# Hospitality Policy

# Section 1 - Preamble

(1) Australian Catholic University is committed to respecting the dignity of all and to accountability for its actions. Hospitality, the practice of treating guests with welcome and kindness and taking care of their needs and comfort, acknowledges this dignity and shared humanity. Hospitality has long been a central virtue of the Christian faith—and is recognised too in many other traditions. Hospitality is characterized by the spirit of welcome. As Scripture reminds us: "I was a stranger and you made me welcome" (Matthew 25:36).

(2) While proud of this commitment to our Catholic faith, the University is also cognisant that it is faced with the challenge of operating in an increasingly complex environment in which governmental and regulatory oversight is growing more and more stringent. By being a part of ACU's community, it is our responsibility not only to be hospitable, but also to be good and prudent stewards of the resources we have been gifted, and to exercise fairness in how different areas express welcome.

(3) The following Policy outlines recognition by the University of this balance between hospitality and stewardship.

# Section 2 - Background

(4) The provision of entertainment and hospitality by ACU employees within the context of furthering University objectives is a legitimate professional activity. This Policy aims to provide clear direction to employees in determining the nature and amount of purchases and services under consideration.

(5) Managers and supervisors must exercise good judgement in deciding on the appropriate expenditure for entertainment and hospitality. The link must be clear between expenditure and the professional undertakings of the University.

(6) At all times employees need to ensure they are acting in accordance with the Code of Conduct for Staff.

# Section 3 - Purpose

(7) This Policy has been developed to ensure that:

a. Entertainment and hospitality is provided for professional purposes and furthers ACU's objectives and priorities.
b. Costs are proportionate to the benefits obtained by the University and are, all things considered, reasonable.

# Section 4 - Application

(8) This Policy applies to all staff and students of the University when providing hospitality or entertainment activities on or off campus. It covers expenditure involving food, drink or recreation.

(9) For the purposes of this Policy, the terms 'The University', 'University' and 'ACU' refer to Australian Catholic University.

(10) Gifts or donations offered to and received from external parties are not covered in this policy. (See the Acceptance and Treatment of Donations Policy, the Gifts and Benefits Policy and the Honesty section of the Code of Conduct for Staff).

# Section 5 - Entertainment or Hospitality

(11) The definition of entertainment for the purposes of Fringe Benefits Tax includes activities or events with a social purpose rather than a clear professional purpose, where the provision of food, drink and recreation are incidental to the purpose of the activity. Where this is not the case, the expense incurred is likely to be hospitality, and therefore not incur FBT.

(12) FBT applies to entertainment and can significantly increase the cost to the University. Where accommodation and travel costs arise when providing such entertainment they are included in the FBT calculation. Please refer to the Fringe Benefits Tax Guidelines for further information.

(13) Where it is unclear if entertainment or hospitality is provided, the major factors to be considered are:

a. Why is the food or drink being provided? For example, food or drink provided for refreshments or sustenance would not typically be classed as entertainment, but as hospitality. However, food or drink provided at a social function or a fundraising dinner would be entertainment.
b. What food or drink is being provided? Light meals (refer to glossary for examples), morning and afternoon teas are generally not considered to be entertainment. As meals become more elaborate they tend to take on the characteristics of entertainment.
c. Where is the food or drink being provided? A light working lunch provided on business premises would not generally be considered entertainment. A business lunch or dinner at a restaurant off business premises would be considered entertainment.
d. When is the food or drink being provided? Food or drink provided during work time, during overtime or while an employee is traveling for work is less likely to be entertainment. This is because in the majority of these cases, the food or drink is provided for a work-related purpose rather than for an entertainment purpose.

(14) Factors that would generally indicate that food or drink is the provision of entertainment:

a. alcohol
b. substantial meal
c. social occasions, including award dinners, fundraising functions, and sporting and arts events
d. high cost per head
e. minor business purpose.

(15) Factors that would generally indicate that the food or drink is not the provision of entertainment, and likely to be hospitality or meeting expenses:

a. clear business activity
b. no alcohol
c. refreshments or light meals only
d. on business premises
e. is connected to a meeting with agenda and outcomes
f. low cost per head
g. eligible seminar or exempt training seminar (see the Fringe Benefits Tax Guidelines for further details).

# Section 6 - Approvals and Purchasing Card

(16) Where the use of entertainment or hospitality is required by employees lacking the appropriate financial delegation, the expenditure of University Funds on entertainment and hospitality must be approved in advance by a supervisor with the appropriate financial delegation.

(17) Where payment is by purchasing card the most senior employee present at an external or internal venue must pay the purchase invoice.

(18) The invoice/purchasing card reconciliation must be approved by a higher level of authority than the person who paid the invoice, and should note clearly the employee involved and the purpose of the expense. In the case of lunches/dinners at external venues, the approval authority at the higher level should not have attended the function.

(19) Expenditure on entertainment and hospitality must be:

a. for University purposes;
b. properly documented; and
c. available for scrutiny by both internal and external audit.

(20) Expenditure for the sole purpose of entertaining University employees is not permitted unless specifically exempted in this Policy. Approval must be sought in advance from an employee's supervisor with appropriate financial delegation if there is any doubt about whether expenditure is appropriate.

# Section 7 - Fringe Benefits Tax

(21) FBT is payable on certain entertainment expenditure by University employees.

(22) Who pays and what is included:

a. Any FBT applicable to the provision of entertainment to employees or associates is payable by the relevant area incurring the expense.
b. Spouses, partners or other family members are considered to be associates.
c. FBT is not applicable to expenditure on unrelated students or other third parties.

(23) The effect of FBT is to increase the cost of entertainment for the University by approximately 100%. This should be taken into account in any decision to incur entertainment expenses. For further information, refer to the Fringe Benefits Tax Guidelines.

# Section 8 - Business Meals

### External venues

(24) Expenditure for lunch or dinner at an appropriate cost is permitted for official visitors and guests. Prior approval is required from an employee with appropriate financial delegation.

(25) Care is to be taken in planning to ensure that expenditure is reasonable in regard to the choice of venue. As meals become more elaborate, they take on more of the characteristics of entertainment.

(26) The bill is to be paid by the most senior officer in attendance. If that is not possible subsequent approval of the payment (usually via credit card reconciliation) is not to be made by any of the senior officers who attended the

lunch/dinner and needs to be made by a higher level senior officer than those who attended.

## Lunchtime meals and employee meetings on ACU premises

(27) Meals and light refreshments may be provided during employee meetings when the meeting occurs during the normal lunch or breakfast period, or when the duration of the meeting is in excess of four hours. Expenditure for lunch or dinner is permitted for participants and presenters in all-day meetings, training sessions and seminars.

(28) Employees may also provide lunchtime meals and light refreshments to visitors and guests of the University when undertaking official business.

(29) All meals and light refreshments are subject to approval by the appropriate delegated officer, within the approved budget limit.

## Official Functions

(30) Expenditure for official functions is permitted when:

a. The number of University employees attending an official function is limited to those with a direct involvement in the business being conducted; that is, only those who will be able to advance the University's business, and
b. The number of University employees attending comprise a minor or balanced proportion to external representatives. It should be exceptional that the number of University attendees exceeds the number of external attendees.

(31) Expenditure for official functions not permitted where a venue is principally a place of entertainment, e.g. a corporate box at a sporting event

## Christmas functions

(32) ACU-funded Christmas functions are subject to FBT. Faculties and Directorates may provide an annual Christmas function subject to approval by the appropriate delegated officer within the approved budget limit. Key principles for Christmas functions include:

a. The reasonable per person budget limit should not exceed $85 inclusive of GST and including alcohol per employee, note FBT will be applied in addition to the expense and charged to the same cost centre. After this limit is reached, individuals and supervisors may supplement this at their own personal expense; e.g. not paid by ACU.
b. Staff are eligible to attend no more than one ACU Christmas function. Members of the Senior Executive and Executive are eligible to attend two ACU Christmas functions. In the event that there is a business requirement for the staff member to attend more than one ACU funded Christmas parties, the staff member must seek approval by the staff members Senior Executive member.
c. No internal guests are to attend an operational unit's Christmas party unless it is the only Christmas party they are attending.

> * Non-Allowable Expense Procedures 2018, Schedule One: Specific non-allowable expenses, 2.3 Entertainment and meal expenses, the University of Sydney, 11 December 2017, p.12.

## Employee Farewells, Gifts and Christmas Gifts

(33) Employee farewells may include the expenses for meal or light refreshments and/or a contribution towards the purchase of a gift, subject to approval by the appropriate delegated officer within the approved budget limit. Employee farewells and gifts are to be co-funded by a voluntary employee collection. Contributions from ACU are

limited per the table below:

| Criteria for ACU funded employee farewells / employee circumstances | ACU maximum meal/ refreshment contribution | ACU maximum gift contribution |
|---|---|---|
| A departing employee has served five years or more at ACU | Meal $300 | $300 |
| A departing employee has served two to less than five years | Meal $150 | $150 |
| An employee who has served less than two years | N/A | $100 |

(34) These limits do not apply to a departing employee of more than 10 years' service at ACU and whose service has been determined by the Vice-Chancellor and President to have been exceptional and outstanding. In such cases, function and gift expenses should be reasonable having regard to the service concerned.

(35) This will incur Fringe Benefits Tax, see the Fringe Benefits Tax Policy for further information.

(36) Employee Christmas gifts are to be funded personally by the gift provider.

## Compassionate and Other spending

(37) Where sent on behalf of the University, it is reasonable to purchase a wreath or other floral arrangement or to contribute an equivalent amount to a nominated charity for:

a. The funeral of a student or employee, or child or partner of an employee.
b. The birth of a child.
c. Recognition of a staff member for having completed 25 years of service and for subsequent major milestones.

(38) The ACU contribution for such purchases is to be limited to $100.00 and notes as coming from the University.

(39) In special circumstances it may prove reasonable for the University to send a similar gift of recognition to the funeral of a person who has had a close and beneficial association with the University. Such gifts are to be approved by the Executive Dean or Director, or higher appropriate delegated officer, be of reasonable cost and be clearly denoted as coming from the University.

(40) University funds are not to be used for other events including but not limited to weddings, birthdays and recognition of service (except where staff have completed 25 years of service and for subsequent major milestones, limited to $100.00 excluding centrally provided recognition such as certificates/plaques), but may be funded by voluntary employee contribution.

## Travel, Accommodation and Extended Working Hours

(41) Accommodation, meals and incidental costs incurred as part of travel for work purposes are covered under the Travel Policy and the Reimbursement of Actual Expenses Policy. These are not entertainment expenses.

(42) However, where travel and accommodation costs are incurred by employees for attendance at ACU entertainment events this would be charged as an entertainment expense and would incur FBT (see the Fringe Benefits Tax Guidelines).

(43) Where it is a requirement that employees work over and above their normal standard hours, the University may pay for or reimburse expenditure for meals or light refreshments. See the Reimbursement of Actual Expenses Policy and Meal Allowance During Overtime Policy for Professional Staff.

### Non-ACU events

(44) FBT may be incurred where staff attend events held by other organisations. Please refer to the Fringe Benefits Tax Guidelines for conference and seminar attendance, and purchase of table or seats for employees to attend events. The FBT checklist should be used to determine if entertainment, and therefore FBT, has occurred.

### Tipping

(45) The University will not meet the cost of tipping for any service provided in Australia. The University will only meet the cost of tipping where the service was received overseas and where tipping is a custom or standard additional cost to the service provided. The University will meet the cost of the tip to a value no greater than the customary amount for the country in which the service is delivered. The maximum allowable tip is 20%. Staff may use their discretion to personally fund a tip/gratuity in recognition of good service in Australia or over the maximum allowable percentage. If you are the most senior staff member present, the responsibility for tipping and paying the bill on the corporate credit card falls to you, or your delegate.

### Petty Expenses (below $10)

(46) Ad hoc expenses below $10 (exc. GST) are considered petty by nature and therefore not reimbursable or payable by ACU. Generally, where items of such a petty amount are required, they will be available through bulk arrangements (such as preferred suppliers for staff amenities), otherwise they are considered private in nature. The following list below are examples of petty expenses that are below $10:

a. coffee (exception made when meeting external stakeholders);
b. snacks, drinks, lollies, mints etc.

# Section 9 - Roles and Responsibilities

### Approval Authority

(47) The Vice-Chancellor and President is the Approval Authority for this policy.

### Governing Authority

(48) The Deputy Vice-Chancellor (Corporate) is the Governing Authority for this policy.

### Responsible Officer

(49) The Chief Financial Officer is the Responsible Officer. Specific responsibilities associated with this policy include managing compliance for the Fringe Benefits Tax Guidelines and the Purchase Card Policy. These are also the responsibility of the Chief Financial Officer and can be updated concurrently, as changes are required.

# Section 10 - Review

(50) The University may make changes to this Policy and its procedures from time to time to improve on the effectiveness of its operation. In this regard, any employee who wishes to provide comment/ feedback about this Policy may forward their suggestion to the Chief Financial Officer.

# Section 11 - Further Assistance

(51) Finance and Planning administer the treatment of entertainment and hospitality expenses. Enquiries can be made to the Accounts Payable Team Leader at accountspayable@acu.edu.au. Purchases should be pre-approved by the appropriate delegated officer in line with this Policy and the Delegations of Authority Policy and Register.

# Section 12 - Glossary of Terms

| Term | Definition |
|---|---|
| Employees | all continuing, non-continuing and casual staff and contractors of the University. |
| Entertainment | expenditure for food, drink or recreation and any accommodation or travel associated with these. |
| Hospitality | the reception and entertainment of guests or strangers with courtesy and kindness. |
| Official Functions | has the meaning given to it in the Schedule. |
| Refreshments or light meals | includes cakes, biscuits, non-alcoholic beverages, finger food, sandwiches, salads and fresh fruit. |
| Staff | all continuing, non-continuing and casual staff and contractors of the University. |
| Students | students currently enrolled at ACU. |
| University Funds | all funds received by the University from any source for any purpose. |

## Status and Details

| | |
|---|---|
| **Status** | Current |
| **Effective Date** | 19th December 2023 |
| **Review Date** | 30th April 2024 |
| **Approval Authority** | Vice-Chancellor and President |
| **Approval Date** | 19th December 2023 |
| **Expiry Date** | Not Applicable |
| **Responsible Executive** | Petrus Swemmer<br>Chief Financial Officer |
| **Responsible Manager** | Petrus Swemmer<br>Chief Financial Officer |
| **Enquiries Contact** | Sarah Williams<br>Executive Officer<br><br>Finance and Planning |