

Expense rules in the broader public sector

Learn about the Broader Public Sector (BPS) Expenses Directive.

About the BPS Expenses Directive

The BPS Expenses Directive outlines for broader public sector organizations the requirements for expenses that are reimbursed through public funding. It resembles what is already in place for Ontario government ministries.

The BPS Expenses Directive applies to all designated broader public sector organizations, as defined under the *Broader Public Sector Accountability Act, 2010*.

Broader Public Sector Accountability Act, 2010 [Link to: http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_10b25_e.htm]

To find out if a BPS organization needs to comply with the BPS Expenses Directive see the link below.

<http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/EN/bps-procurementdirective-apply>

Questions and Answers for Broader Public Sector Organizations on the BPS Expenses Directive

1. What is the purpose of the Broader Public Sector (BPS) Expenses Directive?

The purpose of the BPS Expenses Directive is to set out the requirement for the designated BPS organizations to establish expense rules where expenses are reimbursed from public funds.

The *Broader Public Sector Accountability Act, 2010* provides the authority for the Management Board of Cabinet to issue directives requiring the designated BPS organizations to establish rules on expenses.

The BPS Expenses Directive increases accountability in the BPS by:

- improving accountability and transparency for expenses;
- requiring designated BPS organizations to establish expense rules for all individuals in the organization with respect to travel, meal and hospitality expenses; and
- setting out requirements for inclusion in each organization's expense rules.

The requirements set out in the Directive contribute to greater alignment with the high standards expected in ministries and agencies of the Government of Ontario.

2. Which organizations are covered by the BPS Expenses Directive?

The BPS Expenses Directive applies to all designated BPS organizations under the **Broader Public Sector Accountability Act, 2010** defined as follows:

- a. every hospital;
- b. every school board;
- c. every university in Ontario and every college of applied arts and technology and post-secondary institution in Ontario whether or not affiliated with a university, the enrolments of which are counted for purposes of calculating annual operating grants and entitlements;
- d. every approved agency designated as a children's aid society under subsection 15 (2) of Part I of the **Child and Family Services Act**;
- e. every community care access corporation;
- f. every corporation controlled by one or more designated broader public sector organizations that exists solely or primarily for the purpose of purchasing goods or services for the designated broader public sector organization or organizations;
- g. every publicly funded organization that received public funds of \$10 million or more in the previous fiscal year of the Government of Ontario.

Publicly funded organizations that received less than \$10 million in public funds in the previous fiscal year of the Government of Ontario are not required to follow the BPS Expenses Directive. In this case, the Directive serves as a guideline to all other publicly funded organizations as defined under the **Broader Public Sector Accountability Act**.

Note that the **Broader Public Sector Accountability Act, 2010 and Ontario Regulation 219/11 made under the Act** exclude some entities from the definition of publicly funded organizations. These include:

- o municipalities;
- o local boards;
- o long-term care homes;
- o boards of health;
- o organizations that undertake their activities for the purpose of profit to their shareholders;
- o district social services administration boards established under the **District Social Services Administration Boards Act**; and
- o First Nations.

3. Which individuals within a designated BPS organization must follow the BPS Expenses Directive?

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

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

4. What requirements must each designated BPS organization incorporate into its expense rules?

The Directive sets out eight requirements that must be included in the expense rules for a designated BPS organization:

1. An accountability framework.
2. Prohibition on reimbursement of meal and hospitality expenses for consultants and other contractors.
3. Rules specific to serving alcohol.
4. Rules for hospitality events where 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. those covered by the Directive); or
 - any of the Ontario government ministries, agencies and public entities covered by the OPS Travel, Meal and Hospitality Expenses Directive.
5. Good record keeping practices.
6. Rules for individuals making claims (e.g. all appropriate approvals should be obtained before incurring the expense, original itemized receipts are required, etc.).
7. Rules for individuals approving claims (e.g. cannot approve their own claims, provide approval only for expenses incurred in the performance or organization business, etc.).
8. Posting the rules on the organization's public website.

5. The Directive states that “hospitality, incidental and food” expenses are not considered allowable expenses for consultants or contractors. What about travel or accommodation expenses?

Section 4 of the BPS Expenses Directive states that: “Every organization must establish rules for all individuals in the organization with respect to travel, meal and hospitality expenses.”

Section 4.6 of the Directive contains rules which are particular to consultants and contractors. This section states that: “In no circumstances can hospitality, incidental or food expenses be considered allowable expenses for consultants and contractors.”

With respect to allowable expenses such as travel and accommodation (not hospitality, incidentals or food), section 4.6 makes clear that these expenses can be claimed and reimbursed only when the contract specifically provides for it. If travel for consultants and contractors is occasionally necessary and the parties expect these expenses to be paid for by the organization, then these provisions need to be included in the contract.

The BPS Procurement Directive also reflects this rule. See section 7.2.22 ([Mandatory Requirement #22: Contract Management](#)).

6. Are per diems allowed for meals when travelling? If you use a per diem, are original detailed receipts for meals required?

The BPS Expenses Directive requires BPS organizations to establish rules for travel, meal and hospitality expenses. Each organization is responsible for establishing its own rules, including those for meals while travelling.

A per diem is where a specified amount of money is provided per day for expenses with no requirement for receipts and where the individual keeps the total amount even if it hasn't been spent. The Directive does not specifically address per diems; however, due to the mandatory requirements, and the principles of transparency and accountability, it is clear that per diems would no longer be allowed.

The mandatory requirements include rules for people making and approving claims. Section 4.7 of the Directive requires original itemized receipts with all claims, and section 4.5 requires good record-keeping practices.

BPS organizations could provide a maximum amount per day for meals, although the terms of this maximum would have to include the requirement for reimbursement only of expenses incurred, supported by original, itemized receipts. To align more closely with the rules in the Ontario Public Service (OPS), the organization could also establish maximum amounts per meal. In the OPS, per diems are no longer used.

7. Does the BPS Expenses Directive require that rules be established for other types of expenses – those not related to travel, meals and hospitality?

The BPS Expenses Directive requires only that there be rules established with respect to travel, meal and hospitality expenses. It is expected that designated BPS organizations would have rules establishing accountability for all types of expenditures.

8. What is covered by hospitality? Does this mean that we can no longer offer coffee at in-house education sessions? What about business meals when we have working meetings with staff or with others in our sector?

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 Directive; or
- b. any Ontario government ministries or agencies covered by the OPS Travel, Meal and Hospitality Expenses Directive.

Refreshment at In-House Meetings

Providing coffee or other refreshment at in-house education sessions is not considered "hospitality" for the purposes of the BPS Expenses Directive. The requirement to establish rules for hospitality events does not prohibit BPS organizations from incurring expenses for such internal events. The rules for this type of activity would be found elsewhere in the organization's expense rules.

Business Meals

The BPS Expenses Directive requires BPS organizations to establish rules for travel, meal and hospitality expenses. Rules for business meals would be included in your expense rules.

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. BPS organizations should also bear in mind the potential for public and media attention.

We recommend that every BPS organization should have rules in place for all types of expenses. This would mean that, if challenged, the organization could demonstrate accountability and provide a sound business case for the expense.

9. Does the requirement for hospitality rules mean that BPS organizations cannot have retirement get-togethers and other celebratory events?

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 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.

BPS organizations should also bear in mind the potential for public and media attention. Taxpayers might not appreciate that their dollars are being used to fund events such as retirement and holiday parties.

We recommend that every BPS organization should have rules in place for all types of expenses. This would mean that, if challenged, the organization could demonstrate accountability and provide a sound business case for the expense.

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

10. My organization receives funding from various sources. Which funds do I include to calculate the value of public funds received?

You have to take into account the public money that is provided directly by the Government of Ontario or an agency of the Government of Ontario, which is defined as a public body designated in regulations made under the **Public Service of Ontario Act, 2006**, through a grant, transfer payment or other funding arrangement. It also includes the money received by the school board from taxes levied under the **Education Act** for school purposes.

In the calculation, do not include:

1. money that is paid for the provision of goods or services to the Government of Ontario or an agency of the Government of Ontario;
2. money that is paid by the Government of Ontario or an agency of the Government of Ontario under a fee for service arrangement; and
3. money that is provided by the Government of Ontario or an agency of the Government of Ontario, by way of a loan or loan guarantee.

11. Where can I find a list of the agencies of the Government of Ontario, which are defined under the Broader Public Sector Accountability Act, 2010 to mean public bodies designated under the Public Service of Ontario Act, 2006, that will help me in my calculation of public funds?

Please consult [Regulation 146/10](#) under the **Public Service of Ontario Act, 2006** for a complete listing of public bodies. Please note that this listing is updated from time to time.

12. Will the designated BPS organizations have to report on their compliance with the BPS Expenses Directive?

The **Broader Public Sector Accountability Act, 2010** requires Local Health Integration Networks (LHINS) and hospitals to prepare attestations regarding their compliance with the BPS Expenses Directive.

Other designated BPS organizations are currently not required to report on compliance. However, the legislation provides the power to make regulations requiring more organizations to provide attestations of compliance with the requirements of the Act.

13. Does the BPS Expenses Directive require that expense information be publicly posted?

No, the BPS Expenses Directive does not require the public posting of expense information.

However, the **Broader Public Sector Accountability Act, 2010** requires local health integration networks (LHINS) and hospitals to post information about expense claims on their public websites (see Part III of the Act). The Act authorizes the Minister of Health and Long-Term Care to issue directives with respect to public posting, including which individuals will be required to post, what information needs to be posted, and the timing, frequency and duration of posting.

Hospitals and LHINS may contact the Ministry of Health and Long-Term Care with respect to the directives on reporting requirements.

14. What if an organization's collective agreement with a bargaining agent 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.

15. Would BPS organizations have to use the expenses rules for all types of funding, or only for those expenses made from public funds?

The purpose of the BPS Expenses Directive is to set out the requirement for the designated BPS organizations to establish expense rules where expenses are reimbursed from public funds.

BPS organizations must make their own determinations on how to spend money they have received from other sources. Any decisions about expenses should be made with due consideration for accountability and transparency, and for the potential for public and media attention. People who have contributed to the revenue of a broader public sector organization, either directly through fees, such as university tuition, or through fundraising activities might not appreciate that their dollars are being used to fund events such as retirement and holiday parties.

16. What is the difference between the BPS Expenses Directive and the Travel, Meal and Hospitality Expenses Directive for the Ontario Public Service?

The direction set out in the BPS Expenses Directive is closely aligned with what is already in place for the entities covered by the OPS Travel, Meal and Hospitality Expenses Directive: Ontario government ministries, classified agencies and the organizations designated under the **Public Sector Expenses Review Act, 2009**.

The BPS Expenses Directive provides guidance on the development of expense rules through an appendix. To promote alignment with rules for government ministries, the information in the appendix reflects the content of the OPS Travel, Meal and Hospitality Expenses Directive. This will serve to provide the public with a consistent expectation of behaviour not only across the OPS but also the BPS.

17. Can we ask our professional advisors (e.g. legal counsel) to contact the government with questions on the BPS Expenses Directive to help them formulate their advice to our organization?

The Ministry of Government Services is taking questions directly from designated BPS organizations (see FAQ 18 below). However, the ministry is not in a position to answer questions from third parties such as professional advisors to help them formulate their specialized advice to client organizations.

The BPS Expenses Directive requires designated BPS organizations to establish rules on travel, meal and hospitality expenses. While the Directive sets out certain requirements for these rules, the organizations themselves are responsible for determining their own rules in keeping with these requirements.

18. Who do I contact if I have questions about the BPS Expenses Directive?

If you are a designated BPS organization with questions on the BPS Expenses Directive, please send your questions to corpolb@ontario.ca.