

	<h1>District Council of Cleve</h1>	<b>Version No:</b>	1
		<b>Issued:</b>	March 2022
		<b>Next Review:</b>	March 2025

Policy Name: **7.16 – Entertainment and Hospitality**

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## 1. PURPOSE

- 1.1 The District Council of Cleve is accountable to the community for the expenditure decisions it makes and through this Policy, Council aims at providing guidance on appropriate hospitality expenditure and ensuring that this expenditure is reasonable for the circumstances.
- 1.2 This Policy applies to all District Council of Cleve employees (including Volunteers) and relates to situations in which staff provide hospitality and/or entertainment for events as well as to external stakeholders of the Council. This Policy also applies to all employees seeking approval for hospitality related expenses to all functions/events held on Council premises or another venue.
- 1.3 This Policy does not apply to employees receiving entertainment/hospitality from third parties, refer to the code of Conduct for Employees (a prescribed within Schedule 2A of the General Regulations).
- 1.4 Where there are any queries over items not specifically covered within this Policy, employees should get approval from their relevant line Manager prior to entering into any arrangements or incurring expenditure.

## 2. BACKGROUND

- 2.1 Council recognises there are occasions when it is appropriate and legitimate to provide hospitality related expenses at the Council's / ratepayers' expense.
- 2.2 This Policy is intended 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.
- 2.3 This Policy is designed to complement Council's Code of Conduct for Employees and existing internal controls as part of its corporate governance framework.

## 3. LEGISLATIVE REQUIREMENTS AND CORPORATE POLICY CONTEXT

- 3.1 The *Local Government Act 1999* and the *Local Government Act (Financial Management) Regulations 2011* prescribe provisions that require Council to account for financial transactions.

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#### 4. DEFINITIONS AND INTERPRETATIONS

*Act* refers to the *Local Government Act 1999*.

*CEO* refers to the Chief Executive Officer.

*Civic Event* means an event involving the Mayor and/or Elected Members which is coordinated and funded by Civic Governance such as Citizenship ceremony, Mayoral events.

*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.

*Corporate event* means an event organised for employees which is authorised corporately.

*Credit Cards* means any type of corporate or organisational purchasing card, including credit, debit, EFTPOS and similar bank cards used for purchasing on behalf of the Council.

*Employee* means all Council employees including the CEO, Managers, trainees, volunteers, work experience staff and contract staff.

*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).

*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).

*Hospitality* means the activity of providing food, drinks (alcoholic and non-alcoholic) or entertainment.

*Light refreshment* includes tea, coffee, other non-alcoholic beverages, a light snack (ie morning or afternoon tea).

*Meetings* are considered a normal feature of a role and mean those meetings that an employee is regularly required to attend, even though those meetings may be some time apart.

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*Third Party* means a person/entity who is not an employee of Council including clients, suppliers, contractors, community members or customers.

*Working meeting* means employee meetings such as Toolbox meetings, team, section or whole department meetings.

## 5. POLICY

### 5.1 *Purchasing Principles*

5.1.1 The provision of hospitality, gifts, transport, accommodation and associated expenditure can be a part of conducting any business. As a result, provisions are made within Council's budget for such expenditure. All Council expenditure is reviewed as part of the Council's budget setting framework and is subject to public scrutiny.

5.1.2 In addition, similar to all other council expenditure, hospitality, gifts, transport, accommodation and associated expenditure needs to 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*.

5.1.3 When choosing a supplier for catering, consideration should be given to ensuring it is cost effective, in line with the *Procurement Policy* and located in the Council area wherever possible in order to support a local business/ratepayer. Additionally, consideration should also be given to waste reduction and recycling practices with an aim to minimise waste to landfill.

### 5.2 *General Principles*

5.2.1 Any expenditure by staff on official hospitality and/or entertainment must be in accordance with the following principles:

5.2.1.1 The expense must be for business activities only;

5.2.1.2 The expense must be properly documented with appropriate authorisations, retention of tax invoice and receipts and in line with relevant Council protocols (eg Credit Card Protocol);

5.2.1.3 The expense must be reasonable for the circumstances, and publicly defensible; and

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5.2.1.4 The expense must be approved by a Manager with appropriate delegations and in accordance with Council's *Procurement Policy*.

5.2.2 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.

5.2.3 There are a range of circumstances where entertainment expenses may be considered to be work-related. Such work-related entertainment expenses include travel expenses (excluding traffic or parking infringements), to support approved overtime work, for approved Council events or social functions or within an approved entertainment expenses budget for your role.

5.2.4 The following are the type of hospitality events which Council generally undertakes as part of its business activities (some of which may be role specific):

- 5.2.4.1 Meetings with clients/service providers/external stakeholders;
- 5.2.4.2 Council/Committee meetings and workshops;
- 5.2.4.3 Advocacy and or strategic relationship building;
- 5.2.4.4 Work meetings (Team/Programs);
- 5.2.4.5 Corporate events;
- 5.2.4.6 Recognition of Service/Volunteer services;
- 5.2.4.7 Reward and Recognition;
- 5.2.4.8 Wellness Program;
- 5.2.4.9 Employee training sessions;
- 5.2.4.10 Structured and approved team building activities/team planning meetings;
- 5.2.4.11 Civic events;
- 5.2.4.12 Community engagement; and
- 5.2.4.13 Aged Care Services.

5.2.5 Examples of entertainment expenditure not considered appropriate for funding from Council sources include, but are not limited to:

5.2.5.1 Entertainment related to activities not ascertained to be a business activity as listed in section 5.2.4 above;

5.2.5.2 Staff club memberships for social and recreational purposes will not be funded (eg golf membership);

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5.2.5.3 Lunches, morning and afternoon teas, tea and coffee (excluding those provided in the Council's staff room) for Council staff for social purposes, rather than in conjunction with a formal meeting in which official business is being conducted, will not be funded by Council. There are exceptions for one-off refreshments provided by the CEO to all staff as part of a special occasion (Easter/Christmas);

5.2.5.4 Gratuities (tips/surcharges) over and above the charge levied by the provider. These are a personal choice and as such must be funded by the employee, except where the gratuity is included as a specified component of the bill or receipt; and

5.2.5.5 Hospitality and/or entertainment provided to any organisation involved with the Council in formal tender or expression of interest proceedings.

5.3 *Supply of alcohol*

5.3.1 From time to time it may be appropriate to serve alcohol at Elected Member and civic/corporate/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.

5.4 *Venue Hire*

5.4.1 Staff related meetings should be held on Council premises whenever possible. From time to time it will be appropriate for meetings to be held at external venues. The use of external venues requires prior approval of the relevant Manager or the CEO.

5.4.2 When choosing a non-Council venue, consideration should be given to ensuring it is appropriate for the type of function, it is cost effective, it meets community expectation for that type of event and should be located in the Council area wherever possible in order to support a local business/ratepayer. Managers must provide clear rationale for an externally catered event to be held.

5.5 *Gifts (including flowers)*

5.5.1 The provision of gifts can play an important role in building a sense of community by acknowledging key contributions within the community, building strategic relations and as part of good business practices.

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5.5.2 Expenditure of up to \$75 per head (excluding awards provided in line with Reward and Recognition and Volunteer achievements) is acceptable on ceremonial gifts, gifts of gratitude or other formal gifts or benefits to be given by Council. All gifts should be appropriate for the occasion and purchased within existing budget allocations and approved by the relevant Manager.

5.5.3 The Code of Conduct for Employees as prescribed within Schedule 2A of the Local Government (General) Regulations prescribe when acceptance of a gift from a third party may be acceptable.

5.6 *Authorisation by the CEO*

5.6.1 The CEO will maintain ultimate discretion to determine where and when it is appropriate to provide an exemption from this Policy. This discretion may include the provision of food/recognition/gifts. 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.

5.7 *Monitoring and Reporting*

5.7.1 The Finance Team will conduct periodic sample audits to ensure compliance with this Policy and identify any abnormal trends.

**6. ADOPTION OF POLICY**

This Policy was adopted by the Council at its Ordinary Council meeting on 8 March 2022.



David Penfold  
Chief Executive Officer

**7. DOCUMENT REVIEW**

The Council may review this policy from time to time, however it is anticipated that a review of the policy will be undertaken every three (3) years. Council has the right to review this policy at any time, if considered desirable.

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**SCHEDULE 1 - Nominated goods / works / services which are exempt from requiring a purchase order to be issued for payment**

**Please note:** The items on this schedule may change from time to time based on Council's operational requirements. This information is provided as supplementary information to the Procurement Policy only and does not require endorsement by Council or its committees as it is amended.

Purchases for the following goods, services, fees or charges:

- Minor purchases from local suppliers where it is considered not practical to issue an order and conform with the approved financial limits of authority;
- Resource sharing contractor arrangements;
- Statutory Government charges or levies;
- Vehicle registration;
- Insurance charges;
- Postal services;
- Legal services;
- Subscriptions and memberships;
- Utilities (e.g. SA Water, Telstra, Optus, Origin, AGL, Elgas);
- License and membership fees;
- Banking services;
- Courier services;
- Dial Before You Dig services;
- Training, conferences, travel, meals, accommodation;
- Food and beverages;
- Employee reimbursements;
- Payments for elected and committee members, i.e. DAP, Audit Committee;
- Emergency purchases, or situations threatening life or property. Where a purchase is made under this section, the following will apply:
  - Expenditure should be limited to that required to alleviate the emergency situation only; and
  - Officers must ensure that appropriate methods of purchase are resumed as soon as practical (i.e. purchase order generated, quotations sought for the remainder of the goods, services or works other than that required for emergency response);
- Planning and building consultant fees.