



# 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

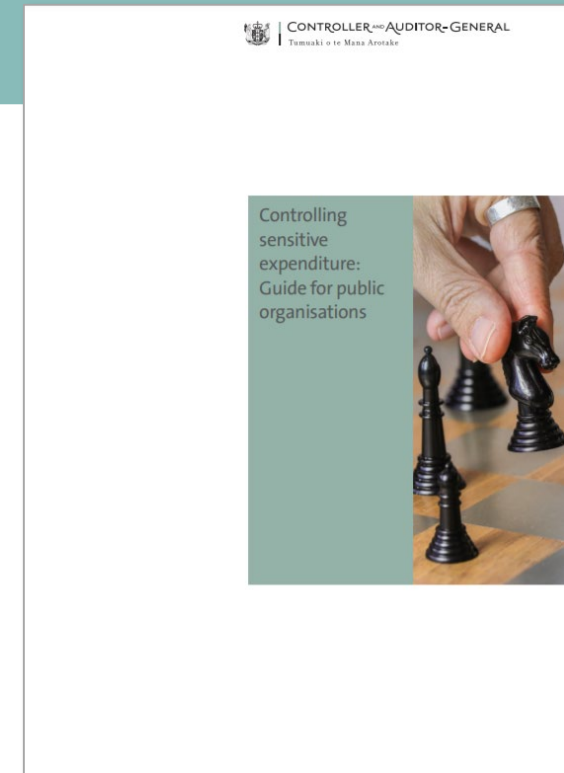
Aims to assist anyone who might deal with sensitive expenditure, including:

- 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>

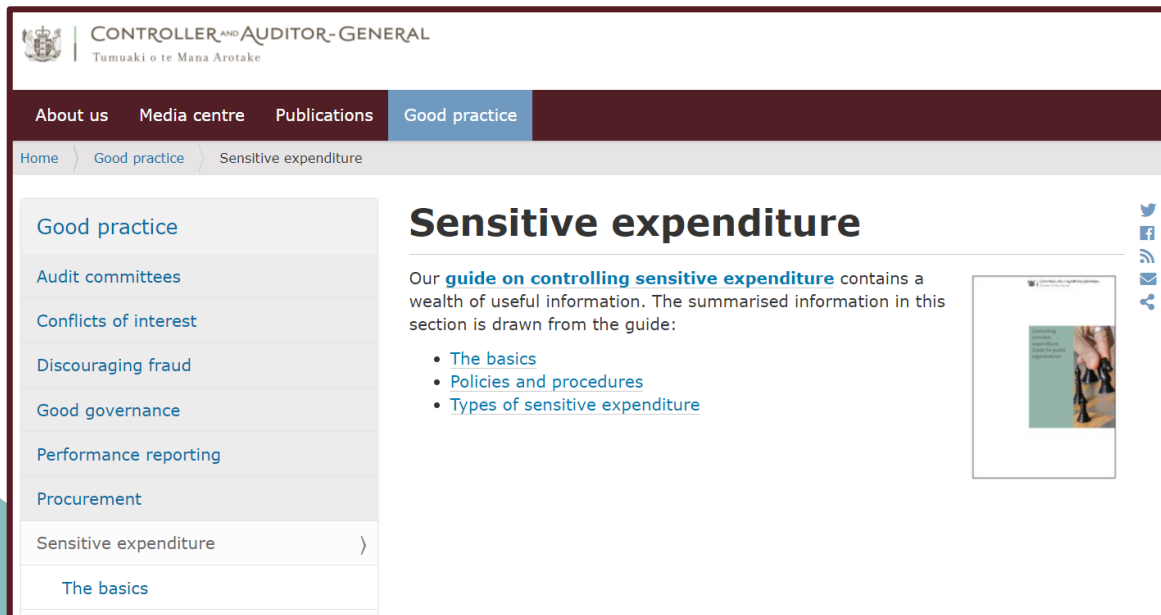




# Further resources

Further resources are available on the Controller and Auditor-General's website ([www.oag.parliament.nz](http://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.

