Sensitive Expenditure Policy 2026

Owner: Executive Manager Finance and Strategy	**Review frequency:** 3 yearly, or as required **Date Adopted**: 24 June 2026 **Next review Date**: 24 June 2029

CONTENTS

1. Policy Objectives

1.1 The objective of this policy is to identify the areas in which sensitive expenditure decisions can arise in Ruapehu District Council's (Council's) conditions for expenditure and methods for managing this expenditure, in line with the principles developed by the Office of the Auditor-General (OAG).

1.2 Council is spending public money consequently all expenditure should be subject to a standard of probity and financial prudence expected of a local authority and be able to withstand public scrutiny.

1.3 This policy supports the Strong Leadership Advocacy and Financial Stewardship Pillar in Council's Strategic Framework.

1.4 This policy targets the following organisation outcome contained in Council's Strategic Framework:

(a) Diverse, positive and engaged workforce that values people, teamwork and continuous improvement whilst serving communities.

1.5 This policy targets the following goals contained in Council's Strategic Framework:

(a) We give effect to our values in all we do
(b) We communicate effectively.

2. Definitions

2.1 **Authorised Bookers**
Council Officers who are responsible for arranging and approving travel and accommodation via Council's travel booking company.

2.2 **Council**
Ruapehu District Council

2.3 **Council officer**
Any person authorised by Council to perform the duties of the office including, but not limited to, employees, Elected Members, committee members, contractors, or consultants, acting on behalf of Council.

This includes any associated person connected to that individual where Council expenditure directly or indirectly relates to, benefits, or is incurred for that associated person; including spouses, partners, immediate family members, dependants, or any other person whose costs are incurred by, for, or on behalf of the Council officer.

2.4 **Entertainment and Hospitality**
Can range from tea, coffee and biscuit gatherings to organization-funded hosting at a sporting or cultural event.

2.5 **Fraud**
The use of deception with the intention of obtaining an advantage, avoiding an obligation, or causing loss to another party. Some examples of fraud and abuse of officer position include:

(a) Deliberate distortion or destruction of records or statements to conceal misappropriation of Council resources.
(b) Offering, giving, or soliciting of reward for personal or other private benefit.
(c) Pressuring other parties by use of position or Council name for personal or other private benefit.

2.6 **Fringe Benefit Tax (FBT)**
A tax included when the following benefits are supplied to Council Officers:

(a) Motor vehicles available for private use. NOTE: Private use means anytime the vehicle is available to be practically used exempt to the car being broken or under repair. This means FBT applies even if a Council Officer had not used the vehicle. For example, the vehicle was parked at home for the duration of the booking. For more information click here.
(b) Low interest/interest-free loans. For more information click here.
(c) Free, subsidised or discounted goods and services. For more information click here.
(d) Employer contributions to sick, accident or death benefit funds, superannuation schemes and specified insurance policies (excluding employer contributions to superannuation schemes liable for ESCT.
(e) Unclassified fringe benefits. For more information click here
(f) Some entertainment expenses. For more information click here.

If the above benefits are enjoyed or received by Council Officers as a result of their employment, they are liable for FBT. FBT is payable only by the employer.

All such expenditure must be reported to the Finance and Strategy team for assessment of FBT purposes, identifying the date, cost, recipient, and the reason for the expenditure.

2.7 **Koha**
An integral part of Māori culture, as an expression of manaakitanga and aroha, goodwill and gratitude. The act of giving a gift in accordance with kawa (Māori protocol) where the recipient is acknowledged for a particular contribution or service. For example, when going to a marae, a payment can be made voluntarily from the Council Officer without the expectation of receiving goods or services in return.

2.8 **Probity**
The quality of having strong moral principles; honesty and decency.

2.9 **Sensitive Expenditure**
Expenditure by Council that provides or has the potential (including perceived) to provide a private benefit to an individual council officer or elected member that is additional to the business benefit to Council of the expenditure.

2.10 **Supplier**
A current or potential provider of goods or services to the Council

2.11 **Tender**
Council invites suppliers or contractors to submit a bid for goods/services.

3. Principles

3.1 The 2020 (Office of the Auditor-General) OAG good practice guide "Controlling sensitive expenditure: Guide for public organisations" provides guiding principles for public entities that deal with public money. Expenditure should be subject to standards of probity and financial prudence that are to be expected of a public entity and able to withstand public scrutiny, both perceived and actual.

3.2 According to the principles, decisions on sensitive expenditure shall be made by a properly authorised Council Officer and:

(a) Have a justifiable business purpose.
(b) Preserve impartiality.
(c) Be made with integrity.
(d) Be moderate and conservative
(e) Be made transparently.
(f) Be made with proper authority

3.3 Council Officers with delegated authority to commit and approve expenditure are responsible for exercising good judgment in applying these principles and policies, ensuring that sensitive expenditure is appropriate and transparent. In exercising prudent judgement, the following questions should be asked to determine the appropriateness/reasonableness of the expenditure:

(a) Does it support the goals of Council?
(b) Could it be justified to a stakeholder, e.g., ratepayer, or the general public?
(c) Could publicity about the expenditure adversely affect Council?

3.4 The examples contained in this policy attempt to address the most common types of sensitive expenditure but are not exhaustive. Any expenditure not specifically addressed must be assessed against the principles in this section and approved in advance where possible (in accordance with 5.1(e))

4. Background

4.1 Council Officers are frequent users of accommodation, transport options, hospitality, and other services in the course of their jobs. The choices they make are subject to public scrutiny of their use of public money. As individual perception of appropriate expenditure varies considerably, an organisational policy is required.

4.2 Prudent sensitive expenditure policies and processes are endorsed by the OAG, and the provisions contained in this policy have been drafted with the assistance of published material, issued by the OAG.

5. Policy Statement

5.1 **Approval of Sensitive Expenditure**

Council Officers with delegated authority to commit and approve expenditure must ensure that approval of sensitive expenditure is:

(a) Given only when the person approving the expenditure is satisfied that there is a justified business purpose, and the OAG Good Practice Guide Principles have been adequately met
(b) Made within Council's statutory, delegation policy and budgetary limitations.
(c) Pre-approved, wherever possible.
(d) Given by the Council Officers' direct manager.

(e) Ensure all budgetary considerations include Fringe Benefit Tax.
(f) All sensitive expenditure must be in accordance with the Delegations Register to ensure all Council officers act within delegated authority. In the event of any conflict between this policy and the Delegations Manual, the Delegations Manual takes precedence.
(g) If sensitive expenditure is forecast to exceed $2,500 (such as for international travel or for a large staff function) a business case and budget must be approved in writing from the authorised approver (in line with clause 5.2).
(h) The Chief Executive may not delegate the authority to approve sensitive expenditure which requires a business case.
(i) Where a business case and budget are required before the expenditure is authorised, an explanation should be provided for any incurred expenditure that is more than the agreed budget.

5.2 Approval Process

Generally, the principle of 'one-up' approval by a more senior person should be applied to the maximum extent possible. Expenditure should be approved by an employee's direct line manager where possible, or if they do not have the delegated financial authority, then one up again. The following exceptions to this rule apply:

(a) For the Chief Executive, the Mayor will approve sensitive expenditure.

(b) For the Mayor, two Elected Members will approve sensitive expenditure, and it will be checked by the Chief Executive

(c) For Elected Members, the Chief Executive and the Mayor will jointly approve sensitive expenditure.

(d) For the Chief Executive, Mayor and Elected Members who require joint approval for sensitive expenditure, i.e. attended the same dinner event, then the following applies:

(i) If two or more elected members are not attending, or did not attend, the event for which sensitive expenditure is incurred, two of those elected members will approve the sensitive expenditure.
(ii) If fewer than two elected members are not attending, or did not attend, the event, the Chair of the Risk and Assurance Committee will approve the sensitive expenditure.

(e) For the Chief Executive and Mayor who require sensitive expenditure jointly (without elected members) the sensitive expenditure is to be approved by the Chair of the Risk and Assurance Committee.

5.3 Unavailability of approver

(a) If an approver is unavailable for a period of time (i.e., annual or other leave) then it should be 'one upped' to a more senior person.

(b) Where the Mayor is unavailable for a period of time (i.e., annual or other leave), then sensitive expenditure will be approved by the Deputy Mayor and must be checked by the Chief Executive.

5.4 **Claims relating to sensitive expenditure process**

5.4.1 All claims for sensitive expenditure must be submitted with appropriate supporting records, which need to:

(a) Clearly state the business purpose of the expenditure (which can be included on supplier documentation);

(b) 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;

(c) Document the date, amount, description, and purpose of small expenditure when receipts are unavailable (for example when a purchase was made from a vending machine);

(d) Be submitted promptly after the expenditure is incurred; and

(e) Be in English or Te Reo Māori (or independently translated before payment).

5.4.2 Refer to Council's process mapping software for claims relating to sensitive expenditure process. Click here.

5.5 **Areas of Sensitive Expenditure and their Management**

The following outline the conditions pertaining to areas of sensitive expenditure:

5.51 **Travel and Accommodation**

Council officers should consider technology-enabled solutions as opposed to travel where possible.

(a) When travelling out of the district, consider the time you need to be at the venue for example:

(i) If the course/meeting starts first thing in the morning, then it would be suitable to travel the afternoon/evening prior and stay overnight.

If the course/meeting runs all day and ends late in the evening, then it would be suitable to stay overnight and travel back the next morning.

These are guidelines and if clarification is needed, please discuss with your manager.

NOTE International travel requires prior approval in writing.

5.52 For travel and accommodation, for both domestic and international travel, the following should be adhered to in accordance with the consultation document from Council's travel booking company:

(a) Council officers may, with written approval of the Chief Executive or their Executive Manager, combine business travel with personal travel in a weekend or from annual leave, provided that Council will only pay, or reimburse expenditure for that part of the travel associated solely with the business purpose as if it was a separate journey.

(b) Family members may accompany Council officers on business related trips; however, they must cover all their own travel expenses incurred as a result.

(c) All bookings are to be made by an Authorised Booker with correct coding/approval supplied. Anything manually added to existing bookings, you must ask who the approver is.

(d) To the extent practicable, Council officers should notify Authorised Bookers as soon as possible so air travel can be booked well ahead of the actual travel to save costs.

(e) Membership of an airline club (e.g. Koru Club) will ordinarily be provided only for the Chief Executive. In exceptional circumstances, the Chief Executive may approve additional memberships where there is a clear business case, such as frequent travel requirements or where membership is likely to reduce overall travel costs.

(f) Frequent flyer points may be accrued by the Council officer travelling and used for private purposes.

(g) Authorised Bookers must ensure expenditure is economical and efficient, considering the geographic location of the accommodation relative to where Council officers are working, the standard of accommodation, and the safety and security of Council officers during their stay.

(h) Accommodation costs should not exceed $300 per night where possible.

(i) A maximum reimbursement of one telephone call per day may be claimed for contacting home.

(j) Council Officers may be able to receive an allowance of $100 per day for emergency circumstances only.

(k) Council officers will be reimbursed for meal costs incurred during business travel that requires attendance at a location that would reasonably necessitate additional meal expenditure, with the following limits:

  (i) $30 for breakfast;
  (ii) $50 for lunch; and
  (iii) $60 for dinner.

(l) Council officers will not be reimbursed for any mini-bar drinks/snacks, books/magazines, or entertainment.

(m) Splitting a group bill is acceptable provided that the overall expenditure is in line with Council’s policy.

(n) Meal expenses may not be claimed if a meal is provided as part of another package paid by Council.

(o) Where Council officers are staying privately, i.e. at a family members' residence, an overnight allowance of $60 per night can be claimed, this must have prior agreement from their Executive Manager or the Chief Executive.

(p) The purchase of alcoholic drinks will not be reimbursed.

5.53 **Motor Vehicles and Fines**

(a) Council vehicles, provided outside employment agreements, shall not be used for private purposes and usage shall comply with Council's Vehicle Policy. Any deviations for business reasons must be accompanied by a memo to the Chief Executive.

(b) Private vehicle use for Council business must be authorised by the Council Officer's Executive Manager. Upon application to use and be reimbursed for the use of a private vehicle, the manager will consider the following:

(i) Whether a Council pool vehicle is available.

(ii) Whether the Executive Manager's vehicle is available.

(c) Reimbursement will be in accordance with Inland Revenue's business motor vehicle expenditure claim rates (see in appendices).

(d) Business travel by private motor vehicle shall not be approved where travel by other means is more practical and cost-effective. Reimbursement shall be made following receipt of a completed and signed claim, based on distance travelled.

(e) The driver shall pay any fines incurred while using a vehicle on Council business, including parking offences, speeding tickets, or other related penalties.

5.54 **Entertainment and Hospitality**

(a) Expenditure on entertainment and hospitality may be approved as part of a Council Officer's employment duties for the purposes of:

(i) Representing Council.
(ii) Reciprocity of hospitality where there is a clear business purpose, and the acceptance of the hospitality is consistent with Council's Sensitive Expenditure Policy and/or other approved policies.
(iii) Recognising significant business achievements.
(iv) Supporting organisational development, for example, team building offsite.

(b) Entertainment expenses must include documentation to identify the date, venue, costs, people in attendance and the benefits derived and/or reasons for the event.

(c) The most senior person present with delegated authority should approve and confirm the expenditure as being appropriate and, where appropriate, pay for the event.

(d) The venue must be carefully considered and deemed appropriate for the occasion and guests. Moderately priced venues should normally be chosen.

(e) When hosting guests, the expense should be appropriate to the importance of the guests(s) and their contribution to Council.

(f) Expenditure in relation to the purchase of alcohol is not permitted.

(g) Expenditure on farewells or retirements shall be pre-approved in writing by the Mayor, Chief Executive or Executive Manager and shall be moderate and conservative.

(h) All such expenditure must be reported to the Finance and Strategy team for assessment of FBT purposes, identifying the date, cost, recipient, and the reason for the expenditure.

(i) The current maximum hospitality budget allowance for internal and external meetings is as follows:

    (i) Lunch - $30 per person.
    (ii) Morning or afternoon tea - $15 per person.
    (iii) For meetings longer than 6 hours, $60 ($30 for lunch and $15 for morning/afternoon tea)

(j) Seasonal functions (for example staff Christmas events) shall have a limit of up to $40 per person, to be set by the Executive Leadership Team in consultation with the People and Capability team prior to incurring the expenditure.

5.55 **Private Benefit from Council Assets, Suppliers**

(a) The use of Council assets in any private business operated by a Council Officer is prohibited.

(b) The Chief Executive may approve (in writing if approved), the Council’s use of private assets for Council benefit if there is a justified business purpose, and impartiality and integrity are preserved in the selection of assets and the reimbursement of costs.

(c) Council Officers must not approve or administer payments to themselves for Council’s use of their private assets for Council benefit, and all payments must be approved in writing by a Council Officer senior to the Officer.

(d) Officers making procurement decisions shall ensure that selection of suppliers is made in Council’s interest and not affected by the availability or possibility of purchasing privileges for Council Officers.

(e) The Chief Executive may approve (in writing, if approved) preferential access to goods and services when offered by a supplier if limits are set in terms of the allowable value and quantity to avoid risks to future procurement decisions involving the supplier.

(f) Council Officers may not use preferential access to goods and services on behalf of any third party or use Council as a source of credit and must pay all associated costs in full.

5.56 **Sale of Goods to Staff**

(a) To ensure transparency, fairness, and receipt of best value for Council, the disposal of assets, which have become obsolete, worn out or surplus to requirements, shall normally be conducted on the open market or by way of trade-in on a replacement asset. Alternatively, assets can be disposed via recycling if possible.

(b) Where disposal to Council Officers is approved in writing by the Chief Executive, the following principles shall apply:

(i) Council Officers involved in disposing of the asset shall not benefit from the disposal. If they intend to tender for purchase, they must not be involved in the tender administration.
(ii) All assets identified for disposal to Council Officers shall be valued and subject to a tender or other process that is appropriate to the value of the asset.
(iii) Assets shall not be sold at a discounted rate to Council Officers if a greater value could be realised by an alternative method of disposal.

5.57 **Loyalty Rewards and Gifts**

(a) Officers making procurement decisions shall not personally receive any loyalty rewards as a result.

(b) Where practicable, loyalty rewards, discounts and services shall be treated as Council property, for the benefit of Council.

(c) When providing recognition to Council Officers, the Council Officer arranging and approving expenditure shall exercise discretion and sensitivity to ensure the gift is appropriate to the situation.

(d) Flowers or gifts for significant personal events, such as births, marriages, deaths, may be approved (in writing if approved) to the value of less than $100. All such expenditure must be reported to the Finance and Strategy team for Fringe Benefit Tax purposes, identifying the date, cost, recipient, and the reason for the expenditure.

(e) Council Officers shall not accept any gift, service, or benefit under circumstances where the Officer knows, or ought to know, that it could affect their present or future performance and position responsibilities.

(f) Where a Council Officer considers that it would be in the interest of the Council to accept a gift, the offer shall be reported to their Executive Manager at the earliest opportunity, giving the source, a brief description, and estimated value.

(g) All gifts received are to be entered in a Gifts Register by Human Resources. Gifts or prizes with a value over $100 (value to be determined by Human Resources, if in doubt) and excluding those made by delegations for governance purposes, are to be donated to Council and an open draw be held for, and at no cost to, all Council staff, as per the staff Gifts Policy.

(h) Nontransferable gifts or prizes will be determined by the Executive Leadership Team. Cash gifts are unacceptable in any circumstances.

5.58 **Donations**

Donations must be pre-approved in writing by the Chief Executive or Executive Manager and sufficient records maintained, including time, date, method of payment and reason. The Finance Team must be notified of the payment to ensure that taxation is properly applied. Council Officers arranging and approving donations must ensure that:

(a) There is a justified business purpose.
(b) The expenditure is moderate, conservative and preserves Council's impartiality and integrity.
(c) The expenditure is lawful and disclosed in aggregate (where required).
(d) The expenditure is non-political.
(e) The expenditure is made to a recognised organisation by normal commercial means and not made to an individual or in cash.

5.59 **Sponsorship of Staff**

(a) The Chief Executive may approve (in writing, if approved) sponsorship for Council Officers taking part in an activity that is not part of their job, provided:

(i) There is a justified business purpose
(ii) There is positive publicity for Council and its objectives;
(iii) Sponsorship supports organisational development; and
(iv) The sponsorship is financially prudent and reasonable considering the benefit to Council.

(b) Sponsorship will be provided by way of grant to a Council social club or to an organisation, rather than directly to an individual.

(c) Council shall not acquire the use of corporate boxes.

(d) The Chief Executive or an Executive Manager may approve (in writing if approved) the payment of a Council Officer's professional membership according to their agreed contractual or training requirements.

(e) The Chief Executive may approve (in writing, if approved) contributions to Council social clubs provided:

(i) There is a justified business purpose connected with organisational development and Council Officer welfare
(ii) The contributions are financially prudent and reasonable considering the benefit to Council.

5.60 **Koha**

(a) It is important when giving koha to consider both the sensitive nature of the act of giving and the importance within Māori culture.

(b) Council acknowledges the important practice of koha as taonga and an integral part of Tikanga Māori.

(c) The act of giving a gift, by nature, is sensitive expenditure and subject to a high level of public scrutiny. This must be kept at the forefront when considering the giving of koha.

(d) Council Officers should complete the “Request for Koha Payment” form to receive koha approval. For guidance to understand the situations of when giving koha is appropriate click here.

5.61 **Use of Credit Cards**

(a) Issue of credit cards to Council Officers and the Mayor must be recorded in Council’s Finance system.

(b) Eligibility for a Council credit card is limited to the Chief Executive, Executive Managers and other Council Officers with a demonstrable need.

(c) Only the Council may approve a request for a credit card for the Mayor.

(d) Only the Executive Manager Finance & Strategy may authorise card issue for staff (excepting the Chief Executive) and is responsible for managing the acquisition of cards and monitoring and reporting on their use.

(e) Only the Mayor may authorise card issue for the Chief Executive.

(f) Credit card holders are the only people permitted to use the credit card.

(g) The limit on each credit card shall be $2,500 with Chief Executive discretion to increase to $5,000 on a case-by-case basis.

(h) Credit cards are supplied for Council business expenditure and are to be used:

(i) For the payment of business-related expenditure only.
(ii) Subject to approved expenditure budgets.
(iii) In accordance with the Delegations Manual.

(i) Credit card holders are not permitted to withdraw cash in any situation

(j) Credit card payments over the internet need to reflect good security practice, such as:

(i) Purchasing from only established reputable companies known to Council.
(ii) Ensuring internet sites are secure and the vendor is reputable

(k) The card holder must retain all tax invoices/receipts when making a purchase which explain and corroboration transactions.

(l) Claims and approvals for credit card expenditure must comply with Council’s Procurement Policy. The credit card statement shall be reconciled monthly.

(m) Processes for credit card expenditure shall be documented and monitored by the Finance and Strategy team.

(n) On termination of employment with Council, or on a change of position, credit cards must be surrendered by the cardholder to Human Resources. A member of the Finance and Strategy team shall destroy the card within 24 hours by cutting it in half, deleting it from the work phone virtual wallet, and notifying Council's allocated bank of the cancellation. The cancellation shall be processed within 5 working days.

(o) The card holder is responsible for immediately reporting to Council's allocated bank that a credit card has been lost, damaged or stolen and confirming the loss in writing. Replacement of the credit card shall be arranged by the Finance and Strategy team.

(p) Refer to Council's Guide to Using our Corporate Credit Cards and Business Credit Card Conditions of Use Agreement for more information.

(q) Fuel cards are provided in each Council-owned vehicle for the sole purpose of re-fuelling the fleet vehicle. When purchasing fuel, at designated service stations, the driver must provide the station attendant with the current odometer reading.

(r) Fuel cards shall not be used for car washes for fuelling private vehicles or for any other private expenditure.

5.62 **Clothing**

According to Council's Code of Conduct Policy, other than official uniforms and personal protective clothing, Council Officers will not be clothed at the Council's expense when they are engaged in a normal business activity.

5.63 **Tipping**

Council will not reimburse Council officers for tipping for goods or services in New Zealand. Where tipping is local custom on international travel, staff will be provided with a tipping allowance in line with local practices as a fixed proportion of their per diem expenses.

6. Monitoring and reporting

6.1 Council will monitor compliance with the sensitive expenditure policy semi-annually by randomly sampling sensitive expenditure claims and testing compliance with this policy.

6.2 Compliance will be reported to Council's Risk and Assurance Committee semi-annually.

7. Breach of this policy

6.1 Breach of this policy will result in:

(a) Immediate withdrawal of Council issued credit card

(b) Investigation and disciplinary action in accordance with Council's Fraud, Corruption and Protected Disclosures Policy.

8. Annotations

Date	Description
10 October 2014	Reviewed and updated by Management Team
7 August 2015	Nontransferable gifts or prizes added to 3.4.6. Travel and Accommodation not required as a separate policy as reviewed by Management Team 1/08/15.
20 May 2016	3.4.2(b) changed to reflect recent changes to the Staff Vehicle Policy
25 September 2017	5.4.4(b) added as per AuditNZ recommendation, remaining clause numbering updated.
October 2018	Koha section – petrol vouchers added as part of koha process.
April 2025	Full review of the policy. Amended to align with the Auditor General's October 2020 guidelines.
June 2026	Policy reviewed and amended in line with the Office of the Auditor-General's February 2026 guidelines.

9. Policy Version Control

Policy drafted by	Policy Team
Policy reviewed by	Executive Manager Finance and Strategy
Policy reviewed and recommended by the Information System Governance Group (ISGG)	Click or tap to enter a date. N/A
Policy reviewed and recommended by the Risk and Assurance Committee	N/A – Policy to go go to Risk and Assurance for retrospective approval.
Policy reviewed and adopted by Council	[Date]