

# Sensitive Expenditure Policy

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<b>Version</b>	1	<b>Policy Section</b>	Governance
<b>Approved by</b>	NZIST Council	<b>Policy review frequency</b>	Annually
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## Purpose

This policy will support understanding of and set out the responsibilities for appropriately using public funds for sensitive expenditure.

## Scope

This policy encompasses all the activities and operations of the NZIST, including any controlled entities, and applies to the NZIST Council members, employees (including permanent, fixed term and temporary), secondees, contractors and consultants.

## Principles and Expectations

### Definitions

In general terms “sensitive expenditure” refers to all expenditure by NZIST that could be seen as giving some private benefit to an individual Council member, employee, secondee, contractor or consultant in addition to the business benefits the NZIST derives from the expenditure.

Sensitive expenditure is discretionary expenditure and choices can be made about the type, level or nature of expenditure and can be perceived to have an element of personal benefit. Sensitive expenditure includes, but is not limited to:

- Travel - air, car rentals, taxis, private mileage, accommodation, meals
- Using mobile devices and communication technology
- Entertainment
- Gifts (both receiving and giving)
- Individual training or professional development

It is the circumstances in which the expenditure occurs, together with the materiality of the expenditure, which will determine whether it is potentially sensitive.

### Sensitive Expenditure at NZIST

Sensitive expenditure will be consistent with accountability and responsibility standards that the public expects of public servants using taxpayer money, as set out in the guidelines from the Office of the Auditor-General titled “Controlling sensitive expenditure: Guidelines for public entities”

[www.oag.govt.nz/2007/sensitive-expenditure/](http://www.oag.govt.nz/2007/sensitive-expenditure/).

NZIST staff will work with integrity, ethically and responsibly and meet all the Code of Conduct requirements. Having undertaken official duties, no NZIST employee should:

- Be out of pocket, or
- Have any personal gain or benefit

All sensitive expenditure is to be clearly linked to the NZIST's role and functions and have a justifiable business purpose.

All expenditure is to be actual and reasonable.

All sensitive expenditure must be clearly identifiable and accurately recorded in the NZIST's financial systems. This includes gifts received being recorded in the gift register.

### **Applying Judgment in Financial Decision Making**

All expenditure must withstand internal and external scrutiny. To ensure this, apply these standard probity tests before you incur or approve expenditure – especially sensitive expenditure. Ask yourself:

- Could the NZIST confidently justify this expenditure to the Minister, a taxpayer, a stakeholder or other interested party?
- Does the expenditure support NZIST's functions and Charter?? If so, what are the specific organisational benefits?
- Would publicity on the expenditure reflect a well-managed and prudent NZIST?
- Is the expenditure moderate, appropriate to the occasion and good value for money?

If the expenditure is significant, or likely to be contentious, ask yourself:

- Is a risk management strategy necessary for this expenditure? If so, is it in place?
- Do the benefits outweigh any risks?
- Does the activity's frequency or significance warrant developing a specific policy to manage NZIST risk?

### **Managing Probity**

Follow these steps to ensure probity of expenditure:

- Managers must document explanations for any discretionary expenditure, particularly sensitive expenditure such as travel, entertainment, internal events or expenses that may appear unusual.
- All expenditure must be within the manager's budget authority and be authorised and approved according to relevant policies, procedures and guidelines.
- You must use the standard probity tests above to evaluate if an expense is reasonable and that it complies with the NZIST's standards of appropriate spending.
- If you have any doubt at all, check with your manager or do not approve the expense.

At a minimum, sensitive expenditure approvals are to be from the immediate manager of the employee, secondee, contractor or consultant (their one-up manager).

Expenditure must be authorised before it occurs.

Sensitive expenditure must be correctly coded and appropriate supporting documentation, for example, invoices, must be filed.

Managers must document explanations for any expenditure that could appear unusual and for all gifts.

### **Budget and Financial Delegation Holders**

Budget and financial delegation holders must ensure that:

- All approved expenditure uses the one-up principle
- All approvals meet this policy's standards, principles and other requirements
- The correct expenditure coding is used
- All supporting documents are filed.

The authorising manager is accountable for their sensitive expenditure decisions.

### **Breaches of Policy**

Non-compliance with this policy may result in disciplinary action up to and including dismissal without notice. For contractors and consultants, non-compliance may result in the immediate termination of the contract for service.