

Broader Public Sector Expenses Directive 2020

This directive sets out the requirement for designated BPS organizations to establish expense rules when their expenses are reimbursed from public funds.

This version of the Broader Public Sector Expenses Directive is effective starting January 1, 2020. Read the former version of the directive (<https://www.ontario.ca/page/broader-public-sector-expenses-directive>) .

Introduction

The Government of Ontario is committed to protecting the interests of taxpayers and strengthening accountability for organizations that receive public funding.

The Management Board of Cabinet has issued this directive under the authority of the *Broader Public Sector Accountability Act, 2010* (Part IV – Expense Claims: Allowable Expenses), the “Act”.

The requirements set out in this document raise the level of accountability and transparency for designated broader public sector (BPS) organizations ^[1], contributing to greater alignment with the high standards expected in ministries and agencies of the Government of Ontario.

Purpose, Application and Scope

The purpose of this directive is to set out the requirement for the designated BPS organizations to establish expense rules where expenses are reimbursed from public funds [2].

The expense rules apply to any person in the organization making an expense claim, including the following:

- appointees,
- board members,
- elected officials (e.g. school trustees),
- employees, and
- consultants and contractors engaged by the organization, providing consulting or other services.

Note that in this directive, the term, Chief Executive Officer (CEO), refers to head of operations in designated broader public sector organizations.

In addition, this directive serves as a guideline to all other publicly funded organizations [3]. This means that these other organizations can consider this directive in any review or development of their expense policies and practices.

Designated BPS organizations must comply with this directive [4]. In addition, every funding agreement between a designated BPS organization and a ministry or agency of the Government of Ontario is deemed to include the requirements of this directive [5].

Where an agreement addresses the subject matter of this directive, this directive prevails over the relevant terms of the agreement if there is any conflict or inconsistency between them [6].

This directive does not prevail over a collective agreement between an organization and a bargaining agent representing employees of the organization.

The designated BPS organizations covered by this directive are encouraged to review the Ontario Public Service (OPS) Travel, Meal and Hospitality Expenses Directive

(<https://www.ontario.ca/document/travel-meal-and-hospitality-expenses-directive>) , as they develop or amend their expense rules.

Principles

This directive is based on four key principles.

A) Accountability

Organizations are accountable for public funds used to reimburse travel, meal and hospitality expenses. All expenses support business objectives.

B) 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.

C) 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.

D) Fairness

Legitimate authorized expenses incurred during the course of the business of an organization are reimbursed,

Requirements

Every organization must establish rules for all individuals in the organization with respect to travel, meal and hospitality expenses.

The following requirements must be included in the expense rules for the organization. For further guidance, designated BPS organizations are encouraged to

review the OPS Travel Meal and Hospitality Expenses Directive
(<https://www.ontario.ca/document/travel-meal-and-hospitality-expenses-directive>) as they develop or amend their expense rules.

4.1 Accountability Framework

The expense rules must include an accountability framework to ensure that there is appropriate governance, and that everyone understands the authority for approvals.

4.2 Posting

The expense rules must be posted on the organization's website, so they are available to the public. The rules must be available in accessible formats.

4.3 Alcohol

The expense rules must provide direction on the circumstances in which alcohol can be claimed and reimbursed. The rules should be very specific as to the process for obtaining approval for the use of alcohol, and for approving a claim for reimbursement.

4.4 Hospitality

For the purposes of this directive, *hospitality* is the provision of food, beverage, accommodation, transportation and other amenities paid out of public funds to people who are not engaged in work for:

- designated BPS organizations (i.e. those covered by this directive), or
- any of the Ontario government ministries, agencies and public entities covered by the OPS Travel Meal and Hospitality Expenses Directive (<https://www.ontario.ca/document/travel-meal-and-hospitality-expenses-directive>).

The expense rules must provide that functions involving only those people in the organizations listed above are not considered hospitality functions and cannot be reimbursed. This means that hospitality may never be offered solely for the benefit of anyone covered by this directive, or by the OPS Travel Meal and Hospitality Expenses Directive (<https://www.ontario.ca/document/travel-meal-and-hospitality-expenses-directive>). Examples would be: office social events, retirement parties and holiday lunches.

4.5 Documentation

The expense rules must require that good record-keeping practices be maintained for verification and audit purposes.

4.6 Consultants and Other Contractors

The expense rules must provide direction on the circumstances in which a consultant or contractor can claim and be reimbursed for expenses. The rules should set out what is an allowable expense.

In no circumstances can hospitality, incidental or food expenses be considered allowable expenses for consultants and contractors under the rules or in any contract between an organization and a consultant or contractor.

Reimbursement for allowable expenses can be claimed and reimbursed only when the contract specifically provides for it.

4.7 Individuals Making Claims (Claimants)

Claimants must be required in the expense rules to:

- obtain all appropriate approvals before incurring expenses;
- submit, itemized receipts (paper, electronic or scanned format), with all claims, except for meal expenses where meal allowances are used (see Section 4.9);
- submit claims within the timeframe specified by the organization's rules;
- if the information above is not available or is not possible, submit a documented explanation with the claim to provide the approver with adequate information for decision-making;
- repay any overpayments – it is considered a debt owing to the organization;
- if leaving employment with an organization, submit any claims for expenses before leaving the organization.

4.8 Individuals Approving Claims (Approvers)

Approvers must be prohibited in the expense rules from approving their own expenses, and the rules must note that expenses for a group can only be claimed by the most senior person present – expenses cannot be claimed by an individual that are incurred by his/her approver (e.g., an executive who reports to the CEO cannot

submit a claim that includes the cost of the CEO lunch even if they were at the same event, with the result that the CEO would thereby approve his/her own expenses).

Approvers must be required in the expense rules to:

- provide approval only for expenses that were necessarily incurred in the performance of organization business;
- provide approval only for claims that include all appropriate documentation

4.9 Meal Allowances

The expense rules may use meal allowances (where meal expenses are reimbursed at established rates without itemized receipts) or may require itemized receipts for meals.

If a meal allowance system is used, then the rules about these allowances and the reimbursement rates must be clearly specified in the expense rules.

Designated BPS organizations may refer to the OPS Travel Meal and Hospitality Expenses Directive (<https://www.ontario.ca/document/travel-meal-and-hospitality-expenses-directive>) for information on the reimbursement methods and rates used for the Ontario Public Service.

Appendix: Amendment History

Date	Amended	Page Reference
January 1, 2020	Added that itemized receipts can be in paper, electronic or scanned format	5

Date	Amended	Page Reference
January 1, 2020	Updated written explanation to documented explanation	6
January 1, 2017	Deleted language from Section 4.7 requiring itemized receipts	5
January 1, 2017	New section 4.9 on meal allowances	6
January 1, 2017	Deleted Appendix providing content from OPS Travel, Meal and Hospitality Directive for consideration	n/a

Updated: February 14, 2022
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Footnotes

- [1] ^ “Designated broader public sector organization” as defined under the Act (s.1)
- [2] ^ “Public funds” as defined under the Act (s.1)
- [3] ^ “Publicly funded organization” as defined under the Act (s. 1)
- [4] ^ As set out in the Act (s.10 (5))

- [5] ^ As set out in the Act (s. 19)
- [6] ^ As set out in the Act (s. 21(1))