

## Out of Pocket Expenses

**Summary** This Policy Directive provides guidance on the approval and conditions for the payment of out of pocket expenses.

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**Distributed to** Ministry of Health, Public Health System, NSW Ambulance Service

**Audience** All NSW Health staff; contractors and other persons

## OUT OF POCKET EXPENSES

### PURPOSE

This Policy Directive outlines the financial considerations and procedures involved when providing official entertainment, gifts or benefits using public funds for business purposes. This policy has been developed in accordance with the requirements of whole-of-government policies, circulars, memoranda and legislation, for the purpose of guiding staff in implementing these standards.

### MANDATORY REQUIREMENTS

This Policy Directive applies to all staff and contractors of NSW Health. This includes temporary and casual staff, contractors and consultants engaged by NSW Health when performing the role of a public official.

Where an officer is in receipt of only a cash salary, expenses of an irregular and/or minor nature associated with work and normal representational duties may be charged against the Health Entity. Other than in exceptional cases, such officers are required to obtain the prior approval in writing from one of the financial delegated officers in line with your Health Entity Delegation Manual for any out of pocket expenditure of this nature. For guidance on identifying exceptional cases, please refer to [PCard Policy \[PD2016\\_005\]](#) – 4.2 Emergency purchases.

This Policy relates to situations in which staff provide official hospitality and/or entertainment to staff and others both internal and external to NSW Health.

### IMPLEMENTATION

- Directors and above;
  - Determine whether or not proposed departmental expenditure on hospitality and/or entertainment is approved by an appropriate delegate officer and consistent with your Health Entity Delegation Manual.
  - Ensure the amount, nature and frequency of incidental hospitality and/or entertainment expenditure is not excessive.
  - Promote best conduct.
  - Take appropriate action in relation to any reported corrupt conduct.
- All staff;
  - Adhere to this Policy when involved with official hospitality and/or entertainment.
  - Maintain awareness of their responsibility for probity.

## REVISION HISTORY

Version	Approved by	Amendment notes
April-2019 (PD2019_016)	Deputy Secretary, Finance and Asset management and CFO	Update to PD2005_540
March 2005 PD2005_540		Published
June 1996 CIR96/42		New Policy

## Out of Pocket Expenses



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# 1 BACKGROUND

## 1.1 About this document

This document outlines the guidelines and general procedures adopted by NSW Health in the implementation of out of pocket expenditure.

- The procedures were developed to provide guidelines for identifying acceptable and inappropriate out of pocket expenses incurred by NSW Health employees.
- This document sets standards for acceptable out of pocket expenditure (section 2) and the associated documentation related to such costs (section 3).

All staff and contractors should familiarise themselves across all sections of this document.

## 1.2 Key definitions

Out of Pocket Expenses – are funds paid directly for necessary items not otherwise covered by a contract.

## 2 PROCEDURE EXPENDITURE

### 2.1 Acceptable Expenditure

- a. Any expenditure by staff on official hospitality and/or entertainment must be in accordance with the following principles:
  - The expense must be for official purposes only. The event to which the charge is related must have a direct business relationship with the officer's duties.
  - The expense must be supported by tax invoice/receipts. Full supporting documentation including details by name and organisation of the persons present (indicating whether they are internal or external) and the purpose of the expense is required e.g. an agenda.
  - The expense must not generate direct benefits to the officer, members of their family or friends including other internal officers or external officers coming under their responsibility. The hospitality and/or entertainment must result in, or be reasonably expected to contribute to, achieving NSW Health's immediate objectives. The benefit gained and/or objective achieved by NSW Health must be clearly stated when claiming the expenditure (ii above).
  - Staff are to exercise common sense at all times to ensure that the expense cost and level of hospitality and/or entertainment is reasonable for the circumstances, not excessive and publicly defensible.
  - The expense must be approved by an appropriate delegate officer, in accordance with your Health Entity Delegation Manual. The approval should be in writing (email is acceptable) or otherwise recorded through the reimbursement claim or PCard acquittal process. Where possible, approval should be obtained prior to incurring the expenditure. Staff and their managers are jointly responsible for ensuring incidental hospitality costs are not used excessively.
- b. Expenditure on working meals (including morning tea, afternoon tea and lunch) are not to be regular occurrences and should have relatively low charges per head. Expenditure should be incurred during a formal meeting at which official business is being conducted and should be attended by people external to your Health Entity, more specifically outside your Health Entity location, with the purpose of enabling official business to be progressed. Catering for meetings with a duration of less than four hours is not permitted. Expenditure on working meals with internal staff only cannot be claimed unless it directly relates to a team planning day/s and training courses – please refer to 1c for further information.
- c. Expenditure relating to working meals (including morning tea, afternoon tea and lunch) with internal staff during planning days and training courses can be claimed provided the course is for a duration greater than four hours and approval is obtained from an Executive Director or equivalent in accordance with your Health Entity Delegation Manual prior to the event with reasonable justification. Directors

and staff are jointly responsible for ensuring such training courses are not a regular occurrence.

- d. Meals and incidentals incurred during official travel must be within the Travel Policy guidelines, rates and allowances. Staff travelling on official business must be familiar with NSW Health's [Travel Policy \[PD2016\\_010\]](#), [Treasury Rates \[TC18-15 Industrial Relations – Meal, Travelling and other Allowances for 2018-19\]](#) and [PCard usage policy \[PD2016\\_005\]](#) [https://www1.health.nsw.gov.au/pds/ActivePDSDocuments/PD2016\\_005.pdf](https://www1.health.nsw.gov.au/pds/ActivePDSDocuments/PD2016_005.pdf)
- e. Expenditure on ceremonial gifts, gifts of gratitude or other formal gifts or benefits are not permitted unless such gifts are in conformity with a particular Department's functions and would be considered acceptable in accordance with community expectations e.g. cultural considerations for overseas delegates. The only exception is when gifts of gratitude are provided to someone external to NSW Health for providing their services free of charge, and the service provided is directly aligned with NSW Health's objectives – please refer to [Conflicts of Interest and Gifts and Benefits \[PD2015-045\]](#) – 2.3 *Giving gifts to other agencies or individuals*. Wreaths or flowers may be purchased for the purpose of a floral tribute for staff (this does not extend to their immediate families). Staff are to ensure that the expense cost is reasonable for the circumstances, not excessive and publicly defensible.
- f. Where a NSW Health employee or officer attends an official farewell or function by personal choice, the cost is to be borne by the officer. Where the attendance of the officer is at the direction of a delegated officer for official purposes, the cost can be charged to the Health organisation (NB Delegated officers cannot approve their own attendance).
- g. Attendance at seminars and conferences is an appropriate charge to the Health Entity providing:
  - The seminar/conference has benefit and relationship to the officers attending in performance of their duties and the health system; and
  - That controls are in place to ensure that the number of persons attending is not excessive, recognising that public monies are involved and officers in the work environment can report back on the seminar/conference etc.

## 2.2 Inappropriate Expenditure

- a. Examples of expenditure NOT considered appropriate for funding from Government sources include (but are not limited to):
  - Non-official entertainment
  - Tea, coffee, lunches, morning tea and afternoon teas for NSW Health staff for social purposes (e.g. Christmas or Easter functions). The expenditure must have a direct business relationship with the officer's duties

- Tips over and above the service charge levied by the provider - these are a personal choice and as such must be funded by the employee, and
  - Purchase of alcoholic beverages
- b. Hospitality and/or entertainment should not be extended to contractors, consultants or other providers of goods and services (e.g. staff of audit or legal firms, computer service suppliers, advertising agencies etc.)

## 3 PROCEDURE DOCUMENTATION

### 3.1 Documentation

- a. All sufficient out of pocket expenditure is to be charged against the relevant Division/Branch/Unit cost centre and the appropriate account code recorded. Sufficient documentation is required to justify expense (i.e. relevant receipts/tax invoices and supporting documentation). Ideally claims should be made within 30 days from the date of the expense being incurred.
- b. All official NSW Health hospitality and/or entertainment expenditure requires sufficient documentation to record and justify the expenditure claim, in accordance with minimum substantiation requirements of the ATO for profit before tax (PBT) and GST purposes. This may include copies of receipts/tax invoices and details of staff, clients and others in attendance and other relevant documents.