



Institut sur la gouvernance  
d'organisations privées et publiques

**Reimbursable Expenses**  
**Policy and Accountability Elements**

**DECEMBER 2017**

*Pour une gouvernance créatrice de valeurs®*



This document is intended to help CEGEPs strengthen their institutional governance by providing their governors and managers with guidance on how to draft a policy on reimbursable expenses and accountability.

## **General principle**

Policies and by-laws are governance levers used by a college Board of Governors (the “Board”) to fulfill its mission and mandate. The Board’s role is therefore to define policies that reflect its public service vision and values, to guide action, and to establish by-laws to support their implementation.

The Board is responsible for ensuring that institutional resources, procedures and other management practices are effective and compliant with the law, its policies and its strategic, financial and budgetary plans. To fully discharge this responsibility, the Board relies on full, honest and clear rendering of accounts by the college’s administration.

The fact that a college administration reports on its activities and budgetary management to the Secrétariat du Conseil du trésor (SCT), the Ministère de l’Éducation et de l’Enseignement supérieur (MÉES) or other government entities according to a pre-established administrative format and schedule in no way releases it from full accountability to the institution's governing body, the Board of Governors.

When adopting or modifying a policy, the Board should consider the following general accountability and good governance rules:

*Implementation accountability requirements*

Concerning the implementation of a policy or by-law, should the Director General report to the Board on a regular or ad hoc basis, i.e. monthly, bi-annually or yearly, or only when an event or situation occurs that triggers a mechanism or procedure described in the policy or by-law?

*Deviation and risk*

When (appropriate time) should the Board be informed of a significant deviation from a plan, budget or procedure and, if applicable, justification provided and/or corrective action taken?

*Review calendar*

How often will the Board conduct a critical policy review (yearly, in three years or in five years)?

A competent, effective Board is not timid, knows its role, respects management's role and holds it to account.

## **TRAVEL, REPRESENTATION AND HOSPITALITY EXPENSES**

All colleges have a policy for reimbursable travel and living expenses incurred by officers and employees in the performance of their duties. However, the scope of this policy, its application and related accountability varies among institutions.

The 2016 fall report of the Auditor General of Québec on the administrative management of five colleges recommended that they clarify their policies and strengthen control and accountability in their regard in order to provide their governance bodies with sufficient information to fulfill their oversight role.

### **Recommendations of the Auditor General**

- 16 Define policies for reimbursable expenses, in particular travel, representation and hospitality expenses, and set up the necessary controls to ensure compliance therewith.
- 17 Ensure that governance bodies receive sufficient and timely information so that they can fulfill their role in strategic decision-making and in overseeing the effectiveness of controls pertaining to:  
[...]
  - travel, representation and hospitality expenses, in particular sensitive expenses.

### **Findings**

In some colleges, the expense policy applies to staff and not Board members specifically while in others, it also applies to them.

Board members are entitled to reimbursement of their expenses pursuant to a provision in their code of ethics and professional conduct: Board members are not entitled to any remuneration for the performance of their duties but may be reimbursed for expenses “authorized by the Board of Governors,” “authorized by the Executive Committee,” “authorized by by-law” or “consistent with the expense policy.”

The policy describes expenses eligible for reimbursement, the calculation standards, the chain of authorization for an expense and the claim and reimbursement procedure. Some policies even include a table of distances between the main cities for the purpose of reimbursing kilometres travelled by car or refer to information from the Government of Québec or CAA-Québec.

The most elaborate policies regulate not only travel and living expenses but also representation and hospitality expenses.

### **Governance framework and content of a travel, representation and hospitality expense policy**

This policy applies to Board members, senior staff, managers and other employees in the performance of their duties or mandates.

An expense policy deals with each of the following types of expenditures separately: travel, business trips, hospitality, and representation.

It indicates the people concerned, specifies the scope or coverage, the methods and standards, and the authorization (upstream) and approval (downstream) process.

In developing and updating the institutional expense policy, the Board and managers should refer to the policies and practices of the Conseil du Trésor and to the road distance tool of the Ministère des Transports (<http://www.quebec511.info/en/distances/>).

## **Roles and responsibilities**

- ✓ The Board adopts, periodically reviews and ensures application of a travel, representation and hospitality expense policy.<sup>1</sup>
- ✓ The Board adopts the projected official expense budget each year.
- ✓ The Audit and Finance Committee is responsible for overseeing application of this policy and budget tracking. It reports on its deliberations to the Board. In the absence of an audit and finance committee, the Executive Committee performs this function and reports to the Board on the application of this policy.
- ✓ The Audit and Finance Committee determines the standards and reimbursement rates, keeps them up-to-date, and recommends their adoption to the Board as appropriate.
- ✓ The Director General oversees the policy, checks with department heads to ensure compliance therewith, and reports to the Audit and Finance Committee on matters pertaining to the policy.

## **Principles and objectives**

- ✓ The purpose of the expense policy is to ensure fair compensation for expenditures incurred on behalf of the college. It is not a form of staff remuneration.
- ✓ The person who incurs an expense is responsible for exercising good judgment and honesty.
- ✓ People who must incur expenses in a situation not described in the policy must obtain authorization according to the levels of authorization in place.

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1 Once the *Regulation on the dissemination of information held by educational institutions* (non-definitive title) comes into force, the Board will also be responsible for ensuring that certain information concerning expenses incurred by senior executives and the institution are posted on the institution's website. See appendices 1 and 2.

- ✓ The expenditure must be relevant, that is, incurred in the best interest of the college and in relation to the mandate or responsibilities of the person incurring it.
- ✓ The expenditure must be reasonable, that is, reflect the normal or customary cost of the activity.
- ✓ The expenditure must be justified by supporting documentation (e.g. receipt, travel ticket) or respect the established standard (e.g. per diem, flat-rate allowance, approved rate).
- ✓ No one may commit to or incur an expense without prior authorization.
- ✓ No one may approve the reimbursement of their own expenses.

## **Travel expenses**

Travel expenses are expenditures incurred by an employee, a senior staff member, a senior executive or a Board member in the performance of their duties. Eligible expenses cover transportation, accommodation and meals.

### *Authorization and approval*

- ✓ Employees must obtain authorization from their supervisor or department manager. The same procedure applies for approval of their expense report.
- ✓ In the case of the Board Chair, the expenditures must have been approved by the Audit and Finance Committee.
- ✓ In the case of the Director General, the official expense account must have been approved by the Board Chair.
- ✓ In the case of the Academic Dean and department heads), their expense account must have been approved by the Director General.
- ✓ No expenditure is reimbursed if the expense report has not been reviewed and approved by the designated authority.

*Eligible expenses: travel, accommodation and living expenses*

- ✓ The policy must indicate expenses that are reimbursed according to a standard (e.g. rate per kilometre travelled), according to a flat-rate daily allowance (e.g. per diem) and meal allowance (e.g. breakfast, lunch and supper), on presentation of proof (e.g. travel ticket, hotel bill).
- ✓ The policy must exclude non-reimbursable expenses and activities already paid (e.g. meals paid as part of registration fees for a convention).
- ✓ If applicable, the policy must specify the applicable scheme for trips outside Québec and for extended trips in Québec.

*Non-reimbursable travel, accommodation and living expenses*

- ✓ Purchases for personal use
- ✓ Fines for breaking the law
- ✓ Alcoholic beverages and room service
- ✓ Theft, loss or damage to personal belongings, including the car
- ✓ Insurance deductible in case of accident and/or theft
- ✓ Travel insurance

## **Representation expenses**

Representation expenses are expenditures incurred by the Board Chair (or his or her replacement), the Director General, the Academic Dean or a department head while representing and promoting the college.

Representation expenses include meals, alcoholic beverages and the cost of registration or participation in activities. The authorization and approval procedures are the same as for travel expenses.

## **Hospitality expenses**

Hospitality expenses are expenditures incurred to organize an institutional event, reception or social gathering.

Included are expenditures for meals, alcoholic beverages, service, entertainment, decorating and setting up the room, rental and any other expenditure in connection with the activity or event.

No reception should be held and no hospitality expense should be incurred without the authorization of the Director General.

Accountability for each of these events is the same as for the other reimbursable expenses.

## **Reimbursement**

The policy must specify:

- ✓ the deadline for submitting a request for reimbursement;
- ✓ the required supporting documents (original only) and those that are not acceptable (e.g. credit card account statement, fax);
- ✓ under which circumstances the department can or must refuse a reimbursement request (e.g. incomplete or incomprehensible claim, errors).

## Other aspects

- ✓ The policy should state the circumstances in which an advance can be issued.
- ✓ In addition to regularly updating the standards and reimbursement rates, the Audit and Finance Committee ensures that the various administrative forms are up-to-date, comprehensive and used.
- ✓ Are Board members who need to pay a babysitter to attend a meeting of the Board or one of its committees entitled to reimbursement of babysitting costs? If so, the Board, on recommendation from the Audit and Finance Committee, must determine a lump sum amount and the method of reimbursement.

NOTE: *This practice is gaining traction in organizations (e.g. Desjardins caisses) that want to encourage the election of young volunteer Board members by helping them reconcile work, family and community life.*

## Recommended practices

The Audit and Finance Committee (or the Executive Committee) should periodically review the definition of reimbursable representation and hospitality expenses.

Every five years, the Board should require a focused audit to determine whether the college's policy and procedures are effective and meet the objectives for which they were established.

This audit should precede the five-year statutory review of the college's policy in this area.



# **APPENDIX 1**

## **DRAFT REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS**

### **Information that Institutions May Have to Post on their Website**

#### **Senior Management Expenses**

#### **Templates**







## **APPENDIX 2**

### **DRAFT REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS**

#### **Information that Institutions May Have to Post on their Website**

##### **Institution Expenses**

##### **Templates**



Institutional logo

REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS (draft)

**Total Staff Travel Expenditures**

Period	Total Travel Expenditures
E.g. July – September 2018	

Institutional logo

REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS (draft)  
**Hospitality Activities**

Period covered, e.g. **July - September 2018**

Description	Date	Number of Participants	Cost