

Entertainment and Hospitality Expenditure Policy

Fringe Benefit Tax Assessment Act 1986

1. POLICY STATEMENT

Council will ensure that public sector standards of accountability in relation to entertainment and hospitality expenditure are maintained and that there is consistency in the way the policy is implemented across Council.

2. PRINCIPLES

Expenditure for entertainment and hospitality must only be incurred if it is deemed to be in the public interest, and must be properly documented and available for scrutiny by both internal and external audit.

3. SCOPE

This policy applies to all Councillors and workers who provide official hospitality while on Council business.

4. RESPONSIBILITY

The Mayor, Managers and Supervisors are responsible for ensuring this policy is understood and adhered to by all Councillors and workers.

5. DEFINITIONS

Council business – means work required to be performed as part of normal duties.

Entertainment expense – means the expense/cost to Council of providing an entertainment or hospitality service.

Entertainment or hospitality service – means the following:

- (a) entertaining members of the public in order to promote a local government initiative or project;
- (b) providing food or beverages by council -
 - (i) to a person visiting Council in an official capacity; or
 - (ii) for a conference, meeting, training course, seminar, workshop or another forum that is held by Council for its Councillors, workers or other persons
- (c) paying for a Councillor or worker to attend a function as part of the Councillor or worker's official duties or obligations as a Councillor or worker.

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Document No. - 1019

Authorised by – Director Lifestyle, Economy, Environment & Planning

Document Maintained by – Culture & Lifestyle

Version No.6

Initial Date of Adoption (Version 1) – 24.03.09

Current Version Reviewed – 12.07.21

Next Review Date – 12.07.23

Manager – includes persons appointed to positions including the title, Team Manager, General Manager, Principal, Director and Chief.

Workers – includes employees, contractors, volunteers and all others who perform work on behalf of Council.

6. POLICY

6.1 REQUIREMENTS

Entertainment and hospitality expenses must not be incurred unless doing so is of benefit to the Council or community.

Entertainment expenses incurred for the sole purpose of entertaining workers is not permitted without the prior written approval of the Chief Executive Officer.

Whenever a Councillor or worker member claims for reimbursement or payment of entertainment expenses, the Councillor or worker member must be able to clearly identify the benefit the Council or community derived from the expenditure.

Fringe Benefits Tax (FBT) may be payable on that portion of any expenditure which is attributable to councillors, worker or other persons.

6.2 GUIDELINES FOR EXPENDITURE

There are three categories of entertainment and hospitality considered under this policy which are deemed to be appropriate and in the public interest:

- official functions
- employee functions
- business meetings/seminars.

6.2.1 OFFICIAL FUNCTIONS

Entertainment expenditure is considered appropriate when it is necessary or desirable to facilitate the conduct of Council business or promote the community's interest.

Appropriate entertainment expenses may include expenditure on official hospitality for:

- visitors when the Council has an interest in, or a specific obligation towards, their visit;
- representatives of government, business or industry and recognised community organisations;
or
- pursuing partners and sponsors with members of the community to deliver Council initiatives.

Expenditure considered as appropriate for official functions may include tea/coffee, morning/afternoon tea, breakfast, lunch or dinner involving official visitors or representatives of government, business or industry.

As a general principle, worker should not expect to entertain other worker at official functions at the Council's expense.

However, there will be instances where entertainment expenses will be paid by the Council for functions attended by invited worker members (spouses or partners) may also be invited to attend. These might include:

- expenditure on worker (and invited spouses or partners) may be invited to attend for official events hosted by the Mayor or Chief Executive Officer;
- expenditure on worker for events which include representatives from organisations associated with the Council; or
- expenditure on worker hosting meals for a visiting dignitary.

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In the latter case, certification that all attendees had a direct professional interest should be provided with the application for reimbursement or payment.

The number of worker members attending official functions should be restricted to those who will advance Council's interests by their attendance.

6.2.2 WORK FUNCTIONS

There are occasions when it may be appropriate to provide hospitality at functions attended only by worker, if there are clear and demonstrable benefits in terms of training and/or worker morale. Examples include:

- reward or celebration of an achievement
- training programs
- recognised events, such as Christmas

6.2.3 BUSINESS MEETINGS/SEMINARS

Directors may approve catering in circumstances where official business involving Councillors and/or workers is being transacted and it is reasonable for catering to occur for example, a meeting proceeding through a meal break.

As a guide, it may be considered acceptable expenditure when:

- significant official business is engaged in during a meal
- light refreshments are provided for meetings, conferences, workshop seminars (including purchase of drinks)
- there are cost advantages in continuing meetings through the normal meal break.

Any meal should be of a light nature at the work/meeting location, unless associated with a seminar or other function at a particular venue. Such official catering is not considered to be an entertainment expense for the purpose of this policy.

Applications for Director approval must identify the benefits to be gained, and that the cost to Council is appropriate to the occasion.

6.2.4 PROVISION OF ALCOHOL

Alcohol may only be provided at an official function if it has been approved prior to the function by the Mayor, in accordance with the Civic Receptions Guidelines. Alcohol may only be provided at worker functions if it has been approved prior to the function by the Chief Executive Officer. The provision of alcohol should not be provided during business meetings/seminars.

6.2.5 INAPPROPRIATE EXPENDITURE

Unless specifically approved by the Chief Executive Officer prior to the event, expenditure that is not considered appropriate includes:

- worker lunches without a business purpose;
- tips (within Australia);
- club membership fees; and
- the cost of providing meals at a private residence.

6.3 USE OF CREDIT CARDS FOR ENTERTAINMENT OR HOSPITALITY

If a credit card is issued in the name of Townsville City Council, that card may only be used to pay for entertainment or hospitality expenditure where:

- a) the expenditure has been approved under this policy or authorised by the Chief Executive Officer within specified limits; and
- b) payment by purchase order is not appropriate or possible.

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7. LEGAL PARAMETERS

Local Government Act 2009

Local Government Regulations 2012

Fringe Benefit Tax Assessment Act 1986

8. ASSOCIATED DOCUMENTS

Expense Claim Reconciliation Form

FBT Record Keeping and Reporting Guidelines

Civic Receptions Guidelines

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