

06.10-1

Gift Acceptance Procedure

Purpose

The purpose of this procedure is to apply the Gift Acceptance Policy (the Policy) of the Lutheran Church of Australia (the Church), based on the Policy's procedural principles.

Relevant to

In accordance with the Policy, this procedure applies to:

- All ministries and activities of the Church
- All pastors, lay workers, employees and volunteers

Definition

The Policy includes a definition of a gift.

A gift includes but is not limited to:

- Money or equivalent
- A physical object
- The conferring of a benefit
- Hospitality eg accommodation, a meal or entertainment
- An honorarium that is an honorary reward for voluntary services

A gift does not include:

- A publicly available discount
- An honorarium that is a fee for professional services voluntarily performed (because it is assessable income for tax purposes)
- A reimbursement for reasonable expenses incurred

Notes:

- An honorarium received by a pastor for services at a baptism, wedding or funeral will be assessable income for tax purposes and should therefore not be treated as a gift.
- Airline frequent flyer points do not fall under the definition of a gift.
- Welfare payments to people assessed as being in need also do not fall under the definition of a gift for the purposes of the Policy and this procedure.

Gifts register

Each governing or advisory body must maintain a gifts register that records receipts and bestowals of gifts, where the value is over \$200.

Process for the receipt of a gift - individuals

1. Do not solicit, for private purposes, any benefit that could be linked with duties to the Church.
2. In some circumstances, such as when a member of a governing or advisory body, or a church worker accepts an invitation to speak to a church group, it is acceptable to receive a reasonable token of appreciation from the organisers. This may be by way of a meal, bottle of wine, memento, cash or gift card.

In determining what is reasonable, questions to consider include:

- (a) How much time, effort and expense has been required to prepare and be involved in the activity which is being recognised?
- (b) How much of this effort is over and above what is normally expected of the position held? (For example, if this has been done as part of normal duties, it may not be appropriate to accept a substantial gift.)

It may be necessary, out of respect for the giver, to accept the gift even if it is judged to be excessive. In such circumstances, the recipient should discuss with a supervisor or other leader whether the gift is retained or all/a portion thereof is given to the congregation/ministry.

In some cases, the giver may give both a gift and an additional amount specifically to cover the costs of attendance (eg petrol costs if travel has been involved). As long as the amount is reasonable, and the person won't be claiming a reimbursement from the calling/employing body for petrol costs (using the example above), this is not considered a gift and can be treated as a reimbursement of costs.

As a guideline:

Any gift with a value under \$100 would normally be considered to be reasonable in the circumstances and not require any further action by the recipient.

Any gift with a value of between \$100 and \$200 may still be reasonable in the circumstances, but it is recommended that it is declared to a supervisor or leadership for the sake of transparency.

Any gift with a value of over \$200 must be declared, as outlined below in point 6.

3. Do not accept any benefit (related to any official function or duties associated with the Church) that could result in a perceived inducement or create an actual, potential or perceived conflict of interest. You should discuss the potential acceptance of a gift with a responsible person such as a supervisor, pastor, trusted leader in your congregation or your district bishop. A decision may need to be voted on in a meeting of the governing or advisory body, especially where the gift may be connected to an issue that will be decided upon (eg entering into a contract with a builder and the builder is offering a governing or advisory body member hospitality or another form of benefit). Any decision to proceed with receiving the gift should be recorded eg in meeting minutes.

In making this decision, it can help to consider –

- (a) Is the proposed benefit of considerable value?
 - (b) Could the gift be perceived to influence a decision or course of action?
 - (c) Would it be culturally offensive to refuse the gift?
4. File and retain any deeds or other documents, which have been prepared or executed in relation to the gift.
 5. Regarding any gift accepted that is valued between \$100 and \$200 it is recommended that it be formally documented, which could be simply an email to the supervisor or leader.
 6. Regarding any gift accepted that is valued over \$200, enter on the gift register as soon as practicable -
 - (a) The date of receipt of the gift
 - (b) The identity of the party bestowing the gift
 - (c) A description and assessed value of the gift
 - (d) The method of assessing the value of the gift
 - (e) The present location and use of the gift
 - (f) Details and conditions regarding use of the gift
 - (g) What proportion of the gift was retained by the recipient

Process for the receipt of a gift – organisations

Regarding any philanthropic gift to further the work of the congregation/ministry, the relevant governing or advisory body must determine if the acceptance of the gift would compromise its integrity, values or teachings.

Questions that should be considered include:

Are there 'strings attached' to the gift? If so, are the conditions reasonable?

What is the source of the gift? (For example, if the source is gambling it may not be grounds for a rejection, but reputational and personal sensitivities should be considered.) Do the ethics and values of the source align with those of the Church?

Process for the bestowal of a gift

A gift must not be bestowed without prior approval by the relevant governing or advisory body, which must:

1. Consider whether the bestowal of the gift could result in a perceived inducement or create an actual, potential or perceived conflict of interest. In making a decision on whether to bestow a gift, it can help to consider –
 - (a) Is the gift money or an item of considerable value?
 - (b) Could the gift be perceived to influence a decision or course of action?
2. Retain a record of the decision to bestow a gift, eg in meeting minutes

3. The provision of welfare support to a person or family in necessitous circumstances is not considered to be a gift, under the Policy. It is recommended that the congregation/ministry makes a provision in its budget and authorises individuals to make payments from this provision as the need arises. This will minimise concerns about the use of scarce congregational/ministry resources (or, more positively expressed, confirm a commitment to assisting people facing personal difficulties).
4. File and retain any deeds or other documents, which have been prepared or executed in relation to the gift
5. Regarding any gift that is valued over \$200, enter on the gift register as soon as practicable -
 - (a) The date of the authority for bestowal of the gift
 - (b) The identity of the party receiving the gift
 - (c) A description and assessed value of the gift
 - (d) The method of assessing the value of the gift
 - (e) The present location and use of the gift
 - (f) Details and conditions regarding use of the gift

Examples

1. A congregation is planning a significant development on its property. Barry is a commercial builder who is hoping to be engaged to undertake the development. John is the congregation chair and is a fan of Formula One racing. Barry offers John an all expenses paid trip to Melbourne, to watch the Australian Grand Prix. The value of the trip would be over \$1,000.

John informs the rest of the congregation's Council, which decides John should not go on the trip because the gift is of considerable value and may be perceived to influence the Council's decision about which builder to engage.

Subsequently John, the congregation vice chair Catherine and the congregation treasurer Adam go with Barry to a local fast food outlet for lunch. They all order hamburgers and milkshakes; Barry insists on paying. As this just amounts to an inexpensive meal, it is permissible for John, Catherine and Adam to accept Barry's offer. (However John, Catherine and Adam must be transparent with other members of the Council about this external discussion having taken place.)

2. Amanda has been a faithful servant of a congregation for over 25 years, but is now moving interstate. Somebody suggests buying Amanda a pair of earrings that would cost \$310, to recognise all of her hard work over the years. The Council discuss this suggestion and decide it is appropriate. It keeps a record of the decision to bestow the gift, as well as the receipt for the earrings. In addition, as the value of the earrings is over \$200, the Council records all details regarding the bestowal on the congregation's gift register.

Legal and regulatory considerations

It is also important that, for some types of charity registered with the Australian Charities and Not for Profits Commission (ACNC), they must comply with the five Governance Standards. Standard 1, which focuses on "Purposes and not-for-profit nature" requires care to be taken in ensuring that funds are properly used. Large gifts may not comply with the ACNC's expectation that a charity distributes funds and/or provides its services in a manner consistent with its purpose and character. In addition gifts to responsible persons or their relatives may breach Standard 5, especially if the gifts are not disclosed (refer to the Church's Conflict of Interest Policy).

Support

If you have any difficulty in making a decision, or have become aware of a possible breach of this procedure, please contact Professional Standards at psd@lca.org.au or 08 8267 7300.

Document Controls

Document ID:	06.10 (Linked Procedure)
Prepared by:	Professional Standards
Reviewed by:	Finance, Audit & Risk
Policy ownership:	EOC
Approved publication:	1 November 2023
Review date:	November 2026