purpose for small expenditure when receipts are unavailable e.g. tips (for international travel only).
- 6.2.4 be submitted within two weeks of expenditure.

All claims will be reviewed against the guidelines by Accounts Payable.

## Common types of discretionary expenditure

### 7. 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.

#### 7.1. 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.

##### 7.1.1. SWDC vehicles

Use of SWDC vehicles is to be in accordance with the [SWDC Driving Policy](#).

##### 7.1.2. Air travel

The most cost effective fare is to be used except where the distance travelled, time, urgency, or personal health, safety or security reasons make another ticket preferable.

All stop overs will be covered by SWDC if they have a clear business purpose but they must be pre-approved.

##### 7.1.3. Private vehicles

Where a SWDC vehicle is not available, and travel by other means is impractical or not cost-efficient, private vehicles may be used in accordance with the [SWDC Driving Policy](#).

Information on Elected Member mileage is in the [Elected Member Remuneration Policy](#).

##### 7.1.4. Small passenger services

###### 7.1.4.1. Taxi/Uber travel

Taxi/Uber travel can be used when personal safety or hour of day make taxi/uber travel the most appropriate and convenient form of transport.

###### 7.1.4.2. Rental vehicles

Rental vehicles should be booked as soon as practical once travel has been approved. Staff should use the most economical type and size of rental vehicle given the circumstances of travel (e.g. distance, number of people, terrain and weather).

Rental vehicles can only be used for personal use when the employee is staying over a weekend for continued work on the Monday. The employee will be reimbursed for any

additional costs incurred that do not relate to Council business. Private use must be approved prior to the travel occurring.

## 7.2. Meals

Meal purchases can be covered by a cash advance or claim. When travelling overnight actual and reasonable expenses will be covered, not extravagant or excessive.

Separate meal expenses will not be reimbursed if a meal is provided as part of another package paid for by SWDC (e.g. when meals are included in conference registration).

Alcohol with meals will not be reimbursed by Council.

## 7.3. Accommodation

Accommodation is to be cost effective taking into account the location, time of year and safety and security. SWDC will not cover mini bar, laundry, international phone calls or paid TV expenses incurred.

SWDC may reimburse actual and reasonable expenses for staff who opt to stay with a friend or relative rather than in paid accommodation up to a maximum of \$100 per Diem to cover all expenses including meals.

## 7.4. Other travel matters

### 7.4.1. Fines

Any fines (e.g. parking and speeding) incurred while travelling are at the drivers expense.

### 7.4.2. Private travel combined with work travel

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

### 7.4.3. Spouses, partners or other family members accompanying travel

Travel costs of 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.

### 7.4.4. 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.

## **8. Entertainment and hospitality expenditure**

### **8.1. Entertainment and Hospitality**

#### *8.1.1. Recognising staff achievements and occasions*

SWDC may spend money on events recognising staff milestones such as farewells, retirements and staff achievements, or occasions such as a Christmas function. Any expenditure is to be moderate and conservative, and appropriate for the years of service in the case of service milestones.

#### *8.1.2. External hospitality*

SWDC may incur expenditure providing hospitality for business purposes (e.g. building relationships and representing the organisation). Any expenditure incurred will be moderate and conservative and appropriate for the circumstances.

## **9. Goods and services expenditure**

### **9.1. Loyalty reward scheme benefits**

Personal loyalty cards (such as Fly Buys and Air points cards) are not to be used when purchasing goods or services on behalf of SWDC.

### **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.



## 10. Staff support and well-being expenditure

### 10.1. Staff Support and Wellbeing

SWDC may provide for 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.

### 10.2. Social Club

SWDC does not finance activities of the social club. Monetary contributions to the social club are made from 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 may include monetary payments or contributions of goods or services and are to be approved in advance.

Donations will be:

- 11.1.1 Lawful in all respects
- 11.1.2 Disclosed in aggregate
- 11.1.3 Made to recognised organisations (not individuals) by normal commercial means, not in cash and not political.

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

### 11.2. 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, a reciprocal practice through which relationships are built, strengthened, enhanced and maintained.

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.

## 11.3. Gifts

### 11.3.1. *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.

### 11.3.2. *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.

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.