

1. Objectives

- 1.1 The District Council of Mount Remarkable is accountable to the community for expenditure decisions it makes and through this Policy, Council aims to provide guidance on appropriate hospitality expenditure, ensuring that this expenditure is reasonable for the circumstances, considering community values and expectations.
- 1.2 Council recognises there are occasions when it is appropriate and legitimate to provide hospitality related expenses at the Council's/ratepayer's expense.
- 1.3 The objective of this Policy is therefore to clarify the circumstances when Council believes that it is appropriate, reasonable, and justifiable to use Council funds for hospitality related expenses. It also describes the type of hospitality expenses that may be incurred and the approved expense limits.
- 1.4 This Policy is designed to complement existing internal controls as part of its corporate governance framework.

2. Scope

- 2.1 This Policy applies to all District Council of Mount Remarkable employees (including volunteers) and relates to all situations in which staff provide hospitality and / or entertainment for events as well as to external stakeholders of the Council.
- 2.2 This Policy also applies to all employees seeking approval for hospitality related expenses to all functions / events held on Council premises or another venue.
- 2.3 This policy does not apply to employees receiving entertainment/hospitality from third parties, refer to Employee integrity and behaviour standards Chapter 7, Part 4 & Division 1 of the *Local Government Act 1999*.
- 2.4 Where there are any queries over items not specifically covered within this Policy, employees will get approval from their relevant line Director prior to entering any arrangements or incurring expenditure.

3. Interpretations

- 3.1 The following definitions apply for this Policy.
 - 3.1.1 **Account Holder** means an employee or staff member of Council responsible for and authorised to use a credit card for incurring Council business expenditure.
 - 3.1.2 **Act** refers to the Local Government Act 1999
 - 3.1.3 **CEO** refers to the Chief Executive Officer.

- 3.1.4 **Civic Event** means an event involving the Mayor and/or Elected Members which is coordinated and funded by Council such as Citizenship ceremony, Mayoral events.
- 3.1.5 **Community engagement event** means a structured community event which is authorised as part of an approved project or program. Examples include arts and youth events and community engagement activities to assist in Council's decision making.
- 3.1.6 **Corporate event** means an event organised for employees which is authorised by the Leadership Team of Council.
- 3.1.7 **Credit Cards** mean any type of corporate or organisational purchasing card, including credit, debit, EFTPOS and similar bank cards used for purchasing on behalf of the Council.
- 3.1.8 **Employee** means all Council employees including the CEO, Directors, team leaders, staff, trainees, volunteers, work experience staff and contract staff.
- 3.1.9 **Entertainment** means items such as tickets to movies, plays, sporting events, theatre recreational activities, restaurant meals, holiday airline tickets, tickets to an amusement centre (Note: this reference is taken from Australian Taxation Office FBT definition).
- 3.1.10 **Gift to employee** means items that are not ordinarily required to undertake a role (and are beyond approved employment conditions) such as movie tickets, gift cards, wine, Christmas hampers, bottles of alcohol, gift vouchers, perfume, flowers, pen sets (Note: this reference is taken from Australian Taxation Office FBT definition).
- 3.1.11 **Hospitality** means the activity of providing food, drinks (alcoholic and non-alcoholic) or entertainment.
- 3.1.12 **Light refreshment** includes tea, coffee, other non-alcoholic beverages, a light snack (i.e. morning or afternoon tea).
- 3.1.13 **Meetings** are considered a normal feature of a role and mean those meetings that an employee is regularly required to attend.
- 3.1.14 **Personal Expenses** means any expense undertaken to receive a personal benefit and not related to work or business activities.
- 3.1.15 **Third Party** means a person/entity who is not an employee of Council including clients, suppliers, contractors, community members or customers.
- 3.1.16 **Working meeting** means employee meetings such as Toolbox meetings, team, section or whole department meetings.

4. Principles

- 4.1 The provision of hospitality, gifts, transport, accommodation and associated expenditure can be a part of conducting any business.
- 4.2 As a result, provisions may be made within Council's budget for such expenditure and will be clearly articulated in the Annual Budget report prior to adoption.
- 4.3 All Council expenditure is reviewed as part of the Council's budget setting framework and is subject to public scrutiny.
- 4.4 In addition, similar to all other Council expenditure, hospitality, gifts, travel, transport, accommodation and associated expenditure must be within the approved Council budget, be approved within Council's endorsed delegations and authorisation framework and in accordance with Council's *Procurement Policy*. Where credit cards are used as the preferred payment method, expenditure must also be in accordance with Council's *Credit Card Policy and Credit Card Procedure*.
- 4.5 Prior to expending Council funds on entertainment / hospitality type activities, employees must turn their mind towards the following:
 - 4.5.1 The benefit (real or perceived) gained by the public from the expenditure.
 - 4.5.2 The public's expectations of councils / government agencies.
 - 4.5.3 The business purpose of the expenditure is clearly necessary.
 - 4.5.4 The appropriateness of the amount of the expenditure.
 - 4.5.5 Whether the expenditure was reasonably necessary for the carrying out of the council's functions.
- 4.6 The expense must be properly documented with appropriate authorisations, retention of tax invoices and receipts.
- 4.7 Staff are to ensure the cost and level of hospitality and/or entertainment is reasonable, is not excessive, not merely for social purposes and can stand up to public scrutiny.

5. Types of Hospitality

- 5.1 The following are the types of hospitality events which Council generally undertakes as part of its business activities:
 - 5.1.1 Meetings with clients / service providers / external stakeholders.
 - 5.1.2 Council/Committee meetings and workshops.

- 5.1.3 Advocacy and or strategic relationship building.
- 5.1.4 Corporate events.
- 5.1.5 Recognition of Service / Volunteer services.
- 5.1.6 Reward and Recognition.
- 5.1.7 Employee training sessions.
- 5.1.8 Civic events.
- 5.1.9 Community engagement.
- 5.2 Examples of entertainment expenditure which will not be funded from Council sources include, but are not limited to:
 - 5.2.1 Staff only meetings: regular team or 1:1 meetings, including those held in coffee shops, will not be funded by Council.
 - 5.2.2 Functions for staff over and above existing and approved organisation wide or department wide arrangements.
 - 5.2.3 Staff club memberships for social and recreational purposes will not be funded such as sporting, social or business clubs.
 - 5.2.4 Lunches, morning and afternoon teas, tea and coffee (excluding those provided in the council's staff room) for Council staff for social purposes. There are exceptions for one-off events provided by the CEO to all staff as part of a special occasion (e.g. Christmas, celebration of a significant achievement).
 - 5.2.5 Barista made coffee will not be funded by Council.
- 5.3 Expenditure must not provide a personal benefit to staff members or their family or friends with the exception of an organised event as outlined above.

6. Expenditure Limits

- 6.1 Council will not fund Meals and/or beverages for staff and/or other stakeholders at a public establishment.
- 6.2 However, should there be a need to fund such an expense, adequate justification is required along with an approval from the CEO.
- 6.3 Such hospitality expenses will be based on the following maximum expenditure levels (which are guided by the ATO guidance for meals/travelling expenses). An additional 30% above these limits is appropriate for Interstate travel.

Expenditure Limits (SA) (excluding conferences)*	
Breakfast or lunch	Up to \$30 per head
Dinner	Up to \$50 per head
Light Refreshments	Up to \$7.50 per head

** expenditure limits include expenditure on food and non-alcoholic beverages only. Should staff wish to purchase alcohol, it would have to be purchased out of their personal funds.*

- 6.4 Employees who do not apply for approval of entertainment expenses prior to incurring the charge carry their own risk that it be considered a private and not work-related expense and will be liable for the cost.
- 6.5 The provision of hospitality may result in Fringe Benefits Tax (FBT). This can significantly increase the cost of hospitality provided to employees. Employees will, in all circumstances seek to keep costs to a minimum, meet community expectations, and be able to publicly defend the expenditure incurred.

7. Supply and Consumption of Alcohol

- 7.1 Occasionally, it may be appropriate to serve alcohol at community events. Where alcohol is served at any event, it will be undertaken in accordance with the relevant Liquor Licence (if applicable) and in accordance with the responsible service of alcohol requirements.
- 7.2 Council will not fund the purchase of alcohol for Elected Members or staff unless as part of an event involving the community where alcohol is provided to all attendees.
- 7.3 Consumption of alcohol by Elected Members or staff would be permitted if it has been purchased out of personal funds (subject to Council's Drug and Alcohol Policy).
- 7.4 Where provision of alcohol is part of an event to which Council has purchased tickets and alcohol is included, such an expenditure will be acceptable (e.g. awards nights, LGA/ALGA conference dinners).

8. Venue Hire

- 8.1 Staff related meetings will be held on Council premises as a priority.
- 8.2 Occasionally, it may be appropriate for meetings to be held at external venues.
- 8.3 The use of external venues is permissible as long as they are not required to be funded by Council or have been approved by the CEO as an exception to this provision.

- 8.4 When choosing a non-Council venue, consideration should be given to ensuring it is appropriate for the type of function, and it meets community expectation for that type of event.

9. Gifts (including flowers)

- 9.1 The provision of gifts can play an important role in building and maintaining and a sense of community and organisational culture by acknowledging key contributions or circumstances within the community, building strategic relations and as part of good business practices.
- 9.2 Expenditure of up to \$75 per head (excluding delivery charges and excluding awards provided in line with reward and recognition and volunteer achievements) is acceptable on ceremonial gifts, gifts of thanks/commiseration or other formal gifts or benefits to be given by Council.
- 9.3 All gifts should be appropriate for the occasion and purchased within existing budget allocations and approved by the relevant line Director.
- 9.4 Gifts will not include alcohol.

10. Transport and Accommodation

- 10.1 Travel expenses are expenses incurred during authorised work-related travel.
- 10.2 They include accommodation, transport, meals, and expenses incidental to travel.
- 10.3 Travel expenses must be reasonable and an efficient use of public funds.
- 10.4 Any travel expenses are required to be pre-authorised in writing by the Line Director or Chief Executive Officer.
- 10.5 Travel expenses must not include:
- 10.5.1 any expenses for unauthorised travel, especially flights and accommodation.
 - 10.5.2 traffic or parking infringements.
 - 10.5.3 alcohol, in-room movies, minibar and other similar expenses of a private nature.
 - 10.5.4 expenses for any other person who is not a Council employee.
 - 10.5.5 membership subscriptions for airline clubs or loyalty programs.
- 10.6 Employees will use the following guidelines when arranging work-related travel and incurring travel expenses either for themselves or for other employees as directed:

- 10.6.1 ensure any travel is approved and budgeted for.
- 10.6.2 discuss the budget with the Corporate Services Manager to ascertain and apply the ATO reasonable amounts.
- 10.6.3 gain approval from the relevant line Director for interstate travel.
- 10.7 The [Australian Taxation Office Tax Determination TD 2017/191](#) provides guidance on 'reasonable amounts' for overnight accommodation, meals and incidental expenses for taxation purposes.
- 10.8 These proposed amounts are for taxation purposes and are a guide only.
- 10.9 Travel expenses prescribed by the ATO can be considered reasonable and justified.
- 10.10 Travel expenses in excess of these amounts must be justified or the excess paid by the employee personally if adequate justification cannot be provided.
- 10.11 Travel expenses:
 - 10.11.1 below the ATO reasonable amounts are justified for authorised travel and do not need approval.
 - 10.11.2 in excess of the ATO reasonable amount must be justified by the staff member or the excess paid by the staff member personally. This means persons can pay extra, at their own expense, for upgrading travel services.
 - 10.11.3 travel should be as economical and efficient as is possible e.g. economy class, where time and availability allow, unless the cost differential is paid by the individual over and above the economy rate.
- 10.12 Council has a duty of care to its employees to ensure their health and safety is not compromised.
- 10.13 There will be a limited number of occasions when the use of alternate transport (taxi/ Uber) will be funded by Council.
- 10.14 Employees may seek reimbursement for travel expenses, only where prior approval has been granted for attendance at a designated meeting conference or training activity.
- 10.15 The reimbursement of certain expenses incurred by employees in performing or discharging official functions and duties may be approved on case-by-case basis by the relevant line Director or Chief Executive Officer.
- 10.16 Council will maintain a public register of all interstate travel undertaken in an official capacity by Council employees and Elected Members.

11. Authorisation by the CEO

- 11.1 The CEO will maintain ultimate discretion to determine where and when it is appropriate to provide an exemption from this Policy.
- 11.2 This discretion may include the provision of food / recognition / gifts.
- 11.3 Any variation to this Policy, authorised by the CEO must be in writing and document the reason for the variation to this Policy prior to the purchase.

12. Monitoring and Reporting

- 12.1 The Corporate Services Manager will conduct bi-annual sample audits to ensure compliance with this Policy and identify any abnormal trends.
- 12.2 Any non-compliance with this Policy must be promptly reported to the Chief Executive Officer, or, in the case of the Chief Executive Officer to the Mayor.
- 12.3 Council will maintain a public online register of all interstate and overseas travel undertaken in an official capacity by Council employees and ElectedMembers.

13. Document administration and control

Policy title:	Entertainment and Hospitality Policy
Policy number:	04.07
Policy type:	Council / Governance
Responsible officer:	Director Community & Corporate
Committee Review:	Audit & Risk Committee - 3 March 2023 [026-2023]
First issued / adopted:	July 2021
Review period:	Reviewed within 12 months after the conclusion of a periodic election, inline with legislative changes or by resolution of Council Annual review of Credit Card limits and Account Holders
Last reviewed:	21 March 2023 [046-2023]
Next review date:	By November 2027
Version:	Version 6
Date revoked:	n/a
Applicable legislation:	<i>Local Government Act 1999</i>
Related documents:	Credit Card Policy Credit Card Procedure Internal Financial Control Policy Employee Integrity and Behavioural Standards (only applicable if standard is endorsed by Council)
Public consultation required / undertaken:	No
Availability	This Policy is available for inspection at the Council office and any person may obtain a copy of this Policy upon payment of the fee fixed by Council in accordance with Council's Fees and Charges adopted each financial year. It is also available on Council's website mtr.sa.gov.au . Any grievance in relation to this policy or its application should be forwarded in writing to the Chief Executive Officer of the Council.
File reference:	W:\4. Policy Manuals\Current Policy Manual

Hospitality related expenditure funded/not funded

Expenditure	Funded	Not Funded
Travel Expenses	Travel expenses are expenses incurred during authorised work-related travel. They include accommodation, transport, meals, and expenses incidental to travel. Travel expenses must be reasonable and an efficient use of public funds. Any travel expenses are required to be pre-authorised in writing by the line Manager or CEO.	<p>Traffic or parking infringements</p> <p>Any expenses for unauthorised travel, especially flights and accommodation.</p> <p>Travel expenses for any other person who is not a Council employee.</p> <p>Membership subscriptions for airline clubs or loyalty programs.</p> <p>Alcohol, in-room movies, minibar and other similar expenses of a private nature.</p> <p>Expenses incurred on meals and non-alcoholic beverages above the limit allowed in 6.3</p>
Functions for staff	Approved organisation wide or department wide arrangements (Christmas/ Depot arrangements etc.)	-
Lunches, morning and afternoon teas, tea and coffee (excluding those provided in the council's staff room)	Funded only as part of attendance at a training session/seminar/conference or other organised event.	<p>Not funded for social purposes</p> <p>Should beverages required to be purchased at a coffee meeting, these must be paid by the host or attendees personally.</p> <p>Council will not fund Meals and/or beverages for staff and/or other stakeholders at a public establishment. However, should there be a need to fund such an expense, adequate justification is required along with an approval from the CEO.</p>
Gratuities (tips/surcharges)	Only that amount which is levied by the provider	Over and above the charge levied by the provider will not be funded

Entertainment and Hospitality Policy

Appendix 1

Suppliers	Funded if part of a networking or organised event	<p>Hospitality and/or entertainment provided to any organisation involved with the Council in formal tender or expression of interest proceedings.</p> <p>Should beverages be required at a coffee meeting, these must be paid for by the host or attendees.</p> <p>Council will not fund meals and/or beverages for staff and/or other stakeholders at a public establishment. However, should there be a need to fund such an expense, adequate justification is required along with an approval from the CEO.</p>
Personal benefit to Staff members or their family or friends	Gifts (refer below) Christmas or other organisational wide function	Expenditure that provides a personal benefit to staff members or their family or friends (unless approved prior by the CEO)
Alcohol	Occasionally, alcohol can be supplied at community events.	Council will not fund the purchase of alcohol for Elected Members or staff unless it is part of an event that includes the community.
Venue Hire	The use of an external venue by staff is permitted if there is no cost implication	Council will not fund the hire of external venues for staff events (unless approved by the CEO)
Gifts (including flowers)	Funded up to \$75 per head (excluding delivery charges and awards provided for reward and recognition and volunteer achievements)	-
Memberships	-	No memberships to clubs (e.g. social, sporting, business clubs) will be funded