



National Gallery of Canada **Musée des beaux-arts du Canada**

HOSPITALITY POLICY

NATIONAL GALLERY OF CANADA

June 2011

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THE NATIONAL GALLERY OF CANADA *

HOSPITALITY POLICY

1. INTRODUCTION

The National Gallery of Canada (NGC) is a Crown corporation pursuant to the *Museums Act*, and it follows the policies and directives issued by Treasury Board Secretariat (TBS) applicable to Crown corporations. This Policy outlines specific expectations for the NGC in relation to the [TBS Directive on the Management of Expenditures on Travel, Hospitality, and Conferences](#) (2011-01-01).

This NGC Policy became effective in 2005 and was last updated in June 2011.

2. POLICY STATEMENT AND OBJECTIVE

As the provision of food and beverages at public expense is a highly visible and sensitive issue, senior management must ensure that hospitality expenditure decisions are made with due regard to the need, nature, frequency, purpose and cost of the events. NGC's policy is to offer hospitality only when it is deemed necessary.

The management of this Policy shall be guided by the NGC Values, Ethics and Code of Conduct, thus ensuring integrity, transparency and accountability for public funds.

The objective of NGC's policy is to:

- Specify and outline acceptable forms of hospitality, the required level of authority, and the approval process; and
- Ensure that hospitality extended by the NGC respects the principles of accountability, economy and value for money and is aligned with the NGC mandate or is appropriate for purposes of courtesy, diplomacy or protocol.

3. APPLICATION OF THE POLICY

This Policy applies to all employees of the National Gallery of Canada and to the members of the Board of Trustees.

The Policy does not cover:

- expenses incurred to recognize staff for the National Public Service Week, the Administrative Professional Week, etc.
- expenses for events of a purely social nature such as office parties or expenses for the markings of personal events such as birthdays, births or adoptions of a child, weddings, promotions, departures, retirements, bravo and instant awards, etc. ; and
- expenses related to the provision of mementoes, trinkets and other promotional or marketing material designed primarily for clients, stakeholders and the general public.

* All references to the National Gallery of Canada include its affiliate, the Canadian Museum of Contemporary Photography (CMCP)

4. GUIDING PRINCIPLES AND PROCEDURES

4.1 PRINCIPLES

For the purpose of this Policy, there are two types of events:

1. Official Events
2. Work-related Events

Official Events –These are events or activities organized in the broad context of formal courtesy and protocol where hospitality is extended on behalf of the NGC to guests of the NGC with the purpose of cultivating relationships. These activities or events normally refer to the responsibility of the NGC to represent the organization in an appropriate and business-like manner with non-NGC persons as well as to promote good working relationships and beneficial exchanges of information. Guests are non-NGC employees but the events and/or activities may also include NGC employees.

An Official Event may cover a single meal or, such as in the case of a formal conference or event, include a number of activities over a number of consecutive days with various expenses. In such instances, all expenses should be recorded under one specific event.

Alcoholic beverages may be served at certain Official Events when it is appropriate to do so because of courtesy or protocol. The cost of alcohol is to be included in the rates provided in Appendix B.

Examples of official hospitality events include but are not limited to the following:

- when the NGC meets with collectors, dealers, artists, scholars and other senior art museum personnel for the primary purpose of establishing and expanding contacts and promoting an exchange of information and understanding between the parties;
- when the NGC organizes special events such as exhibition openings, public relations events and fundraising events, including recognition events and receptions. These events may be hosted in collaboration with sponsors, donors or museum partners. Meetings with potential event partners, sponsors and donors are also considered Official Events.
- when the NGC holds an event that relates to recruitment of prospective senior management positions with the NGC.
- when persons visiting Canada as members of national or international organizations are involved in activities relating to those of the NGC, or wish to obtain an understanding and an appreciation of Canadian life and development or an understanding of the work of the NGC.

Work-related Events – These are events or activities organized in the context of conducting regular work or business and where the provision of food and/or beverages facilitates the conduct of the business and contributes to the achievement of the objectives of the organization. Work-related Events or activities normally refer to long meetings, retreats or team-building workshops, whole day sessions or work activities of a formal nature where the interruption of the work or the dispersal of participants is not desirable. The participants are normally NGC employees.

Please refer to Appendix A for the definition of terms used in this Policy.

The following principles should be applied when planning any type of event under this Policy.

- Pre-authorization is always required for hospitality events. A director may not pre-approve a hospitality request if he or she is hosting and attending the event. The approving authority shall be senior to the event organizer. This applies to all levels of management.
- In the case where the Director and CEO is initiating, hosting and attending the event, the approving authority shall be the Deputy Director, Finance and Administration or the Chairperson of the Board of Trustees.
- Decisions to initiate hospitality for Official Events and Work-related Events are based on business requirements and with due consideration of annual budgets for hospitality.
- Events, their frequency and the expense level must be reasonable, justifiable and withstand public scrutiny.
- Recurring events or activities are assessed annually to ensure continued relevance, value for money, efficient and economical use of resources.

4.2 REQUIREMENTS

Expenses incurred by the NGC will comply with the requirements of the [Financial Administration Act](#), relevant [Treasury Board policies](#), this Policy and the [NGC Delegation of Financial Signing Authority Matrix](#).

4.2.1 COST AND FINANCIAL LIMITATIONS

Costs should be commensurate with the nature and purpose of events and reflect an analysis of factors such as:

- the purpose and justification for the event;
- the choice of location;
- the guest list (NGC and non-NGC guests, as well as status and rank of non-NGC guests);
- the frequency and the length of the event.

Costs for Official Events

Pre-approval must include the total cost of an Official Event including all food, beverage and entertainment expenses expected to be incurred for that event, whether the event is for one day or for a number of days.

Expenses for Official Events are generally for food and beverages. They could however include expenses for entertainment or other expressions of courtesy or protocol requirements. When planning expenses directly attributable to hospitality or Official Events, the NGC is required to use the formula and related information presented in Appendix B, for expenses for food and beverages. These rates provide a benchmark (up to) for the reasonable cost per person of food and beverages offered as hospitality.

Costs for Work Related Events

Pre-approval must include the total cost of a Work-related Event including all food and beverage expenses expected to be incurred for that event, whether the event is for one day or for a number of days.

Expenses in the context of Work-related Events can only include expenses for food and non-alcoholic beverages. When planning these events, the NGC is required to use the formula and

related information presented in Appendix B for expenses for food and beverages. These rates provide a per person benchmark (up to) for the reasonable cost of food and beverages.

Costs in Excess of NGC Hospitality Rates

Where the costs are in excess of NGC rates for Official Events or for Work-related Events, justification must be provided in writing (memo format) and pre-approval for the excess costs must be obtained from the Director and CEO or the Deputy-Director, Administration and Finance before an event can proceed.

Spouse or Accompanying Person

Expenses of a spouse or accompanying person are to be pre-approved by the Director and CEO or the Deputy-Director, Administration and Finance. If expenses are reimbursed, they must be reimbursed to the employee concerned (not the spouse or accompanying person).

Expenses for a spouse (or accompanying person) will be reimbursed only when the presence of the spouse (or accompanying person) enhances the conduct of the event because of protocol or when he or she attends, at the invitation of the NGC, for very special occasions.

Serving Alcoholic Beverages

Without exception, alcoholic beverages will not be provided as hospitality at Work-related Events.

Location

Official events in private residences or other less formal settings must have the prior approval of the Director and CEO or the Deputy-Director, Administration and Finance.

The NGC will use government-owned facilities when these are appropriate and available. The selection of the establishment must respect the government's commitment to equity for all Canadians, regardless of race, national or ethnic origin, colour, religion, sex or disability.

4.2.2 DELEGATION OF FINANCIAL AUTHORITY

The NGC has set out limits for the financial authority of each position authorized to commit funds and to approve expenses in the [NGC, Delegation of Financial Authority](#) Matrix. Refer to Appendix C of this Policy where these authorities relevant to hospitality are detailed.

The Director and CEO and the Deputy-Director, Administration and Finance have the authority to approve all exceptional aspects of this Policy Official Event.

The Chairperson of the NGC Board of Trustees has authority to approve all exceptional aspects of this Policy for the Director, CEO and the Deputy-Director, Administration and Finance.

4.2.3 APPROVAL REQUIREMENTS

Preauthorization

Pre-approval is always required for hospitality events.

Managers conducting events with hospitality without the appropriate pre-approval may be financially liable to pay for the hospitality expenses. See Non-Compliance Consequences below.

Pre-approval for hospitality should be obtained at the appropriate level (Appendix C).

The Hospitality Preauthorization Form must be completed by the event organizer, authorized by the appropriate authority and submitted to the NGC Finance Department prior to finalizing event details or signing any binding agreements.

Cost Overrun

Every effort should be made to ensure that actual hospitality costs fall within previously approved amounts. The NGC Finance Department will review and verify hospitality expense claims for compliance.

However, if hospitality costs exceed those on the pre-approval request form, it is necessary to follow the following requirements according to the case:

- Case 1: If the additional costs require obtaining the approval of a higher authority level than the original hospitality preauthorization, then this approval should be obtained when the actual costs are known. A memorandum explaining the situation must be sent to the applicable authority, and must provide further information on the factors that generated the increase (price, number of participants, type of meals, unforeseen circumstances, etc.) The memorandum must accompany the completed hospitality expense claim.
- Case 2: If the additional costs do not require obtaining the approval of a higher authority level than the original hospitality approval, then only a renewed authorization is required when the actual costs are known. A memorandum explaining the situation must be sent to the applicable authority, and must provide further information on the factors that generated the increase (price, number of participants, type of meals, unforeseen circumstances, etc.) The memorandum must accompany the completed hospitality expense claim.

Late Approval

Exceptional circumstances may prevent an event organizer from obtaining pre-approval. In such a situation, the event organizer must send a memo to the Director and CEO or the Deputy Director, Administration and Finance explaining the circumstances surrounding the unusual situation, and request late approval authority. This memo must accompany the payment request. Note: a hospitality event without the appropriate pre-approval may result in the event organizer being held financially liable for the hospitality expenses. See Non-Compliance Consequences below.

Reimbursement Claims

Reimbursement claims must be presented with original receipt(s) using the [Hospitality Expense Claim Form](#). The receipt(s) and claim form must provide sufficient information to support the verification process for the expenses and to ensure an adequate audit trail is maintained.

4.3 ROLES AND RESPONSIBILITIES

Director and CEO and Deputy-Director, Administration and Finance are responsible for the annual budgets for hospitality and for ensuring effective oversight and financial controls are implemented on the spending of public funds. They are also responsible for ensuring that delegated financial authorities and associated responsibilities related to hospitality are clearly

communicated, and adhered to by managers. The Director, CEO and the Deputy-Director, Administration and Finance have the authority to approve all exceptional aspects of this Policy.

Chairperson, NGC Board of Trustees has authority to approve all exceptional aspects of this Policy for the Director and CEO.

Senior Management/Delegated Signing Authority is responsible for exercising rigorous oversight of hospitality expenditures, including taking measures to reduce, minimize and/or avoid costs. Senior Management must ensure that the decision to offer hospitality has been carefully considered and demonstrates its necessity based on courtesy, diplomacy, or protocol as well as for the effective conduct of NGC business and is in compliance with this policy and annual budgets for hospitality.

The Finance Department is responsible for:

- monitoring compliance with this Policy and reporting non-compliance to the event organizer and the appropriate level of management;
- the proper recording of expenses in the NGC financial system;
- timely maintenance of financial delegation authorities;
- dissemination of expectations regarding the application of this Policy.

NGC employees: must comply with the NGC Hospitality Policy.

4.4 MONITORING AND REPORTING

The Finance Department will monitor hospitality expenses for Policy compliance and report non-compliant incidents to the authorizer of the event and the appropriate level of management.

Non Compliance Consequences – Event Organizer:

- Specific expectations in applying the NGC Hospitality Policy will be reviewed with the non compliant event organizer and the appropriate level of management;
- The non compliant event organizer may be asked to follow a training/information session on the Hospitality Policy and procedures at the NGC;
- The event organizer may be held financially liable for hospitality expenses incurred without appropriate pre-approval.

Non Compliance Consequences – Authorizing Authority:

- Serious or repeated non-compliance will be reported to the authorizing authority's supervisor.
- Delegation of signing authority for hospitality expenses may be temporarily or permanently revoked.
- Any other consequence deemed appropriate based on the circumstances and the nature of the violation.

5. INQUIRIES

Inquiries about this Policy should be addressed to:

Chief of Finance
Finance Department
Administration and Finance Directorate

6. REFERENCES

Authorities

- [Financial Administration Act](#)

Treasury Board Policies

- [Directive on Account Verification](#)
- [Directive on Delegation of Financial Authorities for Disbursements](#)
- [Directive on the Management of Expenditures on Travel, Hospitality, and Conferences](#)

NGC Policies

- [Delegation of Financial Signing Authorities Matrix](#)
- Values, Ethics and Code of Conduct

Appendix A – Definitions

Alcoholic beverages: The standard for hospitality is the provision of non-alcoholic beverages. Alcoholic beverages will not be provided as hospitality at Work-Related Events.

Alcoholic beverages may be served at certain Official Events when it is appropriate to do so because of courtesy or protocol. The cost of alcohol is to be included in the rates provided in Appendix B.

Attending an event: refers to anyone who is included in the event's attendance and is therefore directly benefiting from the hospitality.

Employees - refers to anyone employed at the NGC (including a person who receives a fee, honorarium or per diem allowance).

Event Organizer: refers to the employee assuming the role and responsibility of representing the organization as host of a NGC-sponsored function.

Hospitality: consists of the provision of meals, beverages or refreshments to non-NGC employees and NGC employees in events which are necessary for the effective conduct of NGC business and for courtesy, diplomacy or protocol purposes.

Hospitality for Official Events: allowable expenses are normally for food and beverages, e.g.:

- breakfast, lunch, dinner, reception
- refreshments, beverages (alcoholic and non-alcoholic beverages, with or without food)

Expenses could exceptionally be for:

- tours of the National Capital Region (NCR) area or other places of interest
- local transportation to and from the function, for non-federal government persons only
- rental of facilities and associated costs for official guests
- incidentals such as flowers.

Hospitality for Work-related Events: allowable expenses are for food and beverages only, e.g.:

- breakfast, lunch, dinner, reception
- refreshments, beverages (non-alcoholic beverages, with or without food)

Hosting an event: refers to anyone who is entertaining guest(s) and is thus attending the event or is the event organizer.

Official Events –These are events or activities organized in the broad context of formal courtesy and protocol where hospitality is extended on behalf of the NGC to guests of the NGC with the purpose of cultivating relationships. These activities or events normally refer to the responsibility of the NGC to represent the organization in an appropriate and business-like manner with non-government persons as well as to promote good working relationships and beneficial exchanges of information. Guests are non-NGC employees but the events and/or activities may also include NGC employees.

An Official Event may cover a single meal or, such as in the case of a formal conference or event, may include a number of activities over a number of consecutive days with various expenses. In such instances, all expenses should be recorded under one specific event.

Alcoholic beverages may be served at certain Official Events when it is appropriate to do so because of courtesy or protocol. The cost of alcohol is to be included in the rates provided in Appendix B.

Examples of official hospitality events include but are not limited to the following:

- when the NGC meets with collectors, dealers, artists, scholars and other senior art museum personnel for the primary purpose of establishing and expanding contacts and promoting an exchange of information and understanding between the parties.
- when the NGC organizes special events such as exhibition openings, public relations events and fundraising events, including recognition events and receptions. These events may be hosted in collaboration with sponsors, donors or museum partners. Meetings with potential event partners, sponsors and donors are also considered Official Events.
- when the NGC holds an event that relates to recruitment of prospective senior management positions with the NGC.
- when persons visiting Canada as members of national or international organizations are involved in activities relating to those of the NGC, or wish to obtain an understanding and an appreciation of Canadian life and development or an understanding of the work of the NGC.

Protocol: is a set of conventions governing correct etiquette and precedence.

Work-related Events – These are events or activities organized in the context of conducting regular work or business and where the provision of food and/or beverages facilitates the conduct of the business and contributes to the achievement of the objectives of the organization. Work-related Events or activities normally refer to long meetings, retreats or team-building workshops, whole day sessions or work activities of a formal nature where the interruption of the work or the dispersal of participants is not desirable. The participants are normally NGC employees.

Appendix B – Food and Beverage Allowances

Costs for Hospitality Events

These rates identify the maximum cost of food and beverages for one person. Taxes, gratuities, delivery, serving and all other related costs are included in these rates.

The NGC shall use and adhere to the formulas below and the meal allowances of the [National Joint Council Travel Directive](#) (NJC) (which are updated from time to time).

Costs in excess of the per-person limit shall not be paid by the NGC.

Forms of expenses	A- Official Events – Cost per person	Example of per person allowance calculation based on NJC rates in effect as at April 1, 2011 (*)
Refreshment	2.25 x Breakfast allowance	\$33.86
Breakfast	2.25 x Breakfast allowance	\$33.86
Lunch	3.0 x Lunch allowance	\$42.45
Dinner	2.65 x Dinner allowance	\$105.60
Reception	3.0 x Breakfast allowance	\$45.15
* For current meal allowances, see the National Joint Council Travel Directive		

Forms of expenses	B- Work Related Events - Cost per person	Example of per person allowance calculation based on NJC rates in effect as at April 1, 2011 (*)
Refreshment	1.5 x Breakfast allowance	\$22.57
Breakfast	1.5 x Breakfast allowance	\$22.57
Lunch	2.0 x Lunch allowance	\$28.30
Dinner	1.75 x Dinner allowance	\$69.74
Reception	2 x Breakfast allowance	\$30.10
* For current meal allowances, see the National Joint Council Travel Directive		

Appendix C – Financial Signing Authority for Hospitality

The following table sets out the financial authority for of each position authorized to commit funds and to approve expenditures in relation to the Hospitality Policy.

	Director, CEO	Deputy-Director, Administration & Finance	Deputy Director, Exhibitions and Installations	Deputy Director and Chief Curator	Director, Institutional Advancement	Director, Corporate Secretary & Ministerial Liaison	All other Directors
Official Event	Full	Full	\$1,000	\$1,000	\$1,000		
Official Event – Trustees	Full	Full				Full	
Work Event	Full	Full	\$1,000	\$1,000	\$425	\$425	\$425
Exceptions	Full	Full					

Persons delegated with spending authorities are expected to negotiate the best price with suppliers for services required and are accountable to ensure the cost of goods and services associated with the event are in the best interest of the public.

A director may not pre-approve a hospitality request if he or she is hosting and attending the event. The approving authority shall be senior to the event organizer. This applies to all levels of management. In the case where the Director, CEO is initiating, hosting and attending the event, the approving authority shall be the Deputy Director, Finance and Administration or the Chairperson of the Board of Trustees.