

Sensitive expenditure policy

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Policy statement and principles

What

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, if the expenditure could be considered inappropriate or lacking a legitimate business reason.

This chapter has been developed, in line with the [Office of the Auditor-General's guidance](#), to assist staff to make decisions on sensitive expenditure. While the quantity of sensitive expenditure may be small in the context of Police's overall budget, each expenditure decision has the potential to harm the reputation of, and trust and confidence in, not only Police but the public sector more generally.

Why

New Zealand Police is spending public money, as such all spending must withstand Parliamentary and public scrutiny. 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.

How

This chapter encourages a principle-based approach to decisions about expenditure that could be perceived to provide a private benefit.

Expenditure decisions should:

- have a justifiable business purpose consistent with the Police'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.

Scope

This chapter applies to all staff, including permanent, temporary and casual employees (including those working on overseas deployment, or on secondment). It also applies to Police contractors who are working within our organisation.

This chapter does not cover remuneration, or any other payments made through Police's payroll system.

The scope of the chapter also excludes sensitive expenditure items provided for by Police employment agreements. Nevertheless, it is expected such expenditure will also adhere to public sector norms, and be able to stand up to Parliamentary and public scrutiny.

Types of sensitive expenditure

Sensitive expenditure includes, but is not restricted to:

- credit card expenditure (refer to '[Credit card management](#)' in the 'Banking, currency and card policy' chapter);
- hosting external guests/gifts for guests (refer to the '[Sensitive expenditure overview](#)');
- staff functions, recognition and other personal expenditure (refer to the '[Sensitive expenditure overview](#)');
- alcohol (As a general rule, Police will not spend public funds on alcohol. This does not prohibit employees from self-funding provision of alcohol at publicly-funded events.);
- donations and sponsorship
- koha/Pacific gifting (Koha is an unconditional gift and/or contribution given on appropriate occasions and is an integral value of tikanga Māori. Koha is not given in exchange for goods or services and is not stipulated by the recipient. Rather, koha is bestowed in good will and good faith reflecting the mana of the giver and the receiver and applies to occasions or situations where it would be culturally inappropriate to place a value. For further guidance, see the Koha section in the '[Sensitive expenditure overview](#)'. To request funds for koha, use the Koha Request Form in [Finance Forms](#));
- international and domestic travel (refer to the '[Travel policy](#)' chapter/'[Sensitive expenditure overview](#)');
- accommodation (refer to '[Accommodation bookings](#)' in the 'Travel policy' chapter); and
- transport (e.g. personal use of vehicles, mileage, rental vehicles, taxis. Refer to '[Road Transport](#)' in the 'Travel policy' chapter).

Appropriate sensitive expenditure

Incurring sensitive expenditure is a normal and expected part of the work and responsibilities of many staff. Indeed, collective and individual employment agreements provide a basis for some, but not all, sensitive expenditure.

Police is subject to the general standards of probity and financial prudence which are expected of all public entities. As such, expenditure decisions must adhere to principles that meet public sector standards, as set out in the principles listed in the '[How](#)' section.

Deciding what is (and what is not) appropriate sensitive expenditure should take into account both individual transactions and the total amount of the expenditure involved.

Sensitive expenditure overview

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 [Sensitive expenditure overview A3](#)

100.45 KB

What happens if this policy is not followed?

If an employee suspects there has been a breach of this policy, the concerns should be escalated in the same way as other potential breaches of Police's Code of Conduct, [Our Code](#). Concerns can also be reported via [Kia Tū](#), Police's approach for preventing and addressing unacceptable behaviour in Police.

In some situations, a protected disclosure could be made. See the '[Protected disclosures](#)' chapter of the Police Manual for more detailed instructions and information. Police Professional Conduct or Employee Relations can provide further advice and assistance.

Related guidelines and other references

This policy should be read in conjunction with:

Sensitive expenditure policy
Proactively released by New Zealand Police

Document	Relationship with this policy
Code of Conduct	The overarching policy describing the required behavioural standards for all Police employees
Banking, currency and card policy	Outlines what departmental credit cards may, and may not, be used for
Financial delegations	Explains which management levels have been given financial authority to commit expenditure, and the maximum dollar amounts that apply
Managing conflicts of interest	Provides guidance on managing any conflicts of interest
Gifts, discounts and hospitality	Provides guidance on the receipt of such offers
Travel policy	Provides guidance on national and international travel
Sensitive expenditure overview	An A3 resource which offers high-level guidance on sensitive expenditure, and is designed to help bring this policy to life 'on a page'
Controlling sensitive expenditure: Guide for public organisations	OAG guidelines for public sector organisations for sensitive expenditure
Integrity Town videos	A few short and useful videos about sensitive expenditure

Responsibilities

Staff are responsible for:

- **ensuring** they understand the responsibilities that this policy and the associated guidelines place upon them and that they are meeting those responsibilities as they apply to their role and their employment within Police, and
- **exercising** good judgement, taking personal responsibility and abiding by the code of conduct on the required behavioural standards of all areas of work; especially for items of sensitive expenditure which can attract public scrutiny.

Cost Centre Managers are responsible for:

- **making** it clear to staff what is, and isn't, acceptable sensitive expenditure, and for role modelling that behaviour. This includes being accountable for the proper and prudent expenditure of the public money under their control;
- **approving** all sensitive expenditure within their allocated work groups as part of the standard financial management processes;
- **ensuring** pre-approval, completeness and correctness of documentation as well as confirmation by the most senior person present (with delegated authority), and
- **ensuring** they, their staff and all people working in their team are familiar with this policy and the associated guidelines as they apply to their role and their employment within Police.

Approval and related actions

The 'one up' rule

Wherever possible, approval of sensitive expenditure is to be given ahead of time by a person senior to whomever will benefit from the sensitive expenditure. That is, all sensitive expenditure must be approved by the person with delegated authority; and if the person with delegated authority could be a perceived beneficiary, then the 'one-up' rule for sign-off applies. Where this is not possible, this fact should be recorded and any such expenditure should be subject to some form of monitoring.

Every person making such decisions needs to exercise careful judgment in line with the principles set out in this policy. Expenditure must only be approved if it is within budget.

Supporting documentation

Expenditure should also be supported by relevant documentation and a clear description of the nature and context of the spending. This enables a review of decision-making around the expenditure and manages the risk of any suggestion of impropriety.

All claims relating to sensitive expenditure must:

- clearly state the business purpose of, and the person(s) who benefited from, the expenditure;
- be accompanied by a detailed GST receipt (an EFTPOS record does not constitute a GST receipt) or an explanation of the date, amount, description and purpose of expenditure where a receipt is unavailable;
- have evidence of pre-approval, if applicable, noted on receipts and invoices; and on all supporting documentation
- be submitted as soon as practicable after the expenditure has been incurred.

Other controls

The Finance Group is primarily responsible for monitoring compliance with this policy. Audits can be scheduled to assess whether appropriate approval has been obtained, whether there is a justified business purpose, and the appropriateness of supporting documentation. In addition, it is expected the approval process will allow for day-to-day monitoring of sensitive expenditure at team, business group and an organisational level.

The Finance Group provides further support by:

- **communicating policy** and good practice requirements for all staff that incur and approve sensitive expenditure;
- **providing leadership** and advice on the development of new internal standards and guidelines to support this policy;
- **providing advice** and practical support to cost centre managers and staff, to help them understand and comply with this policy as it applies to their role and their employment within Police.

The Assurance Group also has a role to play in providing additional oversight and audit, in support of the Commissioner's Assurance and Risk Committee, and Police's annual external audit process.