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## Item No. 5

**Halifax Regional Council**  
**August 5, 2008**

**TO:** Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in black ink, appearing to read "Dan English", written over a horizontal line.

**SUBMITTED BY:**

Dan English, Chief Administrative Officer

**DATE:** July 28, 2008

**SUBJECT:** 2014 Halifax Commonwealth Games Candidate City

### INFORMATION REPORT

#### ORIGIN

At an Audit Committee meeting Councillor Walker requested any information that might assist Councillors in responding to various media coverage on the 2014 Commonwealth Games Bid.

## **BACKGROUND**

From March 2, 2006 to November 1, 2007, the 2014 Halifax Commonwealth Games Society existed in order to prepare and present the Canadian Bid for the 2014 Commonwealth Games. The Canadian Bid was withdrawn on March 8, 2007 and the operations wound-up over the following months with offices shutting down on June 29, 2007, the final Board meeting held on July 13, 2007 and surrender of the Certificate of Incorporation taking place on November 1, 2007 as directed by the Board in July.

There have been questions raised regarding the nature and the value of bid expenditures.

The Society no longer exists and on November 9, 2007 the 2014 Commonwealth Games were awarded to Glasgow, Scotland. The decision to bid; on how to structure the bid; on how to resource and fund the bid and withdrawal of the bid are all in the past. It is clear that despite the existence of all appropriate approvals and policies (travel, procurement, etc.) to guide the operations of the Society, once the Bid was withdrawn the residual value of the bid expenditures diminished compared to the value of the same expenditures had the Bid gone forward. That is the nature of choices and decisions. When a decision is made there are implications. Even the best decisions have implications that are both positive and negative. In this case one inescapable implication of the withdrawal of the Bid was that the work and costs of the Bid (approved, authorized and paid under policies of the Board of the Society) that were justified when the goal was to bid and win, do not have the same value after the bid is ended. Because there is no longer the same goal (to bid and win) their very justification becomes difficult.

## **DISCUSSION**

The attachment with this report focuses on the governance structure of the Bid and the Society, including policies and practises which guided the operations of the Society, specifically with regard to Bid expenditures. The Procurement and Travel Policies as referenced in the attachment are public and are also attached to this report. The purpose of the report is to assist Council in responding to questions now and in the future and to provide the information in a context that better allows Councillors to understand the Bid process, structure, decision making and policy framework.

## **BUDGET IMPLICATIONS**

There are no budget implications.

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ATTACHMENTS**

1. 2014 Halifax Commonwealth Games Society Detailed Information
2. 2014 Halifax Commonwealth Games Society Procurement Policy
3. 2014 Halifax Commonwealth Games Society Travel Policy

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Approved by:



\_\_\_\_\_  
Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services  
and Strategy

**2014 Halifax Commonwealth Games Candidate City**

**PROCESS & CONTEXT**

After selection as Canada's Bid city in December of 2005, the existing Executive Committee for the Domestic Bid phase began to assemble the information and resources to create the International phase Bid Structure and prepare for the Melbourne 2006 CWG which took place in early March 2006. The Executive Committee included representatives from the Province, HRM, ACOA, Trade Centre Limited and the Sport community. Decisions on Domestic Bid spending in this interim period before the Society was created, were guided by the existing Bid spending authorization process. This process had been presented to Council in August 2005 and was approved as a policy of the Domestic Bid Executive Committee.

The Society was created on March 2, 2006 and both Procurement and Travel Policies were created and approved by the Executive Committee and/or Board of Directors. All vendor arrangements were approved under the policies of either the Interim Executive Committee at that time or the policies of the Society itself once it was created. The International Bid Budget was created during late March and April 2006. After approval by the Executive Committee and Board, presentations were made in early May to the Provincial Government and to HRM. Provincial and Municipal Governments approved their contribution to the International Bid Budget. The Bid budget itself was approved by the Society, not by the Province or HRM.

The very nature of bidding for International Games or Events, involves hosting and travel activities that are quite outside the normal activities of municipal or Provincial governments. Only a handful of the costs are truly mandatory in that they are "required" in order to meet the minimum bidding criteria. The remainder of the expenditures are determined based on the best estimate by staff and other specialists of what it will take to win. Clearly there must be limits. The International Bid Business Plan stated:

"In reviewing the travel and hosting standards and expectations that exist in the realm of competitive bidding for Games, for this bid the question was asked, "Will we do whatever it takes to win?" The answer was an unequivocal no. The Bid plan set out to do the things necessary and dictated by the rules but would not extend beyond an acceptable code of conduct nor beyond the final approved budget. The travel and hosting standards reflected in the business plan and budget are the standard required in the current bidding environment and within the rules of the bid process to help secure the winning number of votes."

Staff, Executive and Board members took the need to balance what it might take to win and what was appropriate, very seriously.

## SOCIETY BUDGET APPROVAL & SPENDING AUTHORIZATION

The International Bid Budget was created during late March and April 2006. It was developed on a unit cost basis to ensure that all eventualities had been considered in the estimates and to permit maximum informed flexibility during the Bid. This level of detail allows informed decisions to be made quickly when circumstances change. The draft International Bid Budget was presented to the Society Executive Committee and Board at the end of April 2006. Following approval by the Executive Committee and Board, presentations were made to the Provincial Government and HRM in the first 10 days of May. At that time, the full Bid budget detail was provided to Council for their review and questions.

The Province and HRM were asked to approve their respective share of the Bid budget. Both the Provincial and Municipal Governments approved their contribution to the International Bid Budget. The Municipal government approval was made conditional on approval by the Federal government of their share.

The following is an excerpt from the Final Report providing information on the Bid Budget, the major expense categories and the cost implications after March 2007.

"The three major categories of expense were Bid Marketing, Core Services and Games Planning.

- The majority of **Games Planning** activities had been substantially completed at the time the bid was withdrawn in March of 2007.
- This budget area supported the creation of the venue and operations plans for the 2014 Games along with development of **Class C** (See *explanation below*)\* capital estimates for planned facilities.
- Over the 90 days following the Bid withdrawal, contracts were settled for work done prior to March 8, 2007.
- Professional fees relate to the Society's Architect contract selected by RFP process in the spring of 2006.
- The Society's Architect was the primary support for the development of the Class C capital estimates related to Games facilities. The Executive Committee approved additional funds of approximately \$300,000, in the fall of 2006 to complete a number of studies related to the capital estimates. These additional funds were to be absorbed within the approved budget of the Society
- **Core Services** included staffing and space costs as well as legal, insurance, human resources, information technology, tax and office support.
- The Bid staffing effort was near peak in March 2007 and staff numbers were to have declined steadily from the spring of 2007 to a small final team slated to present in Sri Lanka in November of 2007 and then do the transition or wind-up following the final presentation.
- Budget allocations for staff were revised in July of 2006 to respond to the needs of the bid and funds were allocated to finance and communications. The finance positions were filled through consultants rather than staff salaries therefore costs are higher in this area.
- Leasehold improvements were paid in full and rental charges are included for the period of the bid plus the required 6-month notice period.
- Leasehold improvement costs were higher than had been budgeted and these costs were to be absorbed within the total approved budget of the Bid.

- **Bid Marketing** includes all the visits to Commonwealth Games Associations (CGA's, the voting delegates), undertaken during 2006 and early 2007. The majority of this travel was complete at March 2007 with only a few regions in the Commonwealth remaining to visit.
- The CGA's, over 70 countries and territories, were slated to visit Halifax in the late summer of 2007; therefore the majority of these costs were unspent.
- The CGA partner program, part of the International Bid program designed to provide direct support through coaching or equipment to CGA's, was cancelled after the Bid was withdrawn.
- While some communications and promotions costs had been incurred supporting the local and international campaigns up to March 2007, major effort and budget was to be focused on the period of spring and summer 2007 once the Games estimates were complete and venue decisions had been made. There were also significant funds budgeted for the final presentation in Sri Lanka.

### **Conclusion**

The Society structured its budget and contracts for the best efficiency possible assuming an operating period that ended in March 2008. Contracts had terms that went beyond March 2007 and minimum notice periods assumed an orderly wind-up of the Society would take place following the November final bid presentation.

The decision to withdraw the Bid in March 2007 required the Society to settle these contractual obligations as quickly as possible, recognizing that costs had to be incurred against the original obligations regardless of the cancellation of the Bid.

Since that time the Society has settled contracts for work done to March 8, 2007 and received legal advice on various requests for payment. The Society made no payments after March 8, 2007, which was not approved by the Executive Committee directly or through the authorization of the activity. In the majority of cases payments were recommended on the basis of both staff and legal advice.

The Bid team made every effort, in a very fast-paced environment, to ensure that not only were policies in place to guide spending, but that those policies were adhered to so that the public funds that supported the Bid to win the 2014 Games for Halifax were spent according to the approved budget and in a manner that was appropriate and consistent with direction from the Executive Committee. The financial and audit results indicate these efforts were successful.”

\*Construction estimates come in four (4) degrees of accuracy indicated by a scale from A to D with A being the most accurate. Class 'D' estimates are generally referred to as 'order of magnitude' prices and typically are based on plans that are not well developed and thus rely on a cost/square foot factor being applied to the rough drawings. Class 'D' estimates contain a significant use of assumptions and allowances. For purposes of high level budgeting this number is useful but for detailed budgeting this level of estimating has too much risk to be a reliable tool.

Class 'C' estimates are typically prepared from a more detailed set of drawings and incorporate use of quantity take offs and specific materials pricing. Although there are still significant risks involved in the use of Class 'C' estimates there are fewer assumptions and the level of detailed drawings frequently is the controlling factor in whether any higher level of estimating can proceed. With a Class 'C' estimate there is considerable effort on the part of the architect/engineer team to develop drawings to a level where construction type is developed, most materials are specified and some level of construction detail is developed. This level of detail then allows the cost estimator to do detailed take offs of various materials, and based on

their current knowledge of the cost to supply and install those materials in a specific construction market, develop budget estimates for the final construction costs.

The level of accuracy of the drawings required to move to class 'B' and 'A' estimates requires substantial financial and time commitment and these higher levels are typically not used until building design concepts are finalized and tender documents are being prepared.

## **POLICIES**

### **Procurement**

- Invoice approval process approved by Domestic Bid Executive Committee - August 2005 - March 2006 (pre-Society)
- March 16, 2006 - policy approved by Society Executive Committee & Board
- October 19, 2006 - policy revised and approved by Society Executive Committee

### **Travel**

- March 2006 approved by Domestic Bid Executive Committee (pre-Society)
- March 2006 approved by Society Executive Committee
- October 19, 2006 - policy revised and approved by Society Executive Committee

## **REPORTING**

The Executive Committee met at least monthly and financial results were provided as well as any requests to approve contracts required under the procurement policies.

## **WIND-UP & DISCHARGING OBLIGATIONS**

On April 4, 2007, less than one month after the Bid was withdrawn, projected total expenses of the Society were presented to the Executive Committee in the range of \$9.6 and \$10 million, compared to the total budget of \$14.3 million. Actual revenues were correspondingly lower than budgeted revenues in the same manner. On July 12, 2007, the final Board meeting was held and the audited results presented showing total expenditures of \$9.6 million and a surplus of \$45,553. On November 1, 2007, as directed by the Board the Society surrendered its certificate of incorporation following the final settlement of accounts. At that time, the surplus was revised and increased to \$71,667. This week the final GST rebate (the last item to be settled for the Society) was approved by CRA. The final surplus will increase again to at least \$91,854. These increases are the result of conservative assumptions when various estimates were required for accruals.

The following is an excerpt from the Final Report:

"Total revenue and expense amounts compared to budget were impacted by the fact that the Bid was withdrawn mid-way through the budget cycle in March 2007. This is reflected more significantly in some areas of the budget (Site

Visits by the CGA's) than others (Games planning) based on when each activity took place or was planned to take place.

Significant effort was made by the Society, following the March 8 announcement of the Bid withdrawal by the Province and HRM, to ensure that total overall costs of the bid did not exceed total funds committed and received. Spending following the withdrawal decision was driven by specific approvals of the Executive Committee. The approved wind-up plan included two primary activities: 1) settlement of the existing contractual obligations of the Society; and 2) completing the Transfer of Knowledge program to gather documents and make recommendations for future Bidding cities.

On April 4, 2007, the Executive Committee was advised that the final projected expenses of the Society would likely be between \$9.6 and \$10.0 million with final results ranging between a break-even and a deficit of \$533,000. The final audited results of the Society reflect total expenses of \$9.6 million with a surplus of \$45,553."

## **AUDITS & RESULTS**

The Society was required by the approved governance structure approved by the Board, and by CGC and the Federal Government contribution agreement, to appoint external independent auditors. An Expression of Interest was issued and Deloitte was appointed Auditor of the Society.

The Society Board of Directors appointed an Audit Committee to work with the external auditors to provide the Board with recommendations on relevant financial matters. The Audit Committee members were:

- o Chair, Ron Smith, FCA, Chief Financial Officer, ImmunoVaccine Technologies Inc.
- o Jamie Baillie, CA, President and CEO, Credit Union Atlantic
- o Jim Eisenhauer, FCA, P Eng, President, ABCO Group Limited
- o Sue Payne, CA, President, ACA Co-Operative Ltd.
- o Zeda Redden, CMA, Bell Aliant Investor Relations, Bell Aliant Regional Communications Income Fund
- o Dan English, CAO, Halifax Regional Municipality
- o Robert Fowler, Deputy Minister of Treasury & Policy Board, Province of Nova Scotia
- o Richard Powers, Treasurer of Commonwealth Games Canada, Joseph L. Rotman School of Management, University of Toronto

The Audit Committee met prior to the final Board meeting to receive the report from the auditors on the results of the audit as well as the draft audited schedule of revenues and expenditures. The scope of the audit included: "...to express an opinion on the schedule of revenues and expenses of Halifax 2014 based on an audit thereof performed in accordance with Canadian generally accepted auditing standards..." Audit procedures included testing of:

Business Cycles and General Computer Controls  
Revenue Recognition / Unconfirmed Receivables  
HST Compliance  
Journal Entries  
Completeness of Severance and Wind-Up Accruals  
Asset Dispositions



Assessment of Employees vs. Independent Contractors  
Procurement and Travel Policy Expenses  
Conflict of Interest - Hiring Practices  
Presentation and Classification Issues

On July 9, 2007, Deloitte reported to the audit committee the following:

The schedule of revenues and expenses was presented fairly in accordance with generally accepted accounting principles

In addition, although the purpose of the audit was specifically to issue an audit opinion relating to the fair presentation of the financial statements in accordance with generally accepted accounting principles, the auditors noted in their report to the audit committee that during their work, they:

- 1- did not have any disagreements with management relating to accounting policies
- 2- did not have any disagreement relating to estimated costs relating to wind up of operations
- 3- did not identify significant control deficiencies
- 4- did not identify significant instances of non compliance with procurement or travel policies
- 5- did not identify instances of conflict of interest in the disposition of assets or in the hiring policies
- 6- did not identify instances of non compliance with laws and regulations including commodity taxes, withholding taxes on salaries and contractual fees or other regulation.
- 7- did not identify any uncorrected errors in the schedule of revenues and expenses

In addition to the external audit of the revenues and expenditures, Canada Revenue Agency (CRA) conducted an Employer Compliance Audit to examine Federal regulatory requirements including withholdings and classifications of employees versus contractors.

In addition, pursuant to the Federal Contribution Agreement, a compliance audit was conducted to report to Sport Canada that the Society had met it's obligations under the contribution agreement.

CRA also conducted a review of the GST/HST rebate claim and that the claim has been entirely approved and paid.

All audits except the review on the GST/HST rebate were conducted between the end of May and end of June 2007.

## **TRANSFER OF KNOWLEDGE**

The Final Report includes a summary of considerations for Future Bidding Cities. In addition, a full Transfer of Knowledge program was completed and provided to partners and was included with the Historical Archives (related to technical aspects of Games Planning) housed by Commonwealth Games Canada.

**CONCLUSION:**

The Halifax 2014 Commonwealth Games Bid was operated within an approved Governance structure. Representatives of the partners including the Provincial and Municipal governments sat on the Executive Committee and Board. The Society has ceased to exist, all accounts have been settled and no staff remain. While there may well be debate in the future about whether Halifax should have Bid or whether the Bid should have been withdrawn, the apparent lack of community consensus on these questions should not lead Council to conclude that the operations of the Society were not appropriately managed. All spending that occurred was consistent with the Board approved budget and pursuant to the policies of the Society.



## PROCUREMENT POLICY

October 19, 2006

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## HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE CITY SOCIETY PROCUREMENT POLICY

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### 1) Policy Statement

The Board of Directors and Executive Committee direct the operation of the Society through its approved budget and policy. The purpose of this policy is to establish purchasing guidelines to ensure the most cost effective and cost efficient methods are used to purchase goods and services for the Society in the manner approved by the Executive Committee.

### 2) Guiding Principles

The following principles will guide the procurement practices of the Society:

- a) Procurement policy provides a direction for the expenditure of funds to complete the activities approved by the Board of Directors and Executive Committee through the Budget.
- b) Procurement policy and procedures should provide the most cost efficient and cost effective methods to purchase all goods and services for the activities of the Society.
- c) The procurement process is to be open, fair, and consistent.
- d) The total cost of acquisitions are to be considered (costs such as repair costs, staff training, operation costs, and disposal are to be considered rather than just the lowest invoice price).
- e) Procurement methods are to encourage competitive bidding for the supply of goods and/or services.
- f) To use suppliers, who can be expected to provide satisfactory performance, based on
  - i) performance;
  - ii) previous contracts;
  - iii) financial and other resources to complete the contract bid upon; and
  - iv) references.
- g) To encourage opportunities to partner with the business community to provide services to and for the Society in a cost effective and cost efficient manner.
- h) To procure necessary goods and services with due regard to the preservation of the natural environment and to encourage suppliers to supply goods incorporating recycled materials where practical.

### 3) Definitions

- a) *Bid Estimate* - Refers to a competitive bid received from either a Request for Expression of Interest, Request for Quotation, Tender or Request for Proposal.
- b) *Public Request for Submission* - refers to Tenders, Call for Proposals, Two Phase Bids etc., over the value of \$750,000.

#### 4) General

This policy applies to all activities over which the Society has jurisdiction.

The Society will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.

The Society may remove a supplier name from consideration for a contract or future contracts based on poor performance or non-performance on a contract.

The Society shall work with other levels of government to reduce overall cost to the Society.

#### 5) Authority of the Chief Executive Officer

The Chief Executive Officer (CEO) has the authority to award or purchase all goods or services that are within the budget approved by the Society and as guided by this Procurement Policy.

The CEO may authorize procedures consistent with this policy and may delegate the authority under this policy.

Financing purchases: The CEO, or his designate, may authorize financing arrangements such as loans, leases, rentals, etc. for the purchase or rental of goods, services, equipment or property on behalf of the Society where the purchase is compliant with the other conditions and award limits within this policy and the period of financing does not extend beyond December 31, 2007. The total lease cost will be used to determine the contract award amount.

#### 6) Procurement Guidelines

The following guidelines will be followed for the purchase of goods and services for Society:

- a) **Up to \$1,000** - The acquisition of goods and services having a value up to \$1000 and not covered by a Price Agreement may be purchased on a 'best value' basis in accordance with the principles set out in this policy. The purchase order is to be authorized by the Director responsible for the budget area of the Society if the funds are clearly identified in the approved budget. If the funds are not approved in the Society's approved budget and/or are in excess of the Work Package, the purchase order is to be authorized by the Director responsible for the budget area and the Senior Director of Finance and Administration.
- b) **More than \$1,000 but less than \$25,000** - For the acquisition of goods and services with a value of at least \$1,000 but less than \$25,000 and not covered by a Price Agreement, at least two (2) quotations will be solicited. These quotations should be in writing except in cases of insufficient time, minor purchases or standardized supplies. The purchase order is to be authorized by the Director responsible for the budget area of the Society if the funds are clearly identified in the approved budget. If the funds are not approved in the Society's approved budget and/or are in excess of the Work Package, the purchase order is to be authorized by the Director responsible for the budget area and the Senior Director of Finance and Administration. These opportunities will be posted on the Society website whenever possible.

- c) **More than \$25,000 but less than \$75,000** - For the acquisition of goods and services with a value of at least \$25,000 but less than \$75,000 and not covered by a Price Agreement, at least two (2) detailed written quotations will be solicited or a basic EOI will be issued. The purchase order is to be authorized by the Director responsible for the budget area if the funds are clearly identified in the approved budget. If the funds are not approved in the Society's approved budget and/or are in excess of the Work Package, the purchase order is to be authorized by the Director responsible for the budget area and the CEO. These opportunities will be posted on the Society website whenever possible.
- d) **More than \$75,000 but less than \$250,000** - For the acquisition of goods and services with a value of more than \$75,000 but less than \$250,000, the Society will take into consideration all Price Agreements, and at least two (2) detailed written quotations will be solicited or a basic EOI will be issued. These solicitations will be advertised in one or more publication of general circulation and on the Society website. The purchase order is to be authorized by the.
- e) **More than \$250,000 but less than \$500,000** - For the acquisition of goods and services with a value of more than \$250,000 but less than \$500,000, the Society will take into consideration all Price Agreements, and will issue a public request for submissions such as a detailed EOI, RFP or Tender. These solicitations will be advertised in one or more publication of general circulation and on the Society website. The purchase order is to be authorized by the CEO if the funds are identified in the approved budget. If the funds are not approved in the Society's approved budget and/or are in excess of the Work Package, the purchase order is to be authorized by the Executive Committee.
- f) **More than \$500,000** - For the acquisition of goods and services with a value of more than \$500,000, the Society will take into consideration all Price Agreements, and will issue a public request for submissions such as a detailed EOI, RFP or Tender. These solicitations will be advertised in one or more publications of general circulation and the Society website. The purchase order is to be authorized by the Executive Committee.

Amount	Method of Procurement	Award Authorization	
		Within Budget & Work Pkg.	Not
< \$1,000	Price agreement or best value.	Director responsible for budget area.	Director responsible for the budget area & Senior Director of Finance & Admin.
\$1,000 - \$25,000	Price agreement or two (2) written quotations.	Director responsible for budget area.	Director responsible for the budget area & Senior Director of Finance & Admin.
\$25,001 - \$75,000	Price agreement or two (2) detailed written quotations or basic EOI.	Director responsible for budget area.	Director responsible for the budget area & CEO
\$75,001 - \$250,000	Price agreement and two (2) detailed written quotations or basic EOI.	CEO	CEO
\$250,001 - \$500,000	Price agreement and detailed EOI, RFP or Tender.	CEO	Executive Committee
>\$500,001	Price agreement and detailed EOI, RFP or Tender.	Executive Committee	Executive Committee

**\*Please note – all opportunities will be posted on the Society's website whenever possible.**

## 7) Methods of Procurement

The following are the Methods of Procurement to be used under this policy:

- a) **Price Agreements:** In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, while at the same time assuring that the competitive bidding system is followed, the Society will take advantage of existing and available Price Agreements of the Halifax Regional Municipality and/or the Province of Nova Scotia. These arrangements commit the seller to provide goods or services at a specific price for a specific period of time. These agreements reduce the number of individual bids and reduce overall cost due to the higher volume gained by combining the requirements of a number of departments. User departments can then draw supplies directly from these agreements. Price agreements are governed by the purchasing guidelines listed in this policy.
- b) **Tenders:** An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. A request for tenders is a formal, competitive, sealed bidding process. It is normally used for the procurement of goods, services and equipment. Normally bid deposits and performance security are required. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the specification and requirements contained in the tender documents. The award is normally to the lowest total cost bid received from a responsible bidder meeting the requirements of the tender.
- c) **Two-Phase Bids:** Where detailed specifications are not available or it is impractical to prepare a specification based on price, a two-phase bid may be issued, inviting the submission of bids as follows:
  - i) Phase One: one or more steps in which bidders submit proposals for evaluation, either with or without prices, in a separate submission; and
  - ii) Phase Two: Only those bidders whose bids were determined to be acceptable will be entitled to submit priced bids for consideration or, where prices have been separately submitted in Phase One, such bids are opened and awarded to the lowest overall cost.

This type of procurement has the advantage of a Request for Proposal in Phase One and the advantages of a Tender in Phase Two.

- d) **Request for Proposal (RFP) or Request for Expression of Interest (EOI):** A Request for Proposal is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Society. Either is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike tenders, RFPs and EOIs are compared to each other to assess the best proposal.

Negotiations may be conducted with bidders after the date for the receipt of proposals provided such discussions, negotiations are conducted to:

- i) Award equitable treatment to each acceptable bidder with respect to an opportunity for discussion and the revision of the proposal; and
- ii) Prevent the disclosure of the content of the discussion or negotiations with one bidder to another bidder.

Proposals submitted in response to an RFP need not be opened in public but will be opened in the presence of at least one (1) witness. EOIs have similar elements but are typically less formal in nature.



An award of a contract based upon an RFP or EOI will be made to the supplier, whose proposal is determined to be the most advantageous to the Society based upon criteria for evaluation set out in the RFP or EOI, and equitably applied to all proposals.

- e) **Request for Quotation:** Is an informal request for prices for goods and services and is normally used where bid deposit and performance bonds are not required, and where the cost of the work does not warrant the time and level of effort required for a formal tender process. Quotations should be written but can be verbal depending upon the cost of the goods or services and time constraints.
- f) **Negotiation:** Negotiations with one or more suppliers for the supply of goods and/or service would take place when any of the following conditions exist:
  - i) Due to market conditions, goods and/or services are in short supply;
  - ii) There is only one source of the goods or services;
  - iii) Efforts at breaking identical bids have previously been unsuccessful and the same goods or services are required again;
  - iv) All bids received are not acceptable or exceed the amount budgeted for the purchase;
  - v) The extension, or reinstatement of, and existing contracts would be more cost effective or beneficial to the Society. The extension or reinstatement of existing contracts are subject to the approvals listed in section 8.0 Award of Contracts;
  - vi) When timelines of the Society make other methods too time consuming, and when authorized by the CEO and less than \$250,000;
  - vii) When authorized by the Executive Committee of the Society.
- g) **Sole Source Purchases:** This occurs when there is only one available supplier of a required product or service that meets the needs of the Society. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:
  - i) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source;
  - ii) Where an item is purchased for testing or trial use;
  - iii) For matters involving confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or the Society. Such purchases may be made as a single source purchase. Purchases of this nature must be approved by the CEO. Contracts over the value of \$250,000 must be reported to the Executive Committee when appropriate.
- h) **Emergency Purchases:** An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:
  - i) Interim contractual arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

Emergency purchases are completed using the most expedient method, but will take economy into consideration.

Limits for emergency purchases shall be as indicated in Section 6. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the Senior Director of Finance and Administration.

## 8) Award of Contracts

All publicly advertised Tenders, EOIs and RFPs shall be presented to the Senior Director of Finance & Administration and/or the CEO for approval as indicated below. A report of the purchasing process and details of the purchase will be prepared and approved by the Director responsible for the budget area, and will be forwarded to the CEO for approval.

- a) Awards less than \$25,000 can be committed by the Senior Director of Finance and Administration in conjunction with the user department;
- b) Awards over the value of \$25,000, but below the value of \$75,000, can be committed by the Director responsible for the budget area with the concurrence of the CEO;
- c) The CEO or his designate, may approve the award of contracts under the following conditions:
  - i) Where the funds and program have been approved by the Society budget approval and the expenditure will not result in an over-expenditure of the entire budget;
  - ii) Where the purchase was the result of a public procurement process conforming to the procurement policy;
  - iii) Where the Tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications;
  - iv) Where the award of an RFP or EOI is made to the highest scoring proponent based upon evaluation criteria within the proposal;
  - v) Where the award does not exceed \$500,000 dollars for the purchase of goods, equipment and services;
  - vi) Where the award does not exceed \$500,000 dollars for consulting services;
  - vii) Where the purchase is a sole source purchase not to exceed \$250,000;
  - viii) Where the CEO does not decide that the award is a matter best dealt with by the Executive Committee.
- d) A report to the Executive Committee of awards of contracts over the value of \$75,000 approved by the CEO or his designate shall be made available to the Executive Committee and shall show the name of the contract, the name of the successful bidder, the amount of award, any person or company to whom a single or sole source has been awarded, the amount of the award and the budgetary provision. The first report is to be provided in December 2006.

## 9) Supplier Performance

Suppliers may be subject to disqualification if there is sufficient evidence of consistent failure to meet the standards specified by the Society. Suppliers may be evaluated based on competitive price, quality of a product, contract adherence and performance, after sales service, and replies to invited Tenders. Upon reasonable notice in writing to the supplier involved, and after a reasonable opportunity for response, a supplier can be disqualified from participation in the solicitation for goods or services.

Suppliers shall be disqualified when:

- a) A conviction for a criminal offense of a person or a director or official or such person relating to obtaining or attempting to obtain a contract or subcontract. An indication of lack of business integrity or honesty which directly and seriously affects the responsibility of the contractor;
- b) Serious breach of contract indicating an unwillingness to perform a contract in

accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with the terms and conditions thereof or in accordance with its specifications or both;

- c) The offer of any gratuity to an official or employee of the Society by a supplier or contractor for consideration.

A written decision shall be issued to the person disqualified or suspended setting out its reasons for disqualification or suspension, to the usual business address of that person as shown in the records of the purchasing section.

Disqualification will be approved by the CEO.

#### 10) **Contract Documents, Bid and Performance Securities and Specifications**

The CEO or his designate may from time to time approve such standard forms including bid and performance securities, if any, for purchases by Invitation to Tender, RPFs, EOIs, Requests for Quotations, single source, or emergency purchases as well as forms of contract for types of purchase including but not limited to construction, supplies and installation or service as the CEO or his designate may deem advisable.

Bid bonds, Performance bonds and other securities including Labour and Material bonds shall be required for such purchases in such form and in such amounts, as the CEO or his designate deems advisable.

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#### 11) **Environmental Purchases**

To procure necessary goods with due regard to the environment of the Halifax Regional Municipality and Province of Nova Scotia, the Society will follow the statement of Principle as adopted by the Association of Canadian Cities for Environmentally Sound Strategies.

***“In order to increase the development and awareness of Environmentally Sound Products, Procurement Staff, in conjunction with Departments, will review their contracts and tender specifications for goods and services, to ensure that wherever possible and economical, specifications are amended to provide for expanded use of products and services that contain the maximum level of post-consumer waste and/or recyclable content. This will be done without significantly affecting the intended use of the product or service. Also it is recognized that cost analysis is required in order to insure that the products are available at competitive prices.”***

#### 12) **Tie Bids**

In the case of a tie bid, the Senior Director of Finance and Administration is to request the tie bidders submit a final offer. If this is not successful and a tie bid still occurs, the contract will be awarded to the local bidder.

***Done and passed by the Board of the Society this 19<sup>th</sup> day of October, 2006.***



## TRAVEL POLICY

October 19, 2006

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**2014 HALIFAX COMMONWEALTH GAMES CANDIDATE CITY SOCIETY  
TRAVEL POLICY**

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**POLICY STATEMENT**

This policy has been designed to balance the Society's need to contain costs and demonstrate prudence in the conduct of Society activities and the employees' need for convenience when traveling on Society business. These provisions provide for the reimbursement of reasonable expenses necessarily incurred while traveling on the Society's business and do not constitute income or other compensation that would open the way for personal gain.

**DEFINITIONS**

**Allowance**

An authorized amount which may be claimed in lieu of actual expenditures for specific items such as mileage.

**Commercial Accommodations**

Hotel/motel type of accommodation or similar commercial establishment which provides lodging at an established daily rate.

**Continuous Travel**

Continuous travel time is considered to begin at the scheduled departure time of the first flight of a journey and end at the earlier of:

- arrival at the destination; and
- the beginning of an overnight stop

**Employee**

Any person receiving a wage, salary, or other remuneration in return for services rendered to the Society in connection with the employer's business, but excluding those persons performing a service for a fee where the fee includes expenses. Except where otherwise noted, the term "employee" shall be assumed to include independent consultants performing work for the Society.

**Employer**

The 2014 Halifax Commonwealth Games Candidate City Society (also referred to as "the Society"), as represented by the CEO and members of the Board of Directors of the Society.

**Entertainment / Hospitality / Hosting**

Expenses incurred for business meals, beverages, refreshments, receptions, shows or performances.

**Expense Claim Form**

The standard form used to submit a statement of expense claim for reimbursement, Statement of Travel Expenses.

**Expenses**

The actual costs incurred, supported by proof of payment, up to the amount judged by the employer to be reasonable, based upon experience of what such costs should be in the circumstances.

**Headquarters Area**

The area within a 16-kilometre (10-mile) radius surrounding the actual building or other regular place of employment of the employee. Except when otherwise agreed to in advance by the Employee and the Society, the Headquarters Area shall be assumed to be 99 Wyse Road, Dartmouth, Nova Scotia, Canada.

**Incidental Expenses**

Includes items such as gratuities (*other than those related to meals and taxi use*) and other personal supplies and services, the costs of which can be attributed to a period in travel status, but for which no other reimbursement or allowance is provided under this directive.

**Kilometrage/Mileage**

The distance actually traveled on the Society's business.

**International Travel**

Travel outside of Canada.

**Public Transportation**

All forms of transportation for which a fare is paid other than privately owned, rented, or chartered vehicles.

**Transportation Expenses**

Includes commercial air, rail, automobile (*private or rental*), road, ferry and bridge tolls, and parking charges.

**Travel Expense**

An expense actually and necessarily incurred by an employee in connection with travel on the employer's business.

**Travel Status**

Absence of the employee from his/her headquarters area on the Society's business involving travel and/or accommodation with the approval of a Director or CEO of the Society.

**Workplace**

The location at or from which an employee ordinarily performs the duties of his/her position including any vehicle or mobile equipment used or likely to be used by an employee in the course of performing his/her position. In the case of an employee or consultant whose duties are of an itinerant nature, it is the actual building to which the employee/consultant returns to prepare and/or submit reports, etc., and where other administrative matters pertaining to the employee's employment (*or consultant's contract duties*) are conducted.

## POLICY OBJECTIVES

Proper implementation of this policy will achieve the following objectives:

- Educate employees who travel on the Society's business so that they clearly understand the Society's cost control objectives and how employees can help to achieve these;
- Provide a means to evaluate the effectiveness of the policy; and
- Take advantage of technological advancements to further the aims of the Travel Policy.

## APPLICATION

This policy applies to all employees, consultants, members of the Executive Committee and Board of Directors, and all other persons traveling on the Society's business. It does not apply to those persons whose travel is governed or paid by other authorities.

## POLICY DIRECTIVES

### **Administration**

It is the prerogative of the Society to determine whether, when, where, by whom, and by what means travel will be undertaken and to select the mode and class of transportation and the accommodation to be used, subject to the provisions of this policy.

Employees traveling on the Society's business, including training, shall be afforded transportation and accommodation that are reasonably comfortable and of good quality. Allowance, rates, and conditions of payment and reimbursement shall be sufficient to meet reasonable, legitimate expenses that are necessarily incurred as result of the requirement to travel. In exceptional travel situations, when a person is confronted with unusual costs, actual and reasonable expenses may be reimbursed.

### **Unique Circumstances Requiring Travel to/from Workplace**

Where an employee is required by a Director to undertake travel that is not in the ordinary course of business in order to meet operational requirements such as travel arrangements, will be assessed by the Director on a quarterly basis, and the appropriateness of establishing a Travel Allowance for that employee will be assessed.

### **Out of Province Travel Authorization**

All out of Province travel shall be preauthorized, and all travel plans must be reviewed prior to being authorized to determine consistency with the Society's goals. The mode and class of transportation and type of accommodation shall be approved in advance by the Senior Director of Strategic Relations / Division via signature in an approved Purchase Order, and these arrangements shall be in accordance with all instructions contained in this policy.

### **Travel/Credit Cards**

Personal credit cards may be used for payment of travel expenses provided that the travel expense claim is supported by an official itemized receipt or a voucher or invoice supplied by the establishment indicating the payment of the account. Payment by personal credit card shall not be permitted for travel arrangements made with the vendor directly by the Society office.

The employee must pay his/her own credit card accounts. Any fee or deposit required for maintaining a personal credit card must be borne by the employee. Interest charges and surcharges on credit card accounts cannot be claimed.

## **TRAVEL FORM & DOCUMENTATION**

### **Out of Province and Out of Country Travel Purchase Order**

Arrangements for any out of Province and out of country travel that is outside of the normal area of operations shall be outlined in a Purchase order (PO) submitted to the Senior Director of Strategic Relations, and shall contain the following information:

- the purpose and duration of the trip
- the location(s) to be visited
- the dates and times of arrival and departure
- any pre-paid transportation, meals or accommodations
- the modes and classes of transportation authorized
- vehicle rental authorization, including size
- the type of accommodation, place and daily rates
- meals, incidental expenses to be authorized or whether actual and reasonable expenses for meals and incidentals will be reimbursed (*rather than the per diem rates*)
- other legitimate expenses involved

### **Expense Claim Forms**

Travel expense claims shall contain an explanation on the Expense Claim Form whenever there are material changes from the preapproved arrangements. In such cases, the expenditures shall be authorized by a person at the same level as would have been necessary for the original approval.

### **Receipts**

Receipts must be attached to the Expense Claim Form to support all travel expenditures, including transportation ticket stubs; pre-paid transportation and meals or accommodation shall also be noted.

The only expenses for which receipts are not required are as follows:

- claims for per diem meal allowances
- claims for preapproved allowances in lieu of mileage for excessive local travel
- claims for incidentals up to \$5 per day



Where the employee certifies that the receipt was lost, accidentally destroyed, or unobtainable, a personal declaration may replace the receipt. Personal credit card carbon copies are acceptable for total amounts. However, departments may request an itemized accounting.

## **ATTENDANCE AT LUNCHEONS, CONFERENCES, ETC.**

If authorized by the CEO or a Director to attend a luncheon, business meeting, conference, convention, or part thereof, an employee may claim the related expenses. A travel expense claim must indicate the employer-related purpose and the number of persons. This also applies to activities such as monthly meetings of associations for attendance as authorized.

### **Entertainment/Hospitality**

Claims for entertainment / hospitality expenses are allowable to Directors only and must be authorized by the CEO. Entertainment / hospitality expenses must be within budgeted amounts. When such expenses are incurred, the Society-related purpose of the entertainment / hospitality and the persons entertained must be identified on the claim form.

Claims for entertainment / hospitality relating to hosting voting delegates or other influencers outside of the Society's staff will be based on detailed budget assumptions and be within budgeted amounts.

### **Extended Travel Status at One Location**

~~If an employee is required to spend in excess of three (3) weeks in travel status at one location, the Society shall attempt to make special arrangements for lodging and meals at the most economical rates.~~

### **Weekend Return from Extended Travel Status**

An employee who would otherwise be required to remain on travel status, but who returns to his/her home over a weekend, may be reimbursed in an amount not exceeding the cost of normal transportation to his/her home and return, or an amount cost of meals and accommodation had the employee remained on travel status, whichever is less.

The CEO may authorize an employee to combine a business journey with one taken for vacation or other personal reasons. All expenses relating to an employee's spouse are not allowable. The allowable travel expense will be limited to those actual, allowable costs that would have arisen if the journey had been made solely for business purposes and in no instance may exceed the most economical means of travel.

### **Authorizing Claims**

Directors must have their travel expense claims authorized and signed by the CEO. Travel expense claims for out of Province and international travel must be authorized and signed by the CEO and the Senior Director of Finance & Administration. All other travel expense claims are to be signed by the Senior Director of Finance & Administration or persons authorized to do so on his/her behalf. A claimant may not authorize his/her own claims.

Any fraudulent irregularity in the travel expense claim submitted by an employee, or any other misuse or misappropriation of Society funds, will result in disciplinary action, which may include termination.

## **COMMERCIAL TRANSPORTATION**

- The selection of the mode, class, and schedule of commercial transportation shall be made by the employer on the basis of cost, convenience, and practicality;
- Where commercial transportation is authorized and used, the employee shall be provided with the necessary pre-paid tickets or will be reimbursed the actual and reasonable costs upon evidence of payment. Commercial transportation ticket stubs, whether purchased by the employee or not, must be attached by the employee to the Travel Expense Claim Form;
- An employee will be reimbursed costs incurred in transporting personal effects or Society-owned equipment at excess luggage rates, if the employer agrees that it was necessary for the effects or equipment to be taken on the journey.

## **AIR TRAVEL**

### **Reservations**

All reservations for international commercial air travel shall be booked through the Senior Director of Strategic Relations./Division.

### **Standard for Air Travel**

The standard for air travel is economy class. This includes charters and other reduced fares. This rule may be varied only when an additional cost is justified by program-related reasons such as the unavailability of a less expensive class of air travel available, and a delay in arrival is unacceptable. The use of a class more expensive than economy must be specifically authorized by the Executive Committee unless expressly provided in the Travel Policy. In all other instances, the lowest available airfares appropriate to particular itineraries shall be sought when making bookings. Discount and reduced fares shall be selected rather than full-fare economy when these rates are available. Significant savings can be realized on commercial air travel if flights are booked as far in advance as possible.

The various restrictions or benefits that may apply to certain special fares should be taken into account when determining the most economical means of travel available. The possibility of increased travel costs occurring through the payment of additional living expenses to the employee should be taken into consideration in order to meet the conditions of the carrier's special fare.

### **Accident Insurance**

The Society carries a comprehensive insurance policy for air travel. Claims for the cost of additional coverage will not be reimbursed.

### **Itineraries**

Itineraries should be arranged to provide for an overnight stop after continuous travel time of at least nine (9) hours, if practical.

### **Business / Executive Class Air Travel**

Business / Executive class air travel may be authorized on an exceptional basis in accordance with the following principles:

- The Executive Committee may authorize the use of Business / Executive class for visiting Canadian dignitaries or Commonwealth Games Association Officials from countries other than Canada;
- When the employer requires the employee to travel on a continuous flight of twelve (12) hours with no stops between scheduled departure and scheduled arrival times, or with one or more intermediate stops without an overnight stay, or when an overnight flight to attend a morning meeting cannot be avoided, upgrading the class of air travel may be authorized.

### **Ground Transportation**

The cost of transportation to and from an airport may be claimed and, wherever practical, such travel should be by airport bus or other economical means.

### **Refunds of Airfare**

A refund of airfare paid by an airline to an employee who is bumped or has voluntarily postponed his/her flight at the request of the airline will be refunded to the Society.

## **OUT OF PROVINCE TRAVEL AUTHORIZATION**

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The CEO (or designated Director(s)) is responsible for authorizing out of Province travel.

## **INTERNATIONAL TRAVEL**

The CEO is responsible for authorizing international travel within approved budget assumptions, and under the following parameters. This section includes only those provisions that are unique to travel outside Canada. The balance of the general policy also applies to these travel situations.

### **Meal Rates**

Per diem meal rates shall be the same as for local travel, except where determined by the Executive Committee that an international rate varying from the local rate is warranted, and are applicable only if meals are not provided on a carrier or included in the cost of the hotel. Where meals are provided, the rates shall be reduced accordingly. If separate international per diem rates are set, there will be separate rates for each major out of Country location.

Meals taken during part days in travel status are reimbursed in accordance with the per diem rates.

### **Telephone Calls**

An employee on travel status overseas shall be reimbursed the costs incurred for local and long distance telephone calls necessarily placed as a result of the Society's business. Receipts are required for calls placed while on overseas travel. Employees traveling internationally will be provided with international telephone card privileges, which are to be used in a reasonable manner.

### **Foreign Currencies**

The costs incurred in converting funds to foreign currencies and reconvertng any unused balance to Canadian currency shall be reimbursed based on receipts. Where such receipts are not attached to the travel claim, the Bank of Canada currency exchange rates shall apply, based on exchange rates in effect on the conversion dates.

Where an employee has not provided receipts for travel expenses in a country where a recognized tourist rate of exchange exists, the average Bank of Canada currency rate shall be used as the basis for calculating the reimbursement of expenses. The employee shall calculate the Canadian dollar equivalent on each receipt and indicate the total expense on the receipt prior to completing the Expense Claim Form.

### **Additional Medical Coverage**

Claims for doctor, ambulance, hospital, etc., that have not been paid by MSI will be submitted as a separate request for indemnity signed by the CEO. Such claims should not be included on a normal expense account. The Society carries a policy that provides personal accident insurance on employees who are engaged in work pursuant to their employment, which includes traveling on the employer's business in any form of transportation. For employees who do not have such coverage, it will be provided. Blue Cross or other travel medical insurance coverage is a personal expense, and premiums may not be claimed.

### **Insurance**

Employees are insured by the Society for travel outside Canada, and the cost of additional insurance purchased voluntarily by the employee shall not be reimbursed.

Employees on international travel shall be entitled to reimbursement of the cost of insurance to cover repairs or a replacement of lost or damaged luggage while traveling, except where such coverage is provided by the carrier.

### **Passports**

When an employee is required to undertake international travel on authorized Society business, the employee shall make the necessary arrangements for obtaining an appropriate official passport or visa and any required inoculations, vaccinations, x-rays, and certificates of health at no expense to the employee. Employees who already have these items for personal purposes shall not be reimbursed for such costs already paid personally.

## **SURFACE TRAVEL**

Employees may travel by bus, rail, boat, taxi, or rental car, whichever is the most economical means of transport or at the discretion of the CEO when determined reasonable under the circumstances.

### **Class of Travel**

If travel by rail or boat is authorized, the employee is to use the most economical rate for appropriate accommodations in relation to the duration of the trip. First class rail passage may be booked if necessary, to obtain sleeping accommodations.

### **Buses**

Local public transportation and inter-city buses can often be used and should be used whenever practical.

### **Taxis**

In general, the use of taxis should be confined to short trips in situations where it is not suitable or reasonable to use local public transportation. The points of departure and destination must be indicated.

## **EMPLOYEE-DRIVEN VEHICLES**

### **Distance Limits**

The following guidelines have been developed, which are intended to support employee safety. Specific situations may require different approaches being taken. If an employee's destination is further than 450 kilometres away, the use of the employee-driven vehicle should not normally be authorized. However, when travel by commercial carrier presents significant inconvenience or is not deemed practical by the employer in terms of overall costs, including salary and other expenses, an employee-driven vehicle may be authorized.

In the interest of safe driving, when employee-driven vehicles are authorized, employees should not normally be expected to drive more than:

- 300 kilometres after having worked a full day
- 450 kilometres after having worked one-half day
- 600 kilometres on any day when the traveler has not worked

Payments in excess of those normally incurred, such as road, ferry, bridge, tunnel, tolls, and parking charges shall be reimbursed based upon receipts, where available. Drop-off charges shall not be reimbursed unless preauthorized and may be authorized only where it is cost-beneficial.

## **RENTAL VEHICLES**

Travel using a rental vehicle may be authorized where, in the opinion of the appropriate Director, this method is practical and economical. Payments in excess of those normally incurred, such as road, ferry, bridge, tunnel, tolls, and parking charges shall be reimbursed based upon receipts. Drop-off charges shall not be

reimbursed unless preauthorized and may be authorized only where it is cost-beneficial.

Where reasonable and practical, compact-sized vehicles shall be rented. Full-size or specialty vehicles may be authorized only when warranted by:

- the number of passengers to be carried
- the bulk or weight of the goods to be transported
- an extenuating circumstance, if preauthorized

The employee is responsible for the payment of rental costs where such is authorized for travel use. Under normal circumstances, the Society will not pay such costs directly to the supplier. The rental cost should be included on the employee's Expense Claim Form, supported by proper receipts.

### **Insurance**

Society employees are insured by the Society for travel outside Canada, and the cost of additional insurance purchased voluntarily by the employee shall not be reimbursed.

Where practical, round trips in excess of 450 kilometres should be driven using a rental vehicle.

## **PRIVATELY OWNED VEHICLES**

### **Authorization**

The use of a privately owned vehicle on the employer's business outside of the Province must be authorized by the employee's Director.

### **Insurance**

To ensure that employees are adequately protected, privately owned vehicles used on the employer's business shall, as a minimum, have basic insurance coverage. The employee is responsible for payment of their respective insurance premiums. When the use of a privately owned vehicle is authorized, the Director must ensure that the employee is informed that the employer assumes no financial responsibility beyond payment of the authorized kilometre (mileage) rate and that, in the event of an accident, the employer assumes no responsibility for the deductible amounts related to comprehensive or collision coverage.

### **Reimbursement for Use**

When, for any authorized Society business travel, an employee requests and the Director agrees to the use of the employee's privately owned vehicle, the employee will be reimbursed for the appropriate rate for the actual distance driven on the Society's business.

### **Kilometrage**

All employees should refer to Schedule 1, Car Kilometrage Rates and Monthly Car Allowances, attached to this policy for information on kilometrage rates payable for the use of privately owned vehicles driven on authorized Society business. Employees shall use only the most direct routes and shall claim only for distance necessarily driven on the employer's business travel during the period claimed.

## **Parking**

An employee will not be reimbursed for or provided with parking when an automobile is not a requirement in the performance of his/her daily duties.

Parking charges are normally not payable when the employee is on duty at the workplace. However, when the employee is authorized to use and uses a private vehicle on the employer's business travel from the workplace to a point of call, or from a point of call to the workplace, the employee will be reimbursed the actual costs of parking the vehicle for that day only.

An employee in travel status may claim parking expenses for:

- short-term parking when the employee is away from the workplace;
- overnight parking when not provided with accommodation;
- parking at an airport or other transportation terminal (*if it is less costly than access via limousine, bus, or taxi*).

Employees will use free parking space when available and meter parking in preference to lot parking if the expected duration of parking is within the time permitted. Fines for overtime parking are not an allowable expense.

## **USE OF MOTOR VEHICLE AS A CONDITION OF EMPLOYMENT**

The CEO may designate an employee as requiring a motor vehicle as a condition of employment. The employee must make an application in writing to the CEO, which should include the following information:

- employee's name, title, and classification
- anticipated kilometres/mileage for the current year
- nature of function performed
- whether travel could be made more economically by other means without impairment of efficiency
- whether the employee has control over the demand for transportation
- the incidence of usage.

All employees who have been designated as belonging to a class of employment that is deemed to require a motor vehicle must be compensated as outlined in Schedule 1, Car Kilometrage Rates and Monthly Car Allowances, attached to this policy.

## **ACCOMMODATION**

### **Reimbursement and Standards**

All reservations for commercial accommodation shall be booked by the Senior Director of Strategic Relations. The appropriate Director will authorize an employee to stay in establishments that are conveniently located and comfortably equipped. An employee will be reimbursed only the actual and reasonable expenses incurred for commercial accommodation authorized by the Director, and proof of payment is required. The use of luxury accommodation will not be authorized.

When planning trips, employees should normally stay at establishments offering government rates. It is the responsibility of the employee to identify himself/herself as a Society employee in order to ensure that the government negotiated rate for commercial accommodation is provided.

#### **Cancellations and Guaranteed Reservations**

When travel plans change and the accommodation will not be required, the employee shall ensure that reservations are cancelled directly with the commercial establishment(s). Proof of cancellation shall be obtained (i.e., cancellation number and agent's name).

#### **Hotel Overcharges**

It is the employee's responsibility to question the commercial establishment when the rate charged is in excess of the negotiated rates. In the event that an employee inadvertently overpays or is charged a rate above the negotiated rate, the Society shall intercede on the employee's behalf as appropriate.

## **MEALS**

#### **General**

All employees should refer to Schedule 3, Meal Allowances, for information on meal allowances within Canada.

#### **Travel Status with Overnight Accommodation**

~~For each day or part-day in travel status where overnight accommodation is~~ authorized, an employee shall be paid a meal allowance ("per diem") for each breakfast, lunch, and supper, when applicable, if the meal was not provided free of cost to the employee or as part of the transportation cost. When this allowance is paid, no additional amount may be claimed for meals, or for gratuities associated with meals, except in exceptional circumstances.

#### **Travel Status of Less Than One Day**

For travel status of less than one (1) day, when a round trip journey generally takes place on the same calendar day, the appropriate meal expenses will be paid only where the employer is satisfied that the employee was actually in a position to incur restaurant meal expenses and did not make other arrangements.

#### **Meals within Headquarters Area**

Meal expenses incurred within the headquarters area shall not be reimbursed except if authorized by the appropriate Director and within budget amounts. Expenses incurred in connection with attendance at meetings or events that are of personal interest shall not be reimbursed.

Employees who are required to work through or beyond normal meal hours and who are clearly placed in situations of having to spend more for the meal than would otherwise be the case may be reimbursed based on receipts, within the limits indicated in the attached Schedule, or when circumstances dictate, actual and reasonable expenses may be reasonably reimbursed when employees are placed in situations where a meal is of exceptionally high or low cost in the following circumstances:



- when employees are required to attend conferences, seminars, meetings, or public hearings at which weekend sessions are scheduled;
- when employees are required to attend formal full-day conferences, seminars, meetings, or hearings and where meals are an integral part of the proceedings;
- when intensive task force or committee studies are enhanced by keeping participants together over a normal meal;
- other exceptional situations resulting directly from an employee's duties;
- where the reimbursement of meal expenses is clearly reasonable and justifiable.

### **High Meal Cost Situations**

The daily amounts authorized for meal allowances while traveling on the employer's business inside the Province provide an adequate allowance. Only where an employee is exposed to unusually high costs within the Province will the employee be reimbursed his/her actual receipted costs per individual meal that exceed the per diem to the extent that the expenses claimed are reasonable and justifiable in the circumstances. Meal claims shall be on an individual basis over the course of a day.

### **Meals Provided**

Throughout the total period in travel status, deductions from the per diem meal rates shall be made in respect of meals provided, such as meals served by a carrier en route, or meals included in conference registration fees or accommodations costs.

Employees whose religious beliefs or medical requirements prohibit them from consuming certain foods should be aware that appropriate meals can normally be obtained from caterers and air carriers, provided that adequate advance notice of a special requirement is given.

## **INCIDENTALS AND OTHER EXPENSES**

Reasonable expenses incurred by an employee on the business of the employer may be reimbursed by the employer subject to the employer's approval. In addition, where an employee is traveling on the employer's business and overnight commercial accommodations have been authorized and used, the employee will be reimbursed an allowance of \$5.00 per day to cover miscellaneous out-of-pocket expenses such as baggage charges, tips and gratuities (*other than meals and taxi use*) and personal local telephone calls attributed to the period of travel status for which no other reimbursement or allowance is provided.

### **Tips and Gratuities**

No gratuities may be claimed separately, as they are provided for in the per diem allowances.

### **Dry Cleaning and Valet Service**

Dry cleaning and or valet service charges may be claimed only where essential due to extraordinary circumstances and performed while the employee is in travel status. Receipts must accompany the claim.

### **No Haircuts**

No haircuts may be claimed, as they are not an allowable travel expense.

### **Laundry**

Laundry charges are claimable only if:

- the employee is in travel status in excess of five nights
- laundry service is performed while the employee is in travel status
- the claim is submitted with receipts

### **Telephone Calls**

An employee on travel status will be reimbursed the costs incurred for necessary local and long distance telephone calls. Long distance telephone calls claimed must be reasonable and supported by statements.

### **Illness, Accident, or Family Emergency**

When, in the opinion of the attending physician, an employee's condition resulting from illness or injury while in travel status warrants the presence of the next of kin or a representative of the family, actual and reasonable transportation and accommodation expenses may be paid with the approval of the appropriate Director.

## **ACCOUNTABILITY**

### **CEO/Senior Directors**

The CEO and each Senior Director have the responsibility for ensuring an independent review and approval process to ensure all expense claims are properly prepared, documented, and approved.

### **Directors (All)**

Directors have the responsibility for administering travel in accordance with the requirements of this policy. Specifically, Directors must:

- ensure that this directive is available at the employee's normal workplace during the employee's working hours
- determine whether travel is necessary
- ensure that the selection and acquisition of related arrangements are consistent with the provisions of this policy
- when feasible, preauthorize travel on the designated form
- verify and approve travel expense claims on a designated form before reimbursement.

### **Employees**

The employees shall:

- obtain prior authorization to travel except where otherwise provided

- submit fully completed travel expense claims on the authorized form with necessary supporting documentation, including receipts and explanations as required
- be responsible for the safe-guarding of funds provided
- submit claims as soon after completion of travel as possible but not later than thirty (30) calendar days after the expense has been incurred. Claims received after this time will be reimbursed only when properly substantiated by the employee and when the employer is of the opinion that the delay was justified.

The employee is responsible for becoming familiar with the provisions of this policy before departure.

## **MONITORING**

Every Director and Officer is responsible for ensuring monitoring procedures are established to determine compliance with the Travel Policy. The CEO and Senior Director of Finance & Administration are jointly responsible for regularly monitoring the travel policy having regard to performance and effectiveness in achieving the policy objectives.

## **SCHEDULES**

Schedule 1: Car Kilometrage Rates and Monthly Car Allowances

Schedule 2: Guidelines for Designating Employees Belonging to a Class of Employment for Which Extensive Local Travel is Deemed to be a Core Element of their Responsibilities

Schedule 3: Meal Allowances

## **INQUIRIES**

S. Dale MacLennan, CA, Senior Director of Finance & Administration (902) 490-7483.

**SCHEDULE 1**  
**CAR KILOMETRAGE RATE AND MONTHLY CAR ALLOWANCES**

**Kilometrage Rate**

No kilometrage allowance will be paid for local travel unless specifically approved in advance by the Director.

Employees allowed a kilometrage allowance for local travel shall be paid at the rate of \$.40 per kilometre driven on Society business.

**Monthly Car Allowances**

An employee who has been designated by the CEO as belonging to a class of employment for which extensive local travel is deemed to be a core element of their responsibilities will receive a monthly car allowance not to exceed \$200 per month.

## **SCHEDULE 2**

### **GUIDELINES FOR DESIGNATING EMPLOYEES AS BELONGING TO A CLASS OF EMPLOYMENT FOR WHICH EXTENSIVE LOCAL TRAVEL IS DEEMED TO BE A CORE ELEMENT OF THEIR RESPONSIBILITIES**

The CEO must use the following factors to determine whether to designate an employee as belonging to a class of employment for which extensive local travel is deemed to be a core element of their responsibilities:

1. The CEO should not make the designation if the employee can travel more economically by means other than their personal vehicle without substantial impairment to the efficiency of service.
2. A recommendation for designation of an employee by the CEO should take into consideration the nature of the job function performed by the employee and any requirements for transportation that could be met by other means of transportation, such as a rental vehicle, public transportation, etc..
3. Whether an employee has control over the demand for transportation and whether the demand for transportation can and does occur at any time, should be considered when determining whether to designate the employee.
4. Whether an employee must have transportation available, as well as how often transportation is needed should be considered when determining whether to designate the employee.
5. In no event shall a travel allowance be paid to a member of a Committee or Board of Directors of the Society.

### **SCHEDULE 3 MEAL ALLOWANCES**

The per diem claim allowable for each meal is as follows:

Breakfast per diem	\$10.00
Lunch (mid-day) per diem	\$12.00
Supper (evening) per diem	\$20.00

#### **Breakfast**

The cost of breakfast may be claimed only when the employee has been traveling on the employer's business for more than one hour before the recognized time for the start of the day's work.

#### **Supper**

The cost of the evening meal may be claimed only when the employee is not expected to return to his/her residence before 6:30 pm.

#### **General**

The per diems claimable for meals while traveling on the employer's business provide an adequate allowance for each day. Employees traveling on the employer's business within the Province will be reimbursed his/her receipted costs per individual meal that exceed the per diem only when an employee is exposed to unusually high costs and the expenses claimed are reasonable and justifiable in the circumstances. Meal claims shall be on an individual meal basis over the course of a day.

#### **Exceptions**

The per diems claimable for meals while traveling on official employer's business outside the Province provide an adequate allowance for each day. Recognizing that employees are often restricted to the vicinity of the major hotels with their attendant higher restaurant meal costs, the employee will be reimbursed for his/her receipted costs per individual meal that exceed the per diem to the extent that the employer considers the expenses claimed are reasonable and justifiable in the circumstances.