|  |  |  |
| --- | --- | --- |
| Introduction | | |
| Purpose | This document provides processes to ensure that our spending withstands scrutiny by those who fund our services. | |
| Scope | This policy applies to all employees, contractors, and our Board members or Directors. Those people are advised of the requirements of this policy and procedure during on-boarding or contract negotiations. Ongoing information will be provided as relevant. | |
| Policy | Our financial decision makers ensure that all sensitive expenditure is linked to our business/service activities. Our organisation has a principle based approach to sensitive expenditures. | |
| References | | |
| Guidance | [Guidance from the Office of the Auditor General](https://oag.parliament.nz/good-practice/sensitive-expenditure) | |
| Definition: Sensitive Expenditure | (Extract from Guidance by the Office of the Auditor General)  ‘Sensitive expenditure is any spending by an organisation that could be seen to be giving private beneﬁt to staﬀ additional to the business beneﬁt to the organisation.’ | |
| Sensitive expenditures include | * The use of credit and purchase cards. * Travelling expenses. * Entertainment and hospitality expenses. * Goods and services expenditure. * Staff support and wellbeing expenditure. * Koha and donations. | |
| Sensitive expenditure decision making principles | | |
| The principles are applied together. None are applied alone, and no principle should be treated as more important than any other. | | |
| Responsibility: board members, Director (s), chief executives, and senior management. They need to set the highest standard for what is and is not acceptable sensitive expenditure. | | |
| Principles: | | |
| **Have a justiﬁable business purpose** | | * Is consistent with our objectives. * We provide evidence of the need for the spending. * We evidence that a range of options have been considered. |
| Preserve impartiality. | | * We make decisions based on objective criteria, rather than based on any sort of bias, preference, or improper reason. |
| Integrity | | * We exercise power in a way that is true to the values, purposes, and duties for which that power is entrusted to. * We consistently behave in keeping with agreed or accepted moral and ethical principles. |
| **Moderation** | | * We consider the circumstances of the spending. * We consider whether the justifiable business purpose could be achieved at a lower cost; |
| **Transparency** | | * We are open about the spending. * We are willing to explain any spending decisions * We review spending decisions. |
| **Proper authority** | | * The person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedures. |

|  |  |
| --- | --- |
| Questions we ask when reviewing sensitive expenditure decisions. | |
| Does the expenditure benefit tāngata whai ora/tāngata whaikaha outcomes? | Is the expense it in the budget? |
| Could this expenditure be justified to tāngata whai ora/tāngata whaikaha, funder or other interested party? | How would the public react if this expenditure was reported by the media? |
| Could there be a perception that personal gain is derived from this expenditure? | Does this expenditure occur frequently? |

|  |
| --- |
| Approving sensitive expenditure |
| 1. All items of sensitive expenditure will be approved prior to being incurred considering the principles outlined above. 2. The person approving the expenditure is satisﬁed that the principles have been met. 3. The expenditure will be within budget. 4. Approval is given by a person who is senior to the person who will benefit from the sensitive expenditure. 5. Approval can also be given by the management group or the board. 6. Records of the approval process will be maintained. 7. Sensitive expenditure approvals will be monitored. |
| Sensitive expenditure – supporting records - reimbursement |
| * The purpose for the claim need to be stated. * Original documents (such as tax invoices) or electronic statements/invoices to be submitted for reimbursement. Credit card statements are not adequate documentation to support reimbursement. * Provide separate claims for each person wherever possible. * Where a claim relates to more than one person, it should be made by the most senior person and list the other individuals to whom the expenditure relates. For example, when colleagues travel together for business reasons, the most senior person should pay. * Claims to be submitted promptly – within 5 working days - after the expenditure is incurred or 5 working days after returning from travel. * Where a business case and budget was required before the expenditure was authorised, an explanation should be provided for any incurred expenditure that is more than the agreed budget. A thorough review will occur in such situations. |