



EMPLOYEE REIMBURSEMENT POLICY UPDATE

TO:	Audit Committee/Board of Directors
MEETINGS:	November 24 and 25, 2015
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	Update on alignment to Treasury Board Directive
DATE:	November 20, 2015



ALIGNMENT OF POLICY TO TREASURY BOARD

Overview:

Following our discussion on September 29th, this document updates the alignment of our expense policies to the Treasury Board Directive.

- In May 2015, we commenced a review and proposed a set of amendments to our expense policies in order to strengthen their clarity, consistency, and applicability to our business. These amendments were reviewed by the Senior Executive team in July.
- Shortly after this initial set of amendments had been discussed, the President of the Treasury Board requested that all Crown Corporations align with the Treasury Board *Directive on Travel, Hospitality, Conference and Event Expenditures* (the “Directive”).
- As a Crown corporation, exempt from directives issued by the Governor in Council, we are committed to supporting this mandate by aligning our policies with the spirit and intent of the Directive to the extent reasonably possible for our business.
- Over the summer, extensive consultations were performed throughout the business and with other Crown Corporations to determine options for applying the Directive to CBC/Radio-Canada’s business. These consultations included reviews of how we align to all extents possible with the Directive, while considering our legal and regulatory framework, our need to be agile, and our financial and commercial environment.
- In September, the Board of Directors provided additional input, agreeing that CBC/Radio-Canada’s policies should be aligned with the spirit of the Directive while ensuring that any changes are practical to our business.
- Since the September Board of Directors meeting, we have completed additional consultations and reviews to further refine and now recommend an approach for alignment to Treasury Board. This approach is summarized on slides 4 to 9.



FINALIZING THE POLICY AND IMPLEMENTING CHANGES

Next Steps:

- Following today's meeting and discussion CBC/Radio-Canada will finalize a comprehensive policy document.
- We plan to launch the updated policy with an effective date of April 1, 2016.
- In addition to ensuring alignment to all extents possible with the Directive, the revised policy will include the additional amendments initiated in May in order to ensure our policies are:
 - Clear and consistent across the business
 - Easy to follow, apply, and enforce
- In order to successfully implement these changes for April 1 and promote a smooth transition, we will complete the following activities over the next four months:
 - Implement the required travel pre-approval system;
 - Finalize all process changes;
 - Launch an awareness campaign;
 - Conduct training programs.



APPROACH FOR ALIGNMENT – EVENTS AND HOSPITALITY

Our proposed approach is substantially aligned with the Directive:

- Discretionary internal events such as management team meetings, staff retreats, departmental functions, and other recognition functions will require pre-approval where costs exceed \$5,000 by the Executive Director (ED), \$25,000 by the VP, or \$50,000 by the President and CEO.
- Events directly linked to delivering our mandate including Open Houses, Fall Launch, etc. will not be subject to the pre-approval process, consistent with the Directive.
- *Differences from Directive for the levels of pre-authorization or approval due to practical application/cost-containment.*

	Treasury Board	Policy Proposal	Current Policy
1. Budget Approval	<ul style="list-style-type: none"> • Deputy Head 	<ul style="list-style-type: none"> • Vice-president 	<ul style="list-style-type: none"> • Department Director
2. Pre-Approval	<ul style="list-style-type: none"> • Excludes events directly related to the department mandate • Senior Departmental Manager or delegate approve events < \$5,000 or hospitality < \$1,500 • Deputy Head approve if events > \$5,000, or hospitality > \$1,500 • Minister approval where the event is > \$25,000 or hospitality is > \$5,000 	<ul style="list-style-type: none"> • Exclude events directly related to our mandate • Discretionary internal events would require pre-approval: <ul style="list-style-type: none"> > \$500 by manager with DFA > \$5,000 by ED > \$25,000 by VP > \$50,000 by CEO 	<ul style="list-style-type: none"> • Receptions, staff functions and other events pre-approved by manager not participating • All internal hospitality pre-approved by VP or delegate
3. Spending Limits	<ul style="list-style-type: none"> • 2x per diem pp standard • 3x per diem pp maximum 	<ul style="list-style-type: none"> • Apply 2x per diem limit to all internal hospitality • 3x per diem permissible with 3rd parties attendance 	<ul style="list-style-type: none"> • Internal – 2x per diem • Duty Entertainment – 3x per diem



APPROACH FOR ALIGNMENT – CORPORATE TRAVEL

Our proposed approach is substantially aligned with the Directive:

- Travel directly linked with our mandate will not require pre-approval, consistent with the Directive’s policies governing operational travel.
- We will implement a pre-approval process for discretionary travel and issue blanket-travel authorities as outlined in the Directive for certain management and discretionary travel.
- *Differences from Directive for the level of pre-authorization or approval due to practical application/cost-containment.*

	Treasury Board	Policy Proposal	Current Policy
1. Budget Approval	<ul style="list-style-type: none"> • Deputy Head 	<ul style="list-style-type: none"> • Vice-President 	<ul style="list-style-type: none"> • Department Director
2. Pre-Approval	<ul style="list-style-type: none"> • Senior Departmental Manager 	<ul style="list-style-type: none"> • Exclude all programming travel directly linked with our mandate. • Written pre-approval for Canadian non-program travel by manager with Financial Authority (DFA) • Written VP pre-approval for international travel 	<ul style="list-style-type: none"> • Verbal or written by manager • Written pre-approval by VP for international travel
3. Class of Airfare	<ul style="list-style-type: none"> • Economy • Execs fly business > 850km 	<ul style="list-style-type: none"> • Economy • Execs fly business > 850km 	<ul style="list-style-type: none"> • Economy • Execs fly business outside triangle
4. Per diem	<ul style="list-style-type: none"> • \$92.70/day 	<ul style="list-style-type: none"> • \$92.70/day 	<ul style="list-style-type: none"> • \$70.00/day



APPROACH FOR ALIGNMENT – DUTY ENTERTAINMENT (MEDIA SOLUTIONS ONLY)

The concept of Duty Entertainment for revenue generation does not exist in the Treasury Board Directive:

- Our current policy addresses meal limits only, with expenses requiring approval by a manager not attending.
- This proposed approach is consistent in concept with Treasury Board policies for Hospitality, and will allow CBC/Radio-Canada’s commercial and revenue generating activities the flexibility they require to entertain clients in our very competitive and challenged markets.
- These proposals establish approval and spending limits for meals, gifts and other duty entertainment costs incurred by Media Solutions.

Policy Proposal	
1. Budget Approval	<ul style="list-style-type: none"> • Vice-President
2. Approval	<ul style="list-style-type: none"> • Meals are approved by a supervisor with financial authority (same as current policy) • Media Solutions gifts to customers limited to a value of \$250. (note: gifts will be limited to \$100 for non-customer 3rd parties, excluding branded promotional items) • Other entertainment (e.g. the purchase of a table at events, or a box at a sporting event), >\$1,500 require Executive Director approval and > \$5,000 require VP or delegate approval • Media functions >\$50,000 must be approved by the CEO
3. Spending Limits	<ul style="list-style-type: none"> • 3x per diem rate per person (same as current policy) • Any exceptions must be approved by a VP or delegate and all exceptions are monitored by the CFO quarterly



APPROACH FOR ALIGNMENT - CONFERENCES

Our proposed approach is substantially aligned with the Directive:

- Conferences include seminars, symposiums or other formal gatherings, where participants debate or are informed of the status of a topic/subject related to CBC/Radio-Canada or related business.
- This definition **does not** include formal training programs to ensure staff are qualified to perform their duties, or approved by a professional body to acquire or maintain professional accreditation.
- CBC/Radio-Canada will implement a standardized pre-approval process for attendance at conferences, consistent with the requirements of the Directive.
- *Differences from Directive for the level of pre-authorization or approval due to practical application and cost-containment.*

	Treasury Board	Policy Proposal	Current Policy
1. Budget Approval	<ul style="list-style-type: none"> • Deputy Head 	<ul style="list-style-type: none"> • Vice-president 	<ul style="list-style-type: none"> • Department Director
2. Pre-Approval	<ul style="list-style-type: none"> • Senior departmental manager 	<ul style="list-style-type: none"> • Executive Director 	<ul style="list-style-type: none"> • Department Director



APPROACH FOR ALIGNMENT – MONITORING AND REPORTING

Costs for all non-programming expenses will be pro-actively disclosed:

- CBC/Radio-Canada currently has a rigorous process where all expense claims are reviewed and approved by individuals with delegation of financial authority and are subject to audit for policy compliance.
- Beginning with the year ended March 31, 2016, CBC/Radio-Canada will begin pro-active disclosure of total non-programming travel, hospitality and conference costs.
- *Differences from Directive - we will exclude programming-related travel expenses (including News and Current Affairs) from our disclosures due to our mandate and our exclusions stipulated in the Access to Information and Privacy Acts.*

	Treasury Board	Policy Proposal	Current Policy
1. Monitoring	<ul style="list-style-type: none"> • CFO is responsible for implementing the directive and monitoring compliance issues 	<ul style="list-style-type: none"> • Expand monitoring in order to sample all expense claims based on statistical criteria and specific risk factors. 	<ul style="list-style-type: none"> • CFO is responsible for monitoring policy compliance issues.
2. Reporting	<ul style="list-style-type: none"> • Deputy Head is responsible for disclosing total annual expenditures for travel, hospitality, and conference fees via website and variance from prior year 	<ul style="list-style-type: none"> • Report non-program travel expenses, hospitality and conferences expenditures on the corporate website annually. 	<ul style="list-style-type: none"> • Limited disclosure of costs of travel and hospitality



DIRECTORS TRAVEL

Board of Directors Travel:

- The July 7th 2015 letter received from the Minister of Heritage includes the following statement:
*“As a government of Canada institution, I ask that you respect the spirit and intent of this alignment of travel, hospitality, conference and event policies with Treasury Board requirements to ensure that **all employees, executives and board members** are subject to the applicable requirements for travel, hospitality, conference, and event participation for departments, and that your policies and procedures are reviewed **to ensure alignment to the greatest extent possible**, in a manner consistent with your legal obligations.”*
- The Senior Executive team are likely going to comply with the revised practices for business class airfare and hotel rooms prior to the planned April 1 application of the revised policy.

	Treasury Board	Proposed for Senior Executive Team	Current practice for directors
1. Class of Airfare	<ul style="list-style-type: none"> Executives fly business > 850km 	<ul style="list-style-type: none"> Executives fly business > 850km 	<ul style="list-style-type: none"> Economy Business outside triangle
2. Class of Hotel	<ul style="list-style-type: none"> Single room, conveniently located and comfortably equipped. 	<ul style="list-style-type: none"> Preferred hotel at CBC/Radio-Canada rates (no club floors) 	<ul style="list-style-type: none"> Board of Directors policy exception for club floor rooms