

## Financial delegations

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## Policy statement and principles

### What

Under section 34 of the Public Finance Act, the Commissioner of Police is responsible to the Minister of Police for the financial management and financial performance of Police.

The financial delegations system is a key component of the financial management framework used by Police. The financial delegation system provides clarity concerning:

- the management levels within Police that have been provided with financial authority to commit a financial decision; and
- the maximum financial limits that have been provided for each financial delegation category to each management level within Police.

As such the financial delegation system enables the identification of accountability for financial commitment decision making within Police.

This document should also be read in conjunction with the following Police policies:

- [Internal Controls](#)
- [Sensitive Expenditure](#)
- [Police Procurement](#)
- [Banking, Currency and Card Policy](#).

### Why

There must be adherence to the principles of public accountability and compliance within legislation such as the Public Finance Act 1989 and the Policing Act 2008. The maximum financial delegation limits are defined by Cabinet and are set out in CO (18)2 and CO (19)6.

### How

- The Commissioner retains full control over the delegated authority and may revoke that authority in writing as the situation demands.
- Financial delegations are limited to the approved budget of each cost centre of the delegation holder where the budget is lower than the maximum delegation limits.
- People who are not Police employees (e.g. contractors and consultants engaged on a contract for services) cannot exercise delegations.
- Specific financial authorisation must be obtained from the authorised financial delegation holder before proceeding with each item, work or project included in the annual budget.
- No financial commitments or expenses must be incurred, project commenced, settlement offered, or an order placed unless financial authority has been provided.

### Definitions

This table provides definitions of terms relevant to this chapter.

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Term	Definition
Contract	<p>The original whole of life contract value including the right of renewal, inflation and service deliverable variations is signed by the appropriate <u>DFA</u> holder. This means that variations up to the whole of life contractual value have in effect already been approved. The result of this pre approval is that subsequent variations can be therefore signed off by the <u>DFA</u> holder with the appropriate value for the variation.</p> <p>However, if the variation takes the contract value over the original whole of life cost already signed, then at this point the revised contract value will need to be signed off by the manager with the appropriate whole of life cost <u>DFA</u>.</p>
Evergreen contracts	<p>ICT typically operate under an evergreen type of contract that means that the agreement is automatically rolled over at the end of each completion or maturity period. When identifying the appropriate <u>DFA</u> the current value of the completion or maturity period should be taken into account and not the full financial value from the original start date of the Evergreen contract.</p>
Master Agreement	<p>The master agreement identifies the contractual relationship in that it sets the scene for how the parties will work together for all the statements of work under that agreement. The <u>DFA</u> must be appropriate for the value of the statement of work being signed under the master agreement, including all variations to a single statement of work</p>
Call off contract	<p>Contract where the price and other terms are agreed for an item, e.g. for vehicles, but there is no commitment made in the contract to purchase a specified quantity of the items.</p>
Capital Charge	<p>The capital charge represents the opportunity cost of money which the government can expect to earn in alternative investments entailing similar risk. It can be likened to the paying of interest on a bank loan for use of the money.</p>
Capital Expenditure	<p>Also known as CAPEX, the purchase of an item of property, plant or equipment, or the subsequent development or improvement of an existing asset at a cost exceeding the minimum capitalisation level.</p>
Financial Delegation	<p>Authority to incur expenditure to a specified limit within the financial budget allocated.</p>
Operating expenditure	<p>Also known as <u>OPEX</u>, is expenditure that is incurred in the course of the day-to-day Policing operations.</p>
Substitute	<p>An employee who acts temporarily for a permanent position holder in exercising the position holder's delegation of financial authority. A permanent position holder is accountable for arranging a suitably competent person to act as their substitute whilst they are temporarily absent from the position. Sub-delegation of financial delegated authority is a transfer of authority but not of responsibility, hence the onus is on the staff member to ensure that sub-delegation is made with due diligence.</p>

## Financial delegation limits

Cabinet has defined the maximum financial delegation limits that apply to government departments for expenditure and have defined maximum delegation limits for a small number of sensitive expenditure categories. Accordingly, these maximum delegation limits also apply to Police. The maximum financial delegation limits are set out in Cabinet Circulars CO (18)2 and CO (19)6.

The Commissioner of Police has taken these maximum financial delegation limits provided by Cabinet and determined the maximum financial delegation limits for various expenditure and other financial categories that are to apply for each management level within Police.

Financial delegations are limited to the approved budget of each cost centre of the delegation holder where the budget is lower than the maximum delegation limits.

Any changes to the maximum limits can only be approved by the Commissioner of Police. Any delegation created by an Acting Commissioner of Police must be countersigned by the [DCE](#) Strategy and Performance and affirmed by the Commissioner of Police upon return to active duty as Commissioner.

The Commissioner retains full control over the delegated authority and may revoke that authority in writing as the situation demands. Unless revoked, delegations will remain effective for as long as the employee holds the position for which the financial delegation has been granted. Any revocations must be in writing.

People who are not Police employees (e.g. contractors and consultants engaged on a contract for services) cannot exercise delegations. These approvals must be referred up to the next level with a recommendation for approval.

The financial delegation limit amounts set out in Appendices 2 to 6 of this chapter are expressed on a GST exclusive basis. This approach enables the matching of the approval amount with the annual or project budgets that are also expressed on a GST exclusive basis.

Appendix	Description
<a href="#">1</a>	Lists the position titles for each financial delegation holder
<a href="#">2</a>	Gives the maximum financial delegation limits for operating expenditure and revenue for each management level
<a href="#">3</a>	Gives the maximum financial delegation limits for capital expenditure and the sale of assets for each management level
<a href="#">4</a>	Gives the maximum financial delegation limits for contract signing for each management level
<a href="#">5</a>	Gives the maximum financial delegation limits for write down, write off, capital charge, payroll and taxation expenditure
<a href="#">6</a>	Gives the maximum financial delegation limits set by Cabinet for sensitive expenditure categories for the Commissioner of Police, the Minister of Police and Cabinet
<a href="#">7</a>	Indicative DFA forms actuals available from the <a href="#">Finance Forms</a> intranet

## Provision of a delegation of financial authority to a manager and substitute

The management levels of Director and above that must be provided with a delegation of financial authority within Police are listed in [Appendix 1](#) of this policy.

Where an employee is appointed to, or holds, on a permanent basis, a position listed within [Appendix 1](#), they must be provided with their delegation of financial authority letter. The remaining cost centre managers who require a delegation of financial authority, and are not specifically listed in [Appendix 1](#), must also be provided with a delegation of financial authority letter.

As the letter covers both the delegated financial authority holder and their substitute, a two-up level of authorisation above the substitute is required. This is based on the provision that the substitute is a direct report of the delegated holder. The approval of [DFA](#) should always be one up from the named delegated position holder. No financial delegation exists for any employee of New Zealand Police until the delegation letter is fully approved.

The letter providing a delegation of financial authority is located on [Finance forms](#) the letter is titled “Delegation of Financial Authority to New Zealand Police employee.”

## Roles and responsibilities

### Financial delegation holders

Each financial delegation holder must ensure that:

- they only exercise financial delegations for cost centres with budgets in their control
- they keep strictly within the maximum financial delegation limits for their respective management level; when exercising contract signing delegations these are performed in line with [Police's Procurement Policy](#); there is not:
  - any misuse of funds
  - any disaggregation of expenditure to avoid referring an approval decision to a more senior financial delegation holder for financial approval
  - the approval of expenditure above their financial delegation limits
  - the approval of an asset sale where the book value of the asset is above their financial delegation limit
  - any approval of their own personal expenditure (e.g. travel claims or expenses) any expenditure which has a degree of personal benefit. The DC Frontline Operations has the authority to approve any personal expenditure relating to the Commissioner. The DC Frontline Operations' personal expenditure will in turn be approved by the DC Operational Services & Road Policing
- expenditure incurred under a financial approval is controlled such that the final expenditure does not exceed the amount approved. If expenditure is to exceed the original financial approval amount, the holder must provide written advice to the original approver as soon as this becomes apparent
- they comply fully with the requirements set out in the approval letter ([Appendix 7](#) refers) which provides the delegation of financial authority to a position holder.

Any decision made under delegated authority must be exercised in accordance with the relevant Police policies, contracts, legislation and legal authority and where appropriate obtain legal advice in exercising the authority.

### Financial Services Group

If the maximum financial delegation limits are changed by the Commissioner of Police, the Financial Services Group will arrange for the changes to be communicated to each financial delegation holder and their substitute(s).

The Financial Services Group has ownership of the content and administration of the financial delegations documents and is responsible for reviewing the details regularly, (six monthly as a minimum) and updating the document for any change in legislation, policy or organisational practices.

A copy of all signed letters must be retained by the Financial Accounting & External Reporting Team as a record of all issued delegations of financial authority.

### Responsibility of all employees in relation to financial approvals

All employees (whether they are financial delegation holders or otherwise), must ensure that there is not any unapproved:

- change to the agreed defined scope of work for an item of work or project after a financial amount has been approved for the item of work or project; or
- charging of capital expenditure to operating expenditure or vice versa in order to avoid exceeding either a financial approval amount or a budget amount.

All employees must ensure that they do not incur expenditure without prior approval of a delegated financial authority holder.

## Non-compliance

### What constitutes a breach of delegations

Any breach of a delegation may be viewed as misconduct or serious misconduct. Breaches include:

- exercising financial delegations for cost centres outside of their span of control
- exceeding the maximum financial delegation limits for their respective management level
- any misuse of funds
- any disaggregation of expenditure to avoid referring an approval decision to a more senior financial delegation holder for financial approval
- the approval of expenditure above a holder's financial delegation limits
- the approval of an asset sale for an amount above a holder's financial delegation limit
- any approval of their own personal expenditure (e.g. travel claims or expenses) or any expenditure which has a degree of personal benefit
- any unapproved change to the agreed defined scope of work for an item of work or project after a financial amount has been approved for the item of work or project
- any unapproved charging of capital expenditure to operating expenditure or vice versa in order to avoid exceeding either a financial approval amount.

### Consequences of non-compliance

Any breach of policy will be subject to review by the DCE Strategy and Performance, any serious breaches may lead to disciplinary action against an employee whether they are a permanent position holder with a delegation of financial authority, acting as a temporary substitute, or not subject to a formal delegation of financial authority.

Where an allegation of a breach of a financial delegation limit occurs, consideration must be given as to whether the delegation of financial authority should be withdrawn from the affected position holder.



## Emergency expenditure

All Police employees have a delegation of financial authority to financially commit Police in an emergency situation requiring immediate action without referral to the financial delegation holder. The emergency situation must be one in which there is a risk of:

- loss of life or injury to persons; or
- disaster,

which is either imminent or occurring and it is believed on reasonable grounds the expenditure is necessary to mitigate the situation. All documentation on the expenditure must be kept and retrospective financial approval must be obtained from the appropriate financial delegation holder at the earliest opportunity thereafter.

## Custom Fleet and SurePlan

Custom Fleet (NZ) Ltd and SurePlan are the current service providers for vehicle maintenance, repairs, relicensing and road user charges.

Custom Fleet (NZ) Ltd and SurePlan are able to approve expenditure on behalf of the Police if the repair or servicing cost is:

- safety related; or
- under \$1,000.

All other repairs and servicing must be approved by Police. These approvals are subject to the standard delegated authority limits as detailed in [Appendix 2](#).

## **Pacific Architects and Engineers (PAE)**

PAE are the current service providers for property repairs and maintenance.

PAE are able to approve expenditure on behalf of Police up to and including an amount of \$500.

All other property repairs and maintenance must be approved by Police. These approvals are subject to the standard delegated authority limits as detailed in [Appendix 2](#).

## Changes to the cost or scope of an item/project

Where a financial delegation holder becomes aware that the estimate of expenditure for an item or a project is likely to exceed the financial authority held for that purpose then the financial delegation holder must:

- halt continuation of the expenditure, if possible, until appropriate re-authorisation is sought and received
- advise the original approver and confirm that advice in writing at the earliest opportunity (where the original approver is either Cabinet or the Minister of Police, the Commissioner of Police must be advised and must arrange the communication with these approvers)
- assess alternatives and related estimated costs
- prepare a revised case, or revised business case if applicable, for a new financial authority for the revised total estimated cost
- submit the revised case or revised business case to the appropriate financial delegation holder for approval of the revised financial authority amount
- control the commitment of expenditure, so that over expenditure against the original financial authority does not occur unless the revised financial authority has been approved by the appropriate financial delegation holder.

Where an item of work or a project has received a financial authority for an agreed defined scope of work, the financial delegation holder receiving the financial authority does not have any financial authority to change that scope of work. If a change to the scope is required, the financial delegation holder must seek a new financial authority from the correct financial delegation holder for the revised total estimated cost taking into account the proposed change to the scope of work. The financial delegation holder must not commit Police financially to the changed scope of work before the revised financial authority is obtained. The latter applies even where the change in scope does not lead to an increase in cost.

Proceeding with a change to an agreed defined scope of work after a financial authority has been provided for an item of work or project will be viewed as serious misconduct invoking disciplinary action.

A change of scope is where the key deliverables or benefits (that have been promised in a business case or equivalent for a given financial approval amount) are changed, reduced or increased.

## Contract approval and signing

All contracts entered into must comply with the [Police Procurement Policy](#). General contract signing rules are:

- all contracts entered into must be legally and commercially sound and not expose Police to undue financial or political risk;
- the contract value must be within baseline levels if affecting future years and not overspend the current year budget; and
- contract variations must go back to the original delegated authority for contract signing.

Where the contract variations take the total contract amount above the approval threshold of the original delegation holder, approval must be sought from the next level approver.

Where a service level agreement is required to be set up with a contract the person who has the contract signing authority also has the authority to approve and sign the service level agreement.

### Call off contracts

For call off contracts the financial delegation limit that applies is the estimated maximum annual expenditure commitment under the contract.

## Sensitive expenditure

Sensitive expenditure is expenditure by a public entity that could be seen as giving some private benefit to an individual staff member that is additional to the business benefit to the entity of the expenditure. Travel, accommodation, and hospitality spending are examples of areas where problems often arise. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.

There is heightened public sensitivity when individuals in the public sector are perceived to benefit personally, or do directly benefit, from sensitive expenditure incurred during the conduct of a public entity's business. The most fundamental fact applicable to all expenditure by a public entity is that the entity is spending public money. Therefore, the expenditure should be subject to the standards of probity and financial prudence that are to be expected of a public entity and able to withstand Parliamentary and public scrutiny.

Types of expenditure covered includes:

- personal gifts including flowers
- staff functions including Christmas parties, staff farewells, retirements
- donations
- koha
- alcohol.

For more information refer to the Sensitive expenditure policy and guidelines published on the [Office of the Auditor General website](#) covering sensitive expenditure.

## **Advertising expenditure**

Advertising expenditure refers to any process for which payment is made from public funds for the purpose of publicising any policy, product, service, or activity provided at public expense by the government.

Government advertising should deal with matters in which the government has direct responsibility. An example of the objective of the advertising may be to encourage the public to adopt certain kinds of social behaviour generally regarded as being in the public interest (e.g. road safety advertising).

## Process of providing letter of delegated financial authority

This table details the process that must be followed in providing the letter of delegated financial authority to a manager.

Stage	Description
1	Human Resources notify Financial Accounting & External Reporting Team of any new <u>DFA</u> Position Holder appointments.
2	The district Business Advisors must prepare the letter on official letterhead for each new permanent position holder that is authorised to have a delegation of financial authority. Missing information fields in the letter must be completed but the text of the letter must not be changed.
3	The district Business Advisors must provide the <u>DFA</u> holder with a link to the policy.
4	The Business Advisors must check with the position holder whether there is any aspect of the letter or policy which requires clarification.
5	<p>The position holder must:</p> <ul style="list-style-type: none"><li>- nominate one or more substitutes on the letter to ensure that the substitute is able to act for the financial delegation holder and</li><li>- indicate the priority order in which the substitutes must be used where more than one substitute is nominated, and</li><li>- ask each substitute to sign the letter in the space provided indicating that they understand, agree to and accept the terms set out in the letter.</li></ul> <p><b>Note:</b> In order for the substitution to be activated with <u>DFA</u> the “Activate Substitute Form”, available on finance forms, must be completed for each period of substitution.</p>
6	The position holder must sign the letter in the space provided indicating that they understand, agree to and accept the terms set out in the letter.
7	All completed copies of the forms and the signed letter must be forwarded to the Financial Accounting & External Reporting Team.
8	<p>The Financial Accounting &amp; External Reporting Team must:</p> <ul style="list-style-type: none"><li>- check the details provided including it has been signed by the appropriate designations</li><li>- update their delegation of financial authority records</li><li>- retain a copy of all letters signed by the appropriate authority as a record of all issued delegations of financial authority</li><li>- electronically store <u>DFA</u> record in the S:\Finance\3.19 Delegated Financial Authority Documentation folder.</li></ul>
9	Where, due to staff movements, there is a need to change a substitute, a new delegation of financial authority letter is to be completed and forwarded to the Financial Accounting & External Reporting Team.
10	Prior to a <u>DFA</u> holder going on leave the activate substitute form must be completed. This is to ensure the workflow authorisation process continues in the absence for the <u>DFA</u> holder.



## **Absences of the delegation holder**

### **Planned absence**

Prior to any planned absence the financial delegation holder must complete the activate substitution form. This will allow the workflow rules to be changed in the financial accounting systems.

### **Unplanned absence**

If there is an unplanned absence, the completed activate substitution form can be authorised by the higher node financial delegation holder.

If there is a situation:

- where both the financial delegation holder and the substitute(s) for a cost centre(s) are absent, and
- an urgent financial commitment must be made, then the District Commander, or another member of the Executive, may act as a substitute to action the approval of the financial commitment on behalf of the absent persons.

## Firearms Buyback Non-Departmental Appropriation Only

Specific Delegated financial authority is provided for the Firearms Buyback Non-Departmental appropriation. The following regulations apply to this appropriation.

- Payments must meet the eligibility criteria under the firearms buy-back and
- Payments that follow the processes prescribed by the Amnesty and Buy-back work-stream including the appropriate segregation of duties.
- DFA provided to Firearms Assessors cannot be sub-delegated to any other person.

Approvals are subject the DFA limits detailed in [Appendix 8](#).

Note: DFA will not apply to any expenditure incurred for:

- the implementation of the firearms buy-back scheme;
- “Bill 2” of the Modernisation Programme for firearms; or
- any other operating expenditure related to any other activity.

# Appendix 1 - Management Levels with Financial Delegation

## Financial Delegations Policy

### Management Levels with Financial Delegation

#### Police Executive

- Commissioner
- All Deputy Commissioners and Deputy Chief Executives

#### Assistant Commissioners

To include all positions with the title:

- Assistant Commissioner and
- Executive Directors
- CIO position (Appendix 2 only)
- Director of Property (Appendix 2 only)
- NGCC Lead Entity Director (Appendix 2 only)

#### Chief Financial Officer

#### District Commanders

To include all positions with the title:

- District Commander and
- Deputy CIO (Appendix 2 only)
- Director Supply Chain Management (Appendix 2 only)

#### Directors

To include all positions with the title:

- Director
- Fleet Manager (Appendix 2 only)

#### Cost Centre Managers

- All Cost Centre Managers

## Appendix 2 - Maximum Financial Delegation Limits for Operating Expenditure & Revenue

This Appendix summarises the financial delegations for position holders within Police.

- You may only provide financial approval if the amount is within your limit and can be accommodated within an approved budget.
- All financial delegation amounts are stated on a GST exclusive basis, except where GST is either not applicable or stated otherwise.
- The financial delegation amounts are on a per order basis.

FINANCIAL DELEGATION CATEGORY	Commissioner of Police	Deputy Commissioner and Deputy Chief Executive (DC and DCE)	Chief Financial Officer (CFO)	Assistant Commissioners and Director of Property /NGCC lead Entity Director position holders	District Commanders (DC), Deputy CIO position holder, Director Supply Chain Management and Director TM Deployment	Directors and Fleet Manager position holder	Cost Centre Managers	All other employees
<b>Routine operating expenditure (includes personnel expenditure)</b>	No limit	\$2,000,000	\$1,000,000	\$250,000 (Property/NGCC lead entity director post holder and AC)	\$100,000	\$25,000	\$10,000	\$50
<b>Exceptions:</b>								
<b>a) Cabinet or Legislative Directives</b>								
Advertising/ Publicity expenses <i>note 1 CO (18) 02</i>	\$150,000	\$25,000	\$10,000	\$10,000 (AC's only)	\$10,000 (DCs only)	Nil	Nil	Nil
Compensation <i>note 2 CO (18) 02</i>	\$150,000	\$50,000	\$10,000	\$10,000 (AC's only)	\$10,000 (DCs only)	\$10,000 Director Legal only	Nil	Nil
Ex gratia payments <i>note 3 CO (18) 02</i>	\$30,000	\$20,000	\$10,000	\$10,000 (AC's only)	\$10,000 (DCs only)	\$10,000 Director Legal only	\$500 Area Commander only	Nil
Compensation to owners of firearms <i>note 4 s63 Arms Act 1983 note 4</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Operating leases <i>CO (19) 06</i> (excluding those with a high-risk profile as per SSC Gateway risk profiling methodology) <i>note 5</i>	Whole of Life Cost <sup>5</sup> <\$25,000,000 (ICR rating 2019)	\$2,000,000 DC Operational Services and Road Policing	Nil	Nil	Nil	\$25,000 Director Property	Nil	Nil

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<b>b) Sensitive Areas</b>		DC Frontline Operations ability to approve Sensitive Expenditure incurred by Commissioner. DC Frontline Operations' personal expenditure will in turn be approved by the DC Operational Services & Road Policing.						
Overseas travel & accommodation <i>note 6</i>	No limit	\$25,000	\$10,000	\$10,000 (AC only)	Nil	Nil	Nil	Nil
Compassionate grants	No limit	\$25,000 all expect \$40,000 DC People, Leadership & Culture only	\$10,000	\$10,000 (AC only) \$20,000 AC/ED People Operations	Nil	Nil	Nil	Nil
Covert Operations (non-informer payments)	No limit	\$2,000,000	\$200,000	\$100,000 (AC only)	\$100,000(DCs only)	\$25,000 Director Criminal Investigations only	\$10,000	\$5,000 'nominated' covert operations employees <sup>9</sup>
Informer payments	No limit	\$25,000	\$25,000	\$15,000 (AC only)	\$10,000 (D Cs only)	\$10,000 Director Criminal Investigations only	\$2,000 District Managers Criminal Investigations only \$5,000 National CHIS Manager (NCIG) only	\$500 'nominated' constabulary employees
Koha <i>Note 7</i>	No limit	No limit		No limit (AC only)	\$500 (DCs only)	\$500	\$500	
Donations	No limit	\$25,000	\$25,000	\$10,000 (AC only)	\$10,000 (D Cs only)	\$250 (Directors only)	\$250	Nil
Payments in Lieu of notice	No limit	\$10,000 All except \$500,000 DC People, Leadership & Culture only	\$10,000	\$10,000 AC only \$250,000 AC/ED People Operations	\$10,000 (D Cs only)	\$5,000 (Directors only)	Nil	Nil

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Rewards (excludes informer payments)	No limit	\$25,000 DC: Ops only	Nil	Nil	Nil	Nil	Nil	Nil
<b>Revenue:</b>								
Leasing of Police owned houses to staff and sub-leasing of either surplus Police property or property about to be disposed of <i>note 7</i>	No limit	\$2,000,000	\$1,000,000	\$100,000 (AC only)	\$100,000 (D Cs only)	\$25,000 Director Property only	Nil	Nil

**Notes:**

1. Advertising expenses must comply with the guidelines for government advertising set out in Appendix B of the Cabinet Manual. In determining approval thresholds all associated costs (sub contractor's, multiple payments relating to the overall transaction must be included).
2. Expenses for compensation or damages for settlement of claims should be endorsed either by the Crown Law Office or a court judgement. Claims under \$75,000 need not be referred to the Crown Law Office if the department's chief legal advisor has certified the payment, or should otherwise be endorsed by the Crown Law Office that such claims are in order.
3. Ex gratia expenses are those made without the giver recognising any liability or legal obligation; the payment is made out of goodwill or a sense of moral obligation.
4. The Minister of Police must authorise all compensation payments in relation to orders made under the Arms Act 1983.
5. For a definition of Whole of Life Costs, as well as further explanations on the delegation limits for leases, please refer to appendix 6.
6. Overseas travel and accommodation includes travel to Australia.
7. As per the Sensitive Expenditure Policy no koha is expected to exceed \$200. In exceptional circumstances up to \$500 is allowed with additional justification.
8. NZ Police cannot enter into finance leases in its own right.

Additional notes

- a. District Commanders and the Director Criminal Investigations may delegate financial authority for covert operations expenditure (other than informer payments) to an appropriate employee on the recommendation of the District Crime Manager or Manager Covert Operations Group respectively. The delegated employee is not permitted to sub-delegate their financial authority to approve covert operational expenses and no 'substitute' will be provided for in their letter of delegation for such expenses.

## Appendix 3 - DFA limits for Capital Expenditure and Sale of Assets

You may only provide financial approval if the amount is within your limit and can be accommodated within an approved budget.								
All financial delegation amounts are stated on a GST exclusive basis, except where GST is either not applicable or stated otherwise.								
FINANCIAL DELEGATION CATEGORY	Commissioner of Police	Deputy Commissioner and Deputy Chief Executive (DC and DCE)	Chief Financial Officer (CFO)	Assistant Commissioners/ Executive Directors	District Commanders	Directors	Cost Centre Managers	All other employees
<b>Major Capital Works Expenditure:</b> <i>note 1</i>								
Acquisition of land and buildings (provided LINZ approval obtained) <i>note 2</i>	WOLC (<\$25,000,000 (with co-signature of DC Operational Services & Road Policing)	\$2,000,000 DC Frontline Operations (with co-signature of DC Operational Services & Road Policing)	Nil	Nil	Nil	Nil	Nil	Nil
All property currently held by Police or new buildings on currently owned land	WOLC <\$25,000,000 (with co-signature of DC Operational Services & Road Policing)	\$2,000,000 DC Frontline Operations (with co-signature of DC Operational Services & Road Policing)	Nil	Nil	Nil	Nil	Nil	Nil
Other major capital expenditure and vehicles	WOLC <\$25,000,000 (with co-signature of DCE Strategy & Performance)	\$2,000,000 DC Frontline Operations (with co-signature of DCE Strategy & Performance)	Nil	Nil	Nil	Nil	Nil	Nil
<b>Minor Capital Works Expenditure:</b> <i>note 3</i>								
All property currently held by Police	\$200,000	\$200,000	\$100,000	\$25,000	\$25,000	\$25,000 Director Property only	Nil	Nil
Vehicles capital expenditure	\$200,000	\$200,000	\$100,000	Nil	Nil	\$60,000 Director of Supply Chain Management	Nil	Nil
Other minor capital expenditure	\$200,000	\$200,000	\$100,000	\$25,000	\$25,000	\$25,000	Nil	Nil
<b>Finance Leases:</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sale of Assets (amounts are the net book value of each asset sold):</b>								

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Property (provided LINZ approval obtained) <i>note 2</i>	WOLC <\$25,000,000 (with co-signature of DC Operational Services & Road Policing)	\$2,000,000 DC Frontline Operations (with co-signature of DC Operational Services & Road Policing)	Nil	Nil	Nil	Nil	Nil	Nil
Able to approve " <i>declare surplus to requirements.</i> "	Yes	Yes	Yes	No	No	No	No	No
Vehicles	<\$25,000,000	\$2,000,000	\$1,000,000	Nil	Nil	Nil	Nil	Nil
All other fixed assets	<\$25,000,000	\$2,000,000	\$1,000,000	Nil	Nil	Nil	Nil	Nil

1. Major capital projects are those with total expenditure greater than \$200,000
2. LINZ approval is required as the Commissioner of Crown lands (CCL) is the statutory owner and administrator of Crown land held under the Land Act 1948 and exercises statutory powers and functions over such land.
3. Minor capital projects are those with total expenditure less than \$200,000



## Appendix 4 - DFA limits for Contract Signing

You may only sign a contract if you have financial approval for the decision being made; for definitions of all types of contract and DFA rules surrounding each see the definitions section in the body of the policy.

All financial delegation amounts are stated on a GST exclusive basis, except where GST is either not applicable or stated otherwise.

All contract signing delegations must be exercised in line with the requirements set out in CO (18) 2 & CO (19) 6, which are summarised in Appendix 6. WOLC includes the total value of operating and capital costs.

CONTRACT SIGNING CATEGORY	Commissioner of Police	Deputy Commissioner and Deputy Chief Executive (DC and DCE)	Chief Financial Officer (CFO)	Assistant Commissioners and Executive Directors (AC and ED)	District Commanders	Directors	Cost Centre Managers	All other employees
<b>Routine operating expenditure:</b>								
Local Procurement Contracts	No limit	\$7,000,000	\$2,000,000	\$100,000	\$100,000	\$25,000	\$10,000	Nil
National Procurement Contracts	No limit	\$7,000,000	\$2,000,000	Nil	Nil	\$1,000,000 Director Property only	Nil	Nil
Property operating leases	Whole of Life Cost <\$25,000,000	\$7,000,000 DC Frontline Operations (with co-signature of DC Operational Services & Road Policing	\$2,000,000	\$100,000 for AC Service only	Nil	\$25,000 Director Property only  \$100,000 Director Operations and Property (radio sites only)	Nil	Nil
<b>Capital expenditure:</b>						\$25,000 Director Property only		
Property currently held by Police	No limit	\$7,000,000	\$2,000,000	\$25,000	\$25,000		Nil	Nil
Acquisition of land & buildings (provided sale and purchases agreement has received prior approval from LINZ) <i>note 1</i>	No limit	\$7,000,000	\$2,000,000	Nil	Nil	Nil	Nil	Nil
Vehicles	No limit	\$7,000,000	\$2,000,000	Nil	Nil	Nil	Nil	Nil
Information technology (via the national information technology procurement contracts)	No limit	\$7,000,000	\$2,000,000	Nil	Nil	\$100,000 Director Property and Nat. Mgr. Applications & Info Development only	Nil	Nil
<b>Sale of assets:</b>								
Property (provided sale and purchase agreement has received prior approval from LINZ) <i>note 1</i>	No limit	\$7,000,000	\$2,000,000	Nil	Nil	Nil	Nil	Nil

Financial Delegations  
Proactively released by New Zealand Police

Vehicles	No limit	\$7,000,000	\$2,000,000	Nil	Nil	Nil	Nil	Nil
<b>All other contract categories not mentioned above</b>	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Same as their routine operating expenditure limit	Nil

**Notes:**

1. LINZ approval is required as the Commissioner of Crown Lands (CCL) is the statutory owner and administrator of Crown land held under the Land Act 1948 (Land Act), and exercises statutory powers and functions over such land.

## Appendix 5 - DFA limits for Write Down, Write Off, Capital Charge, Payroll and Taxation

### Maximum Financial Delegation Limits for WRITE DOWN, WRITE OFF, CAPITAL CHARGE, PAYROLL AND TAXATION EXPENDITURE

You may only provide financial approval if the amount is within your limit and can be accommodated within an approved budget.

All financial delegation amounts are stated on a GST exclusive basis, except where GST is either not applicable or stated otherwise.

FINANCIAL DELEGATION CATEGORY	Commissioner of Police	Deputy Commissioner and Deputy Chief Executive (DC and DCE)	CFO Financial Officer	Assistant Commissioners/ Executive Directors	District Commanders	Directors	Cost Centre Managers	All other employees
<b>Write down / off of assets:</b>								
Write down of current assets and fixed assets	No limit <i>note 1</i>	\$500,000	\$500,000	\$25,000 Director Financial Services only	Nil	Nil	Nil	Nil
Write off of current assets and fixed assets	No limit	\$500,000	\$50,000	\$25,000 Director Financial Services only	Nil	Nil	Nil	Nil
<b>Capital charge</b>	No limit	Nil	No limit	\$25,000 Director Financial Services only	Nil	Nil	Nil	Nil
<b>Payroll, PAYE and payroll related liability payments</b>	No limit	Nil	No limit	No limit AC/ED People Operations	Nil	Nil	No Limit Payroll and Benefits Manager only	Nil
<b>GST, FBT, and any taxation penalty or interest payments imposed by the IRD</b>	No limit	Nil	No limit for GST and FBT  \$500,000 for taxation penalty and interest payments	Nil	Nil	Nil	Nil	Nil

#### Notes:

1. The "No limit" delegation applies provided process controls have been followed and total amounts appear reasonable.

## Appendix 6 - DFA limits set by Cabinet Circulars

### Maximum Financial Delegation Limits set by CABINET CIRCULARS CO(18) 2 and CO(19) 6 or the ARMS ACT

You may only provide financial approval if the amount is within your limit and can be accommodated within an approved budget.

All financial delegation amounts are stated on a GST exclusive basis, except where GST is either not applicable or stated otherwise.

FINANCIAL DELEGATION CATEGORY	Commissioner of Police	Minister of Police	Cabinet
<b>Operating Expenditure:</b>			
Advertising expenses/ Publicity <i>note 1</i> CO (18) 2	\$150,000	No limit	No limit
Expenses for compensation or damages in settlement of claims <i>note 2</i>	\$150,000	\$750,000	No limit
Ex gratia expenses <i>note 3</i>	\$30,000	\$75,000	No limit
Compensation to owners of firearms s63 Arms Act 1983 <i>note 4</i>	Nil	Approved on a case by case basis	N/A
Lease proposals funded from baseline <i>note 6</i>	WOLC < \$25,000,000	WOLC < \$35,000,000	WOLC \$35,000,000 & above
PPP proposals (even if funded from baseline)	Nil	Nil	No limit
All high risk lease proposals (irrespective of the scale and funding source) <i>note 5</i>	No	No limit	Yes
<b>Capital Expenditure:</b>			
All capital expenditure funded from balance sheet <i>note 6</i>	WOLC < \$25,000,000	WOLC < \$35,000,000	WOLC \$35,000,000 & above
All proposals that require new funding	Nil	Nil	No limit
PPP proposals (even if funded from balance sheet)	Nil	Nil	No limit
All high risk <sup>4</sup> capital expenditure proposals (irrespective of the scale and funding source)	No	No	Yes
<b>Sale of Assets:</b>			
Disposal of departmental assets	Carrying amount < \$15,000,000	Carrying amount > \$25,000,000	Carrying amount \$25,000,000 & above
Disposal of assets held on the Crown account that have significant policy implications	No	No	Yes

#### Notes:

1. Advertising expenses must comply with the guidelines for government advertising set out in Appendix B of the Cabinet Manual and CO (18) 2.
2. Expenses for compensation or damages for settlement of claims should be endorsed either by the Crown Law Office or a court judgement. Claims under \$75,000 should be certified by the department's Chief Legal Advisor as being in order, or should be endorsed by the Crown Law Office.
3. Ex gratia payments are without the giver recognising any liability or legal obligation; the payment is made out a goodwill or sense or moral obligation.
4. The Minister of Police must authorise all compensation payments in relation to orders made under the Arms Act 1983.

5. The proposal or project risk profile is determined by the State Services Commission's Gateway Unit based on the Gateway risk profiling methodology.

6. This is the total value of the WOLC (Operating and Capital combined)

**Additional information on Whole of Life Cost (WOLC)**

WOLC is defined as:

The Net Present Value (NPV) of cash costs of the proposal under consideration.

Cash costs include the initial capital or operating costs, plus cash operating costs for the expected life of the asset, discounted using the Public Sector Discount Rate. Operating costs may include costs of operational personnel if this is an essential part of the proposal.

For Crown-funded proposals, the WOLC does not include depreciation expenses or capital charges.

2. This definition takes account the time, value for money, and scale of the substantive proposal, not just the asset-related costs, consistent with the economic analysis required in the Treasury business case guidance.

3. Cash costs represent the costs incurred, on an ongoing and/or periodic basis over the period to enable an asset to be maintained to the same standard as that achieved on its construction, refurbishment, and/or procurement. The period varies according to the nature of the proposal, but for practical purposes may be considered to be the lower of the expected economic life of the asset or 20 years.

4. Operating Expenditure will include that required to ensure that an asset remains fit for its intended purpose over its expected life (maintenance and ancillary services, such as energy and cleaning, as well as overheads and insurance), plus any anticipated disposal or transaction costs.

5. The inclusion of non-asset operating costs in the WOLC measure (e.g. operational staff costs) depends on the nature of the investment decision:

5.1 if the investment is about expanding service delivery or changing the level of service, staff costs should be taken into account in the total cash cost associated with the investment decision;

5.2 if the investment is largely about replacing existing infrastructure with no impact on staffing costs, the WOLC should include only the asset-related costs.

6. Examples include:

6.1 a department with a software licence contract proposal estimated to cost \$10 million (initial cost) and 20 per cent per annum in maintenance costs for nine years has a nominal cost of \$28 million and a NPV of \$22 million. This means that the responsible Minister has authority to approve the investment as it falls in the range of \$15 million to \$25 million WOLC;

6.2 a department has a building refurbishment proposal estimated to cost \$50 million (initial cost), with two \$5 million refits over 20 years and annual maintenance of two per cent, has a nominal cost of \$80 million and a NPV of \$65 million. At this level, Cabinet approval is required.

