



Policies Relating to Sensitive Expenditure

This policy should be read in conjunction with the following associated policy documents:

- Financial reserves and investment policy
 - Fraud and integrity assurance policy
 - Board Fees
- And
- Controlling sensitive expenditure: Guide for public organisations.

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Table of contents

Introduction	4
Definition	4
Background	4
Principles	6
1. Council hospitality	6
2. Non-monetary recognition of staff	6
3. Council and Staff welfare	7
4. Gifts	7
5. Domestic and International Travel	8
6. Accommodation and meals	9
7. Airpoints	10
8. Motor Vehicles	10
9. Taxi cards	11
10. Fines	12
11. Credit cards	12
12. Miscellaneous expenditure by Council members	12
13. Staff employment-related expenditure	13
14. Approvals	13
15. Claims	13
A. SCHEDULE	15

Introduction

As part of its objective to establish and maintain sound governance and reduce risk, the Midwifery Council has policies relating to sensitive expenditure. These encompass the principles relating to such expenditure and internal control procedures.

This policy document sets out the parameters of sensitive expenditure for all Board members and staff.

Definition

Sensitive Expenditure¹ is expenditure by a public entity that could be seen as giving some private benefit to an individual Board or staff member and is an addition outside any business benefit to the entity. Travel, accommodation, and hospitality-spending are examples of areas where expenditure discrepancies often arise. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions. This means expenditure on Council hospitality, gifts (given and received), staff welfare payments, travel-related expenditure, staff employment related expenditure and Council member work-related expenditure.

Background

The Office of the Auditor General has identified frequently occurring problems arising with expenditure that:

- is or could be regarded as, extravagant or immoderate;
- is incurred without there being justifiable and adequately documented business purpose;
- is subject to poorly defined policies and procedures;

¹Source: Office of the Auditor General. 2020. *Controlling Sensitive Expenditure: Guidelines for Public organisations*

- is not adequately substantiated by invoices, receipts or other relevant documentation to support claims or payments;
- is committed before appropriate authority has been obtained; and
- is made without proper scrutiny to ensure compliance with policies and procedures

Considered sensitive expenditure decisions and guidelines are important since improper expenditure could harm the reputation of, and trust in the Board.

Principles

Decisions regarding expenditure should include consideration of the following:

- have a justifiable business purpose
- preserve impartiality
- are made with integrity
- are moderate and conservative, having regard to the circumstances
- are made transparently, and
- are appropriate in all respects.

In addition

- expenditure should be from an approved budget
- Individuals do not approve their own expenditure.
- sensitive expenditure is fully disclosed.
- expenditure is clearly shown to be work or Council related
- The payment process is documented and supporting documentation is retained.
- The Council does not unwittingly become liable for fringe benefit tax.

1. Council hospitality

- 1.1 Expenditure will be for business reasons usually for the purposes of building relationships, representation of the organisation or reciprocity of hospitality.
- 1.2 Expenditure will be within a pre-approved budget and where possible with a pre-agreed purpose.
- 1.3 Where the purpose has not been budgeted for, it will be disclosed in the following month's financial report.
- 1.4 Hospitality will normally involve the provision of food and a may include a reasonable quantity of alcohol. It will not include attendance at shows, concerts, or sports games.

2. Non-monetary recognition of staff

- 2.1 This expenditure includes such situations as rewards for performance of teams or individuals, morning teas.

2.2 Expenditure is within the budget.

3. Council and Staff welfare

- 3.1 Expenditure includes token gifts, expressions of sympathy or congratulations.
- 3.2 Expenditure will be equitable, reasonable and relative to the significance of the event. A guideline is a limit of \$100 per gift.
- 3.3 Expenditure will be from a pre-approved budget.
- 3.4 Invoices will be drawn.
- 3.5 Gifts will not create liability for Fringe Benefit Tax.

4. Gifts

4.1 Koha and Gifts Given

- 4.1.1 Expenditure will be equitable, reasonable and relative to the significance of the event. A guideline is a limit of \$100 per gift.
- 4.1.2 The line between token gifts of appreciation and those that might compromise the recipient is where others may perceive the gift to be an inducement or reward that might place the recipient under an obligation.
- 4.1.3 Expenditure will be from a pre-approved budget.
- 4.1.4 Gifts will not create liability for Fringe Benefit Tax.

4.2 Farewells and retirement

4.2.1 Expenditure on farewells and retirements include spending on functions, gifts and other items when a Board member or staff member is leaving or retiring will be reasonable and take into consideration the time spent with the Council.

4.2.2 Farewell or retirement functions expenditure must have the prior approval of the Chair, or Deputy Chair and/or the Chief Executive.

The schedule provides an indication of the allocated budget for each activity.

4.2.3 The Council accepts that terms can expire in between meetings. They acknowledge this and that it is only in extenuating circumstances that members will be able to return for a farewell.

4.3 Gifts Received

4.3.1 Gifts received by a staff member or Council member from a stakeholder or other work-related organisation and which are given in the context of the Council's business will belong to the Council.

4.3.2 Gifts will be recorded in a gifts register.

5. Domestic and International Travel

5.1 Travel expenses by Council members and staff on Council business will be paid for by the Council. This includes

- Air travel, airport departure taxes and travel insurance
- Accommodation
- Rental cars, taxi's, train fares or other transportation required for Council business
- Meals
- Miscellaneous expenses e.g. Wi-Fi.

5.2 All flights are booked through the Council secretariat.

5.2.1 Where possible flights are to be booked well ahead of actual travel date to take advantage of most cost effective fares.

5.2.2 Classes of travel

Domestic

Flights to attend meetings are usually booked seat only unless there is the requirement for overnight stay. Return flights are also booked seat only although flexi-time fares can be considered.

Fully-flexi (or Flexi-time) fares may be booked when there is justification to do so. Justification may include short notice of an event; not knowing the finish time of a meeting; no other seat options available; no other flights; or limited flight availability Any fares need the approval of the Chief Executive.

International

All board and staff members are expected to use the most cost-efficient and time appropriate class of travel. Different classes may be booked for different legs of the journey. A meal will be provided.

Premium economy

Council members and staff are entitled to travel premium economy only when they undertake air travel of more than six continuous hours, where they need to attend a meeting within 24 hours of arriving at their destination and they are presenting at the meeting.

Business class bookings for international flights are considered on a case by case basis and all decisions must be recorded and must only be booked when approval has occurred.

- 5.3 Daily allowances will be determined in advance of any overseas travel and take into account the duration of period away from home and the county/countries to be visited. The daily allowance includes charges made against a Council credit card.
- 5.4 Expenses incurred by a spouse, partner and family members travelling with a Council or staff member will not be paid for by the Council.
- 5.5 Council members or staff may be allowed to undertake private travel before, during or at the end of their travel paid for by the Council provided there is no additional cost to the Council and the private travel is only incidental to the business purpose of the travel.
- 5.6 Excess baggage costs incurred with respect to personal baggage will not be paid for by the Council.
- 5.7 Air travel should be booked as far as reasonably possible in advance, to access the most economical airfares. All air travel shall be booked in economy class unless prior approval is given by the Board Chairperson or, in the case of the Board Chairperson's own travel, by the full Board.
- 5.8 When engaged on Council business involving travel outside New Zealand, the Council will pay for comprehensive travel insurance for the member or employee. The Council will not pay for travel insurance for family members travelling with the member or employee but in such case the cost of the policy can be apportioned.
- 5.9 Where individual circumstances, particularly frequency of flights, make the benefits (e.g. lounge facilities and other preferential services) offered to Koru Club members desirable, membership to the Koru Club will be paid. Koru membership will also be paid if a board or staff member is required to undertake 10 or more return flights each year.
- 5.10 Any stopover paid by the Board must have clear business purpose and is to be pre-approved and documented. Any non-business related costs due to a stopover through the Board member or staff's choice is to be paid by that Board member or staff

6. Accommodation and meals

6.1 Overnight accommodation may be booked in the following circumstances:

- Meeting duration of more than one day

- Flights do not align with meeting start time
- Flight cancellation

6.2 All flights and accommodation are booked through the Council secretariat.

- Approval for Council travel is made by the Registrar or delegate.
- All accommodation bookings are to be within the stated annual budget.

6.3 If a board or staff member opts to stay with a friend or relative, they are not eligible for any reimbursement for accommodation.

The Council or staff member may claim for meal costs relating to the individual, providing the claim is substantiated by supporting documentation, for example a receipt

6.5 Separate meal expenses may not be claimed if a meal is provided as part of another package paid for by the Board (eg meals already paid for).

6.6 Unless prior approval has been granted and it is to be used for an explicit purpose, alcohol is the responsibility of the individual and will not be reimbursed by the Council. Everyone is responsible for ensuring that their alcohol consumption is safe and contained within reasonable limits

6.7 Mini bar expenses will not be reimbursed, nor can they be charged back to the Council

6.8 The Council will not pay for alcoholic drinks when the person has their meal delivered to their hotel room.

6.9 All issues regarding accommodation and meal invoices will be raised with the individual in the first instance.

7. Airpoints

7.1 Airpoints gathered from travel on Council business are the property of the Council. Where possible the Council will ensure that flights do not accrue airpoints.

7.2 Above and beyond points accrued by the Council belong to the Council. Where available and appropriate will be used for Koru membership in the first instance.

8. Motor Vehicles

8.1 Council members and contractors engaged in Council business such as Professional Conduct Committee hearings, competence reviews and audits may require rental vehicles.

- 8.2 Rentals will be arranged by the secretariat. In selecting the type of vehicle, it is expected the smallest vehicle will be hired suitable for the type and length of travel and the conditions.
- 8.3 Reimbursement for private motor vehicle use is only paid when it is more practical and cost-effective than other travel means
- 8.4 Council members and contractors using private vehicles for Council business, including travelling between home and airport, will be paid a motor vehicle allowance at the same rate paid by government departments. Due consideration must be given to the relevant costs of private vehicle use versus rental car hire, as set out in the schedule.
- 8.5 Reimbursement for the use of a private motor vehicle will only cover the first 200km or the equivalent of the cost of a flight to the same destination, except when a flight is unavailable to the destination
- 8.6 All reimbursement claims for private vehicle use must include the distance travelled
- 8.7 Reimbursement for parking costs while on Board business is paid providing each claim is accompanied by supporting documentation (original copy of the parking ticket). In the absence of the latter, the claim must itemise the date and amount of the parking costs and the purpose for the expenditure

9. Taxi cards

- 9.1 Each Council member will be given a taxi card issued in their name for the duration of their appointment.
- 9.2 The Chief Executive and the Midwifery Advisor will hold a taxi card for her use and that of other staff.
- 9.3 Taxi cards remain the property of the Midwifery Council and will be returned when the Council member's term ends.
- 9.4 Taxi cards charging the cost to the Council are used when the member or employee is on Council business. Other usage will be promptly reimbursed to the Council.
- 9.5 The use of taxis will be moderate, conservative, and cost-effective relative to other forms of available transport. Council-funded taxis will not be used for travel between home and place of work unless the reason for the travel is work past a reasonable hour, a safety concern or similar justification and prior approval for the travel has been given where practicable.
- 9.5 Consideration will be given to minimising transport costs when possible.

10. Fines

- 10.1 All fines are the responsibility of the member who incurs the fine.

11. Credit cards

- 11.1 Credit cards against the Council's bank account will be held by the Chair, the Chief Executive and the Midwifery Advisor.
- 11.2 Credit cards remain the property of the Council and will be returned to the Secretariat and destroyed when the incumbent's term or employment ends.
- 11.3 Credit cards are held for convenience and efficiency. They will be used only for purchases on behalf of Council.
- 11.4 Credit limits are to be a maximum of \$5,000.
- 11.5 Credit cards are not able to be used for the purpose of obtaining cash advances.
- 11.6 Card holders will supply to the Secretariat a supplier's invoice in respect of each purchase and advance for verification of the statement.
- 11.7 Cardholders will certify the statement to verify the validity of the expenditure.
- 11.8 The incumbent will immediately refund to the Council all monies and interest owing due to unauthorised use.
- 11.9 Approvals. Card invoices are approved by the following.

Card held by	Approved by
Chief Executive	Chair
Chair	Deputy Chair
Midwifery Advisor	Chief Executive

12. Miscellaneous expenditure by Council members

- 12.1 The use of personal mobile phones for Council business and cost of Council business toll calls made from home telephones will be reimbursed. An account will be produced and approved.

13. Staff employment-related expenditure

- 13.1 The use of personal mobile phones for Council business and cost of Council business toll calls made from home telephones will be reimbursed. An account will be produced and approved.
- 13.3 Telephone calls to work when travelling on Council business will be paid by the Council.

14. Approvals

- 14.1 Approval of sensitive expenditure should be given only when the person approving it is satisfied it is for a justified business purpose.
- 14.2 The Chair may approve sensitive expenditure incurred by the Chief Executive.
- 14.3 The Chief Executive may approve sensitive expenditure incurred by the Deputy Chair.
- 14.4 The Deputy Chair may approve sensitive expenditure incurred by the Chairperson.
- 14.5 The Chief Executive may approve all staff related sensitive expenditure

15. Claims

- 15.1 Claims for fees and expenses will be made promptly and no later than the end of the financial year to which they belong.
- 15.2 Claims will clearly state the business purpose of the expenditure unless this is clear from the supplier documentation.
- 15.3 Claims will be accompanied by adequate, original documentation such as receipts or invoices. Credit card statements will not constitute adequate documentation for reimbursement and must include original receipts.
- 15.4 For minor expenditure when receipts may not be available, claims will document the date, amount, description, and purpose of the expenditure.
- 15.5 Photographic evidence of receipts can be emailed to the Registration and Administration officer for reconciliation.

16. Goods and services expenditure

- 16.1 As part of normal business, the Council will dispose of assets, when they have become obsolete, worn out, or surplus to requirements. The procedures to disposing assets needs to be transparent and fair.

16.2 The Council will:

- Determine and document that an asset is eligible for disposal
- recognise the value of the asset and any potential for actual or perceived undue benefit by a Board member or staff:
- maximise the return to the Board if disposing of assets to a Board member or staff:
- ensure all assets identified for disposal to a Board member or staff are valued and subject to a tender or other process that is appropriate to the value of the asset.

A. SCHEDULE

The following provide guidelines as to appropriate maximum expenditure when engaged on Council business within New Zealand:

Item	Average Maximum cost up to
Air fares return	\$500
Accommodation	\$250 per person per night
Meals	\$30 breakfast \$60 dinner
Travel in personal vehicle	\$0.76 per km

Per diem costs for Overseas travel

\$100 per day

Indicative budget for staff and board leaving functions

Item	Indicative budget	Approval by
Staff or board member leaving up to three years	\$200	CE
Staff or board member leaving up to nine years	\$300	CE
CE leaving	\$1500	Chair
Chair	\$1500	Deputy Chair and CE