

SENSITIVE EXPENDITURE AND GIFTS PROCEDURES

Section	Finance
Contact	Chief Financial Officer
Last Review	July 2019
Next Review	July 2024
Approval	SLT 19/07/112

Scope:

The objective of this document is to ensure a clear and consistent understanding of procedures for sensitive expenditure and gifts, to ensure all sensitive expenditure and gifts received meet standards of probity expected of a publicly funded organisation. These procedures are consistent with the Controlling Sensitive Expenditure: Guidelines for Public Entities, published by the Office of the Auditor General.

The procedures aim to clearly identify those expenses considered to be legitimate and appropriate.

The procedures stipulate the way in which sensitive expenditure may be incurred. Members are expected to exercise prudent judgement in relation to all business expenditure and gifts received.

The University will pay for sensitive expenditure that is actual and reasonable, and incurred as a consequence of conducting University business.

All amounts quoted in these Procedures are GST inclusive. Valid GST invoices and other supporting documentation must be maintained/submitted for all sensitive expenditure.

These Procedures are to be read in conjunction with the Sensitive Expenditure and Gifts Policy.

Note the amounts in these procedures take precedence over any standard delegations as outlined in the delegations of authority document

Procedures:

1. Entertainment Related Expenditure

Entertainment related expenditure is defined as food/refreshment and function expenses. This may be incurred where an external party is involved and the purpose of the expenditure is to represent the University, provide reciprocity of hospitality or build business relationships in pursuit of University goals.

Prudence and moderation should be exercised when providing entertainment and hospitality to visitors. The level of expenditure should be appropriate to the relationship between the University and those being entertained.

The University will not pay for entertainment related expenditure for spouses or other family members accompanying a staff member.

Employees should not entertain other employees, e.g. when having a meeting over coffee it is expected that this is paid personally.

Payment is to be made with a Massey credit card (where possible) and should be accompanied with a detailed description including all attendees.

All entertainment related documentation must identify the date, venue, costs, recipients, benefits derived and/or reasons for the event.

Entertainment related expenditure should be included in pre-approved budgets.

The following guidance relates to both external and internal events:

- **Up to \$2,000** per event must be approved by a Head of Department/Institute/School (HOD/I/S) or their delegate.
- **Over \$2,000** per event, the approval of a Senior Leadership Team (SLT) member is required.

Note: External or internal events organised by the External Relations or Event Management teams may be an exception to the guidance above, but are not exempted or excepted from any other of the University policies.

Reimbursements for entertainment must be submitted within one month of the expense being incurred.

Where entertainment related expenditure is considered unreasonable by the Chief Financial Officer, Finance or their nominee, they will seek further explanation from the approvers of the payment or may refer the query to an SLT member.

External Events (Official Entertainment)

These are events where there is a valid and justifiable business reason to entertain external guests in an official capacity including, but not limited to, meals, meetings and functions. The University will pay for food and beverages provided to staff and their guests who are being entertained in an official capacity.

If it is appropriate to purchase alcohol for official entertainment/external events, prior approval must be obtained from the Head of Department/Institute/School (HOD/I/S) or Senior Leadership Team (SLT) member.

The expense incurred must be reasonable and justifiable with regard to the nature of the event and have a beneficial connection with the University's interest. (For example, no more than \$65.00 spent on a bottle of wine). It is not expected that the expenditure would be a substitute for business meetings.

Internal Events

Entertainment related events for which the attendees are predominately University members often take place on University premises, but they may also occur elsewhere.

Internal events include, but are not limited to, the following:

(a) Internal Meetings (including Internal Training Sessions)

- Generally, the University will only provide tea and coffee for internal meetings, including those held across the times of morning tea, afternoon tea or lunch periods.
- If meetings are for a full day, meeting organisers should allow sufficient time for breaks including lunch.
- Lunch may be provided if insufficient time is allocated for a lunch break or it is an official event (e.g., POD training etc.) or a full day event.
- If attendees have travelled from another location they will generally be permitted to claim the approved daily allowance if away for more than 24 hours or actual and reasonable expenses to cover any meals not provided.

(b) Non-Monetary Recognition of Staff

- Any morning and afternoon tea costs should be limited to a maximum of \$200 per event and authority is to be sought from the relevant delegated financial authority within the budget centre in advance of the expenditure.
- Expenditure which will result in a Fringe Benefit Tax (FBT) liability is generally not considered appropriate. As a general rule, any entertainment benefit that members consume or enjoy when they choose, and that is outside their employment duties, is subject to FBT. FBT will be charged to the relevant budget centre in addition to the actual expenses incurred.

2. Hospitality or Gifts Received

Members may accept hospitality and corporate gifts, including prizes from a supplier, provided they are reasonable in number and value and/or important networking opportunities and as long as there is no perceived or actual conflict. The gift must be infrequent.

The following guidelines apply to acceptance of hospitality or gifts:

- Items considered to be a minor item or of low value (i.e. less than \$75, such as branded low cost pens, promotional products etc.), are not normally required to be declared. However items of a sensitive nature or perceived higher value should be declared to the staff member's manager and reported and recorded in the gift register.
- **\$75 to \$125** – members must have HOD/I/S approval prior to acceptance. Note: A moderately priced bottle of wine, or an invitation to lunch or dinner is deemed to be acceptable within this approval.
- **Over \$125 and up to \$500** – staff must have SLT member approval prior to acceptance.
- **Over \$500** – approval from the Vice-Chancellor is required prior to acceptance.
- All **cash** gifts, regardless of the amount, must be declared and recorded.

Any koha received must be coded to item code 0905 "Other Income – koha".

Attendance at functions or events such as sports or cultural events that involve significant work time for the employee and/or expenses for the host of up to \$100, may be accepted subject to notification and the approval of HOD/I/S. Annual leave and travel cost reimbursement by the traveller may be required where the HOD/I/S consider these to be significant.

3. Hospitality, Gifts and Koha Given

It may be considered appropriate to provide hospitality, gifts and/or koha where the expenditure depicts the University's branding and/or is a token gift, which would not be seen by others as an inducement or a reward.

All hospitality and/or corporate gifts and/or koha given must be approved in advance and paid from existing departmental budgets:

- **Up to \$500** per recipient – HOD/I/S approval is required
- **\$501 to \$2,000** per recipient – CFO approval is required
- **Over \$2,000** per recipient – Vice-Chancellor approval is required

The HOD/I/S or their nominee is required to ensure the online gift register is completed with all gifts and koha given.

Each SLT member will be provided with a gift and koha given register each month for their reporting line. This register should be reviewed monthly and any anomalies investigated.

Gifts

- Business-related gifts should, where appropriate, be selected from the University Alumni Office memorabilia.
- All gifts to staff members are subject to FBT.

- Gifts to non-staff are non-taxable as long as they are reasonable in the context of the event and the recipient has no expectation of receiving a gift.
- Staff gifts need to be coded to item code 1322 “Gifts and Benefits – Work Related” and non-staff gifts to 1317 “Vouchers/Flowers/Cards – Non-Work Related”.
- Expenditure for gifts should be made using a Massey credit card.

Volunteer (Non-staff) Payments

- Cash payments to volunteers are not allowed.
- Non-cash (e.g. gift vouchers etc.) payments to volunteers are tax-free to the extent they represent a reasonable estimate of the out-of-pocket expenses.
- In the absence of specific proof of out-of-pocket expenses, \$25-\$40 is considered to be a reasonable estimate of the out-of-pocket expenses for a full day of volunteer work.
- Payments in excess of out-of-pocket expenses are subject to 33% withholding tax. Any such items must be advised to the Financial Reporting Team.
- Volunteer payments need to be coded to item code 1317 “Vouchers/Flowers/Cards – Non-Work Related”.

Vouchers and Refreshments

- It is normal practice for some research projects to give survey participants, focus group participants etc, a gift in recognition of their time. This is usually in the form of a supermarket or petrol voucher.
- On rare occasions the University will pay for minor hospitality like a non-alcoholic beverage or food that is actual and reasonable that is categorically required to be incurred as a consequence of conducting University business, but prudent judgement must be exercised at all times.
- This policy acknowledges such payments as University business expenses.
- These are non-taxable gifts as long as they are reasonable and recipients have no expectation of receiving a reward in return for their service.
- These payments need to be coded to item code 1317 “Vouchers/Flowers/Cards - Non-Work Related”.
- In some cases gift vouchers/cards can be exchanged for cash, so become subject to strict cash handling requirements.

Koha Given

Koha is recognised as a discretionary contribution which is distinct from actual expenditure and appropriate to the occasion. The following guidelines are provided:

- There should only be one koha from the University. If there is more than one representative from the University attending a hui, then prior coordination of the koha must be carried out.
- Koha must be approved in advance (where possible) by the delegated HOD/I/S.
- Koha may only be paid to an organisation or marae, but not to individuals.
- Cash koha is not usually permitted.
- Where possible, koha needs to be processed by completing a “Sundry Payment Form” which is provided to the Accounts Payable Team three days in advance. They will supply a cheque made out to the organisation/marae or pay direct into a bank account.
- Any payments in cash must be approved in advance by the Financial Operations Manager
- Koha payments need to be coded to item code - 1315 “Koha Expenditure”.
- Under no circumstances can these gifts/koha given be exchanged with the University for cash or be used as a substitute for legitimate payment or remuneration.

4. Farewells and Retirements

The University may cover or reimburse **up to \$100** for farewell gifts for retiring or fare-welling staff. Farewell gifts for other staff would normally be by private donation.

- Farewell functions for retiring, senior or long-serving staff must be authorised by the relevant SLT member. The expenditure for the function should be commensurate with the person's length of service with the University and not be extravagant or inappropriate to the occasion. It is not expected that a formal function would be held for a member with less than 10 years' service.

5. End of Year Functions

There will be no University wide function and staff may only attend one University function each year during work time. The amount of contribution will be confirmed by SLT each year. The budget allocation per staff member must not be exceeded. Costs above this amount must be funded by private contribution. Partners in attendance are not paid for by the University. If for any reason the budget centre manager wants to exceed this limit prior written approval from the Deputy Vice Chancellor – Finance and Technology must be obtained.

Up to two alcoholic drinks per person may be provided at an End of Year function.

Welfare Payments

The University may cover or reimburse **up to \$100** for flowers or gifts for births and deaths related to staff members and their immediate family (excludes delivery fees). Special events such as milestone birthdays are **not** considered appropriate.

The University will cover or reimburse expenditure that improves working conditions such as the cost of flu injections.

GST and FBT will apply to all staff gifts.

All such expenditure must be reported to the HOD/I/S, identifying the date, costs, recipients and the reason for the expenditure, and be made at the discretion of the relevant HOD/I/S or SLT member.

6. Papers and Periodicals

Any purchase of papers (newspapers and weeklies) and periodicals must:

- Be approved by the respective HOD/I/S;
- Be able to be demonstrated as being appropriate and necessary to the performance of University duties;
- Demonstrate that efforts have been made to ensure opportunities for elimination of duplications through circulation, where this is feasible in a timely manner, has been taken; and
- Where appropriate, be sent to the central library once the recipient has finished reading/using the item.

7. Professional Memberships

Professional memberships must be:

- For the respective staff member only.
- For no longer than one year with possible exemption where significant discounts are available and it is reasonable to expect a two year subscription to be to the advantage of the University.
- Budgeted for and approved by the budget centre manager

Professional memberships paid are for the benefit of the University and are not intended to be a personal benefit to staff members and, accordingly, are not liable for FBT.

Where a University employment contract includes provision for payment of professional memberships, the employment contract will take precedence over this policy.

Memberships must be cancelled or transferred to a replacement University staff member should employment with the University be terminated. The decision to cancel or transfer membership is at the discretion of the HOD//S. Transferral of membership must be authorised by HOD//S.

Any refund of fees as a result of cancellation of membership belongs to the University and must be refunded to the University.

Subscriptions (prepayments) must be for no more than two years and require the prior approval of the HOD//S.

Audience:

All members as defined in the Policy (members of Council, Committee Members, Students, Staff, Board Members and Contractors working for, and on behalf of, the University).

Related Procedures/Documents:

- [Credit Card Policy](#)
- [Credit Card Procedures](#)
- [Delegations of Authority Document](#)
- [Sensitive Expenditure and Gifts Policy](#)
- [Procurement Policy](#)
- [Procurement Procedures](#)
- [Reimbursement of Expenses Policy](#)
- [Travel Policy](#)
- [Travel Procedures \(Domestic and International\)](#)
- [Tax Procedures Manual](#)

Document Management Control:

- Prepared by: Chief Financial Officer
- Owned by: Deputy Vice Chancellor – Finance and Technology
- Authorised by: SLT 19/07/112
- Date issued: July 2019
- Last reviewed: July 2019
- Next review: July 2024