

Municipality of the District of Argyle

Item: Review of Hospitality and
Travel and Expense
reimbursement policies

Date: January 30, 2025

Vision statement

Argyle is the community of choice to invest, live and play.

Mission statement

Argyle invests time & talent in growth opportunities in fishing, tourism, and renewable energy sectors.

Argyle provides affordable taxation while providing safe and healthy communities and strives to engage and inform our residents on decisions that affect them most.

Argyle provides high class, accessible recreational and cultural facilities and helps celebrate its unique heritage and culture and welcomes new residents to our region.

Director of Finance's Recommendation:

Recommend that the 2024 elected Council review and the Hospitality Policy and Travel & Expense Reimbursement Policy as per the Municipal Government Act (MGA) and Financial Reporting and Accounting Manual (FRAM).

CAO's Recommendation:

Recommend 7 day notice for the approval of the amended hospitality, repeal of previous travel policy and approval of new travel policy.

Suggested motion:

No suggested motion at this time as this is a 7-day notice. Motion to adopt will take place at the next council meeting.

Background and Requirements:

A review of the Travel & expense and hospitality policies is a requirement of Section 23 of the Municipal Government Act (MGA). In Section 23 it states the following:

- (3) Each municipality shall adopt an expense policy and a hospitality policy.
- (4) An Expense policy must
 - (a) prohibit the municipality from reimbursing expense claims for alcohol purchases by an individual.
 - (b) identify the people who have signing authority to authorize the reimbursement of an expense.
 - (c) where applicable, set out rules respecting the use of corporate credit cards.
 - (d) apply to every reportable individual in the municipality; and
 - (e) comply with the regulations
- (5) A hospitality policy must
 - (a) establish the expenditures, including an alcohol purchase, that may be a hospitality expense.
 - (b) establish the approval process for authorizing hospitality expenses.
 - (c) establish the scope and applicability of the policy; and
 - (d) comply with the regulations
- (6) An expense may only be reimbursed if that expense is authorized pursuant to the expense policy or the hospitality policy.
- (7) By the January 31st immediately following a regular election held under the Municipal Elections Act, the council shall review the expense and hospitality policies and, following a motion by the council, either re-adopt the policies or amend one or both of the policies and adopt the policies as amended.

Section 3(3)(a) and (b) of the Financial Reporting Accounting Manual (FRAM) requires the following content in each policy as follows:

An expense policy must:

1) Requirement for a Policy:

As required by Section 23(7) of the MGA, each municipality and village must adopt a written expense policy. For municipalities: by January 31st immediately following a regular election council shall review the expense policy; either re-adopt or adopt an amended policy.

2) Required content:

- a) apply to all employees in the municipality or village, as well as apply to every reportable individual.
- b) outline individual responsibility.
- c) establish the expenditures that may be eligible for reimbursement, including any restrictions.

- d) prohibit the municipality or village from reimbursing expense claims for alcohol purchased by an individual.
- e) prohibit the municipality or village from reimbursing travel expenses for individuals who are not a reportable individual or an employee of the municipality or village.
- f) identify any preapproval process (i.e., out-of-province travel).
- g) identify the people who have signing authority to authorize the reimbursement of an expense.
- h) prohibit a person from authorizing his/her own expense claim.

- i) include a clause that employees will only be reimbursed for costs that have incurred (for example prohibits claiming per diem for meals provided at meetings/conferences and/or when group meals are covered by one individual);
- j) set out rules respecting the use of employee advances including repayment terms.
- k) where applicable, set out rules respecting the use of corporate credit cards which include but are not limited to:
 - i) prohibit the use of travel advances if the individual has a corporate credit card.
 - ii) prohibit the use of corporate credit cards for cash advances and personal expenses.
 - iii) prohibit reimbursement for interest incurred on a corporate credit card
- l) require claimants to submit business reasons for expense along with details/itemized receipts to support expenditures. Any exceptions where detailed receipts are not required should be outlined in the policy (i.e. per diem meals).
- m) prohibit expenses being submitted on behalf of others.
- n) require all travel related expenses to be reported on an expense claim and prohibit the use of petty cash for travel and professional development reimbursement.
- o) where applicable, include mileage and per diem rates in policy.
- p) where applicable, set out rules respecting claiming mileage.
- q) require submission of expense within pre-determined timeframe.
- r) include a clause that any fraudulent irregularity, misuse or misappropriation of municipal or village funds, may include, without limitations, disciplinary action, not excluding termination; and
- s) include a clause referring to the municipality or village's documented policy or process relating to the reporting suspicious activity and potential misuse of funds.

3. Reporting requirements:

- a) prepare and post an expense report for each reportable individual within 90 days of the end of each fiscal quarter on their reportable reimbursements.
- b) post the quarterly expense reports on a publicly available website.
- c) prepare an annual summary report to be filled with the Minister by September 30th of each year.
- d) Ensure the annual summary report complies with Section 4(4)(b)(i).

4. Financial Statement Presentation:

A municipality and village must include Renumeration and Expense for Elected Officials and CAO/Clerk Schedule in the notes in the Audited Financial Statements.

5. Additional Audit and Review Requirements:

- a) annually the municipality's Audit Committee must review the annual summary of Renumeration and Expenses for reportable individuals.
- b) it is recommended that a municipality or village conduct a special purpose engagement on internal controls within a four-year timeframe.

A hospitality policy must:

1) Requirement for a policy:

Each municipality and village must adopt a hospitality policy as required by Section 23(3) and 408AA of the MGA. For municipalities: by January 31st immediately following a regular election the council shall review the hospitality policy; either re-adopt or adopt an amended policy as required by Section 23(7) of the MGA.

2) Required Policy Content:

- a) apply to every reportable individual and employee in the municipality.
- b) establish the approval process for authorizing hospitality expenses.
- c) prohibit a person from authorizing their own claim.
- d) require hospitality expenditures to be preauthorized (any exception requires submission of detail reasoning why prior approval was not sought, prior to reimbursement)
- e) establish the scope and applicability of the policy (circumstances when hospitality may be offered) and identify any restrictions.
- f) establish the expenditures, including alcohol purchases, that qualify as a hospitality.
- g) require that hospitality claims include name, and position of guest(s); as well as the business objective for the expenditure; and
- h) require detailed/itemized receipts to support hospitality claims

3) Reporting Requirements

- a) prepare and post a hospitality expense report within 90 days of the end of the fiscal quarter.
- b) post the quarterly hospitality expense reports on a public available website.
- c) prepare an annual summary schedule to be filled with the Minister by September 30th of each year, and
- d) ensure the annual summary report complies with the financial reporting requirements outlined in Section 4(4)(b)(ii).

4) Additional Review Requirements

Annually the municipality's Audit Committee must review the Hospitality Annual Summary Schedule.

We have repealed our current Reimbursement of Claims policy and replaced it with a new Travel & Expense Reimbursement policy to comply with the Municipal Government Act and Financial Reporting Accounting Manual requirements. As our current hospitality policy complies with the MGA & FRAM requirements, there were no changes made at this time.

Please see both policies attached to the agenda.