

MUNICIPALITY OF THE DISTRICT OF LUNENBURG POLICY

Title: Gifts and Hospitality	
Policy No. MDL-77	
Effective Date: June 25, 2019	Amended Date: Re-adopted Jan. 26, 2021

Preamble

The Municipality of the District of Lunenburg (MODL) recognizes that gifts and hospitality-related activities are, at times, appropriate and legitimate expenses supporting the effective conduct of municipal business. The offering of gifts and hospitality will be done in such a manner to reflect the prudent stewardship of public funds and should be a reasonable expense based on the circumstances.

1.0 DEFINITIONS

Gifts:

Items to be given on behalf of MODL to both individuals and groups from outside the organization. Gifts should be appropriate and reflect the communities, culture and heritage of MODL and be readily identifiable as being from MODL. This can include items such as craft items, locally produced alcohol beverages and other items as per the Municipal Gifts & Promotional Items Operational Policy. MODL will purchase and manage a stock of items to be used as Municipal gifts and promotional purposes.

Hospitality:

Expenses incurred while hosting individuals from outside of municipal government and for municipal purposes that support the effective conduct of municipal business including receptions, ceremonies, conferences, business meetings, performances or other group events. Allowable expenses may include meals, non-alcoholic beverages or other event-related items.

2.0 PURPOSE

- 2.1 To provide direction and guidance to the Chief Administrative Officer (CAO) or designate with respect to the appropriate expenditure of hospitality expenses that support MODL's objectives.
- 2.2 To ensure gifts and hospitality are offered in an accountable, economical and consistent manner in the facilitation of government business and/or for reasons of diplomacy, protocol, recognition, business development or promotional advocacy.

- 2.3 To provide guidelines for the distribution of items to be used as municipal gifts and for promotional purposes.
- 2.4 To ensure taxpayers' dollars are used prudently and responsibly with a focus on accountability and transparency.

3.0 APPLICATION

This policy applies to Council members and staff who incur hospitality expenses while conducting government business or giving of a gift on behalf of MODL.

4.0 POLICY DIRECTIVES

Offering of Gifts and Hospitality

Gifts are most often given by the Mayor, a Councillor or a senior staff member, however, any staff member can submit a request for an item. The procedure for requesting a gift and the guidelines to be used when selecting an appropriate gift are outlined in the Municipal Gifts and Promotional Items Operational Procedure.

Hospitality may be offered under the following circumstances in accordance with this Policy:

- Hosting dignitaries;
- Engaging in official public matters with representatives from other governments, business, industry/labour leaders or other community leaders;
- Sponsoring conferences;
- Hosting ceremonies / recognition events; or
- Other official functions, as approved by the Council or the CAO or designate.

Acceptance of Gifts, Hospitality and Other Benefits

No Council member or municipal employee shall show favouritism or bias toward any vendor, contractor, or others doing business with MODL and shall not accept any gifts, hospitality or other benefits that may have a real, apparent or potential influence on their objectivity in carrying out their official duties and responsibilities or that may place them under obligation to the donor.

The acceptance of gifts, hospitality and other benefits is permissible if they are infrequent and of minimal value, within the normal standards of courtesy or protocol, arise out of activities or events related to their official duties, and do not compromise or appear to compromise their integrity or the integrity of MODL.

Gifts, tokens of hospitality or other benefits that are accepted shall be declared in a register kept indicating the gift, date and the name of the recipient and donor. This register will be maintained by the Clerk's office.

Authorization

All hospitality events require prior authorization by Council or the CAO or their designate and require that a “Request and Approval to Incur Hospitality Expenses” Form be completed and submitted to the CAO or designate for approval. In authorizing the hospitality event, the request should be reviewed in consideration of the value and benefit of the proposed event in relation to its cost. Any request for prior authorization for hospitality events requires the following detail:

- Rationale / purpose of event
- Estimated numbers of attendees and their respective affiliations; and,
- Estimated itemized costs including gratuities and supplementary expenses.

A copy of the signed prior authorization must accompany the claim for reimbursement.

In instances where a hospitality event has been held without prior approval, claims for reimbursement must provide the details outlined above and also include a document outlining the reasons prior approval was not possible.

Business Meetings

Under this Policy, the Mayor, CAO, Deputy CAO and Director of Business Development, Tourism and Infrastructure will have the authority to expend funds in a municipally-beneficial prudent manner; and, from time to time, other Department Managers approved by the CAO or designate and the Deputy Mayor or a Councillor as approved by Council.

Serving of Alcohol and Cannabis Products

No alcoholic beverages or cannabis products will be provided at municipal hospitality events.

5.0 ACCOUNTABILITIES

Mayor and Councillors are responsible for:

- Overseeing hospitality-related expenses for the CAO or designate, hospitality expenses that are approved by the CAO or designate, and, approving hospitality events that Council sees as warranted under this Policy.
- Ensuring compliance with the requirements established by this Policy with respect to hospitality expenses.
- Consistent application of this Policy.

CAO or designate is responsible for:

- Using discretion to make decisions and choices with some degree of flexibility while maintaining compliance with this Policy. When exercising discretion, the following factors must be considered:
 - Ensuring all appropriate hospitality events and related expenses that are initiated or incurred by a Department Manager are approved; and,
 - Approving appropriate requests and claims for hospitality-related expenses for Department Managers and in instances where the actual cost of the hospitality event exceeds the estimated cost.
- When a situation arises and discretion needs to be exercised, the CAO or designate should consider whether the request is:
 - Able to stand up to scrutiny by auditors and members of the public;
 - Properly explained and documented;
 - Fair and equitable;
 - Reasonable; and,
 - Appropriate

Employees are responsible for:

- Acting in accordance with this Policy.

The Finance Department is responsible for:

- Providing advice and assistance to Council, CAO or designate regarding the application of this Policy;
- Monitoring hospitality expenses for appropriate usage and consistency with Policy directives; and,
- Processing hospitality-related claims.

6.0 CLAIMS FOR REIMBURSEMENT OF HOSPITALITY EXPENSES

Claims for reimbursement of hospitality expenses must be submitted on the form provided and shall be signed by the Claimant.

Hospitality expense claims must include the following:

- A copy of the signed prior authorization form for the hospitality event for which the expense was incurred; and,
- A detailed itemized receipt for the expense.

In instances where prior approval of the hospitality event was not possible, the expense claim must provide the information requested on the Request and Approval to Incur Hospitality Expenses Form and an explanation of why prior approval was not possible.

If no receipt is available for a hospitality expense, a written attestation signed by the claimant must be submitted to explain why the receipt is unavailable, and a description itemizing and confirming the expense must be provided. Debit or credit card transaction records are not acceptable as receipts.

Hospitality expenses incurred by one individual on behalf of another must be attributed to the individual for who those expenses were incurred.

No hospitality expense claim shall be paid unless the claim is approved for payment by the CAO or their designate. Before approving an expense claim, the CAO or their designate must ensure that:

- The claim is consistent with this Policy;
- The expenses claimed were necessarily incurred in the performance of municipal business;
- Appropriate receipts are provided to support the claim, and that the claim documentation is appropriately filed; and,
- The expenses claimed have appropriate justification.

In considering a hospitality expense claim for payment, the CAO or their designate may request additional explanations, documentation or justification from the claimant, and may refuse to approve any claim or expense that did not have prior authorization and that the CAO or their designate decides is unreasonable or not in compliance with this Policy.

The use of petty cash to pay a hospitality expense claim is prohibited.

7.0 MONITORING

The Finance Department shall monitor the effectiveness and consistent application of this Policy including coordinating periodic reviews of hospitality expenses to ensure compliance. The CAO or designate shall provide documentation deemed necessary to conduct any reviews of this Policy.

8.0 REPORTING OF EXPENSES

Gift Expenses

Gift expenses are tracked through the budget process.

Hospitality Expenses

In accordance with Section 65A of the *Municipal Government Act*, Hospitality Expense Reports must be completed within 90 days of the end of each fiscal quarter and shall be posted on the Municipal Website quarterly and an annual summary report of expenses must be filed with the Minister of Municipal Affairs by September 30th of each year.

9.0 REVIEW REQUIREMENTS

The Municipality's Audit Committee shall review the hospitality annual summary report by October 31st of each year.

Council shall review this Policy by January 31st immediately following a regular election held under the *Municipal Elections Act* and make a motion to re-adopt or amend the policy.

Clerk's Annotation for Official Policy Book

Date of Notice to Council Members:	June 18, 2019
Date of Passage of Policy:	June 25, 2019
Legislated Review – Notice to Council Members of Intent to Re-adopt	January 19, 2021
Date of Passage of Re-adoption	January 26, 2021

I certify that this "*Policy MDL-77 Gifts and Hospitality*" was re-adopted by Council as indicated above.



January 26, 2021

Municipal Clerk

Date