

## **Revised Council Expense Policy**

### **Council Expense Policy**

Approved By: City Council

Category: City Clerk Approval Date: May 8, 2013

Effective Date: July 1, 2013

Revision Date(s): February 1, 2021; December 7, 2022; **January XX, 2025**

#### **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.

The Constituency Services Budget is intended to provide Members of Council with the resources to:

- Administer their offices at City Hall and in their wards to support their role;
- 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, their staff 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 (for example, the Election-Related Resources Policy); and
- All accounting, audit and *Income Tax Act*, *Excise 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.

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 direction of the Manager, Governance, Elected Officials and Business Support, 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 this policy.

### **2. Spending guidelines**

Members' claims for expenses are subject to the following guidelines:

- Expenses must relate to the business of the City of Ottawa.
- Members or their authorized staff must sign off on all receipts or invoices with original signatures or by electronic means.
- Delegated signing authority to a staff member must be documented using a Delegated Signing Authority form, including samples of signatures. The form and signatures shall be provided to Council or Mayor Support Services, as the case may be.
- Members and their staff cannot claim expenses of a personal nature. Where

an invoice contains expenses of a personal nature, Members or their staff must reimburse the City for those personal expenses.

- Members or their staff must incur the expenses. Expenses incurred by third parties cannot be claimed.
- 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.
- 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.
- Original receipts must be submitted within 30 days of purchase and no later than the final date for processing payments within a budget month/year as determined by the Finance Services Department. Purchases made using a corporate/purchasing card are subject to their own reporting requirements as set out in Section 3 of this policy.
- Members and their staff must provide proper documentation for all expenses incurred, including detailed original receipts for all expense claims. Credit card receipts or statements alone are not sufficient and will not be accepted. In the case of an online purchase, a copy of the confirmation must be attached to the claim.
- Invoices must include a description of the goods purchased or services rendered, the cost, applicable taxes, and HST Registration Number. In the event an HST Registration Number is not provided, Members' staff are required to contact the vendor to obtain this information. The City of Ottawa receives a rebate for most of the 13-per-cent HST it pays on expenditures, leaving 1.76 per cent of unrecoverable tax that gets charged to the applicable budget. In order to claim this rebate, the HST Registration Number of the vendor is required.
- Expenses must be charged to the month/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.

- 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.
- 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.
- 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.

### **3. Corporate/Purchasing Cards**

Members of Council may obtain a Corporate Card or a Purchasing Card, which provides more flexibility with respect to purchasing goods and services, including travel expenses. The Council Expense Policy shall guide Members' use of Corporate/Purchasing Cards, as follows.

- All purchases must be made in accordance with this policy.
- Notwithstanding any timeline set out under this policy, purchases made using a corporate/purchasing card are subject to their own reporting requirements.
  - Where a purchase is made using a corporate/purchasing card, detailed invoices must be provided to Mayor or Council Support Services, as appropriate, within 15 days from the date of the transaction.
  - Within 30 days of the transaction, Mayor or Council Support Services, as appropriate, shall attach all itemized receipts in US Bank for processing.
  - Corporate/purchasing card transactions have tax implications and late invoices result in a labour-intensive manual process to reconcile.
- Members of Council and their staff are required to provide itemized receipts for all transactions. Receipts must include a description of the goods purchased or services rendered, the cost, applicable taxes, and HST

Registration Number. In the event an HST Registration Number is not provided, Members' staff are required to contact the vendor to obtain this information. A credit card slip that indicates only the value of the purchase is not an acceptable receipt. Where an itemized receipt cannot be provided, the cardholder shall submit the Use of a Manual Receipt Form to replace the missing receipt.

- Where an itemized receipt cannot be provided and the cardholder submits a Use of a Manual Receipt Form, the City cannot claim the HST rebate. As such, the full HST shall be absorbed by the Member's cost centre.
- Members of Council and their staff are required to provide sufficient detail to fully explain each purchase on the monthly statement, in keeping with the Public Disclosure requirements set out in this policy.
- Mayor or Council Support Services, as appropriate, shall reconcile the credit card transactions, ensuring that original receipts are provided, and that transactions are in keeping with this policy. Reconciled transactions are provided to the Finance Shared Services Unit for processing.
- Where cardholders are not compliant with the requirements set out under this policy, the City Clerk may require mandatory Council Expense Policy training provided by Mayor or Council Support Services, as required. In cases of repeat non-compliance, the corporate/purchasing card may be cancelled.

#### **4. Ineligible expenses and conditions on expenses**

##### **(a) Community events and hospitality**

Members of Council can use their Constituency Services Budget to host or attend community events and for hospitality expenses, subject to certain conditions.

##### **Ineligible expenses**

- Alcohol.

##### **Conditions**

- Where a Member attends or hosts an event, the following must be provided:
  - Name of event;
  - Date and location of the event;
  - Name of host organization, where applicable;
  - Detailed receipts and invoices of any expenses incurred;

- The name of any individual who attended with the Member, where applicable; and
- A copy of tickets purchased, where applicable.
- The Community, Fundraising and Special Events Policy provides guidance to Members of Council on soliciting and accepting donations and sponsorships for Member-organized community events and supporting benevolent activities.
- Donations and sponsorships for Member-organized events in a municipal election year are subject to provisions of the Community, Fundraising and Special Events Policy, which is administered by the City of Ottawa's Integrity Commissioner.
- Member-organized events that use City resources, including a Member's Constituency Services Budget, during the blackout period are subject to approval from the City Clerk, or designate, in accordance with the Election-Related Resources Policy and the Election-Related Blackout Period Procedures.
- Attendance at City events by Members of Council during the blackout period is subject to the Election-Related Resources Policy as well as the Election-Related Blackout Period Procedures.

### **(b) Donations and sponsorships**

Members of Council may allocate a portion of their Constituency Services Budget to donations and sponsorships for community initiatives, subject to certain conditions and financial limits.

#### **Ineligible expenses**

- Unless otherwise approved by a resolution of Council, contributions to individuals, business or City-funded services and departments are prohibited.
- The purchase of material assets as a contribution is prohibited.
- Gifts for Members' staff or other employees of the City, its agencies, boards, commissions and special purpose bodies are not eligible expenses.

#### **Conditions**

- Unless otherwise approved by a resolution of Council, contributions are limited to 3.5 per cent of the Member's annual Constituency Services Budget.
- 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.
- 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.

- Personal benefits to specific citizens or businesses (for example, payment of tax penalties, parking tickets, sponsorship of personal travel, etc.) is prohibited.

### **(c) City-related business travel**

Members of Council may travel on City business for various conferences, conventions, seminars, workshops, and meetings.

Where business travel has been approved by a Standing Committee and/or City Council, costs incurred shall be absorbed by the Council Administration Budget. Where travel has not been approved by a Standing Committee and/or City Council, the Member shall pay the cost of the travel through their Constituency Services Budget.

Where travel is funded by the Council Administration Budget, Council Support Services will arrange for all transportation and accommodation logistics. Members who fund travel through the Constituency Services Budget are responsible for all travel arrangements.

Travel funded by an external organization/association or another level government is subject to Section 13 – Gifts, Benefits and Hospitality of the Code of Conduct for Members of Council.

The requirements of the Travel Policy and Travel Procedures do not apply to Members of Council. The Finance Shared Services Unit reviews the travel claims of elected officials only to ensure that tax codes are correct and forwards all original documentation to Payroll.

### **Ineligible expenses**

- Travel expenses for partner/spouse/family to accompany Member on City-related business travel.

### **Conditions**

- Travel reimbursement claims must include confirmed travel dates, transportation invoices (if applicable), original hotel invoices and receipts itemizing room costs and other incidentals (if applicable), conference registration fee confirmation and receipts, and taxi/parking receipts. Where applicable, mileage is paid out in accordance with the MPE Terms and Conditions. Members are not required to provide personal credit card statements to verify spending.

- Members are eligible for meal and incidental per diem reimbursements while travelling, except any meals that are provided by the conference or meeting in question (for example, many conferences provide lunch but not dinner). Incidentals are paid out for overnight travel only. Members follow the per diem rates established for City of Ottawa employees. Consistent with the applicable rules for staff, a meal allowance is not paid where the meal is provided by the conference and/or transportation carrier.
- Members are to travel via the most economical option, such as economy class on flights or trains. This requirement can be waived in emergency situations, or with approval from the City Clerk or designate.
- Members are to provide the Travel Authorization Claim form and receipts to Mayor or Council Support Services, as appropriate, upon return. The Mayor or Council Support Services, as appropriate, will finalize all documentation in accordance with this policy and submit to the Finance Shared Services Unit for processing.
- To meet Payroll's fiscal year-end deadline, all travel claims incurred during the year must be submitted no later than the first Monday of December.
- 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 as an information report or as an Information Previously Distributed report and shall be listed on the agenda for the appropriate Standing Committee. Where more than one Member attends the same conference, a joint report may be submitted to the appropriate Standing Committee.

**(d) Advertisements, communications and web services**

Members of Council may utilize their Constituency Services Budget for outreach efforts, including advertisements, direct mail, and online communications with constituents, subject to certain conditions.

**Ineligible expenses**

- 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.

**Conditions**

- 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.

**(e) Contracted vendors**

## **Conditions**

- 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.

## **5. Public disclosure of office expenses**

In the spirit of accountability and transparency, the individual office expenses for Members of City Council are publicly disclosed on the City's website. In addition to the expense amount, set out below are the disclosure requirements for itemized expenses.

### **(a) Donations and sponsorships**

- The purpose of the donation and sponsorship;
- The recipient of the donation or sponsorship; and
- The date of the donation or sponsorship.

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

- The business purpose and date for the meeting;
- The name and location of establishment; and
- 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.

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

- Exact name of event;
- Date and location of the event;
- Name of host organization, where applicable; and
- The name of any individual who attended with the Member.

### **(d) Travel**

- 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, is subject to public disclosure requirements.
- Where the meeting was held, the duration, and the purpose.

## **6. 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.

## **7. 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 Events Policy

Election-Related Resources Policy and Election-Related Blackout Period Procedures

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 Member 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.