



November 18, 2022

Frequently Asked Questions Regarding City Department Parties

In advance of the holiday season, the City Attorney's Office, Ethics Commission, and Controller's Office provide the following guidance on frequently asked questions concerning departmental holiday parties and include links to additional information and advice. This guidance also applies to other types of employee parties departments organize for primarily social purposes such as birthday parties, retirement parties, showers, and other special occasions.

1. May a department use City funds to pay for a party, such as a holiday party?

Yes, in instances where it serves a public purpose and constitutes an employee appreciation event. Specifically, it is allowable as long as the department, (1) has a written employee recognition policy that demonstrates the event serves a business purpose and is reviewed and approved by the Controller's Office before the event occurs; and (2) uses funds explicitly appropriated under the department's employee recognition budget. *See [Controller's Accounting Policies and Procedures](#), Section 4.8.* Departments must ensure the event is reasonable, necessary, passes public scrutiny, and complies with separation of duties and internal controls as provided by Section 1.7 of the Controller's Accounting Policies and Procedures. Parties for individuals that are for purposes outside of a public business context (e.g., birthdays, retirements, etc.) are unlikely to meet these requirements and thus would not be an allowable use of City funds. The department should evaluate the primary purpose of the event in determining whether the use of City funds is appropriate under the department's employee recognition program policy and the Controller's Accounting Policies and Procedures.

2. May a department use third-party funds to pay for a party?

Departments should not solicit or accept third-party donations to fund or support a party. Doing so could raise significant ethics and legal questions under the behested payments ordinance for the department and for officials who engage in such solicitation. The Ethics Commission has developed summaries of the recent changes to the behested payments rules, which [are detailed on the Commission's website](#) and summarized in a [new Ethics Commission overview document on behested payments](#).



There may also be ethical and legal restrictions for individual employees who attend a party paid for with third-party funds depending on the source of the funds. And a department would generally need Board of Supervisors approval to accept such a donation if it exceeds \$10,000 and would need to disclose any gift of more than \$100 on the department's website. In the rare circumstances that donations may be used, departments are responsible for ensuring that the City complies with IRS and ethics legal requirements.

3. May department managers solicit and pool personal funds from managerial staff to pay for a party?

Yes. Department managers may solicit and pool voluntarily contributed funds to pay for a party.

4. May an elected official use campaign funds to pay for a party for their own staff?

Generally yes, because a party for the officials' staff is reasonably related to a governmental purpose. Elected officials should consult their campaign counsel and treasurer to confirm there are no special restrictions on the use of the funds for this purpose.

If the portion of the cost of a holiday party funded with campaign funds is \$50 or more per attendee, then attendees who file Form 700s must report this as a gift from the campaign on their Form 700 for the year.

5. May a department party occur during work hours?

Yes, provided it meets the conditions outlined herein.

6. May a department party occur off-site, on private property?

Yes, if the department pays fair market value for the use of that space. But if a third-party donates space for the party when it would normally charge a fee for use of the space, or if the third-party charges a discounted rate for use of the space, this may also raise legal issues as discussed in item 2 above.

7. Do City rules on harassment and courtesy apply at off-site work parties?

Yes. City employees and officials must follow City rules, policies, and procedures, including the [Equitable, Fair, and Respectful Workplace Policy](#) and the [Harassment-Free Workplace Policy](#), at off-site work parties.



8. May a department serve alcohol at a party?

Yes. But under the Controller's policies a department may not use City funds to pay for alcohol. The party may have a cash bar, pay for alcohol as provided in #3 or #4 above, or a department manager could donate alcohol for the party.

9. May a department hold a raffle at a party where entry is free to participants?

Yes. The department may hold a raffle for department employees. Prizes may constitute a gift to an employee and the employee may need to report them on a Form 700 if they are required to file one. We recommend against soliciting third-parties for raffle prizes, as such requests could implicate the [behested payment ordinance](#) and rules regarding acceptance and disclosure of gifts to individual employees who win prizes.

For more information on how to comply with the rules mentioned above, please contact the Ethics Commission or the City Attorney's Office.