

Substantive revisions are **underlined**, including added or revised wording. Other revisions that have not been tracked include formatting changes, numbering, re-ordering of certain provisions, and removal of duplication.

## **Council Expense Policy**

Approved By: City Council

Category: City Clerk

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Effective Date: July 1, 2013

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### **Policy Statement**

**The City of Ottawa is committed to exercising fair, transparent and responsible financial practices with respect to the finances and expenditures that support elected officials in fulfilling their statutory duties.**

### **Purpose**

The Council Expense Policy provides guidance to Members of Council on expenditures that support the Member in fulfilling their statutory duties as an elected official.

A Constituency Services Budget is intended to provide Members of Council (Members) with the resources to:

- Administer their offices at City Hall and in their wards to support their role;
- To conduct meetings and communicate with their constituents and other stakeholders;
- Support and promote activities or community groups within their ward and in the community at large; and
- Represent the City at functions, events or conferences.

The policy is intended to:

- Provide Members of Council with the flexibility to allocate resources in the most efficient way to meet their own particular requirements;

- Clarify the processes that Members and their staff use to administer their budgets by simplifying and outlining the rules; and
- Recognize Members' accountability for managing City resources allocated to them.

## **Application**

### **This policy applies to all Members of Council and officers and employees of the corporation.**

The following principles should be applied when interpreting this policy:

1. Autonomy of Council
  - City Council, as the decision-making body of the City, is separate and distinct from the City administration; and
  - The autonomy of Council is provided for in the *Municipal Act, 2001*.
2. Integrity of Council
  - The integrity of City Council as a whole and the offices of the Members must be protected; and
  - The interest of City Council as a whole takes precedence over the personal interest of individual Members of Council.
3. Accountability
  - Members are the stewards of City resources and are ultimately accountable to the public and their constituents for the type and level of expenses they incur;
  - Since Members use public funds when they perform their duties, the public expects public funds to be used solely for fulfillment of their public duties;
  - Members' expenses should be reasonable and reflect what the public expects of an elected official; and
  - Members' business expenses and personal expenses must be kept separate.
4. Transparency

- The public has a right to know how public funds allocated to Members are spent; and
- The public's right to Members' expense information must be balanced against the need to protect privacy and personal information and allow time for proper accounting and reconciliation of expenses.

#### 5. Flexibility and Limits

- Members require flexibility to perform their roles, operate their offices and pursue their public interests;
- Members engage their communities differently;
- Expenditures must not conflict with rules set out in other related legislation and policies (e.g. Election-Related Resources Policy); and
- All accounting, audit and *Income Tax Act* principles and rules must be followed.

Exemptions to this policy may be granted in writing by the City Clerk, in consultation with the Integrity Commissioner as necessary.

### **Guiding Legislation**

The guiding legislation for the Council Expense Policy is the *Municipal Act, 2001*. Section 224 of the Act describes the role of City Council:

- To represent the public and to consider the well-being and interests of the municipality;
- To develop and evaluate the policies and programs of the municipality;
- To determine which services the municipality provides;
- To ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council;
- To ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality;
- To maintain the financial integrity of the municipality; and
- To carry out the duties of council under this or any other Act.

Section 225 further describes the role of the Mayor as Head of Council:

- To act as Chief Executive Officer of the municipality;
- To preside over council meetings so that its business can be carried out efficiently and effectively;
- To provide leadership to the council;
- To provide information and recommendations to the council with respect to the role of council to ensure administrative, accountability and transparency policies are in place;
- To represent the municipality at official functions; and
- To carry out the duties of the head of council under this or any other Act.

## **Policy Requirements**

### **1. Budget Allocation and Administration**

#### **(a) Budget Allocation**

##### **Constituency Services Budget for Members of Council**

Members of Council are provided with a Constituency Services Budget with which to run their offices. Expenses include items such as: community events, contributions, donations and sponsorship, office supplies and staffing. Members of Council cannot exceed their annual Constituency Services Budget. Any over-expenditure is the personal responsibility of the Member and to be paid personally by the Member. There is no carry-over of deficits or surpluses from one year to the next. This is particularly important in an election year since sufficient funds must remain for the newly elected representatives to operate their offices.

Where it appears that a Member's Constituency Services Budget may be overspent, the City Clerk or designate will advise the Member in writing as soon as a risk is identified and, in conjunction with the Program Manager, Council Support Services or the Program Manager, Mayor Support Services, as appropriate, work towards resolving the matter with the Member.

##### **Council Administration Budget**

The budget for the Elected Officials is overseen by the City Clerk. Under the supervision of the Manager, Council and Committee Services, the Council Administration Budget is used to finance a range of items commonly used in the operation of each Office, as well as cover certain other expenses supporting the Council or required by the *Municipal Act, 2001*.

The salary, benefits and transportation allowance of all Members of Council will be drawn from the Council Administration Budget. The Council Administration Budget may also fund travel by Members of Council to conferences, Board or committee meetings of municipal organization or similar events in accordance with relevant, approved policies and procedures.

### **(b) Spending Guidelines and Budget Administration**

Members' claims for expenses must follow basic accounting and audit principles and the following guidelines:

- Expenses must relate to the business of the City of Ottawa; Members and their staff cannot claim expenses of a personal nature;
- **Additional restrictions on expenses are set out in Section 4 of this Policy - Restrictions on Expenses;**
- Expenses **and associated documentation** must be consistent with what is permitted in the Councillors' Office Manual;
- Members or their staff must incur the expenses. **Expenses incurred by third parties may not be reimbursed in the same manner;**
- Members and their staff must provide proper documentation **for all expenses in accordance with the procedures outlined in the Councillors' Office Manual. This includes providing detailed receipts** and a breakdown of taxes, for all expense claims. Credit card receipts or statements alone are not sufficient and will not be accepted. In the case of any on-line purchases, a copy of the confirmation must be attached to the claim. Members or their authorized staff must sign off on all receipts or invoices with original signatures **or by electronic means;**
- Delegation of signing authority to staff must be documented on the appropriate form and remitted to the Program Manager, Council Support Services or the

Program Manager, Mayor Support Services with samples of signatures prior to the transaction;

- Invoices must include a description of the goods purchased or services rendered, the cost, applicable taxes, and GST Registration Number. In the event a GST Registration Number is not provided, Members' Assistants are required to contact the vendor to obtain the information;
- The City of Ottawa is exempted from GST. GST paid to vendors will not be included in the amount charged to the Member's Constituency Services Budget;
- Any material and intellectual assets purchased through the use of the Constituency Services Budget are the property of the **City of Ottawa**, not the Member. Original receipts and, **where applicable**, a photograph of the purchase are required for inventory purposes;
- All donations to charities funded by the Constituency Services budget shall be accomplished by means of a **City of Ottawa** cheque, direct deposit or purchasing card payment and any charitable receipt shall be made out to the City of Ottawa. Charitable receipts shall be given to the Program Manager, Council Support Services or the Program Manager, Mayor Support Services. Neither Members nor their staff will be reimbursed for charitable donations provided in cash unless accompanied by the charitable receipt;
- Expenses must be charged to the year in which they occurred. Expenses cannot be carried forward to different years;
- Members who charge for goods against the current year must have received the goods and/or services from the vendor before December 31 of that year. **It is recognized that certain annual subscriptions (including but not limited to software), may not align with the budget year and Members may choose the most economical option;**
- Original receipts must be submitted within 90 days of purchase and no later than the final date for processing payments within a budget year as determined by the Finance Services Department;
- At the end of the year, when expenses have been incurred but invoices are not yet received, Members must inform the Program Manager, Council Support Services or the Program Manager, Mayor Support Services, as appropriate, so that a proper liability can be set up. Invoices from previous years that have not

been set up as liabilities will not be paid or reimbursed from the previous year's budget. Payment may be made against the current year's budget;

- To ensure financial integrity, Members of Council must sign off on disbursements/reimbursements directly payable to their staff. Further, the City Clerk or designate must sign off on disbursements/reimbursements directly payable to Members of Council;
- Where a Member of Council or their staff is requesting reimbursement for an expense, proof of payment must also be submitted; and
- Members of Council can obtain a Corporate Card or a Purchasing Card, which provides more flexibility with respect to purchasing goods and services, including travel expenses. Both cards are accompanied with specific reporting and accountability requirements.

### **(c) Requirements for Contractors**

**When a Member of Council procures the services of a contracted vendor, the vendor shall disclose the following matters:**

- **Prior and/or ongoing lobbying activity with the City of Ottawa;**
- **Any other current employment relationships; and**
- **Any real or potential conflicts of interest, including family members or close associates working for the City of Ottawa.**

## **2. Public Disclosure**

Expense reports are prepared on a monthly basis for each Member of Council. The reports are broken down into a series of categories for ease of reference. An itemized report is provided for expenses related to donations and sponsorships, hospitality, special events and travel. Members of Council must take note of the specific documentation requirements of certain allowable expenses and ensure that the appropriate details are provided. An annual release of each Member of Council's final budget figures will also be disclosed.

Further, and in accordance with the legislated requirements of the *Municipal Act, 2001*, a Statement of Remuneration, Benefits and Expenses Paid to Council Members and

Council Appointees, and Police Services Board members, will be reported to Council each year.

In the spirit of accountability and transparency, the individual office expenses for Members of City Council are publicly disclosed on the City's website.

### **3. Conditions and Requirements for Public Disclosure**

**Specific documentation and requirements apply to the expense categories below.**

#### **(a) Contributions and Sponsorship**

- Contributions **in the form of donations or sponsorships** must be accompanied by a request from the organization with details about the **mandate of the** group and the purpose of the contribution

#### **(b) Hospitality offered by Members**

- Identify business purpose and date for the meeting;
- Original itemized receipt indicating items consumed and total cost;
- The name and location of establishment;
- Full name of all participants attending meeting must be provided, as well as their affiliation if they are representing an organization or business. The names of individuals receiving hospitality are not confidential.
- Members are not required to list the names of attendees for community events of a social, protocol or ceremonial nature or events involving large groups (over 10 people), school events or similar events where no City business is transacted or the names of any minors receiving hospitality; and
- **Members may purchase supplies to provide refreshments to staff and guests in their City Hall or Ward Office on an as-required basis (such as coffee or tea) and are not required to list the names of individuals consuming said refreshments.**

#### **(c) Special Events attended by Members**

- Exact name of event must be provided;
- Date and location of the event;



- **Name of host organization, where applicable;**
- The name of any individual who attended with the Member;
- Detailed receipts and invoices of any expenses incurred; and
- A copy of tickets purchased.

#### **(d) Travel**

- Identify all City-funded travel, including travel funded by the City's Boards and Agencies, as well as Members' travel funded by external bodies such as boards, conservation authorities and municipal associations;
- Identify where the meeting was held, the duration, and the purpose;
- Travel reimbursement must include any itinerary confirming travel dates and airline booking, an original hotel invoice itemizing room costs and other incidentals, conference brochure confirming the cost and conference date and taxi / parking receipts;
- Members must report to the Integrity Commissioner, before the first date of travel, all travel costs funded by an eligible body under the Code of Conduct; and
- Members who undertake City-funded travel must submit a report detailing their experiences, what they learned at the conference and how the City's position or interests were advanced. The report shall be accomplished in writing, either as an information report or as an Information Previously Distributed report, listed on the agenda for the appropriate Standing Committee.

## **4. Restrictions on Expenses**

### **(a) Contributions**

- Unless otherwise approved by motion of Council, contributions are limited to 3.5 per cent of the Members annual Constituency Services Budget;
- Contributions shall be made via City of Ottawa cheques, direct deposit or purchasing card payment to a community group or organization, not by a Member of Council or staff personal cheques;

- Unless otherwise approved by motion of Council, contributions to individuals, businesses or City funded services and departments are prohibited; and
- The purchase of material assets as contributions is prohibited.

**(b) Expenses**

- No expense shall create a conflict of interest, or the appearance of such a conflict, that may arise through the purchase of goods or services from a family member;
- Alcohol is not a permitted expense;
- Personal expenses (i.e. clothing, etc.) are not eligible expenses;
- Gifts for Members' staff or other employees of the City, its agencies, boards, commissions and special purpose bodies are not eligible expenses;
- Members' budgets shall not be used to provide a personal benefit to specific individual citizens or businesses (i.e. payment of tax penalties, parking tickets, sponsorship of personal travel, etc.);
- **Members should keep in mind the general integrity principles set out in the Code of Conduct for Members of Council and may consult with the Integrity Commissioner as required on other matters that may create a real or perceived conflict of interest under the Code; and**
- Direct mail and direct marketing expenses for a geographic area outside of a Member's ward will not be permitted without prior approval from the City Clerk, in consultation with the Integrity Commissioner. Notwithstanding, **and subject to the Election Related Resources Policy**, it is recognized that advertising in mass media and broader circulation publications and some unaddressed postal walks will cross ward boundaries and these are exempt where outside the control of the Member seeking to direct mail/direct market to his/her ward residents.

**5. Interpretation and Exemptions**

The City Clerk and Members of Council may consult with the Integrity Commissioner for guidance with respect to individual Member expenses or any interpretation on the application of this policy.

Where the City Clerk and the Integrity Commissioner have been consulted and a determination has been made that expense is appropriate, an exemption may be granted in writing.

## **6. Election Year Budget Restrictions**

In a municipal election year, and in relation to a municipal by-election, certain restrictions are placed on Member's Office Budgets and the allowable expenses that can be incurred. These restrictions are set out in the *Election-Related Resources Policy and its supporting Election-Related Blackout Period Procedures*.

### **Responsibilities**

**Members of Council and their staff are required to adhere to this policy and its governing provisions.**

**The City Clerk, or designate, and the Integrity Commissioner, will provide guidance when requested and notifications as required and as set out in the policy.**

### **Monitoring / Contraventions**

**The City Clerk shall be responsible for receiving complaints and/or concerns related to this policy. Upon receipt of a complaint and/or concern, the City Clerk shall respond to the complaint and/or concern accordingly.**

### **References**

**Code of Conduct for Members of Council**

**Community Fundraising and Special Event Policy**

**Election Related Resources Policy**

**Councillors' Office Manual**

### **Definitions**

**Advertising – Paid promotion or communications in print, digital or social media including but not limited to Councillors' columns in local newspapers, social media advertising and advertising at community-based events.**

**Community Event – An event hosted or co-hosted by a Members of Council.**

**Contribution – Includes donations to or sponsorships of charities and community groups paid from the Member’s Constituency Services Budget**

**Donation – A form of contribution. Includes monetary donations to charities or community groups, as well as in kind donations such as gift cards, raffle prizes and small-value consumable or material goods.**

**Hospitality – The provision of meals or refreshments, including to Members’ staff and members of the public.**

**Intellectual Asset - Any results or products of research and development activities of any nature (including, but not limited to studies, reports, publications and other information products, databases, software) that are paid for out of the Member’s Constituency Services Budget.**

**Material Asset – Physical items or structures purchased from a Member’s Constituency Services Budget. These include property, equipment (such as IT equipment), furniture, appliances.**

**Professional Services – As defined in the City of Ottawa’s Procurement By-law (200-50), Professional Services means services requiring the skills of professionals for a defined service requirement or for a specific project related deliverable including but not limited to the areas of engineering, architecture, design, planning, information technology, financial auditing and fairness commissioners;**

**Non-professional Services – All other services paid for by the Constituency Services Budget including but not limited to office assistance and event support.**

**Personal Expense – An expense that is primarily of personal benefit to the Member of Council or their staff and/or is not related to the business of the City of Ottawa**

**Special Event – an event in which the Member of Council has participated through the purchase of tickets from their constituency services budget.**

**Sponsorship – A form of contribution. Money that is given from the Constituency Services Budget to support a particular organization or initiative. Advertising**

**undertaken primarily as a sponsorship for the benefit of the receiving organization is considered a contribution under this Policy.**

## **Enquiries**

**For more information on this policy, contact the City Clerk, Manager of Council and Committee Services or the Program Manager of Council Support Services.**