

SENSITIVE EXPENDITURE AND GIFTS PROCEDURES

Section	Finance
Contact	Chief Financial Officer
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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. Koha is excluded as Koha is covered in the Koha Procedures.

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 and how offers of gifts and gratuitous benefits must be managed. Members are expected to exercise prudent judgement in relation to all business expenditure and gifts received.

Massey University (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 policy.

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.

University members should not entertain other University members, e.g., when having a meeting over coffee or lunch it is expected that this is paid personally.

Payment is to be made with a university 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 Event Management team 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., People and Culture 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. Acceptance of Hospitality, Gifts or Benefits

Note there is a separate Koha Policy and Koha Procedures for Koha received.

Members should consider both the value, frequency and the purpose of the gift or benefit which is being offered. Members must also look at the range of perceptions that might apply to a situation regarding the acceptance of a gift or benefit. In particular, offers of gifts of hospitality for members who, because of the nature of their work, are expected to develop strong relationships with external parties, must take particular care to ensure those relationships do not result in preferential treatment or a perception of preferential treatment.

Members should not seek or accept any payment, gift or benefit intended or likely to influence, or that could be reasonably perceived as intended or likely to influence, the member:

- to act in a particular way (including making a particular decision related to university business).
- to fail to act in a particular circumstance; or
- to otherwise deviate from the proper exercise of their duties at, or with, the University.

In addition, members should take reasonable steps to ensure that their immediate family members and friends are not the recipients of gifts, hospitality, or other gratuitous benefits, which could give the appearance of an indirect attempt to secure the influence or preferential treatment of a member.

Members must refuse all offers of gifts, benefits or hospitality from people or organisations about whom they are likely to make decisions involving:

- Procurement and Tender processes (including early discussions about a possible procurement).
- Funding arrangements.
- Price negotiations or payment terms; or
- Contract terms and conditions.

Any offer of a gift in relation to, or in conjunction with, the above processes (even when the gift or benefit is declined) should be reported to the Director of Governance and Assurance.

Outside of the circumstances listed above, members may accept hospitality and corporate gifts as long as there is no perceived or actual conflict, the receipt of gifts is infrequent, reasonable in number and value and/or has been received as part of important networking opportunities.

All gifts or benefits or prizes received by members at conferences and trade shows are to be considered as gifts or benefits under this policy. This includes random draws (e.g., lucky draw or raffle prizes). However, this does not apply to academic 'prizes' awarded for excellence or competence based on merit, such as for a paper or presentation.

Reporting and Recording Offers, Gifts or Benefits

A reportable gift includes any item or benefit with a fair value over \$75, or any cash gift regardless of the amount, whether it has been accepted or declined. Gifts less than the nominal value of \$75 should be discussed with the employee's manager or in the first instance as to whether it is appropriate to be accepted or declined.

Any official gifts are normally considered the property of the University and if suitable they should be displayed in an appropriate and secure location as determined by the Vice-Chancellor.

All reportable gifts or benefits should be disclosed in the Gift Register within 5 business days.

The following guidelines apply to acceptance of hospitality, gifts, or other gratuitous benefits:

- Items considered to be a minor item or of low value (i.e., less than \$75), are not normally required to be declared. Examples of low-value gifts are invitations to lunches, promotional products, small gift baskets, a moderately priced bottle of wine and items such as office calendars. However, items of a sensitive nature or perceived higher cumulative value should be declared to the staff member's manager and reported and recorded in the gift register.
- Gifts with values of **\$75 and up to \$125** – Members must have HOD/I/S approval prior to acceptance.
- Gifts with values of **\$125 and up to \$500** – Members must have SLT member approval prior to acceptance.
- Gifts with values over **\$500 or any official gifts** – Members must have approval from the Vice-Chancellor prior to acceptance.
- All **cash** gifts, regardless of the amount, must be declared and recorded.

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.

Considerations to be used by approvers

The monetary value of gifts, hospitality or other gratuitous benefits received is not the only factor in deciding whether to accept it. Approvers must also consider:

- The reason for hospitality or gifts being received and whether there may be an explicit or implicit expectation of reciprocation.
- Whether the value of hospitality or gifts is both appropriate and reasonable for the circumstances in which it is being received.
- The frequency of hospitality or gifts and their cumulative value. Even small hospitality or gifts received repeatedly may be inappropriate.
- Whether the receipt of hospitality or gifts is likely to receive adverse publicity or that the intention could be misconstrued.

3. Hospitality and Gifts Given

Note there is a separate Koha Policy and Koha Procedures for Koha given.

It may be considered appropriate to provide hospitality and/or gifts 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 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 given.

Gifts to staff members are limited to farewells and retirements as well as births and deaths related to staff members and their immediate family.

Each SLT member will have access to the online gift register for their reporting line. This register should be reviewed by each SLT member 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 university credit card.

Volunteer (Non-staff) Payments and Refreshments

- Cash payments to volunteers are not allowed.
- Non-cash (e.g., gift vouchers etc.) payments to volunteers are tax-free to the extent they are offered as a reimbursement of expenses incurred or as a mere token of appreciation, but not as compensation for time or effort.
- It is normal practice for some research projects to give survey participants, focus group participants etc, a gift in recognition of their out-of-pocket expenses. This is usually in the form of a supermarket or petrol voucher.
- In the absence of specific proof of out-of-pocket expenses, \$30-\$50 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 via [Assyst](#). In some instances, gift vouchers/cards can be exchanged for cash, so become subject to strict cash handling requirements.
- Volunteer payments need to be coded to item code 1317 “Vouchers/Flowers/Cards – Non-Work Related”.
- 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.

We understand there will be circumstances where the \$30-\$50 is not appropriate, and rigid application of these procedures could impede research work undertaken. Accordingly, when a gift/ voucher in excess of \$50 is to be provided.

- There is an annotation of rationale for the higher amount to be provided in the on-line gift register; and
- The University must ensure it has voluntarily provided the gift/ voucher and offered it to the recipient, and confirms the amount has no direct correlation to the time or effort expected from the recipient.

4. Farewells and Retirements

The University may cover or reimburse **up to \$50** (GST inclusive) for farewell gifts for retiring or fare-welling staff with **less than 5 years of service**; and **up to \$100** (GST inclusive) for farewell gifts for retiring or fare-welling staff with **over 5 years of service**. Farewell gifts are otherwise funded 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 – University Services must be obtained.

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

6. Welfare Payments

The University may cover or reimburse **up to \$100** (GST inclusive) 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.

7. 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.

8. 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/I/S. Transferral of membership must be authorised by HOD/I/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/I/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) and applies to all gifts and benefits received by University Members in the course of their official duties.

University controlled entities are expected to adopt this Policy or to have their own Sensitive Expenditure and/or Gifts and Benefits Policy in place.

Related Procedures/Documents:

[Credit Card Policy](#)
[Delegations of Authority Policy](#)
[Sensitive Expenditure and Gifts Policy](#)
[Koha Policy](#)
[Koha Procedures](#)
[Procurement Policy](#)
[Conflict of Commitment and Interest Policy](#)
[Fraud and Corruption Policy](#)
[Reimbursement of Expenses Policy](#)
[Travel Policy](#)
[Travel Procedures \(Domestic and International\)](#)
[Tax Procedures Manual](#)

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