

# Sensitive Expenditure Policy

## Te Kaupapahere mō te Whakapau Pūtea mō ngā Take Motuhake

This Policy outlines the Guardians' approach to managing Sensitive Expenditure. It provides a framework and a set of general principles to ensure that Sensitive Expenditure is managed effectively and in compliance with our governance and legislative requirements. Specific guidelines for applying the principles contained in this Policy are contained in a separate Sensitive Expenditure Procedures document.



**Policy Owner:** Chief Operating Officer





## 1. Purpose

- 1.1 As an autonomous Crown Entity, the Guardians spends public money. The use of public money by the Guardians must meet the standards of **probity and financial prudence**. Any spending must be able to withstand parliamentary and public scrutiny and support trust and confidence in the public sector.
- 1.2 This Policy applies to any **sensitive expenditure**. The Guardians will incur **sensitive expenditure** as we work to achieve our objectives.
- 1.3 This Policy sets out the general principles that underpin decision-making about **sensitive expenditure** and the associated reporting requirements. It should be read in conjunction with the *Sensitive Expenditure Procedures, Code of Conduct and Board Charter (including the Board's Code of Conduct)* and is mindful of the Office of the Auditor-General's (**OAG**) guidance on controlling **sensitive expenditure** (February 2026).
- 1.4 This Policy also applies to the acceptance of **offers** as these may present sensitive issues requiring careful oversight by the Guardians.
- 1.5 The Board and the Chief Executive Officer (**CEO**) are expected to model the highest standards of probity and compliance with this Policy.

## 2. Definitions

- 2.1 In the context of this Policy:
  - **'Probity and financial prudence'** means acting appropriately and ethically, and using resources carefully without committing to a course of action beyond the organisation's means;
  - **'Sensitive expenditure'** means any spending that could be seen to be giving a private benefit to an individual, a staff member, their family or friends.
  - **"Offer"** means any gift, hospitality or sponsored travel offered to a Board member, employee, contractor or the Guardians.
- 2.2 In this Policy any defined term is highlighted in **bold**. References to other documents are *italicised*.

## 3. Scope

- 3.1 This Policy applies to all Guardians' employees, contractors, and members of the Board who undertake or influence spending of public money.
- 3.2 The categories of **sensitive expenditure** and related topics within the scope of this Policy (regardless of funding source or payment method i.e. invoice, credit card or reimbursement) include:
  - any expenditure incurred using credit cards;
  - travel and accommodation;
  - provision of entertainment and hospitality;
  - donations and koha;
  - provision of gifts; and



- other employee benefits.

3.3 Guidance on expenditure outside of the scope of this Policy can be found in the:

- *Procurement Policy*
- *Communications and Engagement Policy*
- *People & Culture Policy*
- *Direct and Externally Managed Investment Policy*
- *Portfolio Completion and Internally Managed Securities Policy.*

## 4. Policy

### ***Principles***

4.1 The Guardians adopts a principles-based approach to **sensitive expenditure**, as recommended by the **OAG**.

4.2 It is not practicable or desirable to specify dollar limits and defined boundaries for all circumstances where **sensitive expenditure** may be incurred. In all cases Board members, employees and contractors who accept or approve gifts and benefits or incur or approve expenses must exercise the highest standard of judgement and be prepared to provide justification as to what actual expenditure is appropriate and reasonable under the circumstances, taking into account the **guiding principles** set out in 4.3 below.

4.3 The **guiding principles** that underpin the Guardians decision-making about **sensitive expenditure** are as follows:

- have a justifiable business purpose that is consistent with the Guardians objectives;
- preserve impartiality;
- made with integrity;
- moderate and conservative, having regard to circumstances;
- made transparently; and
- made with proper authority.

(collectively referred to as, “**the guiding principles.**”)

4.4 The **guiding principles** should be applied together and in combination with the following specific policy requirements. None should be applied alone, and no principle should be treated as more important than any other.

4.5 In applying the **guiding principles**, Board members must have particular regard to their governance role and the heightened public expectation of independence, integrity and freedom from influence.

### ***Approval of Sensitive Expenditure***

4.6 Where practicable and unless otherwise specified in this Policy, **sensitive expenditure** must be approved before it is incurred by a person who holds a more senior position than the individual incurring the expenditure (“**one-up principle**”). For



the purposes of this Policy, the individual(s) granting approval is referred to as the **'approver(s).'**

- 4.7 Application to the CEO and the Board:
- the **one-up principle** applies to the CEO, whose expenditure must be approved by the Board Chair; and
  - the approval of expenditure incurred by Board members, including the Board Chair, is governed by the *Board Charter*.

4.8 Approval must only be given where the **approver** is satisfied that the **guiding principles** have been applied and must be made in accordance with this Policy.

4.9 The submission for approval of **sensitive expenditure** must be accompanied by appropriate supporting documentation.

4.10 The **approver** must have the required delegated authority to approve the **sensitive expenditure**.

#### ***Exceptions***

4.11 **One-up principle:** The **one-up principle** supports appropriate oversight and is not intended to create additional approval requirements where suitable controls already exist. Exceptions may be applied where this supports operational efficiency and involves low-risk expenditure including self-approved domestic and Trans-Tasman travel and invoiced expenses approved within budget and delegated authority.

4.12 **Prior approval:** While **sensitive expenditure** must be approved before it is incurred, this will not always be practicable, particularly but not limited to expenditure incurred through credit cards or reimbursements. In such cases, approval must be obtained as soon as reasonably practicable after the **sensitive expenditure** is incurred, and must comply with the **guiding principles**, delegated authority and requirements of this Policy.

4.13 All other exceptions to this Policy are permitted only in exceptional circumstances. Management overrides must be pre-approved where practicable in accordance with the **one-up principle**, include a written explanation of the reason, be recorded in the *Management Override Register* by the **approver** and be reported quarterly to the Audit & Risk Committee.

## ***5. Additional Considerations for types of Sensitive Expenditure***

### **5.1 Credit cards**

5.1.1 While credit cards are not, in themselves, classified as a category of **sensitive expenditure**, they are a common payment method for **sensitive expenditure** and their use is governed by the **guiding principles**.

5.1.2 Credit cards may be issued to employees, Board members and contractors who regularly incur business-related expenditure.

5.1.3 All credit card use must be for the Guardian's business purposes. Credit card expenditure is approved retrospectively to support operational efficiency while maintaining appropriate oversight, transparency and compliance with this Policy. Cash



advances are not permitted except where unavoidable and should be pre-approved where possible in accordance with the **one-up principle**.

- 5.1.4 Cardholders must keep cards secure at all times and report any loss or theft immediately.

## **5.2 Travel and accommodation**

- 5.2.1 In addition to the **guiding principles** and the consideration of the personal health and safety of travellers, expenditure for travel and accommodation should have regard to purpose, distance, time and urgency.

## **5.3 Entertainment and hospitality**

### *Providing Entertainment & Hospitality*

- 5.3.1 For entertainment and hospitality expenditure, a justifiable business purpose, includes building relationships, representing the Guardians, reciprocating hospitality, or recognising significant achievements. All events must be held at appropriate venues and avoid any perception of extravagance.
- 5.3.2 In addition to the **guiding principles**, the **approver** must have consideration for the health and safety of all attendees of events.

## **5.4 Donations and Koha**

- 5.4.1 Donations may only be made when the purpose is consistent with the Guardians' objectives, the amount must be appropriate in the circumstances and where prior approval from the CEO has been obtained.
- 5.4.2 With regard to koha, the amount and nature must reflect the occasion and be determined in advance based on cultural advice or established guidelines.
- 5.4.3 Donations and koha are required to be lawful, non-political, appropriately documented and disclosed and made to recognised organisations by normal commercial means (vouchers, cash or direct bank transfer).

## **5.5 Gifts**

- 5.5.1 The Guardians gifts protocol revolves around maintaining transparency, avoiding conflicts of interest or any perception of bias and upholding impartiality and integrity.

## **5.6 Other employee benefits**

### *Loyalty rewards*

- 5.6.1 Expenditure decisions should not be influenced by loyalty reward schemes and employees, contractors or Board Members should not personally benefit from loyalty rewards offered by suppliers. Where loyalty rewards are received, the rewards are treated as the property of the Guardians and where reasonably practicable, will be applied for the benefit of the Guardians.
- 5.6.2 Where it is not reasonably practicable to apply loyalty rewards for future business purposes, personal retention may be permitted as set out in the *Sensitive Expenditure Procedures*.

### *Disposal of assets*



- 5.6.3 Assets may only be disposed to Board members, employees or contractors through a transparent and fair process, with assets valued prior to disposal. All disposals must be appropriately documented.

*Private use of Guardians' asset and technology resources*

- 5.6.4 The private use of Guardians assets and technology resources (i.e. photocopiers, mobile devices, laptops and stationery) should be reasonable at all times and primarily for justified business purposes.

## 6. Managing offers of gifts and hospitality

- 6.1 Before accepting any **offers** and in addition to taking the **guiding principles** into consideration, individuals must assess the appropriateness of an **offer** against the following principles:

- **Public trust always comes first:** Personal benefit must never be prioritised over public trust. Decisions about **offers** must prioritise the Guardians' integrity and reputation above any individual personal advantage.
- **Offers should be accepted only where appropriate and reasonable:** Individuals must exercise sound judgment as to what is appropriate and reasonable. Acceptance of **offers** should be limited and only occur where it can be clearly justified and withstand scrutiny.
- **Relationships should be managed respectfully:** **Offers** must be managed respectfully to preserve constructive relationships while upholding public trust.

- 6.2 **Offers** should be politely and appropriately declined where acceptance could:

- compromise or be seen to influence decisions;
- lead to a perception of impropriety
- lead to any perception of bias or lack of integrity;
- be considered extravagant or unduly frequent;
- damage the reputation of the individual or the Guardians; or
- create an actual, potential or perceived conflict of interest.

- 6.3 Gifts must not be solicited in any way where the benefit could be considered extravagant or unduly frequent.

- 6.4 Entertainment, hospitality or gifts must not be accepted during procurement, tendering, pre-selection, due diligence or appointment processes where acceptance could reasonably be perceived as influencing the decision of the Guardians.

- 6.5 The acceptance of gifts is prohibited where the gift is offered in cash or cash-equivalents (e.g., gift cards or vouchers). All other accepted gifts become the property of the Guardians.

- 6.6 Accepted gifts, entertainment and hospitality must be recorded in the Gifts and Hospitality Register in accordance with the *Sensitive Expenditure Procedures*.

## 7. Procedures and related policies



- 7.1 The *Sensitive Expenditure Procedures* set out the frameworks and processes for approval and reporting of each category of **sensitive expenditure** that is covered under this Policy, provides guidance on how to appropriately manage **sensitive expenditure** and responsibilities of all employees, contractors and Board members.
- 7.2 Our *People and Culture Policy* sets out our expectations about understanding and reducing the environmental impact of our activities including travel, accommodation, events and hospitality.
- 7.3 The *Delegations Policy* governs the delegation of authority for matters relevant to this Policy.

## 8. Training

- 8.1 To ensure ongoing compliance with this Policy and the *Sensitive Expenditure Procedures*, all employees, contractors and Board members involved in **sensitive expenditure** must complete training as part of their induction. This training will be refreshed annually to ensure awareness of current requirements and best practices.

## 9. Reporting

- 9.1 All reporting obligations under this Policy are set out in the Reporting Framework (**Schedule 1**).

## 10. Policy Approval and Review

- 10.1 This Policy was reviewed and approved by the Board on 22 April 2026.
- 10.2 The Chief Operating Officer will ensure that this Policy is reviewed on a five (5) yearly cadence or sooner to reflect changes in legislation, **OAG** guidance, best practice or organisational requirements. The next review will be in April 2031.

## Schedule 1: Reporting framework

Report	Accountability	Reporting frequency and to whom	Minimum information required
Travel expenditure	Chief Operating Officer, Head of Finance & Operations	Quarterly to the Leadership Team and the Board.	Year to date expenditure, and budget
Donations and koha	Chief Executive Officer	Quarterly to the Leadership Team and six-monthly to the Board. For individual items >\$3,000, to the subsequent Board meeting.	Recipient, date, payment method and reason
Gifts & hospitality	Chief Operating Officer, Head of Finance & Operations	Six monthly to the CEO and the Audit & Risk Committee that the Gifts & Hospitality Register is up-to-date and reporting on specific gifts or hospitality on an exceptions basis  All gifts and hospitality received by the CEO are reported to the Audit & Risk Committee on a six-monthly basis and published on the NZSF website.  The full Gifts and Hospitality register is published annually on the NZSF website.	As collected via Gifts and Hospitality Register including what is accepted, position, estimated value, date and provider
Disposal of assets	Chief Operating Officer, Head of Finance & Operations	To the subsequent Board meeting for any sales of assets with original cost >\$10,000 and any sales to the CEO or Board members.	Relevant details and process undertaken to determine the sale price
Exceptions to the Policy	Chief Operating Officer, Head of Finance & Operations	Quarterly to the Leadership Team and the Board.	Policy exceptions per the Management Override Register
Policy breaches	Head of Risk	All policy breaches are notified to the CEO and Board Chair, as soon as practicable.  If the Board Chair determines the breach to be material, reported immediately to the Risk Committee and Board.  Otherwise, to the subsequent Risk Committee and Audit & Risk Committee meetings.	Details of the breach, cause and remedial action taken. Breaches are recorded and escalated via the Learning Opportunities process