

1 December 2020

Lane Nichols
NZ Herald

Via email: Lane.Nichols@nzme.co.nz



WHANGANUI
DISTRICT HEALTH BOARD
Te Poari Hauora o Whanganui

100 Heads Road, Private Bag 3003
Whanganui 4540, New Zealand

Dear Lane

Official Information Act Request – OIA 13210 Sensitive Expenditure

On 2 November 2020, under section 12 of the Official Information Act, you requested the following information from Whanganui District Health Board (WDHB):

Please provide information relating to your relevant government department or agency on the following areas of sensitive expenditure.

For all the below categories I request breakdowns for each of the last two years (2018, 2019) and year to date.

1. Gifts (both given and received, including offered and turned down): Please provide information on the amounts spent, the gifts given or received, and the recipients.
2. Koha, similar breakdown as above.
3. Tips/gratuity: Please provide a breakdown of the amount spent both domestically and internationally, including details of how much was paid and to whom. Please include details of the single largest tip or gratuity payment.
4. Hospitality/entertainment: Please provide a breakdown of how much was spent and on what. Please provide separate breakdowns for domestic and international.
5. Alcohol: Please provide separate figures as per above.
6. Air travel: Please provide a breakdown for both international and domestic, including for economy and business class air travel. Please include figures for both business travel and contributions or allowances towards personal travel.
7. Accommodation: Please provide a breakdown for both international and domestic. Please include figures for both business travel accommodation and contributions or allowances towards personal accommodation.
8. Taxis/corporate vehicles: Please provide a breakdown of taxi/corporate vehicle expenses for both domestic and international, including details of the single largest taxi bill.
9. Rental cars: Please provide similar figures for rental cars.
10. Moving expenses: Please provide a breakdown of how much was spent on personal moving expenses for relocating staff.

11. Parking/traffic offences: Please provide a breakdown of both parking and traffic offence expenses, both domestic and international.
12. Christmas functions: Please provide figures on expenses related to Christmas functions.
13. Social club: Please provide figures on expenses related to social clubs.
14. Correspondence: Please provide all correspondence for 2018, 2019 and 2020, both internal and external, including emails, letters, text messages, reports, advice etc, relating to concerns around sensitive expenditure. This should include all correspondence involving your relevant government department or agency and the Office of the Auditor General.

Whanganui District Health Boards response:

1. **Gifts (both given and received, including offered and turned down): Please provide information on the amounts spent, the gifts given or received, and the recipients.**

In response to your request for the gift register we wish to advise that the Whanganui District Health Board (WDHB) does not keep a risk register as we do not see any need for one.

The WDHB has very clear rules around the receiving of gifts. These rules are outlined in our Koha, Donations, Gifts and Sponsorship policy. All staff are expected to adhere to these rules and WDHB senior staff have no reason to believe that any staff member would act outside of these rules.

If you require a copy of the policy please advice and we can send it to you.

-Whanganui DHB Received donation

Recipients	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-21 YTD Oct 20
Stoke Units	-	1,181	200	-
Chapel	1,244	1,173	824	
Childers Wards	2,835	1,260	-	-
Countdown Children's Ward	-	32,000	-	-
Outpatient - YAG Laser	-	39,180	-	-
Mortuary	-	-	5,000	-
Art	-	4,000	7,000	
Maori Health - Maori Ora	1,453	3,340	1,709	648
Other	300	125	50	100
	5,832	82,258	14,783	748

2. **Koha, similar breakdown as above.**

FY 2018-19 \$250

FY 2019-20 \$30

3. **Tips/gratuity: Please provide a breakdown of the amount spent both domestically and internationally, including details of how much was paid and to whom. Please include details of the single largest tip or gratuity payment.**

Nil, WDHB will not pay for TIPS / gratuity

4. **Hospitality/entertainment: Please provide a breakdown of how much was spent and on what. Please provide separate breakdowns for domestic and international.**

FY 2017-18 \$3,019

FY 2018-19 \$1,586

FY 2019-20 \$1,193

5. **Alcohol: Please provide separate** figures as per above.

Nil – WDHB will not pay for Alcohol

WDHB has very clear rules around the Alcohol. These rules are outlined in our Staff Travel and Accommodation Policy and Sensitive Expenditure Policy.

6. **Air travel: Please provide a breakdown for both international and domestic, including for economy and business class air travel. Please include figures for both business travel and contributions or allowances towards personal travel.**

FY	Domestic	International *
2017-18	\$22,617	\$189,859
2018-19	\$27,348	\$160,140
2019-20	\$32,092	\$118,582

* International travel mainly relating to Continue Medical Education training (CME) for medical personnel, as define by Multi-Employer Collective Agreement (MECA).

7. **Accommodation: Please provide a breakdown for both international and domestic. Please include figures for both business travel accommodation and contributions or allowances towards personal accommodation.**

FY	Domestic	International *
2017-18	\$40,735	\$91,910
2018-19	\$39,312	\$110,254
2019-20	\$20,992	\$57,600

*International accommodation and Meals mainly relates to Continue Medical Education training (CME) for medical personnel.

8. **Taxis/corporate vehicles: Please provide a breakdown of taxi/corporate vehicle expenses for both domestic and international, including details of the single largest taxi bill.**

Domestic

FY 2017-18 \$4,215

FY 2018-19 \$4,849

FY 2019-20 \$9,788

9. **Rental cars: Please provide similar figures for rental cars.**

Domestic

FY 2017-18 \$45,455

FY 2018-19 \$38,264

FY 2019-20 \$39,569

10. **Moving expenses: Please provide a breakdown of how much was spent on personal moving expenses for relocating staff.**

FY 2017-18 \$155,396

FY 2018-19 \$158,123

FY 2019-20 \$133,856

11. **Parking/traffic offences: Please provide a breakdown of both parking and traffic offence expenses, both domestic and international.**

Nil – Staff held personally responsible for any traffic fine and other penalties.

WDHB has very clear rules around sensitive expenditure. These rules are outlined in our Policy.

12. Christmas functions: Please provide figures on expenses related to Christmas functions.

Staff Christmas meals

FY 2017-18 \$8,254

FY 2018-19 \$7,602

FY 2019-20 \$11,082

13. Social club: Please provide figures on expenses related to social clubs.

WDHB do not contribute any social club related expenses.

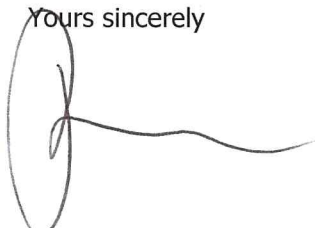
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Internal Audit report attached


IA05-19-01 WDHB
Staff Reimbursemen

Should you have any further queries about the above information, please contact our OIA co-ordinator Anne Phoenix at anne.phoenix@wdhb.org.nz

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a long, horizontal, wavy line extending to the right.

Russell Simpson
Chief Executive

To:	Brian Walden, General Manager, Strategic & Corporate, Whanganui DHB	
From:	Jared McGillicuddy, Regional Internal Audit Manager, CTAS	
Copy to:	Russell Simpson, Chief Executive, Whanganui DHB	
Date:	01 May 2019	
Subject:	IA05-19-01 Internal Audit report on Staff Reimbursement (Final)	

In accordance with the Whanganui District Health Board (WDHB) Internal Audit Plan, we have carried out an audit of WDHB Staff Reimbursement.

Background

DHB staff incur a wide array of expenses in undertaking DHB work. The concept behind reimbursement is that all staff, board and committee members are reimbursed for reasonable expenses incurred as a direct result of DHB business, with terms and process covered under policy. Further there are also other forms of reimbursements that occur, such as Continued Medical Education (CME) which is a contracted reimbursement associated with SMOs continuing to be fully informed, and where possible, practised in developments within their profession. Under all forms of reimbursement, they should occur on the bases of being actual and reasonable expenses, there is however a fraud risk that some reimbursements may be taken advantage of for personal reward or gain. This risk has received increased media focus in the past year with instances identified of senior DHB staff having incurred inappropriate expenditure.

Objective and scope

The objective of this review was to ensure that appropriate policies and procedures exist relating to reimbursements and that these are being complied with.

The scope of this review focussed specifically on reimbursements incurred for the period 1 July 2017 to 31 January 2019 made to management (including the Chief Executive), staff and Board/Committee members that they have sustained whilst on WDHB business, including:

- Travel and accommodation costs, including mileage claims, parking and meals,
- Staff training,
- Personal use of telecommunications,
- CME claims,
- Entertainment and hospitality, and
- Advances of expenditure (if applicable) to cover longer term travel and accommodation requirements.

This scope included a specific focus on expenses incurred by the Chief Executive.

The scope of this review specifically excluded any other types of expenditure.

Approach

Our approach to this review was to:

- Obtain and review policies and procedures relevant to the identified "in-scope" areas as detailed above
- Document the processes and controls in place and benchmark these to appropriate best practices
- Interview key management and staff to confirm our understanding of the processes
- Obtain general ledger extracts for the period 1 July 2017 to 31 January 2019 detailing the reimbursement expenditure

- From the general ledger extracts, identify a sample of transactions (size to be agreed with you) and check that these are in line with WDHB policies, the relevant MECA and appropriately approved in line with Delegated Financial Authorities
- Identify any gaps, weaknesses and opportunities for improvement
- Reconfirm findings and improvement opportunities with key individuals towards the end of fieldwork (aligned with a no surprises approach to the review), identifying possible actions to occur.
- Closing meeting with review sponsor to summarise the draft findings of the review.
- Provide recommendations in a draft report format to address key areas identified for improvement, before the report is issued in final.

Overall assessment

Based on the work performed, overall WDHB has appropriate and effective systems and controls in place for the management of Staff Reimbursement with good staff awareness of expected behaviours and appropriate processes in place to ensure effective review and approvals. This includes both Chief Executive and Board member expense claims, as well as relocation expense claims.

There were no key findings from this review. Ratings per the areas audited are:

Audit Focus	Policies & Procedures	Approval Processes	Staff Reimbursement	CE Reimbursement/ Expenditure	Board Reimbursement/ Expenditure	Relocation Expense Claims
Overall Rating	★	★	★	★	★	★

Key	★	●	X
	Good - controls are consistent with expectations	Satisfactory - no significant deficiencies	Significant deficiencies / Scope for efficiencies

Observations, recommendations and responses

Our detailed observations, recommendations arising from our audit, together with management comments thereon, are set out below. The recommendations are assessed by risk priority (RP) and efficiency priority (EP) for each observation, as follows:

Rating	Risk Priority (RP)	Efficiency Priority (EP)
High (H)	A significant weakness that could compromise internal control and which should therefore be addressed as a matter of urgency	A recommendation that provides significant efficiency benefits, or can be implemented immediately
Medium (M)	An issue which can undermine the system of internal control and should therefore be addressed, but with a lower priority than 'High'	A recommendation that provides reasonable efficiency benefits, which can be implemented immediately or at least in the short term
Low (L)	A weakness that does not seriously detract from the system of control but which should nevertheless be considered by management	A recommendation that provides reasonable efficiency benefits but can only be implemented in the medium to long term due to system constraints, cost etc.

Audit focus 1: Policies and Procedures

Standard: Policies and Procedures exist that have been appropriately approved, have been communicated to staff with associated training provided and are readily accessible/easily located for reference if required by staff. The policies and procedures align with appropriate public-sector requirements and authoritative support such as OAG and SSC guidance.

Observations

WDHB has both Payment of Salaries and Reimbursement policy and a Staff Travel and Accommodation policy, as well other relevant policies, procedures and guidelines.

A review of policies and procedures against appropriate best practices, including the State Services Commission ("SSC") 'Standards of Integrity and Conduct' and the Office of the Auditor General's ("OAG") 'Guidance and Principles' identified no areas for improvement and there were no issues with non-compliance of key areas.

It was noted that WDHB have a strong focus on controlling expenditure and the requirement for management review and approval of all expenditure to ensure it agrees with policy is well known across the organisation. DHB staff are informed during induction on the need to comply with DHB Policies and the SSC Standards of Integrity and Conduct (being the code of conduct), which includes the principle of being Trustworthy.

No issues were identified.

Audit focus 2: Approval Processes

Standard: That an appropriate process has been established to review and approve reimbursements as per policy to ensure they are appropriate, accurate and supported by source documentation to ensure existence.

Observations

All staff reimbursements at WDHB are required to be manually reviewed and approved by appropriate line management in line with policy and within approved Delegated Financial Authority ("DFA"). All line manager approved staff reimbursements are then manually reviewed in Finance by an experienced staff member who is specifically responsible for reviewing and processing these expenses to ensure compliance with policy, that the claim is appropriate, accurate, has appropriate supporting documentation, and has been approved by relevant management within DFA.

Current management review and approvals processes aligned with the delegated financial authorities and the WDHB focus on expenditure means there is appropriate review and approval of staff reimbursement claims in line with policies.

No issues were identified.

Audit focus 3: Staff Reimbursement

Standard: Test a sample of reimbursements to ensure they have been appropriately reviewed and approved per policy and in doing so ensuring they are appropriate in nature, accurate and supported by appropriate source documentation.

Observations

All WDHB employees utilise a manual process for claiming reimbursement for reasonable expenses incurred as a direct result of DHB business. Relevant templates, based on the reimbursement type, are completed and appropriate supporting documentation, including receipts where relevant, are required to be attached. The signed claim is then reviewed and approved by the claimant's line manager, or an appropriate approver, in line with DFA.

The Finance Team also review all staff reimbursement claims prior to payment to ensure expenditure is within policy as well as approved appropriately and within delegated financial authority. 153 transactions for staff and management reimbursement claims were sample tested for the period 1 July 2017 to 31 January 2019 during this review, including as per the review scope:

- Travel and accommodation costs, including mileage claims, parking and meals
- Staff training
- Personal use of telecommunications
- CME claims
- Entertainment and hospitality, and
- Advances of expenditure (if applicable) to cover longer term travel and accommodation.

It was noted that there is Finance oversight on the personal use of DHB mobile phones with invoice amounts materially in excess of the average balance investigated. These were not specifically tested outside of the sample testing.

Testing included ensuring expenditure was appropriate and in line with policy or MECA where relevant, had appropriate supporting documentation including receipts and expense purpose if applicable, calculations were accurate, and the claim was independently approved within approved delegated authority. The following testing was performed with associated results;

- It was noted that in the mileage claims tested there was evidence of checks to ensure the correct IRD rate was used and km claimed were reasonable, no exceptions noted.
- 20 samples totalling \$2,051.75 for domestic travel, accommodation and meals were tested, no exceptions noted.
- 14 samples totalling \$849.95 for reception and catering expenses were tested, no exceptions noted.
- 106 samples totalling \$207,871.54 for staff training, practising certificates, medical indemnity and CME claims, including conferences, courses, workshops, textbooks, exam fees, memberships and other relevant expenses were tested, no exceptions noted.
- 13 relocation claims were tested (*refer Audit focus 6*), no exceptions noted.

No issues were identified.

Audit focus 4: Chief Executive Reimbursement/Expenditure

Standard: Chief Executives sit in a position of high authority within DHB's and wider sector risks have been identified around inappropriate expenditure having occurred. Test a sample of Chief Executive reimbursements/expenditure to ensure they have been appropriately reviewed and approved per policy and in doing so ensuring they are appropriate in nature, accurate and supported by appropriate source documentation.

Observations

The WDHB Chief Executive ("CE"), in line with all Crown Entity Chief Executives, are required to formally disclose their expenses on an annual basis and this is evidenced on the WDHB website. This process is undertaken through Finance.

Sample testing of CE reimbursement claims was performed for the period 1 July 2017 to 31 January 2019. This included testing of both the current, former and acting CE's. Claims were assessed against policy, reviewed for accuracy and reasonableness, reconciled against supporting documentation where appropriate, and checked for appropriate approval. A summary of the testing performed and results is as follows;

- For the CE Expense Disclosure for the period 1 July 2017 to 30 June 2018 this included all 34 travel expenses identified, totalling \$3,608.46. Claims included parking, taxis, accommodation, meals and domestic airfares.
- No international travel claims were identified to have been made.
- All 3 hospitality expenses totalling \$196.77 were tested, no exceptions noted.
- No gifts and benefit claims were made during the period.
- Testing of monthly mobile phone calls was not performed.
- One travel related expense claim for the current CE totalling \$473.30 approved on 4 February 2018 was tested, this related to the hiring of a vehicle to relocate the CE to Whanganui, no exceptions noted.

Refer to Appendix 1 for Chief Executive Expenses Declaration for Year Ending 30 June 2018.

No issues were identified.

Audit focus 5: Board Reimbursement/Expenditure

Standard: Test a sample of Board reimbursements/expenditure to ensure they have been appropriately reviewed and approved per policy and in doing so ensuring they are appropriate in nature, accurate and supported by appropriate source documentation.

Observations

A sample of 17 reimbursement claims totalling \$3,240.90 made by Board members were tested for the period 1 July 2017 to 31 January 2019. Reimbursement claims were all travel related, mainly for mileage claims.

Claims were assessed against policy, reviewed for accuracy and reasonableness, reconciled against supporting documentation where appropriate, and checked for appropriate Board Chair approval. No exceptions noted.

No issues were identified.

Audit focus 6: Relocation Expense Claims

Standard: Wider sector risks have been identified around inappropriate and/or unauthorised relocation expenditure having occurred. Test a sample of relocation expenditure to ensure they have been appropriately reviewed and approved per policy and in doing so ensuring they are appropriate in nature, accurate and supported by appropriate source documentation.

Observations

A total of 13 staff relocation reimbursements totalling \$74,769.35 were tested for the period 1 July 2017 to 31 January 2019.

Appropriate supporting documentation and receipts, value of claim, pre-approvals, letters of employment offer, and appropriate DFA approval were identified in line with policy. No exceptions noted.

No issues were identified.