



## Core Policy and Procedures Manual - Amendment Summary July 2004

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[4.0 Expense Management](#) [4.3.1](#) Delegation of Authority – the Common Expense Authority Matrix referenced in policy 6 is updated to support refund payments by inclusion of Revenue Stobs 4000 - 4999.

[4.3.2](#) Expenditure Authorization – policy 3 is revised to clarify that Expense Authorities and Qualified Receivers must be government employees and not contractors. An exception to policy for an extraordinary operational requirement needs approval by the Office of the Comptroller General.

[4.3.20](#) Obligation to Report to the Comptroller General – outlines the obligation for public servants to report inappropriate expenditures or payments, as required by the Financial Administration Act, section 33.2.

[4.3.21](#) Authority of the Comptroller General – outlines the Comptroller General's authority regarding information received under section 33.2 or by other means.

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## Expense Management

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## 4.1 Objectives

- ensure that an adequate framework is in place for the control and spending of public money
- the use of bank accounts, advances, charge cards and other expenditure instruments is appropriate and controlled
- expense administration is open, proper and accountable

## 4.2 General

Responsibility for spending public money is placed on ministers and deputy ministers by the Legislature through appropriation acts, the *Financial Administration Act*, the *Budget Transparency and Accountability Act*, the *Balanced Budget and Ministerial Accountability Act*, and specific statutes and related regulations administered by each ministry. This section establishes standards for financial transactions and the overall management of government expenses.

Ministries are responsible for expense management and administration within their programs, under the general direction of the Minister of Finance and Treasury Board.

The Comptroller General, subject to direction from Treasury Board, sets standards and maintains the government's financial policy framework.

## 4.3 Policy

### *Objectives:*

- ensure that expense authorities are clearly assigned, properly approved and that delegation instruments are regularly updated;
- ensure that the responsibilities and duties of expense authorities are clearly communicated and understood;
- ensure that appropriate officers are delegated expense authority, and they are held accountable for exercising that authority; and
- ensure that an appropriate financial control framework is maintained which permits a balance of risks, costs and efficiencies.

### *General:*

Ministers and deputy ministers have statutory responsibility for the stewardship of financial resources and for ensuring appropriate control of public money. To carry out this responsibility, ministers or deputy ministers authorize ministry officials to exercise responsibilities on their behalf through written delegation of authority.

The *Financial Administration Act*, sections 32 to 33.1, provide for expenditures from appropriations, expenditure authorization, payments from an appropriation, and trust fund expenditures and payments.

### 4.3.1 Delegation of Authority

1. The deputy minister (or minister) must approve delegated authorities in ministries. A delegated authority cannot be redelegated. A person formally acting in a position may exercise the authority delegated to that position.
2. Ministries must designate a signing authority officer who is responsible for the administration and control of ministry signing authorities. Delegation instruments must be properly documented and maintained, including electronic authorizations.
3. For each officer granted expense authority, a specimen signature card or electronic version must be maintained. The use of rubber signature stamps, adhesive slips or mechanically produced signatures are prohibited.

4. The authority, responsibility, and accountability inherent in the delegation must be clearly communicated to the incumbent of a position charged with expense authority.
5. Where a delegated expense authority is revoked, suspended or modified, it must be reported promptly to the signing authority officer.
6. Expense authority must be granted in relation to a position's organizational responsibility or duties, and can be restricted as to financial limit and standard object of expense (STOB). The STOB identifies the nature of goods and services purchased (e.g., office supplies) or the nature of a payment (e.g., government transfers).
7. The [Common Expense Authority Matrix](#) is the government standard for the delegation of authority by ministries. Ministry matrices must be maintained on the Corporate Signing Authority System, the official register for expense authorities.
8. Expense authority must be delegated to organizational positions and not to individuals. Amendments must only be made for changes in organizational structure or responsibilities, and not for personnel changes.

#### [Procedure Requirements - B.1](#)

### 4.3.2 Expenditure Authorization

1. The purpose of this policy is to ensure separation of duties in financial transactions. It applies to both manual and electronic systems.
2. Specific roles are assigned to the ministry's deputy minister, executive financial officer, and chief financial officer as appropriate:
  - delegating expense authority (EA) to the appropriate staff in their ministry;
  - ensuring financial management reports are made available to EAs for review and follow-up; and
  - ensuring EAs, Qualified Receivers and other staff involved with financial transactions are trained and understand their responsibilities.
3. The EA and Qualified Receiver (QR) must be separate individuals and exercise their duties independently. In addition, the EA and QR must be government employees (or incumbents of government positions, but not contractors or volunteers). Any exception to this policy (i.e., for an extraordinary operational requirement) must be approved by the Comptroller General.

### Expense Authority

1. An officer with expense authority must only approve an expenditure or payment requisition that will:
  - be a proper charge against an appropriation over which they have been delegated authority;
  - not exceed the available appropriation; and
  - comply with all relevant statutes, regulations, Treasury Board directives, other executive orders, and central agency and ministry policies.
2. EAs are accountable for compliance with this policy and for reviewing monthly financial management reports, and taking corrective action if discrepancies exist.
3. An EA must not approve an expenditure or payment requisition where the EA will be the payee.
4. In the event that an EA has improperly exercised their authority, appropriate follow-up action will be taken commensurate with the infraction. Repeat occurrences will result in applying an escalating process of discipline, potentially including loss of expense authority and dismissal.

### Qualified Receiver

1. Regardless of who signs delivery documents, a Qualified Receiver (QR) must inspect/review the goods and services

received, and complete the electronic receipt or sign the direct invoice.

2. The QR must ensure goods and services have been received and the documentation to support the account has been verified in respect of:
  - Goods: as ordered, correct amount, correct quantity and suitable quality;
  - Services: as contracted, correct amount, appropriate deliverables and performance criteria met; and
  - other required conditions have been met.

#### [Procedure Requirements - D.1](#)

### 4.3.3 Expenditure Processing and Payment Review

#### Matching

1. The vendor's invoice or other documentation supporting the expenditure must be matched or, through other documentation, reconciled to the purchasing instrument and receipt before payment is made.
2. Upward variances between the approved request, purchase instrument, goods and services received, and invoice from the vendor must be approved by the EA. Any exceptions to policy must be approved by the Comptroller General.

#### Payment

1. Payment is released only when both:
  - an EA has approved the expenditure and variance(s), or payment requisition; and
  - a QR has certified all conditions have been met.
2. For government transfer payments related to third party programs, refer to policy 1, [4.3.6](#).
3. If an EA (or alternate EA with appropriate authority) is not available to approve a payment requisition electronically, Force Approval or the batch release procedures (see Procedures [D.11](#)) may be permitted. Force Approval may be used only where absolutely necessary and when its use has been pre-approved by the Comptroller General. Further, this use must be restricted and controlled. The ministry chief financial officer has the responsibility to ensure the financial control framework is preserved and that use of Force Approval:
  - is limited to exceptional circumstances or an emergency situation;
  - is supported by appropriate processes and controls, at a minimum:
    - restricting Force Approval access to a limited number of users;
    - segregation of incompatible duties, such that a person with access to Force Approval does not also have invoice entry ability;
    - independent and timely review of Forced Approval payment reports; or
    - compensating controls, as determined by the chief financial officer.
4. Where Force Approval has been used, an EA must still approve the expenditure and provide documentation to support the account.
5. When only verbal approval is possible by an EA prior to payment, the EA must provide an email note, facsimile or other support as confirmation of the approval, and ensure that documentation is immediately forthcoming to support account payment.
6. In addition, the ministry must assess (at least on an annual basis) any continued reliance on Force Approval rather than payment as in policy 1.
7. The Comptroller General must approve any exception to this policy. A request for an exemption to policy requires the submission of a risk and control review.

## Payment Review

In accordance with [CPPM 19.0](#), payments may be selected by OCG at any time for the purpose of reviewing accuracy and policy compliance.

### 4.3.4 Documents and Other

#### Documents

1. A printed email or a faxed copy of a document is acceptable evidence of certification in a control environment that includes:
  - a reliable, secure email login and protocol;
  - informing users of responsibility for system access and protection of user IDs and passwords;
  - capability to confirm the source of the email or faxed document; and
  - review and reconciliation of transaction and financial management reports.

#### Other

1. Officers with EA must authorize staffing and other requests involving payments to government personnel under their responsibility (e.g., overtime and meal allowances, but not pay increases governed by collective agreements).
2. For account approval by an officer who no longer has expense authority (EA) at the time the account is processed, the officer's EA replacement or next higher authorized officer must approve the account. If no EA is available, the chief financial officer or executive financial officer must approve the account.

#### [Procedure Requirements - D.6](#)

### 4.3.5 Electronic Processing

Written signatures provide the most direct evidence of expense authority approval of a financial transaction and certification by a qualified receiver. In an electronic environment there may only be an electronic record of the transaction when the related processing is completed. An electronic signature will be the evidential documentation of expense authority authorization and qualified receiver certification for the associated financial transaction.

In this instance, appropriate environmental and application controls are necessary to support the use of electronic signatures, and to maintain the integrity of data and assure trust and accountability in the system. For example, the logon protocol that validates the user's ID and password before permitting access to the government's protected domain, the BCGOV system, is an access or security control.

#### Authorization Standards

1. Processes developed for authorizing electronic financial transactions must adequately ensure:
  - reliable identity, including association of an electronic signature with relevant data to create dependable evidential documentation of the signer's intended approval of the financial transaction;
  - non-repudiation where a person could not deny involvement in the transaction;
  - data integrity to prevent data alteration after signing; and
  - confidentiality so that only authorized persons can access the data.
2. Appropriate processes and controls must be established to ensure valid and reliable electronic authentication and adequate access to information.
3. Internal controls, security and other measures, appropriate for the risk, must be developed to assure processing integrity, business accountability, business continuity and protection against malicious attacks and other intrusions on the system.

4. Records must be created, stored and maintained such that the transaction (together with an audit trail of the associated workflow) can be retrieved and verified to source for audit and other recorded information purposes.
5. System security incidents and any related loss of assets must be reported promptly on a [General Incident or Loss Report](#).
6. In deploying electronic authorization, the following must be taken into account, as appropriate:
  - technological risk;
  - best practices and consistency with government's electronic service delivery strategy and direction;
  - generally accepted electronic signature standards as they are modified from time to time; and
  - international uniform commercial code to facilitate electronic commerce.
7. A security threat and risk assessment must be completed in support of an electronic signature deployment. Where it is practical, the security threat and risk assessment may be done in conjunction with a risk and control review of a new financial system. (See chapter 13, [Financial Systems and Controls](#).)
8. The security threat and risk assessment and report must be completed by a qualified, objective party and the report made available to the Comptroller General on request. Internal Audit and Advisory Services should be consulted as a part of the risk analysis process.

#### 4.3.6 Third Party Programs

Third party programs include expenditures to third parties for client purchases that are authorized by legislation and defined by regulation (e.g., BC Employment and Assistance entitlements). For these [government transfer payments](#), expenditure authorization is based on the integrity of overall processes, systems and controls in a ministry. Expense authority and qualified receiving functions may be demonstrated in different ways, be applied outside of government, and not necessarily exercised on every voucher or invoice, due to high volumes or the nature of a program. Controls including ministry program reviews, and verification procedures completed prior to payment, supplement the financial framework.

1. Force Approval is permitted to release payments for third party programs when its use has been pre-approved by the Comptroller General and it is restricted and controlled. It is the responsibility of the ministry chief financial officer to ensure that Force Approval:
  - is limited to program areas where expenditure authorization is consistent with core policy ([4.3.2 Expenditure Authorization](#));
  - is supported by appropriate processes and controls, at a minimum:
    - restricting Force Approval access to a limited number of users;
    - segregation of incompatible duties, such that a person with access to Force Approval does not also have invoice entry ability;
    - independent and timely review of Forced Approval payment reports; or
    - compensating controls, as determined by the chief financial officer.
2. In addition, the ministry must assess (at least on an annual basis) any continued reliance on Force Approval rather than payment as in policy 1, [4.3.3](#).
3. The Comptroller General must approve any exception to this policy. A request for an exemption to policy requires the submission of a risk and control review.

#### 4.3.7 Commitments

Obligations entered into on behalf of the government need to be approved, recorded and controlled to ensure that sufficient funds are reserved, and that appropriations are not over expended.

1. Ministries must maintain an effective system of commitment control for disbursements, including those made:

- under the authority of appropriations detailed in the main Estimates;
  - under the authority of special warrants;
  - from special purpose funds;
  - for statutory payments; and
  - from trust funds.
2. Commitments must only be authorized by those ministry officers delegated expense authority. No commitment must be made that would result in a greater expense than a ministry's current year's appropriation(s), a special account or a trust fund.
  3. Ministry systems for commitment control must include:
    - direction regarding the point at which commitments must be recognized;
    - identification of amounts reserved from the ministry's current and future years' appropriation(s);
    - records of commitments that are properly maintained and integrated with the ministry's accounting system; and
    - periodic reviews of outstanding commitments to ensure they reflect their current status.

#### 4.3.8 Timing and Distribution of Payments

The timing of payments by the government affects cash flow, the cost of goods and services acquired and the benefit to recipients, suppliers and organizations. Controls are required to ensure that public money is spent properly and payments are distributed to the correct payees.

1. Each ministry must maintain a payment process that ensures the proper payment date is met.
2. Invoices to the government must be date stamped on the day of receipt by the ministry. No payment is permitted prior to the date established in policies 4, 5, and 6, except where:
  - the payment date is set by contract;
  - the contracted price is based on payment within a specified time; or
  - an early payment discount is available.
3. Salaries and wages must be paid bi-weekly on every second Friday, except:
  - field salaries and wages from imprest accounts that must be paid as required by statute and/or contract;
  - vacation advances on earnings, allowed once per calendar year, upon 30 days written notice; and
  - final cheques to terminating employees must be paid in accordance with the provisions of the *Employment Standards Act*.
4. Supplier invoices must be paid as close as possible to 30 days after receipt of the invoice or receipt of the goods, whichever is later. Invoices offering an early payment discount may be paid as required to obtain the discount.
5. Refunds and overpayments must be paid as close as possible to 30 days following receipt of a claim. Refunds resulting from ministry errors must be paid as soon as possible.
6. Contract invoices must be paid as close as possible to 30 days of receipt of the invoice or service, whichever is later. The engineer responsible for the contract must pay construction contract invoices as close as possible to 30 days after authorization. Contract invoices offering an early payment discount may be paid as required to obtain the discount.
7. Invoices, contracts or refunds paid more than 60 days after they become due must bear interest charges. Refer to section 4.3.13 policy on [Interest on Money Owing by the Province](#).
8. No early payment must be made unless the discount received exceeds [an amount and rate \(noted under Early Payment Discounts\)](#) set, from time to time, by the Minister of Finance.
9. All payments must be made and distributed by the Ministry of Finance except the following:
  - payments drawn on ministry bank accounts; on Provincial Treasury's approval:



- payments presented or appended to correspondence signed, personally by a minister or deputy minister;
  - overdue payments that, if not returned to the ministry, would result in a significant detrimental financial loss;
  - payments that must be made at time of, or prior to receipt of goods and services (such as permit applications);
  - payments to be distributed by a solicitor relating to real property;
  - payments of an emergency nature;
- payment for salaries, wages and accountable advances; and
  - payments for certain programs as approved by the Ministry of Finance.
10. Ministries requiring payments by means of electronic funds transfer must submit a written request to the Ministry of Finance preceding either:
- the payment date; or
  - the first payment date of a payment schedule.
11. Payments not otherwise referred to in this policy may be distributed by the ministry originating the request for payment, upon approval of the Deputy Minister of Finance or his/her delegate.
12. A payment must not be distributed by a person, who has exercised expense authority for the payment, except with the written approval of the ministry executive financial officer on recommendation of the chief financial officer.

#### 4.3.9 Advances

The purpose of an advance or accountable advance is to fund payments on account of expenses incurred or to be incurred against an appropriation.

1. Ministries must maintain adequate processes for the control and accountability of accountable advances and the recording of related transactions.
2. Employees issued an advance must make a written assignment of salaries and wages, except in the case of a temporary salary and wage advance. Where an accountable advance is issued to a non-employee, a signed undertaking to repay the advance must be obtained.
3. The amount of an accountable advance must only be large enough to cover the payments reasonably be expected to be made from the advance.
4. Ministries must periodically verify issued accountable advances and reconcile, at least semi-annually, the ministry control account with central accounting records.
5. Accountable advances must be approved by a ministry officer delegated signing authority for that purpose.
6. Ministries must ensure any outstanding accountable advance issued to an employee is accounted for and repaid prior to an employee's termination and the disbursement of the employee's final payroll cheque.
7. When an employee has not repaid an amount owing to the Province following notice, ministries must undertake arrangements to recover the amount owing, including possible set-off action. In taking set-off action against an employee's salaries and wages, ministries may take into account employee financial hardship in determining the recovery schedule.

#### [Procedure Requirements - B.2](#)

#### ***Temporary Accountable Travel Advances***

1. Only those employees who do not qualify for a travel card will be issued a temporary accountable travel advance to cover travel expenses incurred on a specific business trip. Where a temporary accountable travel advance is used, it must be for travel where the employee makes a single trip or a number of trips within a 30-day period.
2. Approval by the deputy minister or the designated chief financial officer must be obtained if the employee requesting a temporary accountable travel advance already holds a standing travel advance and the combined total of the travel

advances exceeds \$1,500.

3. A temporary accountable travel advance must be accounted for within one week of the completion of the trip (or 30 days in total).

### ***Standing Accountable Travel Advances***

A standing accountable travel advance may be issued to employees required to travel on a continuing basis indefinitely, or on a continuing basis for a fixed period of time exceeding 30 days (e.g., seasonal travel).

1. A standing accountable travel advance must only be issued when there is no other viable alternative.
2. Authorization of a standing accountable travel advance is restricted to the ministry's deputy minister.
3. An application for a standing accountable travel advance must include justification for the advance and the required period of time. The standing accountable travel advance must be repaid at the end of that period.
4. If a standing accountable advance has not been used for three months, the ministry chief financial officer must reassess the need for the advance. Standing accountable travel advances not used during a six-month period must be repaid.

### ***Working Capital Advances***

Working capital advances such as petty cash funds, field crew trust accounts and cashier floats are issued to expedite field operations in reimbursing certain expenses.

1. A working capital advance must only be provided to a continuing employee and used for reimbursing operating expenditures.
2. The ministry chief financial officer must authorize a working capital advance that exceeds \$1,500.
3. Reimbursement claims for working capital advances must be submitted on a timely basis, taking into account processing costs and the materiality of the amount to be replenished. (Use the [Petty Cash Reconciliation/Replenishment Report Form, FIN 95](#)).
4. A working capital advance must not be excessive for the level of intended expenses, and it must be reviewed periodically to see that it remains so.
5. Working capital advances must be accounted for and repaid within ten working days following the fulfillment of the purpose for which the advance was made.
6. Where it is necessary to transfer the responsibility for a petty cash advance, one of the following must be done:
  - a. the existing petty cash advance is refunded by the present holder, and a new advance is requisitioned for the new holder; or
  - b. a formal record is made of the transfer. This record must consist of adequate documentation including:
    - a reconciliation of the petty cash advance;
    - transferor and transferee signatures; and
    - verification by the immediate supervisory management.
7. Ministries must ensure that the holder of a working capital advance fully understands the responsibility and is given adequate facilities and written instructions respecting the control, use, reconciliation, reimbursement and safekeeping of the entrusted monies.
8. The holder of a working capital advance must not have responsibility for the handling of accounts receivable, account verification, or payment approval. An exception to this policy may be made if the holder of the working capital advance is located where there are insufficient personnel to segregate responsibilities. The ministry chief financial officer must approve any exceptions to this policy.
9. Ministries must periodically perform and document independent verifications of working capital advances to determine that the funds are used properly, protected adequately against loss and accounted for completely.

10. Where there is a loss involving a working capital advance, ministries must take appropriate action in accordance with policy on [Loss Management](#), CPPM chapter 20.
11. Overages revealed in the working capital advance must be deposited and credited to the ministry miscellaneous revenue account. Any fund shortage arising from normal administration (e.g., human error) of the working capital advance must be charged to ministry expenditures. The ministry chief financial officer or an officer delegated the responsibility must periodically review the appropriateness of these charges.

#### [Procedure Requirements - B.2.4](#)

### **Supplier Advances**

1. Advances to suppliers may only be issued where:
  - the supply of goods or services cannot be made by an alternate supplier with less stringent payment terms; or
  - no alternative goods or services will meet the ministry's needs; or
  - special discounts can be obtained; and
  - the supplier is financially responsible.
2. An advance to a supplier must be authorized by a ministry officer delegated expense authority for the particular program and by the ministry chief financial officer.
3. Outstanding advances to suppliers must be reviewed quarterly by a responsible ministry officer for:
  - the continued need for the advance;
  - the appropriateness of the amount advanced; and to
  - reconcile supplier and ministry records

### **Other Accountable Advances**

Other accountable advances may be issued to employees in the normal course of administration for various purposes, such as relocation advances, salary and wages advances and education advances.

1. A temporary salary and wage advance must not exceed the amount of the bi-weekly salary or wage due to the employee, less any payroll deductions.
2. Reimbursement claims for other accountable advances must be submitted no later than ten days after the end of any month in which expenditures are incurred, taking into account processing costs and the materiality of the amount to be replenished.
3. An accountable advance issued under this section must be accounted for and repaid within one week following the fulfilment of the purpose for which the advance was made. A temporary advance for salaries and wages may be recovered from the next regular payroll cheque of the employee.

#### [Procedure Requirements - B.2.1, B.2.2](#)

### 4.3.10 Loans

Loans are a special category of disbursements made under the authority of certain statutes, regulations and directives. Section 45(1) of the *Financial Administration Act* requires the government to make loans only by order of, or in accordance with directives of the Lieutenant Governor in Council on the recommendation of the Minister of Finance.

1. Where not prescribed by statute, ministries must develop criteria under which loans can be made under an enactment. The criteria must be in the form of regulations made pursuant to the enactment under which the loan can be made, and:
  - include conditions for eligibility, repayment terms, interest charges, collateral, and other conditions requested by the appropriate minister and/or the Minister of Finance; and

- the loan criteria developed must be reviewed by the Minister of Finance and be approved by the Lieutenant Governor in Council.
2. Where permitted by regulation, all loans must be approved by officers who have been delegated expense authority for that purpose.
  3. Where collateral is held or assigned as security, the loan must be registered in accordance with the loan's authorizing enactment. Where registration is not specified, registration must be completed:
    - in accordance with general statutes and regulations of the Province, and
    - in consultation with, or in accordance with procedures that may be specified by, the Ministry of the Attorney General, to protect the Province's claim on collateral held or assigned as security.
  4. All loans must be recorded as assets in the ministry's accounting records. Detailed information must be kept to include:
    - name and address of the debtor;
    - collateral held or assigned to secure the loan;
    - date the loan was made and the date due;
    - interest rate and how calculated;
    - the principal sum of the loan and the authority under which the loan was made;
    - repayment terms; and
    - the officer(s) who authorized the loan.
  5. Ministries must establish appropriate processes to safeguard collateral held to secure a loan.
  6. Loans must be assessed at least annually or as soon as a payment is not received on time, whichever occurs first. A provision for doubtful accounts must be made at the end of the fiscal year.
  7. Except for loans with blended payment terms, claims for interest due on loans must be made in writing to the debtor prior to the due date and entered in ministry accounting records as separate accounts receivable.
  8. Unless otherwise provided by legislation, any loan repayment must first be applied to the interest earned at the time of repayment and then to the principal.
  9. Except as otherwise provided by an enactment, regulation or Treasury Board directive, payments received must be credited to the Consolidated Revenue Fund.
  10. When repayment terms of a loan registered have been met, a formal discharge of the loan is to be completed and filed in accordance with procedures as may be prescribed by statutes and regulations of the Province and as prescribed by the Ministry of the Attorney General. Formal discharge is also required to fully release any encumbrance on collateral held.
  11. Discharges must not be approved by the same officer who authorized the loan.

#### 4.3.11 Ministry Bank Accounts

Payments from the Consolidated Revenue Fund for goods and services, or for other purposes, are generally made under the authority of the Minister of Finance. However, it is also recognized that this may not always be convenient. The *Financial Administration Act* provides the authority to use ministry bank accounts as an effective alternative to the Province's main cheque payment facility.

1. Ministry bank accounts must be approved by the Minister of Finance or his/her delegate. Ministry bank accounts established for the purposes of depositing public money must be separate from those accounts established for the making payments, with the exception of trust bank accounts.
2. Ministries must:
  - keep the number of bank accounts they require to a minimum in relation to operating requirements; and
  - ensure that accounts are established with the principal banker of the Province where possible.
3. Applications for a ministry bank account must be signed by the ministry's executive financial officer or chief financial officer

4. The authority to sign cheques on ministry bank accounts must be delegated, in writing, by the deputy minister to an authorized officer in the ministry, or to an authorized officer in another ministry, or to a person other than an authorized officer, where the appropriate level of control is in place.
5. The signatures of at least two officers delegated authority to sign cheques are required on cheques drawn on ministry bank accounts. Where this is not practical, the ministry chief financial officer may authorize the signature of only one authorized officer. In this regard, ministries must provide appropriate justification, including the additional internal controls that will be put place for such cases.
6. Ministries may, with the approval of the Comptroller General, use signature plates to sign cheques on ministry bank accounts where it is cost effective; however, if only one signature on cheques drawn on ministry bank accounts is possible, signature plates must not be used. Submissions to the Comptroller General seeking approval to use signature plates must include, as a minimum:
  - a. a description of the procedures and controls that will be used where signature plates are requested;
  - b. an analysis of the cost benefit of the use of signature plates; and
  - c. an example of the signature plates that will be used showing the signatures of the authorized officers that will appear on cheques drawn on ministry bank accounts.
7. Ministries must implement procedures to safeguard and secure the signature plates at all times.
8. Rubber stamp signatures must not be used to sign cheques on a ministry bank account.
9. Deposits to ministry bank accounts are restricted to:
  - remittances received for the purposes of establishing, replenishing or increasing the accountable advance for the working capital required in the account; and
  - monies received as a refund or repayment of an expense or an advance made from the account.
10. Cheques drawn on ministry bank accounts must be supported by documentation that is appropriate to the issue of the cheque (e.g., invoices, receipts) and certified by an expense authority.
11. Records must be maintained of all deposits to and cheques drawn on ministry bank accounts. Bank reconciliations must be done monthly, independently reviewed and approved by the ministry chief financial officer. Outstanding cheques that remain unpaid for a period of six (6) months following issue are stale-dated and are to be cancelled with notification to the bank.
12. Except as otherwise authorized by the Minister of Finance, cheques must not be drawn on ministry bank accounts that would cause the account to become overdrawn.
13. Reimbursements to ministry bank accounts must be made monthly or as required to ensure the account is not overdrawn.
14. Payments must not be made to payees against whom a legal encumbrance exists.
15. Ministries must establish and maintain a record of ministry bank accounts including a list of those officers who are authorized to sign cheques. This record must be reconciled at least once each year with the central bank account records (CBAR) maintained by the Ministry of Finance. Any errors or omissions must be identified and corrected immediately.
16. Ministries must conduct at least annually a review of ministry bank accounts to ensure each account is still required and is being used for the purpose originally intended as approved by the Minister of Finance. Any account that is no longer required or is not being used for the purposes originally intended must be closed. Ministries must arrange closure through the Provincial Treasury, the Ministry of Finance.

### [Procedure Requirements - B.3](#)

#### 4.3.12 Chief Financial Officer Bank Account

1. The application for establishing a chief financial officer bank account must be signed by the ministry executive financial officer and submitted to the Comptroller General for approval. This type of ministry bank account can be used for the purposes of paying ministry expenses, within specific limits.
2. The working capital amount advanced for operation of the chief financial officer bank account is to be charged to a special category of cash in bank established for that purpose by the Office of the Comptroller General. This working capital is not an accountable advance for the purposes of policy outlined in Advances, section 4.3.9.

3. The working capital amount advanced for operation of the chief financial officer bank account must be approved by the Comptroller General. The amount of the advance must be kept at a minimum level commensurate with the anticipated payments projected on a quarterly basis and the lead-time required to obtain replenishment.
4. The chief financial officer bank account cheque signing authority must be maintained at an appropriately high level of responsibility and not be less than Financial Officer 1.
5. When there is a personnel change in the position of ministry chief financial officer, either on a temporary or permanent basis, bank signing authorities must be amended as appropriate and both the Comptroller General and the Director of Banking/Cash Management must be informed in writing.
6. When a transfer of account responsibility is made, a reconciliation of the account and a transfer agreement must be prepared as at an appropriate date. Agreement to the reconciliation and acceptance of the transfer of responsibility for the account must be signed by both parties involved in the transfer.
7. When a chief financial officer bank account is no longer needed, ministries must make arrangements to close the account with the Provincial Treasury.

### [Procedure Requirements - B.3](#)

#### 4.3.13 Interest on Money Owing by the Province

The [Interest on Overdue Accounts Payable Regulation](#) provides the authority for interest to be paid on monies owing by the Province. Ministries must ensure that all accounts representing money owing by the Province are processed with a minimum of delay to avoid or minimize the payment of interest. This policy section does not apply to amounts owing between ministries.

1. [Interest is due on monies owing by the Province](#) from the sixty-first (61st) day after the date the money becomes due to the date payment of the money owed is mailed or delivered to the payee. Money owing by the Province for goods and services becomes due when both:
  - a ministry has received an invoice or a written request for payment; and
  - the goods have been delivered in good condition or the services have been performed satisfactorily, or both, in accordance with an agreement.
2. On any overpayment, including those amounts in policy 3, interest is due on monies owing by the Province from the later of:
  - October 1, 1980; or
  - the sixty-first (61st) day after the government received the overpayment
3. When the government becomes liable for a repayment of money received for taxes, royalties, fees or other charges made under an Act due to a legislative amendment, interest is payable only from the date that the repayment becomes due, or the person receiving the payment presents his claim.
4. Except as otherwise provided by other provincial or federal enactments, interest is not paid on money owed by the government:
  - where the government acts in the capacity of an agent or trustee;
  - to a corporation, association, board or commission to which the *Financial Information Act* applies;
  - to a regional hospital district as defined in the *Hospital District Act*;
  - to a municipality or regional district to which a grant under the *Local Government Grants Act* may be made;
  - to the Government of Canada;
  - for salary, wages, benefits or expenses owed by the government to an employee of the government in respect of that employment; or
  - where the amount of interest payable in all cases is less than \$5.00.
5. Interest must be calculated at the annual rate and in the way specified in the [Interest on Overdue Accounts Payable](#)

[Regulation.](#)

6. When interest is payable under an act or regulation, payment must be made in accordance with the provisions of the enactment.
7. When interest is payable under a trust, the payment must be made in accordance with the terms of the trust instrument, agreement or other authority governing the monies held in trust by the government.
8. Ministries contemplating the inclusions of a term providing for the payment of interest in acts, regulations, trusts or contracts must obtain guidance from the Provincial Treasury before finalizing the documents. Where a contract specifically provides for the payment of interest that provision must be followed.

#### 4.3.14 Transfer Payments

Transfer payments are transfers of money from the Province to an individual, an organization, another government, or a trust fund for which the Province does not receive any goods or services directly in return, does not expect to be repaid in the future, does not expect a financial return, or has an ongoing involvement in the trust's activities. Transfer payments are distinct and separate in this respect from other [acquisitions by government](#) where it receives goods or services directly in exchange for a payment.

#### Accounting and Classification

1. Transfer payments must be defined in accordance with the criteria described in [Appendix 1](#) as one of three payment categories:
  - Grant;
  - Entitlement; or
  - Transfer under Agreement (including shared cost).
2. Transfer payments must be recorded and reported accurately, completely and on a timely basis to comply with government's accounting policy as described in [Appendix 2](#).

#### General Payment Standards

3. Transfer payments must support approved ministry service plans and program objectives.
4. A transfer payment must be authorized by a ministry official who has been delegated expense authority for this purpose.
5. A transfer payment shall only be made:
  - for specified purposes in accordance with established eligibility criteria;
  - under a statutory authority, formula or regulation; or
  - in accordance with a formal agreement, or a shared-cost agreement for the purposes specified in an agreement.

#### Documentation and Payment Management

6. Written documentation between the Province and the [recipient](#) is required in support of a transfer payment. For Grants and Entitlements, the use of an application form or correspondence with the recipient may be sufficient. For a Transfer Under Agreement, a formal written agreement must be used that clearly identifies the terms and conditions (see [Appendix 3](#) for guidance). Where it is necessary, ministries are to seek legal counsel in developing a transfer agreement or a trust fund. Policy for trusts is outlined in [Appendix 4](#).
7. Transfer payments must be managed in a manner that:
  - is open and transparent to the public;
  - provides for government independence and objectivity;
  - clearly identifies roles and responsibilities;

- provides adequate administration and documentation; and
  - takes into consideration economy, efficiency and effectiveness.
8. The responsible ministry must undertake measures to conduct appropriate due diligence on a prospective transfer payment recipient, including, where applicable, credit and background checks on key signatories, verification of business references and other certifications.
  9. The engagement of a Transfer under Agreement must demonstrate accountability and economic efficiency. The choice of a service provider shall follow government's [competitive selection process](#) unless a [direct award condition](#) applies, or where
    - financial assistance is provided to a specified target group or population (e.g., a First Nation, or a direct beneficiary- individual or family or legal guardian of that individual under a community/social service program); or
    - it is a shared cost agreement or a public private partnership where a competitive selection is not appropriate.
  10. Records of transfer payments, and an appropriate management information system and monitoring strategy must be maintained by the responsible ministry to ensure the terms and conditions for the transfer payment are met.
  11. The performance review of a recipient must be carried out with independence and objectivity. An employee shall not take part in a performance review if he/she is exposed to an actual, perceived or potential conflict of interest in relation to a performance review.

#### Repayment of a Transfer Payment

12. Where a transfer payment is paid
  - after the expiry of eligibility;
  - on the basis of fraudulent or inaccurate information;
  - in error; or
  - the recipient has not complied with the terms and conditions for the payment,
13. the ministry executive financial officer or other designated ministry official will determine the extent of repayment with reference to the nature and severity of the situation, and record the amounts owing as a debt receivable to the government.
14. Refund of an overpayment is required immediately or reasonable arrangements must be made to ensure repayment in due course.

#### 4.3.15 Payments Based on Contributions

An external party may contribute money towards a government expenditure where the receipt of this contribution is not provided for in the main Estimates. Section 25(1) of the [Financial Administration Act](#) allows payment, based on such contribution, out of the Consolidated Revenue Fund up to the amount of the contribution.

1. A contribution agreement or undertaking must contain
  - details of the amounts, timing and extent to which contributions are to be made;
  - estimate and timing for government expenditures; and
  - where applicable, details of the authority under which the agreement or undertaking has been executed.
2. Ministries must maintain agreement or undertaking records and any other necessary supporting documentation.
3. The FAA does not apply where the amounts to be received are the result of insurance claims or for credit or recovery



of payments made under FAA section 23(3).

4. In the case of new or existing single or multi-year contribution agreements, an estimate of the expenditure and matching contribution by way of revenue or recovery must be included in the main Estimates if the amounts are known or can be reasonably forecasted at the time of preparing the Estimates. Generally, ongoing programs involving contributions are included in the main Estimates and all expenditures and recoveries are treated in accordance with FAA section 23(3).
5. Payments based on contributions under FAA section 25 accounts must be approved by the minister, deputy minister or his/her delegate.
6. Contributions towards expenditures received by the Province must be deposited to the Consolidated Revenue Fund.
7. For each fiscal year, ministries must provide OCG, Financial Reporting and Advisory Services with a report of authorizations and payments made pursuant to FAA section 25(1).
8. Authorizations made under FAA section 25 must be reported in the annual Public Accounts of the Province.

#### 4.3.16 Refund of Expenses

The government may receive refunds of expenses for a variety of reasons ranging from an overpayment to a supplier to the recovery of a debt written off.

1. Documentation pertinent to the receipt of a refund, such as a credit note, reason for the refund, and other related documents, must be maintained by ministries.
2. The value of a refund of expenses must be determined as soon as possible, and where material be recorded as an account receivable. Where necessary, a set-off may be used to retain money due or payable to a person who owes money to the government.
3. Refunds of expenses incurred in the current fiscal year must be credited to the appropriate expense account.
4. Refunds of expenses incurred in prior fiscal years must be credited to an account, "Recovery of Prior Year's Expenditures" established by OCG, Financial Reporting and Advisory Services.

#### 4.3.17 Holdbacks

Holdbacks are a common feature of contractual arrangements where payment for the performance of work, the delivery of goods or the rendering of services is dependent upon satisfactory contract performance. The withholding of all or a portion of such payments may be governed by the terms of a contract, or by statute that empowers the government to withhold funds where the quality of services provided is not satisfactory.

1. A holdback must only be made in accordance with the terms and conditions of a contract or the provisions of a statute governing that payment.
2. Where not prescribed by statute or regulation, ministries must develop criteria under which holdback clauses will be included in the terms and conditions of contracts.
3. A holdback provision must only be exercised after a claim or other appropriate documentation has been received that attests to the degree of completion and/or quality of work performed. Ministries must maintain documentation related to the exercising of holdback provisions.
4. A holdback control account must be kept in the ministry general accounting system. Subsidiary accounts are to be maintained to disclose the individual amounts owing as well as the aggregate total, and must be reconciled monthly to the control account.
5. A report of holdbacks payable that are outstanding for more than 90 days must be reviewed monthly by the ministry's chief financial officer.
6. Contracts with a holdback provision must also include a provision that interest must not be charged on payments withheld in accordance with the contract.

#### 4.3.18 Accounting Transfers

Accounting transfers are internal transactions arising from situations that necessitate adjustments to the financial records. Such situations include corrections, account allocations, ministry transfers, accruals and adjustments. To maintain the integrity of the accounting information, accounting transfers must be subjected to appropriate control.

1. Expense authority is required to approve accounting transfers affecting expense and capital accounts. Revenue authority is required for accounting transfers affecting revenue accounts or non-revenue accounts for the accrual or deferral of revenue.
2. The issuing ministry (client) must process the accounting transfer (including chargebacks and other inter-client transfers) in accordance with established procedures.
3. Any chargeback proposed by a ministry or agency must be approved by Treasury Board and apply the principles for internal recovery of consumption based services (CPPM [4.3.22 Internal Recoveries](#)).
4. Chargeback agencies must
  - provide an annual report of their operation including comparative figures for prior years when requested by client ministries; and
  - ensure that detailed reports are available to the ministries in an electronic format that can be incorporated into ministry reporting systems.

### [Procedure Requirements - F](#)

#### 4.3.19 Purchases by Government Charge Card

Charge cards are a widely used payment method for the purchase of goods and services. Ministries may use charge cards to expedite purchases wherever the practice is efficient and cost-effective.

##### General

1. Only an approved government charge card may be used to incur expenses in the name of the Province. Exemptions to this policy require Treasury Board approval. A request for exemption is to be forwarded to the Comptroller General.
2. Ministries that receive unsolicited charge cards must destroy them immediately.
3. Ministries must maintain a record of their government charge cards and reconcile, at least annually, to the central registry maintained by Common Business Services (Ministry of Labour and Citizens' Services). Ministries must also periodically review card activity and recall those cards that are no longer needed.
4. Interest on overdue accounts payable or late payment penalties are to be paid to the extent required by the negotiated master agreements. However, ministries must implement administrative processes to avoid the payment of interest and penalties.
5. Government charge cards issued must be embossed with "PROVINCE OF BRITISH COLUMBIA" or an abbreviation thereof, a unique identification number, and if applicable, the ministry and/or cardholder's name.

##### Purchasing Card

The purchasing card is the primary instrument for making small dollar value purchases for government. Its use has increased the efficiency and cost-effectiveness of government purchases; however, it has not replaced the reliance on sound procurement practices and effective financial controls. Purchases need to be fair, open and prudent and provide the best value for money spent. The general administration and control of the Purchasing Card Program is a ministry responsibility administered through the chief financial officer and the purchasing card coordinator/alternate. Ministries may further restrict the use of the purchasing card to meet their operational requirements.

1. *Authorization*

Purchasing cards are issued under the general provisions of expense authority delegation. Transactions require prior approval (preferably in writing/email) and monthly, the cardholder, as qualified receiver, reconciles, verifies and submits his/her purchasing card statement to the expense authority for approval. Where a cardholder is required to make purchases that will be charged to several budget allocations, the issuance of the card should be approved by the chief financial officer or expense authority who has delegation over the budget areas in question. Transactions and statements should be authorized by the appropriate expense authority.
2. *Transaction and Monthly Limit*

Transaction and monthly limits should be set annually based on actual requirements and must be within the budget allocation of the expense authority to whose budget the expenditures will be charged. Transaction limits above \$5,000

require the additional approval of Common Business Services and approval for monthly limits above \$100,000 must also be obtained from the Office of the Comptroller General.

### 3. *Safeguarding the Card*

Every effort should be taken to ensure that the purchasing card is only used by the individual whose name appears on the face of the card. Lost or stolen cards must immediately be reported to the customer service representative of the issuing card company and to the ministry purchasing card coordinator. Cardholders are also to inform the purchasing card coordinator if they change jobs &/or leave the ministry. Cardholders may be required to return their purchasing card to the purchasing card coordinator for cancellation and disposal at the request of their ministry or the Office of the Comptroller General.

### 4. *Training and Acknowledgment of Terms of Use and Consent*

It is the responsibility of the cardholder to ensure they understand their responsibilities and have been properly trained in the appropriate use of the purchasing card. Ministries are responsible for providing this training, ensuring cardholders understand their responsibilities and that cardholders have completed and signed the *Government Purchasing Card Acknowledgment of Terms of Use and Consent* before cards are issued for use.

### 5. *Card Use*

The purchasing card is only to be used for approved government purchases and should not be used for cash advances or for expenditures where other government-approved charge cards are more appropriate (such as the travel card for travel-related expenditures and the service card for fleet vehicle maintenance).

### 6. *Payment of Statement*

Purchasing Services Branch (Ministry of Labour and Citizens Services) will promptly process and pay the monthly purchasing card statements on behalf of the ministries. Ministries will be charged back their total expenditures on an inter-ministry journal voucher to a ministry clearing account. Individual cardholder statements are to be reconciled by cardholders, approved by expense authorities and processed to the appropriate account coding by the ministries to off-set the clearing account entry.

## [Procedure Requirements - E.6](#)

### Travel Card

The Travel Card Program was established to provide a less costly and more efficient program to minimize cash advance requirements for government-related travel and has all but replaced accountable travel advances. The general administration and control of the Travel Card Program is a ministry responsibility administered through the chief financial officer and the travel card coordinator/alternate.

#### 1. *Authorization*

All government employees who incur reimbursable travel-related costs and meet the eligibility guidelines established by their ministry can apply for a travel card. Credit checks are not required and the travel card application is usually authorized by the expense authority whose budget will be charged for the reimbursable expenditures incurred. The travel card is a shared liability charge card. The Province is liable for all legitimate travel expenses for which it has not reimbursed the cardholder, and the cardholder is liable for any unauthorized charges and for approved travel expenses for which he/she has already been reimbursed.

#### 2. *Cash Advances, Transaction and Monthly Limits*

Daily cash advances, transaction and monthly limits should be set annually based on actual requirements and must be within the budget allocation of the expense authority to whose budget the expenditures will be charged.

#### 3. *Safeguarding the Card*

Every effort should be taken to ensure that the travel card is only used by the individual whose name appears on the face of the card. Lost or stolen cards must immediately be reported to the customer service representative of the issuing card company and to the ministry travel card coordinator. Cardholders are also to inform the travel card coordinator if they change jobs &/or leave the ministry. Cardholders may be required to return their travel card to the travel card coordinator for cancellation and disposal at the request of their ministry or the Office of the Comptroller General.

#### 4. *Training and Acknowledgment of Terms of Use and Consent*

It is the responsibility of the cardholder to ensure they understand their responsibilities and have been properly trained in the appropriate use of the travel card. Ministries are responsible for providing this training, ensuring cardholders understand their responsibilities and that cardholders have completed and signed the *Travel Card Cardholder Agreement* before cards are issued for use.

#### 5. *Card Use*

The travel card is only to be used for approved government-related travel purchases which are eligible for reimbursement including travel-related cash advances. Travel-related purchases are subject to the federal Goods and Services Tax. The travel card should not be used for purchases that are GST-exempt for which a purchasing card would be used, or for expenditures where other government-approved charge cards are more appropriate.

#### 6. *Payment of Statement*

Billing statements are provided monthly and are to be paid by the employee in full by the due date. Cardholders are responsible for all interest and fees resulting from late payments unless it can be clearly demonstrated that the ministry was responsible for the late reimbursement of travel or business meeting expenses. Cardholders are to make every effort to submit travel vouchers (iExpense) in a timely manner.

### [Procedure Requirements - E.3](#)

#### Service Card

Province of BC service cards are issued for government vehicles and selected equipment, marine vessels and aircraft. Purchasing Services, Common Business Services is responsible for managing the Vehicle Service Card.

1. Service cards must only be used in conjunction with authorized vehicle, vessel or aircraft use.
2. Ministries must ensure that the purchase of goods and services for government vehicles with the Vehicle Service Card is appropriate, and that Vehicle Service Card payments are correct and only for charges incurred by the ministry.
3. Ministries are responsible for the accuracy and completeness of their Vehicle Service Card inventory, and making sure that expired cards, cards no longer required and lost/stolen cards are destroyed, returned or reported.

### [Procedure Requirements - E.5](#)

#### 4.3.20 Obligation to Report to the Comptroller General

1. The *Financial Administration Act*, section 33.2, obligates every member of the public service to report to the Comptroller General any expenditure or payment that they consider contravenes sections 32.1 to 33.1. Parts a. and b. below are intended as general examples only. Applicable sections of the Act require reference for a full understanding of the obligation to report.
  - a. For an expenditure, this may include an authorization that:
    - i. causes the appropriation to be exceeded;
    - ii. reduces the available balance in the appropriation so it cannot meet all the commitments charged against it;
    - iii. creates an unlawful charge against the appropriation;
    - iv. is approved by a person without the delegated expense authority;
    - v. is contrary to a term of an agreement, enactment, Treasury Board Directive or term of a trust.
  - b. For a payment, this may include a situation where:
    - i. the related expenditure was not authorized;
    - ii. an advance payment is made (without receipt of goods or services) and the agreement does not provide for such a payment;
    - iii. the amount paid is unreasonable (other than in emergency or extenuating circumstances, i.e., when costs cannot be estimated or specified);
    - iv. the payment is contrary to a term of an agreement, enactment, Treasury Board Directive or term of a trust.

Information reported will be treated in confidence, unless disclosure is authorized or required by law (for example, under the *Freedom of Information and Protection of Privacy Act*).

The reporting obligation in section 33.2 is in addition to any other duty to report. For example, employees in the public service have a duty to report certain allegations of wrongdoing in accordance with the BC Public Service Agency, Standards of Conduct for Public Service Employees, Policy Directive 5.4.

#### 4.3.21 Authority of the Comptroller General

1. The Comptroller General, under the authority of the *Financial Administration Act*, sections 34(1) and (2), on receiving information from employees under section 33.2 or otherwise, may order:
  - a. that an expenditure is not authorized and that a proposed payment related to the expenditure may not be made; and
  - b. that any other proposed payment that does not comply with the *Financial Administration Act*, or other enactment, may not be made.

#### 4.3.22 Internal Recoveries

Internal recoveries are transfers within the Consolidated Revenue Fund. They include inter-ministry chargeback and recovery of the costs of providing services to other areas in government.

Determination of which services to charge back on a full cost recovery basis or partial recovery basis, and those services not to be charged back, must be done on a case by case basis by applying the following principles:

1. *Demand Driven* - services (and related costs) must be focused on the needs of ministry clients and government, and their ability to control consumption of the services.
2. *Value-Added* - a chargeback process should only be used if there is demonstrable value to ministry clients, government and service providers in incurring the costs involved in administering the chargeback.
3. *Fair and equitable* - chargebacks must be representative of the true cost of service provision with minimal overhead related to other costs (no offloading); over-recoveries should be refunded or future chargebacks should be reduced; all chargebacks must be consistently applied across government (no special arrangements).
4. *Sustainable* - following the business case approach, both the level of service and the means of chargeback need to be well understood, predictable, and realistic in the budget environment that ministries and service providers face.
5. *Flexible and Adaptable* - chargeback methods should reflect the nature of the cost (e.g. per employee), whether it is fixed or variable, method and frequency of payment, and timing (transition/implementation costs versus ongoing costs), and should be adaptable to organizational change.
6. *Accountable* - the chargebacks should reflect the nature of the accountability on the part of the both the service provider (e.g., level of service provision, performance measures) and the ministry (e.g., reasonable and timely forecasts of service requirements, budget flexibility, pricing incentives to adjust behaviour).
7. *Transparent and Accessible Information* - there needs to be access to and full disclosure of information related to the chargebacks so that clients and service providers can readily understand the nature of the costs and thereby avoid any surprises.