



## City of Richmond

## Report to Committee

**From:** General Purposes Committee  
Andrew Nazareth  
Director of Finance

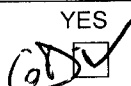
**Re:** **Expense Reimbursement Procedure**

**Date:** March 31, 2005  
**File:** 1250-00

### Staff Recommendation

1. That Policy 3703 –Expense Reimbursement and Policy 3704 – Council Expense Reimbursement be rescinded as outlined in the attached staff report.
2. That Staff implement the attached Expense Reimbursement Administrative Procedure for authorized expenses incurred on behalf of the City of Richmond.

Andrew Nazareth  
Director, Finance  
(4365)

<b>FOR ORIGINATING DIVISION USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<b>REVIEWED BY CAO</b>	YES  <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

## Staff Report

### Origin

A review of the corporate policies is necessary from time to time to ensure that policies continue to be relevant and effective. As our Expense Reimbursement Policy is out of date and is not consistent with current industry standards and best practices, alignment is necessary. The recent demand on staff and council members for travel and business expenses has brought to light a need to review and revise the City's current policy in order to streamline expense reimbursements.

Policy 3703 Expense - Reimbursements was established eight years ago and had not anticipated the increase in demand for travel. Members of Council now sit on local government bodies such as UBCM, LMMA, and FCM. City officials have travelled to meet with Federal, Provincial, and Municipal agencies on inter-jurisdictional topics such as YVR and the DFO lands. Travel has broadened in scope with projects such as RAV and the Olympic oval. As a result, the Administrators Group (TAG) requested a best practices analysis of expense procedures and current Per Diem rates to bring the City into line with other government agencies. The intent is to incorporate a comprehensive administrative expense procedure, streamline expense processing and reporting for meals and incidentals. The same applies to Policy 3704 Council Expense Reimbursement.

As a result, it is recommended to implement the attached expense reimbursement procedure and Per Diem allowance for members of Council, the Administrators Group, Directors, and Exempt staff.

### Per Diem Analysis

Current practice at the City of Richmond is to submit an expense reimbursement form supported by receipts. Many other municipalities and government agencies currently use a Per Diem allowance.

Research was conducted as to current Per Diem rates with the Federal Government, the Province of BC, GVRD, and other Municipalities. For Canadian travel the Per Diem was itemized as follows:

	FEDERAL	PROV	GVRD	DIST OF N VAN	MAPLE RIDGE	SURREY	CITY OF RICHMOND PROPOSAL
Per Diem Total*	\$73.30	\$63.75	\$60.00	\$70.00	\$75.00	\$80.00	\$75.00

*\*Per Diem rates vary based on when each organization completed a review.*

All agencies used the same Per Diem in USD for US travel. Other key policy statements were:

1. Employees had the discretion on how to spend the allowance for all three meals and incidentals.
2. Employees could exceed the Per Diem at their own expense with no explanation required.

The Federal Government identified a \$50.00 private Accommodation Allowance when an employee made personal arrangements rather than staying at a hotel. The Province of BC has established a rate of \$30.00.

With respect to foreign travel, the only agency to identify a comprehensive world-wide city specific Per Diem rate in each specific currency was the Federal Government.

Based on the review between all agencies and municipalities, the recommendation is to closely follow Federal Government guidelines. This Per Diem allowance is researched extensively and frequently reviewed and updated for inflation. In addition, the comprehensive city specific Per Diem allowance for all foreign travel will be required.

1. Per Diem allowance will be used for members of Council and Exempt staff.
2. Per Diem allowance will include meals and incidental expenses which includes but is not limited to such items as parking (other than at transportation terminals, conference/business centres, or accommodation), gratuities, and personal phone calls (other than employees provided with calling cards or cell phones).
3. The employee must be travelling away from the City of Richmond and the GVRD or where the employee ordinarily works or reports.
4. Full Day Per Diem allowances are as follows:

For Canadian travel - \$75.00 CAD

For US travel - \$75.00 USD

For International Travel - <http://www.cra-arc.gc.ca/agency/expenses/travel/c3s1apdjan05-e.html>. Reimbursement in Canadian converted at the Spot Rate as determined by the Finance Department). Schedule A has listed current Per Diem allowances for select foreign locations.

5. For partial day travel, the Per Diem allowances are as follows:

Breakfast - \$12.00

Lunch - \$15.00

Dinner - \$30.00

Incidental \$18.00

6. Employees are expected to deduct the prorated meal amount for any meal costs not incurred due:
  - a) to late departure or early arrival home;
  - b) due to a registration fee including the cost of a meal (unless employee is unable to make it to the meal);
  - c) due to similar circumstances.
7. In the event where a business meal or meeting expense is incurred during a conference where such meal is concurrently provided, the business meal is reimbursed. In this circumstance, the employee is not entitled to the Per Diem allowance for the same meal.
8. Where Per Diem allowances apply, receipts will not be required.
9. Corporate Purchasing Cards are not to be used for items covered by the Per Diem allowance.
10. For local travel, and where per diem rates do not apply, meal expenses must be supported by original receipts for reimbursement.
11. Travel advances will be issued based on estimated number of days travelled at the Per Diem rate. Advances will be in either Canadian or US dollars (all funds returned must be returned in the same currency issued). For international travel, advances will be issued in Canadian converted at the Spot Rate as determined by the Finance Department.
12. Should an employee choose to arrange for private accommodation rather than stay at a hotel, the Private Accommodation (based on Federal Guidelines for Canada & US) will be as follows:

Canada -	\$50.00 CAD
US -	\$50.00 USD
International	85 Euros.

## Financial Impact

Per Diem allowances will align the City of Richmond with current practices with other municipalities and government agencies. It will ensure fairness and consistency for all authorized personnel incurring expenses on behalf of the City of Richmond. Enabling travellers to have the option to seek private accommodation through the use of an incentive, will result in a savings to the City given the increasing cost of hotel rates.

In a recent analysis of senior staff travel expenses, actual expenditures supported by receipts were consistently under the recommended Per Diem allowances. While there may be a cost increase, the major benefit and offset lies in the reduction of administrative effort of collecting, sorting, finding, auditing, and reporting of small dollar expenses. In addition, this will eliminate multiple employee expenses on one Corporate MasterCard and splitting of expenses by each

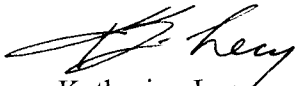
January 12, 2005

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Purchasing Card Administrator which allows more accurate Financial Information Act reporting. A Per Diem allowance will result in consistent and predictable costs for expense reporting and budgeting as well as simplification of processes.

### **Conclusion**

As a result of the above analysis, we recommend the Per Diem allowance for 2005 for authorized personnel and the attached Expense Reimbursement Administrative Procedure be implemented.



Katherine Lecy  
Manager, Payroll & Accounts Payable  
(4628)

KL:kel

# SCHEDULE A PER DIEM TRAVEL EXPENSES

## CANADA (CAN) & US (USD)

	FEDERAL	PROVINCE	CONFERENCE BOARD OF CANADA	GVRD	CITY OF VAN	NEW WEST, BURNABY, WEST VAN, LANGLEY	NORTH VAN, PORT MOODY	DISTRICT OF NORTH VAN	MAPLE RIDGE	SURREY	RICHMOND PROPOSAL
BREAKFAST	\$ 12.00			\$ 10.00	\$ 10.00					\$ 12.00	\$ 12.00
LUNCH	\$ 11.60			\$ 15.00	\$ 15.00					\$ 15.00	\$ 15.00
DINNER	\$ 32.20			\$ 25.00	\$ 25.00					\$ 35.00	\$ 30.00
MEAL TOTAL	\$ 55.80	\$ 51.50	\$ 60.00	\$ 50.00	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ 62.00	\$ 57.00
INCIDENTAL *	\$ 17.50	\$ 12.25		\$ 10.00	\$ 10.00					\$ 18.00	\$ 18.00
Per Diem Total	\$ 73.30	\$ 63.75	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 65.00	\$ 70.00	\$ 75.00	\$ 80.00	\$ 75.00

Private Accommodation \$ 50.00 \$ 30.00  
Foreign Travel (130%) \$ 82.88 \$ 30.00

## Federal Government

### Euro

	Dublin	Amsterdam	Paris	Berlin	Frankfurt	Salzburg	Athens	Rome
BREAKFAST	€ 18.00		€ 12.00	€ 15.00	€ 15.00		€ 19.00	
LUNCH	€ 26.00	€ 35.00	€ 23.00	€ 18.00	€ 19.00	€ 22.00	€ 20.00	€ 15.00
DINNER	€ 36.00	€ 40.00	€ 31.00	€ 31.00	€ 29.00	€ 33.00	€ 28.00	€ 30.00
MEAL TOTAL	€ 80.00	€ 75.00	€ 66.00	€ 64.00	€ 63.00	€ 55.00	€ 67.00	€ 45.00
INCIDENTAL *	€ 25.60	€ 30.00	€ 21.12	€ 20.48	€ 20.16	€ 22.00	€ 21.44	€ 18.00
Per Diem Total	€ 105.60	€ 105.00	€ 87.12	€ 84.48	€ 83.16	€ 77.00	€ 88.44	€ 63.00

RICHMOND PROPOSAL
Follow Federal Guidelines

	London Pound	Sydney Aus \$	Auckland NZ	Oslo Krone	Tokyo Yen	Beijing renminbi	Seoul won
BREAKFAST	16.00	22.00	25.00		2350.00		22000.00
LUNCH	18.00	34.00	45.00	250.00	3350.00	120.00	35000.00
DINNER	24.00	50.00	58.00	375.00	6650.00	190.00	49000.00
MEAL TOTAL	58.00	106.00	128.00	625.00	12350.00	310.00	106000.00
INCIDENTAL *	18.56	33.92	40.96	250.00	3952.00	124.00	33920.00
Per Diem Total	76.56	139.92	168.96	875.00	16302.00	434.00	139920.00

\* - Incidentals include and not limited to such items as parking (other than transportation terminals, conference/business centres, or accommodation), gratuities, and personal calls (other than employees provided with calling cards or cell phones)



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Revised: March 31, 2005

**ADMINISTRATIVE  
PROCEDURE 3703.01**

File Ref: 1250-00

## **EXPENSE REIMBURSEMENT PROCEDURE**

### **ADMINISTRATIVE PROCEDURE 3703.01:**

The following shall apply to reimbursing staff and members of Council for expenses incurred while on City business:

#### **1. Application/Scope**

1.1 The provisions of this procedure (except for Sections 3.5 to 3.9 which only apply to members of Council and exempt staff) shall apply to:

- (a) the Mayor and Councillors;
- (b) exempt staff employed by the City;
- (c) members of CUPE Local 718 and 394 employed by the City, whether in a regular full-time, temporary full-time, regular part-time, or on an auxiliary basis;
- (d) members of Firefighters Local 1286 employed by the City; and
- (e) volunteers;
- (f) other authorized persons

while engaged on City business, as defined in subsection 1.2.

1.2 For the purposes of this procedure, "City Business" is defined as courses, business meetings and negotiations, intergovernmental business, hearings, workshops, seminars, training programs and exercises, conferences, conventions, best practices research, retreats, or other such designated functions, on the understanding that for the purposes of clauses (b), (c), (d), (e) and (f) of subsection 1.1, attendance at such functions shall require the approval of the Division General Manager (or designate) responsible for the employee or volunteer in question.



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**ADMINISTRATIVE**

**PROCEDURE 3703.01**

File Ref: 1250-00

## **EXPENSE REIMBURSEMENT PROCEDURE**

### **2. Means of Travel**

Travellers may choose their means of travel. All costs, including accommodations must be reasonable in relation to the distance travelled and the most economical means of travel. A person entitled to travel by economy/coach air may, with the approval of their Division General Manager (or designate), opt instead to travel in their personal vehicle. The total amount claimed may not exceed the total cost based on a travel by air, plus any airport improvement fee and airport transportation costs which are applicable.

#### **2.1 Travel by Own Vehicle**

Except for those employees receiving monthly vehicle allowances, authorized travellers using their own vehicle may, subject to Section 2, claim vehicle mileage for the distance travelled, based on the City's prevailing rate for mileage reimbursement. Those employees receiving monthly vehicle allowances may claim 50% of the prevailing rate for mileage reimbursement for travel in excess of 120 kilometres when the one-way distance by road to the travel destination is in excess of 60 kilometres from City Hall.

Mileage from home to meetings or events that are less than the distance typically traveled from home to work are not reimbursable. Mileage in excess of the distance to travel to work can be claimed.

Road tolls and parking costs may also be claimed.

#### **2.2 Travel by City-Owned or City-Leased Vehicle**

Travellers authorized to travel outside of Richmond by City-owned or City-leased vehicle may, subject to Section 2.1, claim any actual out-of-pocket vehicle expenses incurred, including gas, oil, repair and towing costs, road tolls and parking costs.

#### **2.3 Travelling as a Group by Vehicle**

If two or more travellers travel together in the same vehicle, only the traveller who incurs the expenses of operating the vehicle may claim the vehicle costs or the mileage allowance.

#### **2.4 Excursion Air Fares Requiring an Extended Stay**

Whenever possible, travellers are expected to book their business travel far enough in advance to take advantage of discounted rates. If an excursion fare requires the traveller to extend the trip, the traveller may claim additional per diem and hotel expenses, provided the additional cost is less than and limited to the fare savings. The basis for City air travel is a direct, return flight at the lowest available fare for the class permitted (see Section 2.5).

The lesser of flight change fees or trip cancellation insurance is reimbursable for discounted and restricted airfares.





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## **EXPENSE REIMBURSEMENT PROCEDURE**

Notwithstanding:

- (i) the decision to exercise a Saturday night "stopover" shall be subject to any operational requirements (if applicable) of the division of which the person is a member; and
- (ii) the requirement to obtain the lowest available airfare shall not cause a hardship to the person, and the City will not require the person to make an unnecessary Saturday night "stopover" either at the beginning or end of the function, in order to secure airfare cost savings, where the person is unable or unwilling to do so.

### **2.5 Class of Air Travel**

- (i) When a less expensive excursion fare cannot be obtained, economy class is permitted.
- (ii) If the nature of business travel requires flexibility and the ability to change the itinerary, purchase of a flexible fare class is permitted.
- (iii) The cost differential in air fares between permitted classes may not be converted into a cash benefit for the traveller.
- (iv) Benefits from any promotional offers are to be passed on to the City whenever possible.
- (v) The City does not pay the additional costs of business class travel for individuals attending conventions, conferences, seminars, and training. However, individuals may choose to pay personally for the incremental cost of business travel or use upgrade certificates.
- (vi) Business class travel to conduct City business, in excess of four hours, requires the approval of Division General Manager (or designate) or the Chief Administrative Officer.

### **2.6 Airport Shuttle, Taxi, and Parking**

- (i) Airport shuttle or taxi fares to and from the airport/transportation terminal may be claimed.
- (ii) Travellers wishing to drive a vehicle to the transportation terminal and then park the vehicle for the duration of the trip may claim the cost of mileage and parking. These costs must be reasonable compared to the cost of taxi ground transportation from their home to the terminal, plus return.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **2.7 Rental Vehicles**

#### **(i) Class of Vehicle**

Compact, economical cars must be used unless 3 or more persons are travelling together, in which case a larger non-luxury vehicle will be permitted.

#### **(ii) Insurance**

For the protection of the employee and the City, the employee should purchase Collision and Comprehensive Automobile and Third Party Liability Insurance coverage that are usually offered by the rental agency. The applicable deductible must not exceed \$500 Cdn.

The City will reimburse the employee for the rental of the vehicle including the insurance premium cost. In the event of an accident where the employee is responsible for the loss or damage to the rental vehicle, the City will also reimburse the employee for the applicable deductible up to a maximum of \$500 Cdn.

### **2.8 Travel Insurance and Vaccinations**

#### **(i) Cancellation Insurance**

If air travel has been arranged based on a special fare, such as a "seat sale" fare, the traveller should obtain cancellation insurance and the cost is reimbursed.

#### **(ii) Medical Insurance and Vaccinations**

For any travel outside of Canada and United States, the traveller may claim the cost of additional medical insurance and the cost of vaccinations.

### **2.9 Combining Business Travel with Personal Travel**

Travellers wishing to combine a business trip with personal travel may do so providing the City does not incur additional expenses. The traveller will be required to pay any additional living and accommodation expenses that are not associated with the business travel at their own expense.

The City's portion of the air fare shall be the lower of:

- (i) the actual combined fare; or
- (ii) the cost of a direct, return flight to/from the business destination based on the lowest excursion or economy fare available on the date of booking.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **2.10 Spousal or Partner Travel**

- (i) Spousal or partner travel will not be paid by the City, unless the traveller is sight or physically handicapped and requires personal assistance to travel on City business. Prior approval of the Chief Administrative Office is required. The spouse or partner will be entitled to claim for the same expenses and allowances as the travelling companion.
- (ii) The City may prepay a registration fee or some other expense on behalf of a spouse or travel partner, provided that the City will be reimbursed for this expense within thirty calendar days of return from travel. The spouse or travel partner must also reimburse the City for any pre-payments or portions thereof which are forfeited due to non-attendance by the spouse or travel partner.

### **3.0 Accommodation, Reimbursable Expenses and Per Diem Allowance**

#### **3.1 Class of Accommodation**

- (i) Whenever possible, accommodation cost should not exceed the cost of a standard room, double occupancy at the lowest rate available to the City.

#### **3.3 Business Telephone Calls/Faxes, Miscellaneous Business Services and Supplies**

- (i) Business telephone calls may be claimed.
- (ii) Office services and supplies required to complete City business (including courier, postage, and business machine rental) may be claimed.
- (iii) For extended business travel, laundry or dry cleaning is permitted.

#### **3.4 Registration Fees and Business Meals**

- (i) Conference, convention, training, and course registration fees may be claimed.
- (ii) Business meal costs that do not qualify for the Per Diem are reimbursed and require original receipts and include all individuals who attended.
- (iii) Meal expenses with external parties do not require the disclosure of external party names (privacy issues). Disclosure is at the discretion of the employee and the expense will be assigned to the employee who paid. Record of names of external parties who attended shall be retained in department for audit purposes.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **3.5 Full Day Per Diem Allowance for Overnight Travel (Receipts not Required) – For Members of Council and Exempt Staff**

The following shall apply:

<b>CANADA</b>	<b>US</b>	<b>INTERNATIONAL</b>
\$75.00	\$75.00 USD	Federal Rates

For International travel, city specific Per Diems are listed at:

<http://www.cra-arc.gc.ca/agency/expenses/travel/c31apdjan05-e.html>.

For international travel, travel advances will be rounded up to the nearest dollar value -  
number of days x city specific per diem x spot rate = rounded up CAD.

The traveler must be traveling away from the City of Richmond and the GVRD or where  
the employee ordinarily works or reports.

### **3.6 Private Accommodation Per Diem Allowance (Receipts not Required)**

Should the traveller choose to arrange for private accommodation rather than stay at a  
hotel, the Per Diem will be as follows:

<b>CANADA</b>	<b>US</b>	<b>INTERNATIONAL</b>
\$50.00	\$50 USD	85 Euros

For international travel, reimbursements and advances will be in Canadian dollars  
converted at the Spot Rate as determined by the Finance Department.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **3.6 Prorated Per Diem Allowance**

- i) For prorating the per diem, the following breakdown applies:

Breakfast	\$12.00
Lunch	\$15.00
Dinner	\$30.00
Incidentals	\$18.00

- (ii) Employees are expected to deduct the prorated meal amount for any meal costs not incurred due to:
- a) late departure or early arrival home;
  - b) due to a registration fee including the cost of a meal (unless employee is unable to make it to the meal);
  - c) due to similar circumstances.
- (iii) In the event where a business meal or meeting expense is incurred during a conference where such meal is concurrently provided, the business meal is reimbursed as in 3.4 (ii). In this circumstance, the employee is not entitled to the Per Diem allowance for the same meal.

### **3.7 Expenses Covered by the Full Day Per Diem Allowance**

- (i) Meals, beverages, gratuities, and taxes
- (ii) Parking (other than at transportation terminals, conference/business centres, or accommodation site)
- (iii) Personal telephone calls (except employees who have been provided with calling cards or cell phones).
- (iv) Incidental expenditures for which a receipt would not normally be obtained
- (v) All personal supplies.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **3.8 Extraordinary & Miscellaneous Expenses**

Reimbursement for extraordinary or miscellaneous costs not specified in this policy may only do so with the written approval of their Division General Manager (or designate) and/or Chief Administrative Officer.

### **3.9 Corporate Purchasing Cards**

Corporate Purchasing Cards are not to be used for items covered by the Per Diem allowance.

### **4.0 Costs Not Eligible**

- (i) Traffic fines or parking tickets
- (ii) Personal Vehicle repair, towing, or accident costs
- (iii) Costs reimbursed by another organization or source
- (iv) Spousal or partner travel costs
- (v) Any expense claim which the Division General Manager (or designate) determines to be in excess of expense policy limits or standards, to be lacking adequate documentation, or to be beyond the scope, spirit, or intent of the policy.

### **5.0 Authority to Approve Exceptions**

Where exceptions to these procedures are warranted, the Chief Administrative Officer is authorized to approve exceptions on the recommendation of Division General Manager (or designate).

### **6.0 General Provisions**

**6.1** Unless stated otherwise, the entitlement to reimbursement for expenses incurred, as defined in this policy shall:

- (i) be based on the **actual costs** incurred by the person, on the understanding that such costs shall be deducted from any cash advance given; and
- (ii) require the submission of **original receipts** to the Manager, Payroll and Accounts Payable, together with a completed and signed copy of the appropriate expense reimbursement form.



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## **EXPENSE REIMBURSEMENT PROCEDURE**

### **6.2** Any person defined in subsection 1.1:

- (i) who receives reimbursement for an expense which is not in accordance with this policy shall be required to reimburse the City for the amount in question.
- (ii) may, not more than 15 days prior, request a cash advance in anticipation of incurring out-of-town expenses while engaged on City business, by contacting the Manager, Payroll and Accounts Payable. Any such cash advance:
  - (a) shall not exceed the estimated accommodation costs x the number of days proposed at the out-of-town location, plus the Per Diem allowance amount for meals and incidentals ; and
  - (b) Cash advances will be in Canadian (for Canadian and International travel) and US (for US travel). All funds that are returned to the City, must be in the original currency issued.
  - (c) may not be outstanding longer than 30 days after the trip for which the advance was made, without the permission of the Manager, Payroll and Accounts Payable.

(Finance Division)