

DISCRETIONARY EXPENDITURE AND GIFTS PROCEDURES

Section	Finance
Contact	Chief Financial Officer
Last Review	May 2016
Next Review	May 2019
Approval	N/A
Effective as at	July 2016

Scope:

The objective of this document is to ensure a clear and consistent understanding of procedures for discretionary expenditure and gifts, to ensure all discretionary (sensitive) expenditure and gifts received meet standards of probity expected of a publicly funded organisation. These procedures are consistent with the Office of the Auditor General's guidelines for controlling sensitive expenditure.

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

The procedures stipulate the way in which discretionary expenditure may be incurred. Staff are expected to exercise prudent judgement in relation to all business expenditure and gifts. The University will pay for discretionary expenditure that is actual and reasonable and incurred as a consequence of conducting University business.

Valid GST invoices and other supporting documentation must be maintained / submitted for all discretionary expenditure.

Procedures:

1. Entertainment Related Expenditure

- 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 or Director (HOD/I/S) or their delegate.
 - For expenditure in excess of \$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.

- Staff reimbursements for entertainment must be submitted within two months of the expense being incurred.
- Where entertainment related expenditure is considered to be 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)

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 external guests who are being entertained in an official capacity.

Internal Events

Entertainment and hospitality relating to events for which the attendees are predominately University staff. These often take place on University premises, but they may also occur elsewhere.

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

i. Routine/Internal Meetings (including Internal Training Sessions)

- Generally, the University will only provide tea and coffee for routine meetings, including those held across morning tea, afternoon tea or lunch periods.
- If meetings are for a full day, meeting organisers should allow sufficient time for breaks including lunch. 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. Lunch may be provided if insufficient time is allocated for a lunch break or it is an official event (e.g., POD training etc.).

ii. Non-Monetary Recognition of Staff

- Any morning and afternoon tea costs should be limited to a maximum of \$200 per event.
- 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 employees 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.

iii. End of Year Functions

- The University will provide a contribution to one End of Year function for each staff member per annum. 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 may 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 AVC SFIC must be obtained.
- Up to two alcoholic drinks per person may be provided at an End of Year function.
- The cost of staff travel home from after-hours functions is not at the University's expense.

2. Hospitality or Gifts Received by Staff

- Staff 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. It is not expected that any individual item would exceed \$200.
- 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 \$50, 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.

- If the gift or hospitality is over \$75 and up to \$125, staff 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.*
- If the gift or hospitality is over \$125 and up to \$200, staff must have SLT member approval prior to acceptance.
- If the gift or hospitality is over \$200, 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 recorded in a separate general ledger (GL) account 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 may be required where the HOD/I/S consider these to be significant.

3. Hospitality, Gifts, Volunteer Payments, Vouchers and Koha Given

The HOD/I/S or their nominee is required to maintain a gift/Koha/voucher register for each of the following categories. The registers should include details of the recipient, donor, value, description and purpose of the gift/Koha/voucher.

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".

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 should 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.
- Under no circumstances can these gifts given be exchanged with the University for cash, or be used as a substitute for legitimate payment or remuneration.
- These payments must be recorded in GL item code “1317 Vouchers/Flowers/Cards - Non-work Related”.

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.
- Koha may not be paid 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 who will supply a cheque made out to the organisation /marae.
- Any non-cheque payments must be approved in advance by the Chief Financial Officer.
- Koha payments must be recorded in a separate expense GL item code - 1315 “Koha Expenditure”.

4. Staff Welfare Payments

- The University will cover or reimburse the cost of the following:
 - Flowers or gifts for personal events related to staff members and their immediate family (such as births and deaths) **up to** \$100 (excludes delivery fee for flowers). Special events such as milestone birthdays are **not** considered appropriate.
 - Expenditure that improves working conditions such as the cost of flu injections.
 - Farewell gifts for retiring or long-serving staff **up to** \$100. 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.
 - All Staff Welfare Payments are to be made at the discretion of the relevant HOD/I/S or SLT member.
 - GST and FBT will apply to all staff gifts (effectively 172% of cost).
- All such expenditure must be reported to the HOD/I/S, identifying the date, costs, recipients and the reason for the expenditure.

5. 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.
- A schedule of periodicals and papers received by each budget centre must be maintained and include the:

- Name of person receiving the paper or periodical; and
 - Reason for purchase.
- This schedule may be reviewed from time to time by Library and/or Finance.

6. 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's 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 staff

Related procedures / documents:

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

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