

POLICY TITLE: ENTERTAINMENT AND HOSPITALITY EXPENDITURE

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CATEGORY: Council Policy

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Director Corporate Governance and Financial Services			
Responsible Position			
Senior Manager Governance and Corporate Services			
Current Incumbent		Contact number	Email address
Aaron Johansson		4846 3549	aaron.johansson@isaac.qld.gov.au

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1. Purpose

The purpose of this policy is to provide guidelines appropriate expenditure on entertainment and hospitality, ensuring that the public monies are utilised prudently and properly.

2. Scope

This policy applies to all Council representatives and employees.

3. Definitions

The Local Government Regulation 2012 defines entertainment as including:

- (a) A service provided by local government for entertaining members of the public for promoting an initiative or project of the local government.
- (b) The provision of food or beverages by local government:
 - o To a person visiting the local government in an official capacity.
 - o For a conference or meeting held by the local government for its Councillors, employees or other persons.
 - o For a seminar, course workshop or another forum provided by local government for its Councillors, employees or other persons.
- (c) Attendance by a Councillor or employee of local government at a function:
 - o As part of the Councillor's or employee's official duties or obligations as a Councillor or employee of the local government.
 - o For which an amount is charged to the local government attending the function.

For the purpose of this policy, where cost is borne by Council, entertainment will include:

- (a) The provision of food or non-alcoholic drink other than as a commercial transaction for full payment.
- (b) The provision of a performance other than as a commercial transaction for full payment.
- (c) Attendance by a Councillor or employee of the local government at a function as part of the Councillor or employee's official duties or obligations.

4. Policy Objectives

The objectives of this policy are to ensure that expenditure on entertainment and hospitality is reasonable and appropriate, is incurred in the public interest, and that approval for such expenditure follows standard Council procedures.

5. Policy

5.1 Principles

- All entertainment and hospitality expenditure must be incurred in the public interest or as a means of promoting Council Business. The person authorising the expenditure must also be able to demonstrate the benefits resulting from such expenditure.
- The amount spent on entertaining and hospitality must be reasonable and commensurate with the benefit received by Council or the public.

- The expenditure must be provided for in a budget, be authorised in accordance with Council's normal accounting procedures, and in accordance with the requirements of this policy.
- Entertainment and hospitality expenses may only be charged to a corporate credit card if prior authorisation has been obtained and such expenditure has been authorised within a specified limit and complies with this policy.

5.2 Hospitality Provided to Council Employees

The Council may meet the cost of food and non-alcoholic drinks provided to employees in the following circumstances:

- A light meal may be provided for employees who are required to work during a mealtime and an alternative meal break is not available. This includes committee, working group meetings, conferences, seminars and training sessions where the Council meets the cost.
- If the employee is required to attend a meeting or other function attended by non-employees and food and drink is provided for all attendees under this policy.
- If the employee is working at premises remote from normal place of work so that normal arrangements for a particular meal are not available.

The Council may contribute towards the cost of providing food and drink to employees in the following circumstances:

- Where the employee attends a function at which alcoholic drinks are included and provided for non-employees. As representatives of the Council, employees may drink in moderation only.

5.3 Hospitality and Entertainment for Councillors

The Councillors reimbursement of hospitality and entertainment expenses will be in accordance with IRCSTAT – 015 Councillor Reimbursement of Expenses and Provisions of Facilities Policy.

5.4 Training Courses and Other Functions

Where a training course, meeting or other function is arranged and employees or visitors will be present during the normal meal period, the Council may, if it facilitates the purpose of the event, arrange for refreshments to be made available. Such refreshments are to be reasonable in relation to the purpose and nature of the event and the expected attendees.

Alcohol will not be provided during meetings or training courses provided by the Council.

If an employee attends a training course, meeting or other function not provided by the Council but at Council's cost, the Council may pay for meals if they are included in an overall cost for the event, or are provided as meals which are an integral part of the event.

5.5 Reasonable and Appropriate Expenditure

5.5.1 Civic Functions

Such as citizenship ceremonies that provide community recognition or a welcome by the Council. The decision as to reasonable and appropriate costs will take into consideration the number of attendees, the timing of the function, the venue and the location with the Regional Council.

5.5.2 Employer Reward and Recognition Presentations

With the recognition of Council Officers to reward outstanding achievements in the provision of services to the council; this may include official reward and recognition events, length of service presentations and Officer Farewells. Such expenditure is to be approved by the Chief Executive Officer or the relevant Director.

5.5.3 ANZAC Wreaths

Recognition of the service of war veterans to the community.

5.5.4 Condolence Wreaths or Floral Presentations

For the death of, or serious injury to, a Councillor or Council officer or their immediate family. This is in recognition of service and a mark of respect to his/her family.

5.5.5 Visits by Overseas Delegates

These visits occur for cultural or economic development reasons and have the potential to increase investment in the Council area.

5.5.6 Annual Christmas Celebration

In order to recognise and appreciate Council Officers for their dedication and commitment to the provision of Council services to the public, a contribution will be provided for the annual Christmas function.

5.5.7 Meetings within Ordinary Hours

Entertainment and hospitality for meetings held within ordinary working hours should be kept to a minimum. Where Councillors or Council officers are required to work through a meal break or outside normal hours due to the impracticality of holding the meeting at any other time, the relevant meal allowance is to be used as a guide. Such entertainment and hospitality should not be substituted for business meetings that would ordinarily be conducted in the workplace. Examples may include Ordinary meetings of the Council, Committee Meetings, and Management Team meetings. Where there are regular meetings that are similar in nature each time, there will be no need to justify the reasonableness and appropriateness of expenditure for each meeting; provided that the expenditure for the first meeting is reasonable and appropriate and has been incurred in the public interest.

5.5.8 Associate Persons Expenditure

Only in exceptional circumstances, specifically approved by Council, Mayor, Chief Executive Officer or the relevant Director and where the attendance of an Associate

is of demonstrated benefit to the Council, and the entertainment and hospitality costs for such a person to be met by the Council. In these instances, the Associate will be considered an official representative of the Council and will be expected to comply with Council's Employee Code of Conduct policy.

5.5.9 Other Hospitality Expenses

Other types of expenditure considered reasonable as Official hospitality includes the provision of tea, coffee, sugar and milk, and morning or afternoon tea for official visitors and appropriate staff.

5.6 Inappropriate Expenditure

Examples of expenditure that is considered not to be appropriate and is therefore treated as private expenditure:

- Tips or gratuities – tipping is not customary in Australia, however, when travelling overseas and tipping is the custom, these will be considered official expenditure.
- Drinks only costs – including hot and cold beverages.
- Morning/afternoon tea outside Council premises, where only Councillors or Council Officers are attending.
- Stocking of fridges (except in the instance of the Mayor, Chief Executive Officer, and Directors for small scale entertainment).
- Mini bar expenses.
- Employees working on Council premises, where food and beverages are on sale, are not entitled to charge food and beverages to Council in the normal course of their duties.
- Inappropriate entertainment (e.g. a floor show).
- Alcohol consumed in conjunction with a meal.

5.7 Fringe Benefits Tax

The provision of entertainment by way of food, drink or recreation may have implications for fringe benefits tax. The following types of fringe benefits may arise from Council providing entertainment such as farewell dinners for senior employees:

- An expense payment fringe benefit if, for example, the cost of tickets purchased by an employee is reimbursed by Council.
- A property fringe benefit through the provision of food and drink.
- A residual fringe benefit resulting from the provision of accommodation or transport in connection with such entertainment.

Council must keep sufficient records to enable the correct calculation of its FBT liability. With this objective in mind, a separate work order is required for each function funded wholly or in part by Council, detailing the following:

- The list of all attendees and their relationship to Council (essentially the number of Council employees in attendance)
- The nature of the event and its purpose
- The date and time of the event (e.g. whether it has been held during business hours)
- The location of the event

5.8 Controls

- A person may not authorise his or her own expenditure.
- Expenditure by the Chief Executive Officer must be authorised by a Director or the Mayor.
- Expenditure by a Council officer must be authorised by the Manager or Director.
- Expenditure by a Councillor must be authorised by the Mayor, Chief Executive Officer, or the appropriate Director.
- Appropriate documentation must be supplied when claiming reimbursement for expenses incurred (e.g. tax invoices, receipts etc).
- Where there is some doubt about the validity of claiming particular expenditure, the principles of these guidelines should be used to make the determination.

6. Communication Channels

The Entertainment and Hospitality Policy will be communicated throughout the Council via:

- An announcement on the IRIS intranet
- Online policy Library

7. References and Related Documents

- Local Government Regulation 2012
- Employee Code of Conduct Policy

8. Acknowledgements

- Bundaberg Regional Council, Queensland