



Clutha District Council

POLICY

SENSITIVE EXPENDITURE POLICY		ACTIVITY GROUP:	CORPORATE SERVICES
Policy Type:	Council		
Approved by:	Council		
Department:	Corporate Services Chief Executives Department		
Date Approved:	16.2.2023	Next Review Date:	16.2.2025
Relevant Legislation:	<i>Local Government Act 2002</i> <i>Local Government Members (2022/23) Determination 2022</i>		
Clutha District Council Related Documents:	Sensitive Expenditure Procedure for Elected Members Sensitive Expenditure Procedure for Employees Policy on Procurement Employee Code of Conduct Councillor Code of Conduct Policy on Community Funding Policy on Staff Farewell Gifts Policy on Fleet Management Employee Use of Council Vehicles Procedure Policy on Electronic Communications		

PURPOSE

Council is required to function with competence, reliability, and integrity in the spending of public money. This requires high standards of financial prudence and probity and being able to withstand public scrutiny in order to ensure trust and confidence in the Council.

The purpose of this policy (and related procedure) is to assist those who have responsibility for controlling sensitive expenditures of the Council in order to:

- maintain financial prudence and probity regarding expenditures that is expected of a public entity; and
- facilitate consistent understanding regarding which expenditures are deemed as a legitimate part of Council business and which expenditures are deemed as personal expenses.

The policy is support by two procedures:

- sensitive expenditure procedure for elected members; and

- sensitive expenditure procedure for employees.

The policy and procedures relate to any expenditure that is considered sensitive, including (but not limited to):

- travel-related expenditure;
- entertainment and hospitality expenditure;
- employee support expenditure;
- credit card use for council expenditure; and
- other types of expenditure.

SCOPE

This policy applies to elected members and employees of the Council.

DEFINITIONS

Sensitive expenditure	Means any spending by an organisation that could be seen to be giving private benefit to an elected member or employee (or their family, or friends). Such expenditure risks harming an organisation's reputation and the public sector more generally – for example, if the expenditure could lead to concerns that it is inappropriate or lacks a legitimate business reason. Issues concerning sensitive expenditure arise regardless of how much money is spent. Even a small amount can raise concerns if it appears to be improper ¹ .
Council	Means Clutha District Council.
Employees	Means a person employed by the Clutha District Council.
Elected Members	Means Mayor, Councillors, and Community Board Members of the Clutha District Council.
Approver	A person delegated to approve sensitive expenditure.

POLICY

1. Leadership

1.1 Elected members, the Chief Executive, and management need to ensure Council operates with high levels of integrity, through leadership that demonstrates: **impartiality** by treating all people fairly, without personal favour or bias; **accountability** to take responsibility and answer for their work, actions, and decisions; **trustworthiness** to act with integrity and be open and transparent; **respect** to treat all people with dignity and compassion and act with humility; and **responsiveness** to understand and meet people's needs and aspirations.

2. Principles

2.1. The Council expects all elected members and employees involved in arranging, making, or approving sensitive expenditure to:

¹ Controller and Auditor General, 2020, Controlling sensitive expenditure: Guide for public organisations, p4

- **have a justifiable business purpose** that is consistent with Council’s objectives such that it would make clear sense, and is supported by evidence of the need for the spending, and that a range of options have been considered;
- **preserve impartiality** by being based on objective criteria, rather than based on any sort of bias, preference, or improper reason;
- **exercise power with integrity** in a way that is true to the values, purposes, and duties for which that power is entrusted or held; together with 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. This includes considering whether the justifiable business purpose could be achieved at a lower cost. It should be noted that Council’s decision-making is not always to implement the cheapest alternative; but that cost will be an important determinant in the decision-making process, together with cost effectiveness;
- **act transparently**, by being open about the spending, and willing and able to explain any spending decisions or have them reviewed;
- **act with proper authority**, such that the approver follows correct procedures and has the appropriate financial delegation for the type and amount of spending; and
- act in accordance with Council policies.

3. Application

- 3.1. Elected members and employees are expected to exercise prudent judgement regarding sensitive expenses and must not incur or authorise spending that can be considered to be sensitive expenditure.
- 3.2. Elected members and employees must follow the procedures, and any other Council procedures developed to give effect to the policy.
- 3.3. In the absence of a specific rule for a given situation, exercise good judgement by taking the principles into account in the context of the given situation.

4. Approving *Sensitive expenditure*

- 4.1. Councils’ actions need to maintain the public’s trust. Improper expenditure could have adverse impacts on reputation of Council, and trust.
- 4.2. Deciding on what is appropriate *sensitive expenditure* needs to be based on the above principles (Section 1.2). It should also consider both individual transactions and the total amount of sensitive expenditure. For example, whilst an individual transaction may be justified, repeated many times it may be considered extravagant and wasteful.
- 4.3. Sensitive expenditure can be approved when the approver is satisfied that:
 - it is for a justifiable business purpose consistent with Council’s objectives;
 - the provisions of this policy have been met; and
 - the expenditure is within budget and delegated authority exists.
- 4.1. Expenditure is to be agreed with the delegation holder as Approver before it is incurred, unless it is for small amounts allowed for in the organisation’s procedures, or in the opinion of the approver the expenditure was urgent and unforeseen.

4.2. Subject to being consistent with this policy, reasonable and justifiable sensitive expenditure that varies from the procedures may be considered by the approver.

5. Capacity building

- 5.1. Elected members and employees need to be supported to increase their awareness, understanding, and commitment to sensitive expenditure policies and procedures, thereby increasing their capacity to make sound judgements.
- 5.2. This may be supported by: pre-engagement onboarding processes; post-engagement induction training; on the job situational training, performance conversations and reviews; and periodic refresher training and/or updates.

6. Continuous improvement, monitoring, and evaluation.

- 6.1. Management and employees should work together to foster a culture of continuous improvement in the application of sensitive expenditure decision making.
- 6.2. Ongoing monitoring needs to be carried out to ensure effective sensitive expenditure outcomes.
- 6.3. A full evaluation of the application of the policies and management of sensitive expenditure performance should be undertaken every three years.

7. Version Control

Version History			
Date:	Action:	Name:	Version:
1 July 2007	Policy on Sensitive Expenditure 2007 created (included procedures)	Council	1
2 February 2023	Policy and Procedures 2023 submitted to Risk & Assurance Committee. Note: Former policy split into separate policy and procedures document.	Risk & Assurance Committee	2
16 February 2023	Policy 2023 approved by Council.	Council	3
16 February 2022	Revised Policy and Procedures on Sensitive Expenditure 2007 retired.	Council	NA