



MEMORANDUM



Te Kawa Mataaho
Public Service Commission

[IN CONFIDENCE]

To: Gaye Searancke, Deputy Public Service Commissioner

From: Dean Rosson, Manager, Integrity, Ethics and Standards

Copies to: Hugo Vitalis, Deputy Commissioner, Integrity, Ethics and Standards

Date: 4 August 2023

Subject: Sensitive expenditure review findings

INTRODUCTION

1. On 21 November 2022, the Ministry for Pacific Peoples (MPP) received an Official Information Act (OIA) request seeking information on the costs of a fono and farewell that MPP held on 13 and 14 October 2022. MPP responded on 16 December 2022 advising invoices for the events were still being received and estimated costs were \$86,000 for the fono and \$46,000 for the farewell.
2. On 19 December 2022, MPP provided the Public Service Commission with a copy of the OIA response. The Public Service Commission decided to undertake a review of the expenditure.
3. In June 2023, the Public Service Commissioner expanded the scope of the review to include expenditure decisions of both MPP and the Ministry for Culture and Heritage (MCH) relating to a welcome event for the incoming Secretary for Culture and Heritage for MCH held on 17 October 2022.
4. This memo sets out the findings of the review.

BACKGROUND

5. On 13 and 14 October 2022, MPP held an all-staff meeting (fono) in Wellington. 118 staff members attended including staff from both the Auckland and Christchurch offices. The purpose of the fono was to reconnect the MPP team, discuss preliminary themes from Lalanga Fou engagements in 2022 (Priorities for Pacific communities) and provide an update on deliverables for 2022/23 and beyond. The fono was planned before MPP staff were aware their Secretary had been appointed to a new role.
6. On 20 September 2022, it was announced that the Secretary for Pacific Peoples was being appointed as Secretary for Culture and Heritage of MCH, effective 17 October 2022.
7. When MPP staff became aware of the Secretary for Pacific Peoples' appointment to the new role, a decision was made to align the farewell for the outgoing Secretary with the fono as most MPP staff would be in Wellington. The farewell was held on the afternoon and evening of 13 October 2022. The farewell had two parts - a public farewell with invited community members and public

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servants, followed by a second part for MPP staff only. Approximately 213 people attended the farewell comprising 113 externals and 100 MPP staff.

8. The cost of the fono was \$72,157.01 (excl GST). The cost of the farewell was \$39,262.22 (excl GST).
9. A welcome event (pōwhiri) for the incoming Secretary for Culture and Heritage took place on 17 October 2022. This was organised by MCH with input from MPP and was a significant event attended by approximately 150 people including three Ministers, community leaders and public servants. The welcome involved aspects of both Māori and Pacific cultures to reflect the incoming Secretary's status as a Matai, community leader and senior public servant.
10. As hosts, MCH was responsible for the welcome event. This included decisions on the programme, venue, catering, cultural considerations, guest numbers (including MCH attendees) and sending out invitations. MCH spent \$7,558.70 (excl GST) on the event.
11. MPP was responsible for determining its own guests at the welcome event. This included family and guests of the incoming MCH Secretary. MPP spent \$4,919.47 (excl GST) on travel and accommodation costs for whānau, guests, and one staff member. The total cost of the welcome event, for MCH and MPP combined, was \$12,478.17 (excl GST).

THE PURPOSE OF THE REVIEW

12. The purpose of the review was to consider whether decisions about sensitive expenditure associated with the fono, farewell, and welcome aligned with policies and guidelines, and with relevant system-wide guidance.¹ Specifically, the review considered whether the expenditure decisions were:

- *for a justifiable business purpose* that is consistent with the Ministry's objectives
- *impartial* – based on objective criteria, rather than based on any sort of bias, preference, or improper reason
- *made with integrity*
- *moderate and conservative* when viewed from the standpoint of the public and given the circumstances of the spending
- *made transparently* – open about the spending, and willing to explain any spending decisions or have them reviewed; and
- *made with proper authority* – the person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedure.

ANALYSIS

13. The MPP expenditure on the fono, farewell and welcome was assessed against the criteria outlined in paragraph 12 and in the context of the following MPP policies:
 - Business Expenditure
 - Hospitality, Gifts and Entertainment
 - Travel

¹ Public Service Commission's model standard on [Chief executive gifts, benefits and expenses](#)
OAG [Controlling sensitive expenditure: Guide for public organisations — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](#)

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- Fraud
 - Credit Cards; and
 - Financial Delegations.
14. The MCH expenditure on the welcome event was assessed against the criteria outlined in paragraph 12 and in the context of the following MCH policies:
- Financial Delegations
 - Travel Expenditure
 - Manaakitanga; and
 - Catering Guidelines.
15. The review also considered the Guidance – Yavu: Foundations of Pacific Engagement published in September 2022 by MPP, and the Public Service Commission’s Model Standards on Chief Executive Gifts, Benefits, and Expenses.
16. In addition, independent external advice on cultural considerations was obtained from the Hon Luamanuvao Dame Winnie Laban, Assistant Vice-Chancellor (Pasifika), Victoria University of Wellington. Advice was also sought from Rauru Kirikiri, Kaihautu for the Public Service Commission.

REVIEW FINDINGS

17. An analysis of expenditure decisions for the three events against the criteria described in paragraph 12 is contained in *Appendix A*. A summary of key findings for each event is outlined below.

Fono (MPP)

18. The fono expenditure (\$72,157.01 excl GST) was consistent with MPP’s expenditure policies. There was a clear business purpose of reconnecting the organisation, reviewing the Lalanga Fou engagement and discussions on future priority deliverables for each business group for 2022/23.
19. The fono was an all-staff two-day event held in Wellington where the majority of attendees reside. Non-Wellington attendees required travel and accommodation. This was the first all-staff fono since October 2020. To reduce future travel costs, the MPP leadership team decided the fono would replace any future in-person business group planning days scheduled for the remainder of 2022.

Farewell (MPP)

20. The farewell had a justifiable business purpose however the expenditure of \$39,262.22 (excl GST) was not moderate or conservative.
21. The MPP leadership team (Tautua) considered the farewell was also a community event and Pacifica community leaders from the Pacific nations represented by MPP were invited. This included 12 guests whose travel and accommodation were provided at a cost of \$7,143.64 (excl GST).

22. The cost of the farewell included \$3,083.00 for discretionary expenses such as photography, flowers, and ceremonial drummers. It also included \$7,555.49 spent on gifts to the outgoing Secretary. Upon being made aware of the expenditure, the outgoing Secretary returned all gifts and reimbursed MPP the \$7,555.49 spent on gifts.
23. The outgoing Secretary was not involved in the planning or decision-making concerning the fono or farewell events and was on annual leave immediately prior to the farewell. However, as Secretary and Chief Executive of MPP at the time of the farewell, they still had overall accountability for spending decisions and for the content of, and adherence to, MPP policies.
24. There was inadequate oversight of expenditure on the farewell. Expenditure decisions were not consistent with MPP's Hospitality, Gifts and Entertainment Policy nor its Business Expenditure Policy, and did not align with the Public Service Commission's model standard on Chief Executive Gifts, Benefits and Expenses.
25. MPP's Hospitality, Gifts and Entertainment Policy did not provide sufficient guidance to staff on cultural gifting, including gifts to departing staff. There was no criteria or framework in the policy for the reimbursement of gifts for staff.
26. The review found no evidence of an agreed budget for the farewell, and limited monitoring or oversight of expenditure. An example of this was catering for the event based on the number of expected guests rather than the number of guests who had accepted the invitation, resulting in significant over-catering and unnecessary cost.
27. An event budget that was moderate, conservative, and actively overseen would have provided clear boundaries for the expenditure. The limited oversight of expenditure and the decision to hold the farewell in two parts contributed to the overall cost.
28. Independent advice to the review was that farewells can be held in culturally acceptable ways that still align with the guidance on sensitive expenditure and that the public would see as appropriate.

Welcome (MCH)

29. MCH's expenditure of \$7,558.70 (excl GST) on the welcome had a justifiable business purpose and was moderate and conservative given the context of the event. The costs included \$2,000 (excl GST) spent on catering for approximately 150 guests which aligned with MCH's catering guidelines.
30. The welcome expenditure aligned with MCH's Manaakitanga policy, financial delegations and was supported by invoices or receipts. There was discussion around a budget and evidence of monitoring and active oversight of expenditure and transparency as to the decisions made. This included consideration of a range of options in relation to the venue and catering, resulting in reduced costs.
31. MCH advised that, as the host, it was responsible for the welcome event arrangements which included the programme, venue, catering, cultural considerations, guest numbers and sending out the invitations. The new incoming Secretary for Cultural and Heritage was consulted on the nature of the event and attendee list but was not involved in the decision-making.

32. MCH's interaction with MPP was primarily in relation to the protocols, speakers and the run sheet for the welcome. MCH also liaised with MPP on the attendee numbers as this information was needed for the venue and catering purposes.
33. Due to the unique nature of the welcome (pōwhiri), and lack of internal expertise, MCH sought cultural advice and support from external sources, at a cost of \$3550.50 (excl GST). The purpose of this advice was to ensure tikanga Māori and Samoan ritual protocols could be observed. This was the first time a hybrid pōwhiri was proposed in recognition of, and respect for, tangata whenua as well as the new incoming Secretary's genealogy, heritage and traditions. The cultural advice was delivered in person and involved MCH staff, Pacific community elders and mana whenua discussions over several meetings (in person and via Zoom).

Welcome (MPP)

34. MPP's decisions on expenditure for the welcome event were not consistent with MPP's policies, and it was not recognised as sensitive expenditure. There was no upfront discussion on the approach to funding travel or accommodation for guests and no budget was set.
35. The total MPP cost for the welcome was \$4,919.47 (excl GST). This was mainly for travel and accommodation costs for eight external guests, broken down into travel costs of \$4,115.38 (excl GST) for eight people and accommodation costs of \$474.13 (excl GST) for two people only. A further \$329.96 (excl GST) was spent on travel and accommodation for one MPP staff member.
36. The outgoing Secretary advised the review that as part of the planning he worked with MPP staff supporting the welcome to come up with a list of potential guests. This included family and guests with formal roles in the pōwhiri ceremony. He advised that family were there to "tapua'i". "Tapua'i" or "Tapua'iga" involves being witnesses or supporters. A Samoan proverb states "E le sili le ta'i, na i lo le tapua'i" which means, the supporters or witnesses are just as important as the person being honoured or achieving success. In the pōwhiri setting, family and guests are just as important as the individual being welcomed.
37. Six of the eight external guests for whom MPP funded travel costs were family of the outgoing Secretary. At least one other of the external guests had a formal speaking role at the pōwhiri.
38. The outgoing Secretary also indicated that he was conscious of not being overly involved or perceived to be coordinating his own welcome. He advised it was always his intention to pay for his family and personal guests' travel costs. However, during the process of coordinating the welcome event he understood that MPP signalled it would cover these costs. He did not question this and acknowledges he should have done so. He has since reimbursed MPP \$4,115.38 for the cost of flights of all family members and guests.
39. Cultural advice received in the review from Rauru Kirikiri, Kaihautu, is that recognising the cultural context of the parties involved is important in a pōwhiri. This was a unique event with Māori and Pacific cultures coming together. In addition, the incoming Secretary was a Matai or chief, community leader as well as a public service leader. Such cultural considerations impact on guest selection and participation. It may be appropriate for an agency to meet certain costs (such as travel and accommodation) depending on the circumstances. However, it is important

that such matters are discussed and agreed at the outset to provide clarity about what costs can be met and to what extent.

40. The review considers it may have been appropriate for MPP to cover some travel costs for external guests, for example a guest with a formal role in the pōwhiri. However, MPP failed to properly consider or discuss the approach to such expenditure and the circumstances where it might be appropriate. As a result, the review cannot be satisfied that this expenditure was appropriate. Had MPP taken an approach consistent with its policies, it would have resulted in a discussion with the outgoing Secretary over funding options, and the option of self-funding for some or all of the external guests would have inevitably been considered.
41. In addition to the matters outlined in paragraph 40, travel costs for the six guests who were family of the outgoing Secretary were authorised by the acting Deputy Secretary, Office of the Secretary, who was the MPP cost centre manager for travel. However, as the costs were sensitive expenditure, they should have also been approved by the Deputy Secretary Corporate Services (Chief Financial Officer), as required by the MPP Financial Delegations Policy and HR People Delegations. As a result, in relation to the criteria set out in paragraph 12, the expenditure was not made with proper authority.
42. While the outgoing Secretary cannot specifically recall approving any expenditure for the welcome, MPP records indicate he authorised travel and accommodation totalling \$1,611.60 (excl GST). This was for two external guests who were not family members but were personal friends of the outgoing Secretary, one of whom was a formal speaker at the pōwhiri. Due to the personal relationship with these guests, the expenditure should have been treated as sensitive expenditure and put to the Deputy Secretary Corporate Services (Chief Financial Officer) for approval in accordance with the Financial Delegations Policy and HR People Delegations. As a result, in relation to the criteria set out in paragraph 12, the expenditure was not made with proper authority.

MEMORANDUM

Appendix A: detailed analysis of the fono, farewell and welcome, against the review criteria

Criteria	Fono (MPP)	Farewell (MPP)	Welcome (MPP)	Welcome (MCH)
<i>Justified business purpose</i>	<p>The fono had a justified business purpose of reconnecting the organisation, reviewing Lalanga Fou engagement and discussions on future priority deliverables for each business group for 2022/23.</p> <p>The expenditure was consistent with MPP's Hospitality, Gifts and Entertainment Policy.</p>	<p>The expenditure was for a justifiable business purpose which was to farewell a staff member, MPP's Secretary for Pacific Peoples.</p> <p>Expenditure on a staff farewell is consistent with MPP's Hospitality, Gifts and Entertainment Policy which states:</p> <p><i>'Reasonable costs of farewell functions (including gifts) will be met by the Ministry where appropriate. Due consideration is to be given as to whether such costs would be reasonable, defensible and modest. Where practicable staff should obtain prior approval from a member of ELT (Tautua). There is an expectation that staff will contribute towards the cost of a gift.'</i></p>	<p>There was no evidence of any upfront discussion or agreement on funding of travel for pōwhiri guests and no set budget. The total MPP cost for the pōwhiri was \$4,919.47 (excl GST).</p> <p>This included travel and accommodation for one staff member at a cost of \$329.96 (excl GST).</p>	<p>The expenditure was for a justifiable business purpose which was to welcome a new staff member.</p> <p>Expenditure on a staff farewell is consistent with MCH's Manaakitanga policy.</p> <p>The total MCH cost for the pōwhiri was \$7,558. 70 (excl GST).</p>
<i>Impartiality</i>	<p>The decision-making was based on objective criteria, with three different venue options considered. The Wellington option was the most cost effective and logical option as most attendees were Wellington based.</p>	<p>There was no comparison of costs for other recent or past Secretary farewells before planning the farewell. No external advice was sought to provide an objective basis for the expenditure decisions.</p>	<p>Decisions on the level of spending were not based on objective criteria. A range of options was not considered, nor consideration given as to whether the business purpose could be achieved at a lower cost.</p>	<p>The decision-making was based on objective criteria, with different options for the pōwhiri venue and catering considered resulting in reduced costs.</p>

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		The process used to reimburse staff for gifts was inconsistent. Some received full reimbursement, others partial. Receipts were provided in some cases and values estimated in others. A cash withdrawal was also used for some staff reimbursements instead of payments directly into staff bank accounts.		
<i>Integrity</i>	No integrity issues were identified.	Mistakes were made in the incurring and approving of expenditure on these events, but there is no evidence of any intent to improperly use or apply public funds.	Mistakes were made in the incurring and approving of expenditure on these events, but there is no evidence of any intent to improperly use or apply public funds.	No integrity issues were identified.
<i>Moderate and conservative</i>	<p>The fono expenditure (\$72,157.01 excl GST) was consistent with MPP's expenditure policies.</p> <p>The fono was an all-staff event held over two days with many attendees requiring travel and accommodation. 118 MPP staff attended each day of the fono. The total cost for the fono was \$72,157.01 (excl GST). Alternative options were considered with Wellington being the most cost effective.</p> <p>Costs comprised accommodation, travel, event hire, and meals, all of which were consistent with MPP's relevant policies.</p> <p>This was the first all-staff fono since October 2020. The MPP leadership</p>	<p>The farewell had a justifiable business purpose. However, the expenditure of \$39,262.22 (excl GST) was not moderate or conservative.</p> <p>Expenditure decisions were not consistent with MPP's Hospitality, Gifts and Entertainment Policy nor its Business Expenditure Policy. They also did not align with the Public Service Commission's model standard on Chief Executive Gifts, Benefits and Expenses.</p> <p>The MPP leadership team (Tautua) considered the farewell was also a community event and Pacifica community leaders from the Pacific nations represented by MPP were invited. This included 12 guests whose travel and accommodation were</p>	<p>There was no evidence of any upfront discussion or agreement on funding travel for pōwhiri guests and no set budget.</p> <p>The total expenditure was \$4,919.47 (excl GST). These costs related to travel and accommodation. MPP paid for the flights for eight non staff, accommodation costs for two non staff, and both for one MPP staff member.</p> <p>Non-Staff</p> <p>The total expenditure for the 8 non staff was \$4,589.51 (excl GST) broken down into travel costs of \$4,115.38 (excl GST) and accommodation costs of \$474.13 (excl GST).</p> <p>MPP Staff</p>	<p>The expenditure of \$7,558.70 (excl GST) was not inappropriate given the context of the event. 47% of the expenditure was spent on cultural advice and support, 26% on catering and 20% venue.</p> <p>MCH sought external independent cultural advice to ensure tikanga Māori and Samoan ritual protocols were maintained as this was the first time MCH needed a hybrid pōwhiri in recognition of, and respect for, tangata whenua as well as the new incoming Secretary for Culture and Heritage's genealogy, heritage and traditions.</p> <p>The advice was delivered in person and has not been documented. This</p>

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	<p>team decided the fono would replace any business group planning days scheduled for the remainder of 2022.</p> <p>Better planning could have potentially reduced costs as cheaper airfares and accommodation may have been secured.</p> <p>In addition, multiple changes to travel incurred additional cost.</p>	<p>provided at a cost of \$7,143.64 (excl GST).</p> <p>Cultural factors were considered, and this resulted in a public farewell (the first part of the farewell) attended by approx. 213 people with 113 external guests, and the remainder MPP staff. The first part of the farewell ran from 3pm to 5.30 pm with food provided. The second part of the farewell was for MPP staff only.</p> <p>The majority of the costs were for venue, catering, flights, and accommodation for a small number of community guests.</p> <p>There was a discrepancy between numbers catered for and confirmed attendees. MPP catered on the number of expected guests rather than the number of guests who had accepted the invitation resulting in significant over-catering and unnecessary cost.</p> <p>\$7,555.49 was spent on gifts. Many of these were from staff cultural groups within MPP, where MPP either fully or partially reimbursed staff for the gift. Upon being made aware of the expenditure, the outgoing Secretary returned all gifts and reimbursed MPP the \$7,555.49 spent on gifts.</p>	<p>The total expenditure for the one staff member was \$329.96 broken down into travel costs of \$296.05 and accommodation costs of \$33.91.</p>	<p>would be useful to do for future events and audit trail purposes.</p> <p>\$2,000 was paid by koha to the Pacific community to recognise their significant efforts in organising and providing cultural expertise for the pōwhiri. This included between 5 and 6 meetings with MCH leaders and Pacific community leaders.</p> <p>The \$1,550.50 (excl GST) paid to the Māori Cultural Advisor from Taranaki Whānui/Te Ati Awa was for cultural expertise for the pōwhiri and included attending two meetings and a cultural briefing with Pacific elders as well as the actual event.</p> <p>Venue hire and cleaning costs were \$1,550.50 (excl GST).</p> <p>\$2,000 (excl GST) spent on catering for approximately 150 guests which aligns with MCH’s catering guidelines.</p> <p>\$525 was spent on flowers. This included \$125 for flowers for MCH staff to prepare Samoan Ula.</p>
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		<p>\$3,083.00 was spent on discretionary items such as photography, flowers and ceremonial drummers.</p> <p>The Hospitality, Gifts and Entertainment Policy did not provide sufficient guidance on cultural gifting, particularly for gifts to departing staff. There was no criteria or framework in the policy for the reimbursement of gifts for staff.</p> <p>The limited oversight of expenditure and the decision to hold the farewell in two parts contributed to the overall cost.</p>		
<i>Transparency</i>	<p>There was no record of reference to the relevant MPP policies or guidance in any of the decision-making considered in the review. There was no evidence of an agreed budget, and limited monitoring or oversight of the expenditure.</p> <p>A number of expenditure decisions were made verbally without the rationale being recorded, resulting in limited transparency and making it difficult to determine whether decisions were robust and sufficiently scrutinised.</p>	<p>There was no reference to the relevant MPP policies or guidance in any of the documentation provided by MPP to the review. There was no evidence of an agreed budget and limited monitoring and oversight of the expenditure.</p> <p>A number of expenditure decisions were made verbally without the rationale being recorded, resulting in limited transparency and an inability to determine whether decisions were robust and sufficiently scrutinised.</p>	<p>There was no evidence of a budget being set for the welcome or any monitoring or oversight of the expenditure. There was no evidence of any discussion or agreement on funding travel for welcome guests.</p> <p>MPP did not follow its own policies and as a result did not identify the spending as being sensitive expenditure.</p>	<p>We have not seen any evidence that a budget was set for the welcome. However, the documentation around the expenditure decisions, including invoices, reflect discussion around a budget, monitoring and active oversight of the expenditure, and demonstrates transparency of the decisions made.</p> <p>There is also documentation about leadership team budget meetings for the welcome event, but there are no minutes from these meetings or follow up emails noting what was agreed.</p> <p>The new incoming Secretary was consulted on the nature of the event and attendee list but was not involved in the financial decision-making.</p>

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<p><i>Made with proper authority</i></p>	<p>Decision-making was consistent with MPP's Financial Delegations policy, expenditure was substantiated by invoices or receipts.</p> <p>The outgoing Secretary was not involved in any planning or decision-making concerning the fono or farewell events. However, he was the MPP Secretary at the time of the fono and farewell events and therefore had overall accountability for spending decisions and for adherence to policies at the time.</p>	<p>Decision-making was consistent with MPP's Financial Delegations policy, expenditure was substantiated by invoices or receipts.</p> <p>The outgoing Secretary was not involved in any planning or decision-making concerning the fono or farewell events. However, he was the MPP Secretary at the time of the fono and farewell events and therefore had overall accountability for spending decisions and for adherence to policies at the time.</p>	<p>Travel for the family and guests of the outgoing Secretary was not recognised as sensitive expenditure. Therefore, it was not approved by Chief Financial Officer (CFO) as required by MPP's Financial Delegations policy.</p> <p>As a result, the expenditure was not made with proper authority.</p>	<p>The expenditure complied with the MCH's Manaakitanga policy, financial delegations and is substantiated by invoices or receipts.</p>
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