



*Broader Public Sector  
Expense Directive*

Implementation Guide for  
Ontario School Boards

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# *Table of Contents*

Executive Summary	3
A. BPS Expense Directive Overview	16
B. Analysis of Ontario School Board Policies and Leading Practices	21
C. Implementation Considerations	45
D. Appendices	58
• Appendix A – Acknowledgement of Working Committee Members	
• Appendix B – Data Limitations	
• Appendix C – School Board Leading Practice Examples	
• Appendix D – Expense Claim Compliance Checklist	
• Appendix E – Draft Communications Plan	
• Appendix F – Sample Broader Public Sector Expenses Directive Overview	
• Appendix G – Sample Frequently Asked Questions	
• Appendix H – Broader Public Sector Expenses Directive Fact Sheets	
• Appendix I – Expense Approval Decision Trees	

# *Executive Summary*

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# Introduction

On January 21, 2011, the Broader Public Sector (BPS) issued an Expenses Directive (referred to throughout this report as the *BPS Directive*), which all BPS organizations must be in compliance with as of April 1, 2011. This Directive addresses the expense policies and procedures for all BPS organizations. The Directive is an accountability framework that covers the mandatory requirements for all BPS organizations, which includes Ontario school boards. The purpose of the Directive is to increase the accountability and transparency of BPS organizations while making effective use of taxpayer funds. In February 2011, the BPS held educational webinars for stakeholders impacted by this Directive. 134 school board staff representing 65 boards participated in these sessions.

To assist school boards in ensuring compliance with the BPS Directive, the the BPS Expenses Working Committee in partnership with the Ministry of Education has engaged PwC to create an implementation guide as a point of reference for the administrators, Trustees and staff who will be responsible for updating expense procedures and policies. This report draws on PwC's experience working with organizations in the health sector in assessing compliance with BPS Directive requirements and experience reviewing the operational performance of Ontario school boards.

The Ministry of Education also performed an analysis of individual school board compliance with the BPS Directive in order to determine the common areas of non-compliance. Much of the content in this report is based on the results of the Ministry's analysis.

The BPS Expenses Working Committee comprised of school board representatives was created to support school board compliance of the BPS Directive through sharing leading practices, identifying sector concerns and risks, and developing effective communication strategies and tools.

The report is broken up into three sections:

**Section A**  
Background of BPS Directive including consequences of non-compliance

**Section B**  
Analysis of Ontario school board compliance with the BPS Directive and Leading Practices

**Section C**  
Implementation guidelines and a timeline for policy changes

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# ***Project Mandate and Objectives***

## ***Project Mandate***

The mandate of the BPS Expense Directive Implementation Guide for Ontario School Boards project is to support school board compliance with the BPS Expenses Directive including to support greater alignment with the standards expected in ministries and agencies of the Government of Ontario.

## ***Project Objectives***

Specific objectives of the project include:

1. Identify key compliance gaps between standards set in the BPS Expenses Directive and Ontario Public Sector (OPS) Directive and current board policies and practices (this analysis was prepared by the Ministry of Education);
2. Develop strategies to manage transition, risks and implications of non-compliance, including documentation, through all areas of the organizations (i.e. Trustees, board administration, school level employees); and
3. Recommend tools and supports to facilitate school board compliance with the BPS Expenses Directive and move towards alignment with OPS standards.

# ***Broader Public Sector Expenses Working Committee***

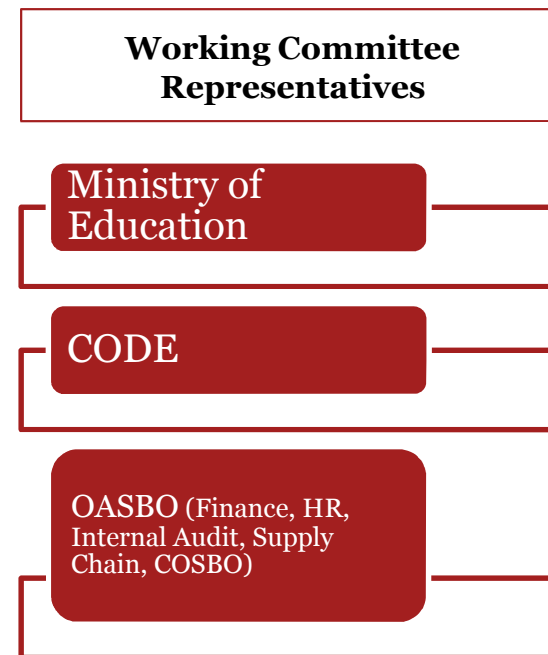
In Spring 2011, the BPS Expenses Working Committee was established to assess school board needs and identify supports with respect to compliance with the BPS Expenses Directive. The membership of the Working Committee is drawn from the Ministry of Education and individuals nominated by the Council of Directors of Education (CODE), Ontario Association of School Business Officials (OASBO) Committees including the Council of Senior Business Officials (COSBO), Finance, Human Resources, Internal Audit and Supply Chain Management

The role of the Working Committee is to:

- Share information on current board practices in relation to the Directive requirements;
- Share leading practices and identify gaps between current practices and Directive requirements;
- Identify sector concerns, resource requirements and strategies including sector specific tools to support school board compliance with the new Directive; for board policy and practices/operations;
- Develop a communication plan to effectively engage trustees, board and school staff to support compliance with the Directive within and across school boards; and
- Support compliance within school boards including identifying risks and course of action to address non-compliance.

Please refer to Appendix A for an acknowledgment of the Working Committee members

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## *Economic Context*

The current economic climate has forced public sector organizations to examine spending and determine where fiscally responsible decisions can reduce costs.

- A 2010 article in the Toronto Star criticizes the City of Toronto for using an excessive mileage reimbursement rate of \$0.52/km when other public sector organizations have rates as low as \$0.35/km.
- In several recent instances in Ontario related to the Provincial Government and health sector organizations, the media and public have criticized these organizations for not being transparent in expense reporting.

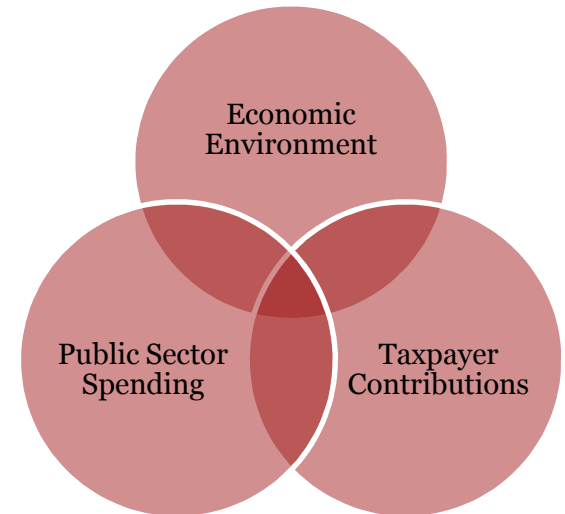
The goal is to provide maximum value for taxpayer dollars.

### Cost reductions required for school boards and BPS organizations:

- As announced in the 2011 Ontario Budget, all executive offices in certain Broader Public Sector organizations will be required to reduce office costs by 10% by March 31, 2013.
- The Ministry of Education issued a memorandum to the Directors of Education in March 2011 that outlines the growing constraint on funding for School Board Administration. The incremental savings of \$6.8M will be achieved by lowering the per-pupil benchmarks in the Directors and Supervisory Officers and Board Administration components of the School Board Administration and Governance Grant by approximately 1.5%.

### Solutions for effective cost reductions:

- In order to reduce costs, the Ontario government has reduced employee expenses by over \$30M or 24%, and saved over 22,500 hours of travel time through the use of webcasting and videoconferencing technology.
- School boards should consider this as a leading practice and should determine whether there are opportunities to avoid travel expenses through the use of technology, prior to making travel arrangements.



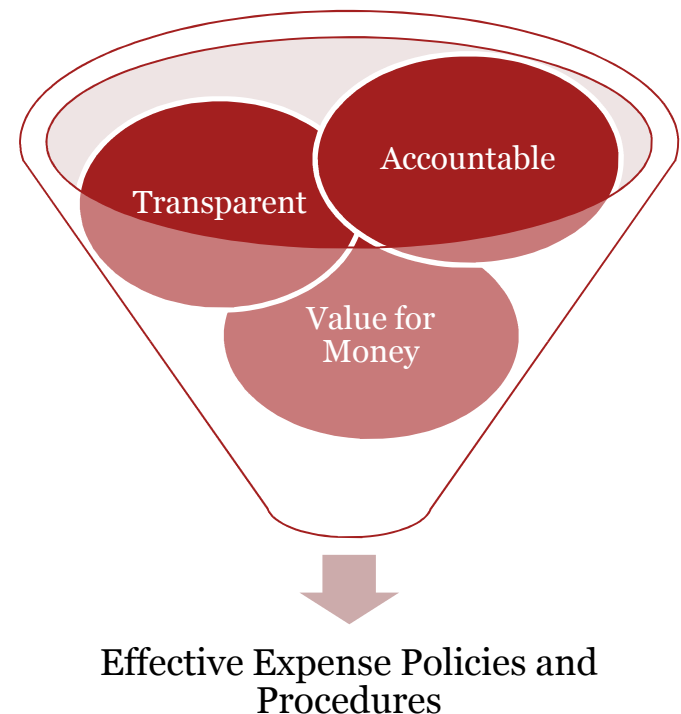
# ***The Working Committee recommends that school boards use this guide to achieve accountability, transparency and value for taxpayer dollars***

For many school boards, increasing the accountability, transparency and value for money of their expense policies and procedures will require changes to the policies, procedures and behaviours already in place. The BPS Directive also serves to align the policies and practices of BPS organizations more closely with those of Ontario Public Sector (OPS) organizations (ministries, agencies). In this case, the BPS Directive makes several references to the OPS Travel, Meal and Hospitality Expenses Directive (referred to throughout this report as the *OPS Directive*) as a primary source for review by BPS organizations when drafting new policies and procedures. Given the elapsed time since the BPS Directive came into effect<sup>1</sup>, achieving compliance with BPS requirements must be considered urgent and boards must be in compliance within 6 months.

Acknowledging that some language within the BPS Directive is open to interpretation, the Working Committee suggests that school boards move towards alignment with OPS Directive standards within 18-24 months. OPS standards are considered leading practice and are safer from a risk management perspective since there is less room for interpretation.

As a result, the recommendations in the OPS Directive will be considered comparatives for current school board policies and procedures.

**Recommendations 1 & 2:** To achieve accountability, transparency, and value for taxpayer funding, the Working Committee recommends that school boards use this guide to achieve compliance with the BPS Directive requirements by June 30, 2012, and move towards alignment with OPS Directive requirements within 18-24 months, by January 2014.

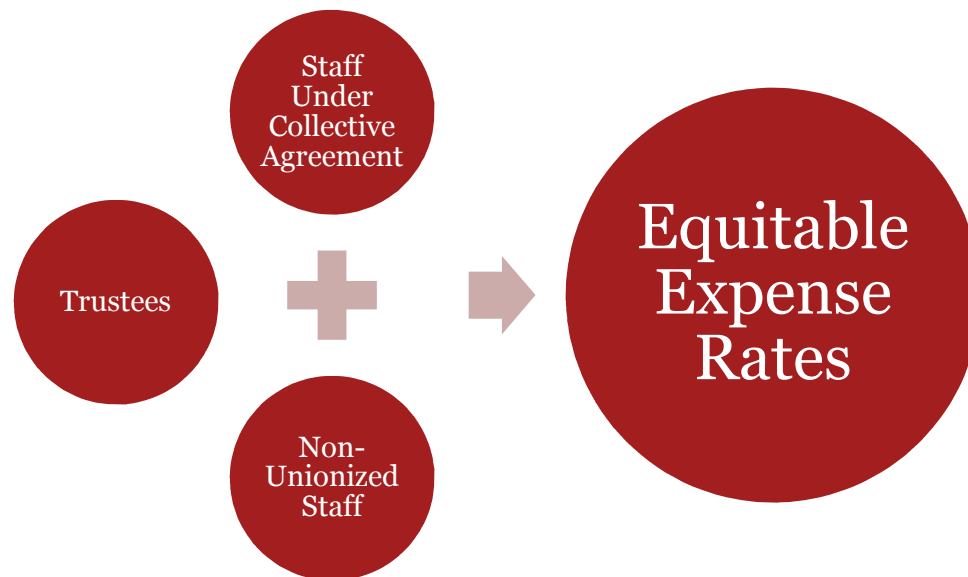




## ***Changes to expense policies may impact future collective bargaining agreements***

The purpose of the BPS and OPS Expenses Directives is to promote the prudent and transparent use of taxpayer dollars within the organizations that spend these funds. Deciding on singularly acceptable expense rates for all staff, administrators and Trustees within publicly funded organizations is one element of this. It is important to note that existing collective bargaining agreements are “grandfathered,” meaning that agreements in place before these directives came into effect take precedence over the newer requirements of the directives. These legislated changes to school board expense policy are an opportunity to promote equity across all employees and representatives within the organization.

Leading practice school boards have equitable expense policies for all employees, administrators and Trustees, whether they are part of a collective agreement or not. The importance of fiscal responsibility and fairness should be considered when negotiating new collective bargaining agreements.



# ***There are some consistent areas of non-compliance with the BPS Directive***

The analysis indicated that the six main areas for improvement are as follows:

1. A number of boards allow employees/Trustees to use per diems for meal expenses rather than reimburse them for detailed receipted expenses incurred to validate claims for compliance.
2. Meal and mileage rates for many boards are significantly above OPS rates.
3. Some boards do not have alcohol policies; others allow employees/Trustees to expense alcohol in some circumstances as part of travel or meal claims.
4. Hospitality events are held for employees/Trustees (e.g. retirement parties), which is specifically identified as a non-reimbursable expense under the BPS Directive.
5. The sophistication of accountability frameworks is inconsistent across school boards, and some boards do not have appropriate frameworks in place.
6. Most boards do not have policies and procedures in place that address consultants and contractors.

1. Per Diems

2. Meal and Mileage Rates

3. Alcohol Policies

4. Hospitality Events

5. Accountability Framework

6. Consultants and Contractors

Non-compliant school boards will need to revise and improve their expense policies to address the requirements of the BPS Directive.

# ***Summary of Common Issues from Health Sector Expense Directive Compliance Reports***

A significant proportion of public funding is currently directed to the Ministry of Health and Long-Term Care (MOHLTC) and affiliated organizations, which require transparent and distinct expense policies. As such, the health sector is a relevant reference for school boards to compare practices against and to identify early lessons learned in the transition to BPS Expense Directives. The issues found in health sector compliance are similar to those of many school boards.

PwC's Internal Audit group investigated compliance of procurement and expense practices with their respective policies for three crown agencies reporting to the MOHLTC. Several common issues were identified:

<b>#</b>	<b>Issue Type</b>	<b>Description</b>
1	Meal Expenses	<ul style="list-style-type: none"> <li>Meal expenses not supported by itemized receipts</li> </ul>
2	Per Diems	<ul style="list-style-type: none"> <li>Per diems used instead of reimbursing actual expenses, supported by receipts</li> </ul>
3	Approvals	<ul style="list-style-type: none"> <li>Authorization/approval of expense claims by people other than direct supervisors</li> </ul>
4	Mileage	<ul style="list-style-type: none"> <li>Claims for mileage/meals in excess of set rates</li> <li>No policy in place to address exceptional circumstances – claims did not include written justification</li> </ul>
5	Travel Expenses	<ul style="list-style-type: none"> <li>Travel within Ontario not preapproved prior to travel dates</li> </ul>
6	Record Keeping	<ul style="list-style-type: none"> <li>Some expense reports not signed by claimants</li> </ul>
7	Miscellaneous	<ul style="list-style-type: none"> <li>Ineligible valet expenses reimbursed – not in accordance with policy</li> </ul>

## *Leading practice school boards share several similar characteristics in their expense policies*

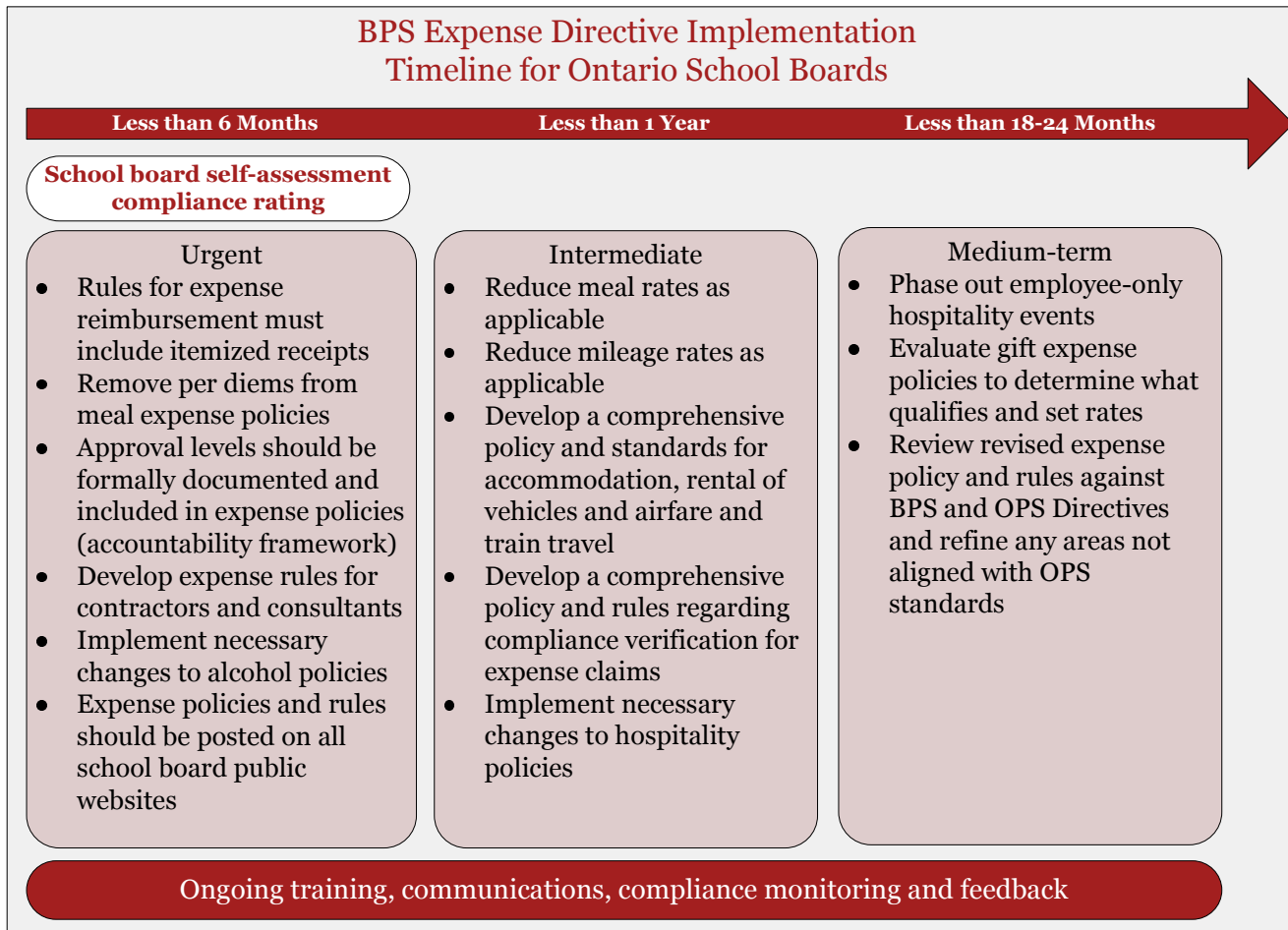
The analysis performed by the Ministry of Education identified one school board in full compliance with the Directive based on available information (refer to Appendix B for data limitations). This analysis showed **eight leading practice school boards and several others that are substantially close to compliance**. Most of the leading practice boards have some of the following characteristics:



School boards should determine whether their expense policies are consistent with the characteristics of leading practice school boards when evaluating their own expense policies.

# Implementation Timeline

The following timeline shows the suggested three-phase approach for school board implementation of BPS requirements:



## ***BPS recommendations may require changes to existing policies that impact school board staff***

In order for school boards to be compliant with the BPS Directive, there will need to be ongoing change management to educate all staff, administrators and Trustees on changes relevant to their roles and the organization and to set expectations for compliance. As with any organization-wide initiative, it is critical that this message be endorsed by senior administration and the Trustees if compliance is to be achieved. Tone at the top must demonstrate senior level commitment to the accountability, transparency, value for money and fairness of expense policies and procedures. This message must filter through the organization at both the central administration and individual school level. For many school boards, adopting BPS Directive requirements will require a shift in organizational behaviour and culture. There will likely be some resistance from certain employees, particularly where certain benefits, like employee hospitality events and generous reimbursement rates are scaled back. To help drive change, Trustees and senior administrators at the board and school levels must demonstrate and communicate this message early, often, and consistently.

In order to convey a clear and consistent message that compliance with the BPS Directive through more accountable and transparent expense policies and procedures is imperative, school boards should consider the following approach to manage change:



**Recommendation 3:** School boards should develop a change management strategy to communicate changes through the organization and achieve employee buy-in.

# List of Recommendations

#	Recommendation
1	School boards should use this guide to achieve compliance with the BPS Directive by June 30, 2012
2	School boards should use this guide to move towards alignment with OPS Directive standards within 18-24 months (January 2014).
3	School boards should develop a change management strategy to communicate changes through the organization and achieve employee buy-in.
4	To become compliant with the BPS Directive, school boards will have to stop providing per diems and reassess their daily meal rates to ensure they can stand up to public scrutiny.
5	As there is little consistency in school board mileage rates, boards must determine a reasonable, justifiable mileage reimbursement rate and apply this consistently.
6	Alternatives to travel or meal expenses should be considered before making any board travel arrangements to determine whether there is an opportunity for cost savings.
7	In order for school boards to be compliant with the BPS Directive, they must incorporate rules regarding alcohol in their expense policies and procedures, and consider zero tolerance as an option for compliance.
8	In order to be compliant with the BPS Directive, boards will need to create/revise policies for hospitality as defined separate and apart from business meetings, staff recognition and catering which are not hospitality as defined in the Directive.
9	For school boards to become compliant with the BPS Directive, those that do not have approval authority levels in place need to include these in their expense policies. All expense policies must be made available online.
10	School boards must establish comprehensive policies and procedures related to limitations on prohibited expenses for consultants and contractors to comply with the directive.
11	As there is little consistency in school board gift rates and qualifying expenses, boards should determine a reasonable gift rate and incorporate it into board policy.
12	Good recordkeeping practices are a critical element of the expense reporting and reimbursement process. All boards must incorporate some level of ongoing monitoring to ensure compliance and formulate these procedures in expense policies.
13	Non-compliant school boards should focus on staff training and communication from senior administrators and Trustees to promote culture change and facilitate the adoption of leading practice expense policies and procedures. Messaging should be communicated early, often and consistently to help drive change.

# *A. BPS Expense Directive Overview*



# ***BPS Expense Directive Overview – Four Principles***

## **Context**

The Management Board of Cabinet of the Government of Ontario issued the BPS Expenses Directive to raise the level of accountability and transparency for broader public sector (BPS) organizations and make their practices consistent with those of Ontario's ministries and agencies. The BPS includes Ontario school boards, which were expected to be in compliance with this Directive as of April 1, 2011.

The expense directive is based on four basic principles:

<b>Principle</b>	<b>Considerations</b>
I. Accountability	Organizations are accountable for public funds used to reimburse travel, meal and hospitality expenses. All expenses support business objectives.
II. 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.
III. 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.
IV. Fairness	Legitimate authorized expenses incurred during the course of the business of an organization are reimbursed

# ***BPS Expense Directive Overview – Eight Requirements***

There are eight primary requirements of the BPS expense directive:

<b>Requirement</b>	<b>Considerations</b>
i. Accountability Framework	<ul style="list-style-type: none"> <li>• Accountability framework must be established that outlines the approval levels for expenses</li> <li>• Also describes the concept of <i>managerial discretion</i> where school boards may in very limited circumstances choose to depart from the directive</li> <li>• Any expenses submitted for reimbursement must be fair and equitable, reasonable, appropriate, able to stand up to public scrutiny and properly explained and documented</li> </ul>
ii. Consultants and Contractors	<ul style="list-style-type: none"> <li>• Hospitality, incidental or food expenses of consultants or contractors cannot be reimbursed</li> </ul>
iii. Rules on Serving Alcohol	<ul style="list-style-type: none"> <li>• Rules regarding serving alcohol must be established</li> <li>• Alcohol should be allowed only in very limited circumstances</li> <li>• Written approval from the Chair or Director for alcohol at hospitality events must be obtained prior to making arrangements</li> <li>• No alcohol should be reimbursed for travel or meal expenses</li> </ul>
iv. Hospitality Events	<ul style="list-style-type: none"> <li>• Rules regarding hospitality events must be established<sup>1</sup></li> </ul>
v. Good Recordkeeping	<ul style="list-style-type: none"> <li>• Itemized receipts must accompany all expense claims</li> <li>• Credit/debit card receipts are insufficient</li> <li>• Claims must be kept on file for future compliance audits</li> </ul>

<sup>1</sup> – Further information regarding the interpretation and leading practices for hospitality events is included in section D. Of this report.

## ***BPS Expense Directive Overview – Eight Requirements (Cont.)***

<b>Requirement</b>	<b>Considerations</b>
vi. Rules for Claimants	<ul style="list-style-type: none"> <li>• Claimants must obtain approval prior to incurring expense</li> <li>• Documented approval is required for some expenses (e.g. travel), and should be submitted with expense claims</li> <li>• In the unusual circumstance that prior written approval is not possible, the claim should include an explanation as to why this was not possible</li> <li>• Group expenses must be claimed by the most senior person in attendance, or individually. No downloading of expenses is allowed</li> <li>• Claims must be submitted on a timely basis (e.g. within one quarter of expense incurrence)</li> <li>• Any overpayment to a claimant is considered a debt to the organization and must be repaid or may be deducted from a future claim</li> </ul>
vii. Rules for Approvers	<ul style="list-style-type: none"> <li>• Expense claim approvers must only approve claims for expenses necessarily incurred for business purposes and that include all appropriate documentation</li> <li>• No one may approve their own expenses</li> </ul>
viii. Communication of Policies	<ul style="list-style-type: none"> <li>• Organizations must post their expense policies on their website so these may be accessed by the public</li> </ul>

## ***Compliance with the Directive is mandatory and non-compliance could have negative implications***

BPS organizations were required to be in compliance with the Expenses Directive as of April 1, 2011. As a result, there is some urgency that school boards that are not currently in compliance must become compliant as soon as possible. School boards that do not comply with the expense directive could face some of the following risks:

<b>Risks</b>	<b>Comments</b>
Risk of improper use of funds	<ul style="list-style-type: none"> <li>• If expense policies and/or practices are not aligned with BPS requirements, it could result in funds being diverted from the classroom or other important budgetary items</li> <li>• Even if this is not the case, the perception of this possibility could be enough to do damage</li> </ul>
Risk of lack of accountability	<ul style="list-style-type: none"> <li>• As BPS organizations, school boards are accountable to the public, the Ministry of Education and other governmental agencies – non-compliance could indicate that accountability for funding is not taken seriously</li> </ul>
Risk of reputation damage	<ul style="list-style-type: none"> <li>• Non-compliance or inappropriate practices could negatively affect the school board’s image in the eyes of the local community</li> <li>• Under the Freedom of Information and Protection of Privacy Act (FIPPA), members of the local community, news reporters, or anyone else who is interested, have the legal right to request a viewing of any school board employee’s or Trustee’s submitted expense claims.</li> </ul>
Risk of lack of transparency	<ul style="list-style-type: none"> <li>• One of the goals of this directive is to increase transparency of BPS expense policies – non-compliance could signal improper practices regarding fiscal responsibility</li> <li>• Decisions about expenses should be made with due consideration for the prudent and responsible use of taxpayer dollars, and for government direction on accountability and transparency</li> </ul>

School boards can demonstrate their commitment to appropriate stewardship of public funds by complying with the BPS Directive.

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## ***B. Analysis of Ontario School Board Policies and Leading Practices***

# Background of Analysis

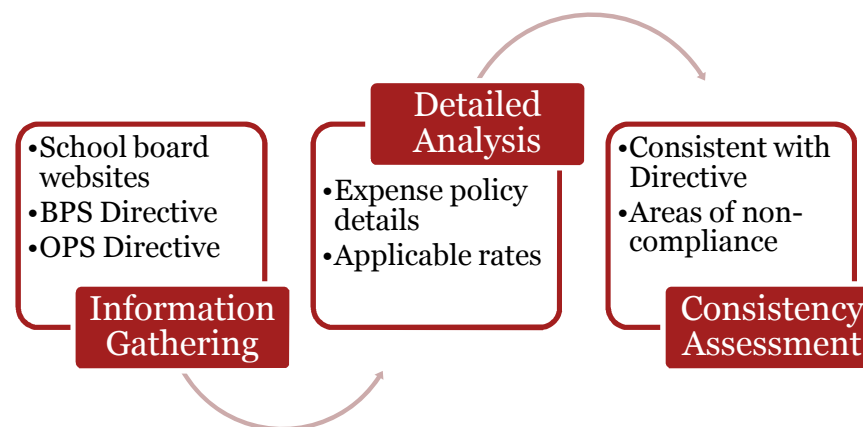
In order to provide recommendations on how to implement the BPS Directive requirements, it is important to understand the current level of school board consistency with the Directive and areas of non-compliance. The Ministry of Education and Working Committee performed an assessment of the Ontario school board policies for all boards with publicly available policies<sup>1</sup>. PwC reviewed the results and used these as the basis for the implementation guide. The assessment was not an audit, and involved the following:

- Specific details in the expense policies regarding expenses qualifying for reimbursement, applicable expense rates (e.g. mileage, meals) and approval/compliance procedures were documented based on available information
- These expense policies and applicable expense reimbursement rates were compared against the BPS Directive for compliance
- Where the BPS Directive does not specifically cover expense policies or rates, the OPS Directive was used as the closest comparative

School boards were then assessed to indicate how close they are to consistency with the BPS Directive. Refer to Appendix B for data limitations.

<sup>1</sup> – for the purposes of this report, only policies available online were considered relevant and potentially compliant

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## Relevance of OPS Expense Directive

Throughout the BPS Directive, the OPS Travel, Meal and Hospitality Expenses Directive is referenced as a primary source of reference on appropriate expense policies. The Working Committee recommends that school boards move towards alignment with the OPS Directive within 18-24 months (by January 2014)

# School Board Consistency Assessment

In order to determine whether a particular school board had a sufficiently comprehensive expense policy, this assessment checklist helped categorize the level of compliance with the BPS Directive. The following questions helped guide the assessment:

- Did the expense policy include understandable, detailed procedures regarding hospitality, alcohol and consultants and contractors?
- Was there a defined accountability framework/ documented approval levels?
- Were there documented meal and mileage rates?
- Did policies allow employees to use per diems or vehicle allowances?
- Were approval procedures easy to understand?
- Was there a documented process in place to verify claim compliance with policies?
- Were policies and procedures posted online and made publicly available?

## School Board Consistency Assessment

Close to Compliance	<ul style="list-style-type: none"> <li>• Addressed all major areas of the BPS Directive</li> <li>• Few if any minor adjustments were required to be compliant (e.g. clearer or more detailed explanation of approver responsibilities, address consultants and contractors. )</li> </ul>
Minimal Gaps to Compliance	<ul style="list-style-type: none"> <li>• Addressed major areas of BPS Directive, but some adjustments required such as: updating policy to address consultants and contractors, changes to hospitality definition, or including meal rates.</li> </ul>
Partial Variance	<ul style="list-style-type: none"> <li>• Did not address one significant area of BPS Expenses Directive (e.g. alcohol, hospitality, approvals process)</li> </ul>
Significant Variance	<ul style="list-style-type: none"> <li>• Did not address two or more significant areas of BPS Directive (e.g. alcohol, hospitality, approvals process); and/or</li> <li>• Current policies and procedures were in direct violation of Directive (e.g. use of per diems for meals, car allowance); and/or</li> <li>• No policies or procedures were posted on public school board website</li> </ul>

# Comparing school board policies against the expense directive highlights several shortfalls

Based on the analysis the Ministry of Education performed, there are several insightful findings related to compliance:

- Boards that are close to compliance have incorporated most of the requirements of the BPS Directive in their expense policies and procedures and have made them publicly available on their websites
- The majority of school boards have expense policies that do not address one or more major areas covered by the BPS Directive
- Many school boards have policies that are in direct violation of BPS Directive requirements
- A number of boards have not posted all or part of their expense policies and expense procedures on their public websites – this is a direct requirement of the BPS Directive

## Close to Compliance

- 15 Boards – 21%
- Recently updated policies that are very close to BPS requirements

## Minimal Gaps to Compliance

- 11 Boards – 15%
- Minimal gaps (e.g. updating approvals language, definition of hospitality)

## Partial Variance

## Significant Variance

- 30 Boards – 42%
- Policy is not consistent with BPS Directive and does not address major areas of Directive (e.g. per diems)

**Recommendation:** Boards with policies that vary from the BPS Directive must address any shortfalls within their policies and/or change existing practices in order to achieve compliance.



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## ***There are some consistent areas of non-compliance with the BPS Directive***

The analysis indicated that the six main areas for improvement are as follows:

1. A number of boards allow employees/Trustees to use per diems for meal expenses rather than reimburse them for detailed receipted expenses incurred to validate claims for compliance.
2. Meal and mileage rates for many boards are significantly above OPS rates.
3. Some boards do not have alcohol policies; others allow employees/Trustees to expense alcohol in some circumstances as part of travel or meal claims.
4. Hospitality events are held for employees/Trustees (e.g. retirement parties), which is specifically identified as a non-reimbursable expense under the BPS Directive.
5. The sophistication of accountability frameworks is inconsistent across school boards, and some boards do not have appropriate frameworks in place.
6. Most boards do not have policies and procedures in place that address consultants and contractors.

Non-compliant school boards will need to revise and improve their expense policies to address the requirements of the BPS Directive.

## *Some school boards provide high meal expense limits and others continue to use per diems*

Meal Expense Category	School Board Policies	BPS Expense Directive	OPS Expense Directive
Qualifying expenses	<ul style="list-style-type: none"> <li>Expenses must be reasonable and appropriate</li> <li>Many policies discuss qualifying expenses related to out of town travel or business meetings</li> </ul>	<ul style="list-style-type: none"> <li>Recommends that rules be set to address situations where the cost of meals can be reimbursed</li> <li>Makes reference to OPS Directive</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable and appropriate meal expenses may be reimbursed</li> <li>For expenses where employee is away from the office area (24km) over a normal meal period</li> <li>Business meetings that must occur over lunch</li> </ul>
Daily allowance (per diems)	<ul style="list-style-type: none"> <li>18 boards have policies that include per diems</li> <li>Rates range from \$48 to \$80</li> <li>2 of these boards have per diems for Trustees only</li> </ul>	<ul style="list-style-type: none"> <li>Allowances not permitted as these would not be considered reimbursable meal costs</li> </ul>	<ul style="list-style-type: none"> <li>Allowances not permitted as these would not be considered reimbursable meal costs</li> </ul>
Meal rate maximum	<ul style="list-style-type: none"> <li>Daily maximums range from \$35 to \$115</li> <li>Provincial average is \$66</li> <li>11 boards have maximums that do not include tax and tip</li> <li>Some boards allow significant discretion based on location (e.g. travel to urban centres may result higher than permissible expenses)</li> </ul>	<ul style="list-style-type: none"> <li>Recommends that maximum meal rates be established</li> <li>Makes reference to OPS Directive</li> </ul>	<ul style="list-style-type: none"> <li>Breakfast - \$8.75</li> <li>Lunch - \$11.25</li> <li>Dinner - \$20.00</li> <li>Maximums include tax and tip</li> </ul>

**Recommendation 4:** To become compliant with the BPS Directive, school boards will have to stop providing per diems and reassess their daily meal rates to ensure they can stand up to public scrutiny.

# Meal rates should be fair, economical and equitable

Meal reimbursement policies are intended to allow claimants to expense one or more meals that they must purchase as a result of work-related travel. Public sector representatives should use taxpayer dollars responsibly since funds allocated to school boards are intended to support student achievement. Inappropriate meal rates could draw detrimental attention to a school board. Additionally, boards should not allow different meal rates for different representatives<sup>1</sup> (i.e. Trustees vs. staff). Therefore, striking a balance between fairness and value for money is critical. Fair and economical meal rates include the following characteristics:

- An understanding of where most meal expenses are incurred (regionally)
- Research on average meal costs for breakfast, lunch and dinner in these regions
- Comparison with other school boards and provincially-accepted meal rates (i.e. OPS)
  - OPS maximum daily rates are \$40
  - Provincial school board maximum daily rates range from \$35 to \$115 with an average of \$66/day
- Detailed criteria and justification of meal rates in excess of provincial averages (e.g. international travel, unusual circumstances)

Regional  
average meal  
costs

School board  
meal rates

OPS meal rates

Additional  
considerations

Additionally, the BPS Directive requires prior approval for meal reimbursement. Ideally, this should be in writing. For employees who spend significant time on the road, this could be included in their employment contract or in a separate document that outlines their travel requirements and respective meal expense needs.

## School Board Leading Practice

Original, itemized receipts must be provided with claims for reimbursement of actual meal expenses. Under no circumstances will the Board approve staff expensing of alcoholic beverages. The maximum amount is inclusive of taxes and gratuity. Gratuity amounts are capped at 15% of pre-tax amounts.

## Implementation Timeline

Remove per diems from expense policy – within 6 months

Reduce meal rates to justifiable amounts – within 1 year

Move meal rates towards alignment with OPS standards – within 18-24 months

<sup>1</sup> – The exception is where existing collective agreements specify meal rates.

# *There is a diverse range of mileage rates used by Ontario school boards*

The BPS Directive does not explicitly state maximum allowable mileage rates, however, one of the objectives of the BPS Directive is to contribute to the greater alignment of BPS practices with OPS standards, which have been included as leading practices. Based on available information, the average school board rate is \$0.45/km. We have included rates from the OPS and CRA as public comparatives and from the CAA as an independent comparative of mileage rates.

<p><b>Ontario Public Sector Mileage Rates</b></p>	<p><b>School Board Rates</b></p> <ul style="list-style-type: none"> <li>• Range from \$0.35/km to \$0.52/km</li> <li>• Average provincial rate is \$0.45/km</li> <li>• 18 board policies do not include rates</li> </ul>	<p><b>OPS Mileage Rates</b></p> <ul style="list-style-type: none"> <li>• \$0.40/km – Southern ON</li> <li>• \$0.41/km – Northern ON</li> <li>• Rates reduced in tiers after 4,000 km</li> </ul>
<p><b>Independent Mileage Rates</b></p>	<p><b>CRA Rates</b></p> <ul style="list-style-type: none"> <li>• \$0.52/km – first 5,000 km</li> <li>• \$0.46/km – thereafter</li> <li>• These outline maximum allowances for mileage reimbursement tax deductions</li> <li>• These are the highest of all rates</li> </ul>	<p><b>CAA Operating Costs<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>• CAA estimates the operating cost per km for several representative vehicles</li> <li>• 4-door sedan (Cruze) - \$0.15/km</li> <li>• 4-door minivan (Grand Caravan) - \$0.20/km</li> <li>• 4-door hybrid (Prius) - \$0.09/km</li> <li>• Average depreciation - \$0.25/km</li> </ul>

**Recommendation 5:** As there is little consistency in school board mileage rates, boards must determine a reasonable, justifiable mileage reimbursement rate and apply this consistently.

1 – Operating costs are defined as the fuel, maintenance and tire expense required to operate a car based on an average of 18,000km driven per year. Ownership costs (insurance, licensing, depreciation and finance expense) are not included in this figure

# *Mileage policies should be consistent with independent sources of acceptable mileage claims*

The purpose of mileage expense policies is to reimburse claimants for the costs of operating their vehicles for required driving in excess of their daily commute<sup>1</sup>. It is particularly important for public sector organizations that these rates be justifiable. The Canadian Automobile Association (CAA) publishes an annual brochure called “Driving Costs,” that outlines average vehicle operating costs (fuel, maintenance, tires). The 2011 brochure suggests that average operating costs representative of the types of vehicles commonly driven in Canada fall between \$0.09/km and \$0.20/km. The OPS mandated rates are higher than the CAA operating costs.

## OPS

- Outlines acceptable mileage rates for Ontario government ministries and agencies
- Reimbursement rates of \$0.40/km in southern Ontario and \$0.41/km in northern Ontario for the first 4,000km – tiered reductions for additional driving to \$0.24/km

It is important to note that the OPS rates are mandated rates for government employees. There could be the perception that as highly publicly funded organizations, school boards should be using the same rates as the OPS. It might be difficult to justify higher mileage rates. For boards with rates that are higher than OPS rates or the school board provincial average, these boards may be able to realize significant cost savings by reducing mileage rates.

### **School Board Leading Practice**

All employees not within a collective agreement who use their automobile on Board-approved business shall be reimbursed a mileage allowance at the equivalent rate paid by the Province of Ontario to its employees. This rate will be reviewed on an annual basis as part of the budget process.

### **Implementation Timeline**


Remove vehicle allowances from expense policy – within 6 months

Reduce mileage rates to a justifiable level – within 1 year

Move mileage rates towards alignment with OPS rates – within 18-24 months

<sup>1</sup> – defined as the return trip from home to workplace

## *School boards may have alternatives to reduce their business travel costs during the year*



Remote meetings  
(teleconference, video  
conference, web seminars)

Carpooling (where  
possible)

Business travel by board-  
approved standards

**Remote meetings** are a great way to reduce the cost associated with travel and accommodations for board representatives who need to meet out of town with other colleagues, attend training events, etc. Teleconferences, video conferences and web seminars can significantly reduce school board travel costs and reduce the amount of time that school board representatives spend away from their homes and work places, contributing to improved work-life balance.

When several representatives from one office location or region are attending the same meeting or event within a reasonable driving distance from the school board offices, **carpooling** should be considered a priority to reduce both the travel costs incurred and pollution to the environment associated with school board business travel.

Savings from reducing school board travel demonstrate a school board's commitment to fiscal responsibility.

**Recommendation 6:** Alternatives to travel or meal expenses should be considered before making any board travel arrangements to determine whether there is an opportunity for cost savings.

## ***Travel and accommodation standards should be both economical and practical***

<b>Expense Type</b>	<b>Acceptable Option</b>	<b>Other Considerations</b>
Flight	• Economy	<ul style="list-style-type: none"> <li>• Economy ticket is the standard flight to be selected, however, in limited circumstances this may not be possible</li> <li>• In cases where there are multiple stops and/or excessive layover time, boards may decide to allow more direct routes at a higher cost</li> </ul>
Car	• Economy	<ul style="list-style-type: none"> <li>• For claimants that travel frequently by car, it is a good practice to determine what threshold of driving distance should determine whether a rental, personal or school board vehicle should be driven</li> </ul>
Train	• Economy	<ul style="list-style-type: none"> <li>• There may be limited circumstances where a higher class of travel is acceptable (e.g. need to work with a team, available travel time allows the claimant to reduce accommodation or meal expense)</li> </ul>
Hotel	• Standard	<ul style="list-style-type: none"> <li>• Extended stays should be arranged to take advantage of lower weekly or monthly rates</li> <li>• Private stays may be acceptable (OPS directive allows a \$30 reimbursement with appropriate documentation)</li> </ul>

- Detailed criteria for flight, rental car, train or accommodation selection should be included in expense policies.
- If school boards have vendors of record, claimants should be required to book travel through these sources to follow board procurement practices and better track expenses and make use of bulk discounts where applicable.
- Travel should always be booked as early as possible (i.e. when it is known and approved) as fares become more expensive closer to travel dates.
- A comparison of costs and travel time for different options (i.e. flight, train, car) should be required to make use of the most reasonable, economical option.
- Use of any option other than the lowest cost may expose the board to public scrutiny and divert funds from priority expenditure areas.

## *There is a variation in alcohol policies amongst school boards*

Both the BPS and OPS Expense Directives are strict on the provision of alcohol. Both directives require that there be clear and specific procedures in place to govern the request and approval processes and to outline appropriate circumstances where alcohol may be permitted. Both directives are unambiguous that claimants should not be able to expense alcohol as part of their travel and meal claims.

<b>Alcohol Expense Category</b>	<b>School Board Policies</b>	<b>BPS Expense Directive</b>	<b>OPS Expense Directive</b>
Qualifying expenses	<ul style="list-style-type: none"> <li>• 58 boards have rules on alcohol in their policies</li> <li>• 28 boards allow alcohol as part of hospitality events</li> <li>• 8 boards allow alcohol as part of travel claims</li> </ul>	<ul style="list-style-type: none"> <li>• Specific rules around circumstances where alcohol can be claimed, who can claim expenses, and the process for approval of use of alcohol and claim approval should be included</li> <li>• Alcohol cannot be claimed as part of travel or meal claims</li> <li>• Alcohol during hospitality events should require a high level of approval and a business case; preference should be given to Ontario products (beer, wine) and food should be served</li> </ul>	<ul style="list-style-type: none"> <li>• Mirrors BPS Directive</li> <li>• Procedures should be in place for prior written approval and forms</li> <li>• Consumption of alcohol at a meal or reception with invitees occurs only in very limited circumstances and requires a business case and pre-approval</li> </ul>

**Recommendation 7:** In order for school boards to be compliant with the BPS Directive, they must incorporate rules regarding alcohol in their expense policies, or even consider zero tolerance as an option for compliance.



# *Good expense policies have clear and stringent rules regarding alcohol*

#	Leading Practice	Considerations
1	No alcohol reimbursement for travel or meal expenses	<ul style="list-style-type: none"> <li>• This is one policy that could receive negative publicity if not implemented</li> <li>• Boards would be viewed as not in alignment with most public sector organizations, including the majority of school boards</li> </ul>
2	Rules on when alcohol is permitted	<ul style="list-style-type: none"> <li>• Alcohol policies should be able to withstand public scrutiny</li> <li>• Alcohol is allowed in very limited or no situations, and only with prior approval</li> <li>• There should be distinct rules in the expense policy to determine whether an alcohol expense is allowable</li> <li>• For example: no alcohol allowed during business hours or any events where minors are present; may be permitted only as part of approved hospitality events</li> </ul>
3	Documented approval procedures	<ul style="list-style-type: none"> <li>• Expense policies should include detailed procedures on how to request permission for serving and expensing alcohol at hospitality events</li> <li>• Written prior approval of the expense should accompany the claim</li> </ul>
4	Appropriate approval levels	<ul style="list-style-type: none"> <li>• As alcohol could be a questionable expense for school boards, it is important that approval for serving and expensing alcohol comes from a sufficiently senior administrator – likely the Director</li> </ul>
5	Serve with food	<ul style="list-style-type: none"> <li>• Alcohol should always be served with food</li> </ul>
6	Preference to local products	<ul style="list-style-type: none"> <li>• If alcohol is served at a school board event, preference should be given to wine, beer or spirits that are produced in Ontario (within the constraints of appropriate procurement policies)</li> </ul>

## **School Board Leading Practice**

Alcohol will not be reimbursed under any circumstance. Alcoholic beverages appearing on meal receipts will not be reimbursed.

## **Implementation Timeline**

Alcohol procedures and policy changes required – within 6 months

# *The definition for expenses that qualify as hospitality events vary between school boards*

Hospitality is defined as 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. school boards); or
- Any of the Ontario government ministries, agencies and public entities covered by the OPS Expense Directive.

Both the BPS and OPS Directives are strict on what is considered a hospitality event and what is not.

Hospitality Expense Category	School Board Policies	BPS Expense Directive	OPS Expense Directive
Qualifying expenses	<ul style="list-style-type: none"> <li>• 47 boards have rules for hospitality</li> <li>• 28 boards host school board-funded hospitality events for employees (e.g. retirement parties)</li> <li>• Some board policies mirror the BPS Directive (leading practice boards)</li> </ul>	<ul style="list-style-type: none"> <li>• Rules must provide that functions involving only employees/Trustees are not hospitality and cannot be reimbursed</li> <li>• Office social events, retirement parties and holiday lunches are not considered hospitality and are not reimbursable</li> </ul>	<ul style="list-style-type: none"> <li>• Non-qualifying expenses mirror the BPS Directive</li> <li>• Qualifying expenses are those that can facilitate government (or school board) business in a desirable manner</li> <li>• Appropriate circumstances include: honouring distinguished people (public or private sector), sponsoring formal conferences, etc.</li> </ul>

**Recommendation 8:** In order to be compliant with the BPS Directive, boards will need to create/revise policies for hospitality as defined separate and apart from business meetings, staff recognition and catering which are not hospitality as defined in the Directive.

# *Hospitality is an important consideration in expense policies*

The BPS Directive requires that there be rules in place to address and define hospitality events.

<b>Expense Policy Considerations</b>	<b>Hospitality Expenses</b>
Definition	<ul style="list-style-type: none"> <li>• These are events that include individuals who are not employed by either BPS or OPS organizations</li> </ul>
Leading practices	<ul style="list-style-type: none"> <li>• Organizations should articulate the type of events that will be considered hospitality, including justification for such events where applicable</li> <li>• Separate policies should be created for professional development, business meetings and catering</li> </ul>
Approval authority	<ul style="list-style-type: none"> <li>• Approval authority should come from a senior decision maker to be designated by the organization</li> </ul>
Acceptable reimbursable expenses	<ul style="list-style-type: none"> <li>• Acceptable hospitality events at some school boards include:               <ul style="list-style-type: none"> <li>• School openings, closings and milestone anniversaries (50-years, 100-years)</li> <li>• Graduation ceremonies</li> </ul> </li> <li>• Acceptable hospitality events based on the OPS Directive include:               <ul style="list-style-type: none"> <li>• Sponsoring formal conferences</li> <li>• Honouring distinguished people for exceptional public service in Ontario</li> <li>• Conducting prestigious ceremonies for heads of state, government or private sector individuals</li> </ul> </li> <li>• Office social functions must be paid for by staff, administrators and Trustees</li> </ul>

## **School Board Leading Practice**

An employee shall not use board funds to attend office social events, retirement parties, holiday lunches, events, purchase tickets or memberships for specific political parties.

## **Implementation Timeline**

Policies and procedures in place for hospitality – within 6 months

Employee/Trustee-only events no longer reimbursable with board funds – within 18-24 months

## ***Approval authority levels are required as part of the BPS Directive's accountability framework***

Most school boards address the need to have approval for reimbursement of expenses, however, based on the information available, a number of boards do not clearly outline who should be approving expenses for the different levels of employees, senior management and Trustees.

Having well-defined approval authority levels for expense reimbursement is the first requirement of the BPS Directive (accountability framework). Without appropriately outlining who should be approving expenses, there is a risk that several of the BPS Directive principles will not be followed. If taxpayer dollars are not being used responsibly, there is a potential risk of diversion of spending from appropriate uses during a time of fiscal constraint. Beyond reputational risk, imprudent use of funding could result in the risk of reputation loss if this information were to be reported in the local news. School boards are organizations in the public eye and with the proliferation of social media and instant web broadcasting tools available to students and community members, this risk increases. Additionally, the BPS Directive requires a high degree of transparency from organizations, including making expense policies publicly available by posting them to the organizations' public websites.

Any decisions about expenses should be made with due consideration for the prudent and responsible use of taxpayer dollars, and for government direction on accountability and transparency. Defined approval authority levels help to ensure value for money of expenses being incurred as well as accountability that expenses are incurred for legitimate business needs.

*School boards that lack documented approval authority levels*

**22%**

**Recommendation 9:** For school boards to become compliant with the BPS Directive, those that do not have approval authority levels in place need to include these in their expense policies. All expense policies must be made available on school board public websites.

# ***Well-defined approval levels increase accountability and transparency of expense policies***

Leading practice organizations have clear accountability frameworks that outline who can approve what types of expense and where delegation of approval is considered acceptable. The BPS Directive requires school boards to include accountability frameworks in their expense policies. Some of the considerations in determining good accountability frameworks/approval levels include:

- Potential risk of allowing the expense (diversion of funds, reputational, financial, legal)
- Nature of the expense (e.g. alcohol, international travel)
- Frequency of the expense
- Role of claimants and management oversight (e.g. department employee vs. Director of Education)

## ***School Board Leading Practice – Approval Levels for Business Travel***

<b>Travel Distance</b>	<b>Authority Level of Approval</b>
Local – (distance defined by leading practice board)	Supervisor
Provincial – greater than local distance limit	Manager <sup>1</sup>
Canada – out of Province	Superintendent
International	Director

### **School Board Leading Practice**

The board is committed to protecting the interests of taxpayers by ensuring transparency and accountability. Eligible expenses must support the goals and objectives of the board. Expenses for travel, meals, accommodation and hospitality must be planned to ensure that they are economical with due regard for health and safety.

### **Implementation Timeline**

Accountability framework in place – within 6 months

Expense policies and procedures posted on school board public website – within 6 months

<sup>1</sup> – person who reports directly to the Superintendent – claimant’s Principal, Supervisor, Manager, or Officer

## ***Few school boards have policies and procedures on consultant and contractor expenses***

Most school boards do not address the BPS Expense Directive requirement that there be policies and procedures in place regarding expenses for consultants and contractors engaged by BPS organizations. The directive requires that in no circumstance can hospitality, incidental or food expenses be reimbursed for consultants and contractors. This includes contracts between the organization and the respective consultant or contractor. Examples of expenses that should not be reimbursed include:

- Meals, snacks and beverages
- Gratuities
- Laundry or dry cleaning
- Valet services
- Dependent care
- Home management
- Personal phone calls

*School boards that have documented rules regarding consultant and contractor expenses*

**9%**

**Recommendation 10:** School boards must establish comprehensive policies and procedures related to limitations on prohibited expenses for consultants and contractors to comply with the directive.

# ***Rules regarding consultants and contractors are mandatory for BPS Directive compliance***

The BPS Directive requires that there be rules in place to address allowable expenses pertaining to consultants and contractors.

<b>Expense Policy Considerations</b>	<b>Consultants and Contractors</b>
Definition	<ul style="list-style-type: none"> <li>• These are individuals who work for the board either internally under contract, or independently as consultants</li> <li>• School boards should define in their policies who would be considered a consultant or contractor with regard to Ministry policies such as the BPS Procurement Directive</li> </ul>
Leading practices	<ul style="list-style-type: none"> <li>• Organizations should document comprehensive rules regarding allowable and prohibited expenses for consultants and contractors</li> <li>• Standard contracts should reflect appropriate language regarding expenses for consultants and contractors</li> </ul>
Approval authority	<ul style="list-style-type: none"> <li>• Approval authority should come from a senior decision maker to be designated by the organization</li> </ul>
Acceptable expenses	<ul style="list-style-type: none"> <li>• No hospitality, incidental or food expenses can be expensed by consultants or contractors</li> <li>• Other allowable expenses must be specifically provided for in the signed contracts               <ul style="list-style-type: none"> <li>• E.g. travel costs when a contract requires the consultant/contractor to travel extensively within the school board, beyond simply commuting to the school board</li> </ul> </li> <li>• Boards should incorporate OPS mileage rates in contracts</li> </ul>

### **School Board Leading Practice**

Consultants and other contractors will not be reimbursed for any hospitality, incidental or food expenses including the following: meals, snacks and beverages; laundry or dry cleaning, gratuities, valet services, dependant care, home management; or personal telephone calls.

## *Gift expense policies cover a wide range of qualifying expenses and gift rates*

The BPS Directive is silent on recommendations regarding provision of gifts as part of school board activities. However, the Directive does make reference to the OPS Expense Directive in many instances. In this case, as there is no specific guidance from the BPS Directive, the OPS Directive can be used as a barometer for setting standards for school boards to follow. Under the OPS Directive, gifts are to be provided as token gestures to individuals who are not employed by the government, but who provide some form of *pro bono* service (e.g. public speaking) to the organization.

Gift Expense Category	School Board Policies	BPS Expense Directive	OPS Expense Directive
Qualifying expenses	<ul style="list-style-type: none"> <li>• Many policies address the need for approval of gifts</li> <li>• Some policies are compliant with BPS Directive</li> <li>• Many policies allow for gifts to be provided at the discretion of the board and in some cases to employees of the board</li> </ul>	<ul style="list-style-type: none"> <li>• No specific recommendations regarding gifts</li> <li>• Makes reference to the OPS Directive</li> </ul>	<ul style="list-style-type: none"> <li>• Gifts may be provided to people not employed by the government of Ontario (or in the case, the school board) in exchange for gifts of service or expertise</li> </ul>
Maximum rates	<ul style="list-style-type: none"> <li>• Range from \$25 to \$200</li> </ul>		<ul style="list-style-type: none"> <li>• Up to \$30 without prior approval</li> </ul>

**Recommendation 11:** As there is little consistency in school board gift rates and qualifying expenses, boards should determine a reasonable gift rate and apply this consistently.



# Leading practice school boards have gift policies that are consistent with the OPS Directive

The OPS Directive states that gifts are to be provided as token gestures to individuals who are not employed by the government, but who provide some form of *pro bono* service (e.g. public speaking) to the organization. This precludes gifts from being provided to board employees or Trustees. The following are examples of acceptable and unacceptable gifts based on OPS guidance:

Acceptable Gifts	Gifts Not Reimbursable from Board Funds
<ul style="list-style-type: none"> <li>• All gifts must be \$30 or less</li> <li>• School board pin or mug</li> <li>• Commemorative certificate or plaque</li> <li>• Non-cash gift for a dignitary (non-OPS/BPS) or head of state for speaking at a school</li> <li>• Gift up to \$30 – cash or non-cash – as a token gesture to a host for private accommodation where a hotel would have otherwise been expensed (e.g. board representative requires business travel and stays at a friend’s home instead of booking a hotel)</li> <li>• All gift expenses must be supported by documentation such as itemized receipts and approval</li> </ul>	<ul style="list-style-type: none"> <li>• Cash (except for private stays – refer to acceptable gifts)</li> <li>• Alcohol</li> <li>• Retirement gifts</li> <li>• Birthday gifts</li> <li>• Recognition gifts (e.g. flowers for administrator’s day)</li> <li>• Gifts for school board employees/Trustees</li> <li>• Gifts for government employees</li> <li>• Gifts for employees of another BPS organization</li> </ul> <p>* Private collection of funds should be used to provide gifts for recognition or life events</p>

## School Board Leading Practice

Gifts are tokens of appreciation or promotional materials given to persons who are not employed by or contracted to the Board in exchange for pro bono services or employees as identified in the regulations. The Broader Public Sector (BPS) Expenses Directive further defines any BPS employee as not eligible to receive hospitality from a fellow BPS employee even when they are employed by different organizations. Gifts of appreciation should be of a value not to exceed \$30. Gifts of greater value must be approved by the Director for designated staff or by the Chair for elected officials.

## Implementation Timeline

Move gift policy towards alignment with OPS standards – within 18-24 months

## *Many school boards do not have documented procedures for expense compliance verification*

Based on the Ministry of Education’s analysis, most school boards require original, itemized receipts for reimbursement of travel, meals or hospitality expenses. However, based on information available, only half of boards have documented monitoring processes in place to verify that expense claims and reimbursements are in compliance with expense policies. Expense policies can be comprehensive, but if they are not adhered to, the BPS Directive principles of accountability and value for money may not be followed appropriately.



**Recommendation 12:** Good recordkeeping practices are a critical element of the expense reporting and reimbursement process. All boards must incorporate some level of ongoing monitoring to ensure compliance and formulate these procedures in expense policies.

1 – Documented prior approval is required for most expenses – this should be included in expense claims where applicable

PwC

# Good recordkeeping practices are critical for the successful implementation of the expense directive

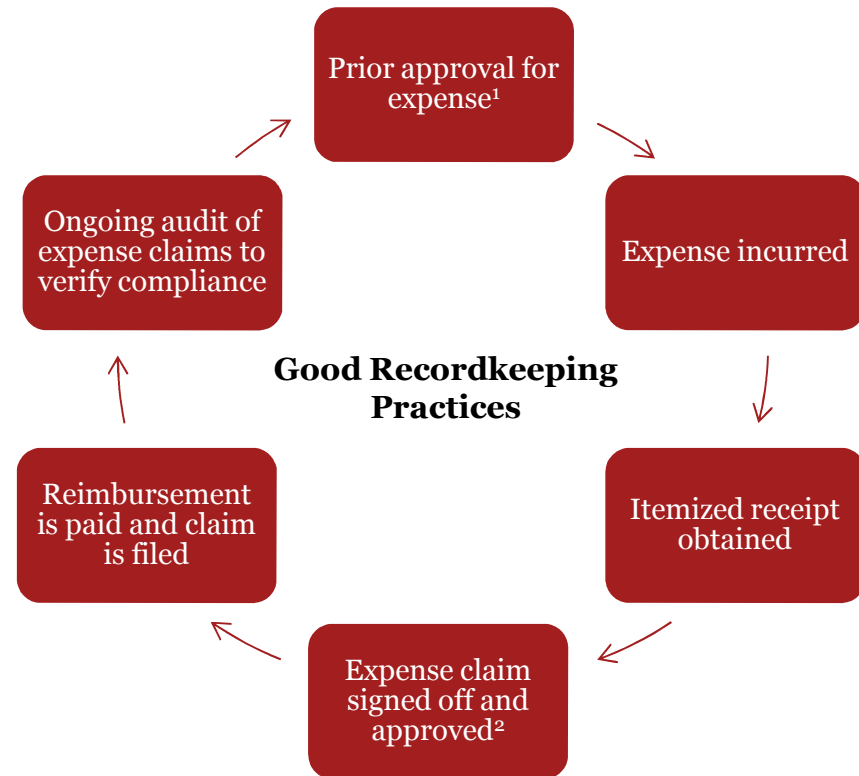
Leading practice school boards require expense claims to be verified for compliance, independent of the expense approver's review. Under BPS, claims are not to be approved unless they include all appropriate documentation. The second level of review should be independent of the expense approver (e.g. performed by the Finance department prior to expense payment). The two primary methods for expense claim verification are:

- Active audit of every claim prior to releasing payment to the claimant
- Passive audit on a sample basis to ensure ongoing compliance

An active approach to expense claim compliance is more time consuming, however, in the early stages of BPS compliance, this approach can help facilitate change management by providing ongoing feedback and assessment over compliance for every claim.

## School Board Leading Practice

Finance will monitor claims for compliance to policy and will return any non-compliant claims to the person authorizing the claim for follow-up.



## Implementation Timeline

Require itemized receipts and prior approvals for expense claims – within 6 months  
Expense claim verification process in place – within 1 year

1 – Low cost alternatives to travel (e.g. teleconference) should be considered prior to expense approval  
2 – Documented prior approval is required for most expenses and should be included in expense claims

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## ***Many of the early compliance issues in the health sector are similar to those at school boards***

PwC's internal audit group identified several common expense policy compliance issues at several health sector organizations. These issues are similar to the Ministry of Education's observations after analyzing school board compliance. The common issues include:

- Meal expenses not supported by itemized receipts
- Per diems used instead of reimbursing actual expenses, supported by receipts
- Authorization/approval of expense claims by people other than direct supervisors
- Claims for mileage/meals in excess of set rates
- No policy in place to address exceptional circumstances – claims did not include written justification
- Travel within Ontario not preapproved prior to travel dates
- Some expense reports not signed by claimants

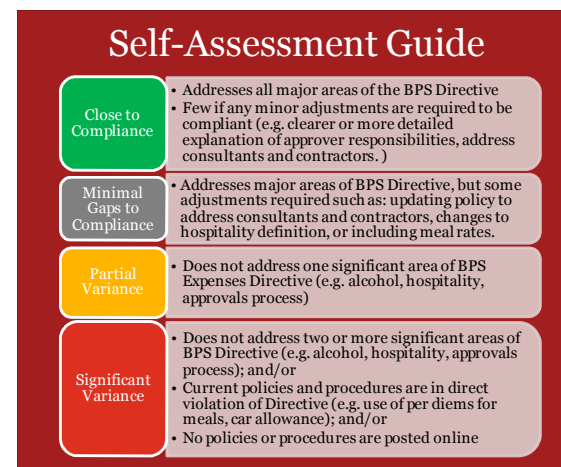
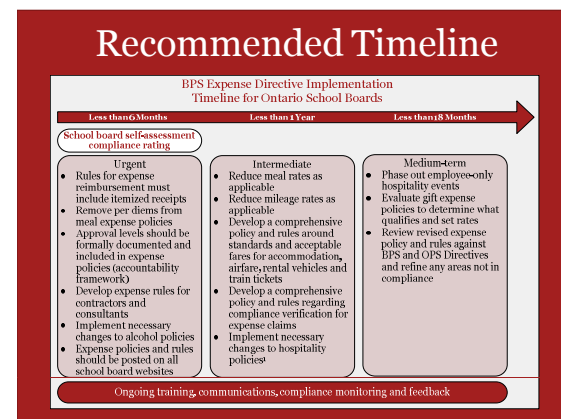
**Recommendation 13:** Non-compliant school boards should focus on staff training and communication to promote culture change and facilitate the adoption of leading practice expense policies and procedures.

## *C. Implementation Guidelines*

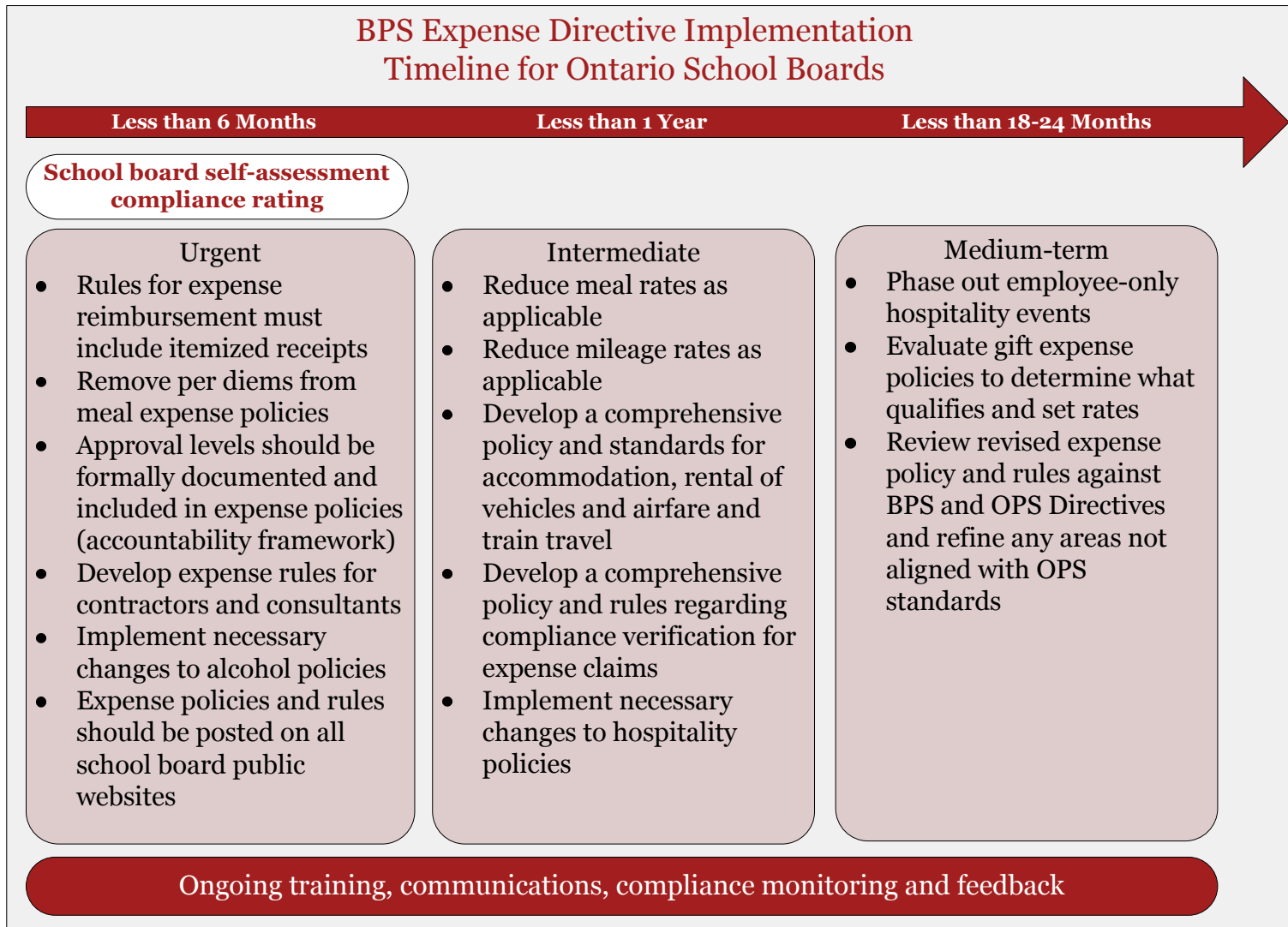
# Implementation Guidelines Overview

In order to assist Ontario school boards with the transition to BPS Expense Directive standards, this section of the report includes the following tools:

1. A suggested timeline for revisions to expense policy and procedures in three phases:
  - Phase 1 - urgent changes that must be addressed within six months;
  - Phase 2 – intermediate changes that should be addressed within one year; and
  - Phase 3 – medium-term changes that should be addressed within eighteen to twenty-four months.
2. A self-assessment guide that school boards should use to determine where they are compliant and non-compliant in relation to Directive requirements.
3. Practical advice and checklists for school boards to consider when revising expense policies and procedures:
  - Anticipated challenges;
  - Expense claim and recordkeeping checklist; and
  - Change management.



# Implementation Timeline



# School Board Compliance Self-Assessment

School boards should self-assess how close to compliance their expense policies and procedures are with the requirements in the BPS Expenses Directive. The following is an example of a self-assessment scorecard that considers BPS requirements:

Self-Assessment Scorecard	Y/N	Self-Assessment – Direct Violations	Y/N	
Expense policy includes clear, detailed rules <sup>1</sup> regarding hospitality.		<i>If a board answers <b>Yes</b> to any of the conditions listed below, that board is not in compliance with the BPS Expenses Directive.</i>		
Expense policy includes clear, detailed rules <sup>1</sup> regarding alcohol.				
Expense policy includes clear, detailed rules <sup>1</sup> regarding consultants and contractors.				
There is a well-defined accountability framework.			Are expenses policies <u>and</u> procedures <b>not</b> posted on the school board public website in an easily accessible location?	
Approval levels and approval delegation are defined for all levels of board employees/administration and Trustees.			Do expense policies include per diems for meal expense reimbursement?	
Expense approval process is documented and easy to understand.			Do expense policies include monthly vehicle allowances for employee travel?	
Mileage and meal rates are documented.			Are employees/Trustees allowed to expense alcohol?	
Expense claims require original itemized receipts.			Does the board hold employee/Trustee-only hospitality events at board expense (e.g. socials, holiday or retirement parties)	
There is a formal, documented process to verify expense claim compliance with policy.				
All travel fare is required to be economy class.				
A standard room is required for business travel accommodations.				
If a board answered No: 0 times – close to compliance 1 time – partial variance (or minimal gaps if No was for consultants/contractors) 2+ times – significant variance				

<sup>1</sup> – policies and procedures



# School board compliance self-assessment – mileage and meal rates

To assist school boards in determining a compliance assessment, the following figures outline the provincial range and average for the meal and mileage rates of all Ontario school boards based on the assessment performed by the Ministry of Education. The OPS rates have been included in this table as a comparative since rates that are aligned with OPS rates are considered leading practice, and may be defensible to a school board’s community.

As a first step, school boards should determine where they fall within the provincial range. If the board is above the provincial average and the OPS comparative, the board may be at risk that these policies are not able to withstand scrutiny from the local community.

BPS Directive Area	Provincial Range	Provincial Average	OPS Comparative
Mileage rate	\$0.35 - \$0.52	\$0.45	\$0.40 - \$0.41
Meal rate	\$35 - \$115	\$66	\$40

## Mileage Rates

- 9 boards with rates aligned to OPS – **leading practice**
- 19 boards with rates in excess of the provincial average – **inconsistent with provincial standards**
- 18 boards have not made rates publicly available on board websites – **not compliant**
- Boards with rates above OPS rates but below provincial average rates - **need to determine appropriateness**

## Meal Rates

- 2 boards with rates aligned to OPS – **leading practice**
- 22 boards with rates in excess of the provincial average – **inconsistent with provincial standards**
- 12 boards have not made rates publicly available on board websites – **not compliant**
- Boards with rates above OPS rates but below provincial average rates - **need to determine appropriateness**

# School board compliance self-assessment – additional assessment insights

There are several requirements outlined in the BPS Directive that a school board must consider in its expense policies and procedures in order to be consistent with the Directive. The table below outlines some statistics regarding school boards with policies and procedures that are consistent with the Directive based on the Ministry’s assessment. If a board does not appropriately address any of these areas, that board would be considered inconsistent with the Directive:

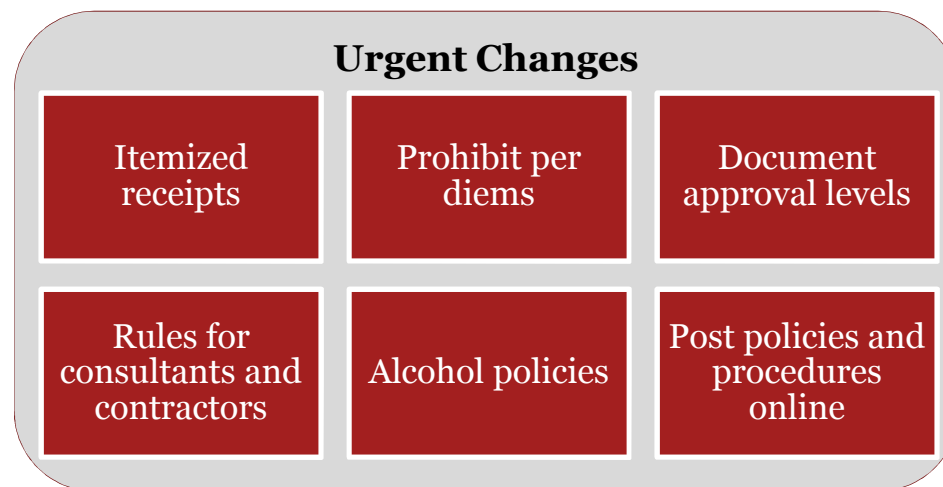
BPS Directive Requirement	Boards with Reasonable Policies/Procedures	Considerations
Accountability framework	34 – have verification policies in place 56 – have documented approval levels	<ul style="list-style-type: none"> <li>Clearly outline governance/compliance verification</li> <li>Outline appropriate authority levels for approvals</li> </ul>
Consultants and contractors	7 – have rules in place	<ul style="list-style-type: none"> <li>Specific rules are required</li> <li>Consultants and contractors cannot be reimbursed for hospitality, incidental or food expenses under any circumstances</li> </ul>
Serving alcohol	58 – have rules in place 50 – do not allow alcohol on travel and expense claims	<ul style="list-style-type: none"> <li>Specific rules are required and consumption is only appropriate in very limited instances</li> <li>Expense claims for travel and meal expense claims cannot include itemized receipts with alcohol</li> </ul>
Hospitality events	47 – address hospitality in their policies 28 – allow employee/Trustee-only hospitality events	<ul style="list-style-type: none"> <li>Specific rules and a definition of hospitality are required</li> <li>Hospitality events held for board employees/Trustees only are prohibited by the BPS Directive</li> </ul>
Good recordkeeping	54 – require itemized receipts for claims	<ul style="list-style-type: none"> <li>All expense claims must include itemized receipts to be compliant</li> </ul>
Rules for claimants	<i>Statistics covered in other requirements</i>	<ul style="list-style-type: none"> <li>Obtain prior approval before incurring expenses</li> <li>Submit written explanations where documents submitted cannot comply with expense policies</li> </ul>
Rules for approvers	<i>Statistics covered in other requirements</i>	<ul style="list-style-type: none"> <li>Must be prohibited from approving their own claims</li> <li>Provide approval only for expenses necessarily incurred in the performance of organization business and include all appropriate documentation</li> </ul>
Communication of policies	64 – posted policies and procedures on public websites	<ul style="list-style-type: none"> <li>Expense policies and procedures must be posted on public websites</li> </ul>

Note – the numbers in the table above are not intended to add to 72, these are simply figures relevant to each requirement

# Implementation Guidelines – Phase 1: Urgent Changes

There are some changes to expense policies and procedures that boards should implement within six months. These areas are relatively straightforward and should meet less resistance from school board employees, administration and Trustees. The BPS Directive articulates these procedures and policies as mandatory requirements.

- All expense claims should include itemized receipts so that claims can be verified against expense policies (refer to Appendix D for an expense claim checklist)
- School boards that continue to allow per diems should replace the per diem with a maximum daily meal rate that is supported by meal receipts
  - As the first part of a phased reduction of meal rates, rates should be consistent with the BPS Directive and should be no greater than the existing per diem rate
- Approval levels should be documented in expense policies to outline the appropriate level of supervisory approval for each expense category
  - Any allowable delegation of approval should be captured in expense policies

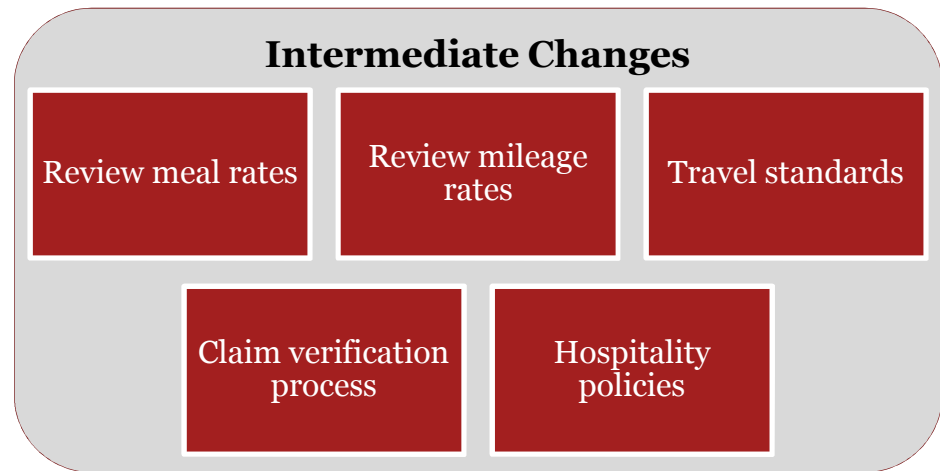


- Alcohol policies must be developed with distinct rules on when (or if) alcohol is allowed and under what circumstances, including the applicable approval process
- Rules for expense reimbursement of consultants and contractors should be included in expense policies
  - The Directive outlines limitations on prohibited expenses for consultants and contractors (i.e. hospitality, incidental or food expenses)
- The Directive requires that all BPS organizations post their expense policies and procedures on their public websites
  - This is an easy requirement for non-compliant boards to meet and should be done immediately

## ***Implementation Guidelines – Phase 2: Intermediate Changes***

Some changes to expense policies and procedures will require some analysis on cost/benefit/risk before procedures and policies can be effectively implemented. Some of these procedures and policies may require educating certain individuals who will be making or approving expense claims. These changes should take place within one year.

- The second part of the phased reduction in meal rates and mileage rates consists of reducing rates to a level that the board determines to be reasonable – i.e. they can withstand public scrutiny and the use of funds is determined to be reasonable based on school board priorities during a period of fiscal constraint
- Travel standards should be documented, communicated and enforced for flights, trains, rental vehicles and accommodations
  - Economy fares and standard room accommodations should be the standard option for business travel
  - Departures from the standard should only be allowed in limited, unusual circumstances, which should be specified in the expense policy



- An expense claim verification process should be implemented to ensure compliance of claims with expense policies
  - This will require both formal documentation of the process as well as training for individuals responsible for monitoring compliance
- Hospitality policies should be revised to be compliant with the BPS Directive as part of the phased approach to compliance
- All expense procedures, rates and policies should be available to withstand public scrutiny and be defensible to local communities

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# ***Implementation Guidelines – Phase 3: Medium-term Considerations***

Within 18-24 months, school boards move towards alignment with OPS Directive Standards and should consider the following and make changes to their existing expense procedures and policies as necessary:

## **Employee/ Trustee hospitality events**

- The BPS Directive clearly states that events held for board employees/Trustees, such as retirement parties and office socials, are not considered hospitality and should not be paid out of public funds – these events may continue to be held, but should be funded through the private collection of funds.
- For boards with a history of hospitality events, this might face some resistance and represents a change in organizational culture
- A plan should be put in place to communicate the upcoming changes to policy and phase out these events.

## **Gift policies**

- Gift policies are not specifically mentioned in the BPS Directive, but are covered by the OPS Directive.
- Boards should compare their gift procedures and policies against the OPS Directive, define when provision of gifts will be allowed and determine an appropriate gift rate.

## **Re-assess school board compliance**

- After all of the major areas in the BPS and OPS Directives have been incorporated in school board expense procedures and policies, the board should re-assess compliance to verify that there are no gaps in compliance.
- All expense policies and procedures should be able to withstand public scrutiny and be defensible to the school board's community.

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## ***Anticipated Challenges***

Based on lessons learned from the health sector and through analyzing Ontario school board expense policies and procedures, there are a number of anticipated challenges for this sector in complying with the BPS Directive. It is important to understand the common areas of non-compliance in practice as well as in policy in order to identify solutions that will allow school boards to comply with the Directive requirements.

There are three overarching areas that will be a challenge for school boards to overcome. These are:

### **Development of policies and procedures**

- School boards need to go beyond improving expense policies and must include actionable procedures to address requirements.

### **Change management**

- Boards will need to communicate changes through the organization and train employees/ Trustees on how to comply with new policies and procedures.

### **Compliance and monitoring**

- Compliance must be monitored to verify that boards are in compliance with the Directive.
- Ongoing feedback from employees may help future compliance and change management initiatives.

A list of detailed anticipated challenges is included in the following pages.

## ***Anticipated Challenges (cont.)***

The following is a detailed list of anticipated challenges:

<b>Anticipated Challenge</b>	<b>Recommendation</b>
Adequate documentation does not accompany expense claims	<ul style="list-style-type: none"> <li>• All claims should include original itemized receipts, car rental agreements, detailed airfare or hotel invoices.</li> <li>• Where documentation is not adequate, the claim reviewer should return the claim to the claimant with an explanation of the inadequacy.</li> </ul>
Improper claim and approval of group meal claims	<ul style="list-style-type: none"> <li>• A list of attendees should accompany the claim to verify that the most senior member makes the expense claim.</li> </ul>
Prior approval is not obtained	<ul style="list-style-type: none"> <li>• Prior written approvals should be signed and dated prior to incurring the expense and included in the claim submission especially in the cases of out of region, province or hospitality claims.</li> <li>• For regular travel within the region, this approval could be obtained quarterly for example.</li> </ul>
Approval is obtained from someone other than a direct supervisor	<ul style="list-style-type: none"> <li>• Outline the approval levels in the accountability framework including any allowable delegation of approval.</li> </ul>
Claims are made in excess of allowable rates or standards	<ul style="list-style-type: none"> <li>• Claims in excess of allowable rates or standards should be reimbursed at an amount equivalent to the allowable rates or standards (e.g. mileage rate, economy train fare).</li> </ul>
The most economical form of travel is not used	<ul style="list-style-type: none"> <li>• Boards should prepare a general cost comparison of travel methods for common travel routes and communicate the acceptable methods to employees/Trustees.</li> </ul>

## Anticipated Challenges (Cont.)

Anticipated Challenge	Recommendation
Employee/Trustee-only hospitality events are held	<ul style="list-style-type: none"> <li>• Communication and messaging from the Director and senior administration should inform staff, administrators and Trustees of which events are reimbursable</li> </ul>
Non-compliant expense claims are approved and paid	<ul style="list-style-type: none"> <li>• The Finance department should train staff to review expense claims against policy and follow-up with non-compliant claims</li> <li>• Approvers should deal with non-compliant claims before submitting them</li> </ul>
Photocopied receipts do not include itemized receipt copies	<ul style="list-style-type: none"> <li>• Communicate to employees/Trustees that when photocopying receipts it is important to photocopy both the credit/debit slip as well as the itemized receipt<sup>1</sup></li> </ul>
Claimants submit meal claims with alcohol included on itemized receipts	<ul style="list-style-type: none"> <li>• If a claimant wishes to consume alcohol during a meal that is considered reimbursable, the claimant should request a separate receipt for alcohol as the itemized receipt submitted for the meal cannot include alcohol expenses</li> </ul>
Expense claims are submitted without claimant signature	<ul style="list-style-type: none"> <li>• No claim should be processed that has not been signed by both the claimant and approver as this is evidence that the claimant and approver attest to the expense claim compliance to board policy</li> </ul>
Claimants make meal claims without submitting receipts	<ul style="list-style-type: none"> <li>• Communication to employees/Trustees that per diems are no longer acceptable</li> <li>• Any claims that do not include itemized receipts or written explanations should be returned to the respective claimants</li> </ul>
A claimant loses an original receipt	<ul style="list-style-type: none"> <li>• Procedures should be put in place to deal with unusual circumstances where a claimant loses or cannot obtain a receipt</li> <li>• The first course of action should be for the claimant to request a replacement receipt from the vendor (hotel, restaurant, etc.)</li> <li>• School boards should create a lost receipt form to outline the following: the date of expense, an explanation of why no receipt is included in the claim and a signature of approval from the claimants's direct supervisor</li> </ul>

<sup>1</sup> – In many cases, credit/debit slips are stapled on top of itemized receipts, thus requiring claimants to separate the two receipts if these are to be photocopied or scanned



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# *Change Management Recommendations*

## *Make new policies available on public websites*

Boards should post all new expense policies and procedures on their public websites. This is required by BPS, but will also assist in spreading the message throughout the organization. A questions and answers (Q&A) document should be maintained as a reference guide for employees, administrators and Trustees.

## *Communication from senior administration and Trustees*

Senior Administration and the Board of Trustees should send e-mails or other correspondence to board employees to endorse the new changes and explain how these changes will impact employee groups. Senior-level buy-in is critical to promote change within school boards.

## *Hold educational sessions for staff, administrators and Trustees*

Educational sessions should be held to help Trustees and employees understand how the policy and rule changes impact the expense claim and approval process. These sessions should be held in either a webinar or teleconference format and allow school board representatives to ask questions.

## *Monitor compliance*

Boards should formally monitor compliance in order to determine which expense areas are addressing BPS requirements, and which are not. Individuals responsible for verifying expense claim compliance should monitor and categorize instances of non-compliance. Monthly reports should be provided to Senior Administration and Trustees to assist in decision making regarding BPS Directive compliance.

# *D. Appendices*

## ***Appendix A – Acknowledgement of Working Committee Members***

We would like to thank the members of the BPS Expenses Working Committee for their contributions to this implementation guide:

<b>Name</b>	<b>Title</b>	<b>Organization</b>
Cheri Hayward	Director, School Business Support Branch	Ministry of Education
Jeanette Robinson	Senior Financial Analyst	Ministry of Education
Genevieve Segu	Regional Internal Audit Team - Barrie - Senior Internal Auditor	Simcoe County District School Board
Carrie Salemi	Manager, School Support/Compliance	Hamilton Wentworth District School Board
Kelly Culver	Controller of Finance	Upper Grand District School Board
Tracy McLennan	Assistant Superintendent of Corporate Services and Associate Treasurer	Wellington Catholic District School Board
Kathleen O'Flaherty	Finance Manager	Keewatin Patricia District School Board
Julie Cherepacha	Finance Manager	Dufferin-Peel District School Board
Janet Baird Jackson	Superintendent of Business	Avon Maitland District School Board
Brenda Booth	Superintendent of Business	Bluewater District School Board
Chris Howarth	Superintendent of Business	Northwest Catholic District School Board
Vidya Rego	Chief Financial Officer	Toronto District School Board
Nancy Ramey	Coordinator of Purchasing Services	Brant Haldimand Norfolk Catholic District School Board
Jeff Admans	Purchasing Manager	Waterloo Catholic District School Board
Kristie Cronin	Human Resources Manager	Greater Essex District School Board
Michael Ilnicki	Human Resources Administrator	District School Board of Niagara
Francois Benoit	Directeur de l'éducation	Conseil des écoles publiques de l'Est de l'Ontario

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## ***Appendix B – Data Limitations***

Ministry staff reviewed school board policies that were publicly available on school board websites as of September 2011, including draft policies where available.

### Limitations

#### **Data Sources & Validation**

- Since a full data set was not available and the Ministry did not consult with school boards, the data used may reflect out of date practices or rates.
- The data sample is of adequate quality for general findings and conclusions yet is not a complete representative provincial sample since some boards did not have policies available, while others did not have detailed procedures/expense rules posted/publicly available.
- The data relating to all boards was not validated.

#### **Comparability**

- The comparability of various data components between school boards may be limited by the wide interpretation of the expense rules (e.g. “reasonable” meal expenses).

The following was determined to be **out of scope**:

- Trustee remuneration, allowances and other provisions; and
- Requirements related to the BPS Perquisites Directive.

## ***Appendix C – School Board Leading Practice Examples – Accountability Framework***

The following are leading practice examples of Ontario school board expense policies and procedures:

The principal or supervisor authorizing the claim is providing their approval as the person knowledgeable about the activity and the one who acknowledges that the expenditure complies with this administrative procedure. Final approval will be that of Business Services with the final check that the claim complies with administrative procedures. Payments are only processed after this final check has been performed.

Approvers are only authorized to approve expenses that were incurred in the performance of organizational business within the context of this policy. Approvers are only authorized to approve expenses that include all appropriate documentation itemized on the approved expense form for reimbursement. In situations when a payment must be made without the appropriate documentation available a written explanation must accompany the expense form. Reimbursement will be at the discretion of the Associate Director, Business Services.

All employees are required to obtain the appropriately designated approval prior to committing to or incurring an expense. Approval should also be contingent on budget availability and total ongoing cost. Expenses must be submitted to the most senior manager available for approval and they should be at least one level higher than the applicant. In the case of the Director of Education this would be the Chair of the Board or his/her delegate.

The board is committed to protecting the interests of taxpayers by ensuring transparency and accountability. Eligible expenses must support the goals and objectives of the board. Expenses for travel, meals, accommodation and hospitality must be planned to ensure that they are economical with due regard for health and safety.

All eligible expenses incurred must be claimed for reimbursement by the most senior staff member present.

## ***Appendix C – School Board Leading Practice Examples – Travel Expense Policies***

The following are leading practice examples of Ontario school board expense policies and procedures:

The board shall not incur any additional costs for accommodation, travel or meals for family members who accompany claimants. Costs associated with family members will be at individual's expense.

The Board strives to fairly reimburse employees for legitimate expenses incurred while they are required to travel on authorized Board business in the course of carrying out their responsibilities while representing the interests of students, the Board, and public taxpayers. Reasonable, legitimate expenses incurred in the course of duty will be reimbursed. Economy should be exercised when travelling at Board expense. The Board assumes no responsibility to reimburse expenses that are not in compliance with this procedure. Abuses of this procedure shall not be tolerated.

One board has created a “Cost Effective Travel Matrix” to compare the different costs for a board employee to rent a vehicle, drive a personal vehicle and take the train from one defined location to another.

Travel for professional development, early dismissal days, unauthorized travel, or travel between home and place of employment will not be reimbursed.

Penalties incurred for non-cancellation of guaranteed reservations are the claimant's responsibility.

Claimants are expected to car pool to common destinations whenever possible.

When a variety of travel options are available, the board will reimburse individuals at a rate equivalent to the most reasonable and economical means of travel.

Non-allowable conference expenses include: sight seeing tours, golf tournaments, guest programs and any other social activities.

## ***Appendix C – School Board Leading Practice Examples – Mileage Expense Policies***

The following are leading practice examples of Ontario school board expense policies and procedures:

Mileage is not reimbursed if the distance from home to the normal work location is the same or greater than the distance travelled to an alternate work location.

All employees not within a collective agreement who use their automobile on Board-approved business shall be reimbursed a mileage allowance at the equivalent rate paid by the Province of Ontario to its employees. This rate will be reviewed on an annual basis as part of the budget process.

The Board assumes no financial responsibility for privately-owned vehicles other than paying the mileage rate when used for board business. The Board is not responsible for deductible amounts. Individuals cannot make claims to the board for damages as a result of collision or breakdown.

The mileage will be approved annually in the budget process.

A low mileage rate of \$0.10/km will be used for reimbursement when a board vehicle was available and not used.

Individuals must satisfy themselves as to whether their motor vehicle insurance coverage should include the business use of their vehicles. Subject to the provisions of any applicable collective agreement, this additional insurance is at the cost of the individual.

All distances claimed for reimbursement will be determined by shortest route.

Where a Board-owned vehicle is available, this method should be chosen first before using a personal vehicle as this reduces costs to the Board and public taxpayers

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## ***Appendix C – School Board Leading Practice Examples – Hospitality Expense Policies***

The following are leading practice examples of Ontario school board expense policies and procedures:

Hospitality is defined as the provision of food, beverage, accommodation, transportation and other amenities paid out of public funds to people who are NOT engaged to work for a broader public sector service organization (e.g. school boards) or Ontario government ministries, agencies and public entities. Activities involving only those people in the organizations listed are not considered hospitality and cannot be reimbursed. Expenses that do not fit the definition of hospitality will not be reimbursed.

Hospitality cannot be extended to employees of institutions that constitute part of the Broader Public Sector. Examples are: employees of school boards, the Ministry of Education or employees of hospital networks.

An employee shall not use board funds to attend office social events, retirement parties, holiday lunches, events, purchase tickets or memberships for specific political parties.



## ***Appendix C – School Board Leading Practice Examples – Good Recordkeeping Practices***

The following are leading practice examples of Ontario school board expense policies and procedures:

Due to administrative costs associated with processing expense claims, we ask individuals to accumulate individual travel claims under \$10.00 until they reach a larger amount. All low dollar claims remaining unpaid by June 30 each year will be processed at that time.

All expense claims are subject to audit and appropriate documentation to support the incurred expenses shall be provided.

By submitting an expense claim, an employee is acknowledging their compliance with this policy. The Supervisor/Co-ordinator must sign the approval line as the person knowledgeable about the activity and the one who acknowledges that the expenditure complies with this administrative procedure and established practice.

Financial Services will monitor claims for compliance to policy and will return any non-compliant claims to the person authorizing the claim for follow-up.

Employees are required to submit all expense claims on-line through the Staff Website for reimbursement of pre-approved expenses.

One school board has a lost receipt form that must be completed and attached to any expense claim for which an original itemized receipt cannot be provided.

## Appendix D – Expense Claim Checklist

School boards should create a checklist for claimant reference to assist claimants in implementing BPS Directive requirements. The following is an example of a checklist that considers BPS requirements during the expense approval and claims process:

#	Expense Claim Checklist	✓
1	Expense is necessary for business purposes and is consistent with Board objectives	
2	Alternatives to travel have been considered and were not determined to be possible	
3	Check approval authority level to determine who is required to approve expense (travel, meals, hospitality, alcohol, gifts)	
4	Prior approval is approved and documented	
5	Expense is incurred in the most economical manner possible: <ul style="list-style-type: none"> <li>•Air and train fare – economy class</li> <li>•Rental vehicle – economy option</li> <li>•Accommodations – standard room</li> </ul>	
6	Itemized receipt or invoice is obtained from vendor	
7	Where a receipt or invoice is lost or does not include itemized details, a written explanation is prepared including supervisor signature of approval	
8	Claimant checks expense policy to verify allowable meal and mileage rates	

#	Expense Claim Checklist	✓
9	Mileage reimbursement calculation is performed based on actual distance driven multiplied by approved rates	
10	Meal reimbursement is based on maximum allowable rates and supported by itemized receipts for each meal claimed	
11	Expense claim is prepared and includes: written prior approval (if required), itemized receipts/invoices, meal reimbursement calculation, mileage reimbursement calculation, written explanation for lost receipts (if applicable)	
12	Expense claim is approved by appropriate supervisor based on accountability framework	
13	Expense claim is reviewed and signed-off by the Finance department for compliance with policies	
14	Non-compliant claims are returned to claimants for refinement and resubmission (if applicable)	
15	Compliant claims are paid and retained for future reference	

**BPS EXPENSE DIRECTIVE IMPLEMENTATION GUIDE  
DRAFT COMMUNICATIONS PLAN**

**OBJECTIVES**

On January 21, 2011, the Ministry of Finance issued an Expenses Directive (referred to throughout this communications plan as the *BPS Directive*), which all Broader Public Sector (BPS) organizations must be in compliance with as of April 1, 2011.

The BPS Expenses Working Committee in partnership with the Ministry of Education has engaged PwC to create a BPS Expense Directive Implementation Guide to assist school boards in implementing the BPS Directive.

The Working Committee has prepared a suggested communication plan to effectively engage trustees, board and school staff to support compliance with the BPS Directive within and across school boards. This is an appendix of the implementation guide and should be considered a starting point that needs to be expanded on by individual school boards as necessary.

**CONTEXT**

The current economic climate has forced public sector organizations to examine spending and determine where fiscally responsible decisions can reduce costs. The goal is to provide maximum value for taxpayer dollars.

- An August 9, 2010 article in the Toronto Star criticizes the City of Toronto for using an excessive mileage reimbursement rate of \$0.52/km when other public sector organizations have rates as low as \$0.35/km.
- In several recent instances in Ontario related to the Provincial Government and health sector organizations, the media and public have criticized these organizations for not being transparent in expense reporting.

*Cost reductions required for school boards and BPS organizations:*

- As announced in the 2011 Ontario Budget, all executive offices in certain BPS organizations will be required to reduce office costs by 10% by March 31, 2013.
- The Ministry of Education issued a memorandum to Directors of Education in March 2011 that outlines the growing constraint on funding for School Board Administration. The incremental savings of \$6.8M will be achieved by lowering the per-pupil benchmarks in the Directors and Supervisory Officers and Board Administration components of the School Board Administration and Governance Grant by approximately 1.5%.

*Solutions for effective cost reductions:*

- In order to reduce costs, the Ontario government has reduced employee expenses by over \$30M or 24%, and saved over 22,500 hours of travel time through the use of web-casting and videoconferencing technology.
- School boards should consider this as a leading practice and should determine whether there are opportunities to avoid travel expenses through the use of technology, prior to making travel arrangements.

**TARGET AUDIENCES**

- Trustees
- Directors of Education
- School board senior administration teams
- Principals
- Vice-Principals
- School councils

**STRATEGIC APPROACH**

- To provide school boards with the BPS Expense Directive Implementation Guide and supporting communications materials to assist them in updating their existing expense policies and procedures and communicating changes to staff and trustees

## APPENDIX E

### KEY MESSAGES

- The BPS Expenses Directive became effective on April 1, 2011
- The BPS Expense Directive Implementation Guide identifies key compliance requirements of the BPS Expenses Directive and gaps between the standards set out in the Ontario Public Sector (OPS) Directive and current school board policies and practices.
- For many school boards, increasing the accountability, transparency and value for money of their expense policies and procedures will require changes to the policies, procedures and behaviours already in place.
- There are six consistent areas that need to be addressed:
  - 1) the use of per diems rather than reimbursement based on detailed receipted claims
  - 2) hospitality events held for employees
  - 3) alcohol policies — some boards do not have alcohol policies while others allow employees to expense alcohol in some circumstances as part of travel or meal claims
  - 4) meal and mileage rates for many boards are significantly above OPS rates
  - 5) the sophistication of accountability frameworks is inconsistent across school boards, and some boards do not have appropriate frameworks in place
  - 6) most boards do not have rules in place that address the expenses of consultants and contractors
- In order for school boards to be compliant with the BPS Directive, there will need to be ongoing change management to educate all staff, administrators and Trustees on changes relevant to their roles and the organization and to set expectations for compliance.
- The BPS Expense Directive Implementation Guide provides strategies to manage transition, risks and implications of non-compliance, including documentation, through all areas of the organization (i.e. Trustees, board administration, school-level employees).

### TACTICS

- Develop a brief overview of the BPS Expense Directive and compliance requirements
- Develop a Q&A document to answer questions about the BPS Expense Directive Implementation Guide, the development of new policies and procedures, and implementation challenges
- Fact sheets on the following: Travel and Meals Expenses; Alcohol Policy and Expense Considerations; Consultant and Contractors Policy and Expense Considerations; and Hospitality Policy and Expense Considerations
- Expense approval decision trees:
  - One for the prior approval of expenses; and
  - One for the approval of expense claims

#### **Recommended communications tactics for school boards**

- Customized e-mails for employee groups and Trustees
- Meetings with employee groups on the BPS Expense Directive and anticipated changes to board policies and procedures (could include existing professional development training sessions, scheduled labour management

## APPENDIX E

committee meetings, school-level staff meetings, school council meetings, policy and program review committee meetings for trustees, etc.)

- Review of existing policies and procedures
- Revision of policies and procedures and associated approvals
- Post new policies and procedures on the school board's public website
- Develop FAQs for staff and trustees and post on the school board's intranet

## EVALUATION

Ongoing monitoring to determine if there are any issues with complying with the BPS Directive or new school board policies and procedures

## **Sample Broader Public Sector (BPS) Expenses Directive Overview [to be customized by each school board]:**

The BPS Expenses Directive outlines several requirements for expense policies and procedures in place for Ontario broader public sector organizations, which includes school boards. The BPS Expenses Directive was released in January 2011 and became effective on April 1, 2011, at which time all Ontario school boards were expected to be in compliance. The purpose of the BPS Expenses Directive is to improve accountability and transparency of school board expense policies and procedures, and to consider taxpayer value for money through fiscally responsible decision making regarding expenses.

The BPS Expenses Directive outlines eight requirements that are mandatory for school board expense policies and procedures. These are:

- 1) All school board expense policies must include an **accountability framework**.
- 2) Expense policies must address rules for **consultants and contractors**.
- 3) Board policies require clear and stringent details on **alcohol**.
- 4) Board policies require clear rules and definitions for allowable **hospitality events**.
- 5) **Good Recordkeeping** is required to ensure compliance with policy by allowing ongoing monitoring and verification of expense claims.
- 6) There must be clear **rules for claimants** put in place as a reference for school board representatives when making decisions regarding expenses.
- 7) **Rules for Approvers** must be included in expense policies and rules to govern the approval process.
- 8) Internal and external **communication of policies** is required to increase transparency of school board expense policies and procedures.

### **How this affects the school board**

Ontario school boards must comply with the BPS Expenses Directive. Based on an analysis performed by a BPS Expenses Working Committee comprised of members from the Council of Directors of Education (CODE), the Ontario Association of School Business Officials (OASBO) committees and the Ministry of Education, almost all Ontario school boards will require some improvements to their expense policies and procedures, and many will need to make these publicly available.

Every school board in Ontario must determine where there are any gaps between their existing expense policies and procedures compared to the BPS Expenses Directive, and revise any such policies and procedures to address these gaps. In the school board, this policy review will be conducted by [name of person or area responsible]. However, it would appear that there are several ways that we can strengthen school board policies and procedures. For example, to more closely align school board policies and procedures with the BPS Directive, we will need to look at: [board to customize to list three top ways such as: documenting approval levels for expenses, requiring itemized receipts on expense claims, and being clear about when alcohol is a permitted expense.]

XX [person/area responsible] is determining the amount of effort required to establish our new policies and procedures to ensure compliance. Some of the required elements to achieve compliance with the BPS Expenses Directive include [to be customized by school board]:

- Drafting new expense policies
- Drafting new expense procedures

- Approval of new policies by the Board of Trustees
- Communicating the changes throughout the organization to all staff, Trustees and administrators at the board and school levels
- Training and/or other support for staff, Trustees and administrators make them aware of the new policies and procedures

**Leading practices – Ontario Public Sector (OPS) Travel, Meal and Hospitality Expenses Directive (OPS Expenses Directive)**

The BPS Directive also serves to align the policies and practices of BPS organizations more closely with those of OPS ministries and agencies. As such, the BPS Directive makes several references to the OPS Expenses Directive as a primary source for review by BPS organizations when drafting new policies and procedures.

School boards should consider moving towards alignment with OPS standards in order to achieve compliance with both the BPS and OPS Expenses Directives and to signal their commitment to accountability and fiscal responsibility to local communities.

**Compliance**

All BPS organizations were expected to be in compliance with the BPS Expenses Directive as of April 1, 2011. Any school board that does not currently meet all of the requirements of the BPS Expenses Directive is not in compliance. Non-compliance with the BPS Expenses Directives leaves school boards at risk (financial risk, reputational risk, etc.).

**For more information**

The BPS Expenses Directive and frequently asked questions about the BPS Expenses Directive can be found on the Ontario Ministry of Finance website at the following URL:

**<http://www.fin.gov.on.ca/en/bpssupplychain/expenses.html>**

The OPS Travel, Meal and Hospitality Expenses Directive can be found on the Ontario Ministry of Government Services website at the following URL:

**[http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD\\_080798.html](http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD_080798.html)**

## Appendix A – Broader Public Sector (BPS) Expenses Directive

- 1) All school board expense policies must include an **accountability framework**. An accountability framework should include:
  - a. The purpose of expense policies and procedures – e.g. accountability for expenses, transparency to the community
  - b. Clearly documented approval levels for each type of expense, including delegation of approval where applicable
  - c. Clearly documented processes to address any unusual circumstances where a departure from the BPS Expenses Directive requirements is necessary
- 2) Expense policies must address rules for **consultants and contractors**:
  - a. Hospitality, incidental and food expenses are prohibited to be reimbursed for consultants and contractors (including in contracts)
  - b. Consultants and contractors should be clearly defined in board policies
- 3) Board policies require clear and stringent details on **alcohol**:
  - a. Alcohol is only permitted in very limited circumstances – zero tolerance is considered leading practice for school boards
  - b. Alcohol cannot be reimbursed for employees under any circumstance (e.g. travel, meals)
  - c. Alcohol that is permitted as part of a hospitality event or other limited circumstance needs to be approved by the Director of Education or Chair of the Board (if the requester is the Director of Education)
- 4) Board policies require clear rules and definitions for allowable **hospitality events**:
  - a. Employee-only hospitality events are not eligible for reimbursement under the BPS Expenses Directive (e.g. retirement parties, office social events, holiday parties)
- 5) **Good Recordkeeping** is required to ensure compliance with policy by allowing ongoing monitoring and verification of expense claims:
  - a. All expense claims must include detailed, itemized supporting documentation for each item or meal claimed – e.g. itemized receipts for meal expenses
  - b. Expense claims must be kept on file for audit purposes
  - c. Expense policies and procedures must incorporate compliance verification for expense claims
- 6) There must be clear **rules for claimants** put in place as a reference for school board representatives when making decisions regarding expenses:
  - a. Per diems and allowances of any type are not permitted
    - i. Maximums are to be established for each meal
    - ii. Every meal claim must be supported by an itemized receipt that details what was ordered and what is being expensed – this cannot include alcohol



- b. Mileage policies must outline appropriate mileage rates for approved board travel
  - c. Travel policies must outline the necessary process for board representatives to obtain prior approval for travel as well as the preferred travel methods for different travel distances or locations (i.e. personal vehicle, rental car, public transportation, train or plane)
  - d. Travel standards must be put in place that are consistent with the principle of taxpayer value for money
    - i. All vehicle rentals, train tickets and flight tickets should be booked for “economy class” or equivalent
    - ii. Accommodations should be booked for “standard rooms” or equivalent
    - iii. Board representatives are encouraged to car pool and arrange for private accommodations wherever possible to minimize travel costs
    - iv. The focus should be to minimize the total cost of travel – e.g. a teacher attending a conference out of province could book a direct flight that is more expensive than another flight with an overnight layover if the direct flight is less expensive than the total cost of the overnight layover flight, the hotel room required for the extra night stay and the corresponding meal expenses
  - e. Group expenses (e.g. business meeting) must be claimed by the most senior person in attendance. This prevents downloading of expenses since no one is permitted to approve their own expenses.
  - f. Overpayments by a school board to a claimant are considered a debt to the organization. In practice, this can be resolved by deducting the amount of the overpayment from a subsequent expense claim.
- 7) **Rules for Approvers** must be included in expense policies and procedures to govern the approval process:
- a. No one is permitted to approve their own expense claim and it must be approved by the appropriate level
  - b. Approvers must only approve expenses that were necessarily incurred for legitimate business purposes and for which all appropriate supporting documentation has been included
- 8) Internal and external **communication of policies** is required to increase transparency of school board expense policies and procedures
- a. All expense policies and procedures must be posted on school board websites in an easily accessible manner

## **Sample Frequently Asked Questions – Broader Public Sector (BPS) Expenses Directive for Ontario School Boards [to be customized by school boards]**

### **1. What individuals within a school board must follow the BPS Expenses Directive?**

The expense rules apply to anyone within the school board making an expense claim. This includes:

- Trustees
- Directors of Education
- Superintendents
- Senior administrators
- Principals and vice-principals
- Employees
- Consultants and contractors
- School councils

### **2. Are per diems allowed when travelling?**

Based on guidance from the BPS Expenses Directive, per diems are no longer allowed as a method to reimburse school board representatives for meal expenses incurred as a result of board travel. All school boards must establish rules for meal expenses and should include limits for individual meals if they have not already done so. All meals will need to be supported by original, itemized receipts for reimbursement.

### **3. What is an itemized receipt? How do I make sure I receive one when I incur an expense?**

An itemized receipt is the copy of the receipt or invoice that a vendor issues to customers to outline the details of the purchase. At a restaurant, for example, a customer will typically receive two receipts for a debit or credit card purchase. One receipt confirms the details of the transaction (referred to as the credit/debit card slip), the other receipt confirms the items purchased (this is the itemized receipt).

In order for claims to be audited for compliance, the itemized receipt is required so the reviewer can see what was purchased as well as the individual purchase prices. It is good practice to ask all vendors for an itemized receipt prior to making the purchase to make sure that they provide one to you.

### **4. Do the hospitality rules mean that retirement parties, holiday celebrations or other celebratory events are no longer permitted?**

The BPS Expenses Directive defines "hospitality" as the provision of food, beverage, accommodation, transportation and other amenities paid out of public funds to people who are not engaged in work for:

- a. BPS organizations covered by the BPS directive, or
- b. Any Ontario government ministries or agencies covered by the OPS Travel, Meal and Hospitality Expenses Directive.

Internal staff events such as retirement gatherings and holiday lunches are not considered "hospitality" for the purposes of the BPS Expenses Directive. However, any decisions about expenses should be made with due consideration for the prudent and responsible use of taxpayer dollars, and for government direction on accountability and transparency.

Note that in the Ontario Public Service, social events are paid for by staff. They are not paid with public funds.

**5. What are some examples of hospitality events that would be considered appropriate for school boards?**

Some examples of school board-appropriate hospitality events include:

- School openings and closings
- Milestone anniversaries (e.g. 50-year, 100-year)
- Graduation ceremonies
- Volunteer recognition
- School band recitals

**6. What is the timeline for BPS Expenses Directive compliance?**

The BPS Expenses Directive became effective April 1, 2011. Understanding that expense policy and procedure changes take some time and the BPS Expenses Directive Implementation Guide for Ontario School Boards was not released until [redacted] (date TBD), the BPS Working Committee recommends that school boards use the implementation guide to achieve compliance with the BPS Expenses Directive within six months, by June 30, 2012.

**7. Why are we being asked to align our expense policies and procedures with the OPS?**

Acknowledging that some language within the BPS Directive is open to interpretation, the Working Committee suggests that school boards move towards alignment with OPS Directive standards within 18-24 months, by January 2014. OPS standards are considered leading practice and are safer from a risk management perspective since there is less room for interpretation.

**8. Is alcohol prohibited under the BPS Expenses Directive?**

Alcohol may be permitted in very limited circumstances and only with the permission from the Director of Education. Alcohol is not permitted as part of travel or meals. Some school boards may choose to achieve compliance by not permitting alcohol at any board events.

All school boards must include specific policies and procedures to address alcohol and alcohol expenses. These must outline if and when alcohol may be permitted in very limited circumstances and with due consideration to fiscal responsibility.

**9. What if my collective bargaining agreement is inconsistent with the BPS Expenses Directive?**

The BPS Expenses Directive states that it does not prevail over a collective agreement between an organization and a bargaining agent representing employees of the organization.

**10. What alternatives to travel can I use to reduce the time and money spent on board travel?**

Some examples of alternatives to travel include:

- Teleconference
- Videoconference
- Web seminars

Where travel is unavoidable and several representatives from the school board will be attending the same event, carpooling is encouraged.

**11. I travel regularly to fulfill my work duties. Do I need prior approval before each time I travel?**

This will depend on the nature of the travel. However, for regular travel within the school board region that requires mileage reimbursement, you may obtain prior approval that covers a specific time period and estimate of kilometres to be travelled rather than requesting approval on a daily basis.

**12. What are the appropriate standards for air travel, train travel and accommodations?**

The “economy” class option or equivalent should be selected for air travel and train travel. Hotel accommodations should be booked under the “standard” room option or equivalent. However, individuals booking travel should consider the total cost of travel when making arrangements since it may be possible that a higher fare, for example, could reduce the length of the trip and thus incur lower meal and accommodation expenses.

**13. Are gift cards or alcohol appropriate gifts from the school board?**

Alcohol is not an appropriate gift. Gift cards may be acceptable depending on the type of gift card. A gift card to be redeemed at an alcohol retailer, for example, would not be considered acceptable.

**14. Should I rent a vehicle for school board travel or use my personal vehicle?**

Individuals making travel arrangements should consider the comparative cost of renting an “economy” class vehicle with the cost of mileage reimbursement using their personal vehicles. Typically, the greater the distance driven, the more cost effective it becomes to rent a vehicle compared to using a personal vehicle. Individuals should estimate the cost of travel to the school board under both scenarios and make arrangements for the lowest cost option.

**15. What are the OPS rates for mileage reimbursement?**

The OPS mileage rates are as follows:

<b>Total Kilometres Driven per fiscal year</b>	<b>Southern Ontario (\$/km)</b>	<b>Northern Ontario (\$/km)</b>
0 – 4,000km	0.40	0.41
4,001 – 10,700km	0.35	0.36
10,701 – 24,000km	0.29	0.30
More than 24,001km	0.24	0.25

**16. What are the OPS rates for meal reimbursement?**

The OPS meal rates are as follows:

- Breakfast - \$8.75
- Lunch - \$11.25
- Dinner - \$20.00

These meal maximums may be combined during a day where an individual qualifies to be reimbursed for more than one meal provided that there is evidence that each meal is being purchased that day.

- E.g. – an employee is travelling out of town and purchases breakfast, lunch and dinner; this employee can split the daily maximum of \$40 between the three meals provided that there is

evidence that all three meals were purchased. If only lunch and dinner are purchased, the maximum the employee can be reimbursed is \$31.25.

## **BPS Expenses Directives – Sample Alcohol Policy and Procedures Fact Sheet** **[To be customized appropriately by school boards]**

### **Alcohol policy and expense considerations for compliance with the BPS Expenses Directive**

All Ontario school boards are required to be in compliance with the Broader Public Sector (BPS) Expenses Directive as of April 1, 2011. This may result in some changes to the alcohol policies and procedures for certain Ontario school boards. The purpose of compliance with this BPS Directive is to increase accountability and transparency to the local communities of Ontario, the Ministry of Education and various other government agencies.

#### **Why this is important to you**

It is important that all school board employees and Trustees comply with the BPS Expenses Directive since non-compliance could have negative implications for our board and put us at risk. Funds used to reimburse alcohol expenses may be perceived as being inappropriately used, and funds that could otherwise have been used in classrooms.

Under the Freedom of Information and Protection of Privacy Act (FIPPA), members of the local community, news reporters, or anyone else who is interested, have the **legal right to request a viewing of any school board employee's or Trustee's submitted expense claims.**

Below are some of the relevant considerations that may impact a school board's alcohol expense policies and procedures:

#### **Alcohol Policy Considerations**

1. School boards may choose to comply with the BPS Expenses Directive by *not permitting alcohol expenses for any school board events* **or** *by permitting alcohol in very limited circumstances with the prior approval of the Director of Education.*
2. Under no circumstances can alcohol be expensed as part of travel or meals as part of board business travel by any employee or Trustee of a school board.
3. Alcohol is not permitted at any events where minors may be present (e.g. graduations, certain community events at schools).
4. Itemized receipts being submitted for expense reimbursement must not include any alcoholic beverages or they will not be reimbursed.
5. Very limited circumstances where alcohol might be permitted include: **[to be customized by board]**.

#### **Alcohol Expenses [recommended procedures to be included when alcohol is permitted in limited circumstances]**

In order for a school board representative to expense alcohol, the following process must be followed:

1. The representative must prepare a business case that includes:
  - a. Information about the event being held where it is requested that alcohol be served (nature and purpose of event, list of attendees, date, time, location);
  - b. The reason alcohol is being requested;
  - c. The amount and type of alcohol requested for purchase; and
  - d. An estimate of the purchase price, including any necessary costs related to permits or serving staff.
2. The representative must submit the business case to the Director of Education and obtain signed and dated authorization for the request to serve alcohol at the specific event
3. The representative will then follow the normal procurement policy relevant to the alcohol purchase being made
4. The representative must retain all original itemized receipts/invoices that detail every item that is being purchased for the expense claim

5. The expense claim and all supporting documents must be submitted to the Director of Education along with the previously approved business case for final expense approval
- Note that if the Director of Education is requesting alcohol, the same process must be followed, but the Chair of the Board of Trustees will be responsible for approving both the business case and expense report in this situation
- While staying within the requirements of the school board procurement policy, preference should be given to Ontario products

**Situations where alcohol might be allowed with the appropriate level of approval**

- Hospitality events for people other than those employed by the school board or other BPS organizations where no minors are present. BPS organizations include universities, LHINs, and hospitals; OPS organizations include government ministries and agencies, such as the Ministry of Education.
- *Events to be defined by school board*

**Situations where alcohol is not permitted**

- Any event where minors are present (graduations, school plays/band recitals, fundraisers, sporting events, etc.)
- Board-related travel
- Meal expense reimbursement
- Professional Development days
- Any time during regular business hours (\_am to \_pm)
- Any event for which a business case and prior written approval from the Director of Education has not been obtained

**For more information**

The BPS Expenses Directive and frequently asked questions about the BPS Expenses Directive can be found on the Ontario Ministry of Finance website at the following URL:

**<http://www.fin.gov.on.ca/en/bpssupplychain/expenses.html>**

The OPS Travel, Meal and Hospitality Expenses Directive can be found on the Ontario Ministry of Government Services website at the following URL:

**[http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD\\_080798.html](http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD_080798.html)**

## **BPS Expenses Directives – Sample Consultants and Contractors Policy and Procedures Fact Sheet**

**[To be customized appropriately by school boards]**

### **Consultants and contractors policy and expense considerations for compliance with the BPS Expenses Directive**

All Ontario school boards are required to be in compliance with the Broader Public Sector (BPS) Expenses Directive as of April 1, 2011. This may result in some changes to the consultants and contractors policies and procedures for certain Ontario school boards. The purpose of compliance with this BPS Directive is to increase accountability and transparency to the local communities of Ontario, the Ministry of Education and various other government agencies.

#### **Why this is important to you**

It is important that all school board employees and Trustees comply with the BPS Expenses Directive since non-compliance could have negative implications for our board and put us at risk. Funds used to reimburse consultant and contractor expenses may be perceived as being inappropriately used, and funds that could otherwise have been used in classrooms.

Under the Freedom of Information and Protection of Privacy Act (FIPPA), members of the local community, news reporters, or anyone else who is interested, have the **legal right to request a viewing of any consultant or contractor’s submitted expense claims.**

Below are some of the relevant considerations that may impact a school board’s consultants and contractors expense policies and procedures:

#### **Consultants and Contractors Definition**

The BPS Expenses Directive does not provide a definition for consultants and contractors.

The Ontario Public Sector (OPS) Travel, Meal and Hospitality Expenses Directive defines consultants and contractors as “Individuals or entities under contract to ministries or to classified agencies providing consulting or other services.”

School boards should define which individuals are considered consultants and contractors for the purpose of policy application and compliance with the BPS Expenses Directive.

#### **Consultant and Contractor Policy Considerations**

1. In no circumstance can hospitality, incidental or food expenses be reimbursed for consultants and contractors. This includes contracts between the organization and the respective consultant or contractor.
  - a. An exception to this rule is where a contract was entered into prior to April 1, 2011 when the BPS Expenses Directive came into effect
2. Travel and meals should only be permitted when travel is specifically required for the respective consultants or contractors to fulfil their contracts (e.g. a consultant is required to visit all schools in a remote region)
  - a. Any such expense reimbursements should be in line with school board policies, standards and rates for travel and accommodations
3. Required approval levels for any consultant and contractor expenses should be included in the school board expense policies

#### **Examples of expenses that are not permitted for consultants and contractors**

- Meals, snacks and beverages
- Gratuities
- Laundry or dry cleaning
- Valet services



## Appendix H

- Dependent care
- Home management
- Personal phone calls

### **For more information**

The BPS Expenses Directive and frequently asked questions about the BPS Expenses Directive can be found on the Ontario Ministry of Finance website at the following URL:

**<http://www.fin.gov.on.ca/en/bpssupplychain/expenses.html>**

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\*Rates for any reimbursements for consultants/contractors should be at the OPS rate

## **BPS Expenses Directives – Hospitality Policy and Procedures Fact Sheet** **[To be customized appropriately by school boards]**

### **Hospitality policy and expense considerations for compliance with the BPS Expenses Directive**

All Ontario school boards are required to be in compliance with the Broader Public Sector (BPS) Expenses Directive as of April 1, 2011. This may result in some changes to the hospitality policies and procedures for certain Ontario school boards. The purpose of compliance with this BPS Directive is to increase accountability and transparency to the local communities of Ontario, the Ministry of Education and various other government agencies.

#### **Why this is important to you**

It is important that all school board employees and Trustees comply with the BPS Expenses Directive since non-compliance could have negative implications for our board and put us at risk. Funds used to reimburse hospitality expenses may be perceived as being inappropriately used, and funds that could otherwise have been used in classrooms.

Under the Freedom of Information and Protection of Privacy Act (FIPPA), members of the local community, news reporters, or anyone else who is interested, have the **legal right to request a viewing of any school board employee’s or Trustee’s submitted expense claims.**

Below are some of the relevant considerations that may impact a school board’s hospitality expense policies and procedures:

#### **Hospitality Definition**

The BPS Expenses Directive defines a hospitality event as “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 (e.g. school boards, hospitals); or
- Any of the Ontario government ministries, agencies and public entities covered by the Ontario Public Sector (OPS) Travel, Meal and Hospitality Expenses Directive (e.g. Ministry of Education).”

This means that events held for staff members or Trustees only (e.g. retirement parties, holiday parties) are not considered hospitality events and therefore are not reimbursable from school board funds. Events held for staff and/or Trustees only should be funded through private collection of funds from the attendees.

#### **Hospitality Policy Considerations**

1. Events considered as hospitality events are those where the provision of food, beverage, accommodation, transportation or other amenities are paid out of board funds to people who are not employed by any Ontario school board, or any other Broader Public Sector or Ontario Public Sector organization.
2. Hospitality funded out of school board funds may never be offered solely for the benefit of Trustees, employees or contractors of the Board.
  - a. This does not mean that events such as employee holiday parties, retirement parties or office socials cannot be held, however they must be paid for directly by staff and are not reimbursable.

#### **Hospitality Expenses [recommended procedures to be included where hospitality events are permitted]**

In order for a school board representative to expense hospitality, the following process must be followed:

1. Proposed hospitality events must comply with school board hospitality policy, therefore a listing of attendees should be prepared for approval when planning the event
2. The representative must obtain prior written approval before making any of the hospitality arrangements:

- a. Hospitality events to be held at a school must be approved by the school principal – where a principal is the requester, the Superintendent responsible for that school will approve the request
  - b. Hospitality events to be held at the central board offices must be approved by the \_\_\_\_\_ (SBO, Director of Education, etc.) – where the (SBO, Director of Education, etc.) is the requester, the \_\_\_\_\_ (Director of Education, Chair of the Board of Trustees, etc. – the alternate approval authority based on documented approval authority levels) will approve the request
3. If alcohol is to be served, the school board representative must ensure that the request is in compliance with the school board alcohol policy
  4. The representative will then follow the normal procurement policy relevant to any purchases made for the purpose of holding the hospitality event
  5. The representative must retain all original itemized receipts/invoices that detail every item that is being purchased for the expense claim
  6. The expense claim and all supporting documents must be submitted to the approver outlined in 2. above, along with the prior written approval for final expense approval

### **Allowable hospitality expenses**

Hospitality may be extended in an economical and consistent manner when:

- Engaging in discussions or hosting receptions regarding Board matters with representatives from other governments; business and industry; public interest groups or labour groups;
- Providing individuals from national, international, or charitable organizations with an understanding or appreciation of Ontario and the workings of its government;
- Honouring distinguished individuals for exceptional public service in Ontario; or
- Conducting prestigious ceremonies for heads of state, government or distinguished guests from the private sector.

Examples of other events that may be considered hospitality include:

- School openings and closings
- Milestone anniversaries for schools (e.g. 50-year, 100-year)
- Graduation ceremonies
- Volunteer recognition

### **Expenses that are not considered hospitality and are not reimbursable from school board funds**

- Employee-only events such as retirement parties, holiday parties and office socials
  - These events may be held as long as they are not reimbursed out of school board funds
- Events held for employees of any BPS or OPS organizations
- Consultant and contractor expenses
- Community fundraising gala
- Political contributions or events

### **For more information**

The BPS Expenses Directive and frequently asked questions about the BPS Expenses Directive can be found on the Ontario Ministry of Finance website at the following URL:

<http://www.fin.gov.on.ca/en/bpssupplychain/expenses.html>

The OPS Travel, Meal and Hospitality Expenses Directive can be found on the Ontario Ministry of Government Services website at the following URL:

[http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD\\_o80798.html](http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD_o80798.html)

***Sample memorandum to be tailored appropriately by school boards***

To: All school board staff and Trustees

From: Director of Education

Re: Broader Public Sector Expenses Directive – Travel and Meals Expenses

All Ontario school boards were required to be in compliance with the Broader Public Sector (BPS) Expenses Directive as of April 1, 2011. This has resulted in some changes to our travel and meal expense policies and procedures. The purpose of these expense reforms is to increase our accountability and transparency to the local community, the Ministry of Education and various other government agencies.

**Why this is important to you**

It is important that all school board employees comply with the BPS Expenses Directive since non-compliance could have negative implications for our board and put us at risk. The reputation of our board is at risk if we do not comply with the BPS Expenses Directive since we could be viewed as not fiscally responsible in the eyes of our local community, the Ministry of Education and other government agencies. Unnecessary funds used to reimburse expenses may be perceived as being funds that could otherwise have been used in classrooms.

Under the Freedom of Information and Protection of Privacy Act (FIPPA), members of the local community, news reporters, or anyone else who is interested, have the **legal right to request a viewing of any school board employee's submitted expense claims.**

I have outlined the relevant changes to our travel and meals expense policies and procedures for your reference.

**Meal Expenses**

Determining meal expense eligibility

- In order for a school board representative to expense meal costs, meals must be a necessary expense to fulfil legitimate business needs and require the individual to be away from their normal work area for an extended period of time (to be defined by board)
- Meal allowances or per diems are not permitted for any meal expense
- Alcohol is not permitted during school board travel and meal receipts that include alcohol will not be reimbursed

Approval

- All meal expenses must be approved in writing (signed and dated) **prior** to any expenses being incurred
  - For meals that are expected to be incurred on an ongoing basis, this approval can occur in intervals (e.g. monthly approval for a specified number of meals)
- All meals must be supported by original itemized receipts that show details of what was ordered and how the total cost was calculated (individual meal items, drinks, tax and tip)
- No one is permitted to approve their own meal requests or expense claims
- Any approver of a meal expense claim is attesting to the fact that all required documentation is included in the expense claim and the claimant has appropriately followed board policy

## Meal Rates

- The following rates (inclusive of tax and tip) are applicable for meal expense reimbursement and must be followed on a meal-by-meal basis, supported by receipts:
  - Breakfast - \$\_\_
  - Lunch - \$\_\_
  - Dinner - \$\_\_
- If an individual is away for a full day [time period to be defined by board], the daily maximum of \$\_\_ may be split between the three meals at the claimant's discretion, however, original itemized receipts must accompany the expense claim
  - In this case, for example, the claimant could choose to claim \$\_\_ for breakfast, \$\_\_ for lunch, and \$\_\_ for dinner provided they were away for a full day and submitted original receipts with their expense claim
- If an individual is away for a half day [time period to be defined by board], the individual may combine the two applicable meals (i.e. breakfast and lunch for the first half of the day, or lunch and dinner for the second half of the day) and split the maximum as in the example above.
  - In this case, if the individual is away for the first half of the day, breakfast and lunch can be claimed up to a combined total of \$\_\_
  - For the second half of the day, lunch and dinner can be claimed up to a combined total of \$\_\_

## Travel Expenses

### Determining travel expense eligibility

- In order for a school board representative to expense travel costs, travel must be a necessary expense to fulfil legitimate business needs
- Daily commutes to and from a staff member's regular workplace are not reimbursable
- Before making any travel arrangements, the school board representative should first determine whether an appropriate alternative to travel exists, such as tele-, video- or web-conference
  - If it makes sense – should be considered and if appropriate then travel should be avoided

### Approval

- All travel must be approved in writing (signed and dated) **prior** to any travel arrangements being made
  - Where travel is expected to be incurred on an ongoing basis, this approval can be occur in intervals (e.g. monthly approval for a specified number of kilometres)
- Documented approval is required to be submitted with expense claims
- No one is permitted to approve their own travel requests or expense claims
- Any approver of a travel expense claim is attesting to the fact that all required documentation is included in the expense claim and the claimant has appropriately followed board policy

## Mileage Rates

## Appendix H

- For approved school board travel in a personal vehicle in excess of the school board representative's daily commute, the following mileage rates may be used for expense reimbursement:
  - \$ /km – up to the first km
  - \$ /km – from km to km
  - \$ /km – from km to km
  - \$ /km from km, thereafter

### Rental Vehicles

- All school board representatives must select the “economy” class or equivalent for rental vehicles on board business travel

### Air Travel

- All school board representatives must select the “economy” fare or equivalent for air travel on board business

### Train

- All school board representatives must select the “economy” fare or equivalent for train travel on board business

### Cost Comparison

- School board representatives are expected to use the lowest cost option for board travel and meals, which includes comparing different travel types when making travel arrangements
  - For example, an average trip from our offices in \_\_\_\_\_ to \_\_\_\_\_ is \_km. Based on our mileage rates, mileage reimbursement for the use of a personal vehicle would be \$\_; a rental vehicle from ABC rental car company plus gas for the drive costs approximately \$\_; an economy fair on Train Provider from \_\_\_\_\_ to \_\_\_\_\_ costs approximately \$\_. In this case, the lowest cost option would be \_\_\_\_\_.
- Fares other than the lowest cost option may be permitted only in the case where the higher cost fare allows the individual to avoid other travel-related costs such as daily meal expenses or accommodation; in this case, the lowest total cost should be selected.

### For more information

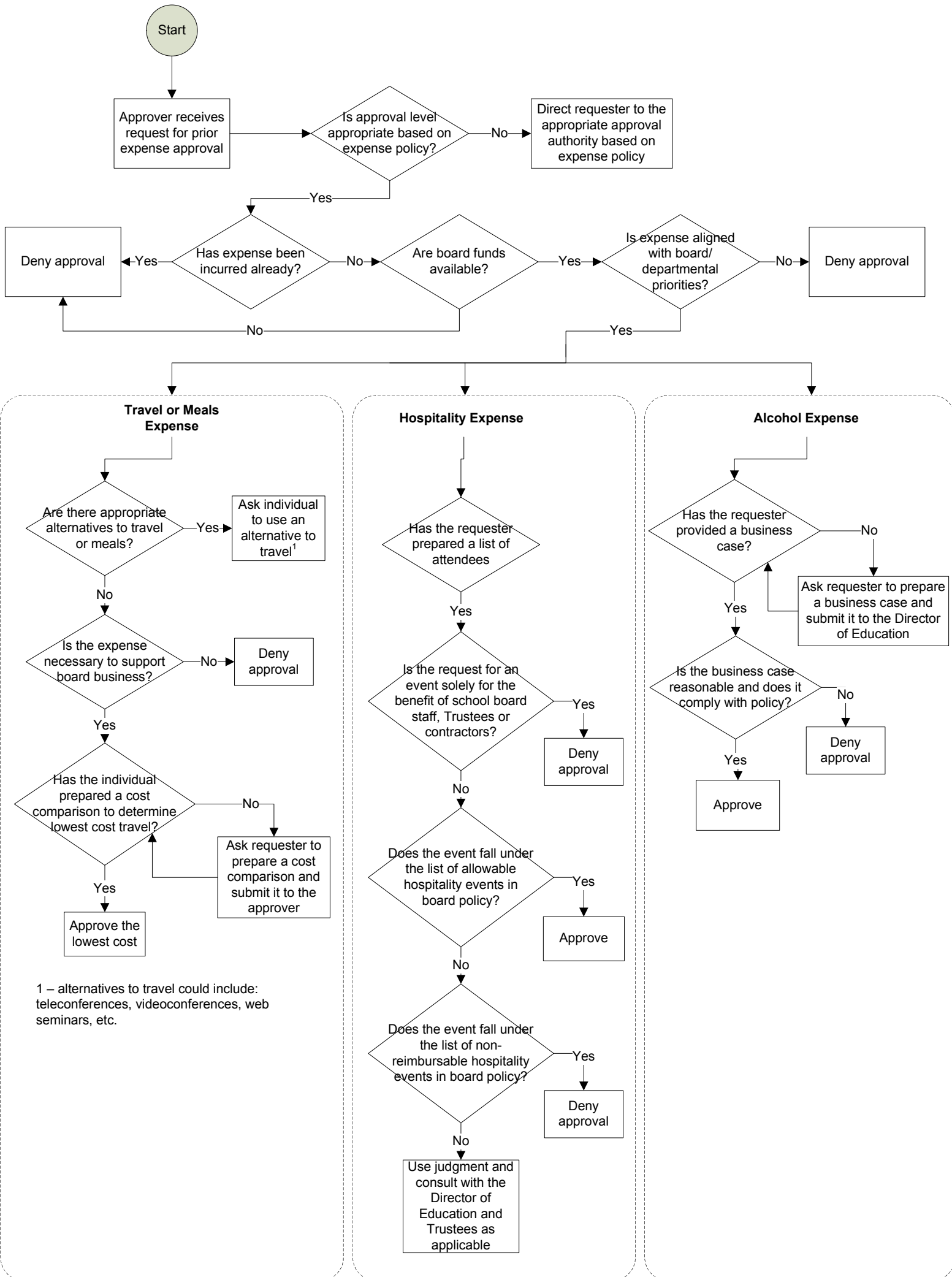
The BPS Expenses Directive and frequently asked questions about the BPS Expenses Directive can be found on the Ontario Ministry of Finance website at the following URL:

<http://www.fin.gov.on.ca/en/bpssupplychain/expenses.html>

The OPS Travel, Meal and Hospitality Expenses Directive can be found on the Ontario Ministry of Government Services website at the following URL:

[http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD\\_o80798.html](http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD_o80798.html)

# Appendix I - Decision Tree for the Prior Approval of School Board Expenses



# Appendix I - Decision Tree for the Expense Claim Approval for School Board Expenses

