

SENSITIVE EXPENDITURE GUIDELINES



Approved by:	Council
Sponsor:	Chief Finance Officer
Department responsible:	Finance
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WHAT IS SENSITIVE EXPENDITURE?

Sensitive expenditure is any Dunedin City Council (DCC) expenditure that provides or has the potential, real or perceived, to provide a private benefit to an employee or any third party associated with an employee¹, that is in addition to the business benefit to the DCC.

Sensitive expenditure includes, but is not limited to:

- 1) Employee travel related expenses, including:
 - a. Travel
 - b. Accommodation
 - c. Meal expenses (during travel)
- 2) Business related expenses including:
 - a. Hospitality – meals
 - b. Entertainment
 - c. Gifts
 - d. Koha (refer to the **Koha Policy** for further details)
 - e. Donations and sponsorship
- 3) Employee support and welfare expenditure, including:
 - a. Farewells, retirements
 - b. Employee long service recognition
 - c. Bereavement and condolences
 - d. Private use of DCC assets

Exceptions to these Guidelines may be made under extenuating circumstances at the discretion of the Chief Executive Officer.

All decisions to undertake sensitive expenditure shall reflect the following principles:

- a. A justifiable business purpose; and
- b. The preservation of impartiality, and transparency; and

¹ Third parties include a partner, parent, child, sibling or any close relative, friend or business associate, and any organisation which these people may work for or have a vested interest in. Refer to the DCC **Conflict of Interest Policy**.

- c. Absolute integrity and professionalism; and
- d. The expenditure is moderate and conservative; and
- e. The expenditure occurs under appropriate authority; and
- f. Appropriate and prudent in all respects, having regard to all circumstances.

The following sections provide guidance in line with the above principles and the processes for identified types of sensitive expenditure.

For sensitive expenditure outside of these areas it is recommended that consultation occurs with the direct manager and Assurance Manager before the expense is incurred to understand the best approach.

EMPLOYEE TRAVEL RELATED EXPENSES

The following are the set criteria for employee travel, accommodation, and meal expenses.

1. Travel

Criteria	Guidance
Justifiable business purpose	The DCC MAY fund travel and associated costs for justifiable business purposes, this may include, but is not limited to: • Conference • Functions • Events • Training • Professional development • Business meetings An activity that is not related to an employee's employment, role and responsibilities will not be paid for by DCC.
Impartiality and transparency	Employee travel related expenses are to be coded under the following object codes: • Domestic travel – flights: 522301 • Domestic travel - taxis/shuttles: 522311 • International travel – flights: 522303 • International travel - taxis/shuttles: 522311 • Other travel costs (parking, car hire, trains etc.): 522313 There will be records of the decision-making, approvals and costs incurred maintained and attached to relevant transactions in the finance systems. For example: • All flight bookings to go through travel booking process. • Use of DCC fleet vehicle to be logged through ERoad BookIt. • Use of personal vehicle to be declared (in writing) to direct line manager <u>prior</u>. A travel report from Orbit will be provided to ELT on a regular basis
Integrity	Employee have demonstrated that the travel is necessary, with either virtual

	attendance or a local option not possible or not appropriate.
Moderate and conservative	Employees are to consider the different travel options to find moderate and conservative means. For example: • If using a vehicle, try to carpool with others if possible. • Use cost effective travel means (e.g., shuttles from airports rather than taxis). • Reimbursement for travel with personal vehicle MAY be given. The DCC reserves the right to reimburse employees for travel expenses based on the most cost-effective mode of transport available, taking into account practicality, time constraints, and business needs. Where multiple transport options are available, reimbursement will be limited to the lowest reasonable cost unless prior approval is obtained for an alternative.
Appropriate authority	The following approvals are required for travel: • Domestic Travel (beyond Dunedin city limits) approved by their General Manager (ELT). • International travel, or travel expenses for General Managers, approved by CEO. • CEO travel approved by Mayor (unless Mayor is also attending, then approval must be from the Chair of the Audit and Risk Subcommittee). • Mayor travel approved by Chair of the Audit and Risk Subcommittee.

Additional Information for travel expenses

- 1.1. With prior approval, personal travel MAY be permitted in conjunction with a business trip provided there is no additional cost to the DCC. Any personal leave taken must be applied for, managed, and approved within the normal leave approval process in advance of that leave being taken.
- 1.2. Any travel-related costs for accompanying spouses, partners or other family members will not be organised or paid for by the DCC.
- 1.3. All travel expenses must be made within approved budgets.

Travel Booking Process

- 1.4. All travel bookings, including flights and accommodation should be made via the DCC booking agent using the DCC **Travel Request Form** (email travelrequests@dcc.govt.nz) in the first instance.
- 1.5. In exceptional circumstances and with the approval of the relevant ELT member, travel may be booked outside of the DCC booking agent process noted above. Any such travel bookings should leverage savings from DCC's All of Government contracts, including booking flights through the dedicated AirNZ booking portal.

- 1.6. Travel should be prudent, booked as far in advance as is practical, and should prioritise securing the most cost-effective economy fares available. Ticket changes or cancellations are strongly discouraged. Should a change or cancellation be required, the booking agent should be notified and/or the changes made as soon as possible to minimise any associated costs.
- 1.7. DCC employees required to travel internationally shall travel by economy class and be provided a 24-hour recuperation period where any flight exceeds 9 hours.
- 1.8. Premium Economy travel is permitted only under exceptional circumstances and subject to the approval by the CEO, for flights exceeding 9 hours where a 24-hour recuperation period is not possible, or if economy travel is not available and travel plans cannot be altered.
- 1.9. Any planned stopovers where costs are to be covered by the Council must receive prior approval. Approval will only be granted if there is a clearly demonstrated purpose related to employee health, safety, and wellbeing, or a valid business need. Unplanned stopovers (e.g. caused by flight delays) expenses will be covered by the DCC.
- 1.10. Where domestic travel is required, an employee may under certain circumstances be permitted to travel the day before the business event, subject to specific circumstances. This includes reducing the risk of delays to early morning flights caused by fog and other weather events, and the opportunity for business networking on the evening prior to the business event. Where this results in additional costs to DCC (including accommodation and meals), written approval must be obtained from the relevant manager as outlined in these Guidelines prior to the expenditure.
- 1.11. The DCC has travel insurance in place for employees travelling on DCC-related international business travel, subject to the approval of the CEO and arranged by the Chief Financial Officer.
- 1.12. Travel insurance details are available by emailing Travel Requests (travelrequests@dcc.govt.nz).
- 1.13. Employees are not permitted to personally benefit from 'air dollars' or other travel reward schemes that result from DCC travel. However, it is recognised that if rewards are collected incidentally while travelling, these may be used to upgrade an individual's business travel. Should such an upgrade occur, the requirement for a 24-hour recuperation period on international flights may be waived.
- 1.14. Koru Membership may be granted where there is a genuine business reason for having the membership, subject to the approval of the CEO. There is an expectation of at least 10 business-related flights per annum for any such membership to be permitted. An employee may however purchase Koru Membership at their own expense and access the corporate rate.
- 1.15. Rental cars are only permitted when it is not cost effective or practical to use a DCC fleet vehicle, or a taxi or shuttle service. In such instances, the most economical type and size of rental car, consistent with purpose, distance and number of people should be used.
- 1.16. Rideshare options (such as Uber) may be considered if cost effective and practical. As rideshare options involve charging through an application (app) linked to a credit card, DCC employee are required to use their own personal credit card in the first instance and seek

reimbursement for DCC business related travel (see section 8 on reimbursement processes). It is not permitted to link a DCC purchase card to link to an rideshare account.

- 1.17. Using local public transport option can require different payment methods. DCC employee are required to use their own funds in the first instance and seek reimbursement for DCC business related travel (see section 8 on reimbursement processes).
- 1.18. Employees are expected to comply with all traffic, parking and other laws when using a vehicle for DCC business activities. The driver is responsible for any fines or traffic offences incurred (while in charge of the vehicle). For more information refer to the **DCC Safe Use of a Vehicle Policy**.
- 1.19. DCC vehicles shall not be used for private purposes, unless specified in formal employment agreements or under certain business-related circumstances. Please refer to the **DCC Safe Use of a Vehicle Policy** for further information.

2. Accommodation

Criteria	Guidance
Justifiable business purpose	The DCC MAY fund accommodation costs when travel is required for justifiable business purposes (see above in travel). An activity that is not related to an employee's employment, role and responsibilities will not be paid for by DCC.
Impartiality and transparency	Employee accommodation related expenses are to be coded under the following object codes: • Domestic travel – accommodation: 522305 • International travel – accommodation: 522306 There will be records of the decision-making, approvals and costs incurred maintained and attached to relevant transactions in the finance systems. For example: • Approval for accommodation costs • Receipts/invoices from the accommodation provider A travel report from Orbit will be provided to ELT on a regular basis.
Integrity	Employee have demonstrated that the accommodation is necessary, for example: • The return distance to travel by car is too far to carry out safely in one day. • Flight on the morning of the event won't arrive at the destination in time. • No flights available at the end of event, need to wait until the next day.
Moderate and conservative	Consider moderate and conservative accommodation options, for example a single room in a moderately priced business-class hotel or motel. Booking through the DCC travel agent can provide a discounted rate. Accommodation option should ideally include breakfast. In cases where this is not an option a meal allowance for breakfast will apply.
Appropriate authority	• Domestic accommodation (beyond Dunedin city limits) approved by their General Manager. • International accommodation, or accommodation expenses for General Managers, are approved by CEO. • CEO accommodation to be approved by Mayor (unless Mayor is also attending, then approval must be from the Chair of the Audit and Risk Subcommittee). • Mayor accommodation to be approved by Chair of the Audit and Risk Subcommittee.

3. Meal allowances

Criteria	Guidance
Justifiable business purpose	The DCC MAY fund meal allowances by reimbursement or DCC issued purchase card when travel is required for justifiable business purposes (see above in travel).
Impartiality and transparency	Employee meal allowances is to be coded under the following object code: • Meals: Details need to be maintained in Approval Plus either in the narration or with supporting evidence on: • Staff name • Meal type • Receipt
Integrity	Meal expenses will be covered for the time periods that the employee is travelling.
Moderate and conservative	The DCC will provide up to the following for meal expenses: a) Breakfast: \$30 (in the first instance breakfast should be included in the accommodation costs) b) Lunch: \$40 c) Dinner: \$60 Costs above these amounts will need to be covered by the employee.
Appropriate authority	Purchase card transactions and reimbursement forms will be approved by the employee's direct manager. • CEO expenditure is to be approved by Mayor (unless Mayor is also attending, then approval must be from the Chair of the Audit and Risk Subcommittee). • Mayor expenditure is to be approved by Chair of the Audit and Risk Subcommittee.

Additional Information for daily travel expenses

- 3.1. Any other meal allowance beyond the above must be covered by the employee.
- 3.2. For International travel an assessment will be made on a case-by-case basis to determine if the above is an appropriate given the exchange rate. The agreed amount will be authorised by the CFO.
- 3.3. International travel roaming charges will be covered by DCC if on DCC-related business. However, if a DCC phone incurs roaming charges while the employee is **NOT** on DCC relate travel, reimbursement from the employee may be required.

BUSINESS RELATED EXPENSES

All business-related expenses must be made within approved budgets, in accordance with the following guidelines:

4. External Party Related Hospitality, Entertainment and Gifts

Criteria	Guidance
Justifiable business purpose	Hosting business meals/catering is to recognise good hosting practise for our external stakeholders. There is to be no DCC funded catering/meals for events that involve only DCC employees. Exceptions for this are at the discretion of the CEO. Business-related hospitality, entertainment and gifts, expenditure shall only be permitted for the purposes of: • Building professional sector relationships • Representation of the organisation at business-related events • Reciprocity of business-related hospitality • Recognition of significant business collaboration and achievement.
Impartiality and transparency	External party business related expenses are to be coded under the following object codes: • Business related hospitality – food: 522717 • Business related gifts (non staff): 522403 Any reimbursement claims, or DCC transactions for business-related hospitality, entertainment and gifts must be accompanied by a detailed record of: • the business activity and justification for expenditure, • evidence of transaction including GST receipts, • the purpose of the expenditure and • who was in attendance (names, positions and organisation represented) This is to be completed by the most senior employee member present at the event. This will be captured in the financial systems against the transaction(s)
Integrity	All expenditure must be bound by the principles of probity, integrity, and prudence. No entertainment, hospitality or gifts may be provided where there is the potential for a conflict of interest for the employee member or Council. Refer to the DCC Conflict of Interest Policy for more information.
Moderate and conservative	The cost of any stakeholder hospitality should be in the 'mid-range', both in respect of the establishment or activity concerned and the meal(s) ordered. Maximum amounts for 'reasonable' business-related meal expenditure are provided as follows (per person incl. GST): • Breakfast: \$30 • Morning tea / afternoon tea: \$10 • Lunch \$40 • Dinner \$60.

	All gifts paid for by DCC, are subject to a recognised business-related need and the prior approval of the relevant General Manager or CEO. For Koha specifically see the Koha Policy for further details.
Appropriate authority	Approval from the relevant ELT member must be given prior to the expenditure, whenever possible.

Additional information for business related hospitality, entertainment, and gifts

- 4.1. Receiving gifts from external stakeholders is not permitted for DCC employee, except under very limited circumstances and prescribed \$ values. Please refer to the **Gifts and Hospitality Policy and Procedure** for further details.

5. Donations and Sponsorship

- 5.1. A donation is a voluntary payment (primarily financial or by way of goods or services) made by the DCC, without expectation of receiving goods or services in return.
- 5.2. Similarly, sponsorship is the voluntary support by the DCC of an event, activity or organisation through a financial contribution or the provision of business support or services.

Criteria	Guidance
Justifiable business purpose	DCC donations and third-party sponsorship MAY be made for those donations that demonstrate a clear and genuine business-related purpose that is consistent with the strategic objectives of the DCC.
Impartiality and transparency	Donations and sponsorship related expenses are to be coded under the following object code: • Donations / sponsorships: 522719 Payments should be made to the organisation and not directly to individuals – unless under exceptional circumstances with the prior approval of the CEO or Mayor. All donations and sponsorship must be supported by detailed narration and documentation outlining the nature of the donation/sponsorship. This will be captured in the financial systems against the transaction(s)
Integrity	No donations or sponsorship may be given where there is the potential for a conflict of interest for the employee member or Council. No donations may be given in cash.
Moderate and conservative	Any donation or sponsorship made by the DCC must be modest, and appropriate to the circumstances, and commensurate with the nature of the relationship, stakeholders and/or activity.

Appropriate authority	Pre-approval must be gained from the CEO or Mayor.

6. Koha

- 6.1. Koha are gifts given in the spirit of aroha and manaaki (kindness and respect) towards the occasion and those in attendance. Council acknowledges the importance of koha as an integral component of tikaka and kawa.
- 6.2. Council representatives may give appropriate koha on behalf of their respective activity in recognition of tikaka.
- 6.3. The value and nature of koha given should reflect the occasion, the mana and prestige of the Council representatives in attendance. For example, if the Mayor, Councillors, ELT or WLT are attending a hui, a koha which is befitting their status should be given.
- 6.4. Koha should not be confused with legitimate payments for services i.e., when attending a Marae or function the koha or gift is given as a token of goodwill and respect, while catering or other associated hospitality costs should be managed separately, in accordance with relevant financial delegations and processes.
- 6.5. Please refer to the DCC **Koha Policy** for further details and approval processes.

EMPLOYEE SUPPORT AND WELFARE

The following are the set criteria for employee support and welfare expenses.

7. Employee Farewells and Retirements

Criteria	Guidance
Justifiable business purpose	Recognising the time and efforts of the employee to the DCC at the conclusion of their employment.
Impartiality and transparency	Employee farewell and retirement related expenses are to be coded under the following object codes: - Employee farewells and retirements - gifts/cards/flowers: 522403 - Employee farewells and retirements – catering: 522717 All transactions will be reviewed by the Finance department for FBT considerations.
Integrity	The DCC shall not purchase alcoholic drinks for employee events, except under special circumstances and with the prior approval of the CEO.
Moderate and conservative	As a guide: DCC can fund moderate catering for farewell and retirement functions for employees who have served at least 3 years, with a maximum spend of \$250. Gifts can be purchased with DCC funding for employees who have served 3 years or more with a rough guide of \$20 per year of service, up to a maximum of \$500. For employees who have worked for the DCC less than 3 years, farewell functions, and gifts can still be provided through a ‘whip around’. Anything outside of these guidelines require prior CEO approval.
Appropriate authority	- Combined employee farewell and retirement expenses under \$250 to be approved by the relevant WLT member. - Combined employee farewell and retirement expenses over \$250 to be approved by the relevant General Manager.

Additional information for Employee Farewells and Retirements

- 7.1. The size and scale of the function should be commensurate with the employee member’s length of service and role. If the spend is to be greater than \$250, approval from the relevant member of ELT must be sought.

- 7.2. It is not expected that formal farewell functions paid for by the DCC will be held for employee with less than three years of service. Exceptions are permitted under exceptional circumstances only and must be pre-approved by the relevant ELT member or CEO.
- 7.3. The DCC shall not purchase alcoholic drinks for employee events, except under special circumstances and with the prior approval of the CEO.
- 7.4. In such instances, any alcohol provided shall be mid-range and appropriate to the nature of the event and those in attendance, and limited to a reasonable and responsible amount, at the discretion of the CEO.

8. Employee Long Service Recognition

- 8.1. The DCC does not provide funding for gifts or catering in recognition of long-service milestones. These milestones are formally acknowledged through the provision of long-service leave entitlements.
- 8.2. This policy does not prevent individual teams or colleagues from choosing to personally contribute to gifts or catering to celebrate an employee's achievement.

9. Bereavement and Condolences

Criteria	Guidance
Justifiable business purpose	To express compassion and support for those experiencing the loss of a loved one a gift may be provided.
Impartiality and transparency	Bereavement and condolences related expenses are to be coded under the following object code: Bereavement and condolences: 501225 Details will need to be maintained on the recipient's name and reason.
Integrity	An example of when such a gift may be appropriate is in the event of the death of an immediate family member or another person with whom the employee had a close relationship.
Moderate and conservative	Appropriate gifts may include: Sympathy flowers or a small plant A condolence card with a personal message Gifts are not to be given in the form of vouchers or cash.
Appropriate authority	Gifts for bereavement and condolences are to be approved by the relevant ELT member prior to purchase.

Additional information for employee bereavement and condolences

- 9.1. Providing a bereavement or condolences gift acknowledges the employee's loss with compassion and respect, reinforcing a supportive workplace culture and demonstrating the organisation's commitment to employee wellbeing during difficult times.

10. Private use of DCC Assets

- 10.1. As general rule DCC assets are **NOT** to be used for private use.
- 10.2. Incidental DCC use of personal employee assets for DCC business activities, including but not limited to private motor vehicles, personal phones and home computers/laptops is not encouraged, however may occur from time to time. Appropriate reimbursement for such usage may be given, subject to prior approval by the relevant member of the ELT/ WLT.
- 10.3. Likewise, Council IT equipment may be used for a reasonable level of personal use during non-work time. However, in exceptional circumstances the Council may require reimbursement for undue costs (i.e., employee usage that is deemed excessive or unauthorised mobile data or roaming charges).
- 10.4. Any such expenditure must comply with all relevant employee guidance including **ICT Acceptable Use Policy and Standards**, and the **DCC Safe Use of a Vehicle Policy**.
- 10.5. Any privileges for the DCC with suppliers (e.g. discounted rates on goods and services) that are available should not be used on behalf of any third-party including family and friends.
- 10.6. The DCC cannot be used as a source of credit and any payments that are incurred must be made by employee to the supplier in full.

11. PROCESS FOR THE REIMBURSEMENT OF EMPLOYEE EXPENDITURE

- 11.1. All reimbursement claims must be recorded on a DCC **Reimbursement Claim Form** and approved by the relevant direct manager or Member of the ELT/ WLT in accordance with the **Sensitive Expenditure Policy** and **Guidelines** (minimum 'one up' rule applies).
- 11.2. Approvers must ensure that all sensitive expenditure transactions are appropriate, adequate narration is provided, and that ledger coding is correct prior to processing.
- 11.3. All sensitive expenditure transactions must provide full and accurate details regarding the nature of the expenditure and business activity, include original documentation such as GST compliant tax invoices and be submitted as soon as possible after the expenditure was incurred.
- 11.4. In those instances where a GST receipt is not able to be provided, employee must provide a compelling reason for the expenditure, and reimbursement is subject to the approval of a member of the ELT/ WLT.
- 11.5. All employee expense arrangements and reimbursements will be made by Finance upon receipt of the necessary documentation and approval from the appropriate authority.
- 11.6. A temporary cash advance facility on a purchase card or traveller's cheques may be provided to employee travelling on DCC business, subject to approval by a member of the ELT. Cash advances and traveller's cheques are to cover those business-related expenses incurred where it is not feasible to charge the expense to a DCC credit card or by an invoice, e.g., bus fares.
- 11.7. In instances where a cash advance has been provided, all receipts must be retained, and reconciliation produced upon return from travel within 10 working days. Any monies not expended must be returned to Finance who will re-bank any excess to the appropriate expense code. The employee travelling overseas should endeavour to minimise the amount of coinage to be re-banked as it is not always possible to exchange this back to NZ currency.
- 11.8. All amounts claimed are to be in New Zealand currency. Where foreign currency is involved, each invoice must include the NZD amount, which is being claimed, together with the exchange rate used. Note: the exchange rate to be used is that which applied to the actual transaction.

12. MONITORING AND REPORTING

- 12.1. Monthly management financial reports will highlight sensitive expenditure, including but not limited to those laid out in this guidance document.
- 12.2. Managers/approvers shall ensure that all sensitive expenditure transactions are appropriate, adequate narration is provided, and that ledger coding is correct prior to processing.
- 12.3. The Finance department shall maintain appropriate oversight of business sensitive expenditure to ensure compliance with the **Sensitive Expenditure Policy** and **Guidelines**.
- 12.4. Breaches of the DCC **Sensitive Expenditure Policy** and any associated procedures may result in disciplinary action.

Appendix 1 – Quick guide, approval responsibilities

Role	Responsibilities / Approval Areas
Chair of the Audit and Risk Subcommittee	Approves Mayor travel and related expenses (if required). Approves CEO travel and related expenses (when traveling with the Mayor). Approves Mayor's expenses.
Mayor	Approves CEO travel and related expenses (if not traveling together). Approves Elected Members' travel-related expenses.
Chief Executive Officer (CEO)	Approves all international travel and related expenses for employees. Approves General Manager domestic travel and related expenses. Approves high-value hosting and business gifts. Approves all donations and sponsorships. Approves Koha for GM Policy and Partnerships. Approves exceptions to guidelines. Approves alcohol at employee events under special circumstances.
ELT Member (General Manager / CFO)	Approves employee domestic travel and related expenses. Approves low-value hosting and business gifts. Approves employee farewell/retirement expenses over threshold. Approves Koha (via GM Policy and Partnerships).
General Manager Policy and Partnerships	Sole approver for all Koha expenses except their own.
Wider Leadership Team (WLT)	Approves employee farewell/retirement expenses under threshold. Conveys to staff what appropriate sensitive expenditure does and does not look like
Direct Line Manager	Conveys to staff what appropriate sensitive expenditure does and does not look like
Finance Department	Maintains oversight of sensitive expenditure. Reviews transactions for FBT. Processes reimbursements upon receiving proper documentation.
Employees	Must follow sensitive expenditure policy and processes. Must not use DCC as a source of credit. Must retain receipts and provide accurate documentation. Must comply with all relevant policies (e.g., Conflict of Interest).