

# Hospitality - Procedures

## Definitions

Please refer to the University's Glossary of Terms for policies and procedures. Terms and definitions identified below are specific to these procedures and are critical to its effectiveness:

Hospitality means:

- the provision of meals or refreshments to persons who are visiting the University for business reasons;
- the organisation of other functions which further the objectives of the University, or
- the entertainment of individuals at special events conducted at University or other locations.

## 1. Purpose of procedures

The procedures that follow must be read in association with the Hospitality – Operational Policy and relevant directives and procedures contained in the University's Financial Management Practices Manual on MyUSC. Refer to [https://my.usc.edu.au/working-at-usc/finance-and-procurement/financial-compliance-policy/taxation-\(gst-fbt\)](https://my.usc.edu.au/working-at-usc/finance-and-procurement/financial-compliance-policy/taxation-(gst-fbt))

## 2. Approval of hospitality expenses

2.1 The Vice-Chancellor and President, Deputy Vice-Chancellors, Chief Operating Officer and Pro Vice-Chancellors may approve the expenditure of University funds on hospitality and entertainment to be provided at functions and events that will be attended by individuals that are of particular importance to the wider University.

Whilst no monetary limit is set on approvals under this section, the approving officer will be required to disclose the cost of the hospitality given, the event participants, and the benefit to the University. If the function is a political fundraiser, then endorsement must be sought from Government Relations prior to obtaining approval. As it is not always apparent the event is a fundraiser, Government Relations must be consulted prior to approval:

- if the event is organised by political parties; or
- if the event is organised by government bodies; or
- if a staff member is invited to attend on behalf of a third party.

2.2 The Cost Centre Managers may approve expenditure on hospitality to a maximum of \$2,000 for any one function. The approving officer will be required to disclose the cost of the hospitality given, the event participants, and the benefit to the University. If the function is a political fundraiser, then endorsement must be sought from Government Relations prior to obtaining approval. As it is not always apparent the event is a fundraiser, Government Relations must be consulted prior to approval:

- if the event is organised by political parties; or
- if the event is organised by government bodies; or
- if a staff member is invited to attend on behalf of a third party.

2.3 If the hospitality expenditure is greater than \$120 per person, approval must be sought from the Vice-Chancellor and President, Deputy Vice-Chancellors, Chief Operating Officer or Pro Vice-Chancellors.

2.4 The provision of hospitality and entertainment at corporate 'boxes' and other similar venues should follow the processes set out in section 5.2 below.

2.5 The costs of hospitality can be charged to research accounts only if the conditions of the grant allow such expenditure. If the conditions of a research grant allow expenditure on hospitality, all other conditions outlined in this policy will apply. Approval will be subject to Sections 2.1-2.3 above.

2.6 Participants at functions covered by this policy should normally be restricted to University staff and individuals who it is believed will contribute to the University's objectives. On occasions, attendance at such functions by a staff member's spouse or partner (associates)

APPROVAL AUTHORITY

Vice-Chancellor and President

RESPONSIBLE EXECUTIVE MEMBER

Vice-Chancellor and President

DESIGNATED OFFICER

Chief Operating Officer

FIRST APPROVED

10 May 2013

LAST AMENDED

13 June 2023

REVIEW DATE

13 May 2024

STATUS

Active

may be appropriate. Prior approval for attendance by associates should be obtained from one of the officers nominated in Section 2.1 above.

2.7 Specific exclusions from expenditure on official hospitality may include:

- morning teas
- seminars of more than 4 hours (excluding meal breaks)
- training seminars (not business discussions over a meal)
- meals consumed on work related travel, and
- minor incidental expenditure for items such as tea, coffee, biscuits for servicing meeting rooms.

Under these circumstances costs may be charged to the activity being performed and not Hospitality / Entertainment codes, where the costs cannot be charged to a specific activity.

2.8 For all hospitality expenditure, sufficient detail (why, what, when and where) about the event including the number of internal and external attendees and names of employees who attended must be advised to Financial Services on the relevant form to enable the correct determination of FBT liability. If the hospitality incurs a Fringe Benefits Tax, the University may pass this expense to the relevant individuals to meet personally, or to the cost centre. Refer section 7 below for further detail.

### 3. Receiving hospitality

3.1 When accepting hospitality, care should be taken to avoid any possible conflict of interest. It is particularly important that such situations should not be perceived or construed as providing an incentive for any commercial transactions. Refer to the University's Staff Gifts and Benefits – Operational Policy for further information.

3.2 A hospitality benefit may be accepted if it complies with all of the following principles:

- refusal would offend, or
- it conforms to normal business practice or other cultural practices of the giver, and
- it does not influence a member of staff in such a way as to compromise impartiality or create a conflict of interest, and
- it is received in the course of duty in respect of, work area responsibilities or prior approval has been received from one of the persons in Section 2.1.

3.3 Government Relations department should be consulted before receiving any hospitality from any political parties or government related bodies.

### 4. Fringe benefits tax

4.1 Fringe Benefits Tax is imposed on certain hospitality expenditure at the currently applicable rate. Basically the tax is applied to that portion of the hospitality expenditure, which relates to the provision of meals, refreshments, etc to University staff or associates (ie partners or spouses).

4.2 Details of the treatment of Fringe Benefits Tax (and GST implications as well) as they apply to hospitality expenditure is determined by the Federal Government. Guidelines on the application of Fringe Benefits Tax to entertainment can be found on the ATO website.

### 5. Types of Approved Hospitality Expenditure

5.1 Staff attendance at official functions

Expenditure for official functions is permitted when:

- the number of staff attending official functions 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.
- the number of staff 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.

5.2 Corporate entertainment

5.2.1 From time to time, the University may participate in events or enter into arrangements, which provide the opportunity to host and extend entertainment (which may or may not involve the provision of hospitality) to invited guests.

Examples of such entertainment are:

- hosting in 'corporate boxes' at sporting or cultural events
- hosting at functions such as special dinners, receptions, performances or other major events being conducted either on or off campus

5.2.2 Participation in corporate entertainment activities as described in the section above, should only be arranged where there is a clear benefit to be obtained for the University, such as the facilitation of sponsorship for University activities or as part of fund-raising projects.

5.2.3 It is expected that the participation in and expenditure of University funds on events and arrangements defined in Section 5.2.1 above should satisfy the test that "the approving officer will be required to disclose the cost of the entertainment and hospitality given, the event participants, and the benefit to the University".

5.2.4 Approval of expenditure on entertainment of this type will be in accordance with the procedures set out in Sections 2.1-2.3 of these procedures.

5.2.5 When guest lists are being compiled, the following guidelines should be followed:

- invitees must be individuals who it is believed will contribute to the University's objectives
- the number of invitees must exceed the number of University staff who are attending as hosts
- spouses and partners of principal invitees and University staff hosts may be included on guest lists if the circumstances of the event indicate this
- records of the guest lists associated with the provision of entertainment of this type must be kept for scrutiny if required

### 5.3 Tipping

The addition of tips or gratuities to the account in a hospitality situation is not encouraged and should only be done in exceptional circumstances. However, it is recognised that tipping is the normal custom in some areas of the world and, in those situations, an appropriate tip or gratuity may be given.

### 5.4. Exceptional Circumstances

5.4.1 The following categories of expenditure should not normally be charged against any University funds:

- functions of a purely social nature
- farewells to staff leaving the employment of the University (including gifts)
- drinks only hospitality

5.4.2 However, it is recognised that there may be circumstances where the University might make a contribution to the cost of these functions. Approval for expenditure of University funds, in these cases, should be sought from one of the officers nominated in Section 2.1 above and be subject to the expenditure limit referred to in Section 2.2 above. Where practical, expenditure of this nature should be sought prior to the incurrence of the expense.

5.4.3 It is also recognised that, on occasions, functions are arranged which only involve the participation of University staff and the provision of hospitality is incidental to the primary purpose of the function. The primary purpose of these functions must be to further the aims and objectives of the University or the particular unit and a statement outlining the circumstances should be attached to the financial documentation.

5.4.4 This section is not referring to meals and refreshments provided at courses, seminars or forums arranged for the training and development of staff or for the general engagement of staff in the administration and management of the University.

## 6. Limits on Expenditure

6.1 Hospitality expenses must be incurred against Operating Funds unless specifically provided for under the terms and conditions governing expenditure of other funds (for example, research grants).

6.2 Although the cost of hospitality varies depending upon the venue and nature of the function, staff are required to minimise expenditure.

6.3 Where the expenditure relates to official functions involving formal dining, an amount up to the amount set out for Food and Drink in the Australian Tax Office's Annual Reasonable Travel Allowances Determination may be used as a guide.

## 7. Substantiation Requirements

7.1 A recognised purchasing method (i.e. Corporate Credit Card or Purchase Order) is to be used to pay for hospitality. Where this is not possible:

- adequate declarations and documentation must be provided to support expenditure. As a minimum requirement, the following items must be recorded and included in any application for reimbursement of expenditure on hospitality or entertainment:
  - completion of a Hospitality/Entertainment FBT Form;
  - details of why, what, when and where;
  - name of all persons attending and external organisations represented;

- name of all University staff attending.

Any questions about the implementation of the policy and procedures, or matters not covered by them should be referred to the Chief Operating Officer in the first instance.

END

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#### RELATED DOCUMENTS

- Hospitality - Operational Policy
- Staff Gifts and Benefits - Operational Policy

#### LINKED DOCUMENTS

- Hospitality - Operational Policy

#### RELATED LEGISLATION / STANDARDS

- Financial and Performance Management Standard 2009 (Qld)
- Financial Accountability Act 2009 (Qld)
- FMPM FBT Procedure