

Sensitive Expenditure Policy



Introduction

The Council incurs expenditure, including sensitive expenditure, to help it achieve its objectives. The public expects that decisions to commit to, and make payments for, goods and services should be subject to proper authorisation and controls, in line with good public sector practice.

Sensitive expenditure means an expenditure that provides, or has the potential to provide, or has the perceived potential to provide a private benefit to an individual employee that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by the Council that could be considered unusual for the Council's purpose and/or functions. Travel, accommodation, purchase of gifts, entertainment expenses and hospitality are examples of sensitive expenditure.

Purpose

The purpose of this policy is to provide elected members and employees with a clear framework for managing sensitive expenditure. This policy addresses issues referred to in the Controller & Auditor-General's Good Practice Guide "Controlling sensitive expenditure: Guidelines for public entities".

Scope

This policy applies to all elected members and employees of the Gore District Council. In addition, guidelines have been developed that must be read in conjunction with this policy.

1. Principles and controls

1.1 Principles and ethics

The Council spends public money and consequently, the expenditure should be subject to the standards of probity and financial prudence that are to be expected of a local authority; and able to withstand public scrutiny.

The Council expects all employees involved in arranging, making or approving expenditure to consider the following principles:

- Has a clear and legitimate business purpose;
- preserve impartiality and independence, particularly with tenders and awarding of contracts;
- be made with honesty and with a clear conscience;
- be moderate and conservative, having regard to the circumstances;
- be made transparently (does it pass the "front page" test); and
- be appropriate in all respects.

1.2 Responsibilities of Mayor, elected members, Chief Executive Officer and General Managers

Overall responsibility rests with the Mayor, elected members, Chief Executive Officer and General Managers. This group must make it clear to staff what is and is not acceptable sensitive expenditure for the Council, and to model that behaviour to the highest standard.

1.3 Deciding when sensitive expenditure is appropriate

Consideration must be given to both individual transactions and the total amount of sensitive expenditure.

Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, the Council could be criticised for extravagance and waste.

In the absence of specific rules for a given situation, the Mayor, elected members and General Managers are expected to exercise good judgment by taking the principles in this policy into account in the context of a given situation.

The Mayor, elected members, Chief Executive Officer and General Managers are required to ensure transparency in both sensitive expenditure and remuneration systems, and to avoid any trade-off between the two. Items of expenditure that may not be justifiable under the principles for sensitive expenditure should not be included as part of an employee's remuneration for the purpose of avoiding scrutiny against the sensitive expenditure principles.

1.4 Approval of sensitive expenditure

Approval of sensitive expenditure must be:

- a) given before the expenditure is incurred, wherever practicable;
- b) given when the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met;
- c) made within delegated authority and only when budgetary provision exists;
- d) given by a person senior to the person who will benefit or who might be perceived to benefit from the sensitive expenditure, wherever possible.

In the case of people in very senior positions, the principle of approval by a more senior person (the "one-up" principle) should be applied to the maximum extent possible. In the case of the Chief Executive, approval is required from the Mayor and vice versa.

1.5 General controls

1.5.1 A request for approval for sensitive expenditure needs to:

- a) clearly state the business purpose of the expenditure – in instances where the business purpose is not clear from the supplier documentation supporting the claim, a written statement of the purpose should be included as part of the request;
- b) clearly document the extent of sensitive expenditure required, including but not limited to all incidental expenditure anticipated.

1.5.2 Claims relating to sensitive expenditure need to:

- a) be accompanied by adequate original supporting documentation, such as tax invoices or other validating documentation – credit card statements do not constitute adequate documentation for reimbursement;
- b) document the date, amount, description, and purpose of minor expenditure when receipts are unavailable; and
- c) be submitted promptly after the expenditure is incurred.

1.5.3 If approval has not been obtained for the sensitive expenditure prior to the expense being incurred then the claim should be accompanied by evidence to clearly state the business purpose of the expenditure – in instances where the business purpose is not clear from the supplier documentation supporting the claim, a written statement of the purpose should be included as part of the claim.

This policy was adopted by the Gore District Council at its meeting held on 12 December 2017 and became effective from that date.