

Administrative Procedure 514

HOSTING/HOSPITALITY EXPENSES

Background:

Purpose

The Lloydminster Public School Division (the Division) will extend appropriate hospitality, including entertainment, when it serves the Division's interests by enhancing stakeholder relations.

This Administrative Procedure (AP) is designed to ensure that hospitality and entertainment extended by the Division is managed in a consistent and cost-effective manner that all expenses and claims provide appropriate, documented evidence of reasonability to internal auditors, external auditors and members of the public.

Scope

This AP applies to all employees and any other Division representatives with approved signing authority and access to Division funds for hosting purposes, and applies to Division funds used for hosting purposes.

Principles

As a publicly funded institution, the Division is committed to conducting its business affairs in a consistent and cost-effective manner, guided by the following principles:

- **Accountability:** where all parties have a clear understanding of approval authority and their respective accountability.
- **Transparency:** where the application of this AP is consistent, fair and equitable and demonstrates appropriate business practices.
- **Trust:** where employees are trusted to exercise appropriate discretion in the application of this AP.
- **Efficiency:** where the application of this AP is beneficial and cost-effective.

Definitions:

Detailed Receipt: a receipt provided by the vendor or supplier which itemizes the goods or services purchase, indicated the date, name of facility, amount of tax charged, and a total.

Social Event: an event organized by the division for a specific social purpose including, but not limited to: department Christmas party, team building exercise, retirement recognition, or employee appreciation

Meeting: an assembly or gathering of employees and/or other division representatives for a purpose that supports the business of the division.

Reasonable Expense: expenses that are appropriate to the object and/or significance of the event and that can withstand the test of reasonability (being within the bounds of common sense, showing sound judgment, or not being excessive or extreme) by internal auditors, external auditors, and members of the public

Procedures:

Financial Control and Reporting

As a publicly funded organization, expenditures on hospitality and entertainment must not exceed approved budget limits, must be for official purposes, must not be excessive, and should be able to withstand public scrutiny.

Hosting related expenses must be approved by the claimant's administrative supervisor with approved signing authority. Signing authorities are responsible for ensuring all reimbursements for expenses adhere to this AP.

Employees who pay for hospitality and entertainment expenses may request reimbursement from the Accounting department by completing a Payment Voucher form. A detailed description of expenses, the purpose of the expenses, a list of person's involved and appropriate signatures are required. Forms must be accompanied by all required supporting documents or the payment may be delayed or denied. Original copies of the detailed receipts are required to avoid duplicate payments and to ensure proper claiming of GST input tax credits or rebates.

Once completed the Payment Voucher form is to be submitted to the Accounting department within one (1) month following the event or return day OR by August 31st, whichever comes first. Please note, that if payment of hosting expenses has been made using a division purchasing card, the information that is required on the Payment Voucher form should be included with the

signed purchasing card statement.

Allowable hosting expenses

The following provides examples of allowable expenses:

- Meals and refreshments for prospective employees, visitors, volunteers, or donors.
- Division sponsored receptions to acknowledge employees for long service and/or outstanding accomplishments: honour visitors, guests or dignitaries; official opening of buildings, art exhibits, etc.; fundraising and donor recognition events; ceremonies such as graduations or public announcements.
- Meals or refreshments at meetings when groups of employees are giving up personal time to conduct division business.
- Business meetings held away from the normal place of work.
- Meals or refreshments served at division sponsored seminars, workshops, orientations, retreats, or other division functions, provided that the event exceeds three (3) hours in length.
- Meals or refreshments served during division sponsored meetings of advisory groups or other committees when the group is composed of both division employees and non-employees, provided that the event exceed three (3) hours in length.

Costs and payment

- Costs incurred must be reasonable and appropriate to the business purpose of the event.
- Based on the total value of the transaction(s), the appropriate purchasing method (expense claim, purchasing card or purchase order) must be used.
- Authorizing officers of the division have the authority and responsibility to determine the overall reasonableness of the hospitality claim, ensuring expenses are well documented.
- Expenses are paid and claimed by the most senior position in attendance, provided that this person is not an honouree of a hosting event. These expenses are reviewed and approved by the claimant's administrative supervisor.
- Any exceptions to this policy must be approved in writing by the Director, or appropriate Superintendent, prior to planning the event.

Alcoholic beverages

The cost of a prudent amount of alcoholic beverages may be considered an allowable expense under the following circumstances:

- Where the primary purpose of the event is fundraising, fostering community partnerships or community outreach.
- Division events such as employee recognitions, Board and Director's dinners/receptions
- Social events as recognized and approved by the Director.

Alcoholic beverages will not be permitted at any event that occurs on school property or directly involves LPSD students.

Entertainment

The Division pays reasonable expense for employees to participate in events which provide the opportunity to host and extend entertainment to invited guests when doing so serves the Division's interests by enhancing stakeholder relations. Examples of allowable entertainment expenses include:"

- Attendance at sporting, cultural or community events
- Hosting functions such as special dinners, receptions, performances or other major events being held at or away from Division facilities

Participation in entertainment can only be approved where there is a clear, demonstrable benefit to be obtained by the Division.

Home entertaining

In some situations, hosting/entertainment at a division's employees home can be more desirable than another location. When a division employee hosts an allowable event at their home, reimbursement may be granted for food, beverages, and other expenses directly related to the event.

Gifts and tokens of appreciation

Gifts and tokens of appreciation are acceptable business expenses when they are:

- A result of the normal exchange of hospitality between the Division and an external party or business, or
- Part of an established protocol, or
- Recognitions of a special service to the Division.

Where the purchase of a gift and tokens of appreciation are not considered in other Division AP's (e.g. Service Awards) any gift or tokens of appreciation valued at over \$50 must be approved by a member of the Division's executive (Director or Superintendents)

Political activities

Political expenses, for example the purchase of political event tickets or attendance by Division personnel at a political fundraising dinner, are personal in nature and will not be reimbursed by the Division.

Revised:

November 2017