

**Broader Public Sector
Expenses Directive**

**Issued By
Management Board of Cabinet**

Effective April 1, 2011

Table of Contents

1. INTRODUCTION	3
2. PURPOSE, APPLICATION AND SCOPE	3
3. PRINCIPLES.....	4
4. REQUIREMENTS.....	4
5. APPENDIX: GUIDANCE FOR DEVELOPING EXPENSE RULES	7

1. INTRODUCTION

The Government of Ontario is committed to protecting the interests of taxpayers and strengthening accountability for organizations that receive public funding.

The Management Board of Cabinet has issued this directive under the authority of the (proposed) *Broader Public Sector Accountability Act, 2010* (Part IV – Expense Claims: Allowable Expenses), the “Act”.

The requirements set out in this document raise the level of accountability and transparency for designated broader public sector (BPS) organizations¹, contributing to greater alignment with the high standards expected in ministries and agencies of the Government of Ontario.

2. PURPOSE, APPLICATION AND SCOPE

The purpose of this directive is to set out the requirement for the designated BPS organizations to establish expense rules where expenses are reimbursed from public funds².

The expense rules apply to any person in the organization making an expense claim, including the following:

- appointees,
- board members,
- elected officials (e.g. school trustees),
- employees, and
- consultants and contractors engaged by the organization, providing consulting or other services.

Note that in this directive, the term, Chief Executive Officer (CEO), refers to head of operations in designated broader public sector organizations.

In addition, this directive serves as a guideline to all other publicly funded organizations³. This means that these other organizations can consider this directive in any review or development of their expense policies and practices.

Designated BPS organizations must comply with this directive.⁴ In addition, every funding agreement between a designated BPS organization and a ministry or agency of the Government of Ontario is deemed to include the requirements of this directive.⁵

¹ “Designated broader public sector organization” as defined under the (proposed) Act (s.1)

² “Public funds” as defined under the (proposed) Act (s.1)

³ “Publicly funded organization” as defined under the (proposed) Act (s. 1)

⁴ As set out in the (proposed) Act (s.10 (5))

⁵ As set out in the (proposed) Act (s. 19)

Where an agreement addresses the subject matter of this directive, this directive prevails over the relevant terms of the agreement if there is any conflict or inconsistency between them⁶.

This directive does not prevail over a collective agreement between an organization and a bargaining agent representing employees of the organization.

The designated BPS organizations covered by this directive are encouraged to review the OPS Travel, Meal and Hospitality Expenses directive, available on the [Ministry of Government Services website](#), as they develop their expense rules.

3. PRINCIPLES

This directive is based on four key principles.

A) Accountability

Organizations are accountable for public funds used to reimburse travel, meal and hospitality expenses. All expenses support business objectives.

B) Transparency

Organizations are transparent to all stakeholders. The rules for incurring and reimbursing travel, meal and hospitality expenses are clear, easily understood, and available to the public.

C) Value for Money

Taxpayer dollars are used prudently and responsibly. Plans for travel, meals, accommodation and hospitality are necessary and economical with due regard for health and safety.

D) Fairness

Legitimate authorized expenses incurred during the course of the business of an organization are reimbursed.

4. REQUIREMENTS

Every organization must establish rules for all individuals in the organization with respect to travel, meal and hospitality expenses.

The following requirements must be included in the expense rules for the organization. For more information, see the appendix to this directive. The appendix is intended to serve as guidance for designated BPS organizations as they develop expense rules.

4.1 Accountability Framework

The expense rules must include an accountability framework to ensure that there is appropriate governance, and that everyone understands the authority for approvals.

⁶ As set out in the (proposed) Act (s. 21(1))

4.2 Posting

The expense rules must be posted on the organization's website, so they are available to the public. The rules must be available in accessible formats.

4.3 Alcohol

The expense rules must provide direction on the circumstances in which alcohol can be claimed and reimbursed. The rules should be very specific as to the process for obtaining approval for the use of alcohol, and for approving a claim for reimbursement.

4.4 Hospitality

For the purposes of this directive, *hospitality* is the provision of food, beverage, accommodation, transportation and other amenities paid out of public funds to people who are not engaged to work for:

- designated BPS organizations (i.e. those covered by this directive), or
- any of the Ontario government ministries, agencies and public entities covered by the OPS Travel, Meal and Hospitality Expenses Directive (available on the [Ministry of Government Services website](#)).

The expense rules must provide that functions involving only those people in the organizations listed above are not considered hospitality functions and cannot be reimbursed. This means that hospitality may never be offered solely for the benefit of anyone covered by this directive, or by the OPS Travel, Meal and Hospitality Expenses Directive. Examples would be: office social events, retirement parties and holiday lunches.

4.5 Documentation

The expense rules must require that good record-keeping practices be maintained for verification and audit purposes.

4.6 Consultants and Other Contractors

The expense rules must provide direction on the circumstances in which a consultant or contractor can claim and be reimbursed for expenses. The rules should set out what is an allowable expense.

In no circumstances can hospitality, incidental or food expenses be considered allowable expenses for consultants and contractors under the rules or in any contract between an organization and a consultant or contractor.

Reimbursement for allowable expenses can be claimed and reimbursed only when the contract specifically provides for it.

4.7 Individuals Making Claims (Claimants)

Claimants must be required in the expense rules to:

- obtain all appropriate approvals before incurring expenses;
- submit original, itemized receipts with all claims;
- submit claims within the timeframe specified by the organization's rules;
- if the information above is not available or is not possible, submit a written explanation with the claim to provide the approver with adequate information for decision-making;

- repay any overpayments – it is considered a debt owing to the organization;
- if leaving employment with an organization, submit any claims for expenses before leaving the organization.

4.8 Individuals Approving Claims (Approvers)

Approvers must be prohibited in the expense rules from approving their own expenses, and the rules must note that expenses for a group can only be claimed by the most senior person present – expenses cannot be claimed by an individual that are incurred by his/her approver (e.g., an executive who reports to the CEO cannot submit a claim that includes the cost of the CEO's lunch even if they were at the same event, with the result that the CEO would thereby approve his/her own expenses).

Approvers must be required in the expense rules to:

- provide approval only for expenses that were necessarily incurred in the performance of organization business;
- provide approval only for claims that include all appropriate documentation

5. APPENDIX: GUIDANCE FOR DEVELOPING EXPENSE RULES

This appendix is intended to serve as guidance for designated broader public sector organizations as they develop the expense rules required under this directive (see section 4). The information below reflects some of the content of the Ontario Public Service (OPS) Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#), and is provided for consideration.

A. **Accountability Framework**

The expense rules must include an accountability framework to ensure that there is appropriate governance, and that everyone understands the authority for approval (see section 4.1).

A CEO has the authority to establish additional rules regarding expenses. Any additional rules should be consistent with those laid out in this directive and be necessary to meet specific operational needs. These additional rules do not replace any rules required in this directive.

In addition, a CEO may modify the level of approval upward to a more senior level when authority is assigned to a manager/supervisor or contract manager.

Consideration should be given as to when the level of approval should be identified and also whether the authority can be further delegated. In cases where a decision is made not to identify a specific level of approval for a requirement (e.g., prior approval is required), this would mean that flexibility and discretion would exist for areas within the organization to establish their own level and to address possible delegation.

Managerial Discretion

For the purpose of this directive and the expense rules, managerial discretion is the administrative authority to make decisions and choices with some degree of flexibility, while maintaining compliance with this directive and the rules. All decisions made under the expense rules should be taken very carefully.

When exercising managerial discretion, the rules on documentation should be followed so the rationale will be included in the claim file.

Approvers are accountable for their decisions, which should be:

- subject to good judgment and knowledge of the situation;
- exercised in appropriate circumstances; and
- comply with the principles and mandatory requirements set out in this directive and the expense rules.

When a situation arises and discretion needs to be exercised, approvers should consider whether the request is:

- ✓ able to stand up to scrutiny by the auditors and members of the public
- ✓ properly explained and documented
- ✓ fair and equitable
- ✓ reasonable
- ✓ appropriate

It is the responsibility of both the approver and the claimant to work out appropriate arrangements which would meet the test of being fair and equitable.

For information on the accountability framework for government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

B. Travel

The following information is provided for consideration when developing the rules related to travel expenses.

It is recommended that:

- All travel require prior approval, with the appropriate level of approval authority identified in the expense rules. Consider establishing authority to approve travel dependent on the destination:
 - within Ontario
 - within North America
 - outside North America
- The highest level of approval be required for international travel (i.e. outside North America) as this is usually the most expensive type of travel. Delegation of authority for approval should be considered when developing the accountability framework (section A above).
- Consideration be given to addressing situations where frequent travel is a requirement – part of the regular job duties, and also where travel occurs irregularly on an as-needed basis.
- Rules should address the means of transportation (plane, train, road vehicle). The type of travel selected should be the most practical and economical way to travel to align with the principles established in this directive.
- Economy (coach) class be the standard option, and an appropriate level of approval should be required for any other type of fare (e.g. business class or VIA1). Considerations for making decisions should be based on circumstances such as accommodation, length of travel, health and safety considerations, etc.

For information on the rules for travel and travel approvals for government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

Accommodation

Expense rules addressing situations overnight accommodation should also be established.

It is recommended that a standard room is the set option for accommodation, consistent with the principle of value for money.

For information on the rules for accommodation within government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

C. Meals

The following information is provided for consideration when developing the rules related to meal expenses.

It is recommended that rules be established to address situations where the cost for meals can be claimed and reimbursed, and also to set the maximum rates for reimbursement.

For information on the rules for meals within government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

D. Alcohol

The following information is provided for consideration when developing the rules related to claiming and being reimbursed for expenses that include alcohol (see section 4.3).

The rules regarding alcohol should be specific with regard to:

- the circumstances in which alcohol expenses can be claimed and reimbursed,
- who can claim alcohol expenses and be reimbursed,
- the process for obtaining approval for an alcohol expense, and
- the process for approving a claim for reimbursement.

For comparison purposes, the rules for government ministries prohibit claiming and being reimbursed for alcohol expenses as part of a travel or meal expense claim. This means that a person working for a ministry cannot claim alcohol expenses when they have a business meal with a ministry colleague.

Reimbursement for the service of alcohol as part of a hospitality event is allowed under the rules for government ministries; however, there is a rigorous approval process set out to ensure that there is a strong business case (see section E in this appendix).

For more information on the rules for the service of alcohol within government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

E. Hospitality

The following information is provided for consideration when developing the rules related to hospitality expenses (see section 4.4).

The rules must include the following information.

For the purposes of this directive, *hospitality* is the provision of food, beverage, accommodation, transportation and other amenities paid out of public funds to people who are not engaged to work for:

- designated BPS organizations (i.e. those covered by this directive), or
- any of the Ontario government ministries, agencies and public entities covered by the OPS Travel, Meal and Hospitality Expenses Directive (available on the [Ministry of Government Services website](#)).

Activities involving only those people in the organizations listed above are not considered hospitality and cannot be reimbursed. This means that hospitality may never be offered solely for the benefit of anyone covered by this directive, or by the OPS Travel, Meal and Hospitality Expenses Directive. Examples would be: office social events, retirement parties and holiday lunches.

Service of Alcohol as Hospitality

It is recommended that:

- A high level of approval be required when alcohol will be served. Consider also the process for obtaining approval (e.g. will prior written approval be required, will there be a form for consistency, what type of business case is required, etc.).
- Alcohol be provided in a responsible manner, e.g., food should always be served when alcohol is available. Preference should also be given to wine, beer and spirits produced in Ontario.

For information on the rules for hospitality within government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).

F. Expenses For Consultants And Other Contractors

The following information is provided for consideration when developing the rules related to expenses for consultants and contractors (see section 4.6).

In no circumstances can hospitality, incidental or food expenses be considered allowable expenses for consultants and contractors under the rules or in any contract between an organization and a consultant or contractor. Therefore, they cannot claim or be reimbursed for such expenses, including:

- meals, snacks and beverages
- gratuities
- laundry or dry cleaning

- valet services
- dependant care
- home management
- personal telephone calls

See the Broader Public Sector Procurement Directive for information about procurement and contracts. Reimbursement for allowable expenses can be claimed and reimbursed only when the contract specifically provides for it.

For information on the rules for consultants and contractors within government ministries, see the OPS Travel, Meal and Hospitality Expenses Directive, available on the [Ministry of Government Services website](#).