

Sensitive expenditures policies

1. PURPOSE AND SCOPE:

The purpose of these policies is to set standards and practices for spending in areas which may be judged as being sensitive to public expectations of the Wiri Licensing Trust as a public entity.

The Office of the Auditor General (OAG) has issued good practice guidelines for the control of sensitive expenditures for public entities¹. As a public entity the Wiri Licensing Trust is obliged to follow these guidelines. The Trust is also obliged to develop appropriate policies to reflect good practice in the management of various types or forms of expenditures which are likely to be sensitive to public expectations of prudently run public entities. These policies are intended to fulfil this purpose.

The OAG defines “sensitive expenditure” as

“... expenditure by a public entity that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member of the public entity that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by a public entity that could be considered unusual for the entity’s purpose and/or functions.”

The OAG suggests that public entities take a principles based approach to their treatment of sensitive expenditure and that entities be aware that they are using public money, that expenditure decisions should be financially prudent and should meet a high standard of probity or integrity. Furthermore the OAG suggests that following principles should be considered by public entities in their expenditure policies and decisions:

- all expenditures should have a business purpose
- expenditure decisions should preserve the impartiality of the decision-makers,
- these decisions are made with integrity
- expenditures are moderate and conservative in the context of their circumstances,
- expenditure decisions are made transparently, and
- that expenditures are always appropriate.

The Wiri Licensing Trust and its Trustees are committed to working to these principles in the exercise of their discretion and authority over all expenditure decisions

The Trust’s previous sensitive expenditures policy has covered areas of expenditure which the Trustees considered were material to the Trust and its business. The scope of this policy has previously been questioned by the Trust’s auditor, Audit New Zealand², who has suggested additional areas where a sensitive expenditure policy may apply. In the opinion of the Trustees, many of these additional areas are not relevant to the Trust given the size and nature of its business with a turnover over of less than \$3 million annually and a staff of less than 20 employees.

For certainty the flowing table outlines the Trust’s current position with respect to the scope of sensitive expenditures set out in the OAG’s Guidelines or otherwise considered important by Trustees. This table is followed by specific policies where the area of expenditure is seen as relevant to the Trust’s business.

¹ Office of Auditor General (2007) *Controlling sensitive expenditures: guidelines for public entities*, available at <http://www.oag.govt.nz/reports/reports/by-type/good-practice-guides>

² See Audit New Zealand’s management report for year ended March 2010 which is posted separately on the Trust’s website

TYPE OF EXPENDITURE	TRUST'S POSITION.
Air travel	Relevant to Trust's business and covered by a specific policy
Cost of accommodation and meals	Relevant to Trust's business and covered by a specific policy
Use of motor vehicles for travel	Relevant to Trust's business and covered by a specific policy
Tipping	Not seen as material to Trust's business - will be considered on an exceptional basis if such expenditure arises
Other travel issues eg. combining private travel with business travel	Not seen as material to Trust's business - will be considered on an exceptional basis if such expenditure arises
Entertainment and hospitality	Relevant to Trust's business and covered by a specific policy
Sale of surplus assets to staff	Relevant to Trust's business and covered by a specific policy
Loyalty reward scheme benefits	Not seen as material to Trust's business - will be considered on an exceptional basis if problems arise
Private use of entity assets	Relevant to Trust's business and covered by a specific policy
Entity use of private assets	Not seen as material to Trust's business - will be considered on an exceptional basis if such use arises.
Private use of entity suppliers	Not seen as material to Trust's business - will be considered on an exceptional basis if such use arises
Clothing and grooming	Not seen as material to Trust's business - bar staff are supplied with work uniforms as a normal part of the Trust's business operations
Care of dependants	Not seen as material to Trust's business - will be considered on an exceptional basis if such expenditure arises
Financing activities of staff social club	Covered in entertainment and hospitality policy
Farewells and retirements	Relevant to Trust's business and covered by a specific policy
Donations, koha and sponsorships	Covered by Trust's Community Funding Programme Policies
Corporate box and corporate entertainment	Not seen as material to Trust's business - will be considered on an exceptional basis if such expenditure arises
Communications technology	Relevant to Trust's business and covered by a specific policy
Gifts	Not seen as material to Trust's business - will be considered on an exceptional basis if such expenditure arises
Credit card use	Relevant to Trust's business and covered by a specific policy
Staff bonuses	Relevant to Trust's business and covered by a specific policy
Trustee remuneration and expenses	Relevant to Trust's business and covered by a separate policy

2. OBJECTIVES:

The objectives sought through these policies are

- a) to ensure that the Trustees and Trust staff fully appreciate the extent and nature of sensitive expenditures relating the Trust's business and the public's expectations that public entities are managed prudently and with moderation and integrity,
- b) to establish practice guidelines around how potentially sensitive expenditures or resource use are undertaken and accounted for,
- c) to provide a clear indication to the public of the standards expected of Trustees and Trust staff in their use of Trust funds and other resources.

3. APPLICATION

3.1 Travel:

- 3.1.1 Travel by staff within Auckland region and while on Trust business will be fully paid for the Trust. As often as possible such travel should be undertaken in Trust vehicles. The Trust will reimburse staff for any work related travel in their own vehicles at the rate of 60 cents (inc GST) per kilometre. Expenses for such travel should be claimed for on the Trust's expenses reimbursement form and should indicate the time, purpose and length of the trip undertaken.
- 3.1.2 Travel by staff outside of Auckland region and while on Trust business will be fully paid for by the Trust. Approval for such travel is required from the Board at which time a budget for this travel will also be approved.
- 3.1.3 The Trust's General Manager has approval to use his personal vehicle for all Trust business related travel and as compensation for this and as part of his remuneration package all fuel costs relating to his personal and business use of this car shall be met by the Trust. A fuel card shall be operated for this purpose and the use of this fuel card shall be reported to the Board on at least a quarterly basis.
- 3.1.4 Costs for travel by Trustees within Auckland region and while on Trust business is in general expected to be met by the Trustee personally. The Board will consider claims for travel expenses by trustees where these costs are likely to exceed \$25 per month. Reimbursement for use of private vehicles in these circumstances will be at the rate of 60 cents (inc GST) per kilometre travelled. Expenses for such travel should be claimed for on the Trust's Trustee Expense Claim Form and should indicate the time, purpose and length of the trip undertaken.
- 3.1.5 Travel by trustees outside of Auckland region and on behalf of the Trust shall be approved by the Board. This approval will also include a budget for such travel.
- 3.1.6 In general the Trust expects Trustee travel of less than 300km round trip to be undertaken by car. Such trips may be undertaken in a car hired at the Trust's expense or in the Trustee's own car. Reimbursement for such use of a Trustee's car shall be at the rate of 60 cents (inc GST) per kilometre travelled and shall be paid once a Trustee Expense Claim Form is tabled and approved at a Trust meeting.
- 3.1.7 Trustee and staff travel of more than 300km round trip is expected to be by air with the costs of airfares, airport transfers and airport parking being met by the Trust.
- 3.1.8 In general all air travel for staff and trustees shall be purchased through the Trust's credit card. Reasonable efforts shall be made to purchase the lowest priced airfares and if possible such purchases should be made outside of any loyalty rewards schemes offered by an airline. If air travel purchases result in the awarding of loyalty points these should accrue to the Trust as purchaser.

3.2 Travel related accommodation and food expenses:

- 3.2.1 The Trust will not pay for accommodation of staff or Trustees within Auckland region
- 3.2.2 All accommodation costs associated with travel outside of Auckland region and on trust business will be met by the Trust but shall first be approved by the Board.
- 3.2.3 Travel related food expenses including a reasonable allowance for the purchase of alcoholic drinks shall be met by the Trust subject to the supply of receipts and completion of a Trustee Expense Claim Form. Such claims are not expected to exceed \$80 (inc GST) per day or part day of travel.

3.3 Entertainment and hospitality:

- 3.3.1 The Trust will pay entertainment and hospitality costs associated with undertaking business with key customers and suppliers. Such costs shall be reported to the Board on a monthly basis and should not in normal circumstances exceed \$250 per month.
- 3.3.2 The Trust may host community functions from time to time as part of its business operations or its community relations programmes. The costs associated with such functions - including the costs of supplying alcoholic drinks will be met by the Trust. The costs of such events are not expected to exceed \$1000 per event and the Trust expects such costs to be less than \$3,000 in any year.
- 3.3.3 The Trust will pay for a Christmas function for staff. The cost of this function will first be approved by the Board and is expected to be under \$2000.
- 3.3.4 The Trust will pay for any Christmas function for Trustees, senior staff and their partners. The cost of this function is expected to be under \$500.
- 3.3.5 The Trust will pay for any end of term function for Trustees, senior staff and their partners immediately before each triennial election. The cost of this function is expected to be under \$500.
- 3.3.6 Bar staff are entitled to one complimentary drink at the end of their shift. Such drinks shall be recorded in accordance with operations policies. Such complimentary drinks cannot be banked for future consumption nor transferred to another person.
- 3.3.7 The Trustees are not entitled to complimentary or discounted drinks or food at the Trust's bars unless this is part of a promotion which is available to other patrons as part of the Trust's regular operations.
- 3.3.8 Trust staff can be offered discounts on food and drinks served for them personally on Trust premises with discretion over the extent and use of such discounts resting with the General Manager. Where such discounts are material to the Trust's financial performance these shall be reported to the Board as a normal part of the financial reporting requirements
- 3.3.9 The Trust will consider applications for financial support for any staff social function other than the Christmas function and including support of a staff social club. Discretion over such support rests entirely with Board. The expense of such support is expected to be less than \$1000 annually.

3.4 Credit card use

- 3.4.1 The Trust will operate a credit card to pay for hospitality and entertainment expenses and for other business expenses where it is inappropriate to set up a trade account or to use petty cash and where it is not possible or impractical to pay with a cheque.
- 3.4.2 The available credit on the Trust's credit card shall be \$2,000 although this may be reviewed by the Board from time to time if required.
- 3.4.3 The Trust's credit card shall be held by the Trust's General Manager or in the absence of a person in such a role by the Trust's Chairperson.
- 3.4.4 The holder of the Trust's credit card shall report any expenditure on it to the Board on a monthly basis and statements of this expenditure shall be signed off by a Trustee as approved.
- 3.4.5 The Trust's credit card is not to be used to pay for personal expenses of the card holder.

3.5 Communication expenses

- 3.5.1 The Trust will not operate cell phones for Trustees but will meet all the mobile phone expenses of the General Manager.
- 3.5.2 Expenses incurred by Trustees for business related use of mobile phones will be reimbursed by the Trust. Such reimbursement is subject to the supply of receipts and completion of a Trustee Expense Claim Form. Expenses are not expected to exceed \$50 per month for any Trustee.
- 3.5.3 The Trust will not reimburse Trustees for any expense for internet usage or for telephones in their homes or place of business or employment.

3.6 Staff bonuses

- 3.6.1 The Trust will pay bonuses to staff in recognition of their contribution or in accordance with provisions in their employment agreements.
- 3.6.2 The Board will be solely responsible for setting and administering any bonus paid to the General Manager, while the General Manager will be solely responsible for setting and administering any bonuses paid to other Trust staff. Bonuses to staff other than the General Manager shall be paid within approved budgets and in accordance with the Trust's employment policies and its obligation to be a good employer
- 3.6.3 Bonuses based on terms within employment agreements shall be linked to agreed and measurable performance targets. Payment of such bonuses shall be decided on review of the employee's performance against these targets. Records of such a review shall be kept but will remain confidential to the staff member concerned and the person/people undertaking the review
- 3.6.4 The value of any staff bonuses paid will not be made public but will be included in the Trust's annual financial accounts as a labour cost.

3.7 Sale of surplus assets to staff

- 3.7.1 Assets which are surplus to the Trust's requirements and which have a residual book value of less than \$250 may be sold to staff at their market value and at the discretion of the General Manager. In disposing of assets in this way their disposal shall be noted in the records for the asset schedules and any receipts from such sales shall be banked in the Trust's accounts and recorded as such.
- 3.7.2 The sale of surplus assets with a residual book value of more than \$250 may be sold to staff on a preferential basis but a decision to do so shall first be taken by the Board. The procedures for recording the transaction and for banking the proceeds shall be the same as for the sale of assets below \$250 in value.

3.8 Private use of trust assets

- 3.8.1 The Trust has a limited number of assets which it is prepared to lend to community organisations and events at low or nil cost. These assets include the marquees and a stage. Permission for use of these assets by community organisations for community events is at the discretion of the General Manager or in her/his absence the Trust Chairperson.
- 3.8.2 No other property owned by the Trust shall be used by any individual or organisation for purposes not related to the Trust's business without the prior consent of the Board.

3.9 Retirements and farewell

- 3.9.1 The Trust will acknowledge the service of long serving staff at the occasion of their departure and farewell by providing them with a suitable gift. The value of this gift will be in

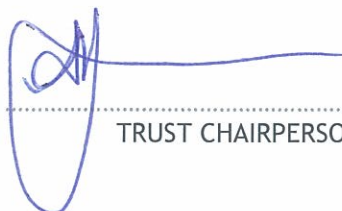
accordance with the length of service and the contribution of the employee but will be less than \$250 in value. Discretion over making such gifts rests entirely with the Board.

3.11 Application of this Policy

3.11.1 Unless otherwise reviewed this policy will apply during the current term of the Wiri Licensing Trust which is until October 2016. The Trustees will review this policy from time to time during this term should legislation change or gaps in the coverage of this policy become apparent.

24/9/2014

DATE OF APPROVAL



TRUST CHAIRPERSON