

Academic Council Report

SESSION:

Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

Financial Impact Yes No

Included in Budget Yes No

TO: Academic Council

DATE: March 21, 2023

PRESENTED BY: Brad MacIsaac, Vice-President Administration

SUBJECT: Expense Procedure update

ACADEMIC COUNCIL MANDATE:

Under the Policy Framework, Policy Owners must consult with Academic Council before presenting draft policy instruments to the approval authority for approval. Finance presents the attached Expense Procedure update to the Academic Council for written consultation.

BACKGROUND/CONTEXT & RATIONALE:

The last revision of the policy/procedure was approved in June of 2022; however, we have now had a few months to see the policy/procedure in practice and want to improve a few items (i.e. better defining controls through more specific rules).

As we open the document for review, we decided to update a couple reimbursement rates, anticipating a rate that would be reasonable for the next three years. For all issues we looked to our peers (other Ontario Universities) to find best practices and business norms.

Issue 1 – Expensing Alcohol

Background

Currently our policy states alcohol can only be expensed when pre-approved by the President for every individual event. The broader public sector expense directive does state the expense rules must provide direction on the circumstances in which alcohol can be claimed and reimbursed. In reviewing other Ontario University policies on expensing alcohol, there are many different variations on the rules around alcohol but in essence we found that all other (19 out of 19) Universities have methods that allowed alcohol to be expensed when entertaining guests. For events hosted by the University; 12 of the 19 required preapproval of the area VP, only two required the president to provide the only preapproval.

Recommendation

We look to differentiate between a meal and an event. In section 11.4 Alcohol at Hospitality Events and Meals, we added in that it is acceptable to expense alcohol while entertaining guests of the University. If it is an event hosted by the University, pre-approval is required by the area VP. The procedure remains unchanged for employee traveling on business or employee only meals, alcohol is not allowed to be expensed (section 10.4).

Issue 2 – Gratuities

Background

Our policy only allowed for a maximum percentage of gratuity to be 15%. Although we tried to educate the user community on this fact, we still received many expense reports with gratuities of 18% or above. The broader public sector expense directive does not provide direction on limits of gratuities. Enforcing the rule on 15% gratuities slowed down the expense processing as accounts payable had to notify employees that gratuity greater than 15% was not allowed, and in many cases the employees would argue that the restaurants were demanding greater tips. For gratuities we found 15 out of 19 Ontario Universities do not list a limit on tipping. Many Universities do say, please be reasonable.

Recommendation

We removed the limit of 15% and now state, “a reasonable amount is reimbursable”. This will save accounts payable and employees labour time in terms of have to enforce the 15% maximum limit on gratuities.

Issue 3 – old expenses

Background

We ask that claims are submitted within one month of the expense occurring. However, we do not clearly state an expiry date. The past practice was to question any very old claims, and warn the employee if this occurs again, their claims will not be accepted. The broader public sector expense directive does not provide direction on limits of accepting old expense claims. However, the goal of our financial statements is to reflect every expense that occurred during the fiscal year. We have had claims that have been two, three and even four years old. We kept thinking these old claims were one offs, but we are now up to seven/eight employees that have submitted claims that are multiple years old. The claims always run into the thousands of dollars, something tens of thousands of dollars. At least seven large claims have been submitted over the past two years.

Recommendation

In section 6.1 we now state, “claims older than one year from time of submission will not be accepted.” At year end we will inform employees that claims older than a year old, will not be accepted. Employees will all have plenty of warning. We already inform all employees to take advantage of all supports to help with concur submissions. Use admins as delegates to help process and submit expenses, and attend the various training sessions provided by Finance systems on concur expense submission.

Issue 4 – updating mileage rates and per diem rates

Background

We want to take advantage of working on the expense policy/procedure to set the mileage rates and per diems rates for the next three years. Mileage rate is in the body of the policy/procedure and requires a policy approval before we can update. High gas prices and inflation have taken us away from our 50th percentile target on mileage and per diem rates. (target is based on the medium value of other Ontario Universities). Average mileage rate for Ontario Universities is 0.54 cents per km, and average per diem rate is \$80 per day.

Recommendation

We are proposing an increase for mileage rate from 0.50 cents to 0.57 cents (15% increase) which puts us as 8th highest for Ontario Universities for mileage rates. We moved mileage to the appendix

of the expense policy, where we can review and change annually when required, with an easier path to approval. The VP Admin has the authority to approve changes to appendix A. We have changed the per diem rate to from \$75 to \$85 per day (13% increase).

CONSULTATION:

The policy advisory committee (PAC) reviewed and provided feedback on the procedure.

HOW TO COMMENT:

- Academic Council members can provide written comments by email to policy@ontariotechu.ca. Comments will be shared with the relevant Policy Owner for consideration. A summary of comments will be provided to the relevant deliberative body and approval authority.
- The comment period will be open until 3:00 pm on March 31, 2023.

NEXT STEPS:

- Academic Council members can provide written comments by email to policy@ontariotechu.ca.
- Administrative Leadership Team (Deliberation)
- Audit & Finance (Approval)

SUPPORTING REFERENCE MATERIALS:

- Expense Procedure update

Expenses Procedures

Classification number	ADM 1315.01
Parent policy	Expenses Policy
Framework category	Administrative
Approving authority	Vice President Administration
Policy owner	Vice President Administration
Approval date	
Review date	
Last updated	
Supersedes	

Purpose

1. The purpose of these Procedures is to define and guide the authorization and reimbursement of expenses at the University in a clear, transparent and equitable manner, and in accordance with the Expenses Policy and broader regulatory requirements.

Definitions

2. For the purposes of these procedures the following definitions apply:

“Approver” means the person with the authority to make approvals under this Policy and the associated Procedures. This is normally the manager/supervisor or budget holder of the Claimant. Research-related travel must also be approved by the Principal Investigator (PI) or their delegate.

“Broader Public Sector (BPS)” means those organizations who receive government transfer payments to provide services to the public. These include: colleges, universities, school

boards, hospitals, long-term care facilities, community care access centres and children's aid societies.

“Claimant” means any person making a claim under the terms of this Policy and the associated Procedures.

“Gifts” are non-monetary items purchased for an individual in recognition of special circumstances.

“Hospitality” means the provision of food, beverage, accommodation, transportation and other amenities.

“Meeting Expenses” means the provision of food, beverage, transportation, room rental and other related expenses to University employees, any other BPS organizations, or any of the other Ontario government ministries, agencies or public entities for business purposes.

“Original Itemized Receipt” means a document from the vendor itemizing the goods and/or services received, and the cost per unit of each good and/or service. A "tear-tag" showing the total charge is not considered an Original Itemized Receipt. Credit card and charge slips are only considered an Original Itemized Receipt if they provide the detailed itemization mentioned above.

“Per Diem” is a set daily allowance for meals expenses that does not require supporting documentation (i.e. receipts).

“Sponsor” means the provider of funds for specific activities, including both external and internal sources.

“University Member” means any individual who is:

- Employed by the University;
- Registered as a student, in accordance with the academic regulations of the University;
- Holding an appointment with the University, including paid, unpaid and/or honorific appointments; and/or
- Otherwise subject to University policies by virtue of the requirements of a specific policy (e.g. Booking and Use of University Space) and/or the terms of an agreement or contract.

Scope and authority

3. These Procedures apply to all University business related expenditures from all sources of funding administered by the University, including research.
4. The Vice President Administration, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

Procedures

5. General

- 5.1 Business claims and expense reimbursements may be audited; subsequent audit adjustment of expenses may result in recovery from claimants. Further, any overpayment to claimants will be recovered by the University. Such adjustments will be arranged on a case-by-case basis in consultation with the claimant. All expenditures must have sufficient appropriate supporting documentation. Examples of supporting documentation include:
 - a. Offsite meetings require independently verifiable evidence regarding attendees, location, date and time, and reason for the meeting.
 - b. Conferences and seminars require a copy of the agenda or prospectus or other proof of attendance. A copy of a 'conference name badge' is not necessary.
 - c. Hotel accommodations require a copy of the detailed bill.
 - d. Flights require a copy of the purchase receipt. A copy of the boarding pass is not necessary.
- 5.2 Expenditures from externally-funded research Sources (e.g. a research grant) must:
 - a. Be necessary and contribute to the direct costs of the research/activities for which the funds were awarded, with benefits directly attributable to the grant
 - b. Not be provided by the administering institution to their research personnel
 - c. Be effective and economical
 - d. Not result in personal gain for members of the research team

- 5.3 Further information on these criteria can be found in the Tri-Agency Guide on Financial Administration. This policy is applied in conjunction with any more specific stipulations that may be a part of externally funded research. Expenditures from internally-funded research sources – including ‘professional development allowance’ and start-up funds, do not need to demonstrate that the cost is direct, as set out in 5.2(a). To illustrate, costs related to a thesis defense are normally not direct costs of research and, accordingly, are to be funded by eligible internal research funds.
- 5.4 As set out by the Signing Authority Policy and Procedures, one-over-one approval is required for all expense reimbursements.
- 5.5 Expenditures should always support the most economical and efficient use of public funds, unless otherwise noted in this procedure or the applicable research agreement.
- 5.6 Gratuities - In cases where a gratuity is a customary and normal part of business, a reasonable amount is reimbursable.

6. **Responsibilities and Approvals**

- 6.1 The claimant is responsible for:
- a. Manual claims, ensuring approvals are obtained;
 - b. Including appropriate descriptions for the purpose or the nature of expenses;
 - c. Ensuring that expenses are allowable within applicable policy, procedure or requirements (e.g. the terms of a grant, agreement, or award);
 - d. Submitting appropriate documentation to justify the expense, including the cost effectiveness of arrangements made for travel;
 - e. Claiming reimbursement for actual out-of-pocket expenses incurred for legitimate University business purposes only; and,
 - f. Submitting claims within 1 month of expenditure and, where possible, on a comprehensive basis, i.e. all relevant expenses related to a single trip should be included on a single claim. Individuals who resign from the University must submit all expense claims prior to departure. Claims older than one year from time of submission will not be accepted.

- 6.2 The approver is responsible for:
- a. Validating that the expenses are both reasonable and legitimate in the context of University business; and,
 - b. Ensuring that expenses claimed are in accordance with University policy.

6.3 Principal Investigators submitting travel claims are responsible for ensuring that expenses have been incurred for legitimate research purposes and are eligible expenses under the research project.

7. **Travel-Related Expenses**

7.1 Claimants will be reimbursed for the most direct and economical method of travel. For clarity, entry visa fees are eligible expenditures.

7.2 The following travel-related expenses are not reimbursable:

- a. Expenses related to a person's regular commute to work;

As described by the Canada Revenue Agency (CRA), a regular place of employment is any location where an employee regularly reports for work or performs their duties. For Ontario Tech University employees this will always include University buildings, offices, and locations. When an employee who works remotely on a regular basis attends a university location, the first trip between the remote work location (home) and a university location is considered part of the regular commute "Regular" means there is some degree of frequency or repetition in the employee's reporting to that particular location in a given pay period, month, or year. The "location" does not have to be an establishment of the employer. Depending on the circumstances, an employee may have more than one location where they regularly report for work. If an employee has multiple regular work locations and travels between home and several work locations during the day, the trip from the employee's home to the first work location (including parking) and the trip from the last work location to home is considered commuting time (e.g. personal driving) and thus not eligible for reimbursement. Any travel by the employee between work locations is business related (including parking) and would be eligible for reimbursement.

- b. Additional costs for travelling with a companion, sightseeing, 'no show' charges or charges related to changes to travel arrangements unless incurred as a result of

business-related circumstances or extenuating personal circumstances, and unused or lost tickets; and,

c. Expenses related to ancillary costs of travel, e.g. cost of a passport or luggage.

- 7.3 For travel related to conference(s), the eligible travel period (i.e. the period for which expenses may be claimed) includes the day prior to the conference to the day after the conference.
- 7.4 On occasion, the timing of conferences or travel may necessitate that the traveler stays abroad during the interim period. For example, a conference in one location overseas followed by another conference in the same general vicinity within a few days. Costs associated with the interim period (i.e. the time between conferences) are eligible expenditures provided that they are less than the costs of returning home. The traveler must provide documentation of the return travel costs as compared to staying as part of the supporting documentation. Failure to provide this information will result in costs associated with the interim period being ineligible.
- 7.5 The maximum amount of time that may be claimed for travel in any one location, including while on sabbatical, is 1 month (30 days). After such time a traveler will be deemed to be 'sojourning', i.e. deemed to have taken up temporary residence in that location.

8. Transportation Related Expenses

- 8.1 Claimants will ensure that, within the reasonable options available, the most economical mode of transportation selected. For air travel, unless the exception noted below applies, economy fare (or equivalent international standard) is the standard option for ticket purchase. Trip cancellation insurance is an eligible expenditure. International travel with flight times greater than 9 hours are eligible for upgraded fare (i.e. higher than economy), with pre-approval from the Claimant's one-over-one.
- 8.2 The University will reimburse for costs associated with advance seat selection.

Personal and Rental Vehicles

- 8.3 Employees are encouraged to use a rental vehicle when traveling long distances for university purposes. Employees must refer to and abide by the University Rental Vehicle Policy.
- 8.4 Claimants are encouraged to use their University Purchasing Card when renting a vehicle for business-related purposes.

- 8.5 Rental vehicles are only an eligible cost for research when they are required for fieldwork. It is expected that a Claimant who is at a single location for an extended period of time does not require a rental vehicle for research purposes.
- 8.6 Unless justified through exceptional circumstances, only costs for compact or intermediate models or their equivalent will be eligible for vehicle rental.
- 8.7 When using their University Purchasing Card, cardholders are insured under the BMO Travel Protection Plan, accordingly, the cost of additional insurance on rental vehicles will not be reimbursed.
- 8.8 Reimbursement will be provided for necessary and reasonable expenditures such as fuel, parking and toll charges. To avoid higher gasoline charges, rental cars must be refueled before returning it.
- 8.9 Personal Vehicles: In situations where a Claimant chooses to use their own vehicle, the kilometric claim is measured using the individual's home or Ontario Tech, whichever is closer to the destination. Eligible costs for the use of a personal vehicles include:
- a. Kilometric rate of set out in appendix A ;
 - b. Parking costs; and,
 - c. Toll costs.
- 8.10 Please note; employees driving their own vehicles on company business are not insured for collision or third party liability under the Ontario Tech corporate insurance policies. In the event of an accident, the employee's personal auto insurance policy provides sole coverage. The employee must carry a minimum of \$1,000,000 automobile liability insurance and pay the deductibles required by personal auto insurance policy.

9. Accommodation-Related Expenses

- 9.1 Accommodation
- a. Eligible expense claims for accommodation consists of the cost of single accommodation in a standard room. Other costs (e.g. rentals, spa) will not be reimbursed.

- b. In the normal conduct of business, reimbursement for overnight accommodation within 80 km of the University will be neither authorized nor approved; however, in emergency or highly unusual situations, exceptions will be considered with prior approval of the relevant Vice-President.
- c. Penalties incurred for non-cancellation of guaranteed hotel reservations are the Claimant's responsibility and may be reimbursed only in an exceptional circumstance.

9.2 Telecommunications - Reimbursement will be made for reasonable costs associated with telecommunications and internet services while travelling. These include, but are not limited to, business calls, necessary personal calls, and internet connections. Individuals with a University provided cell phone are to contact the IT department to arrange appropriate cellphone coverage while traveling.

9.3 Private Stays

- a. Accommodation: Where employees make private arrangements for accommodation (e.g. staying with friends, relatives or colleagues), an amount up to \$30.00 CAD per night is allowed, with no requirement for receipts.
- b. Incidentals: An incidental expense allowance of \$15.00 can be claimed for personal expenses for each full day (24 hours) on travel status, with no requirement for receipts.

10. Meal-Related Expenses

10.1 Per diem allowance or actual costs may be claimed for meals when on a University business trip. Claimants must be consistent between which methodology they choose on any particular trip. When the actual costs are claimed, detailed receipts from the restaurant are required. Limits for both the per diem and receipted basis are outlined in Appendix A. Per diem rates are inclusive of taxes and gratuities.

10.2 Meal expenses are not generally eligible if they are included as part of a conference or hotel accommodation.

10.3 Claims for meal expenses will only be reimbursed if the Claimant is:

- a) On University business; or,
- b) Working continuously for more than three hours beyond normal work hours; and,

10.4 Alcohol cannot be claimed and will not be reimbursed as part of a business, travel or meal

10.5 At a meal with more than one University employee, the most senior ranking employee pays for the meal

11. Hospitality-Related Expenses

Hospitality may be appropriate when it facilitates University business, or is considered necessary as a matter of courtesy or protocol. Hospitality, such as beverages and meals, are only to be provided to employees who act as hosts to guests of the University.

11.1 When hospitality is appropriate, it is to be extended in an economical manner. The following instances may constitute acceptable instances of hospitality:

- a. Engaging in discussion of official public matters with, or sponsoring formal conferences for business and industry, public interest groups, or labour groups;
- b. Providing people from charitable organizations, or potential/existing donors with an understanding or appreciation of the workings of the University;
- c. Honoring distinguished people for exceptional public service;
- d. Conducting prestigious ceremonies for international and government officials, members of educational institutions or distinguished guests from the private sector;
- e. Where approved by the University President, pursuing commercial contracts/agreements;
- f. Inter-Agency Co-operation: Expenses are allowable for the costs of providing meals and refreshments to staff from other institutions, including Broader Public Service ('BPS') agencies, for discussions or conferences that seek to further either institutional or government objectives.
- g. Other hospitality functions as set out by this procedure.

11.2 Hospitality related to employee meetings must be limited to the specific situations set out in this procedure.

Hospitality for Guests

11.3 Hospitality expenses for guests are limited to the cost of meals and beverages. Other entertainment of a different variety (e.g. golf, athletic events, theatre productions, etc.) requires prior approval of the relevant Vice-President or equivalent..

11.4 Alcohol at Hospitality Events and Meals

- a. For the reimbursement of Alcoholic Beverages, except where prohibited by external funding agencies, alcohol, may be charged to the University under certain circumstances. Normally, acceptable purposes for entertaining with alcohol involve a University guest, visitor, donor or benefactor for a meal. The alcoholic drinks should be consumed in a responsible manner. University employees must limit themselves to a maximum of two alcoholic drinks per meal.
- b. For an event hosted by the University where alcohol is to be reimbursed, pre-approval of the relevant Vice-President or equivalent is required. Alcohol should be provided in a responsible manner, and food should always be served when alcohol is available. Employees are limited to a maximum of two alcoholic drinks per day.

Hospitality for Employees

11.5 Employee Events - the following limitations are applied in regards to hospitality for University employees:

- a. Refreshments, meals, or both may be offered to employees who participate in work sessions that unavoidably extend beyond normal working hours. These expenses need to be pre-approved by the respective unit Vice-President or equivalent;
- b. Expenses related to planning or business meetings (retreats) held off-campus for University employees must be pre-approved by the President. This is intended to support strategic discussions led by senior leadership; and,
- c. Hospitality may be extended on behalf of the University when employees participate in strategic meetings of significance to the University. Such meetings are expected to be rare, and are to be pre-approved by the respective Vice-President or equivalent.

12 **Membership in Professional Organizations, Professional Dues/Fees, Subscription**

Expense claims may be made for membership in a professional organization, subscriptions, or professional dues when membership is primarily for business

purposes. Subscriptions are also deemed business expenses when they are for publications related to the functions of an individual's position.

13 **Gifts**

13.1 In accordance with the definition of 'gifts', a gift cannot be cash or near-cash 'Gifts' do not include food cards provided by SAFA.

13.2 Expense claims may be made for gifts to an employee or an employee's immediate family, to a maximum of \$250, only to acknowledge:

- a. A long-term employee who is leaving a department or retiring;
- b. An employee who is ill and requires hospitalization; or
- c. An employee or an employee's immediate family member who has passed away.

13.3 Gifts cannot be paid from research funds to the following individuals:

- a. Member(s) of the grant team;
- b. Collaborators; or,
- c. Individuals who are performing a service (i.e. part of a contractual obligation or professional service)

13.4 In recognition of the cultures and traditions of First Nations, Metis, and Inuit, Elders and other Knowledge Keepers are eligible to receive gifts (including cash) in a ceremonial or other context.

14. **Consultants and Other Contractors**

Consultants and other contractors will not be reimbursed for any hospitality, incidental or food expenses including meals, snacks, beverages, gratuities, laundry or dry cleaning, valet services, dependent care, home management, and personal telephone calls, unless the contract specifically allows for it.

Monitoring and Review

15. These procedures will be reviewed as necessary and at least every three years. The Vice President Administration, or successor thereof, is responsible to monitor and review these procedures.

RELATED POLICIES, PROCEDURES & DOCUMENTS

- 16. Expenses Policy
 - Signing Authority Policy
 - Policy on the Use of Internal Research Funds
 - Policy on the Over-Expenditure of Research Funds
 - Records Management Policy
 - Records Classification and Retention Schedule
 - Credit Card Procedure

APPENDIX A

Mileage rate for use of personal vehicles is 0.57 per kilometer

For per diems and receipted claims, the following limitations (expressed in Canadian dollars) are to be applied for claims within Canada and the USA :

Breakfast	20%	\$17.00
Lunch	30%	\$25.00
Dinner	50%	\$43.00
Maximum		\$85.00

Outside of Canada and USA Treasury board rates applies. These Rates, as adopted by the University, [can be found on the Treasury Board website](https://www.njc-cnm.gc.ca/directive/d10/v238/s659/en#s659-tc-tm): <https://www.njc-cnm.gc.ca/directive/d10/v238/s659/en#s659-tc-tm>

The Vice-President administration has the authority to update and approve the rates listed in appendix A.