



NZSTA
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Governance support resources

Gifts and other sensitive expenditure

Sensitive expenditure is any expenditure that could be seen as giving some private benefit to an individual. Examples include, travel including overseas travel, principal expenses, board expenses, and staff Christmas parties.

Any gifts or other sensitive expenditure should be carefully considered before approval is given.

Boards must be satisfied and able to show that:

- the payment or benefit will further the aims of the school
- the board could justify the payment or benefit to a taxpayer or parent
- the school will not be at risk of negative publicity over the payment or benefit
- in the case of sensitive payments, there will be no, or very small, personal benefit for the staff – either actual or perceived
- the payment or benefit represents the best value for money
- the board has the budget to make the additional payment or benefit

The board's rationale behind and approval of any gifting or sensitive expenditure should be recorded in meeting minutes.

Guidance from the Office of the Auditor-General

School boards are Crown entities under the [Crown Entities Act 2004](#). The following guidance to Crown entities around 'sensitive expenditure' is provided by the Office of the Auditor General. It relates to donations, koha, personal use of communications technology and gifts.

Donations

A donation is a payment (in money or by way of goods or services) made voluntarily and without expectation of receiving goods or services in return.

Issues and principles:

We expect entities to ensure that:

- Donations are for purposes that are consistent with the business of the entity making the donation
- The size of the donation is appropriate in the circumstances.

The principles of preserving impartiality and integrity, and moderate and conservative expenditure, are particularly relevant. Making a donation should not result in any counterpart obligation on individuals or entities, other than to apply the donation to the purposes of the recipient.

Guidance:

We expect donations to be:

- Lawful in all respects, including complying with Parliamentary appropriations
- Disclosed in aggregate (where required)
- Made to a recognised organisation by normal commercial means – not to an individual and not in cash
- Non-political

Koha

Koha is a gift, a token, or a contribution given on appropriate occasions.

Issues and principles:

The issue associated with giving koha is that it is not a transaction in the usual sense – for example, there is often no written acknowledgement of receipt.

The principle of a justified business purpose is particularly relevant. Entities need to have a policy on, and controls over, giving koha.

Guidance:

We expect entities to ensure that:

- Their policy on koha includes the means of determining the size of any koha
- A koha reflects the occasion
- Koha are not confused with any other payments that an entity makes to an organisation
- Koha are approved in advance at an appropriate level of authority

Communications technology

Communications technology – such as cellphones, telephones, and e-mail and other access to the Internet – is widely used in the workplace. While some level of personal use of this technology may be unavoidable (such as for dealing with a family emergency during work hours), excessive use incurs costs that are a diversion of public money from the business purposes of the entity. Such costs include lost productivity (including from incoming personal e-mails and phone calls) and the direct cost of the technology.

Issues and principles:

The risk associated with personal use of an entity's communications technology is the cost to the entity of it being used excessively. An entity should not install communications technology exclusively or predominantly for personal use by staff.

A further risk includes the technology being used for purposes that are not consistent with the entity's goals. An example would be use of Internet access for downloading or e-mailing unacceptable material.

The principles of a clear business purpose, and moderate and conservative expenditure, are particularly relevant. Any personal use of communications technology must be well managed through adequate controls and regular monitoring and reporting.

Guidance:

We expect entities to:

- Have policies on personal use of communications technology and ensure that staff are well informed of them
- Where it is administratively possible and cost-effective for them to do so, require reimbursement of personal use of communications technology.

Gifts

A gift is usually given as a token of recognition of something provided by the recipient.

Gifts may be given by a public entity – such as to an employee for long or outstanding service, or in international relations when the giving of gifts is customary – or may be given by another organisation to a public entity or an entity staff member.

Gifts usually take the form of some tangible object, but might also be in the form of, for example, free use of a corporate box at a sporting event or privileged access to goods or services.

Issues and principles:

The major risks with gifts include that:

- The value or nature of a gift is inappropriate or excessive to the occasion or the reason for it being given
- The gift is given in explicit or implicit expectation of favour in return
- The gift is given in substitution for legitimate payment or remuneration

The principles of a justified business purpose, moderate and conservative expenditure, and acting with integrity and preserving impartiality are particularly relevant.

Guidance:

We expect entities to have a policy on giving gifts, including specifying the purposes for which and occasions on which it is acceptable, and the nature and value of gifts that are appropriate to particular occasions.

We recognise that receiving a gift is not strictly an issue of sensitive expenditure. This is because it does not involve expenditure on the part of the organisation or individual receiving a gift. Receiving a gift is nevertheless a sensitive issue, and one that entities need to manage carefully. It is especially important that receiving a gift does not alter an entity's or individual's decision-making, as this could be perceived as acting without impartiality or integrity.

We expect entities to:

- Require receipt of gifts, except for inexpensive gifts that are openly distributed by suppliers and clients, to be disclosed, to be recorded in a gifts register, and to remain the property of the entity
- Allow staff to personally acquire only infrequent and inexpensive gifts that are openly distributed by suppliers and clients (for example, pens, badges, and calendars)
- Have policies defining “infrequent” and “inexpensive” in relation to receiving gifts

More information

[Controlling sensitive expenditure](#): Guidelines for public entities – Part 8

Ministry of Education- Financial Information for school's handbook ([FISH](#)) pages 12-13

[Kiwipark](#) - model financial policy

[Office of the Auditor-General](#)



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For further advice please contact the **Advisory and Support Centre**

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