

**FEZILE DABI DISTRICT MUNICIPALITY**

**DRAFT ENTERTAINMENT POLICY**

**March 2010**

**DEFINITIONS**

**“Acquittal”** exoneration, clearance

**“Constitution”** Constitution of Republic of South Africa, 1996

**“Council”** means council of the Fezile Dabi District Municipality.

**“Executive Mayor”** means political head of the municipality

**“Directors”** means a person appointed as head of relevant department of Fezile Dabi District Municipality in terms of section 57 of the Municipal Systems Act 2000, Act 32 of 2000.

**“Entertainment”** means activity of generosity

**“Hospitality”** warmth, generosity

**“Reimbursement”** means a payment to a qualifying claimant for expenses incurred in connection with approved municipality’s business meeting, entertainment event, or other activity authorized in this policy.

**Scope of the policy:**

1. The policy provides guidelines for the appropriate use of the municipality’s funds for business meeting, entertainment functions, and other occasions when meals and/ or light refreshments are served.
2. The policy applies to:
  - The Executive Mayor;
  - The Speaker
  - Members of the Mayoral Committee;
  - The Accounting Officer / Municipal Manager; and
  - Section 57 managers (Section 57 of Systems Act)

**Objective:**

3. The objective of this policy is to provide for proper control of expenses classified as entertainment and hospitality.
4. This policy is applicable for all hosting and reasonable related expenses that may from time to time be approved by the appropriate authority as outlined in this policy.

**Background:**

5. The Council has an obligation to comply with internal and external Audits and fringe benefits tax requirements and to be accountable to the community for its expenditure on entertainment and hospitality.
6. This policy framework is not intended to be exhaustive in coverage but aim to identify principles and provide guidelines on issues and examples of reasonable practices regarding entertainment expenditure and hospitality purposes.

**Related Policy/Legislation:**

7. This policy shall be read in conjunction with:-
  - The Constitution (especially section: 152; 156 and 219)
  - Municipal Finance Management Act 2003, Act No. 56 of 2003 (especially section: 15, 62(1)(a);(b);(c)(i);(d) and (e), and 65(1);(2)(a);(b)to(e) and (j).
  - Municipal Structures Act 1998, Act No. 117 of 1998
  - Municipal Systems Act 2000; Act 32 of 2000
  - Fezile Dabi District Municipality: Supply Management Policy;
  - Fezile Dabi District Municipality: Credit Card Policy;
  - Fezile Dabi District Municipality: Corporate Governance Policy;
  - South African Income Tax Act 1962, Act 58 of 1962 as amended ( for each income tax year in relation to guidelines for reasonable allowances).

**Related Delegations:**

8. Authority in respect of implementation of this policy is delegated to the accounting officer unless indicated otherwise.

**Policy Statement:**

9. Reasonable entertainment and hospitality expenses which pertain to the conduct of Council business and which are in the public interest may be charged against budget accounts, appropriated specifically for entertainment and hospitality with the approval of the Accounting Officer.
10. Entertainment for large groups such as employee functions or for the hosting by Council of conferences, meetings, workshops and seminars is covered by this policy.
11. Hospitality for Council visitors, guests and benefactors will typically take the form of meals and associated light refreshments. Such entertainment will normally be arranged for individuals or groups visiting the Council (e.g. guests, government officials, representatives of other institutions, researchers, developers and prospective employees being interviewed).
12. The consumption of alcohol has social connotations and the provision has characteristics of entertainment. Alcohol beverages should only be available for the purpose of hospitality in modest amounts.

**Out of municipal premises Entertainment and Hospitality**

13. In certain situations it may be more desirable and less costly to entertain Council visitors, guests and benefactors at a Councillor's or employee's home or any other private place. In these circumstances, the cost of food and refreshments will be for the expense of the council and should be done in accordance with supply chain management policy and prior approval by the Accounting Officer.
14. Notwithstanding the above, no entertainment or hospitality expenses may be incurred outside the Fezile Dabi Municipality's area of jurisdiction. Where expenditure outside the district is necessary such expenditure will only be for meals and refreshment pertaining to Council matters.

**Application of the policy**

15. This policy framework will apply in all cases where hosting is determined by the Executive Mayor, Mayoral Committee member, or appropriate Director to be a necessary activity in those areas for which they have operational responsibility.
16. Where hosting is considered appropriate and therefore in the public interest would include:-

- all official visitors to Council;

22. Reimbursement will be paid on actual, legitimate and substantiated expenses claimed. Claims for valid business related expenditure will only be considered for payment when full details and receipts are provided.
23. No claims will be considered and processed in the absence of original receipts and / or invoices.
24. Council will reimburse the amount of reasonable expenses actually incurred, however, the following guidelines are offered as reasonable:-
  - Meals and reasonable refreshment expenses shall be interpreted as reasonable expenses incurred for the purchase of breakfast, morning and afternoon teas, lunch or dinner where these are not provided at the event or otherwise paid for on behalf of the claimant.

#### **Accompanying Persons Costs**

28. Claims for expenditure on persons other than the Council appointed attendees at functions/conferences will not be reimbursed unless the specific approval of the accounting officer was obtained prior to the costs being incurred on behalf of the accompanying person.

#### **Exceptions**

29. Expansion of the permissible entertainment activities may be extended from time to time by council's prior approval to include functions such as:-
  - Employee recognition or length of service awards, retirement presentations, Christmas party or staff briefings; and
  - Exceptional entertainment expenses may include the reimbursement of the expenses incurred for the accompanying partner of a guest or the official host; and
  - On occasions when the Executive Mayor's or Member of Mayoral Committee's partners are invitees to an official function, costs associated with meals and accommodation etc shall be allowable.

#### **Limitations**

30. No entertainment and hospitality expenses may be claimed or incurred while the person claiming reimbursement is on leave (voluntary or involuntary), or was instructed not to incur such expenditure; or
31. Is subject to disciplinary procedures due to alleged abuse, fraud or corruption regarding claims for entertainment and hospitality expenses.
32. Where expenditure to be incurred relates to entertainment other than for refreshment and meals; such as performing artist; events etc, approval of council should be obtained prior to such expenditure being incurred.

