



Policy

Entertainment Expenses

Responsible Officer: General Manager

Date Adopted: 21 May 2019

Review Date: 21 October 2021

1. Objectives

- 1.1. The aim of this Policy is to describe King Island Council's (Council) commitment to and objectives around managing risk.
- 1.2. Council acknowledges the moral, legal and financial responsibility that is inherent in managing risk across its operations.
- 1.3 The policy is intended to apply to all entertainment expenses incurred in the performance of Council duties.

2. Background

- 2.1 This policy was originally developed and published as a Guideline within Council's approved Credit Card Policy (October 2018).
- 2.2 Council has now formalised those Guidelines as a separate Policy to ensure they are easily accessible and apply to all forms of purchases.

3. Scope

- 3.1 This policy applies to all Councillors and employees of King Island Council and other persons in the workplace.
- 3.2 This policy applies to all methods of purchase used in Council including personal reimbursements.

4. Policy

- 4.1 Entertainment means the provision of food, drink or recreation, even if business discussions or transactions occur, but excludes travel expenses, such as meals on overnight, work-related travel.
- 4.2 Some examples of entertainment include business lunches and social functions. Entertainment is defined by the *Income Tax Assessment Act 1997*, section 32-10 – Meaning of Entertainment¹.
- 4.3 Entertainment is typically considered a private expense and must not be purchased without prior approval, regardless of the form of payment to be used.
- 4.4 If you are purchasing food or drink, you are purchasing entertainment, except where for valid work-related entertainment expenses.
- 4.5 There are a range of circumstances where entertainment expenses may be considered to be work-related and may be purchased in the same way as any other Council procurement or purchase.
- 4.6 Such work-related entertainment expenses include travel expenses (in accordance with Council's Travel Expenses Policy), to support approved overtime work, for approved Council events or social functions, or within an approved entertainment expenses budget for your role.

¹ See the *Income Tax Assessment Act 1997*: <https://www.legislation.gov.au/Details/C2018C00056>.

- 4.7 Entertainment may be deemed a work-related expense where the public interest of the entertainment clearly and substantially overrides the personal benefit, such as where the provision of entertainment supports a work-related, council-sponsored event or social function.
- 4.8 Council should seek to avoid covering the entertainment expenses that would be seen to predominantly direct benefit to specific private individuals, such as contractors and private business representatives, except where incidental to a community-focused event or function.
- 4.9 For entertainment expenses to be approved:
 - (1) Purchasers must apply in writing, justifying the expense;
 - (2) Applications must be approved in writing by:
 - (a) One Authoriser for entertainment purchases below \$400; and
 - (b) Two Authorisers for entertainment purchases of \$400 or more;
 - (3) An Authoriser cannot approve their own expenses;
 - (4) The written approval must be provided with transaction receipts.
- 4.10 Purchasers are to apply for approval of entertainment expenses prior to incurring the expense. Purchasers who do not apply for approval of entertainment expenses prior to incurring the charge carry the risk that it is considered a private and not a work-related expense and, therefore, will be liable for the cost.

POLICY VERSION AND REVISION INFORMATION

Policy Authorised by: General Manager

Policy Maintained by: Senior Manager Finance & Community Services

Policy Commencement: 21 May 2019

Policy Review: 21 October 2021

Acknowledgement

I acknowledge that I have read this policy and will comply where applicable with any of the policy content and procedures. Further, I acknowledge that I may be subject to disciplinary action, which may include termination, where I fail to comply with this policy.

Name:

Signed:

Date:

