

Aratoi Regional Trust – Sensitive Expenditure Policy

Section: Finance and Operations
Approval Date: June 2022
Next Review Date: June 2025

Purpose

To provide a robust internal control framework for ART with regards to audit, compliance and external accountability obligations.

Introduction

As an accountable organisation, ART must ensure that it conducts its business in accordance with the overarching principle of financial prudence and constraint.

In particular, some items of expenditure may be perceived as inappropriate or unnecessary by funders and the public. Care should be taken so as to avoid any damage to ART's reputation.

Expenditure incurred for the benefit of individual staff members (over and above their salary entitlements) must be consistent and equitable.

Sensitive expenditure is any spending by ART that could be seen to be giving private benefit to board members or staff, additional to the business benefit to ART. Sensitive expenditure is discretionary expenditure and may be expenditure which is highly controversial or considered unusual for the organisation's purpose and/or function. The circumstance in which the expenditure occurs together with the materiality of the expenditure determines whether the expenditure is potentially sensitive

This policy sets out ART's expectations in relation to the reasonable and equitable use of funds for particular types of 'sensitive' expenditure.

Sensitive expenditure covers the following items

- Mobile phones and other communication devices
- Staff functions and gifts for staff
- The use of external venues
- Hospitality and entertainment
- Consultants
- Travel and accommodation – See separate Travel Policy

Policy

1. Purposes and Costs

The purpose of all purchases should be transparent, and the amount expended able to be demonstrated as reasonable and appropriate.

Reasonable costs associated with functions for staff may be appropriate, provided that such functions are directly related to ART objectives. The reasonable cost of providing gifts to staff in circumstances involving hospitalisation, bereavement or retirement may also be appropriate. Purchases of gifts, or costs associated with staff functions are subject to the Delegations Authority.

Gifts

A gift is usually given as a token of recognition of something provided by the recipient. Gifts may be given on behalf of the organisation such as to an employee for long or outstanding service, to a guest speaker at a function or in international situations when the giving of gifts is customary.

Requirements:

- The value or nature of a gift shall be moderate and appropriate to and in keeping with the occasion or the reason for it being given
- The gift shall not in any circumstances be given in explicit or implicit expectation of favour in return
- The gift shall not in any circumstances be given in substitution for legitimate payment or remuneration
- Employers shall be allowed to retain only inexpensive gifts given to them personally eg pens, calendars etc that are openly distributed by suppliers and clients and then only on infrequent occasions . Larger gifts must be declared and probably become the property of the organization.
- Similarly expenditure on farewells and retirements shall be moderate and appropriate and in keeping with the occasion and the length of service

Sponsorship of staff or others

An employee taking part in an activity that is not part of their job, such as a sporting event may be sponsored by the organization through the provision of or payment for goods and services eg t-shirt or sponsorship of goals achieved eg kilometers run. Requirements –Such sponsorship shall have a justified business purpose which may include both publicity of the organization and its objectives and organizational development.

- The cost shall be moderate and appropriate to the event
- If the sponsorship does not have a direct business purpose the cost is a donation and shall be claimed as such
- Sponsorship money shall not be provided directly to a staff member but to the organization being sponsored

Sale of surplus assets to Board members or staff

As part of normal business, the organisation may from time to time dispose of assets. Typically, this is when the assets have become obsolete, worn out or surplus to requirements.

Requirements:

- the organisation shall maximize the value to ART if disposing of assets to board members or employees and not sell assets at a discounted rate

The organisation shall ensure that all assets identified for disposal to board members or staff are valued and subject to a tender or other process that is appropriate to the value of the asset
Employees managing the process of disposal of assets shall not benefit personally from the disposal.

Use of alternative venue

ART has well-appointed facilities which accommodate its regular business and activities. Only when an appropriate ART facility is not available may a cost-effective off-site venue be used. Factors to be taken into account when considering an off-site venue include:

- the location of the venue, which should be within the Wairarapa,
- the nature and standard of the facilities, which should be appropriate to the purpose of the activity

There must always be a direct and demonstrable link between the provision of hospitality and the objectives of ART. In considering proposed hospitality expenditure the Director must ensure that the proposed hospitality is appropriate and financially prudent.

The use of consultants by organization's is often under scrutiny therefore the contracting of consultants may only be considered where the necessary expertise, skill or resource is not available within ART. It must also be within budget.

2. Approval

Expenditure must be authorized by the Director and in line with the budget and the Delegations Authority. The amount expended needs to be demonstrably reasonable and appropriate for the event.

Definitions

"**Hospitality**" means the provision of food and drink.

Audience

All Aratoi Board and staff

Related procedures and Documents

Delegations Authority

Travel Policy

Credit Card and Debit Card Policy

Current Budget

Museums Aotearoa Code of Ethics