



Australian Government

AFTRS

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AFTRS Expenditure on Entertainment Policy

Responsible Officer	Director, Corporate Services
Contact Officer	Head of Financial Services
Authorisation	Chief Executive Officer
Effective Date	Initial October 2002 Reviewed 6 December 2011
Associated Documents	AFTRS Administrative Orders <i>Commonwealth Authorities and Companies Act 1997</i> <i>Income Tax Assessment Act 1936</i> <i>Taxation Laws Amendment (FBT Cost of Compliance) Act 1995</i> <i>Crimes Act 1914</i> AFTRS Fraud Control Policy and Procedure AFTRS Code of Conduct AFTRS Drug and Alcohol Usage Guidelines

1. Policy Name

The AFTRS Entertainment Policy

2. Preamble – Background

This policy was originally developed and approved in October 2002 with the aim of aligning policy with best government practice, formalising existing practice where appropriate, and incorporating Fringe Benefits Tax provisions. It has now been reviewed to ensure that AFTRS continue to meet its obligations.

3. Policy Scope

This policy applies to any employee, volunteer or contractor who is entitled to authorise AFTRS expenditure or is involved in organising or overseeing AFTRS related entertainment.

4. Definitions

Entertainment means food, drink or recreation.

Fringe Benefits Tax (FBT) refers to the taxation imposed on the proportion of the total entertainment expenditure which relates to employees and/or their associates. It is incurred by AFTRS on behalf of the employee on the basis that

the Australian Taxation Office views that the employee or associate has received a benefit from the entertainment.

Employee means anyone employees by AFTRS irrespective of whether they are engaged for full time or part time hours, or on a permanent, fixed term, temporary or casual basis.

Students include participants in award and non-award programs of study or training.

Associate means associates of employee e.g. family members.

Client means guests and visitors at AFTRS other than Associates.

5. Policy Statement

AFTRS acknowledges that there are occasions when it is necessary and/or desirable to provide entertainment at AFTRS expense. It needs to be remembered that entertaining AFTRS employees (or students) should not generally be the primary function of the entertainment.

In making a decision as to whether AFTRS funded entertainment is appropriate the employee has a responsibility to take into account whether a reasonable person would believe this is in the best interests of the Commonwealth (ss. 22 (2)(d) *Commonwealth Authorities and Companies Act 1997*). The employee also has to be aware of their agreement under the AFTRS Code of Conduct to use resources (i.e. public monies) in a proper manner.

AFTRS may entertain employees, students, associates or clients.

Entertainment expenses might include:

- off premises business lunches and drinks;
- cocktail parties, or
- social functions e.g. Christmas parties.

Expenses which are not considered entertainment might include:

- morning or afternoon tea (no alcohol);
- employee's meals while travelling on AFTRS business, or
- light refreshments provided in conjunction with a professional development seminar.

Please note that gratuities and tips are at the discretion of the individual and are not to be charged to AFTRS.

Any entertainment expenditure should be publicly defensible **and all expenditure on alcohol (other than as a minor component of a meal) must be approved by the Chief Executive Officer**. Where Alcohol is approved as part of entertainment expenditure, it must be provided responsibly and in accordance with the AFTRS code of Conduct and Drug and Alcohol guidelines.

In deciding whether it is reasonable for AFTRS to bear the entertainment expense the delegate should consider the following.

- Does the proposed expenditure facilitate achievement of AFTRS' aims and objectives?
- Does the proposed expenditure represent normal and acceptable practice throughout AFTRS?
- Does the proposed expenditure expose AFTRS to criticism from uninformed parties (e.g. would it be defensible if publicised on the front page of a national newspaper)?

Employees must not authorise their own expenditure reimbursement. Where appropriate approval is not obtained for the expenditure an employee may be held personally responsible for the expenditure and required to reimburse the AFTRS.

Under the AFTRS Administrative Orders fraudulent activities include the use of AFTRS resources for personal gain. Fraudulent behaviour may result in criminal investigation by the police or disciplinary action possibly resulting in termination of employment.

If an employee has a suspicion that this policy is being breached through fraudulent activity they should refer to the Fraud Control Policy for guidance on how to report suspected fraud.

6. Implementation

a) Specific Examples

Christmas Parties

AFTRS contributes to the AFTRS on site Christmas Party for employees, students and associates. It is not reasonable or appropriate for AFTRS to fund other, smaller staff or student Christmas Parties, lunches etc.

Wrap Parties

Wrap parties may be funded from the Student Production budget as approved by the Chief Executive Officer (if alcohol is to be purchased) or the Director, Screen Production.

Open Program Training/Seminars/Short Courses

It may be appropriate for AFTRS to fund light refreshments during the course of training, seminars or short courses.

Graduation and Orientation

AFTRS will provide refreshments as part of these specific events.

Selection Panels

AFTRS may fund the purchase of food and drink (not alcohol) for employees and clients who are members of selection panels.

Meetings

Approval must be sought for the purchase of food and drink (not alcohol) in relation to meetings where external parties are involved (at the discretion of the Divisional Director).

Internal Functions

Internal functions not covered above e.g. farewells, lunches. Departmental orientation meetings etc. should not be funded by AFTRS unless approved by the Chief Executive Officer.

External Functions

AFTRS may fund external entertainment which falls into the above categories including business lunches.

b) Fringe Benefits Tax

If the nature of an event or function is social then FBT will apply. The provision of alcohol has social connotations and in most situations will be subject to FBT. The employee portion of the expenditure attracts FBT while the student or client component does not.

It should be noted that expenses for employees for parties and social functions can be subject to FBT even when the party is held on site at an in-house dining facility.

FBT is calculated as the top marginal rate of tax plus Medicare Levy multiplied by the taxable value of the benefit. Subject to the approval of the expense the FBT cost will be charged to the initiating cost centre.

c) Queries

Any queries in relation to this policy should be referred to the Head of Financial Services.

7. Roles and Responsibilities

Finance Department

- Process transactions subject to FBT.
- Calculate the FBT and charge it to the appropriate Cost Centre.
- Prepare the AFTRS FBT return to the Australian Taxation Office.
- Retain records in accordance with taxation legislation.
- Report FBT exceeding a legislated value on the employee's annual Payment Summary.
- Maintenance of this policy.

Cost Centre

- Assessment of whether FBT is applicable by consulting the Entertainment FBT Checklist.

- Authorisation by the appropriate delegate for the use of funds for the specified entertainment.
- Identification of any transactions subject to FBT.
- Providing the correct documentation.
- Management of the entertainment including, where alcohol is to be served, a risk assessment and attendance of an appropriate number of people with qualifications in the responsible service of alcohol.

8. Forms

- Purchase Order and Requisition (with appropriate original documentation e.g. invoice).
- FBT Declaration Form

9. Review

This policy will be reviewed in accordance with standard AFTRS procedures.

**Policy approved
Sandra Levy CEO
06 December, 2011**