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**Subject:** Amendments to Regional Council Expense Policy

**Report to:** Corporate Services Committee

**Report date:** Wednesday, October 9, 2019

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## **Recommendations**

1. That the amendments to the Regional Council Expense Policy (C-RC-001) as outlined in Appendix 1 of Report CLK 14-2019 **BE APPROVED**; and
2. That Schedule “A” of By-law 2017-99, being a by-law to provide for the reimbursement of expenses of the members of council for The Regional Municipality of Niagara, **BE AMENDED** to include the changes outlined in Appendix 1 of Report CLK 14-2019.

## **Key Facts**

- The purpose of this report is to seek approval to amend Regional Council Expense Policy (C-RC-001).
- The Regional Council Expense Policy is meant to govern the reimbursement of expenses incurred by Members of Council during activities related to Regional business.
- The policy was approved in November 2017, revised in April 2018 and suggested revisions were approved by Council in May 2019 and sent to the Procedural By-law Review Committee for final review in June 2019.
- The Procedural By-law Review Committee recommended two further changes to the policy which are outlined in the analysis section.

## **Financial Considerations**

There are no direct financial implications to changing the Regional Council Expense Policy; however, by removing some eligible expenses there would be some cost savings realized. The 2019 annual budget for administrative expenses is \$80,300 for the Office of the Regional Chair and \$139,352 for Members for Council.

## **Analysis**

At its meeting held on May 16, 2019, Regional Council approved the following recommendation of its Corporate Services Committee:

That Report CSD 31-2019, dated May 8, 2019, respecting Councillor Information Request re: Councillor Expense Policy, **BE RECEIVED** and that the following recommendations **BE APPROVED**:

1. That the current Expense Policy **BE REVISED** to include items 1 through 15 outlined in the Alternatives Reviewed section of Report CSD 31-2019;
2. That the revised Expense Policy **BE SENT** to the next Procedural By-law Review Committee meeting for final review prior to Council approval; and
3. That staff **PROVIDE** Corporate Services Committee with a report comparing the first two quarters to the same two quarters of the previous terms of Council to determine if there has been an increase in mileage and other similar types of expenses, since making Councillors 'whole' again after the federal tax policy change.

At its meeting held on June 17, 2019, the Procedural By-law Review Committee (PBLRC) conducted a final review of the revised expense policy and recommended that clause 4.8(d) which provided that promotional material related to Regional Business, including newsletters was an eligible expense be removed from the policy.

In consideration of the above, the Committee further recommended that clause 4.11(d) be removed which noted that no newsletters or promotional materials shall be distributed or reimbursement of expenses would be allowed from May 1 to the end of the Council term.

The Procedural By-law Review Committee (PBLRC) also put forward a recommendation that reimbursements to Mayors for any conferences are an ineligible expense.

The draft Regional Council Expense Policy, attached as Appendix 1, incorporates the changes suggested by the PBLRC noted above as well as some of the staff recommendations put forward in Report CSD 31-2019.

Recommendation 3 in the Alternatives Reviewed section of Report CSD 31-2019 stated:

*That a clause be added to section 4 stating that allowable expenses shall be limited to an overall annual amount for each Councillor and Regional Chair, to be set as part of the annual budgeting process for the Region.*

Staff are not recommending the implementation of individual councillor budgets. Currently an overall budget is set for all councillor expenses. Due to the disparity between claims for reimbursement of expenses, individual budgets would increase the overall budget amount required for councillor expenses. In addition, procedures would need to be put in place regarding how budget overages would be handled.

Staff were also requested to provide a report comparing the first two quarters to the same two quarters of the previous terms of Council to determine if there has been an increase in mileage and other similar types of expenses, since making Councillors 'whole' again after the federal tax policy change. Upon examining the data, there is no evidence to support that Councillors are now claiming additional expenses as a result of the federal tax policy change. An excerpt of mileage claims is below to illustrate that there appears to be no effect.

Quarter/Year	2016	2017	2018	2019	Total Per Quarter
Q1	\$ 6,558.10	\$ 8,082.26	\$ 3,535.45	\$ 4,303.12	\$ 22,478.93
Q2	\$ 14,662.04	\$ 13,879.41	\$ 9,138.97	\$ 7,741.73	\$ 45,422.15
Q3	\$ 16,168.91	\$ 10,409.59	\$ 8,997.73	\$ 5,526.61	\$ 41,102.84
Q4	\$ 22,107.68	\$ 13,795.04	\$ 6,372.36		\$ 42,275.08
<b>Total Per Year</b>	<b>\$ 59,496.73</b>	<b>\$ 46,166.30</b>	<b>\$ 28,044.51</b>	<b>\$ 17,571.46</b>	<b>\$ 151,279.00</b>

### **Alternatives Reviewed**

No alternatives were reviewed as Council provided direction to proceed to amend the Regional Council Expense Policy.

### **Relationship to Council Strategic Priorities**

This report ties to Council's strategic priority of Sustainable and Engaging Government – Objective 4.3 Fiscally Sustainable as the amendments to the policy provide specific and clear direction regarding council expenses.

### **Other Pertinent Reports**

CSD 31-2019      Councillor Information Request re: Councillor Expense Policy  
PBLRC-C 6-2019      Regional Council Expense Policy

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**Prepared and Recommended by:**

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Administration

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**Submitted by:**

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Acting Chief Administrative Officer

*This report was prepared in consultation with Erin Amirault, Associate Director, Finance Operations & Systems, and Lyndsey Ferrell, Program Financial System.*

**Appendices**

Appendix 1	Amendments to the Regional Council Expense Policy
Appendix 2	Draft Regional Council Expense Policy

Current Wording	New wording	Added Provisions
<p>Section 4.1: All expenses submitted for reimbursement must be accompanied by supporting documentation and itemized receipts, except for mileage.</p>	<p>4.1. All expenses submitted for reimbursement must include the following:</p> <p>a) Itemized receipts</p> <p>b) <b>Supporting documentation, including:</b></p> <p>i. <b>A brief description of the nature of Regional business; and</b></p> <p>ii. <b>A Google map print out as back up to a mileage expense.</b></p>	
<p>Section 4.3:</p> <p>d) Calculation of Mileage</p> <p>i) Mileage calculation will be based on the lesser of the actual distance being either from the Member's home to the destination, or the distance from the Member's normal work location to the destination.</p> <p>ii) The mileage rate applied will be in accordance with Canada Revenue Agency guidance.</p>	<p>d) Calculation of Mileage</p> <p>i. <b>Mileage will be reimbursed for trips related to Regional business (specifically, for attendance at official Regional functions)</b> and calculation will be based on the lesser of the actual distance from the Member's home to the destination, or the distance from the Member's normal work location <b>(Regional headquarters is the normal work location for the Regional Chair only) to the destination;</b> and</p> <p>ii. <b>The mileage rate applied will be one year behind the current year's Canadian Revenue Agency (CRA) rate.</b></p>	
<p>Section 4.5 – Per Diem amount \$85.00</p> <p>Breakfast \$15.00</p> <p>Lunch \$20.00</p> <p>Dinner \$35.00</p> <p>Incidentals \$15.00</p>	<p>New Per Diem:</p> <p>Breakfast \$15.00</p> <p>Lunch \$20.00</p> <p><b>Dinner \$30.00</b></p> <p><b>Incidentals \$10.00</b></p> <p>Total \$75.00</p>	<p>4.5 (h) ADD:</p> <p>The per diem rate may increase once per term of council based on the Consumer Price Index</p>

Current Wording	New wording	Added Provisions
<p>Section 4.5 (f)</p> <p>f) Notwithstanding (b), (c), and (d), actual expenditures incurred may be reimbursed in lieu of the per diem rate; however, such expenditures must be reasonable in the circumstances based on the explanation provided by the Member which must accompany the receipt.</p>	<p>f) Notwithstanding (b), (c) and (d), actual expenditures incurred may be reimbursed in lieu of the per diem rate; however, such expenditures must be reasonable in the circumstances and <b>Members must provide the names of all attendees and Regional business reason for the meeting on the meal receipt.</b></p>	
		<p>Meals/Per Diem ADD: Monetary exchange costs will be allowed at the prevailing rates in order to convert Canadian dollars to other currencies (primarily to U.S. dollars). Payment will be made to Members in Canadian dollars.</p>
<p>Section 4.7:</p> <p>d) Promotional material related to Regional Business</p> <p>g) 407 ETR, GO TRAIN ticket</p>	<p><del>d) Promotional material related to Regional Business, including newsletters;</del></p> <p>g) 407 ETR, <b>public transportation ticket;</b></p>	
		<p>Ineligible Expenses: ADD - Reimbursement to mayors for any conferences</p>

Current Wording	New wording	Added Provisions
<p>Section 4.9 Legal Expenses:</p> <p>a) Legal costs arising from or in any way related to complaints under the Code of Conduct are Eligible Expenses.</p>	<p>Legal costs arising from or in any way related to complaints under the Code of Conduct are <b>Ineligible</b> Expenses.</p>	
<p>Section 4.11:</p> <p>a) Members shall submit quarterly expense reports with itemized receipts attached within 30 days after the end of each quarter to allow time for staff to verify and reconcile expenses before posting online; and</p>	<p>a) Members shall submit expense reports with itemized receipts attached at least on a monthly basis; and</p>	
		<p>5.2 Regional Administrative Staff shall: ADD: (h) Delegate approval of Councillor expenses to the Regional Clerk and to the CAO for the Regional Chair</p>
<p>Audit Committee</p> <p>a) Review any expenditures submitted by Members but not processed by Regional Administrative Staff as per this policy</p> <p>b) Provide recommendation(s) on reimbursement to Council who will make the final decision</p> <p>c) Consider reimbursements forwarded from staff when they are unable to determine eligibility.</p>		<p>a) Consider reimbursements forwarded from staff when they are unable to determine eligibility;</p> <p>b) Consider reimbursements from Members when they are in disagreement with staff determination of eligibility;</p> <p>c) Review costs involving legal proceedings against Members to ensure they are reimbursed in accordance with the current Legal</p>

Current Wording	New wording	Added Provisions
		<p>Indemnification Policy as required;</p> <p>d) Consider any requests for reimbursement of legal costs that fall outside of this policy or the Legal Indemnification Policy; and</p> <p>e) Provide recommendation(s) to Council respecting reimbursements.</p>



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<b>Policy Owner</b>	Administration – Corporate Services, Office of the Regional Clerk, Regional Clerk
<b>Approval Body</b>	Council
<b>Approval Date</b>	November 16, 2018
<b>Effective Date</b>	November 17, 2018
<b>Review by Date</b>	August 31, 2019

## 1. Policy

- 1.1. The Regional Council Expense Policy governs the reimbursement of expenses incurred by Members during activities related to the Regional Business of Niagara Region.

## 2. Purpose

- 2.1. The objective of this policy is to provide consistent rules and guidelines to Members with respect to Eligible Expenses incurred in performing their duties.
- 2.2. The policy provides specific and clear direction regarding diverse expenses, and clarifies what are Eligible Expenses and Ineligible Expenses.
- 2.3. The policy establishes the provision of public access to expense information of Members.
- 2.4. The policy captures the following principles:
  - a) Maintain Integrity of Council
    - i. The integrity of Council as a whole and the offices of the Members must be protected; and
    - ii. The interest of Council as a whole takes precedence over the personal interest of individual Members.

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b) Maintain Accountability

- i. Members are the stewards of resources and are ultimately accountable to the public for the type and level of expenses they incur;
- ii. Since members use public funds when they perform their duties, the public expects public funds to be used solely for fulfillment of their public duties;
- iii. Members' expenses should be reasonable and reflect what the public expects of an elected official; and
- iv. Members' personal expenses must be kept separate from expenses related to Regional Business.

c) Maintain Transparency

- i. The public has a right to know how public funds allocated to Members are spent; and
- ii. The public's right to Members' expense information must be balanced against the need to protect personal information, and the need to allow time for proper account and reconciliation of expenses.

**3. Scope**

- 3.1. This policy applies to all Members and establishes the basis upon which the Members will be reimbursed or have payment coverage for Eligible Expenses incurred while undertaking activities related to Regional Business while acting in their role as an elected official.

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#### 4. Roles and Responsibilities

- 4.1. All expenses submitted for reimbursement must include the following:
- a) Itemized receipts
  - b) Supporting documentation, including:
    - i. A brief description of the nature of Regional business; and
    - ii. A Google map print out as back up to a mileage expense.
- 4.2. Members may attend conferences, conventions, meetings and other events using allocated funds in the current budget for registration fees and Eligible Expenses.
- 4.3. Transportation
- a) Members shall make every attempt to use the most economical and efficient mode of transportation including:
    - i. economy airfare, first class rail fare including taxi fares to and from terminals or parking where required; or
    - ii. mileage rate for personal automobile usage and parking; or
    - iii. rented automobile and actual fuel cost.
  - b) Members shall make efforts to share travel costs when travelling to the same destination.
  - c) If a more expensive means of transportation is chosen, only the most economical equivalent charges will be allowed. For example, if a Member chooses to drive to a destination where it is more economical to use air transportation, only the equivalent air transportation charge will be permitted.

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d) Calculation of Mileage

- i. Mileage will be reimbursed for trips related to Regional business (specifically, for attendance at official Regional functions) and calculation will be based on the lesser of the actual distance from the Member's home to the destination, or the distance from the Member's normal work location (Regional headquarters is the normal work location for the Regional Chair only) to the destination; and
- ii. The mileage rate applied will be one year behind the current year's Canadian Revenue Agency (CRA) rate.

4.4. Accommodation

- a) Where overnight accommodation is required, the single room rate will be paid and must be accompanied by appropriate receipts.

4.5. Meals/Per Diem

- a) A \$75.00 per diem rate represents the maximum that will be paid to each Member attending a conference, convention, or other event when an overnight stay is required.
- b) Where all meals are included in registration fees, the per diem rate is not applicable.
- c) Where some meals are included in registration fees, the allocation for included meals shall be deducted from the per diem using the following guideline:

Breakfast	\$15.00
Lunch	\$20.00
Dinner	\$30.00
Incidentals	\$10.00
	\$75.00

- d) There shall be no reimbursement for any meal expenditure incurred during the time that a Member is entitled to a per diem allowance.

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- e) The daily rate allowance is to be calculated on a 24-hour basis and not a working day basis. It shall be paid from the time of leaving for the function until the time of arrival home, to the nearest 1/2 day.
  - f) Notwithstanding (b), (c) and (d), actual expenditures incurred may be reimbursed in lieu of the per diem rate; however, such expenditures must be reasonable in the circumstances and Members must provide the names of all attendees and Regional business reason for the meeting on the meal receipt.
  - g) Members may be reimbursed for reasonable Eligible Expenses related to meals incurred during the course of Regional Business and shall include the following:
    - i. Meals while travelling on behalf of Niagara Region; or,
    - ii. Meals required where circumstances warrant.
  - h) The per diem rate may increase once per term of council based on the Consumer Price Index.
- 4.6. Monetary exchange costs will be allowed at the prevailing rates in order to convert Canadian dollars to other currencies (primarily to U.S. dollars). Payment will be made to Members in Canadian dollars.
- 4.7. The following is a list, though not exhaustive, of Eligible Expenses:
- a) Memorabilia and souvenirs for constituents;
  - b) Mobile devices in accordance with the current information technology mobile device policy. While engaged in Regional business, Members shall arrange an appropriate out of country mobile device plan in order to avoid excessive roaming charges;
  - c) Office supplies (e.g. paper, pens, printer cartridges, etc.);
  - d) Subscriptions related to Regional Business or municipalities in general;
  - e) A maximum of one ticket for a Member when representing Niagara Region at an event of a public nature (e.g. community dinners, events with proceeds going to charity, etc.);
  - f) 407 ETR, public transportation ticket; and

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g) Parking related expenses, save and except parking fines.

4.8. The following is a list, though not exhaustive, of Ineligible Expenses:

- a) Additional accommodation for days outside a formal Conference;
- b) Alcohol and alcoholic beverages are ineligible expenses unless purchased or provided as a matter of hospitality for protocol while conducting Regional Business;
- c) Mobile devices outside the current information technology mobile device policy;
- d) Companion registration fees and expenses at Conferences;
- e) Reimbursement to mayors for any conferences;
- f) Personal entertainment (e.g. sight-seeing, concerts, sporting events, etc.);
- g) Personal services (e.g. shoe shine, valet service, spa treatments, etc.);
- h) Personal vehicle costs beyond mileage (e.g. maintenance, repair, etc.); and
- i) Traffic and parking fines.

4.9. Legal Expenses

- a) Legal costs arising from or in any way related to complaints under the Code of Conduct are Ineligible Expenses.
- b) Legal costs related to personal conflict of interest opinions are Ineligible Expenses.
- c) Costs involving certain legal proceedings against Members shall be reimbursed in accordance with the current legal indemnification policy and are subject to review by the Audit Committee for recommendation to Council; and
- d) Requests for reimbursement of legal costs outside this policy or the legal indemnification policy shall be submitted to the Audit Committee for recommendation to Council.

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#### 4.10. Election Year Restrictions

**Note: Revision 1.0 - April 12, 2018, section 4.10 subsections (a) and (b) were repealed (see Report GM 5-2018).**

**Note: Revision 1.0 – April 12, 2018, section 4.10 was amended by adding the following clause (see Report GM 5-2018):**

- c) Regional Councillors shall be directed by the *Use of Municipal Resources During the Election Campaign Period* policy.

#### 4.11. Timelines

- a) Members shall submit expense reports with itemized receipts attached at least on a monthly basis; and
- b) Expense report information will be posted online on a quarterly basis and for a rolling period of 7 years plus current year.

### 5. Roles and Responsibilities

#### 5.1. Members of Council shall:

- a) Adhere to this policy;
- b) Submit expenses at least once every month;
- c) Sign-off on all expenses submitted to or paid by Niagara Region;
- d) Meet all financial, legal and tax obligations; and
- e) Consult with Regional Administrative staff for guidance with respect to the eligibility of an expense and/or any interpretation on the application of this policy.

#### 5.2. Regional Administrative Staff shall:

- a) Ensure consistent application of this policy;
- b) Process expenses in accordance with this policy;

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- c) Ensure the supporting documentation is in place and that expenditures conform to this policy;
  - d) Advise Members if any submitted or proposed expenditure is an Ineligible Expense or a breach of this policy;
  - e) Track actual expenses against approved budget;
  - f) Each year, incorporate budget dollars in the annual budget for Council to consider for funding or reimbursing Members' Eligible Expenses;
  - g) Complete the yearly Councillor Remuneration Report as required by the *Municipal Act, 2001*; and
  - h) Delegate approval of Councillor expenses to the Regional Clerk and to the CAO for the Regional Chair.
- 5.3. Role of Audit Committee is to:
- a) Consider reimbursements forwarded from staff when they are unable to determine eligibility;
  - b) Consider reimbursements from Members when they are in disagreement with staff determination of eligibility;
  - c) Review costs involving legal proceedings against Members to ensure they are reimbursed in accordance with the current Legal Indemnification Policy as required;
  - d) Consider any requests for reimbursement of legal costs that fall outside of this policy or the Legal Indemnification Policy; and
  - e) Provide recommendation(s) to Council respecting reimbursements.



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## 6. References and Related Documents

### 6.1 Legislation

- a) Section 283 of the *Municipal Act, 2001*, provides the authority for councils to pass by-laws to pay remuneration and expenses to members of council and local boards
- b) Section 284(1) of the *Municipal Act, 2001*, requires that in each year, on or before March 31, the treasurer provide to council, a statement on remuneration and expenses paid to members of council and local boards in the previous year
- c) Section 284(2) of the *Municipal Act, 2001*, requires the identification of the by-law under which the remuneration or expenses were authorized
- d) Council and board members' remuneration and expenses are provided for in the operating budget of Niagara Region, or the budget of the agency, board or commission.

### 6.2 By-Laws

- a) By-Law 2017-99

### 6.3 Related Policies

- a) Expenses – Reimbursement of Policy (Corporate Policy C3.E02)
- b) Legal Indemnification Policy (Corporate Policy C-A-011)