

# Financial Risk Management Policy

July 2023



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Effective 22 August 2023

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## Introduction

This policy provides direction to Invercargill City Council (Council) Elected Members (as defined in the Invercargill City Council Code of Conduct) and staff on financial management and processes related to:

- Sensitive Expenditure
- Koha
- Gifts and benefits
- Credit Card management
- Fraud
- Debtors' management

The policy may be expanded in the future to include a wider number of relevant policies as such policies are reviewed and updated in due course.

## Scope

For the avoidance of doubt, all aspects of this policy apply in full to both Elected Members and staff, unless otherwise stated.

As defined in the Invercargill City Council Code of Conduct, Elected Members includes those individuals declared to be elected to the Invercargill City Council as a Councillor, or Mayor, and also appointed members to Council's Committees (for example, Mana Whenua Representatives, appointed members to the Risk and Assurance Committee, and appointments to any other Council Committees or sub-committees). Elected Members must at all times act in accordance with the Invercargill City Council Code of Conduct.

Staff includes all employees of Invercargill City Council and, unless expressly agreed otherwise in writing, this policy also applies to volunteers and contractors engaged in Council business. Staff must at all times act in accordance with the staff Standards of Conduct.

The phrase "Council Representative" is used in this policy to refer collectively to the above groups of people.

## Purpose

This policy has been developed to consolidate and update the existing suite of policies relating to financial risk management, to ensure they reflect current good practice, to introduce new policy where appropriate, and in particular to address the following areas of financial activity:

1. Sensitive expenditure: to manage all instances of sensitive expenditure by Council in order to reduce risk and align with recommended standards.
2. Koha: to provide a guide for the giving of koha in a manner which is culturally appropriate, and to promote transparency.
3. Gifts and benefits: to provide guidance around the giving and receiving of gifts, benefits, and hospitality in connection with Council business.
4. Credit card management: to ensure consistency and good governance in the use of credit cards by authorised users.
5. Fraud: to provide a process for the appropriately handling of cases of suspected fraud or corruption.
6. Debtors' management: to maximise cashflow and the collection of debt while managing debtors fairly and equitably.

It is at all times the intention of Council to operate in a manner which is fair, reasonable, and transparent, and mindful of our obligations towards ratepayers and the public.

## Common Definitions

The following terms have these meanings throughout this policy:

<b>Benefit</b>	Non-tangible item of value offered over and above employment or contractual entitlements. It may include items such as sponsored travel, hospitality, loyalty bonus points, discounts, preferential treatment, invitations to events, cash, gift cards, and items that may be readily converted to cash.
<b>Conflict of Interest</b>	Any situation in which private interest, or personal considerations, may affect an individual's judgement/ability to act prudently, impartially, ethically, or in direct relation to Council's corporate business.
<b>Corruption</b>	Corruption is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. See further section 5.
<b>Council</b>	Means Invercargill City Council.
<b>Council Representative</b>	A Council Representative includes: <ul style="list-style-type: none"><li>• Employees.</li><li>• Elected Members (as defined in the Invercargill City Council Code of Conduct).</li><li>• Any contractor or consultant who agrees to be covered by this Policy under the terms of their engagement.</li><li>• Temporary staff supplied through an agency.</li><li>• Seconded personnel.</li><li>• Volunteers.</li></ul>

<b>ELT</b>	Means the Executive Leadership Team
<b>Fraud</b>	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. See further section 5.
<b>Gift</b>	Tangible item of value offered over and above an employee's normal salary or employment entitlements. It may include items such as alcohol, food, flowers, electronic devices, kitchen equipment, books, and hampers. See further section 3.
<b>Hospitality</b>	The provision of meals, refreshments, and entertainment. Hospitality is a gift/benefit. It includes modest meals such as sandwiches, restaurant meals, coffee and tickets to events and functions, such as the movies, sporting events, awards nights, and the theatre. See further section 3.
<b>Justifiable Business Purpose</b>	<p>A justifiable business purpose is one that furthers the council's business, relationships and interests. Employees must be able to identify and, if necessary, explain the purpose.</p> <p>Examples of where gifts or hospitality may have a justifiable business purpose are:</p> <ul style="list-style-type: none"> <li>• Being invited to a business networking event</li> <li>• Being hosted, and the host offers an employee a small token of appreciation.</li> </ul> <p>If it may be unclear on whether there is a justifiable business purpose or not, an employee must:</p> <ul style="list-style-type: none"> <li>• Err on the side of caution</li> <li>• Contact either People and Capabilities or their Manager</li> </ul> <p>When an employee has clarified whether there is a justifiable business purpose, accept or refuse as appropriate, and declare the gift or hospitality. See further section 3.</p>
<b>Koha</b>	<p>Unconditional gifts, given and received within a Te Ao Māori context, which do not have taxation implications. Payments are not koha if they have taxation implications, such as:</p> <ul style="list-style-type: none"> <li>▪ A payment for personal services- this creates an employer/employee relationship and as a result PAYE must be deducted;</li> <li>▪ A payment for the provision of services or a fee for services- this is a business transaction, and the payment is treated by the Inland Revenue Department as taxable income to the beneficiary (e.g. guest speaker at a hui, volunteer or student helper, etc.);</li> <li>▪ Any payment that is not an unconditional gift- all such payments are assessable for tax in one form or another (e.g. payment to a marae for venue hire and catering supplied).</li> </ul> <p>See further section 2.</p>
<b>Misuse of Resources</b>	<p>This term is used to describe behaviour beyond what we would consider as fair and reasonable, and this behaviour, if proven, could reasonably be seen as serious misconduct:</p> <ul style="list-style-type: none"> <li>• Claiming reimbursement for privately incurred expenses or</li> </ul>

	<p>doubtful business related expenses.</p> <ul style="list-style-type: none"> <li>• Committing Council to pay for purchases which could be seen as borderline or as doubtful business expenses.</li> </ul> <p>See further section 5.</p>
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## Approvals

Where approval is required for any expenditure, the following hierarchy of authority applies:

- For Council Group Managers: the Chief Executive
- For all other Council staff, including volunteers and contractors: the relevant Group Manager
- For the Chief Executive: the Mayor
- For all Elected Members: the Chief Executive
- For the Mayor: the Chair of the Risk and Assurance Committee.

## Overview

For ease of use, this policy is divided into six numbered sections. The scope of each section is clearly noted. This policy is supported by a number of procedures which may be updated from time to time. These are held by the relevant managers.

This policy will be published on [icc.govt.nz](http://icc.govt.nz) and copies will be available on request from Te Hīnaki Civic Building.

## Monitoring and Auditing

This policy will be monitored by the Group Manager Finance and Assurance, reporting to the Finance and Projects Committee (or its successor) where necessary. This policy is to be reviewed every three (3) years. The Group Manager Finance and Assurance has the delegated authority to update this policy from time to time to reflect changes in procedure.

## Associated Documents

The policy should be read in conjunction with Council's:

- Code of Conduct (A4062310)
- Conflicts of Interest Policy (A3908351)
- Motor Vehicles Policy (A3810961)
- Staff Recognition Guidelines (A170634)
- Standards of Conduct (see Employee Handbook)

## SECTION 1. SENSITIVE EXPENDITURE

### 1.1. Meaning

Sensitive expenditure is any spending by Council that could be seen to be giving some private benefit to Council Representatives, or which could be considered unusual for Council. Such expenditure will normally have one or more of the following attributes:

- Results in an actual or perceived private benefit;
- May be an unusual expenditure item for Council;
- Does not directly/clearly align with Council's core business purposes;
- Is likely to be difficult to justify to the public.
- May involve, or generate, an ethical or legal conflict of interest;
- May be considered an extravagant or immoderate expenditure.

Examples of sensitive expenditure include but are not limited to:

- Accommodation
- Travel expenses including parking
- Meals
- Hospitality

### 1.2. Principles

In authorising, incurring, or reimbursing sensitive expenditure, Council Representatives are required to strictly comply with the following core principles:

- To act with integrity and give regard to maintaining public confidence in Council, at all times.
- All decisions on sensitive expenditure must be:
  - Justifiable (directly and clearly aligned with, or linked to, Council's corporate objectives and business purpose);
  - Impartial (based on objective criteria);
  - Transparent (openly disclosing the expenditure, willing to explain any spending decision and have such decision reviewed);
  - Principled (exercising power in a manner true to the values, purpose, and duties for which that power is held);
  - Moderate/conservative (reasonable cost options are preferred over more expensive ones);
  - Properly authorised.
- Except in relation to the exemption list held by the Finance Team (Axxx), pre-approval in the form of a Purchase Order is required for all sensitive expenditure.
- All sensitive expenditures must be documented in accordance with the procedures outlined in the present policy.

### 1.3. Responsibilities

Compliance and familiarity with the provisions and principles outlined in the present policy is an organisation-wide responsibility. The Mayor, Chief Executive, and Executive Leadership Team shall ensure that:

- the core principles are systematically incorporated into Council's organisational culture,
- regular training on relevant processes and norms is provided to all parties subject to the policy,

- new joiners are given the information as part of their general on-boarding,
- the policy is prominently available to Council Representatives.

## 1.4. Transparency Measures

Regular reporting on sensitive expenditure is to be made to the Finance and Projects Committee.

Valid, original GST-compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements do not constitute adequate documentation for reimbursement. Expenditure under \$200 requires supporting documentation (usually a receipt) but this needn't be a full GST receipt.

Where it is not clear from the documentation, all claims must clearly state:

- the business purpose of the expenditure
- who incurred the cost and
- a list of who the expenditure was for

Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

## 1.5. Reimbursement outside of pre-approval

Where approval for giving koha is required, refer to section 2 of this policy for further details.

If obtaining pre-approval is not practical, a detailed explanation of the circumstances must be attached to the invoice when submitted for payment. Council may not reimburse a claim if it does not comply with the principles of sensitive expenditure. Council Representatives should bear in mind that reimbursement is not guaranteed without pre-approval.

Any claims for reimbursement must be submitted promptly.

## 1.6. Travel and Accommodation

### 1.6.1. Virtual Attendance

If virtual attendance at a meeting or conference is an option then this should be considered. However Council acknowledges that this will not be appropriate or desirable in every case.

### 1.6.2. Air Travel

Air travel is to be booked at the earliest convenience to ensure the lowest cost, where applicable. Pre-approval is to be sought. Air travel is permitted to destinations within New Zealand and Australia. International travel to destinations beyond Australia requires the approval of Council.

In undertaking any air travel, economy class must be the first choice. In general, air travel with either business class or first class is prohibited, except in rare and exceptional

circumstances where a clear, urgent, and direct link to Council's business purpose exists. In such cases prior permission from the relevant authority is required.

#### 1.6.3. Airline Loyalty Reward

Provided the use of carriers supplying air points does not result in Council incurring additional costs, air point rewards accruing to Council Representatives carrying out their official duties may be kept by them.

#### 1.6.4. Accommodation

The maximum amount permissible for the purpose of accommodation booking is \$300 per night (including GST), where practicable. In choosing accommodation, the most cost-effective option is to be sought, given the circumstances. Where a preferred providers list exists, this must be used first. Where the cap is to be exceeded, an explanation must be submitted to the authorising party for pre-approval.

Additional entertainment or other sundry expenses will not be reimbursed. The cost of alcoholic beverages, including minibar expenses, will not be reimbursed. Such costs must also not be charged to the room. Cost of services essential to conducting Council business, such as Wi-Fi service, will be reimbursed.

Where an individual chooses to stay in private accommodation while on Council business, a reimbursement/gift to the host, up to the value of \$60 per night, may be given if pre-approval has been obtained.

#### 1.6.5. Meals and Beverages

Meal and beverage costs will be met on a fixed *per diem* basis of up to \$85 per day.

#### 1.6.6. Rental Vehicles

Rental vehicles are only to be used if it is impractical and/or inefficient to use a Council vehicle. In choosing a rental vehicle, the most economical and appropriate type and size of vehicle consistent with the requirements of the travel must be selected.

Where practicable, public modes of transport (e.g. buses, shuttles, etc.) are to be used. Individuals on Council business may use taxis, or rideshare alternatives, where it is cost-effective to do so. Receipts must be kept for all taxi or rideshare journeys. All use of taxi cards/chits are to be transparent with the purpose of each trip recorded on the account.

For provisions on use of Council vehicles, fuel cards, or personal vehicles while on Council business, refer to Council's Motor Vehicle Policy.

#### 1.6.7. Tipping

Tipping within New Zealand will not be reimbursed. Appropriate and moderate tipping during international travel will be reimbursed only where tipping is an established local practice (e.g. in the United States).

#### 1.6.8. Private Arrangements and Stopovers

Council Representatives may undertake private travel before, during, or at the end of Council business travel if proper authorisation is obtained, and if there is no additional cost to Council.



All additional costs that such private arrangements may incur must be covered by the individual.

Travel costs for accompanying spouses, partners, or other members of the family will not be reimbursed, unless in rare and exceptional circumstances where such attendance would directly relate to Council's business purpose. In such instances, pre-approval must first be obtained from the relevant authorising party. Council may seek reimbursement for any additional costs which arise as a result.

#### 1.6.9. Entertainment and Hospitality Expenditure

Hospitality practices are to serve a clear business purpose, and may be used for:

- Relationship building
- Representing Council
- Recognising significant business achievement
- Reciprocity of hospitality, if direct and clear business purpose exists.

In incurring and approving hospitality expenditures, special attention is to be paid to the principles of justifiability, moderation, and financial conservatism. All such expenditure must be appropriately pre-approved, where possible, and clearly and appropriately documented the information below:

- Date
- Venue
- Costs
- Recipients
- Benefits derived
- Reason for the event

### 1.7. Goods and Services Expenditure

#### 1.7.1. Disposal of Surplus Assets

The disposal of assets must be conducted in a manner that maximises return/benefit to Council. Any asset to be disposed of is to be valued on the open market. It is however recognised that there will be situations in which the time and cost involved in obtaining a valuation will outweigh the value of the asset, in which case this may be dispensed with.

The disposal of assets to Council Representatives must be approved by the Chief Executive. Approval may be given provided that assets are not sold at a discounted rate if a greater value could be realised by an alternative method of disposal.

Where Council is unable to sell or find alternative use for its assets, it is recognised that the more sustainable solution is to offer such assets to community groups or Council Representatives as opposed to physical disposal (e.g. via landfill). The Chief Executive's approval is required for such disposal.

#### 1.7.2. Private Use of Council Assets

Generally speaking, Council owned assets are not to be used for personal or private use. The only exceptions to this are:

- Where otherwise agreed by contract (including in employment agreements)
- With the prior approval of the Chief Executive or a member of ELT

- To a reasonable extent with regards to communications technology, where this doesn't negatively impact the business of Council
- With regards to printers, which may be used for private purposes provided this is recorded. Reimbursement for such use may be sought.

### 1.7.3. Council Use of Private Assets

Any reimbursement of Council usage of private assets must be pre-approved according to the hierarchy outlined under "Approvals" above. In assessing the request, the authorising party is to pay particular attention to the principles of justifiability, integrity, and impartiality.

Individuals must not approve or administer payments to themselves for Council's use of their private assets.

### 1.7.4. Private Use of Council Suppliers

Council generally does not support staff obtaining goods or services from a supplier through Council's discounted prices, or through Council's procurement process.

An exception to the rule is where discounted offers are available to all Council staff.

## 1.8. Other Types of Sensitive Expenditure

### 1.8.1. Clothing

Other than official uniforms and health and safety-related clothing, staff will not be clothed at Council's expense when they are engaged in a normal business activity.

### 1.8.2. Financial Social Club Activities

The Council may make a prudent and conservative financial contribution to Council Staff Social Club. The contribution may be in the form of an all-purpose grant towards the club's annual budget, or it may be a grant or subsidy for a specific event.

### 1.8.3. Sponsorship of Staff or Others

Approval for sponsorship (including contra deals) is at the sole discretion of the Chief Executive or relevant Group Manager, for the purpose of achieving publicity for Council or its objectives, or for the purpose of organisational development. The decision must be fully compliant with the principles of this policy.

### 1.8.4. Farewell and Retirement

For provisions on farewell and retirements of employees, see Staff Recognition Guidelines (A1170634).

### 1.8.5. Failure to Comply

Failure to comply with the provisions of the policy may result in disciplinary action, proceedings under the Code of Conduct, and or may constitute an instance of fraud.

## SECTION 2. KOHA

### 2.1. Principles

Council recognises that it is necessary and appropriate to give koha from time to time. Council Representatives are to apply the following principles to all koha given:

- Koha will only be given as an unconditional gift, given and received within a Te Ao Māori cultural context;
- Koha can be used for any reasons that align with the purpose and definition of this policy; and
- The amount and type of koha will be appropriate to the occasion and relationship (see guidelines below)

### 2.2. What is koha?

Koha is a Māori customary practice, concept and process and is an extremely important part of Māori culture. Koha is considered a treasure by Māori and may be either tangible or intangible. It can be a physical thing such as food, money, reciprocal activity, certain rights and privileges to resources, land, heirlooms, treasured items, or an intangible thing like a vision, thought, feeling, emotion, supernatural manifestation, concept, or idea.

Because koha is imbued with spirituality and cultural beliefs and practices, there is no clear-cut English translation and it has often wrongly been interpreted as a gift. The giving of koha acts to seal a relationship and is part of the protocol of reciprocation. To minimise any likelihood of causing offence through misunderstanding, it is incumbent upon those involved in giving koha to develop an in-depth understanding and empathy of the concept.

Koha is a 'Tikanga Māori' which means, according to the Resource Management Act 1991, a customary value and practice. In Section 39 part (2)(b) it states Tikanga Māori should be recognised where appropriate. Koha is also a Taonga which, according to the Resource Management Act 1991, means something that is highly prized. Article 2 of the Treaty of Waitangi acknowledges the term 'Taonga'. This acknowledgement confirms and guarantees the full, exclusive and undisturbed possession of taonga to Iwi and Hapu. Therefore in certain situations it is up to Iwi and Hapu to declare when koha might be considered as Taonga.

Non-monetary examples of koha might include taonga, e.g. greenstone, carvings, kai (food), or resources readily available to Council (e.g., Staff time and expertise, use of vehicles, facilities or equipment).

### 2.3. Exclusions

Koha is not a payment for services that an individual or group has provided to or on behalf of Council, where terms or scope of activities are agreed in advance of the services being delivered.

Payments which are not considered koha will be managed in accordance with the sensitive expenditure policy above.

## 2.4. Deciding if koha is appropriate

In all instances, and especially if there is any doubt, it is good practice to consult directly with a Mana Whenua representative regarding the giving of koha.

Koha is very dependent on the circumstances, including the occasion, the recipient and the location. The following examples can be used as a rough guide.

It is usually appropriate to give koha when:

- Council Representatives attend a gathering representing the Council, on a marae that involves a powhiri or welcome.
- Council Representatives attend a gathering representing the Council at a building that accommodates a Runaka or Iwi Authority and involves a powhiri or welcome.
- Attendance by Council Representatives representing Council at a tangihanga held on a marae or in a private home.
- To any Kaumatua and Kuia or group supporting Council at any function involving a Whakatau or Powhiri.

It is unlikely to be appropriate for Council to give koha when a Council Representative is:

- Attending any hui as an individual not representing Council
- Attending a regular meeting held at a marae
- Attending informal or ongoing discussions between staff and iwi representatives about a Council matter.

If you are not representing Council you may still choose to personally contribute koha.

## 2.5. How to give koha

Again it is good practice to consult with a Mana Whenua representative to ensure that it is given in a way that is appropriate for the occasion.

## 2.6. Request for koha

Requests for koha are to be made in writing to Council Finance team and are approved by the Group Manager of the requesting activity/department. Requests should include an explanation of the circumstances and an acknowledgment of receipt where relevant.

Details of all koha provided will be recorded in the Koha Register [add A number when known] maintained by the Council Finance team. In accordance with guidelines from the Office of Auditor General, it will specifically note the following details:

- Description of the occasion;
- That koha is approved in advance, at an appropriate level of authority; and
- That koha is clearly documented with the date, amount, description, and purpose clarified.

Preferred method of payment for koha will be via direct credit payment (remittance advice will be provided) or cash if more appropriate.

A retrospective reimbursement for koha already paid needs to be pre-approved by the Chief Executive as it was given in cash.

Any upcoming hui should be planned in advance where possible, and koha requested as per normal process set out above.

If payment is to be made in kind by providing a voucher or gift, this will be considered sensitive expenditure to be managed in accordance with the section of the policy above.

## 2.7. Receipt of koha

Koha offered to any Council Representative should be recorded in the Koha Register. Generally speaking, koha in the form of cash cannot be accepted, but other koha may be if it is of inexpensive monetary value. Larger or more significant koha may be accepted but this requires the approval of the Chief Executive or Council.

## 2.8. Guidelines for koha

These examples are provided as broad guidance only. They are not prescriptive. Many things affect what is the appropriate amount of koha, including financial prudence, the cultural imperative of generosity, and the status and mana of those involved. Please refer to Mana Whenua representatives for further guidance.

**Example 1** A Council department is invited for a noho marae (overnight stay). The marae does not ask for a fee. This is clearly a case where koha should be given. Estimate the cost of meals and accommodation per person, and add a 'top up' in acknowledgement of hospitality.

**Example 2** Two councillors and four staff hold a hui on the marae with local people about the preparation of a plan. The hui lasts four hours and lunch is served. Council gives a koha of \$200, plus any additional costs associated with lunch.

**Example 3** A respected kaumatua, dies. A group of councillors and staff pay respects on behalf of the Council at his tangi. Council gives a koha of \$300.

**Example 4** Council decides it would like to hold a Treaty of Waitangi training workshop on a marae. The marae charges a fee for hire of the venue. Council pays the fee, and also gives a koha of \$150 in appreciation of the hospitality shown.

**Example 5** Council is holding a citizenship ceremony and has invited a school group to perform waiata during the ceremony. Council gives a Koha of \$300.

## SECTION 3. GIFTS AND BENEFITS

### 3.1. Exclusions

This policy does not apply to gifts given between Council Representatives, genuine personal gifts, or benefits from friends and family which have no connection to the recipient acting within the scope of their employment or contractual relationship with Council.

### 3.2. General Principles

Council Representatives must:

- Declare all gifts, benefits or hospitality (whether accepted or not) to their Manager or the Chief Executive (as appropriate) and ensure that every item is recorded on the gift register or the publicly available Register of Interests (as applicable).
- Not accept any gift where there is a conflict of interest (perceived or actual).
- Protect Council's reputation and consider how the acceptance or giving of a gift would look to a third party.
- Never accept or give gifts of cash, or cash like gifts or benefits (except in accordance with section 2 of this policy).
- Only accept or give gifts, benefits or hospitality when there is a justifiable business purpose for Council.
- Be prudent when spending money on gifts.
- Where possible, only consider accepting gifts up to the value of \$50 (per individual recipient), and hospitality of a value estimated around \$85 (per individual recipient), providing all criteria of this policy have been met.

### 3.3. Ethics and Overarching Framework

Council is obliged to safeguard and use its resources in a responsible manner. Furthermore, Council Representatives must guard against actual or perceived conflicts of interest in regard to the use of those resources.

Council expects all Council Representatives involved in making or approving expenditure on, or receiving on behalf of Council, gift or benefits:

- To do so only for Council purposes.
- To exercise professionalism.
- Not to derive personal financial gain.
- To act impartially.
- To ensure that expenditure is moderate and conservative in the context of the given situation.
- To have read and adhered to this and other relevant Council policies.

### 3.4. Receiving Gifts, Benefits, and Hospitality

Any gift, benefit, or hospitality offered to Council Representatives must be declared through the relevant reporting process. If Council Representatives are unsure about the application of this policy, they should seek advice from their Manager or the Chief Executive, as

appropriate, in the first instance. Examples of acceptable gifts, benefits, or hospitality to receive (if declared) are:

- Gifts openly distributed by suppliers and clients (e.g., pens, badges, and calendars).
- Gifts of a perishable nature (e.g., bouquets, baked goods less than \$50).
- Gifts of nominal value (i.e., less than \$50).
- Hospitality of a value estimated around \$85.
- Tickets to sporting or cultural events.

The following must not be accepted and should be declined where possible:

- Cash or cash-like gifts or benefits (except in accordance with section 2 of this policy).
- Hospitality where there is a reasonable expectation that it will have value considerably greater than \$85.
- Any gifts from a prospective supplier where you are part of the procurement process.

If a prohibited gift cannot be declined without giving offence to the donor, or is not offered in person (e.g., sent via mail), this should be declared through the reporting process and provided to the relevant Group Manager and is the property of Council, unless and until the ELT decide how the gift will be treated (e.g., donated, shared among employees or retained by the employee).

Any prizes received from a free competition entry obtained while undertaking Council business are to be declared and, if they are less than \$50 in value, may be kept by the individual, otherwise they are the property of Council unless and until the ELT decide how the gift will be treated. Where receiving a prize could be perceived as inappropriate, even if Council rather than the individual would benefit from it, the prize should be declined.

Under no circumstances can gifts be exchanged for cash nor can goods, works and/or services be received, or seen to be received, by employees, their partners or family for private use.

### 3.5. Giving Gifts or Benefits

Authority is to be sought from the relevant person (refer to the Approval section above) prior to the purchase of gifts or benefits. Approval should only be given when the approver is satisfied that all the criteria of this policy are met and the expenditure is within pre-approved budgets. The giving of koha is to be managed in accordance with section 2 of this policy.

Refer to Invercargill City Council Staff Recognition Guidelines for details relating to long service, leaving Council and special occasion/sympathy gifts including births, engagements, weddings, etc.

If a Manager is in doubt as to whether the proposed gift or benefit is appropriate in a Council context, and is not covered by this policy or the aforementioned guideline, they should consult the Chief Executive.

Council Representatives who consider there are grounds for enquiry in to inappropriate expenditure may advise their Manager or the Chief Executive immediately. Alternatively, disclosure may be made under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

Specific guidance will be provided to employees in higher risk roles relating to discretionary decision making and procurement.

### 3.6. Wellbeing and rewards

From time to time Managers may wish to provide gifts to staff as a wellbeing initiative or as a reward for exceptional work. In such instances, the gift may be in the form of a ticket, voucher, gift card, or discount for any Council run facility, venue, or event. Authority for this is to be sought from the relevant Group Manager, and the gift must be recorded on the gifts register.

### 3.7. What you need to know

How do I declare a gift, benefit or hospitality?	All gifts, benefits and/or hospitality must be declared through the gift declaration process and entered onto the gift register. The gift register is available to the public via LGOIMA (Local Government Official Information and Meetings Act 1987).
Do I need to declare if a supplier buys me a coffee?	Coffee and other tokens - low value business courtesy items such as convention pens and water bottles are generally fine to accept. Whilst you do not need to declare these nominal valued items, you need to consider that even accepting an inexpensive gift can call your integrity into question if it is offered or accepted in secret, or occurs on a regular basis. If in doubt, declare it.
Do I need to declare if a supplier offers me a benefit, like a discount?	You should never accept any benefit offered to you, other than those benefits and discounts which are common to all Council employees (these can be found on Kermit).
Do I need to declare if I have been offered tickets to an event?	You need to declare all free tickets, whether you choose to accept them or not.
What should I do when a person or organisation awaiting a decision, or who I am likely to be in a decision-making role with, gives me a gift?	Politely decline the gift. Explain that Council Representatives do not accept gifts or hospitality that may give the impression that favour will be shown to the giver in decision-making. If you are uncomfortable with any offer made to you, it is a requirement to pass this on to your Manager/Group Manager/Chief Executive, as appropriate.
A customer gives me a thank you gift - should I accept it?	You can accept a thank you gift like a box of chocolates or other small gift. Remember to declare the gift on the gift register.

### 3.8. Council Bottom Line Expectations

Council Representatives must not:

- Accept a gift of cash of any amount or cash equivalents, such as gift vouchers or money cards, at any time, except in accordance with section 2 of this policy.
- Accept a gift or hospitality where there is no justifiable business purpose.
- Accept a gift, benefit, or hospitality which may be seen as inappropriate.

Breaches of this policy and above expectations will be viewed very seriously and treated as misconduct under Council's Code of Conduct, staff Standards of Conduct and the Discipline and Procedural Fairness Policy.



## **SECTION 4. CREDIT CARD MANAGEMENT**

### **4.1. Eligibility for and Issue of the Council Credit Cards**

Council may issue credit cards to staff to enable them to undertake the payment of services required as part of their Council activities. In exceptional circumstances, Elected Members may be issued credit cards in relation to their official duties, for instance as part of international travel on Council business.

The Chief Executive is responsible for authorising the issue of credit cards. Group Managers recommend to the Chief Executive where the issue of a credit card is appropriate.

The Council Finance team shall issue credit cards and shall keep a list of cards issued, their maximum credit level, and cards' expiry dates.

Council credit cards are to be returned to Council Finance team upon termination of employment, or at the conclusion of the purpose for which they were issued. In relation to staff, any personal transactions, or transactions which have a personal content, are to be identified and payment made prior to employment ceasing.

Where a credit card has been lost or stolen the card holder must inform the bank immediately, and inform Council's Finance team as soon as practicable. The Council Finance team will process all credit card cancellations.

The Chief Executive shall set the credit card limits for all card holders and authorise credit extensions where there are exceptional circumstances (e.g. overseas travel).

### **4.2. Use of Council Credit Cards**

All purchases on Council credit cards shall be within the approved budget for that card holder's area of responsibility, except under direction of the Chief Executive.

The Council's credit cards are not to be used to obtain cash advances, except in an employment-related emergency. The card holder shall furnish detailed receipts for all payments made with the cash as well as any residual cash when the credit card statement is received.

Council credit cards may be used to remotely purchase goods and services for the organisation. Card holders are to keep a copy of any online order forms completed when purchasing. Purchases will only be from reputable companies known to Council.

Council credit cards must not be used for private expenditure or credit. There may, however, be occasions where a transaction contains some personal expenditure (e.g. partner's accommodation and meals - refer to section 1 above). In such a circumstance, the personal expenditure is to be clearly identified on the statement and the amount repaid. If a private transaction is inadvertently placed on a Council credit card, reimbursement to Council is to be made within 20 working days upon receipt of the monthly statement.

For transactions to be accepted they must be accompanied by a full GST receipt. The exception is minor expenditure (under \$200) where a GST receipt is not available. For these transactions, a receipt is still required but it needn't be a GST receipt. Any transactions on the credit card that do not have supporting documentation may be charged to the card holder's debtor's account.

Upon receipt of the monthly statement, the card holder shall attach details of all transactions. Where transactions are wholly Council-related, they are to be coded to the appropriate expense code. Where transactions have a personal content, the Council-related portion is to be coded to the appropriate expense code and personal portion identified. A debtor's invoice will then be raised for the personal expenditure and this is to be paid in full in accordance with section 6 below.

Transactions will be overseen and authorised in accordance with the Approvals hierarchy above.

### 4.3. Failure to Comply

Where a Council credit card has been used inappropriately, the Chief Executive shall be informed and the card holder may be reminded of the provisions of this policy and given a warning, depending on the severity of the breach. They may also be subject to further investigation or disciplinary procedures. Where the inappropriate use is on-going the card holder will be required to return the card for cancellation and destruction (to be authorised by the Chief Executive), and further investigation or disciplinary procedures may be initiated.

## SECTION 5. FRAUD

### 5.1. Overview

Fraud is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and, for the purposes of this policy, includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

- Unauthorised possession (theft) or use, or misappropriation of funds or other assets.
- Impropriety in handling or reporting of money or financial transactions.
- Forgery or alteration of any document or computer file/record belonging to the Council.
- Forgery or alteration of a bank draft or any other financial instrument, including those used for the purposes of online transactions.
- Bribery, corruption or coercion.
- Destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain.
- The offering, giving or acceptance of an inducement or reward, which may influence the actions taken by Council, Officers or Elected Members.
- The failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Council Officer, Elected Member or their close associates.
- Dishonest use of a Council supplied credit card, taxi card, fuel card or purchasing card.
- Submitting false personal expense claims or false travel advance requests.
- Falsification of time records.
- Improper use of commercially sensitive client information or our own intellectual property for either your own or another person's pecuniary gain.
- Any similar or related inappropriate conduct.

### 5.2. Policy Statements

Council is committed to preventing, detecting, and responding to fraud and corruption threats. Council adopts a zero tolerance policy to identified behaviour or incidents involving fraud and corruption.

It is important that Council provides confidence to the community and officers regarding the administration of ratepayer's funds. This policy expressly states Council's view that corrupt and fraudulent behaviour is unacceptable, and clearly sets out how corruption and fraud will be dealt with.

All Council Representatives must have, and be seen to have, the highest standards of honesty, propriety and integrity in discharging their obligations to the community. All employees and representatives of Council are expected to take responsibility to ensure the public accountability of the organisation at all times.

All suspected instances of fraud or corruption by Council employees, representatives or external parties will be investigated and reported to appropriate authorities and, where appropriate, referred to the New Zealand Police with a view to prosecution. Recovery of lost money or other property will be pursued wherever possible and practicable.

### 5.3. Protecting our systems and assets

All employees acting in the role of authorising, certifying, signing, and approving officers for financial transactions have a duty to properly carry out authorisation and approval

procedures they are responsible for and to comply with any relevant delegations they operate under.

Suspected internal fraud and suspected misuse of resources fall within the definition of serious wrongdoing contained under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud or a suspected misuse of resources. While we would prefer that the employee making the disclosure identify themselves, Council will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspects fraud or misuse of resources is outlined in a guidance statement set out below and within Council's Protected Disclosures Policy.

Council will seek full recovery of amounts misappropriated by internal fraud from implicated employee(s) or persons.

Fraud risk will be assessed as part of Council's risk management framework. This process will involve ongoing internal fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Council policies to this Financial Risk Management Policy.

Council will provide regular advice and training to all Council Representatives on this policy.

#### 5.4. Responding to incidents

ELT will consider all allegations (anonymous or otherwise) in relation to suspected internal fraud or misuse of resources.

Following receipt of a fraud allegation or upon suspicion that an internal fraud or misuse of resources may be occurring, or has taken place, ELT will make initial discreet enquiries to ascertain the substance of the allegation or suspicion. These enquiries should seek to minimise approaches for information being made to any employee.

If the discreet enquiries reveal that misuse of resources is suspected then the relevant provisions of the Code of Conduct or staff Standards of Conduct shall apply.

If the discreet enquiries indicate that an internal fraud is suspected to have occurred, or is still occurring the Chief Executive will develop an appropriate response based on the known circumstances.

After the completion of discreet enquiries where an internal fraud is suspected the Chief Executive will then consider the completion of an internally controlled investigation of the suspected internal fraud.

In the event it is alleged or suspected that the Chief Executive is involved in internal fraud, the Chair of Risk and Assurance will be responsible for the internal investigation process.

If during the completion of the internal investigation or upon completion of any internally controlled fraud investigation, Council believes there is sufficient prima facie evidence that an individual is suspected of being implicated in an internal fraud, a complaint against that individual suspect will be laid with either the New Zealand Police or Serious Fraud Office.

## 5.5. Reporting

Any person reporting any suspected fraudulent act (the Informant) must do so to their immediate Manager who will inform the Chief Executive. Alternatively they may use the relevant procedures in Council's Protected Disclosures Policy.

The Chief Executive will request a written summary of the event, detailing the nature of the fraud, the person(s) involved and the amount of money, property or service fraudulently misused.

If the Informant has reason to believe their Manager is implicated in the suspected fraud, the matter must be reported to the Chief Executive.

If the department Group Manager is suspected of fraud then it needs to be reported to the Chief Executive.

If the Chief Executive's involvement is suspected, the matter must be reported to the Chair of Risk and Assurance.

If Elected Member involvement is suspected, the matter must be reported to the Chief Executive and the Chair of Risk and Assurance.

Persons reporting the activity/behaviour may remain anonymous if the allegation amounts to a protected disclosure under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

## 5.6. Investigation

The Chief Executive will decide within 48 hours of receiving the written summary whether to further investigate, and how any investigation will be undertaken. This may include seeking independent expert advice.

If the Chief Executive is involved in suspected fraud, the Informant will report to the Chair of Risk and Assurance who will make the decision on any further investigation.

The Council will maintain a Fraud Register to record all suspected fraud notifications and the resultant outcome for each of these notifications.

## 5.7. Consequences of an Investigation

If there are reasonable grounds for suspecting that a fraud has taken place, the Chief Executive may contact the New Zealand Police and co-ordinate the investigation with them. Where necessary, appropriate action will be taken to secure and limit access to records.

The Chief Executive will report any actual or suspected fraud to the Mayor, Deputy Mayor and Council's external auditor.

If the investigation substantiates the allegation of fraud in relation to staff, the Manager People and Capability will advise on the appropriate disciplinary action, up to and including

dismissal, and the procedure to be followed. The person(s) involved may be suspended from employment with pay while the matter is being investigated.

Where Elected Member involvement is found, the provisions of the Code of Conduct apply.

At the conclusion of the investigation the events will be documented in a confidential report which will be provided to Council, Risk and Assurance Committee and external auditor as appropriate.

Recommendations may be made to enhance internal control procedures. Where instances of fraud or corruption are substantiated, any decisions to take no action, or to take action that is seen as inappropriate by either the Chief Executive or Manager People and Capability, will be referred to the relevant Group Manager for authorisation.

Where the instance of fraud or corruption amounts to an illegal activity, it will be referred to the New Zealand Police.

A fraud questionnaire is completed every year as part of auditing requirements.

## 5.8. Confidentiality

Council takes the significance of reporting fraud very seriously. All participants in a fraud or corruption investigation will be required to keep all the details and results of an investigation confidential. Maintaining confidentiality in relation to protected disclosure matters is critical to ensuring reprisals are not made against a disclosure.

Any member of staff or Council contacted by the media in regards to the investigation shall refer the media to the Chief Executive or Manager Strategic Communications for comment.

## 5.9. Fraud Register

The Chief Executive will compile and maintain the Council's Fraud Register (the Register).

The Register shall contain information on all suspected fraud notifications and how the Council handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered and if any changes are required to existing management policies, procedures or systems.

The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.

Access to the Register will be restricted to the Chief Executive, Group Manager Finance and Assurance and the Audit Director appointed by Audit New Zealand.

All information in the Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete.

## SECTION 6. DEBTORS' MANAGEMENT

### 6.1. Exclusions

The present policy excludes rates-related debts and their collection.

### 6.2. Principles

Council must raise sufficient levels of revenue for the purpose of governance, administration, and the provision of services and facilities to the community.

To ensure the effective and efficient delivery of Council services to the community, good financial management requires the regular receipt and collection of funds from all individuals, organisations, businesses, and other parties who are indebted to Council.

### 6.3. Credit Terms

Credit Terms are standardised [refer to A number] and reviewed regularly. All Council statements will be subject to these terms unless otherwise specified.

### 6.4. Debt Management

Council's Group Manager Finance and Assurance (or delegate as recorded in the delegations register) is responsible for debt management practices. This includes the issuing of monthly debtor statements, reviewing aged debtor reports, liaising with the Council division which issued the invoice, regular contact with the debtor as appropriate, and liaising with collection agencies.

### 6.5. Overdue Accounts

If an invoice is not paid in full as per the agreed terms and conditions, interest may be charged on the balance in accordance with those terms. Interest will not be charged where an agreed repayment plan is in place and being fully met. Debts unpaid after three months are reviewed by the Group Manager Finance and Assurance (or delegate) and a decision made on recovery options.

### 6.6. Bad Debts

Debts will be written off when all reasonable attempts at recovery have been taken. The following criteria will be considered in coming to that decision:

- The debtor is bankrupt.
- The debtor (company) is in liquidation and there is insufficient funds to meet our debt.
- The debtor is deceased and has no remaining assets.
- There is little or no likelihood of the debt being recovered.
- The costs associated with collecting the debt would be prohibitive.

All costs of collection and any recoveries beyond the initial invoice are retained by the Council Finance team.

## 6.7. Delegated Authority

Where the Chief Executive or the Group Managers are satisfied that no prospect of collection exists, or it is uneconomic to pursue the matter further, debts may be written off in accordance with Section 6.4.2 of Invercargill City Council Delegations Register.

A register of write-offs will be maintained and be available for inspection at any time. A summary of this register is reported on regularly to the Finance and Projects Committee.

In regard to debt recovery, staff should seek the prior approval of the General Manager – Finance and Assurance for negotiating limits whenever practicable. In circumstances where such prior approval is not practical, staff are to agree to the recovery of lesser costs or amounts when the cost of recovery is likely to outweigh the amount recovered.

Debtors will be expected to pay the costs of debt collection.

In instances where bad debts have been written off, the Group Manager Finance and Assurance will decide whether or not Council will continue to grant credit to the debtor.

<b>Reference Number:</b>	A4222312
<b>Effective Date:</b>	22 August 2023
<b>Review Period:</b>	This policy will be reviewed every three (3) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
<b>Supersedes:</b>	Sensitive Expenditure Policy (A773994), Gifts and Benefits Policy (A2232419), Credit Card Policy (A2395575 / A1185032), Fraud Policy (A1302278), Debtors Policy (A1185055)
<b>New Review Date:</b>	August 2026
<b>Associated Documents/References:</b>	Code of Conduct (A4062310), Conflicts of Interest Policy (A3908351), Motor Vehicles Policy (A3810961), Staff Recognition Guidelines (A170634), Standards of Conduct/Employee Handbook
<b>Policy Owner:</b>	General Manager - Finance and Assurance