Sensitive Expenditure Policy

1. Policy Statement

1.1 This policy provides guidance for sensitive expenditure. It should be read in conjunction with other South Port New Zealand (SPNZ) policies such as the **Travel Policy** and the **Delegated Authority Schedule.**

2. Purpose

2.1 To outline SPNZ's guidelines and expectations where sensitive expenditure is incurred on SPNZ's behalf.

3. Scope

3.1 The policy applies to all SPNZ employees, directors, contractors, and those employed on a fixed term or casual basis.

4. General

4.1 Sensitive expenditure is expenditure that could be seen as giving some private benefit to an individual staff member that is additional to the business benefit to the entity of the expenditure. Travel, accommodation, and hospitality expenses are examples of areas where questions may arise. It also includes expenditure that could be considered unusual for the entity's purpose and/or functions. Sensitive expenditure should comply with the Controller and Auditor-General's guidelines on *Controlling Sensitive Expenditure: Guide for Public Organisations (https://oag.parliament.nz/2020/sensitive-expenditure/docs/sensitive-expenditure.pdf).*

5. Expenditure on Travel and Accommodation

5.1 Travel and accommodation expenditure should be economical and efficient, having regard to purpose, distance, time, urgency, personal health, security, and safety considerations. Refer to the SPNZ Travel Policy for further details. Prudence needs to be displayed in choosing accommodation. The price of accommodation should be conservative taking into account location and security of employees.

5.2 Approved or preferred accommodation providers should be utilised where possible. Alternatives to these may be used if there is limited or no availability of the approved accommodation.

5.3 Where possible, special accommodation discounts and offers made by event organisers will be accessed.

5.4 Where the stay is with a friend or relative rather than in commercial accommodation, reimbursement of costs to the host should be made in accordance with the SPNZ Travel Policy.

5.5 The traveller must return a copy of the accommodation invoice, whether paid directly by SPNZ or not, to ensure accurate records are kept.

6. Meals

6.1 SPNZ will cover reasonable cost of meals while employees are travelling. These costs need to be modest and conservative and will be monitored. Refer to the Travel Policy for the maximum daily meal allowance.

7. Transportation

7.1 All transportation should be selected based on prudence and practicality. Taxis, rideshare, carshare, public transport or hotel transport may be used. Where practical, transportation should be shared to reduce costs. Transportation expenses will be monitored.

8. Entertainment and hospitality expenditure

8.1 Entertainment and hospitality can cover a range of items from tea, coffee, and biscuits to catering, such as meals and alcohol. It also includes non-catering related items such as entity-funded entry to a sporting or cultural event. Expenditure on entertainment and hospitality is sensitive because of the range of purposes it can serve, the opportunities for private benefit and the wide range of opinion as to what is appropriate.

8.2 SPNZ's general approach is that where, for legitimate business purposes, prudent expenditure that is within approved budgetary limits, has been incurred on entertainment and/or hospitality for an event involving customers, stakeholders, employees or SPNZ board members, then in such cases this will be covered by SPNZ. Examples of legitimate business purposes where such expenditure may be considered appropriate include:

- Expenditure incurred to support internal organisational development, such as coming together as a team or as an organisation, to recognise a positive outcome, achievement, or milestone.
- Expenditure incurred to host customers, stakeholders and market participants or acknowledge a milestone or an achievement of SPNZ or to facilitate or publicise objectives of SPNZ.

8.3 Where such expenditure is proposed, prior written approval should be obtained in line with the delegated authorities.

9. Alcohol expenditure

9.1 Moderation and prudence needs to be displayed for all alcohol expenses. SPNZ will generally not meet the alcohol expenses incurred by employees unless such expenditure is permitted under this policy or have been pre-approved by the relevant manager.

9.2 As per the Company's Drug and Alcohol Policy, under no circumstances may alcohol be supplied and consumed on Port or in any SPNZ vehicles. The corporate office in Invercargill can be used for Board hosted or CEO approved functions on specific occasions where alcohol may be consumed in moderation.

9.3 Please also refer to the Travel Policy and the Company's Drug and Alcohol Policy for further guidance.

10. Company Credit Cards

10.1 The Chief Executive (CEO), and Chief Financial Officer (CFO) must authorise the issue of all new Company credit cards and set the appropriate limit for each individual. In most circumstances it will only be members of the Executive Leadership Team that are issued with a credit card.

10.2 Company credit cards must not be used for cash advances.

10.3 If a staff member leaves the organisation, or no longer requires their Company credit card, then it must be handed back to the CFO immediately for cancellation and destruction.

10.4 Private use of Company credit cards is prohibited. In situations where this occurs by accident, the individual must advise the CFO promptly and reimburse the Company within 2 working days. Repeated infringements will lead to disciplinary action.

10.5 At the end of each month, both the CFO and CEO must review all credit card transactions to ensure they are appropriate. Each quarter the CFO is responsible for sending the credit card reports to the Chair of the Audit and Risk Committee for review and sign-off.

11. Internet Purchases Using Credit Cards

11.1 Credit card payments over the internet need to reflect good security practice, such as only purchasing from established reputable companies known to the entity. The card holder is required to keep a copy of any online order forms completed when undertaking the purchase. Purchasing by credit card over the internet needs to be consistent with SPNZ's normal purchasing controls.

12. Farewells and Retirements

12.1 Expenditure on farewells and retirements includes spending on functions, gifts, and other items when staff are leaving or retiring from SPNZ. Expenditure should not be extravagant or inappropriate for the occasion and must be approved by the CEO. The Company's guidelines should be adhered to when purchasing gifts for staff.

13. Donations

13.1 A donation is a payment (in money or by way of goods or services) made voluntarily and without expectation of receiving goods or services in return. All donations must be approved in line with the Community Engagement Policy.

14. Sale of Surplus Assets to Staff

14.1 As part of normal business, SPNZ will from time to time dispose of assets if they have become obsolete, worn out or surplus to requirements. SPNZ must not sell assets at a discounted rate to staff if a greater value could be realised by an alternative method of disposal. All assets must be disposed of in a fair and transparent manner. Initially the Company will use the internal tender process which will be communicated to all current staff. If an appropriate price cannot be obtained internally, the Company will look at other avenues such as listing the item for sale on Trade Me. Assets must not be sold below their carrying book value.

15. Internal Controls

15.1 Internal controls are in place to enable SPNZ to monitor and manage items of sensitive expenditure. Related controls include:

- SPNZ Code of Ethics.
- Senior management approval of all expenditure in accordance with SPNZ Schedule of Delegated Authority.
- Monthly review and approval of all credit card expenditure completed by the CFO and CEO.
- Board oversight of spending analysis including quarterly reviews of all credit card expenditure completed by the Audit and Risk Committee Chair.

SPNZ reserves the right to amend, update or withdraw this policy without prior notice and will review this policy as required in the event of a change in legislation or practice.