

HOSPITALITY EXPENSES OPERATING GUIDELINE

July 2021

Administration

PARENT DOCUMENT: Code of Conduct for Council Employees

PURPOSE

This Operating Guideline sets out the provisions for when it is appropriate to provide hospitality for official purposes at the Council's expense. In certain circumstances hospitality is provided to stakeholders of Council and in limited circumstances to Council employees as a part of an official corporate function.

This Operating Guideline also clarifies the circumstances where it is appropriate for an employee to claim an expense. It defines the types of employee expenses that may be incurred and the allocated expense limits.

OPERATION

As a local government authority using ratepayer funds some types of expenditure when applied across a large workforce such as ours can be viewed as excessive. This Operating Guideline will ensure employee expenses are incurred and managed in such a way as to deliver the following key objectives:

- Employees have clear guidance as to what constitutes an appropriate hospitality occasion and level of expenditure;
- The expense generates direct benefits (or is reasonably expected to contribute to) achieving Council objectives;
- Employee expense management is achieved where expenses are publicly defensible;

Application of this document

This Operating Guideline is applicable to all CoA and CoA Subsidiary employees, seconded employees, volunteers and Subsidiary Board Members. The Operating Guideline applies to all functions whether held on or off Council premises.

- *Note, hospitality provisions for Elected Members is contained within the [City of Adelaide Standing Orders. ACC2014/141227](#)*

This guideline is not applicable to:

- Council employees receiving entertainment/hospitality from external parties.
- Non-official entertainment
- Social purposes not in conjunction with a formal meeting where official business is conducted
- Associated with a third party involved with the Council in a formal tender or expression of interest proceeding
- City of Adelaide Employee Social Club (the Access Club) functions. The Access Club is an incorporated legal entity, separate to Council with separate procedures in place.

See the *Code of Conduct for Council Employees*, and the *Gifts and Benefits Operating Guideline*.

The City of Adelaide acknowledges the Kurna people as the Traditional Owners of the Country where the city of Adelaide is situated, and pays its respect to Elders past, present and emerging.

APPROVAL AUTHORITY

All employee expenditure must be approved by the relevant Approval Authority prior to being organised.

Approval Authority refers to:

- An employee’s Associate Director or Chief Operating Officer;
- A Director in the case of Associate Directors
- The CEO in the case of Directors, Chief Operating Officer and Managing Director; and
- The Chief Operating Officer; in the case of the CEO.
- If expenditure is likely to vary according to this Operating Guideline, approval in writing is required from the CEO, or in the case of the CEO by the Chief Operating Officer;

If this approval is not obtained the funds will need to be reimbursed by the employee.

TABLE 1 HOSPITALITY AND EMPLOYEE RELATED EXPENDITURE FUNDED/NOT FUNDED CHECKLIST

Expenditure Type (limits apply)	Funded
Advocacy/strategic relationships on or off premises	✓
Alternate transport or accommodation only as per guideline/procedure	✓
Meetings with external clients/stakeholders on or off premises up to Table 2 limits that deliver on City strategic objectives tied to a business outcome	✓
Planning days including team building activities only with approval up to Table 2 limits	✓
Recognition – employee farewell only if 20+ years	✓
Employee Reward/Recognition events approved and funded by People Team	✓
Meals for employees requested to work past 7pm in addition to their ordinary hours	✓
Adhoc working meetings over 4 hours, over lunch period, no alcohol or entertainment	✓
Cabcharge voucher (or reimbursement for Taxi/Uber) – provided to employees requested to work in addition to their ordinary hours	✓
Cabcharge voucher (or reimbursement for Taxi/Uber) – provided to employees who are unwell and unable to travel home safely	✓
Carparking afterhours – provided to employees who have been requested to work late	✓
Venue hire only with approval	✓
Any other event approved by the CEO	✓
Alcohol except when required for resale or approved by the CEO	X
Gift/flowers – employee to employee, organisation to employee	X
The purchase of single use credit cards available from the Post Office or similar outlet	X
Other recognition/celebration events (birthday, new employee)	X
Party decorations of any kind	X
Parties and employee social functions incl Christmas parties (other than official Christmas party as approved by the CEO)	X
Employee only (i.e. no externals present) business lunches including coffee meetings (on or off premises) including takeaway coffee	X
Employee only meetings (i.e. no externals present) – regular section, team or 1:1, team meetings including in coffee shops or takeaway coffee	X
Social functions – eg Melbourne Cup, employee achievement, end of year celebration	X
Morning or afternoon tea costs for employees only	X
Wedding anniversary/birthday, farewell cards etc to employees	X
Years of Service - Presentation of Certificate	✓

HOSPITALITY AND EMPLOYEE EXPENSES – in line with Table 1 Checklist (above)

Employee expenses will be based on the following maximum expenditure levels found in Table 2. The table outlines the suitability for whether the type of employee expense can be claimed for breakfast, morning/afternoon tea, lunch dinner or other.

Table 2. Types of employee expenses and expenditure limits.

	Morning / Afternoon Tea / Light Refreshments	Breakfast	Lunch	Dinner	Other
Entertaining Clients / Service Providers / External Stakeholders	\$7.50 pp	Refer to recent ATO Tax Determination 2020/5 or any of its successors			NA
Working Meetings (With External Parties/Board Meetings and including team planning days)	\$7.50pp	Maximum Total Spend \$30 pp per FY inclusive of all meeting costs including venue hire, presenters, materials etc.			
Meals while travelling on approved corporate business travel	Refer to recent ATO Tax Determination 2020/5 or any of its successors				
Corporate Farewell (20+ years)	\$7.50 pp	NA			

TYPES OF HOSPITALITY AND EMPLOYEE EXPENSES**Working Meetings**

Standard work meetings conducted over the lunch period, are generally not funded by the Council. Lunch can be provided to working meetings that are over 4 hours in duration and carry over into the lunch period (between 12-2pm) and are adhoc in nature. Working meetings between employees only that are less than 4 hours will not be funded by the Council.

These meetings regardless of length should be held on CoA premises whenever possible. Where this is not possible the venue chosen should be appropriate for organisational events, cost effective, within the CoA area and have prior approval from the relevant Director and or CEO.

For meetings greater than 4 hours (e.g. planning days) spend is limited to that allowed per Table 2. Total spend refers to venue hire (if applicable), an external speaker (if applicable), all materials and catering. Anything above this must be approved in writing by the CEO **prior** to the event being booked.

If the total spend is used on venue hire and materials and a team lunch is planned as part of the event, this will be paid for by the employee.

The CEO or ELT planning days must be approved by COO and Table 2 being used as a guide for appropriate spend. All spend must be within budget allocation. Noting Associate Directors and Directors may be required to attend more than one planning day and should be budgeted accordingly.

External Meetings

Only when an external client/stakeholder is present is there a legitimate refundable expense. In this case the nature of the business discussion and the number of internal employees and external client/stakeholder must be recorded with the expense claim. Refer to Attachment A - FBT Requirements. The meeting must have an external party present to qualify for funding and the meeting/event/lunch must be in connection with requirements of capital city objectives and tied to the achievement of business outcomes. If only employees are present then funding is not allowed.

Corporate Farewell/Retirement

A corporate farewell/retirement is only appropriate where an employee has 20+ years of service. Any Council funded corporate farewell/retirement outside of this must have prior approval from the CEO in writing. All corporate farewells require the approval of the relevant Approval Authority (as per Page 2).

The employee leaving the organisation (in conjunction with their Manager/Associate Director/Chief Operating Officer) may choose between a small function with their immediate team members or a larger farewell whereby relevant associated employees are invited to attend the corporate function. Payment for corporate farewells is the responsibility of the organising Program and must be within current budget.

Farewell/Retirement gifts will not be funded by the Council.

All Employee End of Year Event

The all employee End of Year Event is CoA's annual recognition event that all employees are invited to attend. This event is organised and budgeted for by the People Team and contributes to one or more strategic priorities. This event is catered by a local supplier giving back to the community.

Working Late - After Hours Meals

If a meal is provided the employee is unable to claim a meal allowance. The cost of the meal provided will be up to the maximum amount in the employee's Enterprise Agreement. Where an Enterprise Agreement is not applicable, the value will be determined by the ATO tax determination 2020/5 or its successors.

Taxi Usage – After Hours

Leaders may approve a Cabcharge voucher for an employee who has been requested to work additional hours past their ordinary hours.

A Cabcharge voucher will also be provided to employees who are unwell and unable to travel home safely as approved by their immediate leader.

The Council's preference is for a Cabcharge voucher to be used but understand there may be circumstances when one is not available. In this instance, the employee may pay for a Taxi or Uber and be reimbursed via Employee Reimbursements through Accounts Payable.

Car Parking – After Hours

If an employee has been requested to work additional hours past their ordinary hours, the organisation will reimburse the employee the difference between the normal day rate for car parking and any charge for afterhours parking.

Employees who are required to attend Council or Committee meetings will be reimbursed the cost of their car parking for that day instead of being provided with a Cabcharge voucher. The preference is to access the corporate Uber account prior to cabcharge and taxi reimbursement.

CoA Annual Awards Event

The CoA Annual Awards event is a celebration to celebrate all employees and volunteers, recognise service and connect our people. This event is organised and budgeted for by the People Team

Food and Refreshments associated with Community gatherings

Where CoA is holding an information meeting / workshop etc for Community members / businesses / ratepayers to attend, the Council may provide reasonable food and light refreshments. The Approval Authority in many cases will be the Associated Director, Chief Operating Officer or Director/Managing Director and expenditure must be in accordance with that provided in Table 2.

Employee Refreshments

Employee refreshments are to be restricted to black tea, instant coffee, milo, hot chocolate and sugar. Milk can be whole, skim, lactose free or dairy free. This is funded by each Program or Portfolio. Anything outside of this will be funded by employees.

Purchase of Alcohol

Alcohol will generally not be provided at employee only events except in limited circumstances, where approved prior to the event by the CEO, and in accordance with the Council's Drug and Alcohol Policy.

EXPENDITURE THAT WILL NOT BE FUNDED BY CoA

Working Meetings/Employee Meetings

Morning/Afternoon tea or coffees for employee meetings, 1:1 meetings or regular catch-ups, including those being held in coffee shops plus takeaway coffees, will not be funded by the Council under any circumstances. This applies to when there are employees only present i.e. no external parties.

Social Functions

The following social functions will not be funded by council under any circumstances.

- Employee birthday, impending wedding or anniversary
- Religious festival or New Year celebration
- Melbourne Cup or similar events
- End of calendar/financial year celebration
- Celebrating an employee's achievement
- Celebrating the successful completion of a task/project

Gifts

The below indicates the circumstances where it is inappropriate to use CoA funds for the provision of gifts.

Employee to employee – Gifts of any kind from employee to employee using CoA funds are not permitted. This includes giving of cards, cakes, flowers for the birth of a baby, bereavement, birthdays, social functions and recognition of service, farewell (under 20 years) or other notable occasion. For all occasions, it is deemed appropriate, that when employees wish to provide a gift (including flowers) on behalf of their team, and the organisation as a whole, that this be done by way of a voluntary collection of donations from employees, rather than using CoA funds.

Any exception to this must have **prior** approval from the CEO in writing.

Third party to employee – The Code of Conduct for employees as prescribed within Schedule 2A of the Local Government (General) Regulations and relates Gifts and Benefits procedure prescribe when acceptance of a gift from a third party may be acceptable.

Incentives – Community Programs – Incentives in the form of gifts to support attendance at community programs or to incentivise participation in surveys will not be funded by the Council with the exception of CEO approval in relation to the purchase of gift cards.

BUDGET

The relevant Program or Portfolio is responsible for all employee expenses in relation to this Operating Guideline, except in circumstances where a corporate budget has been allocated, for example awards nights (Employee of the Year).

In circumstances where employee expenditure levels exceed the limits documented in this Operating Guideline, the employee must receive approval from the CEO **prior** to the event. If approval is not obtained, the employee will be responsible for the difference.

Expenditure outlined in this Operating Guideline may be subject to Fringe Benefit Tax (**Attachment A**).

OTHER USEFUL DOCUMENTS

Related documents

- [City of Adelaide Code of Conduct ACC2018/63555](#)
- [Code of Conduct for Council Employees ACC2018/61938](#)
- [Corporate Travel Operating Guideline ACC2019/28810](#)
- [Corporate Purchase Card Operating Guideline ACC2019/75722](#)

Relevant legislation

- Local Government Act SA 1999
- Local Government (General) (Employee Code of Conduct) Variation Regulations 2018
- Local Government (General) Regulations 2013
- Independent Commissioner Against Corruption Act 2012

GLOSSARY

Throughout this document, the below terms have been used and are defined as:

Employee is any person who is in either on an employment contract with CoA which includes, subsidiary staff, volunteers, along with temporary labour and consultants working in the Council.

Hospitality is any food, drink (alcoholic and non-alcoholic), gift or object.

Corporate Event could be a welcome induction, farewell or event in which is authorised to be funded by the Corporation.

Stakeholder/External Client/Service Provider is any person who has an interest in the Council but is not an employee. This could be a rate payer, local resident, supplier or client.

ADMINISTRATIVE

As part of Council's commitment to deliver the City of Adelaide Strategic Plan, services to the community and the provision of transparent information, all policy documents are reviewed as per legislative requirements or when there is no such provision a risk assessment approach is taken to guide the review timeframe.

This Policy document will be reviewed every **2** years unless legislative or operational change occurs beforehand. The next review is required in **2023**.

Review history:

Trim Reference	Authorising Body	Date/ Decision ID	Description of Edits
<i>ACC2014/20889 (Superseded)</i>	<i>Associate Director Finance and Business</i>	<i>30/05/2014</i>	<i>Document Published</i>
<i>ACC2019/75732</i>	<i>Associate Director Finance and Procurement</i>	<i>01/06/2019</i>	<i>Major Updates Incorporating LGA Recommendations</i>
<i>ACC2021/121822</i>	<i>Exec</i>	<i>22/07/2021</i>	<i>Updated to reflect Executive direction and consideration of recommendations from Auditor General Credit Card Examination</i>

Contact:

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ATTACHMENT A

Meals and entertainment - Fringe Benefits Tax requirements

General ledger account numbers

To enable CoA to meet its Fringe Benefits Tax (FBT) obligations, meals and entertainment subject to FBT must be allocated to the correct general ledger account number. There are four account numbers that need to be considered:

- 6825 (FBT - Entertainment): This is the account to which the cost of any meals or entertainment subject to FBT should be allocated;
- 6205 (Catering - Contract Services)
- 6810 (Catering - Other Expenditure)
- 6822 (Entertainment Non-FBT)



These account numbers are for meals, catering and entertainment expenditure that are not subject to FBT

How do we determine if meals/entertainment is subject to FBT?

The costs of most meals and entertainment provided to CoA employees are likely to be subject to FBT but there are various exemptions.

Meals/Entertainment subject to FBT

Business lunches and drinks (off premises), parties and employee social functions will be subject to FBT regardless of whether or not food is provided on or off CoA's premises. This includes but not limited to Christmas parties.

Meals/Entertainment NOT subject to FBT

The cost of tea, coffee, water is not subject to FBT. Light meals provided to employees in meetings during business hours is not subject to FBT provided no alcohol is served and is served on CoA premises.

Food and drink incidental to attendance at an eligible seminar is exempt from FBT provided all the following conditions are met:

- the seminar must be a conference, convention, lecture, training session or speech;
- it must have a continuous duration of at least 4 hours (excluding breaks); and
- the dominant purpose of the seminar must not be the promotion of a business or the provision of entertainment.

Food and drink provided in the course of a business discussion (i.e. discuss general policy issues) may qualify as an exempt training seminar provided the following conditions are met;

- the seminar is organised to discuss general policy issues; and
- the seminar is not held on CoA's business premises. It must be held on the premises of a person whose business includes the organising of seminars.

Apportioning the costs of meals shared by employees and non-employees

Situations often arise where meals and functions are shared between CoA employees and non-employees. For example, when a reception is attended by both employees and non-employees or if a manager takes a non-employee to lunch.

The costs of meals provided to people who are not CoA employees will not be subject to FBT. Elected members are not considered to be CoA employees for FBT purposes and therefore the costs of their meals will not be subject to FBT.

However, the costs of meals provided to family members of CoA employees will be subject to FBT when attending a CoA function.

To minimise CoA's FBT liability, the costs of these meals must be allocated between CoA employees and non-employees. This means apportioning these costs between the appropriate account numbers when processing the relevant purchase order or supplier invoice.

You are not required to record the names of the people involved or the exact cost relating to each individual. Simply divide the total cost of the meal between the numbers of attendees and apportion the appropriate amounts between CoA employees and non-employees.

For example, if a meal cost \$150 and was attended by a manager and two elected members, allocate \$50 to account 6825 and \$100 to account 6822. Importantly, this allocation must be done at the time of processing the purchase order or invoice.

Note: If in doubt concerning your FBT circumstance – please contact the Financial Accounting Team or your relevant contact from the Finance Program.

Meal Entertainment Table

Circumstances in which food or drink provided (either on or off business premises)	Meal Entertainment Y/N	Fringe benefits tax arises?		
		For employees Y/N	For family members Y/N	For clients Y/N
At a social function (e.g. an employee Christmas party)	Yes	Yes	Yes	No
In an in-house meeting (not at a social function, light meal provided)	No	No	Yes	No
In an in-house farewell (at a social function)	Yes	Yes	Yes	No
Morning and afternoon teas and light lunches	No	No	Yes	No
At a social function or business lunch (off premises)	Yes	Yes	Yes	No
Employee on business travel overnight and dining by themselves or with an employee, employee of an associate or client who is also on business travel overnight (regardless of who pays)	No	No	Yes	No