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## Travel, Meals, Hospitality and Related Business Expenses Guideline

### Version History

Version	Author	Key Changes
1.0	Kevin Greer, Director of Finance Yolanda Palao, Manager Financial Services	Original Formal Guideline

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## 1.0 Purpose

- 1.1 The purpose of this *Travel, Meals, Hospitality and Related Business Expenses Guideline* (“the Guideline”) is to set out the parameters for determining fair, reasonable, and appropriate travel, meal, hospitality and related business expenses that strike a balance among economy, health and safety, fairness and efficiency of operations.

## 2.0 Scope

- 2.1 This Guideline applies to all:
- a) Acquisition of, and reimbursement for, travel, meals, hospitality and related expenses at ESA (excluding moving/relocation expenses); and
  - b) ESA employees, Board Members, Advisory Committee and Appeal Panel members, contractors and consultants.
- 2.2 Notwithstanding that the term “employee” has been used throughout this *Guideline*, this *Guideline* shall apply to Board Members, Advisory Committee and Appeal Panel members, contractors and consultants except as otherwise expressly prohibited or modified in section 4.1.5 and anywhere else in this *Guideline*.
- 2.3 The Procedures for payment or reimbursement associated with the types of business expenses referenced herein are outside the scope of this *Guideline*, and are set out separately in ESA’s *Business Expenses Procedure*.
- 2.4 Nothing in this *Guideline* shall be construed as preventing ESA from refusing to reimburse an expense claimed which violates ESA’s *Business Expenses Procedure* and/or is found by ESA to be unreasonable and/or inconsistent with the spirit of this *Guideline*.
- 2.5 In the event of any inconsistency between this *Guideline* and an express provision of an applicable Collective Bargaining Agreement, the applicable provision of the collective agreement shall prevail to the extent of the inconsistency unless contrary to the law.
- 2.6 This *Guideline* provides direction on the most common types of travel, meal, hospitality and related business expenses. Listing every potential business expense or set of circumstances is beyond the scope of this *Guideline*, therefore, the obligations for employees to seek further direction where necessary before incurring business expenses is set out in Section 4.1.5 of this *Guideline*.

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### 3.0 Objectives

The objectives of this *Guideline* are to ensure that the principles of the *Procurement Policy* are implemented when incurring travel, meal, hospitality, and related business expenses by ensuring:

- 3.1 ESA dollars are used prudently and responsibly with a focus on accountability and transparency;
- 3.2 Expenses incurred for travel, meals, hospitality and related business matters support ESA's mandate and are necessary, economical, and give due regard to health and safety;
- 3.3 Employees are aware of the parameters for determining what constitutes a reasonable and appropriate travel, meal, hospitality, or related business expense in accordance with ESA's policies, procedures, and guidelines.
- 3.4 Legitimate authorized business expenses incurred during the course of ESA business are reimbursed.

### 4.0 Guideline Content

#### 4.1 Accountability:

##### a) Reasonable Decision Making

- 4.1.1 All expenses covered in this *Guideline* are subject to the appropriate approval requirements set out in the *Policy for Delegation & Exercise of Authority and Organizational Authority Register ("OAR")*, and the *Business Expenses Procedure*.
- 4.1.2 This *Guideline* provides an overview of best practices for exercising discretion inherent in those authorities.
- 4.1.3 All employees are accountable for the discretion exercised when incurring business expenses. When determining if a business expense is reasonable under the circumstances, all employees should consider whether the expense being considered is:
  - able to stand up to scrutiny by auditors and stakeholders;
  - properly explained and documented;
  - fair and equitable;
  - reasonable and appropriate under the circumstances;
  - consistent with this *Guideline*;
  - in compliance with the principles and mandatory requirements set out in the *Procurement Policy*, the *Business Expenses Procedure* and any other applicable policies, procedures and guidelines.

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4.1.4 Each Approver should ensure that this Guideline is reviewed with each direct report annually so they know how to apply this *Guideline* within the context of his or her position at ESA so that:

- a) employees understand their obligations (e.g. the parameters for any blanket pre-approvals for employees who have frequent or regular travel as part of their positions); and
- b) this *Guideline* is applied consistently.

4.1.5 Each employee is responsible for seeking direction from his or her Approver or Finance before initiating the business expense (particularly when the expense is anything outside of the typical kind of expense claimed) if he or she is not clear as to whether an expense would be deemed “reasonable” under this *Guideline* and approved for reimbursement.

## **4.2 Record Keeping**

4.2.1 Each employee is responsible for good record-keeping practices related to business expenses in accordance with all the provisions of the *Business Expenses Procedure*, including but not limited to, retaining itemized receipts and payment slip (if applicable) showing total paid for all business expenses unless otherwise exempted in the *Business Expenses Procedure*.

## **4.3 Modes of Travel**

4.3.1 Reimbursement is provided for reasonable and necessary modes of transportation (taxi, rental car, train, etc.), when required for ESA business purposes.

4.3.2 When making decisions, proper consideration shall be given to the most economical mode of transportation while balancing health and safety and efficiency of operations. Guidelines for specific modes of transportation are as follows:

### **a) Vehicles**

#### **(i) Choosing the Appropriate Vehicle**

When road travel is the most practical and economical way to travel, the following apply:

- Where an employee has an ESA provided vehicle, that vehicle should be used instead of renting a car or using a personally owned vehicle.

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- If an employee does not have an ESA vehicle, and chooses to use a personal vehicle, his or her Approver should monitor the extent of the usage of the personal vehicle by the employee as required, to ensure that under the circumstances (considering such factors as cost, health and safety, practicality, and efficiency of operations), it would be prudent to use a rental vehicle or an ESA vehicle.

**(ii) Accident Reporting**

- When driving for ESA business in a personal vehicle, accidents must be reported immediately to ESA, to the applicable insurance provider, and to the local law enforcement agency as required by law.
- When driving for ESA business in a rental vehicle, accidents must be reported immediately to ESA, to the rental car agency, to the applicable insurance provider, as otherwise required under the rental agreement, and to the local law enforcement agency as required by law.
- When driving an ESA Fleet vehicle, accidents shall be reported in accordance with the parameters of the *Vehicles Supplied to ESA Personnel Procedure*.

**(iii) Specific Requirements for Particular Types of Vehicles**

Additional specific guidelines for ESA vehicles, personal vehicles and rental cars are as follows:

**1) ESA Vehicles**

Fleet vehicles should be operated in accordance with the parameters of the *Vehicles Supplied to ESA Personnel Procedure*.

*Personal Use of ESA vehicle* should be in accordance with the parameters of internal “Fleet Guidelines for Personal Use and Vehicles Supplied to ESA Personnel Procedure”. An “Accountability Form for Personal Use of ESA Vehicle” (Appendix K) of “Business Expenses Procedure” must be completed by January 31<sup>st</sup> every year.

*Personal Use* declaration and reporting must conform to the internal “Procedure for Reporting Taxable Benefit Expenses”.

**2) Personal Vehicles**

When using a personal vehicle, Employees must follow the rules pertaining to personal vehicles set out in section 4.1.1 of ESA’s *Business Expenses Procedure*, which state that:

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- It is recommended that the employee informs his or her insurance company that the personal vehicle will be used for business purposes;
- ESA will assume no financial responsibility related to the employee's vehicle. ESA will however, pay employees the km reimbursement rate that is identified in the Human Resources section of ESA's intranet, which is inclusive of any costs for the vehicle by the employee, including, but not limited to, insurance, gas and repairs.
  - The km reimbursement rate is determined by the Human Resources department on a monthly basis using the Private Transportation Index and as agreed by other Hydro successor companies.
  - For claims greater than 5,000kms in a calendar year, see "Procedure for Reporting Taxable Benefit Expenses".
- When calculating reimbursement for kms for local travel in accordance with ESA's *Business Expenses Procedure*, employees shall claim the distance from their regular work headquarters to and from the location of the business activity, not the distance between the business activity and their residence unless instructed by Supervisor/Manager to travel directly to/from home and to/from location of business activity ;
- If the employee is on a temporary assignment/temporary work location, the km reimbursement shall be the distance between the temporary work location and the location of business activity. It is noted that nothing in this provision affects an additional right under a collective agreement, if one applies, to receive a payroll allowance for travel between the regular work headquarters and temporary work location; and
- Any exemption must be supported by the provisions of applicable collective agreement.
- For Employees using a personal vehicle on a regular basis for inspections, please see additional procedures set out in the *Vehicles Supplied to ESA Personnel Procedure*.

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### (3) Car Rentals

- When renting a vehicle, the most economical and practical size should be obtained, considering factors such as the number of occupants in the vehicle, the business purpose, and safety (including weather) considerations.
- To ensure ESA has proper insurance for all rental cars, when an employee is renting a vehicle for ESA business, the Employee must follow the mandatory requirements for rental cars set out in section 4.1 of the *Business Expenses Procedure*.
- Employees shall ensure any requirements to refuel a rental car before returning it are completed to avoid additional charges imposed by the car rental agency.

#### b) Public Transit

Local public transportation including hotel/airport shuttle should be used where practical.

#### c) Airplanes, Rail and Bus

Air, rail or bus travel is permitted where it is the most economical way to travel or otherwise necessary for business reasons.

Economy (coach) class is the standard option for ticket purchase. Travel in business class should not take place except:

- For international flights (outside North America) where a Field Evaluation client agreed to reimburse ESA for the cost of the expense;
- Where it would allow the employee to reduce the overall cost of the travel expenses for ESA (e.g. where Economy class is booked up and waiting for the next flight would result in additional meals and accommodation costs which would exceed the cost of the upgraded ticket); and/or
- Where business class seating is required for reasonable accommodation purposes (e.g. medical reasons).

#### d) Taxis

Taxi fares related to ESA business are an allowable expense. However, Airport and hotel shuttles should be used in place of taxis where practical under the circumstances.



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Sharing taxis and airport limousines should be considered when employees are going to and from the same location.

#### **4.4 International Travel**

Where international travel is required for ESA business purposes, employees may be reimbursed for reasonable business expenses such as costs related to visas, or immunizations.

#### **4.5 Medical Insurance**

4.5.1 For information about eligibility for medical, health, and travel accident insurance coverage, employees and their Approvers should first assess what coverage already exists under ESA's health insurance plan, and relevant collective agreements (where applicable), so additional unnecessary expenses are not incurred.

4.5.2 Approvers should consult with Human Resources if assistance is required to determine what, if any, further out-of country insurance is required and reimbursable under the circumstances.

#### **4.6 Parking**

4.6.1 Reimbursement is provided for necessary and reasonable expenditures on parking when driving on ESA business. Where practical, parking violations should be avoided.

#### **4.7 Toll Roads**

4.7.1 Toll roads should not be used routinely; however, it is expected/understood that certain roles such as Inspectors routinely require the use of toll roads to perform their ESA duties;

4.7.2 Toll roads may be used for business reasons where employees and Supervisors/Managers deem it to be reasonable under the circumstances as set out in Section 4.1.3 *Reasonable Decision Making*;

4.7.3 Reimbursement should not be provided for travel on toll roads during regular commuting between the employee's home and work, or other travel of a personal nature unless the expense has been pre-approved by the Approver for business reasons;

4.7.4 If an employee regularly uses toll roads without a transponder (regular use is defined as at least 12 times in a fiscal year) and does not have a transponder, the employee should speak to a supervisor so that consideration can be given as to whether obtaining/leasing a transponder would be more economical for ESA.

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**4.7.5** Any “personal use” of ESA paid toll road charges must be reported immediately to immediate supervisor, and paid for by the ESA employee in accordance with section 4.1.1 of the *Business Expenses Procedure*.

#### **4.8 Travel Loyalty Programs**

Employees are permitted to participate in loyalty programs (e.g. frequent flyer) provided they select the most cost effective expense decisions. Any income tax consequences resulting from such programs are the responsibility of the employee. If a discounted or free item is obtained through points (e.g. a free flight) and used for ESA business, only the expenses actually paid by the employee (e.g. taxes and fees) will be reimbursed, and not the value of the item.

It is noted that ESA’s Corporate Procurement Card Program does not have a frequent flyer, air miles, or any points accumulation feature.

#### **4.9 Accommodation**

4.9.1 Reimbursement is provided for necessary and reasonable expenditures on accommodation when required for ESA business purposes.

4.9.2 Single accommodation in a standard room is considered reasonable, unless documented prior approval is received (unless due to the hour at night that the room is booked approval cannot be obtained) has been received for a superior room due to such factors as need for medical accommodation, lack of availability in hotel, etc. As per the *Business Expenses Procedure*, any upgrades for personal reasons (e.g. accompanying spouse and children) is non-reimbursable.

4.9.3 The employee is responsible for all charges that are to the employee’s room other than reimbursable expenses identified under one of the other sections of this *Guideline*. See ESA’s *Business Expenses Procedure* for further details.

4.9.4 Private stays with family and friends are acceptable in lieu of commercial accommodation, and a gift may be provided to the friends and family where ESA would have had to pay for commercial accommodation for the employee for ESA business. For a gift to the host to be deemed reasonable, it must:

- (i) Cost a daily maximum of \$30 (which includes any of their costs for accommodation, food etc.);
- (ii) Be in the form of a small gift or gift card (not cash or cheque); and
- (iii) Be accompanied by an itemized receipt when a claim for reimbursement is made in accordance with the *Business Expenses Procedure*.

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- 4.9.5 For extended stays at a single location, accommodation options with discounts for long-term stays should be considered.
- 4.9.6 Employees working in Field Evaluations whose accommodation and related expenses have been agreed to and are fully paid for by customers, may deviate, within reason and approved by the Managing Director, from the guidelines set out under section 4.9 of this *Guideline*.
- 4.9.7 Accommodation for employees within his/her work headquarters (or temporary work headquarter) area is not reimbursable unless approved by Management for team building purposes or not practical for the employee to go home under the circumstances.

#### **4.10 Meal Related Business Expenses**

##### 4.10.1 Employee Meals

1. Reasonable and appropriate meal expenses at restaurants may be reimbursed to an employee when an employee is on ESA business, and one or more of the following apply (as modified by section 4.10.1(2) below for employees bound by an applicable collective agreement):
  - Daily Inspector and Senior Inspector lunches are reimbursed. The daily amount spent is subject to periodic reasonability test and review by ESA management.
  - For employees other than Inspectors and Senior Inspectors, meal is reimbursed if employee is away from the regular work headquarters or temporary work location (if applicable), for a business meeting by at least twenty-four (24) kilometres during the normal meal period.
    - This excludes employees approved to work from home or those that regularly work or assigned to work several days a week/month in a location other than the regular work headquarters .
  - The employee has prior approval for the meal expense (e.g. a business meeting within the regular work headquarters between specific employees that must continue over a meal period), and ESA is not providing the meal itself (ESA provided meals to employees is covered under section 4.10.1(8) below;
  - The employee is away from his or her regular work headquarters or temporary work location at a training session during a meal period regardless of the location of the training session (e.g. conference, seminar) where a meal is not included; or
  - Where an employee is required to work at his or her regular work headquarters for three or more hours before or after their normal work hours, and the additional work and meal has been

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pre-approved by the Approver.

2. For employees to whom a **collective agreement applies**, where there is a conflict between any provisions set out above under section 4.10.1(1) and any provisions in the applicable collective agreement, the meal provisions of the applicable collective agreement shall apply. Note: In cases where section 4.10.1(1) provides for a greater benefit than the conflicting provision of the collective agreement however, the Employee is not prohibited from claiming the greater benefit outlined in section 4.10.1(1).
3. Grocery “items” in lieu of a restaurant meal or prepared food is not reimbursable except when the purchase is made due to medical reasons, and for travel in remote areas where restaurants are not available.
4. No reimbursement shall be made for meals consumed at home prior to departure or upon return home.
5. Where meals have already been included in other business expenses, including but not limited to lodging which includes free breakfast or seminars serving a meal, an additional expense for the same meal will not be considered reasonable.
6. As a **guideline only, and not a cap**, reasonable rates for actual meal expenses (excluding taxes and gratuity) incurred in Canada are as follows:
  - a) For a full day including 3 meals (e.g. breakfast, lunch and dinner), employees are to be guided by a suggested daily amount of \$75 among meals (excluding taxes and gratuities).
  - b) For less than a full day of meal claims (e.g. one or two meals), employees are to be guided by the following suggested meal rates:
    - Breakfast: \$15.00
    - Lunch: \$20.00
    - Dinner: \$40.00
7. Reimbursement of actual meal expenses that exceed the rates set out above in section 4.11.6 may be deemed reasonable where either:
  - a) The expense is approved by an Approver if the reimbursement is consistent with the principles set out in the Procurement Policy, and the objectives of this Guideline, and the rationale is documented on the Expense Report or Corporate Procurement Card statement;
  - b) The employee’s meal takes place during international travel where costs for meals may be different;
  - c) An applicable collective agreement provides for a higher meal rate;

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- d) Travel to areas where meal rates are higher than normal;
- e) And there are other business reasons for the same.

8. The following group meals will be considered reasonable business expenses where ESA business activities are required to continue over the meal period, and the appropriate level of approval has been obtained:

- a) departmental meeting lunch/other meal;
- b) team meeting lunch/other meal; and
- c) other working lunch/meals.

9. ALCOHOL cannot be claimed and will not be reimbursed as part of a travel or meal expense in accordance with section 4.1 of the *Business Expenses Procedure*.

#### 4.10.2 Business Expenses for Corporate Events:

1. Corporate events that are paid for by ESA include, but are not limited to:

- Annual General Meeting(AGM) and Awards
- Employee recognition events
- Charity events

2. Costs for department or unit wide events for ESA employees such as a retirement party, as a general rule, are not reimbursed or subsidized. Exceptions are to be approved by the responsible Vice President.

#### 4.10.3 Hospitality

1. Hospitality is the reasonable provision of food, beverages, accommodation and/or transportation or other amenities at ESA's expense to persons not engaged in work for ESA. Functions involving only people who work for ESA are not part of the definition of Hospitality under this Guideline.

2. Hospitality may be extended in an economical, consistent, and appropriate manner when:

- a) It is consistent with the obligations set out under ESA's *Code of Conduct*, including obligations to avoid conflicts of interest or perceived conflict of interest;
- b) There is an appropriate business courtesy or protocol rationale for the hospitality that is in accordance with ESA's mandate; and

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- c) No alcohol is allowed except when provided for in 4.10.3.5 Special Hospitality Events.
3. For hospitality events where guests may include current or prospective *Regulated Persons or Groups*, the following also apply:
- a) Where hospitality is exercised by employees on more than an occasional basis, Approvers should review the recent expenses to assess whether the hospitality events are required to meet the particular business rationale for the hospitality event, or whether non-hospitality events could meet the same business objectives; and
  - b) The cost for such hospitality expenses should be kept to a minimum to avoid actual or perceived preferential treatment of any Regulated Person in accordance with the *Code of Conduct*.
4. For hospitality events where guests may include *current or prospective Vendors*, the following also apply:
- a) Employees shall obtain pre-approval by the appropriate Vice President in accordance with the *Business Expenses Procedure*; and
  - b) The cost for such hospitality expenses should be kept to a minimum to avoid actual or perceived preferential treatment of any vendor, or potential *Vendor* in accordance with the *Code of Conduct*.
5. Special Hospitality Events
- a) Special Hospitality Events are events and conferences sponsored by ESA that includes a group of external stakeholders engaging in activities and discussions on topics related to ESA's mandate.
  - b) As a general rule, alcohol cannot be claimed and will not be reimbursed.
  - c) Alcohol consumption at Special Hospitality Events is subject to prior written approval of Chair of the ESA Board of Directors or ESA President & Chief Executive Officer.
  - d) Service of alcohol or alcoholic beverages at certain Hospitality Events may be considered reasonable for the business. Alcohol should be provided in a reasonable manner, food must always be served when alcohol is available, and cost cannot exceed the cost of food. Preference should be given to wine, beer and spirits produced in Ontario when offering such refreshment.

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#### **4.11 Gratuities**

4.11.1 Employees may be reimbursed for reasonable gratuities for restaurant, porter, hotel room services, and taxis where a record of gratuities paid is maintained and submitted. Except where the gratuity is a mandatory amount dictated on the invoice by the Vendor, examples of reasonable amounts for gratuities include:

- 10%-15% on a restaurant meal
- 10% on a taxi fare
- \$2-\$5 for housekeeping for up to two nights in a hotel, up to \$10 for a longer stay
- \$2-\$5 per bag for a porter

#### **4.12 Telephone Calls While Travelling on ESA Business**

4.12.1 Reasonable personal calls home during business travel are reimbursable. Where possible, the most cost-effective method should be used, such as ESA provided cell phone or ESA provided calling card.

#### **4.13 Office Expenses While Travelling**

4.13.1 While travelling on ESA business, additional reasonable office business expenses that are not otherwise included without additional charge in the cost of lodging or a hotel meeting room, and are not preventable by bringing reasonable equipment with the employee (e.g. laptop), may be reimbursed. Examples of such business expenses include, but are not limited to:

- photocopies,
- facsimile transmissions;
- rental and transportation of office equipment;
- internet, and
- computer access charges.

4.13.2 Where possible, the most cost-effective method should be used.

#### **4.14 Other Business Expenses**

4.14.1 Employees may be reimbursed for other reasonable business expenses necessary for the purpose of conducting ESA business in appropriate circumstances. Where it is not clear, employees should seek direction on whether the following would be reimbursable in the particular circumstance:

- dry cleaning for long term travel; and
- home management expenses.

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#### **4.15 Consultants and Contractors**

- 4.15.1 Hospitality, incidental and food expenses are not allowable expenses for consultants or contractors including but not limited to: meals, snacks, beverages, gratuities, laundry or dry cleaning, valet services, dependent care, home management or personal telephone calls.
- 4.15.2 Reimbursement of expenses will only be paid where the contract between ESA and the Consultant or Contractor specifically provides for it.
- 4.15.3 Where the reimbursable expense specified in the contract does not state a dollar amount for the item, this *Guideline* should be used to determine what would be reasonable under the circumstances.

### **5.0 Legislative Authority**

Not applicable

### **6.0 Evaluation, Monitoring and Review**

- 6.1 The Finance Department is responsible for monitoring compliance with this *Guideline*.
- 6.2 ESA's Vice President, Corporate Services & Chief Financial Officer will regularly review and monitor this *Guideline* to ensure that it remains current, relevant, and effective in meeting its purpose and objectives.

### **7.0 Interpretation**

For purposes of this *Guideline* unless otherwise stated, the following definitions shall apply:

Approver	Refers to any person who is in the same chain of command as the employee incurring and claiming the particular business expense(s), and who has the authority to approve the particular business expense(s).
Business Expense	Expense incurred on behalf of ESA for business purposes.



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Corporate Events                      Events at ESA’s expense which *only* involve attendance by persons employed by ESA. Corporate events do not fall under the definition of “hospitality” (defined below) for the purpose *Guideline*

Hospitality                                The reasonable provision of food, beverages, accommodation and/or transportation or other amenities at ESA’s expense to person’s *not* engaged in work for ESA. Corporate events (defined above) do not fall under the definition of “hospitality” for the purpose of this *Guideline*.

Special Hospitality Event              Events and conferences sponsored by ESA that includes a group of external stakeholders engaging in activities and discussions on topics related to ESA’s mandate.

Regular Work Headquarters            The location to which an employee normally reports in order to receive work assignments or to perform regular duties.

Regulated Persons/Groups              Refers to individuals or business entities undertaking activities that are regulated by ESA administered legislation.

Personal Use                              Personal Use means:

1. Travel between home and work headquarters;
2. Travel outside employee’s designated work circle with the exception of travel for ESA business reason such as a meeting;
3. After work hours driving to conduct personal activities;
4. Weekend personal trips;
5. Vacation trips;
6. Any driving for purposes not related to employment with ESA.

Guideline Title	Guideline Number
<b>Travel, Meals, Hospitality and Related Business Expenses Guideline</b>	FIN.IG.1.4.1
Issuing Department	Approval Date
<b>Finance</b>	<b>DECEMBER 2016</b>

## **8.0 Associated Policies and Procedures**

Code of Conduct  
 Procurement Policy  
 Procurement Procedure  
 Business Expenses Procedure (and Appendices)  
 Procedure for Reporting Taxable Benefits  
 Policy for Delegation & Exercise of Authority and Organizational Authority Registrar (“OAR”)  
 Vehicles Supplied to ESA Personnel Procedure  
 Fleet Guidelines for Personal Use

## **9.0 Associated References**

Administrative Agreement