

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON DECEMBER 12, 2011
FROM:	MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	CHANGES TO COUNCIL POLICIES 28(1) and 28(2) TRAVEL AND CONVENTION and COUNCIL MEMBERS EXPENSE ACCOUNT

RECOMMENDATION

That, on the recommendation of the City Treasurer, Chief Financial Officer, the attached proposed By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting to be held on January 10, 2012 for the purpose of amending Council Policies, Chapter 28(1) related to travel and business expenses and Chapter 28(2) related to the C. The new level of reporting will begin in 2012;ouncil members expense account:

- a) **TO APPROVE** the revised Travel and Business Expense Policy, with respect to reimbursement of travel and business expenses for all elected and appointed officials as well as all City of London employees;
- b) **TO APPROVE** the revised Policy on Council Members Expense Account, with respect to the annual sum allocated to the Members of Council for expenses incurred while acting as Members of Council;
- c) **TO AUTHORIZE** the City Treasurer, Chief Financial Officer or designate to undertake all the administrative acts that are necessary in connection with these Policies.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

Management Support and Audit Services issued an audit report on the City's Procurement Credit Card Program. To properly address these issues, Financial Services undertook a review of the credit card process and the Travel and Convention Policy and is proposing the following changes to the Council Policy on Travel and Convention:

1. The existing Policy be renamed from Travel and Convention to Travel and Business Expense Policy;
2. The existing Policy be amended as highlighted below;
3. The addition of a section to include any other related business expenditures that are to be reimbursed by the City of London;
4. The existing policy be amended to include Elected and Appointed Officials as well as all City of London employees.

The remainder of the audit issues were addressed with the new Procurement of Goods and

Services Policy.

Attached as Schedule A is the amended Travel & Business Expense Policy. The following issues from the audit report are addressed in this draft revision:

a) Senior Person Pays

A requirement that when two or more employees are present for a meal or other business entertainment event, the most senior person present must pay for the expenditure;

b) In-town Versus Out-of-town Meals

The draft revision provides some clarification on expensing meals in-town versus out-of-town and when only City staff are in attendance versus non-City staff.

Concurrently, Financial Services wishes to make changes to the Travel & Business Expense Policy to simplify the reporting of travel expenses by reimbursing on a per diem basis, without receipts, while allowing for a reduction in the per diem if meals are included with the attended function.

The draft also provides some clarification on:

- **The Delegation of Expense Approval Authority**

The draft revision designates an Expense Review Officer (ERO) for each jurisdiction that will be responsible for administering this Policy within their particular areas of jurisdiction, addressing any justifiable exceptions; and for auditing and processing all expense reports in accordance with this Policy, while maintaining the right to request additional explanations, documentation or justification of any or all of the expense reports, the draft revision provides the ERO the authority to delegate this responsibility;

- **Pre-approval of Travel Expenditures**

The draft revision requires written pre-approval from the individual's ERO for all travel expenditures to be reimbursed in excess of \$3,000 and all local mileage reimbursements in excess of \$1,000;

- **Public Reporting of Administrators' Expenses**

The draft revision has been changed to include all current public reporting as well as all City of London staff at a level of SME-02 and above. The new level of reporting will begin in 2012;

- **Maximum Meal Allowances**

The per diem allowance provides meal allowances when overnight travel is required. The provision in this Policy also outlines the maximum reimbursed for meals for partial travel days;

- **Insurance Coverage for Personal and Corporate Vehicle Usage**

Upon request from Risk Management, two appendices were added to this Policy to establish the requirements of City employees who receive travel expense reimbursement, to be aware of expectations and insurance requirements when using a personal or rented vehicle while on City business;

- **Business and Business Entertainment Related Expenses**

The City of London currently does not have a policy regarding business and business entertainment types of expenditures. The revision addresses the methods and procedures by which those covered by this Policy are governed in respect to business and business entertainment related expenses.

To support these revisions, Financial Services benchmarked with Windsor, Ottawa, Mississauga, Hamilton, and York Region. It was found that each of these communities use the per diem method for reimbursing travel expenses. By default, this allows employees to include alcohol with a meal when travelling as no receipts are required. However, the benchmarked communities have varying policies with respect to expensing alcohol for business entertainment that is not included under a per diem. These policies either state that the purchase of alcohol will not be reimbursed or will only be reimbursed if there are non-City staff in attendance and that the purchase is able to withstand public scrutiny.

The following sections within Policy 28(2) required revisions based on the changes made to Policy 28(1)

- Section (2A)(a)(ii) and Section (2A)(c)(i) have been updated to reflect the revised name of Policy 28(1);
- Section (2A)(c)(iv) applies to business entertainment expenses; the following wording has been added to the end of this section, “and is in accordance with Council Policy 28 (1) Travel and Business Expenses”.

PREPARED BY:	REVIEWED AND SUBMITTED BY:
MELISSA MCERLAIN MANAGER, ACCOUNTS PAYABLE	MIKE TURNER DEPUTY CITY TREASURER
RECOMMENDED BY:	
MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER	