

Travel & Sensitive Expenditure Policy

Document Owner:

General Manager Finance and Risk

Subject Matter Contributors:

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Document Handling:

The document is available on the New Zealand Superannuation Fund's internal and external websites

Document History:

Version	Date	Changes/Modifications	Approved By	Status
1.0	1 July 2011		Board	Final
Note this version supersedes all earlier draft versions (#212776)				
1e	14 Sep 2011	Change of reporting line for Fringe Benefit Tax purposes	CEO	Final
1f	26 Sep 2011	Changing the wording relating to credit card limits in order to clarify current procedures.	CEO	Final
1g	3 May 2012	Update to Schedule 3 - Travel Expenditure to simplify the reimbursement process for the meals and incidental travel costs	CEO	Final
1h	10 Sep 2012	Addition to Schedule 3 - Reimbursement of the personal travel component of trip	CEO	Final
2	10 Dec 2012	Annual Review	CEO & Board	Final
2A	28 May 2013	Change to Schedule 3- GMs to approve international travel and travel reconciliation limited to where materially over budget.	CEO	Final
2B	13 Feb 2014	Changes to Responsibilities section	CEO	Final
3	5 Dec 2014	Annual Review	CEO & Board	Final
3A	10 Feb 2015	Updates to Schedule 3 (International Air Travel Approval; APEC Cards; Accommodation)	CEO	Final
4	21 Apr 2015	Updates to Schedule 1 (Responsibilities) and Schedule 4 (Reporting Framework) to include Koha/Donations	Board	Final
4A	25 Oct 2016	Updates to Schedule 1 (Responsibilities), Schedule 2 (Sensitive Expenditure), and Schedule 3 (Travel Expenditure)	CEO	Final
4B	8 Dec 2016	Update to Schedule 5 (Legislative Compliance)	CEO	Final
5	21 Feb 2017	Update to Schedule 1 (Responsibilities) and Schedule 4 (Reporting Framework)	Board	Final
5A	28 Nov 2017	Update to Schedule 1 (Responsibilities)	CEO	Final

Contents

1.	Background	3
2.	Objective	3
3.	Definitions.....	3
4.	Scope	3
5.	Delegations and Authorities	4
6.	Travel and Sensitive Expenditure	4
7.	Reporting.....	5
8.	Legislative Compliance	5
9.	Control Section	6
	Schedule 1: Responsibilities	7
	Schedule 2: Sensitive Expenditure.....	8
	Schedule 3: Travel Expenditure	12
	Schedule 4: Reporting Framework.....	16
	Schedule 5: Legislative Compliance	17

1. Background

- 1.1. Incurring cost is a necessary part of our business, but we need to always be mindful that we are a public sector institution. This means we spend prudently while seeking to improve efficiency.
- 1.2. Expenditure that relates to spending on individual staff members is often particularly sensitive. Such expenditure covers items such as travel and entertainment.
- 1.3. In saying this, we are not seeking to necessarily have the lowest costs. We aim to ensure cost is well managed and that it generates the benefits we expect. This stems from our institutional focus on expected risk adjusted returns net of costs, rather than costs in isolation.

2. Objective

- 2.1. To implement effective controls and frameworks to ensure that travel and sensitive expenditure are managed effectively and in compliance with our governance and legislative requirements.

3. Definitions

- 3.1. To aid with interpretation of this policy we have a Glossary of Terms, which defines all investment and technical terms used in our policy documents. In this policy the first instance of any such defined term is highlighted in bold. References to other documents are italicised.

4. Scope

- 4.1. This policy covers:
 - Travel expenditure: including air travel, insurance, accommodation, meals, car usage and taxis.
 - Sensitive expenditure: including use of company credit cards, entertainment, staff functions and team motivation, sale of surplus assets, loyalty reward schemes, giving gifts, Koha and donations.
- 4.2. This policy does not cover:
 - Sponsorship, which is governed by the *Communications Policy*.
- 4.3. This policy should be read in conjunction with the *Human Resources Policy* or *Board Charter including Code of Conduct* as appropriate.

5. Delegations and Authorities

- 5.1. The *Delegations Policy* governs the delegations and authorities that apply in all policy documents. In the event of any discrepancy between this policy and the *Delegations Policy* the *Delegations Policy* will prevail.
- 5.2. The Board has reserved certain matters either to itself, a committee of the Board or the Chief Executive. All other matters are delegated to the Chief Executive who may sub-delegate them to Guardians' staff. All delegates and sub-delegates must exercise their authorities in compliance with the general conditions of delegation and sub-delegation set out in Schedule 2 of the *Delegations Policy*.
- 5.3. There are certain responsibilities inherent under this policy. Those responsibilities, and the person responsible for them, are outlined in Schedule 1.

6. Travel and Sensitive Expenditure

Travel Expenditure

We operate globally. To achieve business objectives, we form and maintain relationships with a wide range of domestic and international stakeholders, investment managers, peers and service providers.

We need to ensure we spend appropriately when travelling nationally and internationally on business. This section covers air travel, insurance, accommodation, meals, car usage and taxis.

Sensitive Expenditure

Sensitive expenditure is where Board members or employees incur expenditure during the conduct of our normal business that they either personally benefit from or could be perceived to personally benefit from.

Sensitive expenditure includes use of company credit cards, entertainment, staff functions and team motivation, sale of surplus assets, loyalty reward schemes, giving gifts, Koha and donations.

Our policy has been developed with reference to the Office of the Auditor-General's "Controlling Sensitive Expenditure: Guidelines for public entities" (February 2007).

- 6.1. We will maintain and adhere to a travel and sensitive expenditure framework that focuses on ensuring the following:
 - That there is a clear and justifiable business purpose;
 - That cost incurred is reasonable;
 - We retain all receipts, invoices and other relevant original documentation;
 - That our impartiality is preserved;
 - There is proper authorisation and reporting, and that appropriate limits are applied.
- 6.2. An outline of the framework for sensitive expenditure must be maintained in Schedule 2.
- 6.3. An outline of the framework for travel expenditure must be maintained in Schedule 3.

7. Reporting

7.1. We must report to the Board on the following matters:

- Travel expenditure
- Disposal of assets to staff

7.2. An outline of the current reporting framework, including any reporting to management committees, must be maintained in Schedule 4.

7.3. We will report proposed material changes to the following schedules to the Board for their approval:

- Schedule 1: Responsibilities
- Schedule 4: Reporting Framework

7.4. We will report to the Board, for their information, material changes to the following schedules of this policy.

- Schedule 1: Responsibilities
- Schedule 2: Sensitive Expenditure
- Schedule 3: Travel Expenditure
- Schedule 5: Legislative Compliance

8. Legislative Compliance

We have a legislative compliance framework to ensure that we comply with our legislative obligations. In each of our policies we list specific legislation that might impact on the activities covered by that policy.

8.1. We will ensure that all our activities under this policy comply with our legislative obligations and give effect to our legislative compliance framework.

8.2. A list of legislation that potentially impacts on the activities under this policy must be maintained in Schedule 5.

9. Control Section

Approved this 13th day of June 2011 and amended 5th December 2014

GM Finance and Risk _____

Chief Executive Officer _____

Board Chairman _____

Schedule 1: Responsibilities

Responsibilities

GM Finance and Risk will:	<ul style="list-style-type: none"> ensure this policy is kept current and relevant to the activities being undertaken (including schedules 1-4) ensure this policy is reviewed at least every five years by the Board report travel expenditure monthly to the Leadership Team and quarterly to the Board report disposal of assets to Board members or staff (where the original cost of the asset was greater than \$10,000) to the subsequent Board meeting report donations over \$3,000 to the subsequent Board meeting
Head of Finance will:	<ul style="list-style-type: none"> approve the issue of all credit cards and any temporary increases in credit card limits cancel credit cards if the cardholder resigns
Head of Internal Audit will:	<ul style="list-style-type: none"> report material policy breaches notified through the Learnings and Opportunity process immediately to the Risk Committee (RC) & Audit Committee (AC) report all policy breaches notified through the incident reporting process to the subsequent RC, AC and Board meetings
All company credit card holders will:	<ul style="list-style-type: none"> use the card in a proper and authorised way immediately report to the issuing bank and the Facilities Manager that a credit card has been lost, stolen or damaged advise the Head of Tax of any gift expenditure (for Fringe Benefit Tax purposes) submit credit card expenses for authorisation within 30 days, along with supporting documentation (receipts) and an explanation of the purpose for the expense.
Travel and Administration Manager will:	<ul style="list-style-type: none"> ensure price quotes are obtained from a range of taxi providers at least every 2 years
General Counsel will:	<ul style="list-style-type: none"> ensure schedule 5 (legislative compliance) is kept current report material changes to the schedules of this policy as part of the annual SIPSP review to the Risk Committee and Board meetings as well as under the 'no surprises' protocol

Responsibilities approved by Chief Executive Officer on 10 December 2012, 5 December 2014, 21 April 2015, 25 October 2016, and amended on 28 November 2017

Schedule 2: Sensitive Expenditure

Credit cards	<p>Credit cards are provided to Board members and employees who regularly incur business related expenditure. The Head of Finance approves the issue of all credit cards.</p> <p><u>Credit card limits</u></p> <ul style="list-style-type: none"> • All company credit cards have a credit limit of \$10,000. • Applications for temporary increases to this limit are submitted for approval to the Head of Finance. <p><u>Credit card holder responsibilities</u></p> <ul style="list-style-type: none"> • New cards are approved by the Head of Finance. • Credit card holders are responsible for the proper and authorised use of the credit card. • Company credit cards are for business expenditure and are used: <ul style="list-style-type: none"> ○ For the payment of business related expenditure; ○ Subject to approved expenditure budgets; and ○ In accordance with approved financial delegations. • Private use of the credit card is prohibited. Inadvertent private use of the credit card must be reimbursed immediately by the card holder. • Where possible purchases over the internet should be avoided. • The card holder is responsible for immediately reporting to the issuing bank and the Travel and Administration Manager that a credit card has been lost, damaged or stolen. The bank's phone number for lost and stolen cards will be maintained in Skype for Business under 'Westpac – Lost Credit Card'. • At cessation of employment cardholder's credit card is returned to the Head of Finance for cancellation. <p><u>Cash advances</u></p> <ul style="list-style-type: none"> • Cash advances on the credit card are prohibited unless cash is required for an emergency. If the card is used for a cash advance in an emergency, the card holder attaches: <ul style="list-style-type: none"> ○ The original receipt or other documentation recording the advance; ○ An explanation of what the cash was used for including the date, amount, description, purpose of expenditure; and
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	<ul style="list-style-type: none"> ○ Any relevant GST invoices. <p>Any surplus cash must be returned to the Guardians.</p>
Entertainment expenditure	<ul style="list-style-type: none"> • Expenditure on entertainment and hospitality involving third parties can be approved for activities such as: <ul style="list-style-type: none"> ○ Building relationships; ○ Representing the Guardians; and ○ Reciprocity of hospitality where there is a clear business purpose. • Expense claims include related documentation showing the date, venue, detail of costs, people in attendance and the benefits derived and reasons for the event. • Prior to any expenditure being committed to, the cost centre manager must approve and confirm the expenditure as being appropriate. • The venue is to be carefully considered and deemed appropriate for the occasion and guests. Moderately priced venues should normally be chosen. • Exercise prudent judgement regarding the purchase of alcohol. • Tipping in New Zealand is not appropriate. Tipping while overseas is only done where it is local practice, the tip is not extravagant, and where possible, a receipt or tax invoice recording the tip is provided.
Staff functions and team motivation (inc. offsites) <small>Note: staff functions are events for the entire team, team motivation are events for individual Business Units</small>	<ul style="list-style-type: none"> • Expenditure on staff functions and team motivation activities should: <ul style="list-style-type: none"> ○ Be within the approved staff function/motivation budget; and ○ Be approved by the Cost Centre Manager. • Expense claims include related documentation showing the date, venue, detail of costs and people in attendance. • Alcohol may be provided for at a staff function but should be kept at a minimum for team motivation. Our strong preference for team motivation is zero spend on alcohol. • We always exercise prudent judgement regarding the purchase of alcohol and when selecting the activity and venue.
Sale of surplus assets	<ul style="list-style-type: none"> • The disposal of surplus assets is normally conducted on the open market or by way of trade-in on a replacement asset. This ensures we are transparent, fair and obtain the best price.

	<ul style="list-style-type: none"> Disposals of assets to Board members or employees are approved by the General Manager Finance and Risk up to a limit of \$10,000 (being the original cost of the asset). Above this the Chief Executive Officer must approve. The following principles apply: <ul style="list-style-type: none"> Employees involved in disposing of the asset must not benefit from the disposal; All assets identified for disposal to employees are valued and subject to a tender or other process that is appropriate given the value of the asset; and Assets are not sold at a discounted rate to employees if a greater value could be realised by an alternative method of disposal (subject to the time, costs and logistics involved with the alternative method).
Loyalty reward schemes	<ul style="list-style-type: none"> Employees making procurement decisions cannot personally receive any loyalty rewards as a result of making those decisions. Where loyalty rewards accrue to employees in carrying out their normal role (other than airpoints, which are covered by Schedule 3), the rewards are treated as the property of the Guardians and will be applied, as far as practicable, for the benefit of the Guardians.
Giving gifts	<ul style="list-style-type: none"> When we provide non-monetary recognition to Board members or employees, the person arranging and approving the expenditure exercises discretion and sensitivity to ensure the gift is appropriate to the situation. Gifts for significant personal events, such as births, leaving/retirements, marriages and deaths can be approved by the relevant cost centre manager to the value of \$200. If it is appropriate the Chief Executive Officer can approve an amount exceeding this. <ul style="list-style-type: none"> Where a donation is made in lieu of a gift, this should still be reported as a gift and not as Koha/donations (see below). All such expenditure is advised to the Head of Tax for Fringe Benefit Tax purposes, identifying the date, cost, recipient and reason.
Koha and donations	<ul style="list-style-type: none"> When assessing Koha or donations we ensure that: <ul style="list-style-type: none"> There is a justified business purpose; The Koha or donation reflects the occasion; Expenditure is moderate and preserves our impartiality and integrity;

	<ul style="list-style-type: none"> ○ Payment of Koha is made to a recognised Maori authority; ○ Payment of donation is made to an recognised organisation; ○ Expenditure is lawful and disclosed in aggregate (where required); ○ The expenditure is non-political; and ○ The payment is not made in cash and is effected by normal commercial means. • All Koha and donations must be approved by the Chief Executive Officer in consultation with General Manager Finance and Risk and sufficient records maintained, including time, date, payment method and reason.
Reimbursement of sensitive expenses	<ul style="list-style-type: none"> • Applications for reimbursement of expenses or authorisation of credit card expenses are submitted for approval within 30 days of expenditure: <ul style="list-style-type: none"> ○ Employees to their Manager; ○ Chief Executive Officer and Board members to the Chairman; ○ Chairman to the Chairman of the Audit Committee.

Approved by Chief Executive Officer on 10 December 2012, 5 December 2014 and amended on 25 October 2016

Schedule 3: Travel Expenditure

Air travel class	<ul style="list-style-type: none"> • All flights under 5 hours are booked in economy class, unless these are part of a longer journey undertaken on the same day. The Chief Executive Officer has discretion to allow an employee to travel business class where the time involved and work schedule make this appropriate. The Chairman has the same discretion for Board members and the Chief Executive Officer. • Where the flight time is longer than 5 hours, business class travel may be booked.
Air travel stopovers, rest periods and extensions	<ul style="list-style-type: none"> • If total air travel exceeds 18 hours, travellers can elect to make a stopover of up to 24 hours. We meet accommodation and related costs. • Additional stopovers, outside of the above situation, can be taken provided any additional cost is covered by the traveller. Similarly, time spent is classed as personal leave unless approved by the Chief Executive Officer or Chairman as appropriate. • Extending business travel by departing early or returning later can be done provided the cost is no greater than the cost of travel on business alone. • Where a stopover is due to airline timetables, we meet the cost.
Air travel for spouses or partners	<ul style="list-style-type: none"> • Generally we do not meet the costs of travel for a spouse/partner or any other family member. An exception to this would be if a Board member or employee was attending a significant function where the spouse/partner was expected to also attend. If this occurs, it must be authorised by the Chief Executive Officer or Chairman as appropriate.
Airpoints	<ul style="list-style-type: none"> • Airpoints/frequent flyer benefits earned through travel undertaken on business could be seen as the property of the Guardians. However, due to the current practical difficulties of utilising these for future business travel, these can currently be used for personal travel. • Frequent flyer memberships must not influence the choice of airline.
Domestic and Trans Tasman air travel approval	<ul style="list-style-type: none"> • Domestic and trans-Tasman travel within budget is approved by the cost centre manager via the online "Travel Approval form". • We do not expect return trans-Tasman travel on the same day and a night's accommodation can be provided on the basis employees manage their travel so as to maximise the efficiency of their working week.

International air travel approval (excluding Trans Tasman)	<ul style="list-style-type: none"> • International travel is signed off by the traveller's manager who holds Financial Delegation. Approval is required prior to travelling via the online "Travel Approval form". • The Chief Executive Officer's travel is approved by the Chairman prior to travelling. • Upon return from the approved travel, a travel reconciliation form is completed by the traveller and approved by the travel approver.
Air travel booking	<ul style="list-style-type: none"> • All travel is processed by office support staff, unless circumstances make this impractical (i.e. travelling at very short notice). • Once travelling, any flight changes required must still comply with this policy; <ul style="list-style-type: none"> ○ Flight changes required in an emergency, out of NZ business hours or those costing less than \$500 should be made by the traveller dealing directly with Orbit. ○ Non urgent changes costing over \$500 should be co-ordinated by your Travel and Administration Manager.
Travel insurance	<ul style="list-style-type: none"> • We arrange travel insurance when travelling overseas on official business. The schedule of coverage available can be obtained from office support staff. • If an employee includes personal travel into a business trip and the personal travel component exceeds 5 days then the employee must reimburse the Guardians for the cost of the travel insurance cover for the number of days of personal travel. • Any pre-existing medical conditions should be notified to the insurer.
Private motor vehicle	<ul style="list-style-type: none"> • A private vehicle is only used for business travel where this is the most cost effective option. • We reimburse using the standard IRD motor vehicle mileage reimbursement rate. • The driver is liable for any parking or traffic fines incurred.
Rental cars	<ul style="list-style-type: none"> • Rental cars are used where this is the most cost effective option. We take up all comprehensive motor insurance or waivers offered by the rental organisation, whether discretionary or mandatory. • Rental cars should be of the most economical type and size available given the distance to be travelled and the number of people travelling. • The driver is liable for any parking or traffic fines incurred.

	<ul style="list-style-type: none"> Private use of rental cars is permitted only if supported by a valid business reason. Otherwise the private portion of the cost of the rental car is reimbursed to the Guardians.
Use of taxis and ride sharing providers	<ul style="list-style-type: none"> The use of taxis or ride sharing providers should be moderate and cost-effective relative to other forms of transport available. Price quotes are obtained from a range of New Zealand taxi providers at least every 2 years to ensure that the current supplier represents the cost effective option, for the required level of service.
Foreign exchange	<ul style="list-style-type: none"> Company credit cards are used where possible to pay for business expenditure. Company credit cards are not used to obtain cash advances, except where cash is required in an emergency (see the credit cards section of Schedule 2). Cash advances are provided by the finance Business Unit when there is no alternative means of paying for potential expenditure. Alternatively, personal cash can be used and a claim made. Applications for a cash advance are approved by the Cost Centre Manager and the Head of Finance/General Manager Finance and Risk. A full reconciliation of the cash advance is provided upon return with any shortfall refunded to the Guardians. When not using currencies commonly available in New Zealand, efforts should be made to convert any remaining foreign funds to United States Dollars or New Zealand dollars prior to returning to New Zealand.
Accommodation	<ul style="list-style-type: none"> All accommodation is booked by office support staff, unless circumstances make this impractical (i.e. travelling at very short notice). Accommodation “up to and including 4.5 star grade” can be booked. A higher standard can only be used if it is available at the same or lower price than a 4.5 star grade venue or, subject to the approval of the General Manager Finance and Risk, when no other practical alternative is available. If staying privately, in lieu of the cost of accommodation we would otherwise provide, meal costs (or food gift vouchers) up to the value of one night’s accommodation that would otherwise be incurred is covered for the purpose of providing a meal for the host.
Room service, hotel mini-bar and movies	<ul style="list-style-type: none"> Purchases from the mini-bar, movies or room service are staff’s personal responsibility, as these costs are covered by the per diem.

Meals and incidental travel costs (per diem)	<ul style="list-style-type: none"> • Employees will claim a per diem of NZD \$150 per day to cover meal expenses while travelling overseas. For domestic New Zealand travel the per diem is NZD \$100 per day. Where meals are provided by a third party (e.g. during air travel, as part of a hotel or conference package, or by an investment manager) the overseas per diem claimed should be reduced by NZD \$30 for breakfast, NZD \$40 for lunch and NZD \$80 for dinner. For domestic New Zealand travel the rate is NZD \$20 each for breakfast and lunch and NZD \$60 for dinner. Board members may elect to claim the per diem or may claim actual reasonable meal expenses. Expense claims for actual meal expenses must include original receipts. • Tipping in New Zealand is not appropriate. Tipping during international travel is only done where it is local practice, the tip is not extravagant, and where possible, a receipt or tax invoice recording the tip is provided. • Reasonable other related costs can be reimbursed or can be charged to the company credit card, such as laundry service (if period of travel is for three nights or more), reasonable telephone calls for business or family contact, internet usage and valet parking.
Reimbursement of travel expenses	<ul style="list-style-type: none"> • Applications for reimbursement of expenses or authorisation forms for credit card expenses are submitted for approval within 30 days of expenditure: <ul style="list-style-type: none"> ○ Employees to their Manager ○ Chief Executive Officer and Board members to the Chairman; ○ Chairman to the Chairman of the Audit Committee. • Applications include supporting documentation (receipts) and an explanation of the purpose of the expense. The approver can authorise expenditure without production of receipts where satisfied that a receipt could not have been reasonably obtained and the expenditure was necessary, reasonable and actually incurred.
APEC Cards	<ul style="list-style-type: none"> • APEC cards can be made available to staff as appropriate at the discretion of the traveller's General Manager with the cost borne by the Guardians.

Approved by Chief Executive Officer on 10 December 2012, 28 May 2013, 5 December 2014, 10 February 2015 and amended on 25 October 2016.

Schedule 4: Reporting Framework

Report	Reporting frequency required and to whom	Minimum information required
Travel expenditure	Reported monthly to the Leadership Team and quarterly to the Board	<ul style="list-style-type: none"> YTD actual cost, full year forecasts, full year budget, variance.
Koha/Donations	Reported monthly to the Leadership Team and to the Board annually and under the no surprises protocol.	<ul style="list-style-type: none"> Recipient, Time, date, payment method and reason.
Disposal of assets to Board members or staff	Reported to the Board at the next meeting where the original cost of the asset is greater than \$10,000.	<ul style="list-style-type: none"> Relevant details Process undertaken to determine the sale price.
Breach of this policy	If material: immediately to RC and AC. Otherwise: to subsequent RC and AC meetings	<ul style="list-style-type: none"> Relevant details; Remedial actions taken.
Material changes to Schedules of this policy	Reported as part of the annual SIPSP review to the Risk Committee and Board meetings as well as under the no surprises protocol.	<ul style="list-style-type: none"> Details of change and reasons for change.

Approved by Board on 21 April 2015

Schedule 5: Legislative Compliance

The list of New Zealand legislation set out below does not purport to be comprehensive or to provide legal advice. If you require any advice on these matters please contact the legal team.

Our governing legislation

- Crown Entities Act 2004
- New Zealand Superannuation and Retirement Income Act 2001

Other Legislation

- Copyright Act 1994
- Crimes Act 1961 (Bribery laws)
- Ombudsman Act 1975
- Public Audit Act 2001
- Public Finance Act 1989
- Secret Commissions Act 1910
- State Sector Act 1988

Other

- Official Information Act 1982. Our obligations in respect of this Act are covered in the Communications Policy.
- Public Records Act 2005. Our obligations in respect of this Act are covered in the Communications Policy.
- Direction regarding procurement issued under s 107 of the Crown Entities Act 2004. Crown entities have been directed to comply with the Government Rules of Sourcing when procuring certain goods and services (including travel services), with effect from 1 February 2015.

Policies etc. we must be aware of

- Controlling sensitive expenditure: Guidelines for public entities published under the Public Audit Act 2001
- State Sector Standards of Integrity and Conduct published under the State Sector Act 1988

Further information

Further information about the relevant sections of the legislation listed above can be obtained from the General Counsel.

Approved by Chief Executive Officer on 10 December 2012, and amended on 5 December 2014 and 8 December 2016