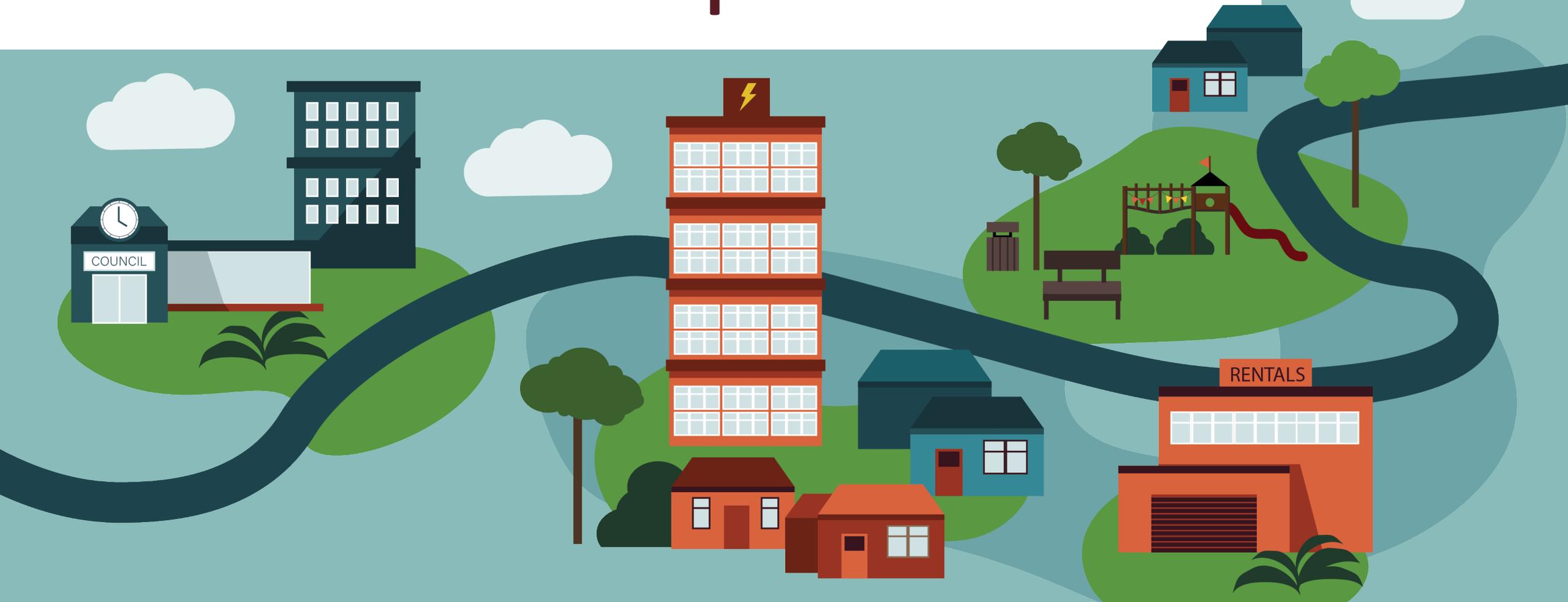




Sensitive Expenditure





What is sensitive expenditure?

- Sensitive expenditure is defined as:
“any spending by an organisation that could be seen to be giving private benefit to staff, additional to the business benefit to the organisation.”
- Public organisations spend public money – any spending must meet required standards to support the maintenance of trust and confidence in the public sector.

Need for a principles-based approach

- Public organisations should take a principles-based approach to making sensitive expenditure decisions.
- This is more flexible and practical than set rules.
- All decisions:
 - require careful judgement, it is important to be clear when sensitive expenditure is appropriate;
 - should reflect the 'tone from the top' - clear leadership is required.





Applicable principles

Sensitive expenditure decisions should:

- have a justifiable business purpose that is consistent with the public organisation's objectives;
- preserve impartiality;
- be made with integrity;
- be moderate and conservative, having regard to the circumstances;
- be made transparently; and
- be made with proper authority.

Policies and procedures

Every public organisation needs to have a sensitive expenditure policy that includes:

- clarity on what types of expenditure are and are not allowed;
- clear approval processes;
- spending limits or boundaries;
- policy/procedure for manager discretion in exceptional circumstances;
- a monitoring and reporting regime; and
- requirements for review of the policies and procedures.



Types of sensitive expenditure

Examples of sensitive expenditure include:

- using credit and purchasing cards;
- spending while travelling;
- entertainment and hospitality;
- obtaining, disposing of, or using goods and services;
- Staff support and well-being (e.g. social club funding);
- donations, gifts, and use of ICT resources.





Recurring issues

- A level of expenditure that is, or could be regarded as, extravagant or immoderate for the public sector.
- Expenditure incurred without a justifiable and adequately documented business purpose that has a clear link to the organisation's objectives.
- Poorly defined sensitive expenditure policy and procedures.
- Expenditure that is not adequately substantiated by invoices, receipts, or other relevant documentation to support claims or payments.
- Expenditure that is made before appropriate authority has been obtained.
- Expenditure that is made without proper scrutiny to ensure that it complies with an organisation's policy and procedures.

OAG good practice guide

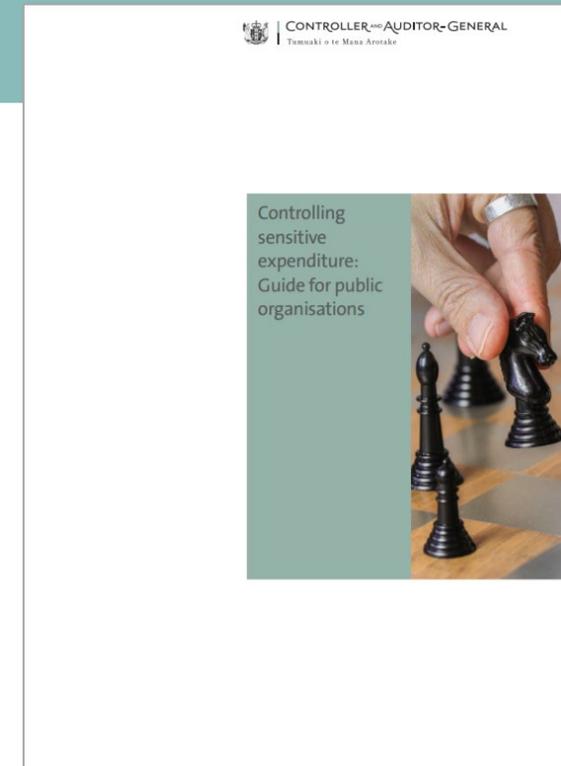
Aims to assist anyone who might deal with sensitive expenditure, including:

- board members, CEs, and managers.

Sets out the:

- basic principles that apply;
- provides a good practice approach to managing sensitive expenditure, through policies and procedures; and
- describes specific types of sensitive expenditure.

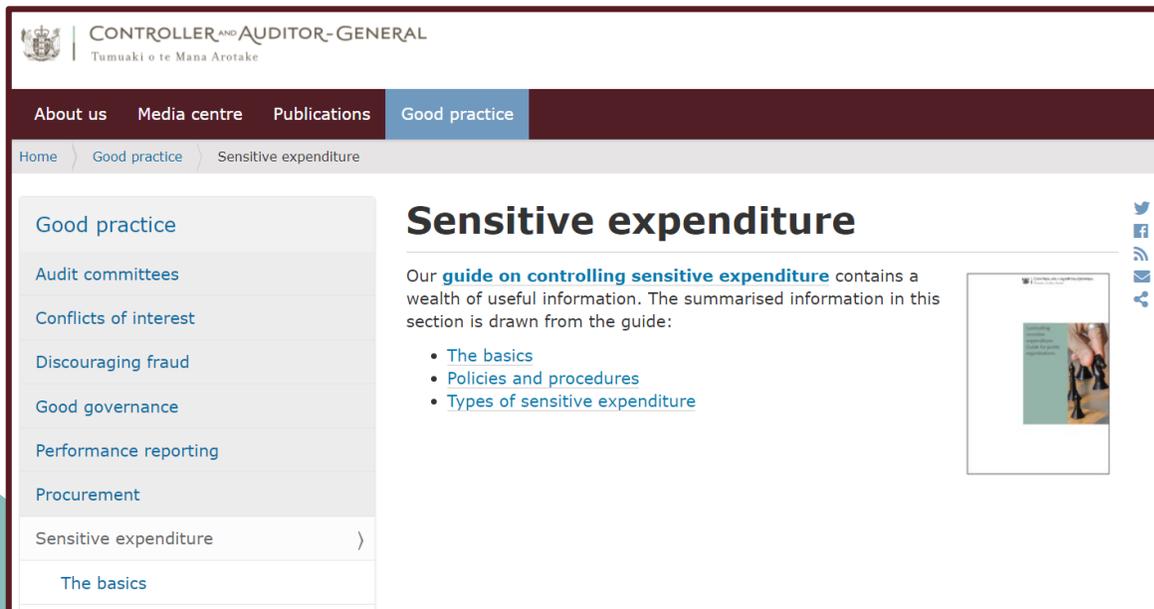
Available at: <https://oag.parliament.nz/2020/sensitive-expenditure>



Further resources

Further resources are available on the Controller and Auditor-General's website (www.oag.parliament.nz), including:

- Summary document of the sensitive expenditure basics.
- *Integrity Town* – which provides an interactive quiz on integrity matters.
- Links to our sensitive expenditure resources.



The screenshot shows the website header for the Controller and Auditor-General, with the Māori name 'Tumuaki o te Mana Arotake'. The navigation menu includes 'About us', 'Media centre', 'Publications', and 'Good practice'. The 'Good practice' section is active, and the breadcrumb trail shows 'Home > Good practice > Sensitive expenditure'. A sidebar on the left lists various good practice topics, with 'Sensitive expenditure' selected. The main content area is titled 'Sensitive expenditure' and contains a paragraph about the guide on controlling sensitive expenditure, followed by a list of links: 'The basics', 'Policies and procedures', and 'Types of sensitive expenditure'. A small image of the guide cover is also visible.

