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## Sensitive Expenditure Policy

### Finance Policy Group

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#### 1 Purpose

To provide a framework for staff entering into and approving sensitive expenditure.

This policy should be read in conjunction with specific policies listed at section 7 “References”.

#### 2 Organisational Scope

This is a University-wide policy, covering all group entities that are wholly managed by the University. It shall apply to all University staff or individuals (including the University’s Council members and students).

#### 3 Definitions

For purposes of these guidelines, unless otherwise stated, the following definitions shall apply:

Approving Manager	A staff member’s line manager or a manager higher in the financial delegation approval hierarchy.
Entertainment Expenses	Expenditure on food, beverages, tickets for events, and related supplies for events, involving one more University staff members and/or one or more guests, and the purpose of the expenditure is to represent the University or provide reciprocity of hospitality or build business relationships in pursuit of University goals.
Official Function	Social functions, entertainment events, ceremonies, meetings, special events and conferences that can be demonstrated to provide clear benefit to the University. Such functions must be sanctioned by the Chancellor or Vice Chancellor, or the relevant, Senior Leadership Team member, Head of School or Central Service Unit director.
Purchasing Card	The University Purchasing Card is a Bank of New Zealand Visa.
Sensitive Expenditure	Expenditure by the University that could be seen as giving some private benefit to an individual staff member that is additional to the operational benefit to the University. Travel, accommodation, gifts and hospitality are examples of sensitive expenditure. It also includes expenditure by the University that could be considered unusual or unrelated to the core activities of education and research.

Supplier A current or potential provider of goods or services to the University. Also referred to as vendor.

All monetary amounts referred to in this policy are in New Zealand dollars and are exclusive of Goods and Services Tax.

#### 4 Ethics and Over Arching Framework

- (a) The University is obliged to safeguard and use its resources in a responsible manner. Furthermore, the University's staff must guard against actual or perceived conflicts of interest in regard to the use of those resources. Due to risk of perceived or actual personal benefit to the staff member arising from certain expenditure categories, such as travel, accommodation, gifts and hospitality, the Controller and Auditor-General defines them as 'sensitive' expenditure. The University expects all staff involved in arranging, making or approving sensitive expenditure:
- (i) to do so only for University purposes;
  - (ii) to exercise prudence and professionalism;
  - (iii) not to derive personal financial gain;
  - (iv) to act impartially;
  - (v) to ensure the expenditure is moderate and conservative in the context of the given situation;
  - (vi) to have read and adhered to this and other relevant University policy.
- (b) The University's [Conduct Policy](#) identifies the required behavioural standards for staff in all areas of their work.
- (c) During the budget setting process, senior managers should stipulate under which circumstances within their cost-centre(s) and at which levels, sensitive expenditure should be provided.

#### 5 General Sensitive Expenditure Types

##### 5.1 General Sensitive Expenditure Types

##### 5.1.1 Alcohol

- (a) The University is committed to providing a healthy and safe environment for staff, students and guests. When entertaining, staff and guests' health and safety must be considered, especially when alcohol is consumed. The University does not tolerate driving under the influence of alcohol.
- (b) Expenditure on alcohol should be considered an infrequent event and will normally only be approved when consumed along with a meal, with the amount involved being reasonable. Alcohol sufficient to provide two to three drinks per participant is acceptable.
- (c) Expenditure on alcohol on occasions where it is consumed without a meal must be considered a rarity and must be done in moderation.
- (d) When buying alcohol, staff should purchase moderately priced alcohol. Spirits should not normally be purchased.
- (e) For events on University campuses refer to the [Alcohol on Campus Policy](#).

### 5.1.2 Professional Memberships & Club Memberships

- (a) Membership to a professional body is sensitive expenditure due to the personal nature. Refer to Financial Delegated Authorities Policy section 4.13.7.
- (b) Club memberships are sensitive expenditure due to their personal nature. Refer to Financial Delegated Authorities Policy section 4.13.8.
- (c) Further to the rules outlined in the Financial Delegated Authorities Policy is the below guidance. Professional or club memberships paid for by the University on behalf of a staff member must be:
  - (i) clearly relevant to the performance of the staff member's duties and responsibilities;
  - (ii) for the staff member alone and is not to cover members of their family or other non-staff members;
  - (iii) for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two year membership to be an advantage to the University;
  - (iv) for the benefit of the University and are not intended to be a personal benefit to staff members, and accordingly are not liable for Fringe Benefit Tax;
  - (v) cancelled or transferred to an appropriate staff member if the staff member's employment with the University is terminated, via resignation or otherwise;
  - (vi) refunded directly to the University if the membership is cancelled.

### 5.1.3 Fines

Fines are sensitive expenditure given that they are issued to an individual in their private capacity. Refer to Financial Delegated Authorities Policy section 4.13.10.

### 5.1.4 Gifts

- (a) Gifts are sensitive expenditure. Refer to Financial Delegated Authorities Policy section 4.13.11.
- (b) Further to the Financial Delegated Authorities Policy, guidance on gifts (both given and received) is in the Gifts and Koha Policy.

### 5.1.5 Information Technology & Equipment

The procurement of information technology such as mobile phones and laptops is managed centrally by ITS. The use of these items can have an ongoing financial impact (for example network and call charges for mobile phones), and the use of these items are defined as sensitive expenditure by the Controller and Auditor-General. Approving managers should be aware of this when approving access to these tools.

### 5.1.6 Tea and Coffee

It is well established that University provides tea and coffee for staff. The University standard is to provide instant coffee and tea-bags. Plunger and filter coffee (not coffee beans) are appropriate for meetings and functions with guests. All must be purchased via Staples.

### 5.1.7 Cafe Meetings

- (a) In most cases, it would be inappropriate for a meeting in a café between staff to be funded by the University. If staff choose to meet in a café the expense should be privately funded. Staff must err on the side of conservatism.
- (b) Café meetings with external guests may be paid for via the University Purchasing Card after careful consideration that this is appropriate.

### 5.1.8 Tipping

Tipping is not expected or required in New Zealand. Staff should follow local customs with regard to tipping when travelling overseas.

### 5.1.9 Travel Expenditure

All travel expenses, including those incurred during a journey are sensitive expenditure. Refer to [Travel and Expenses Policy](#) section 4.10.

## 6 Compliance

### 6.1 Monitoring of Compliance

- (a) Compliance will be monitored by Finance.
- (b) All staff involved in making or approving sensitive expenditure are required to comply with this policy.
- (c) Where expenditure is deemed to be unreasonable by the Chief Financial Officer an explanation will be sought from the authoriser.
- (d) Staff who consider there are grounds for enquiry into inappropriate expenditure may advise their Manager or Finance immediately. Alternatively, disclosure may be made under the Protected Disclosures Act 2000. Refer to the [Disclosure of Serious Wrongdoing \(Whistleblower\) Policy](#).

### 6.2 Consequences of Non-Compliance

- (a) Failure by a staff member to fully comply with this policy may amount to misconduct or serious misconduct by the staff member which may result in the University taking disciplinary action.
- (b) Where a staff member breaches this policy, the University may:
  - (i) seek reimbursement of costs directly from the staff member;
  - (ii) refuse to use University funds to meet the purchase commitment.

### 6.3 Expenditure Approval

- (a) Authority must be sought from the relevant approving manager within the budget centre prior to committing to the sensitive expenditure. Where the sensitive expenditure is for an event, approval for the event as a whole should be sought from the relevant approving manager.
- (b) Wherever possible, approval should only be given by a person senior to the person who will or might be perceived to benefit from the sensitive expenditure.
- (c) If the sensitive expenditure is an event, the most senior staff member present with hosting responsibilities for that event, should meet the payment. In no circumstances should a staff member of less seniority authorise expenses in relation to entertainment.

- (d) Approval should only be given when the approving manager is satisfied that all the criteria in section 4 are met and the expenditure is within pre-approved budgets.
- (e) If an approving manager is in doubt as to whether it the proposed sensitive expenditure is appropriate in the University context, they should consult the Manager Financial Operations for advice.

#### **6.4 Supporting Documentation**

- (a) Sensitive expenditure may be made via Purchasing Card or Oracle iProcurement.
- (b) Sensitive expenditure must be supported by a comprehensive description in Oracle iProcurement or Spendvision for Purchasing Card. Where the sensitive expenditure is for an event, the description must include; the reason for the event and/or the benefits to the University, details of the venue, the names of people in attendance, and a breakdown of staff and non-staff.
- (c) Valid tax invoices and other supporting documentation must be obtained and submitted to Finance in the prescribed manner for the procurement tool used to settle the sensitive expenditure.

#### **6.5 Events for Staff**

##### **6.5.1 General**

- (a) Each approving manager should consider budgeting for a reasonable staff entertainment allowance during the budget setting process. The Chief Financial Officer will assess the degree of consistency. The budget will cover rewards for performance of teams, working lunches, morning teas, team building costs, and similar.
- (b) Expenditure which will attract Fringe Benefit Tax is generally considered inappropriate. As a general rule, any entertainment benefit that staff consume or enjoy when they choose, and that is outside their employment duties, is subject to Fringe Benefit Tax. If staff can only enjoy entertainment at a set time, or as part of their employment duties, the cost is not subject to Fringe Benefit Tax.
- (c) Staff may be provided with a morning and/or afternoon tea event to recognise team achievements or milestones. To mark outstanding team performance, managers may provide staff with a meal. It is not envisaged that such occasions normally occur more than once annually. For exceptions to this, approval must be sought from the appropriate Senior Leadership Team member. The choice of venue should be appropriate to the occasion and be moderately priced. Partners in attendance are not paid for by the University.
- (d) Where staff are required to attend a function after hours, the cost of travel home may be met by the University. Where staff elect to attend functions, then the staff's travel home will not be at the University's expense.

##### **6.5.2 Recruitment Dinners**

- (a) It may be appropriate for the recruitment process of senior academic positions to include a dinner with the prospective candidate and key stakeholders from the University.
- (b) University staff in attendance at such a dinner should be restricted to fewer than six.

##### **6.5.3 Farewells**

- (a) University funds may be spent on a single farewell function, the time of day, size and scale commensurate with the staff member's length of service and role, and culturally

appropriate. For example, it may be appropriate to farewell a staff member of two years' service with a morning tea function, whereas a staff member retiring after 20 years' service may have an evening function provided at which their partner is also a guest.

- (b) The choice of venue must be appropriate and if held off-campus, moderately priced.
- (c) The cost of staff travel home from an after-hours farewell function is not at the University's expense.

#### **6.5.4 Christmas / Year End Functions**

- (a) Up to four hours' work time may be used for the purpose of a staff year-end function. This function may involve a meal. The choice of venue must be mid range
- (b) The total cost to the University for staff year-end functions should not exceed \$50 per staff member. Costs above this amount may be funded by private donations. Partners in attendance are not paid for by the University.
- (c) The cost of staff travel home from a year-end function is not at the University's expense.

#### **6.5.5 Other**

From time to time staff may wish to celebrate events which are not necessarily related to University purposes. These must be funded by private contribution because they are not considered to be an official University event.

### **6.6 Sensitive Expenditure – Events & Hospitality**

#### **6.6.1 Hosting Off-Campus Events**

The venue should be carefully considered and deemed appropriate for the occasion and guests. Moderately priced restaurants should normally be chosen. Partners in attendance must be funded personally.

#### **6.6.2 Hosting On-Campus Events**

The expenditure must be appropriate to the nature and purpose of the function being held and be within budget.

#### **6.6.3 Guests on Campus**

When hosting guests, the expense of the function should be appropriate to the importance of the guest(s) and their contribution to the University. For example, a small gathering of staff for drinks and finger food to thank a departing visiting academic for a small series of lectures would be appropriate. A more formal event would be more appropriate for staff and Senior Leadership Team members hosting a visiting dignitary such as a Government Minister.

## **7 References**

[Alcohol on Campus Policy](#)

[Disclosure of Serious Wrongdoing \(Whistleblower\) Policy](#)

[Financial Delegated Authorities Policy](#)

[Conduct Policy](#)

[Travel and Expenses Policy](#)

[Purchase Card Guidelines](#)

[Gift and Koha Policy](#)

Previous version: [Sensitive Expenditure Policy](#)

## **8 Appendices**

Controller and Auditor-General “Controlling sensitive expenditure: Guidelines for public entities” [http://intranet.vuw.ac.nz/finance/about-us/policies-guidelines.aspx#Sensitive\\_Expn\\_Gift\\_Register\\_Form](http://intranet.vuw.ac.nz/finance/about-us/policies-guidelines.aspx#Sensitive_Expn_Gift_Register_Form)

## **9 Approval Agency**

Vice Chancellor

## **10 Contact Person**

The following person may be contacted on a routine basis in relation to these guidelines:  
Manager, Financial Operations  
Ext. 5910