

DRAFT POLICY FOR EMPLOYEE BUSINESS RELATED EXPENDITURES

Recommendation

The Commissioner of Finance/City Treasurer and the Director of Financial Services in consultation with the Senior Management Team and the Internal Auditor recommends:

- 1) That the attached draft policy for Employee Reimbursement for Business Related Expenditures and Advances be approved, with the effective date of October 1, 2010; and
- 2) That staff training take place during the transition period to the October 1, 2010 effective date of the new policy; and
- 3) That the adopted policy for Employee Reimbursement for Business Related Expenditures and Advances replace the current Attendance at Conferences and Seminars Policy No. 03.03.

Economic Impact

There is no economic impact to this report.

Communications Plan

A training program will be established during the transition period in advance of the October 1, 2010 effective date for the Employee Reimbursement for Business Related Expenditures and Advances policy.

Purpose

To present a new draft policy on the reimbursement for employees that incur business related expenditures on behalf of the City.

Background - Analysis and Options

This new draft policy provides the guiding principles, general procedures, type of business related expenditures, supporting documentation requirements and the necessary approvals for employee reimbursement of a business related expenditure.

This draft policy incorporates and replaces the current Conference and Seminar policy as it relates to staff.

Staff in developing this draft expenditure policy reviewed many other expenditure reimbursement policies such as the Provincial reimbursement policy, other municipal reimbursement policies and university reimbursement policies. The staff review included looking at the type of expenditures, the various approval requirements, the supporting documentation requirements, form usage, expenditure levels and specific exclusions included in the policies.

The draft policy was developed to provide a fair, equitable and understandable document for staff at all levels. This policy provides both the expenditure reimbursement requirements and the underlying principles under "Guiding Principles" when expending taxpayer's funds.

The development of this draft policy included discussions with SMT, a meeting with, and review by SMT and Directors, and review by departments and the City's internal auditor.

The draft policy provides for the following business related expenditures:

- Incidental and Operational Business Expenditures
- Business Meals and Hospitality Expenditures
- Conference and Seminar Expenditures
- Business Related Travel Expenditures

In addition the policy provides guidelines for the use of companion expenditures and outlines the required forms and procedures.

Staff training will take place advance of the October 1, 2010 effective date for the Employee Reimbursement for Business Related Expenditures and Advances policy. During the transition period to October 1st, staff will be encouraged to apply the terms of the policy and provide feedback in the training sessions.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable

Conclusion

A new draft policy entitled Employee Reimbursement for Business Related Expenditures and Advances has been developed after considerable review of other policies and discussion and is recommended for adoption by the Committee.

Attachments

Attachment 1 - Policy Draft - Employee Reimbursement for Business Related Expenditures and Advances

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Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance/City Treasurer

Barry Jackson, CGA
Director of Financial Services

**CITY OF VAUGHAN
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DEPARTMENT: ALL	SUBJECT: EMPLOYEE REIMBURSEMENT FOR BUSINESS RELATED EXPENDITURES, AND ADVANCES
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1.0 PURPOSE

This policy establishes internal controls and guiding principles for the appropriate use of taxpayer's funds with respect to employee business related expenditures.

This policy provides:

- 1.1 The guiding principles for employee related business expenditures and advances,
- 1.2 The type of business related expenditures that may be reimbursed are:
 - a) expenditure reimbursement to an employee for incidental and operational expenditures,
 - b) expenditure reimbursement to an employee for business meals and hospitality expenditures,
 - c) expenditure reimbursement for attendance at a conference or seminar,
 - d) expenditure reimbursement to an employee for business related travel costs within the Province and outside of the Province,
 - e) expenditures related to a companion when attending an official event.
- 1.3 The guidelines for advance payments to an employee for business related expenditures, and
- 1.4 The guidelines for supporting documentation, approvals and the appropriate claim forms.

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2.0 RELATION TO OTHER POLICIES AND AGREEMENTS

This policy does not apply to, nor addresses the eligibility of business related expenditures if those expenditures are covered in a collective agreement, a compensation package or the City's Emergency Management Policy.

This policy refers to the City's Mileage and Transportation Policy No. 05.05.

3.0 GUIDING PRINCIPLES

- 3.1 Employees will ensure when expending taxpayer's funds that business related expenditures are reasonable by exercising prudence and sound judgment.
- 3.2 Business related expenditures are to further the business interests of the City.
- 3.3 Employees shall not be out of pocket because of business related expenses incurred and/or paid for by City Employees in the conduct of business on behalf of the City of Vaughan.
- 3.4 Employees should be aware that authority to incur a business related expenditure on behalf of the City must be commensurate with their job responsibility.
- 3.5 This policy applies to all City employees including but not limited to full-time, part-time or contract staff.
- 3.6 The approver and the claimant are responsible for the expenditure claim completeness, its adherence to this policy and to other City policies as applicable.

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4.0 General Procedures

- 4.1 To expend departmental budgeted funds an employee should have signing authority per the City's purchasing department's "Signing Authority Limits for Acquisitions". Employees without signing authority must receive approval prior to the expenditure of funds.
- 4.2 Business related expense claims require the approval of the immediate supervisor. The supervisor must have sufficient signing authority according to the City's purchasing department's "Signing Authority Limits for Acquisitions" form and the Expense Reports Policy No. 03.19.
- 4.3 The employee claiming reimbursement for business related expenses is responsible for the timely preparation of the claim (i.e. monthly), appropriate account numbers, the submission of the original supporting documentation and appropriate approval(s).
- 4.4 The approver of the expense claim is responsible for the complete review of the claim including supporting documentation and the validation that the expense is business related.
- 4.5 The determination of the appropriate general ledger account is the decision of the claimant and the approver but must be within the approvers signing authority limit, budget authority and available budget funds.

Charges outside of the approver's budget responsibility must have approval of the department being charged.
- 4.6 The claimant must provide a "Missing Receipt Declaration" form signed by the immediate supervisor in the rare case of missing support documentation.

The declaration must be submitted with the expenditure claim. The claim will not be processed if a signed declaration is not attached.
- 4.7 **Business travel outside the Province will require pre-approval from your Commissioner and the City Manager.**
- 4.8 All expenses should be converted to Canadian dollars on the expense claim reimbursement form at the exchange rate at the time of travel.
- 4.9 Business travel outside Canada and the USA requires Council Approval.

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Section A – Business Related Expenditures

5.0 INCIDENTAL AND OPERATIONAL BUSINESS EXPENDITURES

- 5.1** Employees that have personally paid for business related expenses for incidental or operational items on behalf of their department will be reimbursed.

Generally when expending departmental budgeted funds an employee should have signing authority per the City's purchasing department's "Signing Authority Limits for Acquisitions". **Employees without Budget signing authority should receive approval prior to the purchase of the item.**

The reimbursement claim should include the original detailed receipt, the original credit card receipt if applicable, the reason for the purchase and the claim must be signed by your immediate supervisor.

6.0 BUSINESS MEALS AND HOSPITALITY EXPENDITURES

6.1 Meals (Attendance - Staff Only)

Business meals (not related to travel) where the attendee(s) is a City employee(s) will be reimbursed. The charges for the meal must be reasonable, shall be paid by the most senior position if applicable and include a list of all staff if applicable, the purpose of the business meal must be provided, i.e. required attendance at City public meeting or events; workload related overtime, work related discussion, etc.

Under Vaughan Vision 20/20 the City recognizes staff excellence through the strategic objective of valuing, encouraging a highly motivated workforce, therefore under special circumstances business meals may be reimbursed for specific work related successes or for team building purposes. **This type of meal must be pre-approved by a Director.**

Please note employee retirement meals are not included since retirees are honoured corporately.

Your reimbursement claim should include the original detailed receipt including gratuity, the original credit card receipt if applicable.

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Employee business meals do not include reimbursement for alcoholic beverages.

6.2 Business Hospitality (Staff and External Individuals)

Business hospitality expenditures not related to travel will be reimbursed where City staff is hosting an individual or individuals from the business community, a community organization, a municipal representative(s) and representative(s) from other levels of government. Meals, food, beverage expenditures should be reasonable in nature.

Business hospitality expenditures may include a reasonable amount of alcoholic beverages at a reasonable cost.

The hospitality expenditure shall be paid by the most senior position if applicable and the submission of both the original detailed receipt(s) and the original credit card receipt(s) is required.

Your reimbursement claim should include the name of the organization hosted, individuals, the names of other City employees if applicable and the business purpose.

7.0 CONFERENCE AND SEMINAR EXPENDITURES

Conferences and seminars are generally sponsored by professional organizations or associations, government association. Conferences are usually a large gathering of individuals with a common purpose of exchanging information, discussions and lectures, etc.

Seminars are similar to conferences but are usually shorter in duration and are primarily educational in nature.

7.1 Pre-approval by your Director is required to attend a Conference or Seminar, complete the required Conference and Seminar request form. Conference details including the itinerary should be provided complete with cost estimates and supporting information as outlined on the form.

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- 7.2 The maximum amount which maybe expended on a Conference or Seminar without a special resolution from Council is \$3,000.
- 7.3 Conferences outside the Greater Toronto Area but within Canada and the USA shall be limited to two (2) per year.
- 7.4 Conferences and Seminars are authorized through the budget process and are to be charged to the Corporate Conference and Seminar budget account.
- 7.5 Staff that are members of an executive in a professional association or have been invited to participate at a Conference or Seminar are exempt from the limitation set out in 7.3.

Please Note - Business travel outside the Province will require pre-approval from your Commissioner and the City Manager

- **Business travel outside of Canada and the USA requires Council Approval**

8.0 BUSINESS RELATED TRAVEL EXPENDITURES

8.1 Overview

Following is an outline of business travel costs within and outside of the Province.

Business Travel is categorized: as "Day Travel" and "Overnight Travel".

Business travel may include but is not limited to attendance at conferences, seminars, workshops, software evaluation or demonstrations, work related training, equipment demonstrations, speaking engagements, business/economic development purposes, municipal business meetings, etc.

Business travel outside the Province will require pre-approval from your Commissioner and the City Manager.

Travel outside of Canada and the USA will require Council approval.

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Please complete a pre-approval travel authorization form. Your claim should include the purpose of the trip, the name of organization(s) visited, destination, indicate other staff that attended if applicable, and include original detailed receipts and original credit card receipts.

Business Travel

8.2 Day Travel

- For day travel refer to the appropriate section under this policy or other City policy as required.
- Refer to the City's Mileage and Transportation Policy No. 05.05 for travel related reimbursement.

8.3 Over Night Travel

For overnight travel the following expenses are reimbursable:

8.3.1 Accommodation

- Expenditures for single accommodation will be reimbursed for a standard hotel room. Submit the original paid hotel bill and the original applicable credit card receipt with your claim.
- Internet access charges will be reimbursed
- For overnight accommodation reasonable personal phone calls to home will be reimbursed.

8.3.2 Mileage

- Where practical employees should travel together when attending the same function.
- For mileage reimbursement please refer to the City's Mileage and Transportation Policy No. 05.05 however consideration should be given to the most economical and efficient method of travel to the destination point.

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- The distance travelled, the duration of the trip and the number of employees should also be taken into account before making a final decision.

8.3.3 Air Fare/Rail Travel/Taxi

- Attach original airline/rail ticket stubs, taxi receipts and credit card receipts to your claim.
- Air and rail fares must be economy class.
- Air Travel accident insurance is not reimbursable, however please note that employee's have some coverage through the City's group insurance plan.
- Taxi expenditures to/from airport/train station and the hotel will be reimbursed. Taxi expenditures at the destination point for business related purposes will be reimbursed.

Please Note: Additional medical coverage is reimbursable when travelling outside of Canada however contact the Human Resources Department for details regarding the City's group medical insurance coverage and accident travel insurance.

8.3.4 Meals and Hospitality

Individual Employee Meal Allowance

- For an individual employee travelling alone meals will be reimbursed up to a maximum daily rate of \$95 which includes tax and gratuity. **Receipts for 75% of the total cost of meals during the trip are required.** Please provide the original detailed receipts and credit card receipts if applicable.
- Employee business meals do not include reimbursement for alcoholic beverages.
- The cost of meals will be converted to the US dollar rate of exchange when travel is within the USA. The exchange rate at time of travel will apply.

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- For International travel please contact Finance for the daily meal rate.

8.3.5 Employee Group Travel Meal Allowance

- While traveling as a group of two or more employees, the original detailed meal receipts and original credit card receipts for each meal is required. The meal must be reasonable and the most senior employee should pay for the meal if applicable and include a list of employees.
- Employee business meals do not include reimbursement for alcoholic beverages.
- The cost of meals will be converted to the rate of exchange of the country visited at time of travel.
- **The daily meal allowance under section 8.3.4 does not apply.**

8.3.6 Travel Hospitality (Attendance - Staff and External Individuals)

- Business hospitality expenditures relating to business travel will be reimbursed where an employee is hosting an individual or individuals from the business community, municipal representatives, community organization representatives and representatives from other levels of government.
- The original detailed receipts and original credit card receipts are required.
- Meals, beverages and other hospitality expenditures should be reasonable in nature.
- Business hospitality expenditures may include a reasonable amount of alcoholic beverage at a reasonable cost.
- The hospitality expenditure shall be paid by the most senior position if applicable; your reimbursement claim should include the name of the organization and individuals, the names of other City employees if applicable and the purpose.

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8.3.7 Rental Vehicle

- Rental vehicles will be reimbursed up to a compact vehicle (unless a compact vehicle is not available).
- For a larger group of employees travelling together the most economical and efficient vehicle should be arranged.
- Rental vehicle insurance coverage is required and will be reimbursed.
- Provide the original rental vehicle invoice, fuel cost receipts if applicable and credit card receipts with the claim.

Other Expenditures

- Foreign exchange costs will be reimbursed at the time of travel.
- Foreign visa, immunizations for international travel will be reimbursed, attach original receipts and original credit card receipts to the expenditure claim.
- Business expenditures such as photocopying, faxing, cost of internet access in hotels will be reimbursed, attach the original receipts and original credit card receipts to the expenditure claim.
- Reasonable incidental costs as a result of the business trip will be reimbursed i.e. dry cleaning, maps, trip cancellation insurance, parking, etc. include original receipts.

Please Note: Reasonable meals ordered through hotel room service will be reimbursed.

8.4 Non Eligible Expenditures:

Personal costs such as: In-suite movies, bar service, lost or stolen personal items, and cost of a passport are not eligible for reimbursement.

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9.0 COMPANION EXPENDITURES

Companion expenses are generally considered a personal expense and will not be paid for by the City. When attending a business related function with a companion, the expenses related to the companion such as the event ticket, meals, airline tickets, etc. should be paid for personally.

In exceptional circumstances where it is customary and expected that a spouse/companion would attend an official event, gala or other function then reimbursement for companion expenses maybe considered.

Pre-approval is required by your Commissioner and the City Manager for companion expenditures whether the cost is paid directly by the City or reimbursement is going to be claimed by the employee.

Include the purpose for attending the event or function; include the original detailed receipts, original credit card receipts and the pre-approval form with your claim.

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Section B – Advances

10.0 ADVANCES

Employees may request an advance for business related expenses. Please provide an explanation for the advance signed by your Commissioner. These expenses may include workshop registration fees for an event or function, overnight accommodations, travel, and funding requirements, etc.

Provide support for the amount of the advance, the date of and description of the event or function. Include supporting documentation with your advance request.

The amount of the advance should be reconciled with the final actual expense claim when submitted. If the advanced funds are in excess of the actual claim please attach a personal cheque for the reconciled difference with the claim.

The reconciled claim should be submitted within 30 days of the event or expenditure.

Use the "Advance Payment Request Form" when requesting advance payments.

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11.0 EXCEPTIONS

The application of this policy to exceptional circumstances should comply with the principles of this policy and any exception must be approved in writing by the employee's Commissioner and the City Manager.

12.0 BUSINESS RELATED EXPENDITURE FORMS

- a) Expense Claim Reimbursement Form
- b) Advance Payment Request Form
- c) Missing Receipt Declaration Form
- d) Pre-approval for Travel Outside of the Province

The above Forms can be found on "Vaughan Online" (VOL) or contact the Accounting Department.

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Attachment #1

Expenditure Claim Reimbursement Procedures

All business related expense claims must be submitted on the "Expense Claim Reimbursement" form unless otherwise noted.

Advances for business related expenditures must use the "Request for Advance Payment" form.

Please note if supporting documentation is missing the "Missing Receipt Declaration" form is required and must be signed by the claimant and the approver of the claim. The declaration should be attached to the claim.

The expenditure claim forms can be accessed through Vaughan Online (VOL) or contact the Accounting Department.

Please check your claim for completeness:

- a) that the appropriate general ledger code for each expenditure has been included,
- b) that the appropriate original supporting documentation as indicated in this policy has been attached,
- c) that the calculations are correct and balanced to the receipts,
- d) that a list of attendees internal and external is included, if applicable,
- e) the proper authorization has been obtained, and
- f) include your telephone extension number.

Forward the completed claim to the Accounting Department for processing. The Accounting department will contact the claimant when the cheque is available for pick up.