

TRUSTEE EXPENSE GUIDELINE

Guiding Principle:

As elected officials, school trustees are guardians of the public trust. The establishment of a distinct trustee expense policy by school boards to promote financial integrity, accountability and transparency will improve public confidence in Ontario's public education system.

Outline:

This Guideline addresses the following five topics:

- I. **Legislative Framework** - summary of the relevant legislation;
- II. **Scope** - issues for a board's policy to consider;
- III. **Appropriateness** - expenses that are eligible for reimbursement;
- IV. **Reasonableness** - expenses are consistent with common values and accepted practices and are not perceived as excessive; and
- V. **Process** - procedure for reimbursement should be transparent and accountable.

I. **Legislative Framework** – summary of the relevant legislation.

Pursuant to the *Education Act* (the "Act"), boards are permitted to provide honoraria to their trustees for their services.

- The Act deems one-third of the annual honorarium to cover a trustee's out-of-pocket expenses.

In addition to the honorarium, the Act also provides:

- Boards may establish a policy in order to reimburse trustees "for all or part of his or her out-of-pocket expenses reasonably incurred in connection with carrying out the responsibilities of a board member."
- Boards are authorized to reimburse trustees for travel to and from a trustee's residence to a meeting of the board, or of a committee of the board, by either a per kilometre rate established by the board or for all or part of their reasonable out-of-pocket expenses incurred in connection with the travel.
- Trustees may be reimbursed for all or part of their out-of-pocket expenses incurred for travelling on specific business of the board provided that the board authorizes such travel by resolution.

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II. **Scope** – Issues for a board’s policy to consider.

Best Practices:

- The policy addresses whether and under what circumstances the following types of expenses are eligible for reimbursement:
 - Travel and Accommodations;
 - Meals;
 - Hospitality;
 - Community expenses;
 - Gifts;
 - Advertising and promotion;
 - Office Equipment and supplies; and
 - Professional Development.
- In addition, examples of events that do and do not qualify as board business are specified.
- Supplementary details are also provided to clarify what constitutes appropriate hospitality expenses, particularly as these relate to meetings with constituents, out of jurisdiction expenses, and individual meals.
- A procedure is established for trustees to obtain prior approval to participate in an event if the trustee is unsure of whether it is directly related to board business.
- The policy outlines a standard equipment package to be provided to all trustees and provides for the return of any equipment when duties cease. Duplication of services and equipment should be avoided, for example:
 - Trustees have access to either a laptop or desktop computer.
- The board’s procurement process is used to purchase all supplies and office equipment necessary to perform the function of a trustee as well as advertising services and promotional items.
- The policy ensures equitable treatment between staff and trustees.

Examples of Events that may be related to Board Business:

- Trustee Association meetings or events.
- Board or committee meeting (e.g. Budget committee).
- Events or professional development related to the board’s mission or objectives.

Examples of Events that may not be related to Board Business:

- Community fundraising gala or charity function.
- Political activities or events.

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III. Appropriateness – expenses that are eligible for reimbursement.

Best Practices:

- Reimbursable expenses are those that relate directly to board business.
- In regards to travel expenses, trustees are reimbursed for out-of-pocket travel expenses or receive a per/km travel rate as opposed to a travel allowance.
- A directive related to the reimbursement of alcohol expenses is included in the policy.
- Trustees do not receive board purchasing cards since all purchasing of supplies and office equipment is procured through the board.
- The board outlines its policy in regards to issuing trustees credit cards for the purposes of travel.
- The board's policy on cash advances is attentive to the unique circumstances of student trustees.
- With respect to an election year, there is a cut-off date specified (e.g. Labour Day) after which expenses such as advertising and newsletters are ineligible for reimbursement.
- Meals are reimbursed on an out-of-pocket basis as opposed to a per diem.
- As meals are often provided during meetings, circumstances where it would be appropriate to claim an individual meal are clearly outlined.

Examples of Potentially Eligible Expenses:

- Lunch purchased while attending a seminar or conference where meals are not included as part of the registration fee.
- Transportation costs and accommodation expenses incurred for attending out-of-town professional development seminar held by trustee association.

Examples of Potentially Ineligible Expenses:

- Donations to community groups or charities.
- Donations to schools.*
- Reimbursement for household expenses such as a home phone line or an internet connection if other viable alternatives have already been provided.

***Note: Although a donation to a school is not a reimbursable trustee expense related to board business, there are other well-established processes a board may use to provide funds to schools, such as a school recognition program.**

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IV. Reasonableness – expenses are consistent with common values and accepted practices and are not perceived as excessive.

Best Practices:

- A reasonable budget for projected out-of-pocket trustee expenses is established that is consistent with the overall goals, geography and financial circumstances of the board.
 - Any part of a board's budget for trustee expenditures that remains at the end of a fiscal year should be treated like any other cost savings in the board's overall budget.
- In addition to reimbursable expenses, the policy establishes a reasonable budget for indirect costs in relation to trustees' activities incurred by the board, such as:
 - Accommodations provided by the board;
 - Ancillary costs associated with meetings; and
 - Administrative support.
- Pre-determined limits are included for certain types of expenses. For instance, a board may decide to reimburse up to a maximum of \$8.75 for breakfast.
- There is a limit set for any individual expense above which prior approval of the board is required. For instance, a board may decide that an expense beyond \$100 requires prior written approval.
- There is an approval process for gifts of appreciation within a predetermined amount.

Examples of Potentially Reasonable Expenses:

- Registration fee for attending professional development course that is directly related to board business and for which prior approval of the board has been obtained.
- A lunch expense claim that exceeds the board's limit due to a lack of alternative, suitable options. For example, dining at a hotel restaurant when there are no other options reasonably close by.

Examples of Potentially Unreasonable Expenses:

- A dinner expense claim that exceeds the board's limit despite the existence of alternative, more suitable options. For example, dining at an expensive restaurant when there are other options close by. In such a case, an amount up to the board's dinner limit should be claimed.

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V. Process – procedure for reimbursement should be transparent and accountable.

Best Practices:

- A standard expense claim form, which is readily accessible by all trustees, is used to claim for reimbursement.
- To substantiate reimbursement, the claim form is supported by:
 - o Original documentation including proof of payment to support the expenditure (with the exception of mileage claims);
 - o Provide business reasons for the expenditure;
 - o Signature of the claimant to certify the expense claim; and
 - o Credit card vouchers that are not accompanied by a receipt are not sufficient for reimbursement.
- Expense claims are submitted in a timely fashion such as within one month of incurring the expense.
- The deadline for submitting expenses relating to a fiscal year, such as within the first two weeks of September, is to be respected to be eligible for reimbursement.
- There is a verification and approval process to minimize potential conflicts of interest and ensure appropriate segregation of duties. Two best practice models are:

Model #1:

- o The Chair of the Board or Audit Committee certifies that individual trustee expense claims meet the requirements of board policy and approves payment of the claim;
- o A senior board official, typically the Senior Business Official but excluding the Director, certifies that the Chair of the Board's expense claims meet the requirements of board policy and recommends that the Director approves payment of the claim;
- o The Chair of the Board or Audit Committee certifies that the Director of the Board's expense claims meet the requirements of board policy and approves payment of the claim;
- o Should there be a dispute about the eligibility of any expense, e.g. if deemed as inappropriate or unreasonable, the policy refers the dispute to the external member of the Audit Committee and, if a satisfactory resolution is not reached then the affected party shall contest the decision during a public session of the board.

Model #2:

- o The Chair of the Board or Audit Committee certifies that individual trustee expense claims meet the requirements of board policy and approves payment of the claim;
- o The external member of the Audit Committee certifies that expense claims of both the Chair of the Board and the Director meet the requirements of board policy and approves payment of the claim;
- o The Senior Board Official certifies that expense claims of the external member of the Audit Committee meet the requirements of board policy and approves payment of the claim; and
- o Should there be a dispute about the eligibility of any expense, the policy includes a process to contest the decision during a public session of the board.

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- Before a payment is processed, the accounting department confirms that the expense claim has received appropriate authorization.
- Each trustee's annual expenditure is published.
- All documentation is retained in accordance with the board's record retention policy.