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16 December 2020

9(2)(a)

RE Official information request CDHB 10467

I refer to your email dated 2 November requesting the following information under the Official Information Act from Canterbury DHB regarding sensitive expenditure for each of the last two years (2018 and 2019). Specifically:

- 1. Gifts (both given and received, including offered and turned down): Please provide information on the amounts spent, the gifts given or received, and the recipients.**

Staff employed by Canterbury DHB are expected to maintain appropriate professional standards and relationships with other services and providers at all times. This requires the identification and declaration of any actual or potential conflict of interest that may occur in their day to day business activities or contact.

Please see the Canterbury DHB policy on Conflict of Interest (**Appendix One** attached). This policy applies to all circumstances where individuals have received gifts in any form or nature. This entails staff to declare gifts and hospitality, and the Gift, Sponsorship, Donations and Corporate Hospitality Policy which is attached as **Appendix two**.

Please find attached as **Appendix 3** the Register of Gifts. This information has been collected in our MAX electronic service portal since 19 December 2019. **Note** we have redacted information under section 9(2)(a) of the Official Information Act to protect the privacy of individuals and we are declining to provide the name of the recipient also under the same section of the Act, however we have provided the Department they are based in. We are declining to provide information prior to December 2019 under section 18(f) of the Official Information Act as this information was not held on a central electronic register and would take a substantial amount of time and resource to provide.

The Canterbury DHB does not track the giving of gifts in a similar register or other electronic data system because as an organisation we do not give gifts. However, the exception to this would be the recent resignations of seven of the Executive Management Team, including the Chief Executive. The Canterbury DHB paid for a gift for each EMT member with a value of <\$300 each.

2. Koha, (similar breakdown as above.)

Table one: Koha

Year	Spend
2019/20	\$28,601
2018/19	\$33,371

Note: The majority of this spend is on vouchers given to people who take part in research projects or payments to maraes for the use of facilities.

3. Tips/gratuity: Please provide a breakdown of the amount spent both domestically and internationally, including details of how much was paid and to whom. Please include details of the single largest tip or gratuity payment.

Canterbury DHB does not reimburse any spend on tips or gratuities.

4. Hospitality/entertainment: Please provide a breakdown of how much was spent and on what. Please provide separate breakdowns for domestic and international.

Canterbury DHB does very little entertaining, a visiting international physician might be taken out for lunch. After the 15 March 2019 Mosque attacks, Canterbury DHB provided a lunch for the community response team who had been involved in the incident. To find individual instances of entertainment would require going through every staff expense claim and this would take a substantial amount of time and resource. We are declining to do this under section 18(f) of the Official Information Act. There is no international entertainment or hospitality provided.

5. Alcohol: Please provide separate figures as per above.

Canterbury DHB does not reimburse any spend on alcohol.

- 6. Air travel: Please provide a breakdown for both international and domestic, including for economy and business class air travel. Please include figures for both business travel and contributions or allowances towards personal travel.**
- 7. Accommodation: Please provide a breakdown for both international and domestic. Please include figures for both business travel accommodation and contributions or allowances towards personal accommodation.**
- 8. Taxis/corporate vehicles: Please provide a breakdown of taxi/corporate vehicle expenses for both domestic and international, including details of the single largest taxi bill.**
- 9. Rental cars: Please provide similar figures for rental cars.**

Please refer to **Appendix 4** (attached) for responses to Q6-Q9.

We are also providing you with the Canterbury DHB 'Travel Policy and Procedures' see attached as **Appendix 4a**.

10. Moving expenses: Please provide a breakdown of how much was spent on personal moving expenses for relocating staff.

Table two: Moving / Relocation expenses

Relocation Expenses	2019/20	2018/19
Clinical	741,565	636,790
Non-Clinical	13,246	19,970
Total	754,811	656,790

11. Parking/traffic offences: Please provide a breakdown of both parking and traffic offence expenses, both domestic and international.

Table three: Parking / Traffic Offences

Year	Spend
2019/20	\$330
2018/19	\$235

Note: Canterbury DHB transfers parking and traffic infringements to the driver under Statutory Declaration.

12. Christmas functions: Please provide figures on expenses related to Christmas functions.

Canterbury DHB provides a free staff meal around the Christmas period as a gesture of appreciation to staff at each of Canterbury DHB hospitals, including rural hospitals. The cost (as provided in **Appendix 4**) relates solely to food and catering provision as no alcohol is permitted and no venue hire, or entertainment costs were incurred.

13. Social club: Please provide figures on expenses related to social clubs.

Canterbury DHB does not fund any employee social clubs

14. Correspondence: Please provide all correspondence for 2018, 2019 and 2020, both internal and external, including emails, letters, text messages, reports, advice etc, relating to concerns around sensitive expenditure. This should include all correspondence involving your relevant government department or agency and the Office of the Auditor General.

Please find attached as **Appendix 5** our Sensitive Expenditure Policy (Oct 2010) and the Auditor General Guidelines (October 2020). There is no other correspondence.

I trust this satisfies your interest in this matter.

You may, under section 28(3) of the Official Information Act, seek a review of our decision to withhold information by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz; or Freephone 0800 802 602.

Please note that this response, or an edited version of this response, may be published on the Canterbury DHB website after your receipt of this response.

Yours sincerely



Ralph La Salle
Acting Executive Director
Planning, Funding & Decision Support

Conflict of Interest and Disclosure of Interest Policy

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Purpose

Canterbury DHB and West Coast DHB (referred to as **DHB, we or our**) are committed to providing a fair, ethical and accountable environment. Our primary concern for is for the safety and welfare of our patients, our people and the communities in which they live. This central principle of healthcare can, however, be compromised by Financial and Non-financial Interests that lead to Conflicts of Interest.

This policy provides guidance on:

- what constitutes a Conflict of Interest;
- recognising and disclosing Conflicts of Interest; and
- the process for notifying and managing Conflicts of Interest.

Policy

Our people must conduct themselves with integrity, honesty and diligence in performing their duties for the DHB and avoid placing themselves in situations where their private Interests are, may be, or are perceived to conflict with the interests of the DHB.

Sometimes a Conflict of Interest is unavoidable, however we need to put practices in place to ensure that all conflicts are disclosed and managed, so we can protect the interests of our patients, our people and the business.

Our people have an on-going obligation to disclose and manage any Financial or Non-financial actual, perceived or potential Conflict of Interest, including any

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alternative employment, in a timely and effective manner via the max. disclosure process.

The Executive Management Team and all General Managers are required to disclose all non-DHB roles or Interests that they (or a Related Party) have regardless of whether it may conflict with their DHB role and responsibilities.

Scope

This policy applies to:

- all DHB employees, including, temporary employees, contractors, independent consultants and visiting health professionals contracted to the DHB; and
- any person who is involved in the operation of the DHB, joint appointments with third parties, students, volunteers and those persons with honorary or unpaid employee status.

The reference to **our people** in this policy means all the above.

Definitions / Interpretation

Conflict of Interest means:

- a Transaction in which an individual's private (or a Related Party's) Interests may affect their judgement in acting in the best interest of, and carrying out their responsibilities for, the DHB;
- where an individual (or a Related Party) uses their DHB role, confidential information, time, material or facilities for private gain or advancement or the expectation of private gain or advancement;
- when an individual (or a Related Party), is directly or indirectly affected by the outcome of a decision to be made or a Transaction entered by the DHB.

Conflicts can be actual, perceived or potential:

- *Actual conflict* is where the conflict already exists. A direct conflict between an individual's DHB duties and responsibilities and their private Interests.
- *Perceived conflict* exists where it could be, or appears to be, that an individual's private Interests could improperly influence the performance of their DHB duties and responsibilities.
- *Potential conflict* arises where an individual has private Interests that could in the future conflict with their DHB duties and responsibilities.

Financial Interest is an interest that has monetary or other material gain. Examples include:

- shareholding or board memberships;

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- paid employment, including consultancies, commissioned fee-paid work, speaker fees, fees provided in return for an expert opinion and performance bonuses tied to outcomes;
- fellowships, research, continuing education and education grants; or
- travel grants, conference expenses, donations, sponsorships, gifts and hospitality (refer to Gift, Donations, Sponsorships and Corporate Hospitality Policy).

Interest means something that brings advantage to, or affects, someone or something and can be Financial or Non-financial.

Non-financial Interest is an Interest that does not have a monetary component. It may arise from a personal relationship, or involvement with a non-profit organisation, or conduct, or beliefs that indicate prejudice or predetermination. It can include goals, enhancements of career and the possibility of acquiring professional recognition, status or fame.

Related Party means family members or other close business or personal relationships.

Transaction means:

- the exercise or performance of a function, duty or power;
- an arrangement, agreement or contract (may be Financial or Non-financial); or
- a proposal to enter into an arrangement, agreement or contract (may be Financial or Non-financial).

Managing and Monitoring

Managers

Managers will receive an electronic notification via email of all disclosures made by their team.

A Manager must:

1. review all disclosures;
2. ensure that the action proposed to manage each disclosure is appropriate and where necessary make any further comments; and
3. confirm their acknowledgement of the disclosures.

Executive Management Team and General Managers

At regular intervals, each EMT member and General Manager will receive an electronic report of all the disclosures made by their team. They must review each disclosure to ensure that the appropriate management and monitoring of any potential, perceived or actual conflict is in place and that all disclosures have been acknowledged by the relevant Manager.

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People and Capability

A central disclosures register will be automatically populated and will keep a record of all disclosures that are made. People and Capability will monitor the register to ensure continued operation of the process and oversee the provision of annual reports to General Managers, EMT and the Quality, Finance, Audit and Risk Committee where appropriate to ensure appropriate management and monitoring actions are still in place.

Measurement or Evaluation

This policy will be measured by evidence supporting compliance with the policy and procedures, including any reports to management and the Quality, Finance, Audit and Risk Committee where appropriate.

Sanctions for Non-compliance

Where our people fail to comply with this policy, including but not limited to, knowingly fail to disclose and/or manage a Conflict of Interest, or have acted to their own advantage, such non-compliance will be dealt with under the Disciplinary Policy and Code of Conduct.

Privacy

It is acknowledged that disclosing Conflicts of Interest and other Interests under this policy may involve disclosing personal information. This information will be handled according to our Privacy Act obligations.

Associated Documents

Informed Consent Policy

Sensitive Expenditure Policy

Ethics of Association Policy

Fraud Policy

Code of Conduct

Disciplinary Policy

Privacy Policy

Gift, Sponsorship, Donations and Corporate Hospitality Policy

Guidance Note #1- Disclosure, Managing and Monitoring

Guidance Note #2 – Conflict of Interest Examples and Guidance

References

<http://www.ssc.govt.nz/integrityandconduct>

<http://www.oag.govt.nz/2007/conflicts-public-entities>

<http://www.ssc.govt.nz/code>

<http://www.ssc.govt.nz/code-guidance-stateservants>

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<http://www.ssc.govt.nz/code-resources-organisations>

<http://www.business.govt.nz/procurement/for-agencies/key-guidance-for-agencies/the-new-government-rules-of-sourcing>

Policy Owner	Chief People Officer
Policy Authoriser	Executive Management Team
Date of Authorisation	November 2019

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Gift, Sponsorship, Donations and Corporate Hospitality Policy

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Purpose

This policy defines Canterbury DHB and West Coast DHB (referred to as **DHB, we** or **our**) requirements when disclosing gifts, Sponsorship, donations and Corporate Hospitality from third parties.

From time to time, our people may receive gifts, offers of Sponsorship, donations, and Corporate Hospitality from many sources, including a current or potential Supplier, service clubs, trusts, patients, and estates. Offers, even of limited value, may be a concern if offered repeatedly and/or at times when they could be seen to influence or reinforce a decision or action.

Scope

This policy applies to:

- all our employees, including, temporary employees, contractors, independent consultants and visiting health professionals contracted to the DHB; and
- any person who is involved in our operations, including, joint appointments with third parties, volunteers, students and those persons with honorary or unpaid staff status.

The reference to **our people** in this policy means all of the above.

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Policy

Any gift, offer of Sponsorship, donation or Corporate Hospitality over \$100 must not be accepted unless there is a clear and justifiable reason to do so and acceptance does not, or is perceived not to, compromise the DHB in any way.

Any gift or offer over \$100 must be carefully reviewed and any legal, financial or probity risk to the DHB must be minimised before any gift or offer is accepted.

Our people:

- must not solicit gifts, offers or receive private benefits for themselves or a Related Party;
- must not accept gifts or offers for themselves or a Related Party from any third party who will, may or be perceived to benefit from such acceptance. The only exception to this is Koha in which case the Executive Director – Maori and Pacific Health should be consulted, and the Koha Policy be complied with;
- are required to complete and submit a Gift, Donation, Sponsorship and Corporate Hospitality form via max which will then be sent to their Manager to review and acknowledge before any gift, offer, donation, Sponsorship or Corporate Hospitality over \$100 is accepted; and
- unless gift or offers are consumable at the time they should be regarded as property of the DHB. Where possible, it is recommended that gifts received are shared amongst the relevant team.

Definitions / Interpretation

Corporate Hospitality is the process of entertaining guests, which can include, food, beverages, travel, accommodation or tickets to concerts, functions or charity events.

Koha is a gift, a token, offering, or a contribution given on appropriate occasions made in the context of Maori custom, without any obligation for that recipient to provide something in return.

Related Party means family members or other close business or personal relationships.

Sponsorship means any offer to provide, or fund, offset or otherwise subsidise events, goods and services (including training, education or research);

Supplier means any organisation or individual who provides or wishes to provide, goods or services to the DHB.

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Managing and Monitoring

Managers

Managers will receive an electronic notification of all relevant disclosures made by their team via max. The Manager must:

1. review the disclosure;
2. ensure that the action proposed to manage each disclosure is appropriate and where necessary make any further comments; and
3. confirm their acknowledgement of the disclosure.

Executive Management Team and General Managers

At regular intervals, each EMT member and General Manager will receive an electronic report of all the relevant disclosures made by their team. They must review each disclosure, advise if there are any changes or further action required and ensure that all disclosures have been acknowledged by the relevant Manager.

People and Capability

A disclosures register will be automatically populated and will keep a record of all disclosures that are made. People and Capability will monitor the register to ensure continued operation of the process and oversee the provision of reports to General Managers, EMT and the Quality, Finance, Audit and Risk Committee.

Measurement or Evaluation

This policy will be measured by evidence supporting compliance with the policy and procedures, including any reports to management and the Quality, Finance, Audit and Risk Committee where appropriate.

Sanctions for Non-compliance

Where our people fail to comply with this policy, such non-compliance will be dealt with under the Disciplinary Policy and Code of Conduct.

Privacy

It is acknowledged that the disclosure of gifts, donations, Sponsorships and Corporate Hospitality under this policy may involve disclosing personal information. This information will be handled according to our Privacy Act obligations.

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Associated Documents

Privacy Policy

Conflict of Interest and Disclosure of Interest Policy

Guidance Note – What is Disclosure and How to Manage the Gift/Offer

Koha Policy

Policy Owner	Chief People Officer
Policy Authoriser	Executive Management Team
Date of Authorisation	November 2019

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CDHB Register of Gifts - Description(description) Department: Oncology What are you disclosing?: Gift, Donation, Sponsorship or Hospitality Description of Offer Gift: \$500.00 to be used by Oncology Service Date Offered Received: 15/09/2020 Value Estimated Value: \$500.00 What do you propose to do with the gift offer?: Share it with my team service
Department: Oral Health What are you disclosing?: Gift, Donation, Sponsorship or Hospitality Description of Offer Gift: Kanuka Cafe Vouchers (10 x \$20) Date Offered Received: 22/10/2020 Value Estimated Value: \$200 What do you propose to do with the gift offer?: Share it with my team service
Department: General Surgery Nursing Clerical What are you disclosing?: Gift, Donation, Sponsorship or Hospitality Description of Offer Gift: \$100.00 gift voucher for Westfield Mall Date Offered Received: 07/09/2020 Value Estimated Value: \$100.00 What do you propose to do with the gift offer?: Accept it
Department: Pharmacy What are you disclosing?: Gift, Donation, Sponsorship or Hospitality Description of Offer Gift: Roche award for education - not entitled until completion of Graduate Certificate in Cancer Sciences mid 2021 (delayed start) Date Offered Received: 02/10/2019 Value Estimated Value: 2000 What do you propose to do with the gift offer?: Accept it
Department: AT&R Inpatient Service What are you disclosing?: Gift, Donation, Sponsorship or Hospitality Description of Offer Gift: \$500 Date Offered Received: 28/10/2020 Value Estimated Value: \$500 What do you propose to do with the gift offer?: Accept it

Department: Christchurch Campus

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: I realise you do not have to declare an activity where the value is less than \$100 per individual. However I'm noting that myself and five others on the campus attended an ^{9(2)(a)} function where a \$30 meal was supplied

Date Offered | Received: 16/10/2020

Value | Estimated Value: \$30 per person x five people

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Neurology Medical

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: ^{9(2)(a)} sponsorship to attend a two day MS nurse preceptorship at The Austin Hospital in Melbourne. Sponsorship includes return flights to Melbourne and two nights accommodation.

Date Offered | Received: 20/01/2020

Value | Estimated Value: \$1000.00

What do you propose to do with the gift | offer?: Accept it

Department: Team Leaders

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Course sponsorship (Flights, meals and accommodation)

Date Offered | Received: 17/06/2020

Value | Estimated Value: \$600

What do you propose to do with the gift | offer?: Accept it

Department: Neurology Technical Clerical

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: travel to wellington and return, 1 night hotel stay, dinner, nurse conference

Date Offered | Received: 11/03/2020

Value | Estimated Value: \$600

What do you propose to do with the gift | offer?: Accept it

Department: Maori & Pacific Health

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Gift voucher for Flora Cafe in Manawa

Date Offered | Received: 21/08/2020

Value | Estimated Value: \$50.00

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Team Leaders

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Accommodation/Flights/Meals for Senior Anaesthetic Technician Meeting run by 9(2)(a) .

Date Offered | Received: 17/06/2020

Value | Estimated Value: \$600

What do you propose to do with the gift | offer?: Accept it

Department: ISG Service Desk

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Tickets to Super Rugby Match on 6/3 in Ricoh corporate box

Date Offered | Received: 26/02/2020

Value | Estimated Value: \$120

What do you propose to do with the gift | offer?: Share it with my team | service

Department: CAF South

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Voucher

Date Offered | Received: 08/01/2020

Value | Estimated Value: \$300

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Facilities Development

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Picture, picnic blanket, box of cherries

Date Offered | Received: 15/12/2019

Value | Estimated Value: \$100

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Specialty Services C Ward

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: 20 x \$5 Zeros (cafe) vouchers for staff (\$100), 3 x bags of craft materials.

Date Offered | Received: 06/11/2020

Value | Estimated Value: \$150-\$200

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Mental Health Service

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Prexy card

Date Offered | Received: 22/07/2020

Value | Estimated Value: \$100

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Mental Health Planning & Funding

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: Box of products - honey, leaf tea, pesto, chocolate etc

Date Offered | Received: 14/05/2020

Value | Estimated Value: unsure but think it may be under \$100

What do you propose to do with the gift | offer?: Accept it

Department: Adult Service North/West

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: \$50 petrol voucher

Date Offered | Received: 18/05/2020

Value | Estimated Value: \$50

What do you propose to do with the gift | offer?: Share it with my team | service

Department: Neurology/Neurosurgery/Ophthalmology

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: A bottle of wine and scented candle

Date Offered | Received: 20/01/2020

Value | Estimated Value: \$50

What do you propose to do with the gift | offer?: Accept it

Department: Older Persons Health & Rehab

What are you disclosing?: Gift, Donation, Sponsorship or Hospitality

Description of Offer | Gift: I am requesting permission to attend the NZ Primary Healthcare awards in AKL on the 29th Feb. I have been invited ^{9(2)(a)} to attend - they are paying for flights and accommodation, and will attend the function at their table.

Date Offered | Received: 20/01/2020

Value | Estimated Value: \$500

What do you propose to do with the gift | offer?: Accept it

10467 Appendix 4 – Questions 6,7,8 & 9 / 11 & 12

	CDHB	CDHB	CDHB
	2018-19	2019-20	2020-21 YTD

6. Air Travel (EXCL Personal Contributions)			
Domestic	\$ 2,607,919	\$ 1,837,439	\$ 586,028
International	\$ 3,903,261	\$ 1,776,426	-\$ 403,709*
Personal Contributions Air Travel			
Domestic	\$ 2,019	\$ 27	\$ 669
International	\$ 61,488	\$ 25,406	\$ 3,268

7. Accommodation (Excl Personal Contributions)			
Domestic	\$ 1,333,970	\$ 1,053,542	\$ 388,287
International	\$ 2,030,272	\$ 1,205,395	-\$ 31,473 *
Personal Contributions Accommodation			
Domestic	\$ 7,144	\$ 856	\$ -
International	\$ 52,525	\$ 61,913	\$ 409

8. Taxis			
Domestic	\$ 1,051,220	\$ 895,875	\$ 189,582
International	\$ 100,731	\$ 71,443	\$ 1,731
Single Largest Taxi Bill	\$ 422	\$ 394	\$ 143
<i>Details:</i>	<i>RMO Travelling from Rotorua Airport to Turangi for a conference</i>	<i>SMO travelling on CME Allowance, taxi shuttle from Sydney airport to the Mecure Hotel, Penrith. 67kms</i>	<i>Patient travelling in Auckland for Treatment</i>

9. Rental Vehicles			
Domestic	\$ 74,983	\$ 49,798	\$ 16,437
International	\$ 15,744	\$ 8,266	-\$ 671*
Single Largest Car Rental Bill	\$ 1,352	\$ 1,361	\$ 522
<i>Details:</i>	<i>Rental car for Dr on recruitment package</i>	<i>Rental car for international Dr on recruitment package</i>	<i>Rental car for CDHB staff use during WCDHB Te Nikau migration</i>

11. Parking / Traffic Offences ⁽¹⁾			
Parking Domestic			
Parking International			
Traffic Domestic	\$ 235	\$ 330	
Traffic International			

12. Christmas Functions	\$ 78,408	\$ 68,331	
Rural	\$ 670	\$ 164	

*Credit due to COVID cancellations

⁽¹⁾ CDHB transfers parking and traffic infringements to the driver under Statutory Declaration

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Travel Policy and Procedures

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Policy

All travel must be approved in writing in accordance with the Delegation of Authority Policy.

Reimbursement for ordinary, necessary and reasonable Travel expenses that are directly related or pertaining to the transaction of CDHB business will be made. This policy overrides any other travel policy in place within the organisation.

Purpose

To govern the process of travel during the conduct of CDHB business or when travelling on behalf of business for West Coast DHB.

Scope

All CDHB staff

Definitions

Cost Centre Manager – The person who has responsibility for controlling the expenditure of a cost centre or group of cost centres. A list of Cost Centre Managers is available from the divisional General Manager.

Divisional General Manager – Direct report to the CE.

Executive Manager – Direct report to CE.

Alcohol – Any alcoholic beverages not included in a package provided by a conference or host. This includes, but is not limited to, wine ordered with meals or mini bars in accommodation.

Business Class Travel – Premium travel or accommodation services provided by airlines, hotels and transport services (this may be known by other commercial brand names).

Checked Baggage – Any baggage that is required to be transported in an airplane hold.

Credit Cards – The use of personal credit cards to book business travel is not acceptable where this can be arranged through the CDHB's designated Travel Management Company.

Domestic Travel – Any travel in or between the North or South Islands, Stewart Island and the Chatham Islands.

Excess Baggage – Any baggage in excess of the rules of carriage of the airline or other supplier being used for which fees or charges may be incurred.

Family/Whanau – travelling with a CDHB employee on their business trip but not attending or involved with the business

First Class Travel – Luxury or Boutique travel services provided by airlines, hotels and transport services (this may be known by other commercial brand names).

Personal Travel – Any travel, accommodation or expenses incurred that are not necessary for the pursuit of CDHB business. This includes, but is not limited to, extra nights' accommodation, increased size or class of accommodation, Stop-overs and extra costs of flights due to extended itinerary to include leisure time.

Insurance – CDHB business travel insurance for Trans-Tasman and International travel registered with the CDHBs Travel Insurance Provider.

International Travel – Any travel departing New Zealand with a final stop beyond domestic or Trans-Tasman destinations.

Premium Economy – Refers to airline services only, a class of travel situated between economy and business class.

Stop-overs on International Travel – When an overnight break of any length is taken in a journey that is not required by flight schedules or CDHB business.

Trans - Tasman Travel – Includes any travel between New Zealand and Australia or the South Pacific Islands with no onward connections

Travel Arranger – The person who arranges your travel. A list of travel arrangers (TAs) is available from your Cost Centre Manager or Travel Coordinator.

Travel Authoriser – The person who authorises your travel in accordance with the Delegation of Authority Policy.

Travel Coordinator – CDHB travel coordinator working in Support Services. The person authorised to review any non-compliant travel for recommendation of approval.

Travel Expenses – Expenses incurred in the course of carrying out CDHB business that cannot be arranged through the CDHB designated Travel Management Company. Any travel costs invoiced directly to CDHB or applications for reimbursements must be approved by the Travel Authoriser.

Travel Management Company – The current contracted travel provider to the CDHB.

Associated documents

[CDHB Manual Volume 4 - Authorities and Purchasing](#)

[Vehicle/Transport Policy](#)

[Delegation of Authority Policy](#)

[Procedure for Re-imbursement of Staff Expenses](#)

[Sensitive Expenditure Policy](#)

MECAs or individual arrangements within specific IEA agreements.

Policy statement

The following does not in any way amend the full policy set out below.

The Travel Policy applies to all employees of Canterbury DHB (CDHB) including part-time and casual staff; and contractors funded by CDHB.

Consideration should be given to the most cost effective way of conducting the proposed business. Tele- or Video conferencing is to be considered as the first option.

All business travel arrangements (excl taxis) must be made through the CDHB's preferred Travel Management Company. (2015- This is currently Orbit Travel).

All travel bookings must have prior approval from a delegated authoriser.

International travel (with the exclusion of CME funded travel) must have the prior approval of the Chief Executive on a form for this purpose.

Travel expense claims are to be made in line with the CDHB Reimbursement Policy. (Finance Form; Expenses Reimbursement AP6)

The most cost effective means of transport must be used.

International travel may be undertaken on business class where the traveller can demonstrate that pre-determined criteria is met.

Domestic & Trans-Tasman travel is economy class only.

Hotel or motel rooms are to be moderately priced single standard rooms, but not of a luxury standard. For New Zealand and Trans-Tasman travel see the preferred accommodation list available on line.

Only reasonable expenses for meals will be reimbursed, the CDHB will never reimburse for alcohol.

Rental cars may be used for business travel; where that is the most cost effective means of travel.

Insurance cover should be declined on rental cars within New Zealand as CDHB's insurance policy will cover any expenses.

Employees on Trans-Tasman and International travel will be covered by the CDHBs travel insurance policy once travel is registered with the insurance provider. There is no specific cover for domestic travel although limited cover can be purchased at the time of booking.

When combining leisure travel with business travel the additional costs of leisure travel insurance must be paid by the traveller to the CDHB travel insurance company.

Use of private vehicles on Board business will be reimbursed at Inland Revenue approved rates.

Expense claims will be regularly audited by CDHB Internal Audit.

Breaches may result in disciplinary action being taken.

1 Travel Requests, Authorisation and Monitoring

- All travel for CDHB business must be approved prior to booking in accordance with CDHB delegation of Authority Policy.
- All Trans-Tasman and domestic travel, including air, hotels, cars and ferries are to be booked using the authorised online system provided by the CDHB designated Travel Management Company.
- All CDHB International travel arrangements must be presented for approval on an authorised CDHB booking form.
- All CDHB travel arrangements must be booked through CDHB's designated Travel Management Company. Contact details can be obtained from your departmental Travel Arranger, the CDHB intranet under 'Travel' or the CDHB travel coordinator.
- Where travel can be arranged through the CDHBs Travel Management Company the use of personal credit cards is not acceptable.
- Whenever possible all travel for business must be planned two weeks in advance for domestic/Trans Tasman travel and four weeks for International. It is preferable to arrange travel as soon as requirements are known in order to secure the most cost effective option.
- To ensure a timely response to travel requests the Travel Authoriser is required to approve or decline requests for travel within 24 hours of receiving the electronic request.
- All staff are required to select the most cost effective airfares available at the time of booking, that best suit the business requirements of the CDHB.
- In exceptional circumstances it may be approved by the Chief Executive for a booking to be made with a supplier other than the contracted Travel management Company.

The following procedure is to be followed for bookings made with alternative suppliers:

- a. At least two written dated quotes (one to be from CDHB designated Travel Management Company) must be supplied. The CDHB Travel Management Company must be the first company approached and all quotes should include the same travel requirement instructions to ensure a 'level playing field'.
- b. These quotes must be reviewed by the Travel Authoriser and confirmation received they are for the exact same travel details and of a bookable nature. If a quote from a provider other than CDHB's supplier is accepted then all costs will be billed directly to CDHB. This should be via charge card account or invoice. Copies of all travel invoices along with the relevant purchase order should be sent to the travel authoriser.
- c. Approval for a booking with a vendor other than CDHB designated Travel Management Company requires prior written approval from the Chief Executive.
- d. All travel will be billed directly to CDHB via airline charge card, account or invoice. Travel paid by personal credit card will not be reimbursed unless prior approval has been given in writing by the divisional manager.

Monitoring of Expenditure

- a. All General Managers and CE will be provided with detailed monitoring reports from the Travel Management Company. These are reviewed and non-compliant travel or policy breaches will be followed up with the traveller.

2 Travel Arrangements – National and International

- Staff are required to ensure that the most cost and time effective travel itineraries are booked when travelling on CDHB business.
- Any frequent flyer programme benefits may be retained by staff at no incremental cost to CDHB. All itineraries should be booked on the best available airfare at the time of booking regardless of airline and any benefits should be incidental to the business requirements of CDHB.
- **International Long Haul Travel** – All employees required to travel to international destinations outside of Trans Tasman are able to arrange travel to arrive no earlier than 24 hours prior to business commencing and CDHB will pay accommodation for this period on approval of the authorising manager.
- All International Travel is to be approved in accordance with the CDHB delegation policy.
- **Trans Tasman Travel** – Employees needing to travel Trans Tasman for business start times prior to 2.00pm local time may travel the preceding afternoon and CDHB will pay accommodation for this period on approval of the authorising manager.
- **Business Class or Premium Economy Travel** – CDHB will consider business or premium economy travel where staff have a non stop flights time of 9 hours or more and are required to present a paper or perform clinical or business duties within 12 hours of arrival at destination or return to their normal workplace.

- Where neither of these classes are available travel will not be upgraded to first class.
- Business or premium class travel requests must be approved by the Chief Executive, with the exception of CME funded travel.
- **Leisure Travel** – is incidental to the requirements for the CDHB business travel needs and should be booked as such.
- **First Class Travel** – the CDHB will not authorise any travel in first class categories (under any commercial brand name).
- **Airline Club Membership** – Membership may be paid by the CDHB provided the employee is travelling on CDHB business no less than fifty flights per year as recorded by the Travel Management Company. Approval must be provided by the Chief Executive in writing and will be reviewed annually. Exceptions may be considered on a case-by-case basis and must be approved by the CDHB Chief Executive. Requests for an exception must be made in writing.
- **Excess Baggage** – All travellers are responsible for complying with the baggage allowance indicated on their travel itinerary. CDHB will not pay or reimburse costs for excess baggage other than for goods being transported for the purposes of CDHB business.
- **Checked Baggage** – All travellers are responsible for ensuring that checked baggage is correctly recorded at time of booking and that charges are included in the ticketing price prior to departure.

3 Accommodation Arrangements – National and International

- All business accommodation arrangements are approved in accordance with CDHB Delegation of Authority Policy and abide by the principles of the Sensitive Expenditure Policy.
- All business accommodation arrangements must be booked through CDHB's designated Travel Management Company. The exception may be staff attending a conference where accommodation is offered at preferential rates as part of the conference registration. However staff should confirm in advance that more competitive rates are not available via the CDHB Travel Management Company at the venue or an alternative venue in close proximity to the conference.
- A single room in a moderately priced business class hotel or motel is to be used unless specific approval is given otherwise. CDHB has preferred suppliers and these are to be booked in the first instance. Accommodation should be selected in the first instance based on proximity to the location of the business. If preferred accommodation is not suitable to the proximity of business then alternatives can be requested. The cost of taxi travel to and from accommodation to business venue should always be taken into consideration over hotel room prices.
- Employees staying privately when on a business trip within New Zealand may be reimbursed at the standard rate of \$40 per night in lieu of accommodation and transport costs to the venue.

4 Combining Business Travel with Personal Leisure Travel

- All travel booking requests must indicate when any booking includes any element of travel for a personal reason. Employees can combine personal leisure travel with business travel, providing that CDHB does not incur any additional costs over and above the pure business travel cost. A quote for a pure business itinerary must be obtained in writing at the same time as making combined travel arrangements from the Travel Management Company.
- Employees may apply for leave in conjunction with business travel. This must be approved in accordance with the CDHB leave policy.
- Any additional costs due to personal travel requirements will be invoiced direct to the traveller.
- Once combined travel is confirmed any costs incurred to change arrangements due to changes in leisure portion of trip are at the traveller's expense – this includes cancelling the leisure portion.
- Costs of additional travel insurance for leisure travel is payable by the employee (see 5 Travel Insurance)

5 Travel Insurance

- CDHB has International travel insurance in place for all staff travelling on business including medical cover, baggage and other benefits. CDHB insures staff for days of travel/days of business and up to two leisure days only
- Employees are obligated to pay for all additional leisure travel days to the CDHB travel insurance broker. (Note: business and leisure travel combined in one trip cannot be separated for insurance purposes, only ONE travel policy can be applied to any trip)
- Registration and payment for both business and leisure travel is completed by the CDHB Travel Coordinator or Travel Management Company. All personal details required for insurance purposes only will be requested of the traveller; this will include full disclosure: All insurance policies have conditions attached to the policy. All staff are required to make full disclosure of any planned leisure activities, incidental travel, illnesses or other factors that may affect level of cover as requested.
- Payment for leisure travel insurance is by credit card only. (2018 - CDHB leisure travel insurance costs \$4.30 per day, minimum charge \$30; any changes to these costs will be published on the CDHB intranet – Support Services □ Travel □ Insurance
- A certificate of travel insurance will be provided to each traveller on completion of registration. Employees are responsible for checking they are covered for all aspects of their business and leisure travel.
- Where travel is funded by an outside organisation, CDHB insurance can be provided on receipt of written request from the travel authoriser. An email detailing name, dates, destination and detailing any personal travel must be sent to the travel co-ordinator to process registration.
- It is the responsibility of the traveller to ensure all travel not booked through the Travel Management Company is registered with the CDHB

Travel Coordinator prior to departure. Insurance cover cannot be provided once travel has commenced.

- As the CDHB has insurance cover for staff, there will not be any reimbursement of personal payment of travel insurance with another company.
- CDHB also has accident cover for all staff whilst travelling on its authorised business anywhere in the world and this cover includes associated duties away from the usual working premises. Staff are not insured for normal travel to and from work as this is a personal expense.
- The cover is for death and/or bodily injury, which is defined as an unforeseen event and results from an accident occurring while the policy is in force, caused by violent external and visible means, but does not include any condition which is also an illness.
- New Zealand has "reciprocal agreements" with UK and Australia for health services available at publicly funded providers and all efforts should be made to use these when possible. (This does not include GP visits or ambulances in Australia).
- These agreements do have limitations and all staff on CDHB business are required to utilise company travel insurance for any health services not available under a reciprocal arrangement. Reimbursement for any services that could have been provided by the 'reciprocal agreements' or insurance cover will not be made. Full details of inclusions in reciprocal agreements can be sourced from CDHB travel co-ordinator.
- Travel Insurance Claims – Forms can be obtained from the Corporate Legal Personal Assistant, the designated Travel Management Company or the CDHB travel coordinator. The payment of all claims will be made in the first instance to CDHB; any monies owing to individuals for personal expenditure will be reimbursed by CDHB.

6 Travel Expenses Guidelines

- Payment of accommodation costs is either on 'all inclusive' or partially paid basis i.e. room cost only or room and meals. This must be determined and recorded on the authorised booking form prior to reservations being made.
- Baggage allowances will be those set by the airline and any additional costs will be met by the traveller.
- Where staff are attending conferences, any further optional entertainment activities will not be reimbursed unless prior approval is granted in writing.

Charge backs and Incidentals

Meals

- Actual and reasonable meal expenses exclude alcohol. Any 'packages' which include items such as free breakfast will not receive any further reimbursement. Employees may apply for permission to provide hospitality for business purposes. This should be approved by the Travel Authoriser in writing prior to the commencement of travel.

Telephone Calls

- For national telephone calls staff should use CDHB cell phones. Staff who do not have a CDHB issued cell phone may make business and reasonable calls to their home (usually one per day unless under exceptional circumstances) from the hotel.
- International calls should be made using a CDHB cell phone.
- Staff who do not have a CDHB issued cell phone may make reasonable calls (as above) from the hotel and should charge these to the room account. If this is not possible they should then use a credit card and claim re-imbursement.

Laundry

- Use of Hotel Laundry services is acceptable when staff are required to be away from home for 5 days or more. This should be charged on the room account.

Internet

- Internet use for business may be charged to the room account.

Incidentals

- Whilst family/Whanau may accompany staff on business travel, the CDHB will not incur any costs for such travel, insurance and accommodation unless under exceptional circumstances approved by the CE.
- Other extras including but not limited to 'pay per view movies'; gratuity charges and any items from mini bars will not be paid for by CDHB.
- The CDHB will reimburse the lesser costs of airport parking or return taxi to and from the airport. CDHB taxi vouchers are available for travel within New Zealand and the nominated taxi companies detailed on the back of the vouchers should be used to obtain our special negotiated rates. Where possible, employees are encouraged to make use of airport shuttle services or share transport where practical.
- All re-imbursements and charge back may be audited and re-imbursement denied for any charges deemed outside policy, unreasonable or unauthorised.
- Fuel costs for a rental car will be reimbursed on receipt of appropriate form.
- In general, 'tipping' within NZ accommodation and restaurants is not required, however for International travel, tipping may be reimbursed provided it is at the usual rate for the country and has been included in the receipts presented for reimbursement.

Reimbursement of Travel Expenses

- Reimbursement of Travel Expenses must be made on the appropriate form (known as an AP6, this is available on the intranet – workplace forms > finance > expenses reimbursement) and signed by the Travel Authoriser.
- A tax invoice including the GST number from the supplier/provider detailing travel expenses must be attached to any individual claim over \$NZD50.00. For claims under \$50 a receipt is sufficient. A credit card receipt or statement alone will not be accepted.

- Any costs incurred that could ordinarily have been booked through the Travel Management Company will not be reimbursed unless approved in accordance with the Delegation of Authority policy.

7 Road Transport

- For the use of Private cars or CDHB pool cars: refer to the CDHB Vehicle/Transport
- Policy
 - CDHB will provide insurance coverage in accordance with the Transport Policy (when an employee is authorised to use their car for business purposes).
 - Rental vehicles:
 - The Travel Authoriser will approve where it is appropriate for a rental vehicle to be used.
 - A rental vehicle should only be used if the cost of the rental car and car parking is less than the cost of taxi fares.
 - The rental vehicle must be rented via the CDHB designated Travel Management Company.
 - An economy vehicle should be rented from the preferred list with the Travel Management Company. Depending on travel requirements the cheapest category should be booked as standard.
 - ◆ Suburban Driving: Economy Hatchback
 - ◆ Intercity Driving: Economy Saloon Automatic
 - Larger vehicles may be rented where numbers of passengers or carriage of equipment warrant it. A 4WD may be rented if the terrain e.g. gravels roads or possible adverse weather conditions warrant it.
- Cars must be refuelled before returning the rental.
- Insurance cover should be declined on rental vehicles as CDHB's insurance policy will cover any expenses.

Measurement or evaluation

Travel expenditure is subject to monthly and annual reporting; out of policy purchasing will be reviewed regularly and may be subject to internal auditing.

Policy Owner	Manager Support Services
Policy Authoriser	Executive Management Team
Date of Authorisation	20 February 2018

Sensitive Expenditure Policy

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Purpose

The Controller and Auditor-General (“Auditor-General”) has published a good practice guide: “Controlling Sensitive Expenditure: Guidelines for public entities”. The guidelines are the Auditor-General’s view of good practice which public entities (including the Canterbury DHB) should use to control Sensitive Expenditure. The guidelines outline expectations and provide guidance for carrying out the organisation’s ordinary business operations. Those guidelines may be used as the expected standard if the Auditor General conducted an audit of the Canterbury DHB in the area of sensitive expenditure.

**The latest version of this document is available on the CDHB intranet/website only.
Printed copies may not reflect the most recent updates.**

While the CDHB has policies and procedures covering most of the Sensitive Expenditure decisions identified within the guidelines, it is desirable to have an overarching policy on Sensitive Expenditure.

The objective of this policy is to provide a principles based approach as recommended by the Auditor-General for Board Members, the Chief Executive, Leaders, Managers, staff and any other person involved with CDHB expenditure, where that expenditure could be seen as:

- Giving some private benefit to an individual person that is additional to the business benefit to the CDHB; and / or Unusual for the CDHB's purpose and / or functions.

Policy

All expenditure by the CDHB, including Sensitive Expenditure, is the spending of public money. Consequently all expenditure should be subject to the standards of probity and financial prudence expected of a public entity, and the expenditure must be able to withstand Parliamentary and public scrutiny.

The CDHB has a range of other policies dealing with items relating to Sensitive Expenditure where specific details are sought for these categories, staff should refer to these policies and apply the principles in this document.

Scope

This policy applies to Canterbury DHB Board members, the Chief Executive, Senior Leaders and Managers, and all CDHB staff.

Definitions

Sensitive Expenditure is expenditure by the CDHB 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 of the expenditure to the CDHB. It also includes expenditure by the CDHB that could be considered unusual for the organisation's purpose and/or functions.

Roles and responsibilities

CDHB staff led by Board members, the Chief Executive, Senior Leaders and Managers, are responsible for exercising good judgment in applying these principles and policies.

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Associated documents

All relevant CDHB policies, and in particular, the following :

- Delegations of Authority Policy
- Probity Policy
- Purchasing Policy
- Travel & Accommodation Policy
- Motor Vehicle Policy
- Human Resources Policy (Volume 3 manual)

Also “Controlling Sensitive Expenditure: Guidelines for public entities” - Controller and Auditor-General good practice guide.

Guidelines may also be issued pursuant to Collective Employment Agreements.

Principles

The Auditor-General's guidelines recommend a principles-based approach.

All decisions on Sensitive Expenditure shall apply the principles that expenditure decisions:

- Have a justifiable business purpose;
- Preserve impartiality;
- Be made with integrity;
- Be moderate and conservative, having regard to the circumstances;
- Be made transparently; and
- Be appropriate in all respects.

The principles shall be applied as a set. None should be applied alone, and none should be treated as more important than any other.

Approval of Sensitive Expenditure

All persons with delegated authority to commit and approve expenditure must ensure that the approval of sensitive expenditure items is:

- Given only when the person approving the expenditure is satisfied that there is a justified business purpose and the principles stated above have been adequately met; and
- Made within CDHB's statutory limitations; and
- Made only when budgetary provision and delegated authority exists; and

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- Made in accordance with the CDHB's policies and processes;
- Given by a person who is senior to the person who will benefit, or who might be perceived to benefit, from the sensitive expenditure, wherever possible.

1 Specific Categories of Sensitive Expenditure

As well as the matters covered above, the following categories reflect areas not specifically covered by existing CDHB policies and these overriding principles are to apply in these areas of expenditure.

1.1 Entertainment and Hospitality

Expenditure on entertainment and hospitality is sensitive because of the range of purposes it can serve, the opportunities for private benefit, and the wide range of views as to what is appropriate.

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals. It also includes items such as CDHB funded entry to a sporting or cultural event.

Expenditure on entertainment and hospitality may be approved for the purposes of:

- Building relationships;
- Representing the CDHB;
- Reciprocity of hospitality where there is a clear business purpose and is within acceptable cost;
- Recognising significant business achievements; and
- Supporting appropriate organisational development.

Entertainment and hospitality can be provided only when it is cost effective and appropriate for the occasion and has a justified business purpose.

1.2 Sale of Surplus Assets to CDHB Staff

The procedures used when disposing of assets need to be transparent and fair and appropriate to the value of the asset.

Assets should not be sold at a discounted rate to staff if a greater value could be realised by an alternative method of disposal.

1.3 Loyalty Rewards Schemes

These include air points schemes and prizes from a free competition entry while undertaking CDHB business.

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Procurement decisions should not be affected by any individual's personal loyalty rewards scheme.

1.4 Private Use of CDHB Assets

Such assets include photocopiers, telephone, cell phones and stationery.

The principles of transparency and moderate and conservative expenditure are particularly relevant. Private use may be permitted in limited circumstances with appropriate cost recovery.

1.5 CDHB Use of Private Assets

Examples of use of private assets include private motor vehicles, private cell phones and private computers.

The CDHB's use of private assets may occur provided that there is a justified business purpose, and impartiality and integrity are preserved and the provider does not inappropriately benefit.

CDHB staff must not approve or administer payments to themselves for the CDHB's use of their own or a related party's assets.

1.6 Private Use of CDHB Suppliers

CDHB staff making procurement decisions shall ensure that the selection of suppliers is made in the CDHB's interest and is not affected by the availability or possibility of purchasing privileges for CDHB staff members.

1.7 Credit Cards

The CDHB does not issue credit cards.

1.8 Actions that may evoke public criticism

This end of the policy spectrum is not usually clearly dealt with in the public service but is an ever present concern. People that cannot receive services will judge all expenditure as faulty that is not seen to be directly benefitting the service goals to treat people. Similar sentiments apply in organisations that rely on benefactors and public fund raising.

The international body of Red Cross/Crescent will not allow any office holder to travel business class. This is seen to be important given that staff are expected to travel in economy class. Most Government agencies permit business class with some rules as to criteria for long haul flights (excluding Australia).

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There is an area which is hard to define but clearly needs to be borne in mind. This is that public funds are being used and the perception of the public over the appropriate use of health dollars, is something that must be considered, when we are unable to meet the health needs of all people. Examples include conference venue “appearances”, but other issues arise e.g. use of business acquired airpoints for private use which is mentioned in the Controller and Auditor General’s report. These grey areas are the place for greatest caution as they are often not as clear cut for the organisation. All staff need to be aware of the problem and consider very carefully the matters raised in this policy, as they can become very public and be roundly challenged.

Measurement or evaluation

How this policy will be measured on how it is used, e.g. an audit.

Section required.

Policy Owner	Manager ????
Policy Authoriser	Role title, no names, no departments
30 December 2010	dd month 20xx

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Controlling
sensitive
expenditure:
Guide for public
organisations



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Photo acknowledgement:
Chris Tse

Controlling sensitive expenditure: Guide for public organisations

This is a good practice guide,
published under section 21 of the
Public Audit Act 2001.

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Foreword from the Public Service Commissioner

I often say the Public Service cannot operate without the trust and confidence of the people we serve.

New Zealand has a high degree of public trust and confidence in our system of government, but we can't take this for granted. It's something we need to work hard every day to maintain.

Many public agencies exercise special powers or influence over people's lives, and with this power comes responsibility. A responsibility to perform our duties in a manner that upholds the trust that New Zealanders have in us.

We must always be accountable and transparent.

I welcome these updated guidelines from the Controller and Auditor-General. The principles, guidelines, and examples contained in this document provide further guidance for senior managers and staff across the public sector, reinforcing the importance of ensuring that we perform at all times in a manner that stands up to rigorous parliamentary and public scrutiny.

The guidelines complement the Chief Executive Gifts, Benefits and Expenses model standards I have issued. Senior public servants need to model the behaviour that they want to see from their agencies. I expect that those public servants will continue to make their decisions based on the good judgement they have exhibited to date and informed by the principles outlined here.

The public's trust and confidence is our licence to operate.



Peter Hughes
Public Service Commissioner

27 October 2020

Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

Trust and confidence in public organisations is driven by competence, reliability, and integrity. Where there is any question about any one of those things, real or perceived, trust and confidence can be eroded. It is important that organisations and their staff are adhering to the highest standards of integrity and are seen to be doing so.

Sensitive expenditure is any spending by an organisation that could be seen to be giving private benefit to a staff member, their family, or friends. It risks harming an organisation's reputation and the public sector more generally – for example, if the expenditure could lead to concerns that the spending is inappropriate or lacks a legitimate business reason. Issues concerning sensitive expenditure arise regardless of how much money is spent. Even a small amount can raise concerns if it appears to be improper.

Public organisations therefore need to manage sensitive expenditure deliberately and diligently and, as with all spending, be able to justify it.

Public organisations' sensitive expenditure decisions have featured in a number of my Office's reports over recent years, as well as in the many queries my Office receives. I intend for this guide to help board members, chief executives, and senior management to take a best-practice approach to their organisation's handling of sensitive expenditure and to make decisions that will stand up to scrutiny.

This guide provides practical guidance on specific types of sensitive expenditure and outlines the principles for making decisions about sensitive expenditure. It also emphasises the importance of setting "the tone from the top", along with having suitable policies and procedures in place. Leaders' actions, inactions, and behaviours set the standards of an organisation more than a policy or procedure ever will.

Leaders need to be seen to be consistently doing the right thing.

The guide is based on general public sector norms, and my Office might refer to the principles in the guide when carrying out performance audits, inquiries, annual audits, or our other assurance work.

A great deal of trust is placed in the public sector and the spending of public money. Therefore, a high level of integrity is expected. Strong controls and careful judgement should mean that sensitive expenditure in public organisations can withstand parliamentary and public scrutiny.

What is considered sensitive expenditure changes over time, and this guide will not cover every situation. Managing sensitive expenditure requires good judgement and consideration of the principles described in this guide. Appropriately identifying and managing sensitive expenditure is a critical skill expected of all public officials.

Nāku noa, nā,

A handwritten signature in black ink, appearing to read 'JMRyan', with a stylized flourish at the end.

John Ryan
Controller and Auditor-General

27 October 2020

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1

Introduction

- 1.1 Public organisations spend public money. Their spending must meet standards of probity and financial prudence¹ so it can withstand parliamentary and public scrutiny and support trust and confidence in the public sector.
- 1.2 All public organisations will incur expenditure, including sensitive expenditure, as they work to achieve their objectives. The public expects that all expenditure decisions will be subject to proper authorisation and controls.
- 1.3 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. Problems can arise with expenditure related to travel, accommodation, and hospitality, and particular care needs to be taken with these. Problems can also arise from expenditure that is unusual or is not closely related to an organisation's purpose and/or functions.
- 1.4 There is heightened public sensitivity when public sector employees are perceived to benefit – or do benefit – personally from sensitive expenditure incurred during the conduct of a public organisation's business.
- 1.5 The Public Audit Act 2001 gives the Auditor-General authority to examine and report on any act or omission that shows, or appears to show, waste or a lack of probity or financial prudence by a public organisation or one or more of its members, office holders, or employees. Appendix 1 lists our reports that discuss poor sensitive expenditure practices. We also draw attention to sensitive expenditure matters in our reporting as part of our annual audits.
- 1.6 From these reports, and the questions that public organisations ask us, we have identified some recurring issues in relation to sensitive expenditure. The most frequent issues that can cause public organisations difficulty or concern are:
 - the level of expenditure that is, or could be regarded as, extravagant or immoderate for the public sector;
 - expenditure incurred without a justifiable and adequately documented business purpose that has a clear link to the organisation's objectives;
 - poorly defined sensitive expenditure policy and procedures;
 - expenditure that is not adequately substantiated by invoices, receipts, or other relevant documentation to support claims or payments;
 - expenditure that is made before appropriate authority has been obtained; and
 - expenditure that is made without proper scrutiny to ensure that it complies with an organisation's policy and procedures.

1 In this guide, we define "financial prudence" as a public organisation using its resources carefully and not committing to a course of action beyond its means. We define "probity" as Parliament and the public's expectations of public organisations to act appropriately and ethically.

Purpose of this guide

- 1.7 This guide is to help public organisations improve, where necessary, their organisational approach to, and control of, sensitive expenditure. The aim is to assist anyone who might deal with sensitive expenditure, including board members, chief executives, and managers responsible for sensitive expenditure policies, procedures, and controls. The guide is also designed to help all employees dealing with sensitive expenditure.
- 1.8 In Part 2, we discuss the basic principles (based on general public sector norms and principles) that apply to sensitive expenditure.
- 1.9 In Part 3, we discuss how a good-practice approach to managing sensitive expenditure should be reflected in a public organisation's policies and procedures.
- 1.10 In Parts 4-9, we describe specific types of sensitive expenditure.

Using this guide

- 1.11 This guide provides our view of good practice for controlling sensitive expenditure. We will use it when carrying out our work, including our annual audits. We intend to review this guide from time to time and publish additional and updated advice on our website.
- 1.12 This guide is intended to complement, and not repeat, advice that has already been published elsewhere. Appendix 2 provides a list of resources and guidance on sensitive expenditure from other organisations.
- 1.13 We expect public organisations to implement the principles discussed in this guide into their sensitive expenditure policies and procedures. We also expect public organisations to carry out regular reviews, monitor compliance, consider high-risk areas, and make changes to policies and procedures as necessary. Public organisations should carefully consider the advice in Parts 4-9 and the underlying principles listed in paragraph 2.4 before taking a different approach.
- 1.14 Public organisations are responsible for deciding whether sensitive expenditure is appropriate in the particular circumstances and for ensuring that their sensitive expenditure policies, procedures, and decisions are fit for purpose and will withstand parliamentary and public scrutiny.

- 1.15 This guide does not affect any legislative requirements² that relate to sensitive expenditure – for example, any relevant tax requirements.
- 1.16 For those agencies within the remit of Te Kawa Mataaho Public Service Commission, this guide should be read alongside the Commission's guidance listed in Appendix 2.

2 For instance, the remuneration, expenses, and allowances payable to elected members of city, district, and regional councils are set out in the Local Government Members (2020/21) Determination 2020, and actual and reasonable expenses are outlined in council policies that have been formally approved by the Remuneration Authority (but subject to the provisions in the Determinations).

Principles applicable to sensitive expenditure

2

Taking a principles-based approach

- 2.1 Public organisations should take a principles-based approach to making sensitive expenditure decisions. Although a principles-based approach requires careful judgement, it is also flexible and more enduring and practical to administer than a large number of rules. In this Part, we describe the relevant principles for public organisations to consider when making decisions about sensitive expenditure.
- 2.2 We recognise that, for valid reasons, public organisations make their own decisions about what is appropriate sensitive expenditure. For example, a state-owned enterprise might make different judgements from a central government department or a local authority. However, all public organisations need to take into account the same principles when determining their approach (or attitude) to sensitive expenditure decisions.
- 2.3 All public organisations spend public money. Public money is not the property of people in the organisation (including members, office holders, managers, and employees) to do with as they please. Consequently, the expenditure should be:
- subject to the standards of probity and financial prudence expected of a public organisation; and
 - able to withstand parliamentary and public scrutiny.
- 2.4 There are principles that underpin decision-making about sensitive expenditure. Expenditure decisions should:
- **have a justifiable business purpose** that is consistent with the public organisation's objectives. A justifiable business purpose means a reason that would make clear sense, supported by evidence of the need for the spending and evidence that a range of options have been considered;
 - **preserve impartiality.** Impartiality means decisions based on objective criteria, rather than based on any sort of bias, preference, or improper reason;
 - **be made with integrity.** Integrity is about exercising power in a way that is true to the values, purposes, and duties for which that power is entrusted to, or held by, someone. It is about consistently behaving in keeping with agreed or accepted moral and ethical principles;
 - **be moderate and conservative** when viewed from the standpoint of the public and given the circumstances of the spending. It includes considering whether the justifiable business purpose could be achieved at a lower cost;
 - **be made transparently.** Transparency in this context means being open about the spending, and willing to explain any spending decisions or have them reviewed; and

- **be made with proper authority.** This means that the person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedures.

- 2.5 These principles should be applied together. None should be applied alone, and no principle should be treated as more important than any other.
- 2.6 For example, an employee asks to take annual leave in conjunction with business travel. The request might raise issues of what the primary purpose of the trip is, as well as issues about impartiality and transparency. If it were to approve the leave, the organisation would need to be satisfied that the primary purpose of the trip was for business, that no additional cost to the organisation would be incurred, and that the arrangement could not be reasonably perceived as inappropriate.
- 2.7 In practice, a properly authorised individual will make the decision for each instance of sensitive expenditure. Each individual making such decisions will need to use careful judgement in accordance with the principles and within the particular context of the circumstance. The organisation should have appropriate policies in place to guide that decision-making, including training to build awareness and develop good judgement (see Part 3).

Deciding when sensitive expenditure is appropriate

- 2.8 Each decision about sensitive expenditure is important, even if the amount of money spent is small compared to the organisation's total expenditure. Improper expenditure could harm the reputation of, and trust in, the organisation, as well as the public sector generally.
- 2.9 The decisions that public organisations make to determine "appropriate" types and amounts of sensitive expenditure are likely to differ, to some degree, between organisations. This is because of the broad range of public organisations and the varying nature of their functions and activities. For example, public organisations that are involved in commercial activities might spend money on sponsorship, marketing, and hospitality for its most important customers (which allow them to compete in their particular market). This would not be usual in a government department or a school.
- 2.10 However, we expect all public organisations to behave in a way that supports the public's trust in government generally and in public organisations in particular.
- 2.11 A public organisation deciding on what is appropriate sensitive expenditure needs to consider both individual transactions and the total amount of sensitive expenditure.

- 2.12 Even when sensitive expenditure decisions can be justifiable at the individual transaction level, the combined amount spent on a category of expenditure might be significant and the organisation could be criticised for extravagance and waste. In other words, the organisation has failed to ensure that the expenditure of public money is proper and prudent. For example, a gift valued at \$150 for an individual to mark a significant achievement or contribution might be acceptable. However, if that gift will be given to all employees of an organisation, then the total amount is likely to be considered extravagant.

Responsibilities of board members, chief executives, and managers

Setting the tone at the top

- 2.13 To maintain the public's trust and confidence in the public sector, board members, chief executives, and senior management need to ensure that their public organisations operate with a high level of integrity. The necessary behaviours of public servants to maintain the integrity of the public sector includes:³
- impartiality – to treat all people fairly, without personal favour or bias;
 - accountability – to take responsibility and answer for their work, actions, and decisions;
 - trustworthiness – to act with integrity and be open and transparent;
 - respect – to treat all people with dignity and compassion and act with humility; and
 - responsiveness – to understand and meet people's needs and aspirations.
- 2.14 In our view, responsibility rests with those “at the top” – that is, board members, chief executives, and senior management. They need to set the highest standard for what is and is not acceptable sensitive expenditure. All leaders should actively promote ethical behaviours, through role modelling, reinforcement, and communication.⁴ They need to have clear policies and processes that apply to all staff, including the chief executive, senior management, and the board, and to actively model their own and others compliance with those policies. As with other aspects of organisational performance, they also need to ensure that policy and processes are regularly and independently reviewed. That review will provide assurance they are operating appropriately and provide an additional line of defence against inappropriate sensitive expenditure being incurred.

³ Public Service Act 2020, www.legislation.govt.nz.

⁴ For more on ethical leadership, see: Brian Picot Chair in Ethical Leadership, Victoria University of Wellington (2019), *Opportunities and challenges for Aotearoa New Zealand*, Wellington. www.wgtn.ac.nz.

- 2.15 We also expect that all leaders of public organisations should ensure that staff are trained on those policies and procedures and on developing awareness and good judgement, that adequate monitoring is carried out, and that the public organisation has a view on whether it is delivering appropriate outcomes on sensitive expenditure.
- 2.16 Policies and procedures support an organisation's culture by clarifying what is and what is not acceptable behaviour. To be effective, sensitive expenditure policies, procedures, and other controls should link to and reinforce the organisation's values, rather than be viewed or practised as a separate activity. When these are embedded into an organisation's culture, all staff become involved in the proper and prudent management of sensitive expenditure.⁵

Controls and judgement

- 2.17 Although having strong controls will help people make good sensitive expenditure decisions, careful judgement is also needed. This is because it is not possible or desirable to set rules for every possible situation. If there are no specific rules for a specific situation, we expect those incurring and approving sensitive expenditure to use careful judgement by applying the principles listed in paragraph 2.4. In more high-risk matters, an organisation might want to be more prescriptive.
- 2.18 Board members, chief executives, and senior management have a particular responsibility to ensure that sensitive expenditure is appropriate for their organisation.
- 2.19 We expect board members, chief executives, and senior management to ensure that there is transparency in both sensitive expenditure and remuneration systems, and to avoid any trade-offs between the two.

⁵ For the sorts of behaviours that support public trust and confidence in the integrity of government, see: Te Kawa Mataaho Public Service Commission (2007), *Standards of Integrity and Conduct*, Wellington, publicservice.govt.nz.

Preparing suitable policies and procedures

3

3.1 Parliament and the public should be able to have confidence that public organisations can make sensitive expenditure decisions properly and prudently. This requires:

- a principles-based approach;
- leading proper and prudent practices by example;
- approving and putting in place suitable policies and procedures;
- procedures that consistently support all staff (at all levels and roles in the organisation) to follow proper and prudent practices;
- appropriate training;
- monitoring of activities to ensure effective control of sensitive expenditure;
- carrying out regular reviews to ensure that there is compliance with policies and that the overall principles are being achieved; and
- taking corrective action on failures and learning from them.

3.2 In this Part, we describe how to take a good-practice approach to:

- sensitive expenditure policies;
- procedures for approving sensitive expenditure; and
- requirements to maintain proper supporting records for sensitive expenditure incurred.

3.3 Where public organisations diverge from the broad approach outlined in this Part, we expect them to justify their decisions with respect to the principles listed in paragraph 2.4.

Sensitive expenditure policies

3.4 Sensitive expenditure policies need to:

- make clear what types of expenditure are and are not allowed;
- outline clear approval processes that are specific about who approves what (including that expenditure should generally be approved before it is incurred) and any exceptions to that;
- set spending limits or boundaries and specify dollar limits and defined boundaries, where practicable. Otherwise, the policies need to be clear about when people are expected to exercise careful judgement as to what is actual and reasonable;
- allow a manager discretion to grant an exception (management override) to a policy or procedure only in exceptional circumstances;
- specify the monitoring and reporting regime (including when exceptions to policies have been granted) and, where applicable, controls or checks that may be applied; and
- specify the requirements for review of the policies and procedures.

- 3.5 As well as a general sensitive expenditure policy, public organisations should also have more specific policies for common types of sensitive expenditure, such as travel, hospitality, and gifts. Further guidance on specific types of sensitive expenditure is provided in Parts 4-9.

Procedures for approving sensitive expenditure

- 3.6 Sensitive expenditure should be approved only when:
- the person approving the expenditure is satisfied that it is for a justifiable business purpose that is consistent with the public organisation's objectives, and all of the principles discussed in Part 2 have been adequately met;
 - approval is given before the expenditure is incurred, unless it is for small amounts (for example, taxi fares) and allowed in the organisation's policies;
 - the expenditure will be within budget and where delegated authority exists; and
 - approval is given by a person who is senior to the person who will benefit (or might be perceived to benefit) from the sensitive expenditure. Where that is not possible, this should be recorded, and any such expenditure should be subject to some form of monitoring.
- 3.7 For people in senior positions, the good practice of approval by a more senior person should be applied to the maximum extent possible. However, where there is no more senior person to approve the expenditure, an alternative approach will be needed.
- 3.8 In such instances, it is essential that there should be no reciprocal arrangement for approving sensitive expenditure (that is, with a person approving expenditure having their own expenditure approved by the person whose expenditure they are approving). An arrangement involving three people is one way to avoid this problem (for example, person A approves person B's expenditure, person B approves person C's expenditure, and person C approves person A's expenditure). Another way, where practical, is to have the whole management team approve the expenses.
- 3.9 The principle of **transparency** is particularly relevant to the approval of senior personnel expenses. It is worth considering having senior personnel expenses reviewed by an audit and risk committee and/or making the expenses publicly available. Publishing clear and detailed disclosures helps build and maintain the public's trust and confidence. Te Kawa Mataaho Public Service Commission has published model standards for chief executives' expenses⁶, guidance on expense disclosure process, and information on the type of expenses that should be disclosed.⁷

6 Te Kawa Mataaho Public Service Commission (2018), *Acting in the spirit of service: Chief Executive Gifts, Benefits and Expenses*, Wellington, publicservice.govt.nz.

7 Te Kawa Mataaho Public Service Commission (2018), *Chief Executive gifts, benefits and expenses disclosures: A guide for agency staff*, Wellington, publicservice.govt.nz.

- 3.10 Where public organisations incur significant sensitive expenditure (for example, on international travel) there should be a clear documented process for gaining approval for that expenditure. This process should include preparing a clear business case that describes how the expenditure is linked to what is expected to be achieved through the travel and a budget of expected expenditure, which should be reported against when the expenditure has been incurred.
- 3.11 Using credit cards and purchasing cards creates the risk that expenditure, including sensitive expenditure, is incurred before it is approved. If the public organisation does not have strong controls for card expenditure, there is a risk that cards can be used for inappropriate spending. We provide guidance on using credit cards and purchasing cards in Part 4.

Supporting records for expenditure incurred

- 3.12 Public organisations need to retain proper supporting records (invoices and receipts) for all expenditure incurred. These supporting records need to:
- clearly state the business purpose of the expenditure. If the supplier documentation supporting a claim for reimbursement does not clearly state the business purpose, a written statement of the purpose should be included as part of the claim;
 - be the original document (such as tax invoices) or electronic copies that are retained in a way that preserves the integrity and completeness of the document. Credit card statements are not adequate documentation to support reimbursement;
 - document the date, amount, description, and purpose of small expenditure when receipts are unavailable (for example, tips or vending machines);
 - be 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;
 - be submitted promptly after the expenditure is incurred; and
 - be in English or Te Reo Māori (or independently translated before payment).
- 3.13 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. This should be incorporated into the organisation's reporting mechanisms.

4

Using credit cards and purchasing cards

- 4.1 Using credit cards and purchasing cards⁸ is a common way to pay for sensitive expenditure and is more transparent than using cash. However, specific policies and procedures are needed for using cards to manage the associated risks. These risks include cards being used:
- for inappropriate business-related expenditure (in both the type of expenditure and how much);
 - to obtain cash for a business purpose, with subsequent expenditure being poorly documented or justified; and
 - for personal benefit, by obtaining cash or paying for personal items.
- 4.2 Organisations that allow credit cards and purchasing cards should have suitable policies and requirements governing use of the cards. They should also have controls to ensure that those policies and instructions are observed.
- 4.3 Policies for credit cards and other purchasing cards need to set out:
- who is eligible for a business credit card/purchasing card;
 - the person or people responsible for authorising card issue, managing the acquisition of cards, and monitoring and reporting on their use;
 - the process for cancelling and destroying cards;
 - credit limits (set by the public organisation and not by the card holder). The limit should be the minimum necessary to enable the card holder to carry out their duties for the public organisation;
 - that using cards for private expenditure or credit is prohibited;
 - the need to have acceptable original documentation to explain and corroborate transactions;
 - how credit card and purchasing card transactions are to be reviewed and approved by a person senior to the card holder (the one-up rule); and
 - the consequences of unauthorised use.

⁸ These include credit cards, vehicle fleet cards, purchasing cards, and equivalent cards used to obtain goods and services before payment is made.

Credit card cash advances

- 4.4 Credit cards should not be used to obtain cash advances unless cash is required:
- in an emergency (usually related to travel); or
 - for official purposes (in rare circumstances).
- 4.5 If an organisation would like to allow cash advances, they would need to be specifically provided for in the organisation's policy and should be properly documented and accounted for and reconciled to actual expenses.

Internet purchases using credit cards

- 4.6 Credit card payments made on the internet need to reflect good security practice, such as purchasing only from reputable companies known to the public organisation. The card holder needs to keep a copy of any online order forms completed when making purchases. The practice also needs to be consistent with the public organisation's normal purchasing controls.

5

Expenses when travelling

- 5.1 Public sector staff might need to incur travel and accommodation costs while travelling in New Zealand or overseas for work.

Issues and principles

- 5.2 Issues about expenditure on travel and accommodation, especially by governors, chief executives, and managers, are often brought to our attention. The principles of a **justifiable business purpose** and **moderate and conservative** expenditure are particularly relevant here.
- 5.3 Travel and accommodation expenditure should be economical and efficient, having regard to purpose, distance, time, urgency, personal health, security, and safety considerations.
- 5.4 Public organisations should have travel policies and procedures that:
- consider technology-enabled solutions as opposed to travel in person;
 - cover domestic and international travel;
 - require written approval before travel;
 - provide guidance on taking annual leave, staying away over weekends, stopovers, travelling with spouses or partners, and class of travel; and
 - outline the monitoring and reporting arrangements.

Cash advances

- 5.5 Where a staff member is required to travel overseas for work, it might be necessary to provide them with a cash advance. The public organisation's policies and procedures should allow for this. In these instances, the cash advance should be set at an appropriate level having regard to the circumstance, properly documented and accounted for, and reconciled to actual expenses on return.

Air travel

- 5.6 Public organisations should ensure that:
- air travel is booked to achieve the most cost-effective fare;
 - when deciding what class of ticket to purchase, cost is balanced with other considerations, such as purpose of travel, distance, time, urgency, security, and safety considerations. One option organisations can consider, if time allows, is whether it would be considerably cheaper to fly long distance in economy class, arriving earlier to allow rest;
 - there is a clearly explained rationale whenever a premium economy or business class ticket is purchased – business class is the exception, not the norm; and
 - they have policies on membership of airline clubs, with any membership of such clubs supported by a clear business purpose.

Air points and other travel-related loyalty schemes

- 5.7 Accruing air points⁹ from business-related travel can have significant personal benefit and potentially incentivise wasteful travel. Public organisations need policies to manage this risk.
- 5.8 We expect public organisations, to the extent that it is practically possible within the requirements of the law, to:
- treat air points that staff accrue when travelling for work as the property of the organisation;
 - use business air point rewards to benefit only the organisation (this could include using the air points for personal reasons and reimbursing the organisation);
 - ensure that staff keep a record of business air points accrued, air points used to benefit the organisation, and the balance of air points remaining, and regularly supply the organisation with a report of this record;
 - ensure that processes are in place to identify if staff are accruing a large number of business air points; and
 - ensure that business air points are used for travel where possible.
- 5.9 There are complexities to managing air points and the personal benefit that might come from them. Some airlines are aware of these issues and might offer schemes that assist public organisations to manage them.

Meals, accommodation, and transport while travelling

Meals

- 5.10 With reference to meals while travelling,¹⁰ we expect organisations to:
- give guidance to staff that describes what is appropriate and reasonable to spend on meals; and
 - state in their policies that separate meal expenses cannot be claimed if a meal is provided as part of another package paid for by the organisation – for example, when lunches and dinner are included in conference registration.
- 5.11 Increasingly, the expectation is that public organisations should not allow for reimbursement of alcohol purchases through travel or accommodation expenses.

⁹ Rental companies and hotel chains often have similar schemes.

¹⁰ There are two main ways that public organisations can cover expenses (in particular, meals) of their staff while travelling – having a daily allowance or individuals claiming back expenses on return. Where an organisation is using daily allowances, the standard rate should be linked to being appropriate and reasonable. For guidance on rates for international travel, public organisations can refer to the New Zealand Foreign Affairs and Trade Schedule of Per Diem Rates to cover the costs of meals, accommodation, and incidentals while overseas. See www.mfat.govt.nz.

The public expect prudence. Alcohol consumption is seen as a personal choice that public servants should pay for themselves.

Accommodation

5.12 We expect organisations to:

- ensure that accommodation is cost-effective;
- take account of the accommodation's location relative to where staff are working;
- check the standard and type of accommodation and safety and security issues; and
- have a policy relating to costs/koha that might be paid, if any, for when staff stay with a friend or relative rather than in paid accommodation.

Transport

5.13 With reference to transport while travelling, we expect organisations to:

- ensure that the most economical type and size of rental car to be used is consistent with the requirements (including the distance, terrain, weather, and number of people) of the trip;
- have a policy that the driver, not the organisation, will pay fines (parking or traffic offences) incurred while using a rental vehicle on business;
- ensure that any private use of a rental car incurs no additional cost to the organisation and is reasonable in the circumstances; and
- consider other cost-effective travel, such as public transport and rideshare.

Motor vehicles

5.14 We expect the use of taxis to be moderate, conservative, and cost-effective relative to other forms of transport. Public organisations are starting to use alternative forms of transport, such as those mentioned in paragraph 5.13.

5.15 Rideshare options are most often charged through an application (app) linked to a credit card. In these instances, see Part 4 for guidance on making credit card purchases. If the app is set up to use a personal credit card, the public organisation will need processes to distinguish legitimate work expenses from personal expenses, including enough evidence to support the business reason for the work expenses and documentation to support the payment.

5.16 Organisation-funded transport should not be used for travel between home and work, unless the reason for the travel is due to work commitments requiring work beyond a reasonable hour, a safety concern, or similar justification. Approval for the travel should be given where practicable.

- 5.17 We expect all taxi cards to be issued in an individual's name to support transparency about who used a taxi card and for what purpose. See Part 4 on using credit cards and purchasing cards for additional guidance.

Corporate vehicles

- 5.18 Corporate vehicles (provided outside remuneration arrangements) should not be used for private purposes. We expect the driver, not the organisation, to pay any fines (parking or traffic offences) incurred while using a corporate vehicle unless the fines relate to an aspect of the condition of the vehicle outside the driver's control.

Private vehicles

- 5.19 We expect public organisations to ensure that they do not pay for travel by private vehicle if travel by other means is more practical and cost-effective. Generally, pre-approval to use a private vehicle for work must be obtained. We expect the driver, not the organisation, to pay any fines (parking or traffic offences) incurred while using a private vehicle on business.
- 5.20 We expect public organisations to require a completed and signed claim based on distance travelled when reimbursing staff for using a private vehicle. The rates of reimbursement for a private vehicle should also be in line with the allowable expense for using a private vehicle for business purposes recommended by the Inland Revenue Department or an appropriate rate set by the organisation. Any claim should clearly state the business reason for the travel.

Tipping

- 5.21 The probity issue associated with tipping is that it is discretionary, and usually undocumented, expenditure. Tipping should not in any circumstance be extravagant. The principle of **moderate and conservative** expenditure is particularly relevant.
- 5.22 We expect staff of public organisations not to tip while they are travelling for work in New Zealand. We expect organisations to allow tipping expenses in countries where it is local practice and where it is appropriate in the circumstances. In these cases, organisations can provide staff members a daily allowance before travel to allow for this. This should be documented in the organisation's policies, and any unused funds are to be accounted for.

Other travel issues

Using telecommunications equipment

- 5.23 We expect guidance on the use of telecommunications equipment while travelling for work to be consistent with the guidance on information communications technology resources in Part 9.

Private travel combined with work travel

- 5.24 Staff members can go on private travel before, during, or at the end of travel paid by their organisation, provided there is no additional cost to the organisation and the private travel is only incidental to the business purpose of the travel. The organisation should have a clear process in place, set out in its policy, to ensure that any additional costs (for example, travel insurance) are identifiable and reimbursed as soon as is practicable after they have been incurred.

Spouses, partners, or other family members accompanying travel

- 5.25 A public organisation should not usually pay for travel costs of accompanying spouses, partners, or other family members. In the rare circumstances that involvement of a spouse directly contributes to a clear business purpose, we expect the spouse's travel to be pre-approved in accordance with the organisation's policy and delegations. The travelling staff member should discuss with their manager if they intend any family member to accompany them on work-related travel regardless of whether the organisation contributes to costs. This is to ensure that there is proper consideration of any perceived personal benefit. Public organisations should consider matters such as insurance as well as cost when approving family members' accompanying travel.

Stopovers

- 5.26 We expect the cost of any stopover that the organisation pays for to have a clear business purpose, be moderate and conservative, and be pre-approved. This could include a staff member flying long distance in economy class requiring a short (24-hour) stopover to aid their recovery when they arrive at their final destination.

Entertainment and hospitality expenditure

6

- 6.1 Entertainment and hospitality can range from tea, coffee, and biscuits to organisation-funded hosting at a sporting or cultural event.

Issues and principles

- 6.2 Expenditure on entertainment and hospitality is sensitive because of the range of purposes it can serve, the opportunities for private benefit, and the uncertainty as to what is appropriate.
- 6.3 The Institute of Internal Auditors New Zealand identified the following five business purposes for entertainment and hospitality expenditure for private and public organisations:¹¹
- building relationships;
 - representing the organisation;
 - reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality;
 - recognising significant business achievement; and
 - building revenue.
- 6.4 The principles of a **justifiable business purpose** and **moderate and conservative** expenditure are particularly relevant here. Some public organisations might pay for hospitality to raise funds. We expect expenditure to be subject to controls for monitoring and reporting.

Guidance

- 6.5 We expect entertainment and hospitality expenditure to be:
- subject to policies that provide clear guidance about what is an acceptable level and type of expenditure and appropriate venues (for example, on seasonal occasions, such as a Christmas function);
 - provided only when it is cost-effective and appropriate for the occasion;
 - subject to policies that include a general prohibition on organisations paying for alcohol, except in specific circumstances and within prescribed limits;¹² and
 - supported by appropriate documentation that includes receipts, names of parties entertained, and the reasons for the entertainment and hospitality.

11 Institute of Internal Auditors New Zealand Incorporated (1996), *A Management Guide to Discretionary Expenditure*, Auckland.

12 As noted earlier, there is increasingly an expectation that public organisations not allow the use of public money to purchase alcohol. Where public organisations are still meeting the cost of alcohol, they will need to have a clear justification.

Recognising achievements

- 6.6 Organisations often spend money on events to recognise milestones, such as farewells, retirements, and staff achievements. This can include spending on functions, gifts, and other items.
- 6.7 Expenditure on farewells and retirements should not be extravagant or inappropriate. The principle of **moderate and conservative** expenditure is particularly relevant.
- 6.8 We expect any expenditure on recognising achievements or other milestones to be pre-approved at an appropriate level of management, and to be moderate, conservative, and appropriate for the number of years of service in the case of service milestones.

Receiving hospitality

- 6.9 We recognise that receiving hospitality is not strictly sensitive expenditure. This is because it does not involve expenditure on the part of the organisation. However, it is still a sensitive issue that organisations need to manage carefully. It is important that receiving hospitality does not affect an organisation's or an individual's decision-making because this could be perceived as acting without impartiality or integrity.¹³

13 Office of the Auditor-General (2020), *Managing conflicts of interest: A guide for the public sector*, Wellington, oag.parliament.nz.

Goods and services expenditure

- 7.1 In this Part, we discuss obtaining, disposing of, or using goods and services that are not covered by terms and conditions of employment.

Loyalty reward scheme benefits

- 7.2 Loyalty reward schemes benefit customers who continue to use a particular supplier.
- 7.3 It is important to preserve impartiality and integrity. We expect that staff making procurement decisions would not personally receive any loyalty rewards as a result of those decisions.¹⁴ There should be controls and clear guidance about expectations for all involved so that, to the maximum extent possible, the public organisation benefits from any rewards.
- 7.4 As with accruing air points, there are complexities to managing personal loyalty reward schemes. One option is for the public organisation to ask the supplier not to provide loyalty rewards for business purposes. Otherwise, where the rewards accrue to the individual who obtains the goods or service, we expect public organisations to follow the same advice relevant to air points in Part 5, regardless of who has paid for them.

Private use of public organisations' assets

- 7.5 Any physical item a public organisation owns, leases, or borrows is considered an asset for the purpose of this guide. This includes photocopiers, mobile devices, computer equipment, laptops, office furniture, uniforms, and stationery.
- 7.6 The principles of **transparency** and **moderate and conservative expenditure** are particularly relevant here. Personal use of these assets might be permitted in defined circumstances.
- 7.7 We expect public organisations to have policies that identify what, if any, private use of an organisation's assets is acceptable, the level of use (defined in terms of quantity), and the circumstances under which costs will be recovered. Generally, costs of private use should be recovered, unless it is impractical or uneconomic to separately identify those costs.¹⁵ We expect public organisations to prohibit an employee's use of an organisation's assets for their private business.

¹⁴ Refer to the government procurement rules, charter, and principles that set out clear expectations for staff involved in procurement – for example, government procurement principle five: Play by the Rules, procurement.govt.nz.

¹⁵ For further information in relation to directors of Crown companies, see: Crown Company Monitoring Advisory Unit (2004), *Crown Company Directors' Fees and Reimbursement Guidelines*.

Public organisations' use of private assets

- 7.8 Sometimes a public organisation decides that reimbursing staff for using private assets is appropriate for reasons such as cost, convenience, or availability. An organisation might decide to do this for an asset that it would not regularly use if it acquired it directly, such as motor vehicles and mobile devices.
- 7.9 The main issue with an organisation using private assets is the risk that they then pay or reimburse the provider of those assets an amount that benefits the provider inappropriately.
- 7.10 The principles of **a justifiable business purpose, preserving impartiality, and integrity** are particularly relevant here.
- 7.11 Staff members must not approve or administer payments to themselves for the organisation's use of their private assets. We expect public organisations to have policies and processes in place, as well as monitoring and reporting, to ensure that this is the case.

Private use of a public organisation's suppliers

- 7.12 If a public organisation allows staff to obtain goods or services from a supplier on the same or a similar basis to the organisation, and staff are then able to obtain the goods or services at a discounted price not otherwise available to them, this is private use of an organisation's official procurement processes.
- 7.13 If staff have access to an organisation's suppliers on the same basis as the organisation, they might receive preferential access to goods or services at a preferential price not available to the public. The risk is that the availability of the discount to staff will influence the choice of suppliers to the organisation. Public organisations must not take preferential access to goods and services for staff into account when choosing suppliers.
- 7.14 In our view, it is inappropriate for public-sector staff to personally benefit from the purchasing power of their organisation. We expect it to be unusual and rare for a public organisation to give staff access to its suppliers on the same basis as the organisation. However, where this is allowed, staff should be moderate in their use of any preferential access to goods or services. These situations risk creating the perception that staff are privately benefiting from this access, which would need to be managed.
- 7.15 We expect public organisations to have a policy regarding staff use of preferential purchasing. Public organisations should ensure that the selection of suppliers is in their interest and not affected by the availability or possibility of purchasing privileges for staff.

- 7.16 Public organisations that allow staff to purchase directly from suppliers should set limits on the value and quantity of purchase. Public organisations should also monitor staff use to avoid any risks to future procurement decisions involving that supplier.
- 7.17 Public organisations' policies should state that staff cannot use purchasing privileges on behalf of any third party, such as family members or friends, and staff should pay in full and must not use the organisation as a source of credit. Resources of the public organisation, including staff time, should not be used to procure goods or services for employees' personal benefit.

Sale of surplus assets to staff

- 7.18 As part of their normal business, public organisations will occasionally dispose of their assets. Typically, this is when the assets become obsolete, worn out, or surplus to requirements. The procedures that public organisations follow when disposing of the assets need to be transparent and fair.
- 7.19 Public organisations should not sell assets at a discounted rate to staff if they can make more money through another method of disposal.
- 7.20 The principles of **preserving impartiality** and **integrity** are particularly relevant here. We expect that the staff disposing of the assets will not benefit from the disposal.
- 7.21 We expect public organisations to:
- recognise the value of the asset and any potential for actual or perceived undue benefit by staff;
 - maximise the return to the organisation if disposing assets, including to staff; and be able to justify that amount (for example, market value); and
 - ensure that all assets identified for disposal to staff are valued and subject to a tender or other process that is appropriate to the value of the asset.
- 7.22 Maximising return to the public organisation can include considering non-financial benefits like sustainability. If the organisation is unable to sell or find an alternative use for its assets, it might be better that the assets are offered to staff rather than being taken to a landfill.

8

Staff support and well-being expenditure

- 8.1 Public organisations can provide for staff support and well-being in various ways. The resulting benefits should be to both the organisation and the staff.
- 8.2 A public organisation can decide to make payments to meet its “good employer” obligations – for example, well-being payments for preventative health screenings, eye tests, and prescription glasses. An organisation can decide to meet costs for less specific purposes that generally contribute to a good relationship between it and its workforce or among its workforce. For example, an organisation can contribute to a social club or a sports team representing the organisation.
- 8.3 However, a public organisation also needs to be aware that payments for staff support and well-being could be seen as paying for what are ordinarily a staff member’s personal and private expenses. This could be seen as additional remuneration for the staff member. In those circumstances, the organisation needs to consider the implications for such matters as tax liability and relevant employment agreements.

Financing the activities of a social club

- 8.4 Public organisations may sometimes make a monetary contribution to a social club, either in the form of an all-purpose grant towards the club’s annual budget or as a grant or subsidy for a specific event.
- 8.5 It is important that there is a **justifiable business purpose** for any contributions to a social club. This purpose would typically be connected with organisational development and staff well-being.
- 8.6 We expect contributions to social clubs to be prudent and reasonable in terms of the benefit obtained by the organisation. The social club activities for which the subsidy is given should align with the principles listed in paragraph 2.4.

Sponsorship of staff

- 8.7 Staff taking part in an activity that is not part of their job, such as a sporting event, may be sponsored by their organisation through the provision of, or payment for, goods or services (for example, a t-shirt or an entry fee).
- 8.8 Sponsorship should have a **justifiable business purpose**, which could include publicity for the organisation and its objectives or organisational development. The cost to the organisation should be moderate and conservative. We expect sponsorship to be transparent and supported by a robust policy.

Other types of expenditure

Donations

- 9.1 A donation is a payment (in money, goods, or services) made voluntarily and without expecting reciprocation.
- 9.2 We expect public organisations to ensure that:
- the purpose of the donation is consistent with the business purpose of the organisation; and
 - the cost of the donation is appropriate in the circumstances.
- 9.3 The principles of **preserving impartiality, integrity**, and being **moderate and conservative** are particularly relevant here. Making a donation should not result in any obligation on individuals or organisations, other than to apply the donation to the purposes of the recipient.
- 9.4 We expect donations to be:
- lawful in all respects, including complying with parliamentary appropriations;
 - disclosed in aggregate (where required);
 - appropriately documented;
 - made to a recognised organisation by normal commercial means – not to an individual and not in cash;
 - non-political;
 - covered by a clear policy including delegations and authorisation; and
 - consistent with the objectives of the organisation making the payment.

Gifts

Giving gifts

- 9.5 Public organisations can give gifts – such as a thank you for a speech or presentation, or when giving gifts is customary (for koha, refer to the additional guidance below).
- 9.6 Gifts usually take the form of a tangible object, but might also be in the form of, for example, free use of a corporate box at a sporting event or privileged access to goods or services.
- 9.7 Giving gifts presents significant risks, including that:
- the value or nature of a gift is inappropriate or excessive to the occasion or the reason for giving it;

- the gift is given in explicit or implicit expectation of favour in return; and
- the gift is given in substitution for legitimate payment or remuneration.

9.8 The principles of a **justifiable business purpose**, being **moderate and conservative**, **acting with integrity**, and **preserving impartiality** are particularly relevant here.

9.9 Public organisations should have a policy on giving gifts, including specifying the purposes and occasions for when it is acceptable and the nature and value of gifts that are appropriate for particular occasions. An organisation might consider factors such as the staff member's service, the event the organisation is recognising, and the cost of the gift. See Part 6 for guidance on recognising achievements.

Receiving gifts

9.10 We recognise that receiving a gift is not strictly sensitive expenditure. This is because it does not involve expenditure on the part of the organisation or individual receiving a gift. However, it is still a sensitive issue that organisations need to manage carefully. It is important that receiving a gift does not affect an organisation's or an individual's decision-making because this could be perceived as acting without impartiality or integrity.¹⁶ Prizes received from a free competition entry obtained while carrying out an organisation's business are also considered to be receiving a gift for the purposes of this guide.

9.11 Cash gifts are unacceptable in any circumstances.

9.12 We expect public organisations to:

- carefully consider whether it is appropriate for the organisation to accept a gift;
- record the acceptance of all gifts, except for inexpensive gifts that are openly distributed by suppliers and clients, in a gifts register;
- treat all gifts that are accepted as the property of the organisation, to be used for either the organisation's or the public's direct benefit;
- consider recording in the gift register those gifts that were offered but turned down;
- limit the gifts that staff are allowed to personally acquire to infrequent, inexpensive gifts that are openly distributed by suppliers and clients (for example, pens, badges, and calendars); and
- have policies defining "infrequent" and "inexpensive" in relation to receiving gifts.

16 Office of the Auditor-General (2020), *Managing conflicts of interest: A guide for the public sector*, Wellington. oag.parliament.nz.

Koha

- 9.13 Koha is a gift, token, or contribution given on appropriate occasions including:
- tangihanga;
 - attendance at an event/meeting;
 - for use on or for a marae; and
 - kaumātua support for pōwhiri, mihi whakatau meetings, or other events.
- 9.14 The probity issue associated with koha is that it is discretionary and usually un-receipted expenditure.
- 9.15 Public organisations should have a policy on, and controls over, giving koha that specifies the means of determining the cost of any koha, and requires all koha made to:
- reflect the occasion;
 - be approved in advance at an appropriate level of authority; and
 - be clearly documented with the date, amount, description, and purpose.

Information communications technology resources

- 9.16 Information communications technology (ICT) resources¹⁷ are widely used in the workplace and some level of personal use of this technology is reasonable.
- 9.17 We expect organisations to have policies on personal use of ICT resources, including on reimbursement of costs, and to ensure that staff are well informed about them. We suggest that ICT personal use policies state that personal use of the organisation's ICT resources should be consistent with the organisation's values and policies and that usage must not:
- include unlawful, offensive, or improper activities;
 - affect the business use of the ICT;
 - affect how people perform their duties;
 - be commercial in nature;
 - involve unreasonable use of resources (such as network bandwidth); and
 - include installation of communications technology to be used exclusively or predominantly for personal use.
- 9.18 See guidance on private use of a public organisation's assets, and an organisation's use of private assets, in Part 7.

¹⁷ ICT resources include email and web browsing on a desktop or laptop computer, a smartphone, or a tablet.

Appendix 1

Our reports covering aspects of sensitive expenditure

- (2000) *Waitakere City Council: Payments and associated issues relating to certain staff redundancies*
- (2002) *Cambridge High School's management of conflicts of interest in relation to Cambridge International College (NZ) Limited*
- (2002) *Certain matters arising from allegations of impropriety at Transend Worldwide Limited*
- (2003) *Inquiry into expenses incurred by Dr Ross Armstrong as Chairperson of three public entities*
- (2003) *Inquiry into public funding of organisations associated with Donna Awatere Huata MP*
- (2004) *New Zealand Trade and Enterprise: Administration of the Visitor Investing Programme*
- (2005) *Central Government: Results of the 2003-04 Audits, Part 6 – Board chairpersons' expenses*
- (2005) *Inquiry into certain aspects of Te Wānanga o Aotearoa*
- (2010) *How the Department of Internal Affairs manages spending that could give personal benefit to Ministers*
- (2010) *Auditor-General's inquiry into certain types of expenditure in Vote Ministerial Services – Part 1*
- (2019) *Inquiry into Alpine Energy Limited's decision to install solar equipment at a senior executive's house*
- (2019) *Report to the [Waikato Institute of Technology] Council: Additional assurance work on travel expenses, redundancy and severance payments*
- (2019) *Severance payments: A guide for the public sector*
- (2020) *Managing conflicts of interest: A guide for the public sector*

Appendix 2

Other sources of advice

- Te Kawa Mataaho Public Service Commission (2007), *Standards of Integrity and Conduct*, Wellington, available at publicservice.govt.nz.
- Te Kawa Mataaho Public Service Commission (2009), *Board Appointment and Induction Guidelines* (updated 2015), Wellington, available at publicservice.govt.nz.
- Te Kawa Mataaho Public Service Commission (2018), *Acting in the spirit of service: Chief Executive Gifts, Benefits and Expenses*, Wellington, available at publicservice.govt.nz.
- Te Kawa Mataaho Public Service Commission (2020), *Speaking up in the State services*, Wellington, available at publicservice.govt.nz.
- The Government Procurement Rules, available at procurement.govt.nz.
- *Cabinet Office Circular CO (19) 1, Revised Fees Framework for members appointed to bodies in which the Crown has an interest*, available at dpmc.govt.nz/publications.
 - The modified Framework covers all statutory bodies, non-statutory bodies, and committees in which the Crown has an interest. The purpose of the Framework is to provide a basis for judgement in setting fees that will ensure a consistent approach to remuneration across all statutory and other Crown bodies, contain expenditure of public funds within reasonable limits, and provide flexibility within clear criteria.
- Crown Company Monitoring Advisory Unit (2004), *Crown Company Directors' Fees and Reimbursement Guidelines*, Wellington, available at treasury.govt.nz.
 - This document sets out the shareholding Ministers' expectations for the payment of directors' fees and expenses. The advice is intended to be used by chairpersons, directors, and managers of Crown entity companies and State Owned Enterprises.
- Institute of Internal Auditors New Zealand Incorporated (1996), *A Management Guide to Discretionary Expenditure*, Auckland.
 - This document outlines areas of potential risk and provides ideas and examples of good discretionary expenditure practice.
- Ministry of Education (2018), *Financial Information for Schools Handbook*, Wellington, available at education.govt.nz.
 - This handbook is intended to be a single reference point for school trustees, principals, and administrators, and covers some aspects of sensitive expenditure.

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