
TO: Mayor Kogon and Members of Council

SUBMITTED BY: Gregory D. Herrett, CPA, CCA – Chief Administrative Officer

DATE: November 26, 2018

SUBJECT: **MGA/Regulation changes requiring changes to Travel/Hospitality Policies**

ORIGIN: Recent changes to the Municipal Government Act and Regulations introducing required content for Expense Reimbursement Policies and the requirement to have a Hospitality Policy.

LEGISLATIVE AUTHORITY: Bill 10 Amending the MGA such that:

- (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 persons 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

And Paragraph 3 of the Regulations to the Municipal Government Act – FRAM (Financial Reporting and Accounting Manual)



RECOMMENDATION: That the attached proposed Expense Reimbursement Policy and Hospitality Policy be approved by Council, and further that the existing Travel Policy #3000-01 be repealed.

BACKGROUND: After some high profile instances of expense irregularities in Nova Scotia municipalities, the Department of Municipal Affairs, the NSFM and the AMA formed the Joint Accountability and Transparency Committee, which was tasked with reviewing the rules around expense approval and reporting for Nova Scotia Municipalities. The Committee, which included the writer, made several recommendations which resulted in amended legislation (MGA) and regulations (FRAM) clarifying and tightening the rules. The new regulations relating to expense and hospitality policies are attached for reference.

The Town of Amherst has had a Travel Policy for many years. Regular updates have been made to it and it has served the Town well. However, with these new regulations, the Association of Municipal Administrators have provided new sample policies, after which both the recommended Expense Reimbursement and Hospitality Policies have been modeled.

DISCUSSION: The recommended policies comply with all requirements of the legislation and regulations.

FINANCIAL IMPLICATIONS: While the adoption of these recommended policies will not have any direct, immediate budget implications, they will result in a strengthening of internal controls - making a positive contribution to the control environment.

COMMUNITY ENGAGEMENT: None at this time.

ENVIRONMENTAL IMPLICATIONS: None identified.

SOCIAL JUSTICE IMPLICATIONS: Ensures accountability and transparency for the use of tax payers dollars and the administration of the Town of Amherst.

ALTERNATIVES: With a requirement in regulation and legislation to have both of these policies Council has some latitude in content but the basic content is required.

ATTACHMENTS: Proposed Expense Reimbursement and Hospitality Policies, existing Travel Policy 3000-01, Excerpts from Financial Reporting & Accounting Manual, Policy 10350-26 Council Conference Attendance and Professional Development.