

Southern District Health Board

Sensitive Expenditure Policy (Regional)

This document aims to outline the limits surrounding Southern District Health Board expenditure of a sensitive nature.

Policy Purpose To identify clearly the parameters within which Southern District Health Board (Southern DHB) shall incur and authorise expenditure of a sensitive nature.

Policy Applies to All employees and Board members of Southern DHB, including temporary employees and contractors, must comply with this policy.

It also applies to any person who is involved in the operation of Southern DHB, including joint appointments, volunteers and those personnel with honorary or unpaid staff status.

Definitions **Sensitive expenditure** is expenditure that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member that is additional to the business benefit contained in the entity of that expenditure.

It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.

Expenditure in this category has been divided into four categories, as follows:

- Entertainment and hospitality related expenditure
- Travel and accommodation related expenditure
- Staff support and welfare related expenditure
- Goods and services related expenditure

Conflict of interest refers to a situation in which private interests or personal considerations may affect an employee's judgement and/or ability to act in the best interest of Southern DHB.

Controls are the means by which to promote, direct, restrain, govern and check on various activities.

Credit card has the normal meaning, but should also be read as applying to vehicle fleet card, purchase cards and equivalent cards use to obtain goods and services before payment is made.

Probity is defined as uprightness, honesty, proper and ethical conduct.

Expectations

Key Principle

Southern DHB spends public money, and all such spending must meet standards of financial probity that will enable it to withstand Parliamentary and public scrutiny.

Southern DHB provides guidance to staff by way of policies and expects that all expenditure should be subject to proper authorisation and controls, and that no individual should approve their own expenditure.

Standards

Within the principles-based approach, the standards applicable to sensitive expenditure decisions include the following considerations in each decision made. That it:

- Has a justifiable business purpose.
- Preserves impartiality.
- Is made with integrity.

- Is moderate and conservative, having regard to the circumstances surrounding it.
- Is made transparently; and
- Is appropriate in all respects.

As an example, an employee may ask permission to take personal leave in conjunction with business travel. The proposal may raise issues of dominant purpose, impartiality and transparency. Southern DHB, if it were to give approval, would need to be satisfied that the primary purpose of the trip was business-related, there were no additional costs, and the arrangement would not give rise to any perceptions of inappropriateness.

Approval

Approval of sensitive expenditure should be:

- Where it meets the standards described in this policy.
- Given before the expenditure is incurred wherever practical.
- In accordance with delegated authority; and
- Made by the Line Manager of the staff member who may be perceived to benefit from the expenditure.

Claims

Claims relating to sensitive expenditure are made via the Expense Claim system and must:

- Clearly state the business purpose.
- Be accompanied by original supporting documentation.
- Document the date, amount, and description

for items of minor expenditure where receipts are unavailable (under \$50).

- Be submitted promptly after the expenditure is incurred.

Credit Card or Charge Card Expenditure

Using credit cards or charge cards is not a type of sensitive expenditure, but is a common method of payment for such expenditure. Refer to the Credit Card Policy (29625).

Any expenditure charged to these cards must be for business use only. **No personal purchases are permitted.**

Entertainment and Hospitality Expenditure

Entertainment is defined as a business expenditure usually for the purposes of:

- Building relationships
- Representation of the organisation
- Reciprocity of hospitality
- Recognition of significant business achievement

Entertainment / Hospitality

The following are the principles that staff are expected to adhere to:

- Expenditure must be based on a pre-approved budget with a pre-agreed purpose.
- Wherever possible, approval must be gained before the event from the person holding delegated authority. If the person holding delegated authority could be a perceived beneficiary, then the Line Manager principle for sign-off must apply.
- Where a Board Member is a beneficiary, approval from the Board Chair must be obtained. Expenditure of the Board Chair must be approved by the Chair of the Audit, Finance & Risk Management Committee.

Expenditure must not be extravagant and must be appropriate for the occasion. Good judgement in line with the principles of this policy is expected to be exercised.

Gifts to External Parties

Southern DHB Koha Policy (24622) applies to all gifts to external parties. See the 'Staff Support and Welfare Section' below for guidance on staff gifts.

Travel and Accommodation Expenditure

	<p>Limits and expectations are set out in the Staff Travel Policy (16163) and are aligned with this policy.</p>
Air Points and Other Loyalty Points Programmes	<p>Employees or Board members are entitled to receive any air points or other loyalty points earned while travelling. However, any travel booked must be at the best and lowest cost to Southern DHB, ignoring any loyalty programme the employee or Board member may be linked to.</p> <p>Evidence may have to be provided (where possible) that travel at the best and lowest cost to Southern DHB has been booked, which is why its approved travel supplier (or an equivalent process for making bookings) must be adopted.</p> <p>Use of air points or loyalty points gathered generally must be applied for personal use only. They may not be used for business purposes and then followed up with a subsequent expense claim for reimbursement.</p> <p>If an employee decides to use personal air/loyalty points for business purposes in order to support an application for a conference, then no reimbursement for the equivalent cost or any other type of reimbursement will be made.</p>
Private Travel Linked with Business Travel	<p>The principles of this policy state that the primary purpose of the trip must be business-related. However, personal travel may be allowed in conjunction with the business trip provided there is no additional cost to Southern DHB. Any additional costs incurred must be reimbursed by the employee.</p> <p>The fact that private travel is planned to occur in conjunction with the business trip must be disclosed pre-approval.</p>
Travelling Spouses, Partners, or Relatives	<p>As a general principle, travel costs of accompanying spouses, partners or other family members are not paid by Southern DHB, In the rare circumstance that involvement of these parties contributes to the business purpose, any spouse/partner related expenditure must be pre-approved by the Chief Executive Officer (CEO).</p>

Staff Support and Welfare Expenditure

Salary Related and Miscellaneous Expenditure	<p>A wide variety of expenditure falls under this category, from club memberships, motor vehicles and telephone reimbursements to professional memberships and papers/periodicals. The following principles apply:</p>
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- Eligibility to payments of a remunerative nature will be clearly identified within the employee's employment agreement.
- Where an item of expenditure is not covered by the staff member's employment agreement, eligibility will be determined on a case-by-case basis. Approval must be obtained and clearly documented before the expenditure is incurred.

Financial accountants must be contacted prior to granting approval of the expenditure to ensure any relevant tax ramifications are addressed appropriately.

Staff Recognition and Team Building

The following principles must be adhered to:

- Expenditure must be based on a pre-approved budget with a pre-agreed purpose.
- Wherever possible, approval must be gained from the person holding delegated authority before an event takes place. If the person with delegated authority could be a perceived beneficiary, the Line Manager principle for sign-off must apply.
- Based on the Line Manager principle, where the Executive Team/CEO is involved, the Southern DHB Chair must be advised.

Expenditure must not be extravagant and must be appropriate for the occasion. Good judgement, in line with the principles of this policy, must be exercised.

As a general guide, if meals or functions are involved, \$50 per head would be a reasonable figure.

Associated accommodation costs should align with the limits outlined in Staff Travel Policy (16163).

Any facilities hired for such events are expected to be moderate in nature.

Gifts to Staff

This section of the policy applies to gifts made to Southern DHB employees. The following limits to apply:

- Gifts under \$200 require **Level 3** approval
- Gifts over \$200 require **Level 2** approval
- Gifts over \$500 require **Level 1** approval

Entertainment expenditure as listed in the Delegation of Authority Policy (Regional) (21584) does not apply to, or include, gifts within the definition of entertainment expenditure.

The receiving of gifts is covered in the above-mentioned policy which states that all gifts must be disclosed and approved. An electronic register for workflow approvals is

available on the Intranet for this purpose.

Sponsorship of Staff

Staff taking part in an activity that is not part of their work duties, e.g. a sporting event, may be sponsored through the provision of, or payment for, goods and services (e.g. a T-shirt or entry fee).

Sponsorship is required to have a justified business purpose, which may include publicity for the event and its objectives, or organisational recognition and development. The cost to Southern DHB should be moderate and conservative.

If the event does not have a justified business purpose, then the cost is deemed a gift and has the required approval level specified in this policy. See 'Gifts to Staff' above.

Sponsorship of staff is not listed under the entertainment classification in the Delegation of Authority Policy (Regional) (21584) and requires specific approval as follows:

- Sponsorship under \$200 requires **Level 3** approval
- Sponsorship over \$200 requires **Level 2** approval
- Sponsorship over \$500 requires **Level 1** approval

Ex-Gratia Payments

These types of payment are unusual and require the specific approvals as nominated in the Delegation of Authority Policy (Regional) (21584).

Goods and Services Expenditure

Sale of Surplus Assets to Staff

The Delegation of Authority Policy (Regional) (21584) specifies approval levels of the disposal of assets.

It is expected that asset disposals are fair and transparent, particularly if the assets are sold to staff.

Assets are not to be sold at a discounted rate to staff if a greater value could be realised by an alternative method. If there is any doubt, then any sale to staff should not be authorised.

Communications Technology

Communications technology, such as cellphones, telephone, e-mail and other access to the Internet is widely used across the organisation. While some level of access of personal use is permissible, excessive use and/or cost are not allowed. Refer to the Code of Conduct and Integrity (Regional) (18679) for further information.

Where it is economically feasible, costs related to the use of technology owned by staff but used for business purposes should be reimbursed. For guidance, monthly costs per person that exceed \$20 should be recoverable.

Private Use of Suppliers

From time to time Southern DHB publishes lists of suppliers from whom staff can obtain a discount on the purchase of goods for private use. The expectation is that such discounts will not influence the organisation's supply source.

The Southern DHB Procurement Team controls which companies are permitted to offer staff discounts. Requests must be referred to the Procurement Manager for approval. Staff cannot charge any personal purchases to the Southern DHB's account - they must pay the supplier directly.

CEO & Chair Expenditure

CEO Expenditure Expenditure incurred by the Chief Executive Officer must follow the standards and principles outlined in this policy and requires approval from the Board Chair.

Chair's Expenditure Expenditure incurred by the Board Chair must follow the standards and principles outlined in this policy and requires approval by the Chair of the Audit and Risk Committee.

References:

- Institute of Internal Auditors NZ Inc. 1996. A Management Guide to Discretionary Expenditure
 - State Services Commission. June 2007. Standards of Integrity & Conduct
 - Controller and Auditor-General. February 2007. Controlling Sensitive Expenditure: Guidelines for public entities; www.oag.govt.nz/2007/sensitive-expenditure/
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