

## Sensitive Expenditure Policy

### Expenditure where it could be perceived that there is an element of private benefit

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<b>Mana Whakaae   Approval Authority</b>	University Council
<b>Āpiha Whakapā   Contact Officer</b>	Finance Shared Services Manager, Financial Services – Planning, Finance and Digital Services

### Kupu Whakataki | Introduction

This policy explains the University's requirement and expectations regarding various kinds of sensitive expenditure that have, or may be perceived to have, some element of private benefit

### Kaupapa Here | Policy Statements

#### Ethics and Over-Arching Framework

The University is responsible for the prudent spending of public or taxpayers' money. These obligations are captured in the [Education and Training Act 2020 \(New Zealand legislation website\)](#)<sup>1</sup> and the [Crown Entities Act 2004 \(New Zealand Legislation website\)](#)<sup>2</sup>.

This policy sets out the rules around decision-making and approval of sensitive expenditure, and how these will be monitored and reported on. This policy exists to assist staff fulfil the University's legislative obligations.

#### Scope

This policy applies to Council members and staff with authority to spend University funds.

<sup>1</sup> See [S 281 \(e\) and \(f\)](#), and [S 299](#)

<sup>2</sup> See [S 155 \(b\)](#)

## **Sensitive Expenditure Types**

The following are the considered to be potential areas of sensitive expenditure and are covered by this policy. More guidance can be found within the [Sensitive Expenditure Guidelines \(University Financial Services Intranet\) \(Staff Only\)](#) for specific categories.

1. Entertainment and Hospitality
  - a) University events.
  - b) Entertainment of external parties.
  - c) Meals and alcohol.
2. Koha
3. Staff Rewards and Recognition.
  - a) Gifts.
  - b) Lunches, morning tea and other team building activities.
  - c) Farewell and service-related award.
  - d) Christmas functions.
  - e) Sponsorship.
4. Staff support and wellbeing
  - a) Professional memberships.
  - b) Clothing and grooming.
  - c) Books, papers, and periodicals.
  - d) Strategic planning sessions.
  - e) Sponsorship.
5. Asset Sale and Asset Use
  - a) Private Use of University Assets.
  - b) University Use of Private Assets.
  - c) Sale of University Assets to Staff.
  - d) Use of University Communications Infrastructure.
6. Travel
  - a) Frequent Flyer, Air Points or other travel-related loyalty schemes.
  - b) Cash advances.
7. Procurement
  - a) Private use of university suppliers.

- b) Loyalty Reward Scheme Benefits (excluding Air Points).

8. Any other expenditure that could be seen to benefit an individual Council or staff member.

## Key Principles

The basic principle of all University procurement is that it must be, and must be seen to be, beyond reproach. Staff are expected to exercise prudent judgement regarding all business expenditure. This means decision-making about expenditure decisions should

- have a justifiable business purpose,
- preserve impartiality,
- be made with integrity,
- be moderate and conservative,
- be made transparently, and
- be made with proper authority.

These principles should be applied together. None should be applied alone, and no principle should be treated as more important than any other.

Therefore:

1. Expenditure may be incurred for official functions and discretionary purposes not directly related to educational or research processes where it can be demonstrated to be of clear benefit to the University, subject to the principles outlined in this policy.
2. Expenditure must be against pre-approved budgets with deviations from budgets and standards being reported to the Executive Director, Planning Finance & ITS. Where expenditure is deemed to be unreasonable an explanation will be sought from the authoriser, or the payment referred to a senior manager.
3. Expenditures not included within the limits provided and/or approved and documented according to this policy, will be considered personal expenditures and are the responsibility of the person incurring the expenditure.
4. For all categories of sensitive expenditure, staff must consider the tax consequences of that expenditure. If the staff member approving this expenditure is unsure, then advice should be taken from Financial Services **before** the expenditure is incurred.
5. Valid tax invoices and other supporting documentation must be maintained/submitted for all expenditure and submitted promptly after expenditure has occurred.
6. The University will reimburse discretionary expenditure that is reasonable, actual and has been incurred because of conducting University business.

7. Discretionary expenditure is to be raised via a Purchasing order. For any expenditure that is unable to be completed on a university purchase order, use of a University P-card is the preferred method of payment.
8. All reimbursements for discretionary expenditure should be submitted for processing within 90 days of incurring the expenditure and ideally within the same financial year.
9. Where any person holding a University P-card uses a personal credit card or personal cash for such a purchase, reimbursement by the University will be on 90 day terms from receipt of an authorised [Payment Request Form \(University Financial Services intranet\) \(Staff only\)](#) by Financial Services.

## **Sensitive Expenditure Approval Requirements**

### **1. General**

Approval must be given before sensitive expenditure is incurred unless it is

- a) for small amounts (for example, taxi fares) or
- b) allowed for in University's policies

Approval is to be given by a person who is senior to the person who will benefit (or might be perceived to benefit) from the sensitive expenditure. Where that is not possible, this should be recorded

Prior approval to incur sensitive expenditure is not required for Council members or the Vice-Chancellor.

### **2. Sensitive Expenditure Approval Criteria**

Approval for sensitive expenditure may be given only when:

- The person approving the expenditure must be satisfied that all key principles are adequately met.
- Documentation for the expenditure includes key details about the recipient and the reason for the expenditure (including name, role, description).
- Expenditure is coded accurately.
- The expenditure is within budget and where delegated authority exists.

### **3. Sensitive Expenditure Approval Procedures**

The University employs the "one up" principle. In practice this looks like:

- *Council*

Sensitive expenditure incurred by the Chancellor, and any other Council member, must be approved by the Chair of Audit and Risk Committee. Council members' reimbursements, for fees and allowances, must be in line with [Schedule 11, S 17 Education and Training Act 2020 \(New Zealand Legislation website\)](#).

- *Vice-Chancellor*

Sensitive expenditure incurred by the Vice-Chancellor must be approved by the Chancellor.

- *SLT (excluding the VC)*

Sensitive expenditure incurred by SLT will first be reviewed by Financial Shared Services for compliance with University Policy and guidance.

- Where an SLT member's sensitive expenditure is provided for within policy or guidance, then the SLT member is not required to seek approval for the spend from the Vice-Chancellor.
- Unless the sensitive expenditure is provided for within policy or guidance, any sensitive expenditure or discretionary expenditure incurred by SLT must be approved by the Vice-Chancellor.

Where there is any doubt around compliance with policy or guidance and/or approval from the Vice-Chancellor is required but has not been given, the matter will be escalated to the Risk and Audit Committee as part of a quarterly report prepared by Financial Services.

SLT can sub-delegate approvals for sensitive expenditure as required in line with the [Delegations of Authority Policy \(PDF, 990KB\)](#) and the [financial delegation principles, guidance, and processes \(University Financial Services intranet \(Staff Only\)\)](#). Lower limits than those set in this policy may occur.

SLT members are responsible for the monitoring and control of sensitive expenditure within their portfolios which includes authority to approve sensitive expenditure.

- *Managers*

The line manager of a delegate with approval authority must ensure that

- all approved expenditure follows the one-up principle;
- before they approve any expenditure, they are satisfied that there is a justified business purpose;
- standards, principles and requirements in this policy and any other relevant policy are met there is appropriate budget and they have delegated authority to approve it
- the correct expenditure coding is used;
- all supporting documents are filed; and
- explanations are documented for any expenditure that could appear unusual.

- *All authority holders*

When deciding to spend money on any of sensitive expenditure areas, all authority holders must:

- follow the key principles and approval requirements of this policy,
- consult any other relevant policies and the sensitive expenditure guidelines to inform their decision-making,

## Compliance

A breach of this policy or associated procedures may result in disciplinary action. Breaches may also mean that the University is subject to an audit which may bring the University into disrepute where poor practice is identified. This may have undesirable impacts on the reputation of the University.

## Reporting of Inappropriate Expenditure

Staff who consider there are grounds for enquiry into inappropriate expenditure should advise their Manager and the Financial Controller immediately.

Alternatively, disclosure may be made under the [Protected Disclosures Act 2000 \(New Zealand Legislation website\)](#). Refer to the [Protected Disclosures Act – Internal Procedures and Code of Conduct Policy](#) determine whether such a disclosure is protected.

## Tautuhinga | Definitions

**Discretionary expenditure** – those expenditures not directly related to the University educational, research, and public service mission. Discretionary expenses include, but are not limited to, all expenditure specifically addressed in this policy.

**Fringe benefit tax (FBT)** – tax imposed on non-cash benefits provided to past, present, and future employees. FBT is, generally, payable if the University provides an employee with a non-cash benefit. The conditions under which FBT is payable vary widely, but generally apply in circumstances such as

- Private use or enjoyment of a motor vehicle, or its availability for such use,
- Subsidised transport,
- Gifts, prizes, and gift vouchers, and
- Entertainment.

**Gift** – means a reward, gratuity or other consideration beyond remuneration and reimbursement. It may take the form of a tangible object but might also be in the form of a benefit.

**Hospitality** – means catering and entertainment offered to clients, guests, or visitors.

**Koha** – gift, present, offering, donation, contribution - especially one maintaining social relationships and has connotations of reciprocity.

**Official function** – Council, Senior Leadership team (SLT) (or their delegate) sanctioned social functions, entertainment events, ceremonies, meetings, special events and conferences that can be demonstrated to provide clear benefit to the educational, research, or community service missions of the University.

**Sensitive expenditure** – any spending (expenditure) that could be seen to be giving private benefit to staff additional to the business benefit to the University. It includes expenditure by the University that could be considered unusual for the University's purpose and/or functions.

**Staff or Staff member** – for the purposes of this policy, the definition of “staff” or “staff member” extends to cover all persons working at, for, or on behalf of, the University (whether paid or unpaid), including but not limited to, Council members, adjunct appointees, Erskine visitors, consultants, guest lecturers, interns, and volunteers.

## He kōrero anō | Related Documents and Information

### Whakaturetanga | Legislation

- [Crown Entities Act 2004 \(New Zealand Legislation website\)](#)
- [Education and Training Act 2020 \(New Zealand Legislation website\)](#)
- [Protected Disclosures Act 2000 \(New Zealand Legislation website\)](#)

### Te Pātaka Kaupapa Here | UC Policy Library

- [Campus Drug and Alcohol Policy \(PDF, 315KB\)](#)
- [Conflict of Interest Policy, Principles and Guidelines \(PDF, 650KB\)](#)
- [Delegations of Authority Policy \(PDF, 990KB\)](#)
- [Gifts Policy \(PDF, 197KB\)](#)
- [IT Policy Framework \(PDF, 285KB\)](#)
- [Mobile Voice and Data Policy \(PDF, 217KB\)](#)
- [Procurement Policy \(PDF, 212KB\)](#)
- [Protected Disclosures Act – Internal Procedures and Code of Conduct \(PDF, 393KB\)](#)
- [Staff Code of Conduct \(PDF, 481KB\)](#)
- [Travel Policy \(PDF, 597KB\)](#)

**Te Pae Tukutuku me te Ipurangirotu o UC | UC Website and Intranet**

- [Financial delegation principles and guidance \(University Financial Services Intranet \(Staff Only\)\)](#).
- [Financial Delegations Register \(University Financial Services Intranet\) \(Staff Only\)](#)
- [Payment Request Form \(University Financial Services intranet\) \(Staff only\)](#)
- [Sensitive Expenditure Guidelines \(University Financial Services intranet\) \(Staff Only\)](#)
- [UC Council Delegation Schedule 2006-2016 \(University About UC website\)](#)

<b>Document History and Version Control Table</b>			
<b>Version</b>	<b>Action</b>	<b>Approval Authority</b>	<b>Action Date</b>
<i>For document history and versioning prior to 2013 contact <a href="mailto:ucpolicy@canterbury.ac.nz">ucpolicy@canterbury.ac.nz</a></i>			
1.00	Conversion onto new template	Policy Unit	Sep 2013
2.00	Major review. Minor revision to alcohol, travel and year end functions	Chair, SLT	Oct 2013
2.01	Updated hyperlinks	Policy Unit	Nov 2013
2.02	Document review date pushed out	Strategic Procurement Manager	Feb 2014
2.03	Document review date pushed out	Policy Unit	Sep 2014
2.04	Hyperlinks updated	Policy Unit	Sep 2014
3.00	Scheduled review by Contact Officer	Policy Unit	Jan 2015
3.01	Reference to Computer Use Policy and Procedures changed to IT Policy Framework	Policy Unit	Sep 2015
3.02	Amendment to s2.9(d) by Contact Officer & updated definitions	Policy Unit	Dec 2015
3.03	Addition of clause 2.8 "Strategy and Planning Sessions", change of "Staff Welfare" heading to "Staff Discretionary Expenditure" heading, "Staff" definition changed, "department/colleges and business unit" added to the "Introduction" and minor layout changes within document.	Contact Officer	Dec 2016
3.04	Inclusion of alcohol related clauses under 1.1.	Chief Financial Officer	March 2017
4.00	Scheduled review by Contact Officer Inclusion of statement to show this policy supports the annual formal representations made by SLT to Council.	CFO	April 2018



	<p>Scope changed to include applicability of policy to Council members. Additional wording under 'Ethics and Overarching Framework'.</p> <p>Clarity around UC contributions for Christmas functions and increase in allowance of time off to attend – clause 2.2.</p> <p>Clarity around appropriateness of UC contributions to personal gifts for staff members – clause 2.3 (c).</p> <p>Removal of SLT / delegate approval for purchases of books, papers and periodicals.</p>		
5.00	Scheduled review by contact officer, policy rewrite to align more with OAG guidance, removal of content repeated in other existing UCPL policies, creation of separate guidelines document for expenditure relating to staff	EDPF&ITS	Dec 2021
5.01	Minor change, hyperlink added to <i>Sensitive Expenditure Types</i> sub-section, amendment to Key Principles sub-section formatting.	Policy Unit	Dec 2021
5.02	Change of Approval Authority to Council	Council	Feb 2023