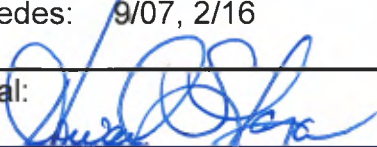




Administrative Policies and Procedures

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| Policy Title: Special Event, Office Refreshments, and Performance Award Fringe Benefit Policy | Policy Number: 506 |
| Effective: 1/17/2020 | |
| Supersedes: 9/07, 2/16 | |
| Approval:  | Page 1 of 4 |

1. Purpose

This policy applies to staff, City officials, and all governmental units considered part of the City of Ann Arbor who are subject to the Administrative Policies established by the City Administrator.

This policy is intended to cover certain expenditures when employees are not in travel status (Travel Policy - AP 504). No provision in this policy is intended to conflict with the policy for City Issued Purchasing Cards (AP 512).

As a public employer, the City believes it is in the best long term interest of its taxpayers and ratepayers to periodically recognize hard work and exceptional achievements on the part of its employees, as well as recognizing certain critical events in their lives. These recognition efforts serve a public purpose by allowing employees to experience tangible rewards for creativity, innovation, high work productivity, and exceptional contributions to the city/community. In addition this policy provides the guidelines for acceptable purchase of food & refreshments for city-related business.

These guidelines recognize that all expenditures of public funds must be used for a public purpose. The purpose of each expense shall be clearly identified, documented, and approved according to the applicable City reimbursement procedures for each type of expense incurred.

The Service Area Administrators shall oversee the application of this policy in their respective areas of responsibility to ensure uniformity and consistency among the Service Area and to ensure sufficient documentation is provided for all expenditures made under these guidelines.

Under no circumstances should expenditures under this policy be charged to Federal grants.

2. Policy

Permitted Expenditures – For purposes of this policy, reasonable expenditures as determined by the Service Area Administrators, may be expended for purposes such as recruiting events, new employee orientation, acknowledgement of employee performance, retirement celebrations (but not retirement gifts), business meetings, trainings, working meals, City Council/Council Committee meetings, community meetings, and board and commission meetings. The City Administrator may also approve expenditures, subject to budget availability, for other meetings or events sponsored by the City.

For food and beverages, a guideline to consider when approving expenditures (although is not required) is the Federal Government General Services Administration (GSA) per diem rate for the Ann Arbor area (www.gsa.gov/travel/plan-book/per-diem-rates).

All expenditures need to be documented with who attended, what the business purpose was, and have a detailed receipt.

Purchases of alcohol must be approved in advance by the City Administrator.

Special Conditions – It is recognized that situations may occur which have not been identified by these guidelines. In such instances, the City Administrator or Service Area Administrators shall make a determination as to the reasonableness of the expense prior to the expenditure of City funds. In all instances, expenditures are only to be authorized in cases where the manager believes there is an identified work related benefit to the City as a public entity. All such expenses must be clearly identified and the expense must be reasonable.

Prohibited Expenses – The following expenses are prohibited, regardless of how their expenditure may improve the effectiveness of the organization. In most cases these prohibitions are established by State law.

Acknowledgement of serious illness or death – Although the City desires to express its thoughts and concerns when an employee has a traumatic life event,

public funds may not be used for cards, flowers, etc. when such an event occurs. It is incumbent upon the workers to establish their own fund or utilize their own resources to express their support. This provision does not apply in instances where a City employee has lost their life in the line of duty and the City has decided to honor the employee in an official ceremony open to the public.

Holiday events – Expenditures for celebration of non-secular holiday.

Retirement gifts – Expenditures for retirement gifts are a prohibited governmental expenditure since they do not directly provide a public benefit. It is incumbent upon the workers to establish their own fund or utilize their own resources to express their appreciation.

Funeral expenses. – This provision does not apply in instances where a City employee has lost their life in the line of duty and the City has decided to honor the employee in an official ceremony open to the public.

Presents or gifts to officials or employees.

Mileage – Of officials and employees to and from their residence to the City.

Per diem – For an employee of the City to attend a publicly noticed meeting of the City Council or of the City.

Any other purpose deemed by the City Administrator.

3. Expense Categories Not Covered by this policy

Taxation – It is the City's intent that expenditures covered by this policy shall not be subject to individual taxation. It is the responsibility of the Service Area Administrator or designee to ensure, with the assistance of the City Attorney's office, that expenditures under this policy are not taxable to employees. Any expenditure under this policy that must be reported as taxable income to employees must be approved by the City Administrator.

4. Procedures

All expenditures under this policy are subject to the normal documentation and approval practices established by the type of transaction or Service Area Administrator.

If an award qualifies as taxable income according to the IRS, it is the responsibility of the Service Area Administrator or designee to notify payroll via email or other written form within 30 days of the gift award, after the approval of the City

Administrator.

Management will be responsible for using this policy as a framework to develop ideas within their Service Units that are tailored to the needs of their employees.

Management shall ensure that provisions of this policy are fairly and uniformly administered based on merit.