

**QLDC Council
31 January 2019**

Report for Agenda Item: 9

Department: Finance, Legal & Regulatory

Sensitive Expenditure Policy

Purpose

The purpose of this report is to update Council on proposed amendments to the Sensitive Expenditure policy.

Recommendation

That Council:

1. **Note** the contents of this report; and
2. **Adopt** the proposed Sensitive Expenditure policy (to the extent that it applies to elected members) as recommended by the Audit, Finance and Risk Committee [and as set out in **Attachment A**].

Prepared by:



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Financial Controller

17/01/2019

Reviewed and Authorised by:



Stewart Burns
Chief Financial Officer

17/01/2019

Background

- 1 Due to the risk of perceived or actual personal benefit to the elected member or employee arising from certain expenditure categories, such as travel, accommodation, gifts and hospitality, the Controller and Auditor-General defines them as 'sensitive' expenditure.
- 2 The Sensitive Expenditure policy contains the framework and principles for QLDC elected members, employees and contractors entering into and approving expenditure of a potentially sensitive nature.

- 3 The current Sensitive Expenditure policy took effect from November 2014 and is due for review.
- 4 A revised Sensitive Expenditure policy was put forward to the Audit, Finance and Risk Committee at its December 2018 meeting.

Comment

- 5 No changes are proposed to the overall responsibilities of the Mayor, Councillors and General Managers in so far as this group is responsible for making it clear to employees what is and is not 'acceptable sensitive expenditure' and to model those behaviours to the highest standard.
- 6 The Sensitive Expenditure policy has been amended and has been approved by the Chief Executive following review by the HR Steering Committee and the Executive Leadership Team (ELT). Key amendments are as follows:
 - a. Definitions section – inclusion of definition for conflict of interest;
 - b. Para 1.6 – changes to approval of sensitive expenditure to facilitate efficient processes within QLDC:
 - i. sensitive expenditure incurred by elected members to be approved by the GM Finance, Legal & Regulatory (previously the Mayor);
 - ii. sensitive expenditure incurred by the Mayor to be approved by the GM Finance, Legal & Regulatory (previously chairperson or deputy chairperson of the Audit, Finance & Risk Committee);
 - c. Para 1.7 – new paragraph regarding review of sensitive expenditure and reporting to Audit, Finance and Risk Committee;
 - d. Para 2.2.3 a) changes:
 - i. approval of 5 star or luxury accommodation to be approved by the Chief Executive in all instances (previously as per above for elected members and Mayor);
 - ii. clarification of per diem to be consistent with updated Travel Expenses Reimbursement policy;
 - e. Para 2.3 – entertainment and hospitality to be pre-approved by a member of ELT (previously the Mayor or Chief Executive); and
 - f. Para 2.5.3 – new paragraph added regarding financing of staff engagement activities.

Refer to Attachment A for the amended Sensitive Expenditure policy.

Options

- 7 Option 1 Adopt the proposed Sensitive Expenditure policy (to the extent that it applies to elected members) as recommended by the Audit, Finance and Risk Committee.

Advantages:

- 8 This option ensures an appropriate level of scrutiny of sensitive expenditure for elected members and promotes efficient processes within QLDC.

Disadvantages:

- 9 None.

- 10 Option 2 Do not adopt the proposed Sensitive Expenditure policy (to the extent that it applies to elected members) as recommended by the Audit, Finance and Risk Committee.

Advantages:

- 11 None.

Disadvantages:

- 12 This option would result in inefficient processes with the Mayor and chairperson of the Audit, Finance and Risk Committee involved in day to day operations within QLDC.

- 13 This report recommends Option 1 for addressing the matter because it ensures an appropriate level of scrutiny of sensitive expenditure for elected members and promotes efficient processes within QLDC.

Significance and Engagement

- 14 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it is not considered to adversely affect the level of service or the manner or extent to which the Council delivers its services.

Risk

- 15 This matter relates to the operational risk OR014b theft/fraud or misuse of Council property (assets, data, funds etc.), as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because implementing and monitoring controls regarding sensitive expenditure is important in maintaining transparency and public confidence in the use of public money.

Financial Implications

- 16 As the assignment of delegated powers and the assessment of sensitive expenditure is an administrative matter, there are no budget or cost implications arising from this report.

Council Policies, Strategies and Bylaws

17 The following Council policies, strategies and bylaws were considered:

- Conflict of Interest Policy
- Financial Delegations
- Mobile Phone Policy
- Procurement Policy
- Purchase Card Policy
- Receiving Gifts and Hospitality Policy
- Sensitive Expenditure Policy
- Staff Recognition for Significant Events Guidelines
- Travel Expenses Reimbursement Policy
- Vehicle Use Policy

18 The recommended option is consistent with the principles set out in the named policies.

Local Government Act 2002 Purpose Provisions

19 The recommended option is consistent with the Council's plans and policies.

Consultation: Community Views and Preferences

20 Consultation is not required.

Legal Considerations and Statutory Responsibilities

21 This report achieves the purpose of the Local Government Act 2002 by ensuring that transactions occur in a manner that is accountable.

Attachments

A Sensitive Expenditure Policy