

**Audit, Finance & Risk Committee
14 December 2018**

Report for Agenda Item 2

Department: Finance, Legal & Regulatory

Sensitive Expenditure

Purpose

- 1 To describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud or misuse of QLDC property.

Recommendation

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report; and
2. **Recommend** the proposed Sensitive Expenditure Policy to Council for adoption to the extent that it applies to elected members as set out in attachment B.

Prepared by:



Lyn Zeederberg
Financial Controller

30/11/2018

Reviewed and Authorised by:



Stewart Burns
Chief Financial Officer

30/11/2018

Background

- 2 The current sensitive expenditure policy took effect from November 2014. At the February 2015 Committee meeting, the Chair requested updates against the following sensitive expenditure categories:
 - Chief Executive's exercise of delegated powers;
 - Gift register;
 - Hospitality register;
 - Travel register;
 - Purchase card audit;
 - New contracts;
 - Infrastructure consultant spend; and
 - Employee benefits.

- 3 At the March 2016 Committee meeting, a request was made to perform a review of one-up approvals looking randomly at purchase orders and the authorisation levels.

Comment

- 4 The following assessments have been made for sensitive expenditure over the period from 1 September to 31 October 2018:

- 5 **Chief Executive's exercise of delegated powers:** No significant anomalies noted; all transactions were within delegated authority.

- 6 **Gift register:** One entry required written approval from the CEO as it exceeded \$150. The gift was approved by a general manager with oral approval by the CEO. Written approval has subsequently been provided. No other departures from policy were noted.

- 7 **Hospitality register:** The register was reviewed with no significant anomalies noted.

- 8 **Travel register:** One entry out of twenty-eight entries on the travel register did not indicate the name of the approving manager. Relevant staff have been reminded that manager names be recorded in order to demonstrate compliance with the Sensitive Expenditure policy. The entry related to travel for an appropriate business purpose so the anomaly was only procedural in nature.

- 9 **Purchase card audit:** There were 281 purchases made totalling \$34,184 with an average spend of \$121.65 per transaction (previous report: \$117.42 per transaction). Refer to attachment A for a summary of the purchase card audit. Five instances of unintentional self-approval occurred during the period. These occurred before notification was provided as part of the last quarterly audit process. No further instances have been noted since pcardholders were notified of the non-compliance. The Knowledge Management team will be implementing the full workflow process for pcards during the 2018/19 financial year which will prevent pcardholders from approving their own transactions in the system. Two transactions were approved without adherence to the one-up approval

requirement and the manager also claimed a per diem for the same day. A refund to QLDC is being processed via payroll. The manager has been reminded of the policy and the relevant general manager has also been informed of this breach.

- 10 As at 31 October 2018, 43 active cards were on issue with a combined card limit of \$82,002 (31 August 2018: 46 active cards with a combined card limit of \$88,002). 2 new cards were issued to staff members due to staff changes and/or business needs; 1 card was deactivated following a change in role; and 4 cards were deactivated as the staff members left QLDC.
- 11 All new cardholders received individual training prior to obtaining their pcard. This included an overview of the Sensitive Expenditure Policy and other relevant policies. Policies relating to sensitive expenditure will be included in the ongoing "The Way We Work" training series which is administered by Human Resources on a regular basis and specifically when relevant policies are updated.
- 12 **Sensitive Expenditure Policy:** The Sensitive Expenditure Policy has been amended and has been approved by the Chief Executive following review by the HR Steering Committee and the Executive Leadership Team (ELT). Key amendments are as follows:
 - a. Definitions section – inclusion of definition for conflict of interest;
 - b. Para 1.6 – changes to approval of sensitive expenditure:
 - i. sensitive expenditure incurred by elected members to be approved by the GM Finance, Legal & Regulatory (previously the Mayor);
 - ii. sensitive expenditure incurred by the Mayor to be approved by the GM Finance, Legal & Regulatory (previously chairperson or deputy chairperson of the Audit & Risk Committee);
 - iii. sensitive expenditure incurred by the Chief Executive to be approved by the GM Corporate Services (previously the Mayor);
 - c. Para 1.7 – new paragraph regarding review of sensitive expenditure and reporting to Audit, Finance and Risk Committee;
 - d. Para 2.2.3 a) changes:
 - i. approval of 5 star or luxury accommodation to be approved by the Chief Executive in all instances (previously as per above for elected members and Mayor);
 - ii. clarification of per diem to be consistent with updated Travel Expenses Reimbursement policy;
 - e. Para 2.3 – entertainment and hospitality to be pre-approved by a member of ELT (previously the Mayor or Chief Executive); and
 - f. Para 2.5.3 – new paragraph added regarding financing of staff engagement activities.

Refer to attachment B for the amended Sensitive Expenditure Policy which is to be recommended to Council for adoption (to the extent it applies to elected members).

13 **New contracts:** Refer to attachment C for a summary of contracts created in TechnologyOne during the period from 1 September to 31 October 2018.

14 **Infrastructure consultant spend:** The value of infrastructure work undertaken during each quarter under the classifications “Engineering Consultants” and “Consultants” was as follows:

| | \$'000 | | | |
|-------------------|------------------------|------------------------|------------------------|------------------------|
| | Jul – Sep18 | Apr – Jun18 | Jan – Mar18 | Oct – Dec17 |
| Panel members | 32 | 61 | 79 | 113 |
| Non-panel members | 603 | 458 | 262 | 155 |
| Total | 635 | 519 | 341 | 268 |

15 The majority of non-panel work for the September 2018 quarter related to the following projects and firms respectively:

- Lakeview development: Minter Ellison Rudd Watts \$75k, CBRE \$54k; E3Scientific Ltd \$9k; Meredith Connell \$42k; RCP \$57k; Beca Ltd \$15k;
- Project Connect advisory services: Athfield Architects \$27k;
- Shotover bores water supply system: Fluent Infrastructure Solutions Ltd \$31k;
- Ecological assessment for Glenorchy airstrip: E3Scientific Ltd \$15k;
- WW network consents: Beca Ltd \$29k; Meredith Connell \$14k; Ryder Environmental Ltd \$33k;
- Jack Reid Park upgrade of field: RCP \$13k;
- Frankton Jetty: Wright Building & Diving Services \$39k.

16 The Property and Infrastructure Group has engaged ArcBlue as its strategic procurement partner. ArcBlue is working with the Property and Infrastructure Group on the development of three panels (3 Waters Design, 3 Waters Contract Works and Specialist Support Services (organisation wide)). A Request for Proposal (RFP) for the 3 Waters Design Panel was released to market on 2 November 2018 with a closing date of 30 November 2018. The 3 Waters Contract Works Panel RFP was released to market on 30 November 2018 and will be available to support delivery in early 2019. The Specialist Support Services Panel RFP will be released to market in early 2019 and this panel is expected to be available to support delivery of the LTP from 1 April 2019. In the interim, design and physical works contracts are being released to the open market.

17 The Planning and Development Group has engaged Morrison Low to assist in the review of consultants and has received an initial report on options.

18 The Legal Services Group issued an RFP for a legal services panel via GETS on 23 November 2018 with a closing date of 20 December 2018. The new panel is expected to be in place by the end of March 2019.

- 19 **Employee benefits:** No anomalies noted; all employee benefits were as per employment contracts and within budget.
- 20 **Purchase order audit:** The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 September to 31 October 2018. A sample of 15 purchase requisitions was selected from transactions with travel and accommodation providers to ensure that appropriate one-up approval was obtained. All purchase requisitions were appropriately approved.

Options

- 21 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:
- 22 Option 1 The report is for noting, therefore no options are discussed.

Significance and Engagement

- 23 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it is not considered to adversely affect the level of service or the manner or extent to which the Council delivers its services as no anomalies have been identified.

Risk

- 24 This matter relates to the operational risk OR014b Theft/fraud or misuse of Council property (assets, data, funds etc.), as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because implementing and monitoring controls regarding sensitive expenditure is important in maintaining transparency and public confidence in the use of public money.
- 25 The report is for noting only, however by noting this report the Committee gives the public confidence that the controls used to treat the risk are effective in the reporting period.

Financial Implications

- 26 As the assignment of delegated powers and the assessment of sensitive expenditure is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

Council Policies, Strategies and Bylaws

- 27 The following Council policies, strategies and bylaws were considered:
- Receiving Gifts & Hospitality Policy
 - Sensitive Expenditure Policy
 - Staff Recognition for Significant Events Guideline
 - Purchasing Card Policy

- Procurement Policy
- Financial Delegations Register

28 The recommended option is consistent with the principles set out in the named policies.

Local Government Act 2002 Purpose Provisions

29 The recommended option is consistent with the Council's plans and policies.

Consultation: Community Views and Preferences

30 Consultation is not required.

Legal Considerations and Statutory Responsibilities

31 This report achieves the purpose of the Local Government Act 2002 by ensuring that transactions occur in a manner that is accountable.

Attachments

- A Purchase Card Audit Summary
- B Sensitive Expenditure Policy (amended Nov18)
- C Contracts Register

Attachment A Purchase Card Audit Summary

| Period | 1 September – 31 October 2018 | Report no: | 21 |
|--|-------------------------------|------------|-----|
| Transactions | | | 281 |
| Audited transactions | | | 30 |
| Non-work related transactions | | | 0 |
| Transactions with process issues identified | | | 15 |
| Coding corrections – incorrect account and/or GST classification | | | 28 |

Preamble

The audit process checked individual transaction details, specifically receipt information and user comments, including if products or services purchased were work related and in compliance with relevant policies. A random sample of 15 transactions per month was selected as all transactions are checked for accuracy of coding on a monthly basis. All account and/or GST coding errors are corrected as part of the month end process which is performed by the Finance team.

Transactions were classified as having either:

- a. no issue
- b. use issue
 - private
- c. process issue
 - no tax invoice for purchases > \$50
 - not in accordance with policy

The monthly review of coding identifies:

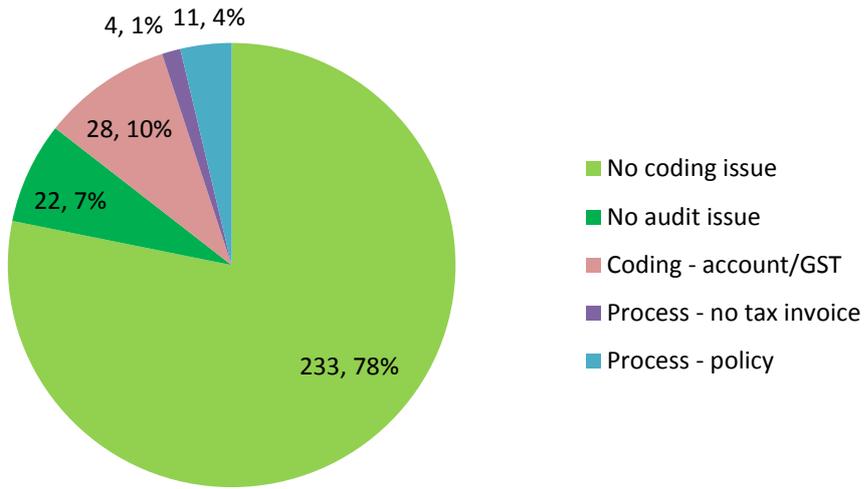
- a. GST issue; and/or
- b. account coding issue

Results

The following issues were noted:

- Twenty-eight instances of an incorrect account and/or GST classification were noted during the monthly checks. These errors were corrected as part of the month end process. Pcardholders and approving managers are notified of the errors with relevant explanations to minimise future errors.
- Four transactions did not have an appropriate tax invoice attached for GST purposes. Pcardholders have been requested to provide these to Finance
- Eleven transactions were in contravention of policy for the following reasons:
 - Five instances of unintentional self-approval occurred during the period. These occurred before notification was provided as part of the last audit process. No further instances have been noted since pcardholders were notified of the non-compliance. The Knowledge Management team will be implementing the full workflow process for pcards during the 2018/19 financial year which will prevent pcardholders from approving their own transactions in the system;
 - Six transactions were in relation to items for which a per diem should have been claimed per the Travel Expenses Reimbursement policy; and
 - Two of the six transactions mentioned above were approved without adherence to the one-up approval requirement and the manager also claimed a per diem for the same day. A refund to QLDC is being processed via payroll. The manager has been reminded of the policy and the relevant general manager has also been informed of this breach.

Figure 1: Overview of Audit Results



Sensitive Expenditure Policy

Overview

This document contains the framework and principles for QLDC elected members, employees, and contractors entering into and approving expenditure of a potentially sensitive nature.

Contents

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Introduction

Purpose The purpose of this policy is to provide elected members and managers with a clear framework for managing sensitive expenditure and any related conflicts of interest.

Queenstown Lakes District Council (QLDC) treats every individual employee with fairness in regard to sensitive expenditure.

Scope This policy applies to all elected members, employees and contractors of QLDC. The term “employee” will be deemed to mean all persons that are covered by this policy other than elected members.

Explanatory note: volunteers are excluded from this policy as it is expected that volunteers will not have responsibility for approving or procuring goods and services.

Definitions **Approving Manager**

An employee’s line manager or a manager higher in the financial delegation approval hierarchy.

Conflict of Interest

Any situation in which a private interest or personal considerations may affect, or could be perceived to affect, an employee or elected member’s judgement and/or ability to act in the best interest of QLDC.

Entertainment Expenses

Expenditure on food, beverages, tickets for events, and related supplies for events, involving one or more Council employee(s)/or one or more guests, and the purpose of the expenditure is to represent the Council or provide reciprocity of hospitality or build business relationships in pursuit of Council goals.

Sensitive Expenditure Policy

Official Function

Social functions, entertainment events, ceremonies, meetings, special events and conferences that can be demonstrated to provide clear benefit to the Council. Such functions must be sanctioned by the Chief Executive, or the relevant Senior Management Team member.

Credit Card

Includes vehicle fleet cards, purchase cards and equivalent cards used to obtain goods and services before payment is made.

Sensitive Expenditure

Any QLDC expenditure that provides, or has the potential to provide, or has the perceived potential to provide a private benefit to an individual employee that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by QLDC that could be considered unusual for QLDC's purpose and/or functions. Travel, accommodation, gifts and hospitality, staff support and welfare related expenditure are examples of sensitive expenditure.

Supplier

A current or potential provider of goods or services to QLDC.

Reviewed: November 2018

Issued by: Finance, Legal & Regulatory
Authorised by: CEO

Sensitive Expenditure Policy

Associated documents

Other documents that are relevant to the contents of this document are:

| Type | Title |
|----------------|---|
| QLDC Corporate | <ul style="list-style-type: none"> • Code of Conduct • Conflict of Interest Policy • Protected Disclosures (Whistleblowers) Policy • Fraud Policy • Travel Expenses Reimbursement Policy • Receiving Gifts & Hospitality Policy • Staff Recognition for Significant Events Guidelines • Leave Policy • Vehicle Use Policy • Mobile Phone Policy • P-Card (Purchase Card) Policy • Procurement Policy • Procurement Guidelines • Financial Delegations |
| Legislation | <ul style="list-style-type: none"> • Local Government Act 2002 • Local Authority (Members' Interests) Act 1968 <p><i>Note: Any legislation referred to should be interpreted as meaning the Act and its amendments.</i></p> |
| Type | Title |
| Other | <ul style="list-style-type: none"> • Employment Agreements • Controller and Auditor-General's publication, Controlling sensitive expenditure: Guidelines for public entities |

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 Authorised by: CEO

Sensitive Expenditure Policy

Policy

Principles and controls

1.1 Principles and Ethics

QLDC spends public money and, as a consequence, all expenditure should be subject to a standard of probity and financial prudence expected of a local authority and be capable of withstanding public scrutiny.

QLDC is obliged to safeguard and use its resources in a responsible manner. Furthermore, elected members and employees must guard against actual or perceived conflicts of interest in regard to the use of those resources. Due to the risk of perceived or actual personal benefit to the elected member or employee arising from certain expenditure categories, such as travel, accommodation, gifts and hospitality, the Controller and Auditor-General defines them as 'sensitive' expenditure.

QLDC expects all employees involved in arranging, making or approving expenditure to apply the following principles:

- do so only for QLDC purposes (i.e. expenditure is consistent with the Long Term Plan or Annual Plan);
- exercise integrity, prudence and professionalism;
- do not derive personal financial gain (unless a conflict of interest has been declared and the transaction is managed according to the procedure agreed in the declaration of the conflict of interest);
- act impartially;
- ensure the expenditure is moderate and conservative in the context of the given situation;
- ensure the transaction is made transparently;
- read and adhere to this and other relevant QLDC policies (particularly the Conflicts of Interest Policy); and
- ensure the transaction is appropriate in all respects.

These principles cannot be relied on individually to justify sensitive expenditure as each is equally important and they should be applied as a set.

QLDC's Code of Conduct policies identify the required behavioural standards for elected members and employees in all areas of their work. The above principles and QLDC policies should be applied comprehensively (i.e. no single principle or policy should be excluded).

During the budget setting process, senior managers should consider under which circumstances within their cost centre(s) and at which levels, sensitive expenditure should be provided for.

Sensitive Expenditure Policy

1.2 Deciding when sensitive expenditure is appropriate

In deciding what appropriate sensitive expenditure is, elected members and employees need to take account of both individual transactions and the total value of sensitive expenditure.

Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, QLDC could be considered extravagant or wasteful.

1.3 Responsibilities of the Mayor, Councillors and General Managers

Overall responsibility for this policy rests with the Mayor, Councillors and the Executive Leadership Team (ELT). This group must make it clear to employees what is and is not 'acceptable sensitive expenditure' and model those behaviours to the highest standard.

1.4 Controls and judgement

In the absence of a specific rule for a given situation, the Mayor, Councillors and ELT are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.

The Mayor, Councillors and ELT are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

1.5 General controls

All expense claims must be submitted promptly after the expenditure is incurred. Except in exceptional circumstances, this means within one month.

Sensitive expenditure will only be reimbursed if it is deemed to be reasonable, actual and has been incurred directly in relation to QLDC business.

Valid, original GST compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements and EFTPOS receipts do not constitute adequate documentation for reimbursement.

Sensitive Expenditure Policy

All expense claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim.

All expense claims for minor expenditure (<\$50) must document the date, amount, description, and purpose when receipts are not available.

1.6 Approval of sensitive expenditure

Approval of sensitive expenditure must:

- only be given where the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met as outlined in section 1.1.
- be given before the expenditure is incurred, wherever practical.
- be made strictly within delegated authority.
- be given by a person senior to the person who will benefit or might be perceived to benefit from the expenditure, wherever practical.

Expenditure which is incurred (but not explicitly approved by Council) by elected members will be reviewed by the General Manager – Finance, Legal & Regulatory for compliance with this policy.

Expenditure by the Mayor which is incurred (but not explicitly approved by Council) will be reviewed by the General Manager – Finance, Legal & Regulatory for compliance with this policy.

In the case of ELT, the “one up” principle must be applied to the maximum extent possible. In the case of the Chief Executive, approval is required from the General Manager – Corporate Services and another member of ELT will approve expenditure by the General Manager – Corporate Services. This will ensure that reciprocal approval of expenditure is not occurring at ELT level.

1.7 Review of sensitive expenditure

Sensitive expenditure is a standing agenda item for the Audit, Finance and Risk Committee. The Financial Controller will review sensitive expenditure and will report any instances of non-compliance with this policy to the Audit, Finance and Risk Committee.

Reviewed: November 2018

Issued by: Finance, Legal & Regulatory
Authorised by: CEO

Sensitive Expenditure Policy

Specific Areas of Expenditure

2.1 QLDC purchase cards

If an employee has been issued a purchase card they may, for QLDC's business purpose, use the card at stores, over the phone and over the internet to purchase items <\$500 or within the specified monthly limit (unique to each card).

The purchase card and the card details, such as card number and expiry date, are to be stored securely.

The use of the card is restricted to the employee assigned to its use.

Purchase cardholders need to operate within the P-Card policy which is made available when a purchase card is issued. This outlines QLDC's internal rules around the use and processing of purchase cards.

Should the purchase card be lost or misplaced, Finance is to be contacted as soon as possible so that the card can be cancelled and a replacement sought.

a) Fleet fuel cards

Fuel cards are provided in each QLDC-owned/leased vehicle for the purpose of refuelling the fleet vehicle. When purchasing fuel at designated service stations, the driver must provide the station attendant with the current odometer reading.

The person in the Corporate team responsible for fleet management is to check monthly invoices for compliance.

2.2 Travel and accommodation

2.2.1 General

Elected members and employees may need to incur travel and accommodation costs while conducting legitimate QLDC business elsewhere in New Zealand or overseas. Expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.

Domestic travel should be undertaken in a cost effective, practical and efficient manner. For example, travel to Invercargill or Dunedin is most efficient by car, preferably a QLDC fleet vehicle. Travel to Christchurch or the North Island will usually be by air utilising an All of Government contracted supplier, e.g. Air NZ.

In assessing the best method of travel, consideration should be given to distance, timetable constraints, urgency, personal health, security and safety.

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Authorised by: CEO

Sensitive Expenditure Policy

Any fines (parking or traffic offences) incurred in using motor vehicles are the responsibility of the driver, not QLDC. This clause does not include any offences in relation to Warrant of Fitness or registration of QLDC fleet vehicles.

The use of communication technology (e.g. cell phones, telephones, email and internet access) should be moderate. Reasonable private use to clear email and communicate with family members, while travelling on QLDC business, is permitted.

Employees will generally be permitted to take annual leave in conjunction with QLDC business as long as the annual leave is incidental to the travel. In other words, there must be a clear business purpose for the travel and this is the primary reason for the travel. QLDC will not fund any costs associated with private travel or annual leave (other than use of accumulated annual leave for employees).

Elected members, General Managers and other employees, with the express approval of the Mayor, Chief Executive or General Manager respectively, may undertake private travel (extended travel) before, during or at the end of QLDC travel, provided there is no additional cost to QLDC and the private travel is only incidental to the business purpose of the travel.

QLDC will not reimburse elected members or employees for tipping while they are on business in New Zealand. QLDC will reimburse elected members and employees for moderate tipping during international travel only in places where tipping is local practice.

As a general principle, the travel cost of accompanying spouses, partners or other family members is a personal expense and will not be reimbursed by QLDC.

a) Private Vehicle

Generally, QLDC will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective, such as use of a QLDC fleet vehicle.

Where the use of a private vehicle is approved for QLDC business, the employee must ensure they have appropriate insurance cover for the vehicle while it is being used on QLDC business. Any fines (parking or traffic offences) incurred while using a private vehicle on QLDC business are the responsibility of the driver.

Reimbursement for the use of private vehicles will be in accordance with the Staff Expenses policy.

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2.2.2 Air travel

a) General

To the extent practicable, air travel is to be booked well ahead of the actual travel date, so the expenditure is as cost-effective as reasonably possible.

All air travel shall be booked through an All of Government contracted supplier, e.g. Air NZ, via the appropriate administration support. This ensures that competitive prices are obtained.

Discounted economy or economy class (or a discount airline if applicable) is to be the first choice for journeys where the uninterrupted flight time is 5 hours or less. QLDC will generally only accept an upgrade to business class if there is:

- a) no additional cost to QLDC; or
- b) the cost was covered by the person travelling; or
- c) where the distance or hours travelled, work schedule on arrival, or personal health, safety or security reasons make business class reasonable.

Under no circumstances will a person be authorised to travel first class.

Stopovers

The cost of stopovers will only be reimbursed where they are pre-approved and have a clear business purpose.

Airline Loyalty Rewards

The person travelling by air will be permitted to accrue air points as long as there is no financial cost to QLDC. In considering this matter, attention will be paid to timetabling, personal health, safety and security considerations.

Loyalty rewards from air points (or other loyalty schemes) accruing to elected members or employees carrying out their official duties may remain with the relevant elected member or employee provided the use of airlines supplying air points does not result in QLDC incurring additional costs.

b) International Travel

Any proposed international travel on QLDC business, or for training or personal development of the Chief Executive at the cost of QLDC, must receive prior approval from the Council including details of estimated cost and the expected benefit to the organisation and its ratepayers.

This policy does not apply to international travel undertaken for the purposes of training and personal development of employees (other than the Chief Executive), as long as the travel has been approved by the

Sensitive Expenditure Policy

Chief Executive and the overall cost has been approved through the Annual Plan or Long-Term Plan process.

Any person travelling internationally on QLDC business must provide a report to the Mayor or Chief Executive upon their return detailing the benefits of the trip.

2.2.3 Meals and accommodation

a) Elected members and employees

To the extent practicable, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This must take into account the location of the accommodation relative to the event, the standard of the accommodation (which should be modest) and security issues. The use of “5 star” or “luxury” accommodation requires the express approval of the Chief Executive

Wherever possible, use is to be made of QLDC’s preferred suppliers and negotiated corporate rates. Where any employee chooses to stay in private accommodation, reimbursement will be made directly to the hosts.

Meal costs and minor incidentals incurred by elected members and employees will be met on a fixed *per diem* basis of \$65/day. Where breakfast or dinner is included as part of the accommodation cost, the fixed *per diem* will be reduced by approximately \$20/meal in accordance with the Travel Expenses Reimbursement policy.

Other costs, such as parking, taxis etc. will be met on an “actual and reasonable” basis on production of receipts.

Accommodation check out times must be observed and QLDC will not meet any additional costs as a result of the employee failing to check out on time except in the case of extenuating circumstances.

2.2.4 Rental cars and taxis

Rental cars are only to be used if it is impracticable or uneconomic to use a QLDC fleet vehicle. QLDC requires that the most economical type and size of rental car be used, consistent with the requirements of the trip. Any fines (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.

QLDC expects the use of taxis to be moderate, conservative and cost effective relative to other transport options. Wherever practicable, shuttle, train or bus services are to be used in lieu of taxis.

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2.3 Entertainment and hospitality

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to meals and alcohol.

All principles outlined in section 1.1 should be applied to this category of expenditure.

All entertainment and hospitality expenditure must be pre-approved by a member of ELT where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event. The most senior person present (with delegated authority) should approve and confirm the expenditure as being appropriate. Refer also to QLDC's Receiving Gifts and Hospitality policy and Staff Recognition for Significant Events Guidelines.

2.4 Goods and services expenditure

2.4.1 Disposal of surplus assets

Without the express prior approval of Council, no surplus assets with a market value of more than \$500 per item will be sold directly to elected members, employees, or friends or acquaintances of elected members or employees. In any event, the sale of surplus assets must:

- Maximise the return to QLDC; and
- Be sold at no less than the market value determined by an appropriate valuation.

2.4.2 Loyalty reward scheme benefits/prizes

Except in the cases of airline loyalty rewards (covered under section 2.2.2) of this policy) and fuel loyalty schemes such as Fly Buys etc., QLDC treats loyalty rewards accruing to employees carrying out their official duties as the property of QLDC.

Where a reward/prize is obtained by chance and without inducement, it may be retained by the individual otherwise it will be the property of QLDC. Generally, prizes received from a free competition entry obtained while undertaking QLDC business are also considered a loyalty or reward scheme for the purposes of the QLDC policy. Exceptions are prizes received from competitions at training or conference events or through membership of professional bodies which are treated as the property of the individual.

In situations where receiving a prize or loyalty reward could be perceived as inappropriate, even if QLDC rather than the individual would benefit from it, QLDC expects the prize or reward to be declined.

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Refer also to QLDC's Receiving Gifts & Hospitality policy for further information on receiving gifts.

2.4.3 Private use of QLDC assets

a) General

Any physical item owned, leased or borrowed by QLDC is considered an asset for the purpose of this policy. This includes photocopiers, telephones, laptops, tablets, cell phones, cameras, means of accessing the internet, vehicles, equipment and stationery.

The cost to QLDC of personal use of any asset will be recovered wherever possible, unless it is impractical or uneconomic to separately identify those costs.

Personal use of photocopiers is permitted in limited circumstances. Such use should be restricted to lunchtime or after work when the copiers are not so busy.

Personal use of telephones is permitted in limited circumstances. Details of personal toll calls made by employees on QLDC phones are to be provided to Finance (accounts@qldc.govt.nz) and the employee will be advised of the cost of the call for reimbursement to QLDC.

Payment for personal photocopies and toll calls must be made to Customer Services.

Personal use of other assets will only be permitted in limited circumstances and prior approval must be obtained from the manager or supervisor.

The use of QLDC assets in any private business that any elected member or employee may operate is strictly prohibited.

b) QLDC fleet vehicles

QLDC fleet vehicles (except those provided explicitly under an Employment Agreement) are not available for private use. Full details on the provision of and use of QLDC fleet vehicles are contained in QLDC's Vehicle Use policy.

2.4.4 Private use of QLDC suppliers

QLDC does not generally support the private use of QLDC suppliers by employees, but recognises that employees may wish to utilise such suppliers. Employees are to exercise moderation in their use of any preferential access to goods or services through a QLDC supplier.

Employees must not put private purchases on QLDC suppliers accounts.

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2.4.5 QLDC use of private assets¹

QLDC may decide that reimbursing employees for use of private assets is appropriate for reasons such as cost, convenience or availability. QLDC may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private cell phones and private computers.

Pre-approval by the Chief Executive or General Manager is required. In assessing the request, the Chief Executive or General Manager will pay particular attention to the principles of a justified business purpose and preserving impartiality and integrity.

Employees must not approve or administer payments to themselves for QLDC's use of their private assets.

2.5 Employee support, wellbeing and welfare expenditure

2.5.1 Clothing

Other than official uniforms and health and safety related clothing, elected members or employees will not be clothed at QLDC's expense when they are engaged in a normal business activity.

2.5.2 Care of dependants

The Chief Executive or a General Manager may authorise in exceptional circumstances the reimbursement of actual and reasonable costs in relation to the care of dependants. Some possible examples are when the employee is unexpectedly required to perform additional duties at very short notice, or a dependant unexpectedly requires additional care that the employee cannot provide because of the essential nature of their duties at the time. In all other instances care of dependants is to be treated as a personal and private expense of the employee.

2.5.3 Financing staff engagement activities

QLDC may make a prudent and reasonable monetary contribution to The Family. The contribution may be in the form of an all-purpose grant towards the annual budget, or it may be a grant or subsidy for a specific event or item.

2.5.4 Financing social club activities

QLDC may make a prudent and reasonable monetary contribution to the staff social club. The contribution may be in the form of an all-purpose

¹ The main issue associated with QLDC's use of private assets is to avoid QLDC paying or reimbursing amounts that inappropriately benefit the provider of those assets (or could create any perception to the same effect).

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grant towards the club's annual budget, or it may be a grant or subsidy for a specific event or item.

2.5.5 Farewells, long service and retirements

Expenditure on farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant or inappropriate to the occasion. Refer to QLDC's Staff Recognition for Significant Events Guidelines.

2.5.6 Professional memberships

Membership to a professional body is sensitive expenditure due to its personal nature.

Payment of professional fees by QLDC on behalf of an employee must be:

- approved by the General Manager or Chief Executive in the case of employees. In the case of the Chief Executive or elected members, the General Manager – Finance, Legal & Regulatory is required to give approval;
- clearly relevant to the performance of the employee's duties and responsibilities;
- for the employee alone and is not to cover members of their family or other persons;
- for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two-year membership to be an advantage to QLDC;
- for the benefit of QLDC and not intended to be a personal benefit to employees, and accordingly not liable for Fringe Benefit Tax;
- in accordance with the employee's employment agreement;
- cancelled or transferred to an appropriate employee if the employee's employment with QLDC is terminated, via resignation or otherwise;
- refunded directly to QLDC if the membership is cancelled.

2.6 Other types of sensitive expenditure

2.6.1 Donations & koha

A donation or a koha is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return.

QLDC requires donations to be:

- Lawful in all respects;

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- Made to a recognised organisation by *normal commercial means* (not to an individual);
- Not in cash (except as a koha and with the express approval of the Chief Executive or a General Manager) and
- Non-political (i.e. politically neutral).

The amount given on behalf of QLDC should reflect the occasion and the prestige of QLDC in its relations with Tangata Whenua and be approved by the Chief Executive or relevant General Manager.

2.6.2 Gifts

With the exception of long service awards, the giving of gifts up to \$300 requires the approval of a General Manager. Any gift over this amount requires the approval of the Chief Executive.

The giving of gifts must be appropriate, transparent and reasonable. Refer to Staff Recognition for Significant Events Guidelines.

The receiving of a gift is not strictly sensitive expenditure but it is nevertheless a sensitive issue. Employees accepting gifts in their employment capacity must ensure they follow QLDC's Receiving Gifts & Hospitality policy.

2.6.3 Communications technology

Refer to QLDC's Mobile Phones policy.

CONTRACTS REGISTER**Period: 1 September - 31 October 2018****New contracts created in TechOne**

| Contract Create Date | Contract Number | Contract Description | Contractor | Approved Contract Value | Expected Start Date | Expected Finish Date |
|-----------------------------|------------------------|---|--------------------|--------------------------------|----------------------------|-----------------------------|
| 3/10/2018 | 000243 | Hawthorne Drive Water and Wastewater Upgrades | Fulton Hogan Ltd | 3,331,944.30 | 1/10/2018 | 1/05/2019 |
| 12/10/2018 | 000244 | C-19-014 Mt Aspiring Rd Car Park | The Roding Company | 800,000.00 | 1/10/2018 | 31/12/2018 |
| 16/10/2018 | 000245 | CT16-007 Roding Network Maintenance 18/19 | Downer EDI Works | 6,531,236.86 | 1/07/2018 | 30/06/2019 |
| 16/10/2018 | 000247 | CT 16-007 Maintenance Renewals 18/19 | Downer EDI Works | 2,625,185.00 | 1/07/2018 | 30/06/2019 |