
Subject: Updates to Employee Expense Policy

Report to: Corporate Services Committee

Report date: Wednesday, November 6, 2019

Recommendations

1. That Policy C-F-007 (C3-E02) Expenses – Reimbursement of (Appendix 1 of Report CSD 45-2019) **BE REPEALED**; and
2. That the Employee Travel and Expense Policy (Appendix 2 of Report CSD 45-2019) **BE APPROVED**.

Key Facts

- The purpose of this report is to seek Council's approval on a new corporate Employee Travel and Expense Policy.
- The current policy C-F-007 (C3-E02) Expenses - Reimbursements of has not been updated since May 2005.
- The new policy complies with the Region's Corporate Policy Framework (C-A-001) and promotes accountability, transparency, value for money, and fairness.

Financial Considerations

There are no direct financial implications to updating the employee expense policy. All expenses reimbursed to employees are to have been provided for in the current year's Council-approved operating or capital budget. Those budgets may vary by year and it is up to the departments to accommodate expense reimbursements within those budgets.

Analysis

The current policy C-F-007 (formerly C3-E02) Expenses – Reimbursements of was last revised in May 2005. It does not conform to the Region's Corporate Policy Framework (C-A-001) that was adopted in March 2017 (see Appendix 3), nor does it align with the electronic reimbursement processes used at the Region since PeopleSoft Financials was implemented in February 2016.

As such, staff completed a scan of comparable policies from Southern Ontario municipalities, colleges, and universities. Colleagues at participating members of Municipal Benchmarking Network Canada (MBNCanada) and Municipal Finance Officers' Association (MFOA) were engaged in a review of certain financial best

practices. We also solicited informal feedback on expense reimbursement pain points from various levels of employees across all Region departments, including front line staff, management, and program financial specialists. The final draft (Appendix 2) was vetted by staff in procurement, human resources, legal, clerks, and finance, as well as by the Corporate Leadership Team (CLT). The scan indicated that much of what has been included in this new framework is already in place in many areas of the organization; by undertaking these updates we are seeking to formalize for employees some financial best practices related to expenses.

This comprehensive review resulted in a high level policy that promotes accountability, transparency, value for money, and fairness, with a separate, much more detailed procedure that supports the purpose of the policy and provides clear direction to employees regarding how travel and expense reimbursement is managed at the Region.

Under the Corporate Policy Framework, we have removed the procedural items from the policy so that the new version is positioned to provide a context for decision-making as related to the Region's mission, value, and goals. The Framework also defines that Council approves corporate policies and CLT approves the related procedure. Although under this structure CLT is now responsible for approving the specific definitions of eligible and ineligible expenditures for Region employees, CLT will be bound by the guidance of the Council-approved policy.

The separate procedure has been updated, is reflective of the research completed by staff, and endeavours to eliminate any ambiguity that existed under the current policy that may have resulted in inconsistent application by approvers or confusion on the part of employees regarding whether an item could be expensed. CLT approved the policy and procedure in principle on October 10, 2019 and is recommending the policy to Corporate Services Committee before it proceeds for Council approval.

For Council's information, although the procedure does not require Council approval, where possible staff has mirrored definitions of eligible expenses and aligned rates in the new procedure with those in the Regional Council Expense Policy. In particular, under the current employee policy and the Council expense policy, the mileage rate was set by CSD 120-2013 (Appendix 4) to be one year behind the Canada Revenue Agency (CRA) automobile allowance rates. The new employee expense procedure continues with that same rate. With respect to per diems, the rate in the current policy for employees is \$65 per day. In the new procedure, this rate has been increased to \$75 per day to align with the proposed reduced Council expense policy per diem rate. As also recommended in updates to the Council expense policy, the employee per diem rate will be indexed to inflation once per term of Council. According to the staff scan, this alignment of employee and Council per diem rates corresponds to what many comparable municipalities have done.

Alternatives Reviewed

Council could choose to continue with the use of C-F-007 Expenses – Reimbursements of. This is not recommended given the age of the policy and the need for alignment with internal policy and financial best practices.

Relationship to Council Strategic Priorities

This report ties to the Council Strategic Priority of Sustainable and Engaging Government, in particular with the objectives to promote an organizational culture that values continuous improvement and to foster financial stability.

Other Pertinent Reports

CSD 120-2013 Reimbursable Mileage Two-Tier Rates

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This report was prepared in consultation with department representatives from Procurement, Human Resources, Legal, Clerks, and Finance, and with the Corporate Leadership Team (CLT), and reviewed by Helen Chamberlain, Director, Financial Management and Planning, Deputy Treasurer.

Appendices

Appendix 1	C-F-007 (C3-E02) Expenses – Reimbursement of
Appendix 2	Employee Travel and Expense Policy
Appendix 3	C-A-001 Corporate Policy Framework
Appendix 4	CSD 120-2013 Reimbursable Mileage Two-Tier Rates