



## Core Policy and Procedures Manual - Amendment Summary June 11, 2010

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Procedures	
<b>M. Harmonized Sales Tax</b>	<p><a href="#">M.</a> Harmonized Sales Tax – introduces the new requirement for the Province to pay HST effective July 1, 2010* on purchases and be entitled to a rebate of the tax from the Canada Revenue Agency. Key internal procedures to support government staff and guide HST implementation are outlined in sections <a href="#">M.1</a> through <a href="#">M.20</a>.</p> <p>* Effective May 1, 2010 with respect to the collection and remittance of HST on certain taxable services provided by the Province. Until July 01, 2010 the Province continues to be exempt from GST on payments and incurred charges, and no HST will apply. (<a href="#">M.19</a> Transitional Rules).</p>
Consequential Amendments	Sections revised for repealed GST language and addition of new HST language: <a href="#">4.3.2</a> ; <a href="#">4.3.19</a> ; <a href="#">6.3.3</a> ; <a href="#">6.3.6</a> ; <a href="#">7.3.1</a> ; <a href="#">10.3.14</a> ; <a href="#">10.3.15</a> ; <a href="#">C.5.3</a> ; <a href="#">C.7</a> ; <a href="#">C.10</a> ; <a href="#">C.12</a> ; <a href="#">C.17.4</a> ; <a href="#">D.1</a> ; <a href="#">D.3 to D.7</a> ; <a href="#">E.3.3</a> ; <a href="#">E.4</a> ; <a href="#">G.1</a> ; <a href="#">G.9</a> & <a href="#">J.1</a> .

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## M. Harmonized Sales Tax *(Effective July 1, 2010\*)*

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The Province pays the 12% Harmonized Sales Tax (HST) on taxable goods and services purchased, and is eligible for a rebate of this tax from the Canada Revenue Agency (CRA).

The Canada-British Columbia Comprehensive Integrated Tax Co-ordination Agreement ([CITCA](#)) contains the terms and conditions under which BC will participate in the HST with the federal government. Under CITCA, all B.C. government entities (ministries, agencies, boards, commissions and Crown corporations) will pay HST. Those entities on Schedule A of Reciprocal Taxation Agreement (RTA) will be entitled to a full rebate of the HST paid.

The HST participating provinces include British Columbia and Ontario, along with New Brunswick, Nova Scotia, and Newfoundland and Labrador. The non-participating provinces are Alberta, Saskatchewan, Manitoba, Quebec and Prince Edward Island. Alberta, Nunavut, Yukon and the Northwest Territories do not have retail sales taxes.

The CRA requires the Province to report and account for the HST collected and paid by ministries as monies in trust. OCG is responsible for corporate HST administration, reporting and settlement of HST remittances and rebate claims with the CRA.

*\* Effective May 1, 2010 with respect to the collection and remittance of HST on certain taxable services provided by the Province. Until July 01, 2010 the Province continues to be exempt from GST on payments and incurred charges, and no HST will apply. (M.19 Transitional Rules).*

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## M.1 Sales

HST applies to sales of taxable goods and services. Ministries must charge, collect and record HST on sales of taxable goods and services.

HST is required when the Province supplies taxable goods and services to the public, the private sector or to tax-paying public bodies, such as: municipalities, schools, colleges, universities and hospitals, and commercial government enterprises such as BC Hydro and ICBC, and on any taxable supply to a separate registered entity (i.e. with a different business number than the Province).

HST does not apply to zero-rated (taxable at zero per cent, e.g. exports) or exempt supplies under the Federal Excise Tax Act. For information on exempt supplies, refer to the CRA information: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/thr/gvt/slssppbyprv-eng.html>. No HST is charged (or payable) on sales transactions between ministries. Ministries are required to apply the tax appropriately and accurately. The CRA can assess transactions and require the Province to remit the tax as if it was collected.

## M.2 Purchases

HST is required on purchases of taxable supplies from vendors, contractors and other external parties. Ministries must record HST paid on a complete and accurate basis to ensure that government funding is not overspent and that the Province can rightfully claim full rebates.

It is a responsibility of the suppliers of goods and services to ministries to invoice HST correctly. In general, the HST that is invoiced must be paid. Program area and Accounts Payable staff are not responsible for tax assessment.

The level of expense authority required to approve a ministry purchase (payment requisition, expenditure or contract) is based on cost exclusive of HST (pre-tax basis).

## M.3 Accounting & Administration

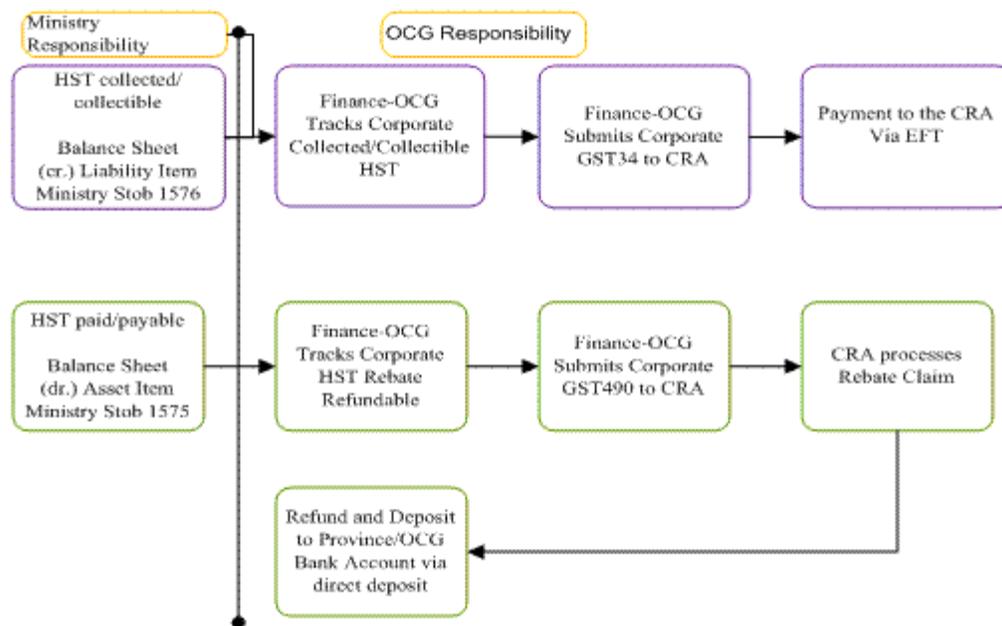
Ministries record HST collected and collectible on sales as a Balance Sheet item in the "HST Collected" STOB 1576 (cr. 1576), and record HST paid and payable on purchases as a Balance Sheet item in the "HST Paid" STOB 1575 (dr. 1575). For both streams, ministries must use the CAS Oracle Financials automatic system generated Service Line: "00000", and not code HST to a ministry specific Service Line.

OCG is the designated corporate filing entity and prepares the required CRA remittance return and rebate application on behalf of ministries. OCG, on behalf of the Province, retains one business number for this purpose. The returns and applications are submitted within two weeks of the reporting period:

- HST Remittance Return – GST 34, filed monthly; and
- HST Rebate Application -- GST 490, filed not less than bi-weekly.

OCG reports and remits the total HST recorded on ministry sales to the CRA (dr. 1576), and reports and claims a rebate from CRA for the total HST recorded on ministry purchases. OCG deposits and records the CRA rebate received (cr. 1577). In addition, the account: the "HST Paid Transferred to Claim", STOB 1578, is for OCG use only. It is needed as the amount from STOB 1575 must remain the total amount disbursed for HST, which is required to be reported in the Public Accounts. STOB 1575 and 1578 net to zero, apart from timing differences, and will be cleared out by FRAS, OCG as part of the fiscal year end process.

### Process illustration



## M.4 iProcurement, Purchasing & Accounts Payable

The CAS Oracle Financials system, including the iProcurement, Purchasing and Accounts Payable modules automatically calculate tax based on the HST tax codes selected. The HST tax code options for requisitions, purchase orders, and invoices are as follows:

- Requisition -- default is 12% HST for a good or service, which is entered at its pre-HST amount. This default value can be deleted or changed (e.g. to 5% for a B.C. point of sale rebate). HST will not be displayed as a separate line on the requisition.
- Purchase Order -- if "autogenerated" from a requisition, the tax code from the requisition will default to the purchase order. A defaulted tax code can be changed or deleted. HST will not be displayed as a separate line on the purchase order.
- Invoice -- the tax codes for HST will not default to the invoice distribution unless it is matched to a purchase order with a tax code. On invoice entry in the Accounts Payable module, a defaulted tax code can be changed or deleted. If a tax code is not defaulted (either matched or unmatched invoice) one needs to be selected from the tax code list of values to match the rate of HST charged on the vendor invoice.

For unmatched invoices, the gross amount of the invoice (including tax) is entered on the invoice distribution along with appropriate account code combination and the tax code. On invoice validation, the automatic tax calculation will extract the embedded tax based on the tax code used, decreasing the taxable invoice distribution amount, and creating a tax distribution for the tax amount to charge against the "HST Paid" STOB 1575.

For matched invoices, system users will match the pre-tax quantity/amount (excluding tax). On invoice validation, the tax will be automatically calculated and a tax distribution will be system generated for the amount of tax and charged to the "HST Paid" STOB 1575.

For both matched and unmatched invoices:

- the account code combination or amount on a system generated distribution must not be changed; and
- when using a distribution supplier on an invoice distribution, a distribution supplier must also be entered on the system generated tax distribution (as Public Accounts Reporting requires HST paid to be included in the amount paid to the supplier).

For an invoice that has individual charges with different and/or no tax rates, enter multiple invoice distributions with the appropriate or no tax code on each distribution.

If an invoice has HST amount at a tax rate that cannot be accommodated with the tax codes available in CAS Oracle, a manually entered distribution without a tax code is required. To do this, enter a distribution at the pre-tax amount for the charge to the appropriate account code combination and an additional distribution for the HST amount to the tax account code combination for your organization (xxx.xxOCG.00000.1575.xx00000.0.0). Do not enter a tax code on either of the distributions. For documentation purposes, enter a supporting description on the distribution for the HST amount.

## M.5 iExpenses & Other Reimbursements

HST is paid on expenses incurred by ministry employees conducting government business (e.g. travel reimbursements, business meeting expenses and petty cash repayments). All direct and embedded HST goods and service purchases are eligible for rebate from the CRA.

System enhancements to the iExpenses module enable users to continue to enter travel receipts and meal, per diem and mileage claims on expense reports, and be reimbursed on approval by expense authority. The iExpenses module will automatically calculate and post the embedded HST when the invoice is imported via the Accounts Payable module.

For manual travel vouchers, Accounts Payable entry staff select the "HST TRAVEL" tax code to process the total amount of the travel reimbursement and record the embedded HST (via invoice validation, see M.4 Invoice procedures, above).

Where all or substantially all (e.g. 90% or more) of the travel expenses are incurred in Canada, HST is calculated on the full amount of the claim. Where travel expenses are incurred outside of Canada (e.g. foreign expenses for accommodation, taxi, meals exceeding 10% of the total claim), no HST is paid or recoverable. To ensure that no HST is calculated by the iExpenses module, the expense type "Foreign Travel" needs to be selected for all expense types claimed. For processing foreign travel using a manual travel voucher, no tax code is entered.

HST paid and included in other reimbursements to employees (e.g. petty cash claims, business meeting expenses, relocation, training courses, professional memberships) needs to be identified from supporting purchase and payroll documentation and recorded in the "HST Paid" STOB 1575.

## M.6 External Party Costs

There are agreements of various types (e.g., shared cost agreements) which may include provision for ministries to reimburse external parties for certain costs. Ministries must ensure that agreements specify the costs to be reimbursed and that costs are net of any HST rebates.

For example, full or partial HST rebates may be claimed by municipalities, universities, public colleges, school and health authorities, charities and qualifying non-profit organizations. For these recipients, the reimbursed costs must be net of any HST rebate to which the recipient is entitled. The federal and provincial eligible rebates are as follows:

	Rebate on Federal portion of HST	Rebate on Provincial portion of HST
Municipalities	100%	75%
Universities & Colleges	67%	75%
School Authorities	68%	87%
Health Authorities, eligible facility operators & external suppliers	83%	58%
Charities & Qualifying Non-Profit Organizations	50%	57%

## M.7 Purchase Cards and Business Transaction Accounts

Ministries use the purchase card for small dollar value purchases and the Business Transaction Account (BTA) to pay for travel agency bookings.

Purchasing Services Branch processes and pays monthly card statements on behalf of ministries. Ministries are charged back their total expenses by inter-ministry journal voucher to ministry clearing accounts. Ministry cardholders and BTA accountholders need to ensure that their statements are reconciled, purchases and travel tickets are approved, and that summary sheets and transaction registers are completed with the HST, and identify the tax rates.

"Zero Invoice" entries into the CAS Accounts Payable module reallocate charges and the HST paid based on the tax codes to the appropriate accounts and off-set ministry clearing accounts. On invoice distributions subject to HST, a tax distribution

line will be automatically generated based on the tax code entered.

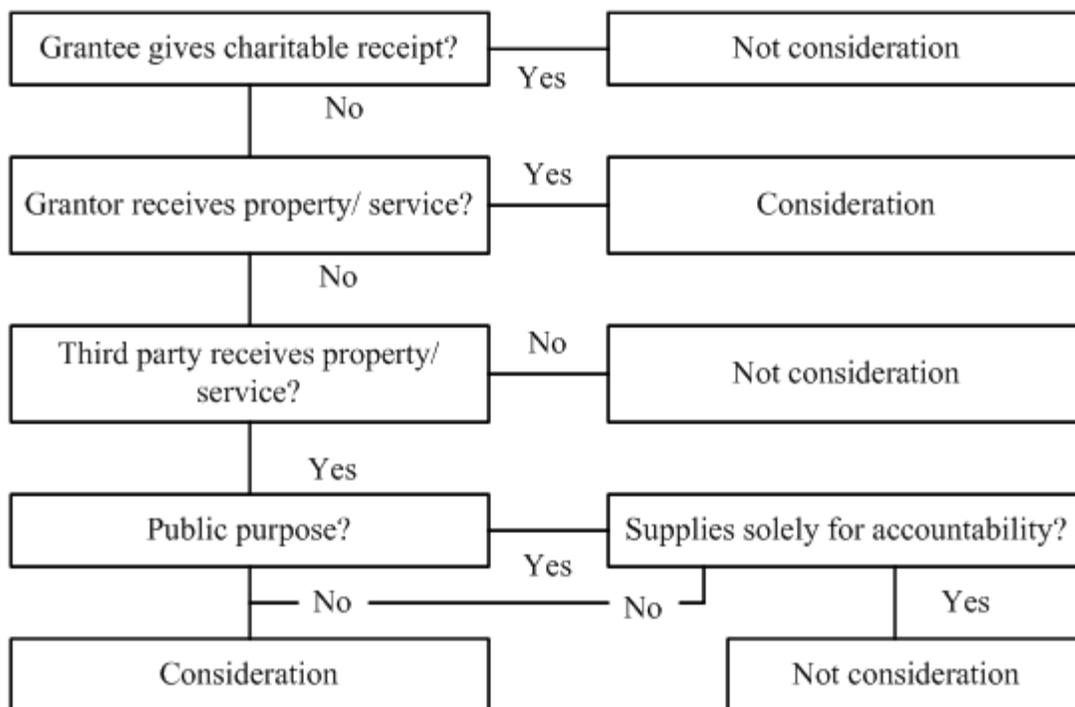
For assistance in determining the entries for Accounts Payable, the [Purchase Card Transaction Register & Summary for HST FIN 122 form](#), and the [Business Transaction Account Register & Summary for HST FIN 123 form](#) are available to card and account holders to log purchases and determine the HST amounts. The forms also support reconciliation and expense authority approval of monthly statement transactions.

## M.8 Transfer Payments

Transfer payments, such as grants and transfers under agreement (STOB 80), by definition do not, in general, result in the direct acquisition of goods or services for program delivery. Where a taxable supply was provided to the Province (or to third parties) in return for a transfer payment, the payment may be regarded by the CRA as “consideration” for the supply. The amount of the transfer payment would then be used to determine the HST payable, and the HST that the recipient, if registered for the HST, must collect from the Province.

Transfer payments made in the public interest or for charitable purposes are not generally regarded as consideration for supply. However, where a recipient uses a transfer payment to supply goods and services to a third party, rather than to the Province, and a direct link exists between the payment and the supplies, the payment will be regarded as consideration by the CRA.

To determine if a transfer payment is consideration for a supply, the CRA’s [Technical Information Bulletin B-067](#), requires first establishing whether the recipient has, or will, make a supply as a result of having received the payment. If so, and there is a direct link, the payment is consideration and the supply is taxable. This is outlined in the CRA policy guidelines in the bulletin, along with this illustration to assist in determining whether a transfer payment is consideration for a supply:



## M.9 Small Suppliers

Purchases from small suppliers\* are not subject to HST and invoices for taxable services may be paid as presented without HST. If a vendor claims to be a small supplier or there is doubt concerning this status due to other knowledge about the vendor, a confirmation of the status may be sought from the CRA District Office <http://www.cra-arc.gc.ca/cntct/prv/bc-eng.html>.

\* Annual total revenues from taxable supplies not exceeding \$30,000 or, where the recipient is a public service body, \$50,000. A public service body is defined by the CRA for HST purposes as a non-profit organization, a charity, a municipality, a school authority, a hospital authority, a public college or a university.

## M.10 Non-resident Suppliers

A non-resident may register for purposes of the HST. If an invoice from a non-resident supplier includes HST and meets all format requirements (refer to M.13 Sale Invoice Format, below) the invoice should be paid as presented. If there is any reason to question the legitimacy of a non-resident supplier charging HST, the case may be referred to the CRA District Office <http://www.cra-arc.gc.ca/cntct/prv/bc-eng.html> to ascertain the registrant status of the supplier.

## M.11 Imported Goods

Ministries must pay HST on goods imported into Canada. It is the supplier's responsibility to invoice HST correctly. Program area and Accounts Payable staff are not responsible for tax assessment. If the foreign supplier is not a HST registrant, ministries pay the HST through a customs broker. For detailed CRA information on application of the HST to Imports, refer to [Technical information bulletin B-081](#).

## M.12 Purchase Discounts and Interest

HST is calculated on the net price of invoiced goods and services. Discounts for volume purchases reduce the price. The HST applies to the price after such discounts are taken into account.

Interest charges for late payment and discounts for early payment are finance charges, which do not affect the amount of HST applicable to the transaction.

## M.13 Sale Invoice Format

HST must be disclosed as a separate line item on sale invoices for ease of billing, making price adjustments, facilitating the purchaser's claim for input tax credits and accommodating rate changes.

Other disclosure requirements for invoices, depending on amount, are:

- for any invoice amount:
  - name of the ministry or agency;
  - due date or date of receipt; and
  - the total amount payable or paid for the supply (inclusive of the HST).
- for invoice amounts between \$30 and \$150:
  - all the above, and the total amount of HST charged on supply (where the invoice concerns one or more taxable supplies and one or more supplies to which tax does not apply, the tax status of each will have to be shown).
  - the Province's business number: BN 10786 4738.
- for invoice amounts of \$150 or more:
  - all the above, and the purchaser's name, trading name or the name of his or her duly authorized agent or representative;
  - sufficient information to ascertain the terms of sale (e.g., cash sale, discount for prompt payment, etc.); and
  - a description sufficient to identify the supply.

## M.14 Recoveries

### Internal

Ministries do not charge (or incur) HST on internal recoveries. HST is excluded from journal vouchers used for inter/intra-ministry chargeback of goods or services provided within the Consolidated Revenue Fund.

### External

In some cases, a ministry may charge an external party (e.g. public sector partner) to recover costs only (e.g. staff salaries), in accordance with a certain cost recovery arrangement. The fact of cost recovery does not change the application of HST where taxable supplies are rendered. When preparing cost recovery agreements involving a taxable supply, ministries need to clarify that HST will be charged and collected.

## M.15 Zero-rated Goods & Services

No HST is charged on the sale or purchase of zero-rated items. It is the responsibility of the vendor to know which goods and

services are zero-rated and invoiced correctly. The following are some examples of HST zero-rated goods and services:

- basic groceries such as milk, bread, and vegetables
- agricultural products such as grain, raw wool, and dried tobacco leaves
- fishery products for human consumption
- prescription drugs and drug-dispensing fees
- medical devices such as hearing aids; heart-monitoring devices; hospital beds; etc
- exports
- flights to international destinations (except U.S., 5% HST)

For detailed CRA information on zero-rated goods and services, refer to <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/gnrl/txbl/zrrtd-eng.html>.

## M.16 Exempt Goods & Services

No HST is charged on the sale or purchase of exempt services. It is the responsibility of the vendor to know which goods and services are exempt and invoiced correctly. In addition, a purchaser is exempted from HST by legislation or is the holder of an exemption license.

Non-participating provincial and territorial governments are entitled to use a certification to support their tax-free status on the HST. Individual aboriginals and aboriginal bands purchase goods and services free of HST when the goods are delivered to a reserve or services are performed on a reserve.

The following are some examples of HST exempt goods and services:

- imports of zero-rated goods
- used residential housing; long-term residential accommodation (one month or more) and residential condominium fees
- most health, medical, and dental services performed by licensed physicians or dentists for medical reasons
- child-care services (day-care services for less than 24 hours a day) for children 14 years old and younger
- personal-care services for children, underprivileged individuals, or individuals with disabilities
- bridge, road, and ferry tolls
- many educational services, such as courses from a vocational school that lead to a certificate or a diploma to practise a trade or a vocation
- most food or beverages sold in an elementary or secondary school cafeteria
- certain goods and services provided by non-profit organizations, governments, and other public service bodies, such as municipal transit services and standard residential services such as water distribution
- most goods and services provided by charities

For detailed CRA information on exempt goods and services, refer to <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/gnrl/txbl/xmptgds-eng.html>.

## M.17 Point of Sale Rebate of Provincial Tax

There are point of sale rebates on the provincial portion of the HST on purchases of books, children's sized clothing and footwear, children's car seats and booster seats, feminine hygiene products and diapers, residential energy, and motor vehicle fuels. In a point of sale rebate, the vendor relieves the 7% provincial tax on the item at the time of purchase. The point of sale rebate for motor vehicle fuels includes gasoline, ethanol, diesel and biodiesel, as well as, locomotive fuel for trains, marine diesel for boats, and aviation and jet fuel.

The 5% tax code in CAS Oracle Financials should be selected for recording this kind of (point of sale rebate) purchase. For a ministry supply of a point of sale rebate item, the invoice may show the total net tax charged (as opposed to 12% HST, less the point of sale rebate of 7%)

## M.18 Employee Taxable Benefits

Generally, an employee benefit will be subject to HST where the benefit itself is a good or service (neither zero-rated nor

exempt) that is required to be included in the employee's income according to the Income Tax Act.

Rather than the employee paying the HST on the benefit directly, the amount is included in their income as an additional component of their taxable benefit. As income to the employee, there is no HST charge to the Province for rebate purposes.

For detailed information on HST and taxable benefits, refer to the CRA publication: GST 400-3-2 <http://www.cra-arc.gc.ca/E/pub/gm/g400-3-2/README.html>.

## M.19 Transitional Rules

### Exemption of HST on Purchases until July 1, 2010

Ministries are not subject to the general transitional rules for purchases published by the CRA. By virtue of Schedule A of the Reciprocal Tax Agreement and the exemption from GST, the HST will not apply to ministry payments and payables prior to July 1, 2010.

### Collection of HST May 1 – July 1, 2010

In general, the HST will apply to goods when the goods are delivered, and ownership is transferred, to the purchaser on or after July 1, 2010. For certain services provided by ministries, the HST will apply to the portion of time covering the period after July 1, 2010 when users pay or are charged for the services prior to July 1, 2010 (e.g.: leases, licenses). Ministries will have to collect HST for those services beginning May 1, 2010.

For information on the general transitional rules, refer to the CRA publication: GST/HST Notice 247 <http://www.cra-arc.gc.ca/E/pub/gi/notice247/notice247-e.html>.

### BC Provincial Sales Tax

The PST will apply to the portion of taxable services performed before July 1, 2010, and the PST will cease to apply on that date. The HST will not apply to a service where substantially all (90 per cent or more) of the service is performed before July 2010, in which case the PST will continue to apply where applicable.

### Leases and licences

The HST will generally apply to a supply of property for the part of a lease interval that occurs on or after July 1, 2010. The PST will generally apply to a supply of taxable goods by way of lease, licence or similar arrangement for the part of a lease interval that occurs before July 1, 2010. However, the PST will continue to apply, and the HST will not apply, to a lease interval that begins before July 2010 and ends before July 31, 2010. Commercial parking will be treated as a lease under the transitional rules. Short term accommodation rentals (e.g., those currently subject to hotel room tax) will be treated as a lease under the transitional rules).

## M.20 Canada Revenue Agency Information

The CRA is responsible for administration and interpretation of the application of HST law found in the [Excise Tax Act \(Canada\)](#). Requests for technical information from ministry stakeholders about the application of the HST, and the process for claiming rebates by municipalities, registered charities and qualifying non profit organizations, as well as, for schools, universities, public colleges and hospital authorities should be directed to the CRA (contact number: 1-800 959-5525) or the CRA website at [www.cra-arc.gc.ca/gncy/hrmnztn/bc/menu-eng.html](http://www.cra-arc.gc.ca/gncy/hrmnztn/bc/menu-eng.html).

The CRA has five categories of publication documents for the HST:

- [GST/HST Technical Information Bulletins](#) discusses changes to the GST/HST legislation.
- [GST/HST Memoranda Series](#) discusses GST/HST legislation in detail.
- [GST/HST Policy Statements](#) discuss CRA policy on certain specific issues not covered by the GST/HST Memoranda Series.
- [GST/HST Notices](#) are miscellaneous notices regarding changes in CRA policy, notices of change to publications, and short announcements regarding the GST/HST.
- [GST/HST Information Sheets](#) are short publications designed to provide explanation of specific issues relating to the GST/HST.

In addition, the CRA provides an electronic subscription service to recently announced tax information at: <http://www.cra-arc.gc.ca>

[arc.gc.ca/esrvc-srvce/mlst/menu-eng.html](http://arc.gc.ca/esrvc-srvce/mlst/menu-eng.html).

## M.21 Frequently Asked Questions Reference

The OCG's HST SharePoint (see <https://financeocg.gov.bc.ca/HST>) includes a Questions & Answers document based on queries from various ministry individuals and groups related to implementing HST.



## 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.

\* effective July 1, 2010 under the Financial Excise Tax Act, the Harmonized Sales Tax (HST) must be paid or is payable on purchases of taxable goods and services. To ensure that government funding is not overspent and a full rebate of HST can be claimed, ministries must record the HST on a complete and accurate basis. The HST paid and payable is recorded in the "HST Paid" STOB 1575.
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, M, M.2 & M.3](#)

#### 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 offset 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 HST. The travel card should not be used for purchases 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.



## Procurement

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## PART I: Procurement

### 6.1 Objectives

The following objectives for government procurement activity for goods, services and construction are based on the principles of fair and open public sector procurement: competition, demand aggregation, value for money, transparency and accountability.

- acquisitions are managed consistent with government policy and requirements of trade agreements
- government receives the best value for money spent on contracts
- vendors have fair access to information on procurement opportunities, processes and results
- acquisition and disposal opportunities are competed, wherever practical
- ministries and [Common Business Services](#) (CBS) only engage in a competitive process with the full intent to award a contract at the end of that process
- ministries and CBS are accountable for the results of their procurement decisions and the appropriateness of the processes followed
- government buying power is leveraged through corporate supply arrangements (CSAs) and demand aggregation, wherever practical
- the cost of the procurement process, to both vendors and ministries, is appropriate in relation to the value and complexity of each procurement
- assets surplus to the needs of government are disposed of in a coordinated way to maximize the dollar return to government, and to minimize the risk to the environment

### 6.2 General

This policy applies to government contracts (i.e. agreements to procure goods, services and construction) and to contract expenditures chargeable to the Consolidated Revenue Fund (including special funds) and trust funds. This policy does not apply to statutory and formulae-driven contributions, such as government transfers (entitlements) to school boards, hospitals, universities and colleges that do not normally require a contract.

The Province is a party to the national [Agreement on Internal Trade](#) (AIT) and the [British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement](#) (TILMA). Ministries must abide by the terms and conditions of the agreements when undertaking contracts.

#### *Roles and Responsibilities*

*Ministries* are responsible for:

- planning, managing and fully documenting the process to acquire goods, services and construction;
- using all existing CSAs for goods and services to meet program requirements;
- managing solicitation and contract award processes in a prudent and unbiased manner that fairly treats all potential vendors and bidders;
- ensuring that contracts for goods, services and construction are designed to provide the best value to government;

- ensuring that all ministry acquisitions and disposals are consistent with policy, applicable legislation and trade agreements;
- declaring goods surplus when their use to the ministry has ended; and
- ensuring compliance with this policy.

*Common Business Services (CBS)* is responsible for:

- identifying, planning, negotiating, establishing, managing and fully documenting corporate supply arrangements that will provide best value to the Province;
- managing and fully documenting the processes used to acquire goods, services and construction when requested to do so on behalf of a ministry;
- managing solicitation and contract award processes in a prudent and unbiased manner that fairly treats all potential vendors and bidders;
- ensuring that contracts for goods, services and construction are designed to provide the best value to government;
- ensuring that all CBS acquisitions and disposals are consistent with policy, applicable legislation and trade agreements;
- disposing of all tangible and intangible assets that are surplus to government except as provided by ministry legislation, or Treasury Board directive(s);
- providing operational advice to ministries for procurement services within the scope of CBS's activities;
- providing advice on all transactions involving Crown Copyright and Intellectual Property; and
- ensuring compliance with this policy.

The *Procurement Governance Office* is responsible for:

- developing and revising corporate procurement policy and providing official communications and interpretations of this procurement policy;
- monitoring and reporting for compliance with this procurement policy;
- establishing and managing policy for a formal government vendor complaints resolution process, including an internal escalating complaint resolution procedure in ministries and CBS, and a last resort procedure in PGO;
- providing support and advice on corporate procurement policy, including development and management of a procurement training curriculum; and
- being the contact point for the negotiation, compliance and reporting requirements for the national Agreement on Internal Trade chapter 5 – Procurement and for procurement related matters in the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement.

The *Financial Management Branch* is responsible for developing and revising corporate contract administration and monitoring policy and providing official communications and interpretations of this policy.

The *Procurement Council* supports an effective and productive relationship between procurement governance, procurement service and clients for shared service procurement delivery, including promotion of best practices for government procurement and corporate resolution of procurement policy and service issues.

## 6.3 Policy

### 6.3.1 Procurement Planning

1. Procurement planning must be undertaken as part of the program/service planning process.
2. CBS must identify opportunities for demand aggregation that provide overall savings to the Province. Ministries and the agencies within their authority must participate in CSAs established by CBS, and advise CBS of their procurement plans and requirements for common goods, services and construction in advance of program needs.
3. Ministries must review alternatives to acquiring new goods, services and construction such as considering repairs to

existing assets and transfer of used assets.

4. Ministries must have the appropriate authority and funding to complete a procurement project prior to soliciting proposals, awarding a contract, or contracting for any goods, services, or construction.
5. For service contracts greater than \$100,000, before taking any steps to find a contractor, a ministry must ensure that a cost / benefit justification exists for the contract, including, where appropriate, comparing the cost of contracting out with the cost of providing the service in-house if the resources were available. Contract outcomes must be defined; and the contract must be consistent with policy, applicable legislation, and trade and collective agreements.
6. Where a contract for the continuation of a service is to be awarded (that is not the result of exercising an option to renew) and the requirements have not changed from those provided under the initial contract, the ministry may rely upon the original cost / benefit justification if it is still relevant. If not, the ministry must update the original justification or provide a new justification.
7. A contract must not result in the contractor occupying an ongoing organizational position, or take the place of work normally conducted or acquired by a central agency. In addition, a contract must not result in the establishment of an employer/employee relationship. Every contractor engaged by the government must be independent and operating at arm's length from government.
8. Ministries and staff must not divulge any information that could impair the negotiating position of the government or that could benefit the competitive position of one contractor at the expense of another.
9. Where funding is provided to the contractor to acquire assets the contract must identify the assets and the funding provided for the purpose of acquiring the assets. The contract must also state who owns the assets that are provided to a contractor by a ministry; the assets created as a result of the contracted services; or the assets that are purchased by the contractor with funds provided by the ministry. The contract must also state who is responsible for the maintenance of the asset during the period of the contract and the disposition of the assets at the termination of the contract.
10. Ministries must not provide government assets to contractors, or fund a contractor's asset acquisition, where doing so could be viewed as a business subsidy or would create an employer/employee relationship.
11. Ministries and CBS must not bestow a favour on, or grant preferential treatment to, any prospective contractor.
12. An employee who has received benefits under a voluntary exit program must repay all or a portion of the lump sum payment if remuneration is received from a contract with the government within the period beginning with the date of termination of employment and for the number of months equivalent to the amount of the benefits.
13. An employee who has received a severance payment on termination of employment must repay all or a portion of the lump sum payment if remuneration is received from a contract with the government within the severance settlement period.
14. Ministries and CBS are encouraged to follow the Guidelines for Procurement of Environmentally Responsible Products and Services. These guidelines are available under the Procurement Procedures available on the [CBS website](#).

### 6.3.2 Pre-award and Solicitation

#### a. All Procurement

1. Ministries must not use any procurement or solicitation instrument (e.g., RFP) to acquire goods or services that are currently available through a CSA. CSAs must be used where available. The following is an illustrative list of CSAs in government and the responsible organizations through which these commodities must be obtained.

Goods and Services	Responsible Office
Goods and services CSAs which are identified at the following website: <a href="http://www.pss.gov.bc.ca/csa/csa.html">http://www.pss.gov.bc.ca/csa/csa.html</a>	Purchasing Services Branch, Common Business Services, Ministry of Labour and Citizens' Services
<a href="#">Advertising and publications</a> (excluding recruitment advertising) – all informational communications for the Province including <a href="#">Agencies of Record</a>	Public Affairs Bureau, Ministry of Finance
Common IT Services	Common Business Services, Ministry of Labour and Citizen's Services
<a href="#">Employee household relocation services</a>	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
Insurance and insurance related services	Risk Management Branch, Provincial Treasury, Ministry of

	Finance
Legal services	Legal Services Branch, Ministry of Attorney General
Mail processing and distribution services, which are identified at the following website: <a href="http://www.pss.gov.bc.ca/bcmp/">http://www.pss.gov.bc.ca/bcmp/</a>	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
<a href="#">Mail Processing Equipment</a>	BC Mail Plus, Common Business Services, Ministry of Labour and Citizens' Services
Paper, office products, protocol giftware, and stationery products which are identified at the following website: <a href="http://www.pss.gov.bc.ca/dcv">http://www.pss.gov.bc.ca/dcv</a>	Distribution Centre Victoria, Common Business Services, Ministry of Labour and Citizens' Services
Uniforms, protective clothing and emergency preparedness products which are identified at the following website: <a href="http://www.pss.gov.bc.ca/pdc">http://www.pss.gov.bc.ca/pdc</a>	Product Distribution Centre, Common Business Services, Ministry of Labour and Citizens' Services
Polling services	Public Affairs Bureau, Ministry of Finance
Printing equipment and servicing	Queen's Printer, Common Business Services, Ministry of Labour and Citizens' Services
Printing services which are identified at the following website: <a href="http://www.pss.gov.bc.ca/qp/">http://www.pss.gov.bc.ca/qp/</a>	Queens' Printer, Common Business Services, Ministry of Labour and Citizens' Services
Recruitment advertising – the BC Public Service Agency has assigned an <a href="#">Agency of Record</a> for this service.	BC Public Service Agency
Real property and accommodation infrastructure services	Accommodation and Real Estate Services
Records storage services	Corporate Records Management Branch, Ministry of Labour and Citizens' Services
Risk assessment and consulting	Risk Management Branch, Provincial Treasury, Ministry of Finance
Statistical services	BCStats, Service BC, Ministry of Labour and Citizens' Services
Vehicle acquisitions, repair and maintenance	Purchasing Services Branch, Common Business Services, Ministry of Labour and Citizens' Services

2. An employee must not participate in a contracting decision if the contract involves a direct relative, a person married to a direct relative, or a person sharing the same household as the employee. A direct relative means a spouse, parent, grandparent, grandchild, brother, sister, son, or daughter.
3. An employee who is exposed to an actual, perceived or potential conflict of interest in relation to an actual or proposed solicitation must disclose the matter to his or her supervisor and/or the contract manager. If, after review, it is determined that there is a conflict, the supervisor or contract manager must remove the employee from this particular contract situation. An employee who fails to disclose a conflict of interest can be subject to disciplinary action up to and including dismissal. Any suspected conflicts of interest must be investigated and resolved (Personnel Management Policy Manual, Standards of Conduct, policy 5.4).
4. Ministries may directly acquire goods and services when an unforeseen emergency exists. Emergency Purchase Orders (EPOs) must only be used to meet extraordinary deadlines that have pre-empted the ability to access the normal acquisition processes for goods and services (e.g., CSAs, CBS's distribution centres, requisitioning). Ministries must limit the authority to issue EPOs to designated positions with appropriate signing authority. Where the appropriate ministry authority determines that it is essential to proceed, a written explanation of the need for an EPO must be kept on record.
5. Ministries must use the standard government formats for solicitation documents (e.g., [ITT](#), [RFP](#), [RFQ](#), [ITQ](#), [RFSO](#)) available from CBS. Ministries must obtain the approval of CBS and legal counsel for any changes to the standard formats. Only current versions of the solicitation documents may be used.
6. When subdivision of a major project into two or more component parts occurs, the Terms of Reference, Business Case and solicitation document for each component part must clearly disclose the potential combined scope of the project. Approval, by the expense authority, must be sought on the combined value of all contracts issued for a sub-divided project.
7. All standard competitive processes (i.e., ITT, RFP, ITQ, RFSO, RCSA) must provide identical information for potential bidders or proponents to the solicitation, to fairly and equally base their response. For Joint Solution Procurements, the amount of information and how it is provided to potential contractors differs depending on the phase of the process. See policy [6.3.2 c\(3\)](#).
8. The permitted response time to a solicitation must be sufficient to allow all potential proponents to have a reasonable opportunity to compete, taking into account the time required to disseminate information, the

complexity of the procurement, and the time required to prepare an appropriate response.

9. Objective selection criteria for the awarding of a contract must be established prior to inviting bids and proposals and must be consistent with those specified in the solicitation documents. Selection procedures and timelines must not limit anyone from competing.
10. Ministries and CBS must be alert to the potential for bid rigging, and report any suspicious bidding patterns.
11. An expired contract must not be retroactively extended. When a contract expires and the original deliverables have not been fully met, a subsequent new contract may be considered in order to complete the work. The approval of the new contract should include consideration of the evaluation of the first contract (6.3.6 [Contract Administration and Monitoring c.3](#)).
12. Projects cannot be subdivided to avoid requirements of policy or trade agreements.
13. To establish a pre-qualified supplier list, a process must be undertaken which uses the standard Request for Qualification template, unless an alternate form is approved by CBS and Legal Services. The process is to include an evaluation of the responses to the identified pre-qualification requirements to determine which respondents will be placed on the list of pre-qualified suppliers.
14. The method for selection of a contractor from the pre-qualification list must be specified in the RFQ document and this selection method must be followed.
15. As required in accordance with the provisions of the AIT and the BC - Alberta Trade, Investment, and Labour Mobility Agreement (TILMA), if the expected contract value is over the goods, services or construction threshold (see section 6.4.4), the contractor is to be selected through a competitive process between all suppliers on the pre-qualification list that meet the criteria for a specific project (e.g., specialization). The competitive process will evaluate each supplier's proposed approach, or pricing, or other elements required for the project.
16. Opportunities to be registered on a pre-qualification list must be provided either continuously or at regular intervals. The period for which a pre-qualification list will be valid must be specified in the RFQ document.
17. If the requirement for goods, services or construction falls within the provisions of the AIT or TILMA, the process to identify pre-qualified suppliers of goods, services and construction opportunities which may be over the associated threshold (see section 6.4.4) must be advertised annually on BC Bid.

#### b. Goods

1. Requests for goods valued over \$5,000 that cannot be met through a pre-existing CSA must be directed to CBS, except where CBS and the ministry have negotiated a different arrangement which is included in the Service Level Agreement, or other agreements as required, between the Parties.

The criteria used in the negotiation to determine the nature and degree of procurement services provided by CBS for the ministry will include:

- availability and level of procurement skills of ministry procurement specialists
  - uniqueness of ministry procurement and degree of specialized product and supplier knowledge of ministry procurement specialists
  - historical ministry compliance with the Core Policy and Procedures Manual
  - the degree of adverse impact on other CBS clients
  - degree of risk of ministry vs CBS undertaking procurement in relation to precedence and application of best practices
  - procurement process value-add by CBS particularly on high risk or complex procurements
  - cost reduction generated from aggregation of demand and centralized procurement by CBS
2. Where ministry requirements can be met by an existing CSA, goods must be purchased through that arrangement.
  3. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3. a), all acquisitions, supply arrangements, and processes to select pre-qualified bidders with an estimated value of \$10,000 or more must be competed by advertising on [BC Bid](#) (see section 6.4.2). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific goods, or they may be advertised in a national newspaper (Vancouver Sun).

4. Goods acquisitions with an estimated value less than \$10,000 must be awarded using a competitive process that is appropriate to the value, complexity and profile of the business opportunity, unless the conditions for direct awarding apply (see section [6.3.3a](#)). Opportunities can be posted on BC Bid, and/or an RFQ process can be followed, or at least three quotes must be obtained.
5. When a contract for goods valued at \$10,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the goods required, but this cannot be strictly proven as required in policy 6.3.3 a (1), a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified in policy 6.3.3 a (1).

#### C. Services and Construction

1. Ministries are to determine, in negotiation with CBS, the service and construction solicitations in which CBS will be involved. These negotiated arrangements will be included in the Service Level Agreement, or other agreements as required, between the Parties.

The criteria used in the negotiation to determine the nature and degree of procurement services provided by CBS for the ministry will include:

- availability and level of procurement skills of ministry procurement specialists
  - uniqueness of ministry procurement and degree of specialized product and supplier knowledge of ministry procurement specialists
  - historical ministry compliance with the Core Policy and Procedures Manual
  - the degree of adverse impact on other CBS clients
  - degree of risk of ministry vs CBS undertaking procurement in relation to precedence and application of best practices
  - procurement process value-add by CBS particularly on high risk or complex procurements
  - cost reduction generated from aggregation of demand and centralized procurement by CBS.
2. Ministries must utilize CSAs for services where they exist.
  3. All services procurements using the Joint Solutions Procurement (JSP) acquisition method must be planned in conjunction with CBS and the procurement process managed by CBS.
  4. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3. a) any service opportunity, process to select pre-qualified bidders, or supply arrangement for the supply of services with an estimated value of \$75,000 or more must be competed by advertising on [BC Bid](#) (see section [6.4.2](#)). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific service, or they may be advertised in a national newspaper (Vancouver Sun).

Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3.a), any opportunity or supply arrangement for construction with an estimated value of \$100,000 or more must be competed by advertising on [BC Bid](#) (see section [6.4.2](#)). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific type of construction, or they may be advertised in a national newspaper (Vancouver Sun).

5. Any service opportunity with an estimated value from \$25,000 up to \$75,000, or the establishment of a supply arrangement for the supply of services with an estimated value from \$25,000 up to \$75,000 must be awarded using a competitive process that is appropriate to the value, complexity and profile of the business opportunity unless the conditions for direct awarding apply (see section 6.3.3a). Opportunities can be posted on BC Bid or at least three quotes must be obtained.

Any construction opportunity with an estimated value from \$25,000 up to \$100,000, or the establishment of a supply arrangement for construction with an estimated value from \$25,000 up to \$100,000 must be awarded

using a competitive process that is appropriate to the value, complexity and profile of the business opportunity unless the conditions for direct awarding apply (see section 6.3.3a). Opportunities can be posted on BC Bid or at least three quotes must be obtained.

6. Any service or construction opportunity, or supply arrangement for the supply of service or construction, with an estimated value of less than \$25,000 should be competed to the extent reasonable and cost-effective.
7. When a contract for services or construction valued at \$50,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the services required, but this cannot be strictly proven as required in policy 6.3.3 a (1), a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified in policy 6.3.3 a (1).

#### d. Continuing Service Agreements

1. A contract in the form of a [Continuing Agreement](#) for a period of not less than three years may be made between a ministry(ies) and a contractor for the delivery of one or more of the following community health and social services:
  - Child, Family and Community Services
  - Child Care Services
  - Stopping the Violence Services
  - Community Support Services
  - Income Support Services
  - Community Justice Services
  - Correctional Services
  - Employability, Skills and Training Services
  - Mental Health Services
  - Continuing Care Services
  - Community Health Services
  - Alcohol and Drug Services
  - Multicultural/Immigration Services.
2. A contract in the form of a continuing agreement must be used where the ministry has determined that the following criteria have been met:
  - the services are to be rendered to a third party of behalf of the government;
  - service provider continuity is desirable and the services are to extend for three years or more; and
  - the services are applicable community health and social services.
3. To be eligible, contractors must meet government organizational standards for continuing agreements, must meet documented ministry performance and program standards, and must have an established relationship with the provincial government, i.e. the contractor has provided continuous community health and/or social service under a service contract for a minimum of three consecutive years immediately preceding the start date of the continuing agreement, and there are no unresolved compliance issues or concerns with any of the services provided by the contractor.
4. Contractors who are entering a continuing agreement for the first time must immediately meet the performance and program standards, but may negotiate a time period not to exceed one year from the commencement of the continuing agreement, in which they commit to a work plan with progress reports to demonstrate to the contract manager that the contractor meets the organizational standards for continuing agreements.

5. Any new services, and all services not included in a component schedule of an existing continuing agreement, must be subject to a competitive selection process. Ministries may direct award where at least one of the following applies:
  - standard service contract direct award policy conditions apply (see section [6.3.3a](#));
  - service is developed jointly with a service provider in response to an identified need.
6. The competitive selection process must take into account: continuity of service; service provider availability; degree of community participation and investment; efficiency of operations; and effectiveness demonstrated by past performance.
7. Where the services to be obtained may be eligible for a continuing agreement, that information must be disclosed in the solicitation documents.
8. Once a contractor has been chosen to deliver a new service, ministries must determine the appropriate contract mechanism to define the relationship, (i.e., service contract or continuing agreement). Ministries must determine if the services to be delivered meet the criteria for a continuing agreement. If the services do not meet these criteria, ministries must follow the policies and guidelines for service contracts until such time as the criteria for a continuing agreement are met.
9. Where component services currently provided under existing continuing agreements are modified and/or expanded, ministries must first consult with current qualified contractor(s) to determine whether these existing continuing agreements can accommodate the modification and/or expansion. The scope of consultation may be limited where service requirements specify geographic location.
10. Where modification and/or expansion of component services cannot be accommodated under existing continuing agreements, the services must be subject to the competitive selection process. Where more than one existing continuing agreement holder can accommodate the expanded or modified services, ministries must conduct a solicitation process.
11. The conditions for negotiation and direct award for modified and/or expanded services without a competitive process are the same as the conditions for direct award of new continuing services agreements listed in #5 above.
12. Except as described above for modifications or expansions, services provided under a continuing agreement are not subject to a competitive selection process for the duration of that continuing agreement.
13. Where the services are to be delivered on behalf of more than one ministry, a representative of each ministry must sign the contract.
14. A ministry must agree in an annual funding letter to make payments of a negotiated amount to the contractor. The letter must also specify the outputs, and where feasible, the outcomes. Where more than one service is to be delivered by a contractor, the funding letter must specify the annual funding amounts and outputs and/or outcomes for each service. The funding letter may be amended during the year to modify the outputs/outcomes, or to change payments for new or emerging services, by mutual agreement of the ministry and the contractor.
15. Appropriate measures for success and evaluation methods (best practices) must be established jointly by the contract manager and the contractor. Contractors' performance relating to outcomes of contracted services must be evaluated at least once every three years.
16. Every continuing agreement must contain a provision that allows the agreement and/or a component schedule of the agreement, to be terminated by the minister(s) with cause at any time without notice. Every continuing agreement must contain a provision that the agreement or a component schedule of the agreement may be terminated by either party without cause on notice not exceeding one year.
17. Ministries must establish their own guidelines and procedures to set appropriate time periods, by program, for notice of termination consistent with this continuing agreements policy, and the guidelines and procedures established by other ministries receiving similar services in the community health and social services sector.

### 6.3.3 Contract Award – all procurement

#### a. Direct Awards

1. Contracts for acquisitions (of goods, services, and construction) and disposals may be negotiated and directly awarded without competitive process where one of the following exceptional conditions applies:

the contract is with another government organization;

- the ministry can strictly prove that only one contractor is qualified, or is available, to provide the goods, services or construction or is capable of engaging in a disposal opportunity;
- an unforeseeable emergency exists and the goods, services or construction could not be obtained in time by means of a competitive process;
- a competitive process would interfere with a ministry's ability to maintain security or order or to protect human, animal or plant life or health; or
- the acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise government confidentiality, cause economic disruption or be contrary to the public interest.

The contract manager is responsible for documenting, in the contract file, the rationale, or the circumstances, that supports the use of one or more of the above exceptions. This documentation must be appended to the contract file and be available when requested.

2. The direct award of a Transfer Under Agreement must meet a direct award condition of 6.3.3 a (1), or be:

- financial assistance 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
- a shared cost agreement or a public private partnership where a competitive selection is not appropriate.

#### b. Selection and Award

1. Ministries must award contracts on the basis of the criteria set forth in the solicitation documents.
2. The rationale for the ranking of all proponents must be documented.
3. Ministry staff must participate in the evaluation process to select the successful contractor(s).
4. Before considering a bid or proposal, ministries must ensure that it meets all mandatory requirements specified in the solicitation documents.
5. In the case of ITTs and ITQs, contracts must be awarded to the lowest-priced qualified bidder meeting the terms and conditions of the solicitation document.
6. In the case of an RFP, the contract must be awarded to the proponent whose proposal meets all mandatory proposal requirements, and achieves the highest overall rating of all evaluation criteria specified in the solicitation documents.
7. In all situations where an alternate evaluation methodology is required (e.g., dual track negotiation, best and final offer), a full description of the methodology must be provided in the solicitation document and the process as stated must be followed to determine the successful proponent.
8. Ministry staff must not do or say anything to create a verbal contract on behalf of the government.
9. Multi-year contracts are permitted when the stability of the longer time frame supports better value to government. However, they must not be established through ongoing amendments and extensions of standard term contracts, unless the extensions were planned and included as part of a competitive process.
10. Ministries and CBS, where practical and depending on the size of the contract, must undertake measures to conduct appropriate due diligence on prospective contractors such as, but not limited to: credit and background checks; business reference checks; and identification of shareholders, directors and officers of the company.

C. Responses

1. A written confirmation must be sent to the contractor who was successful on a solicitation. Unsuccessful respondents to a RFP must be notified and offered the opportunity for a debriefing on their proposal. Unsuccessful bidders on an ITQ must be notified of the winning bidder through a listing on BC Bid or other means.

d. Pricing

1. Every contract must have a firm contract ceiling price (exclusive of HST). Where a firm contract ceiling price is not possible, a unit price must be predetermined, and the ministry must have control over the number of units of service that are delivered within each phase of the contract.
2. Fixed price contracts are permitted for service contracts, if the scope of the work can be clearly defined in advance.

e. Administration

1. Ministries must maintain adequate contract documentation for all phases of the procurement process, including planning, solicitation, award, management, amendments, schedules of payment, progress reports and contract evaluations.
2. Contracts must be in writing and signed and delivered by all parties prior to the commencement of the work or service (or, in the case of an emergency, as soon as possible thereafter).
3. Contracts must be made in the contractor's legal name. Each contract must be approved and signed by the appropriate authority. In no circumstances should an unauthorized employee or agent legally bind the Province with apparent authority.
4. The [General Services Agreement](#) should be used for service contracts in all instances *except* those listed below. No changes can be made to this form without review by the ministry's legal counsel.
  - any contract with a value greater than \$250,000;
  - contracts for office assistance services or with employment agencies where a CSA exists;
  - vehicle and equipment rentals;
  - contracts for third party delivery;
  - capital construction projects;
  - goods;
  - software licensing; and
  - service contracts requiring a guarantee or indemnity to the contractor by the Province
5. If the General Service Agreement is not appropriate, as described above, a ministry will develop an alternative contract, which legal counsel must approve. The [Risk Management Branch](#) must also approve the indemnity clause in any alternative contract form where the Province indemnifies the contractor.
6. Ministries must not use letters of agreement to enter into a contract without seeking advice from legal counsel.
7. Some contractors prefer to use their own standard forms. Ministries may accept the use of such forms, but the forms must meet government requirements and must be reviewed by ministry legal counsel. Where the forms provide for the giving of an indemnity to a contractor, Risk Management Branch must also approve the indemnity.
8. Supply arrangements are competed in the same manner as an individual contract. Where a supply arrangement may give rise to a contract that would require central agency approval because of its amount or nature, the ministry must request approval of the supply arrangement.
9. Whenever a contract is to be modified, the standard form of [modification agreement](#) must be used unless legal counsel has approved an alternative modification process or form.

The justification for all modification agreements must be documented on the contract file.

Modifications to a contract must be in writing, and signed by both parties.

A modification agreement to extend the term of the agreement for a reasonable period of time is allowable when an unforeseen event has delayed the delivery of specific contract outputs.

A modification agreement must not be used to substantially change the nature and intent of the original contract.

Expense authority approval, when applied, must reflect the total dollar value of the contract and not just the dollar value of the modification agreement.

10. Annual or multi-year contract renewals are only allowed when the potential for renewal has been explicitly included in the solicitation documents, including the establishment of a limit on the number of renewals.
11. Ministries must ensure that the contractor's agent or broker completes and signs the Province of British Columbia [Certificate of Insurance](#) (FIN 173 MS Word), in compliance with the insurance requirements of the contract.
12. A Privacy Protection Schedule (PPS) must be completed and attached as a schedule to any contract between the government and a contractor that involves "personal information" as defined in the *Freedom of Information and Protection of Privacy Act* unless it is not intended that the public body will own or control the personal information.

A PPS must be in the form set out at <http://www.mser.gov.bc.ca/privacyaccess/PPS/> unless an alternative version has been authorized by the Information Policy and Privacy Branch, Ministry of Labour and Citizens' Services.

Ministries and staff must not divulge information regarding a contract unless it is available to the general public or prior authorization for its release has been given by the ministry's Information and Privacy Officer.

### 6.3.4 Corporate Supply and Disposal Arrangements

#### a. Rentals and Leasing

1. Ministries may use Purchasing Cards to rent or lease goods where the total cost does not exceed \$5,000. Renewals are not permitted and ministries must obtain a receipt from the lessor for the return of a leased item when the lease expires. Exceptions include vehicle rentals for operational purposes exceeding 30 days and vehicle rentals while an employee is on travel status.
2. Ministries must requisition leases, including potential capital leases, through CBS and provide justification for leasing in lieu of purchase.

#### b. Photocopying Equipment and Supplies

1. Ministries must access the CBS photocopier equipment and supplies CSA for requirements up to the limits specified therein.
2. Photocopier paper must be ordered from CBS.
3. Government photocopy equipment is to be used for government business only. Personal use of government photocopier equipment is prohibited.

#### c. Repairs and Maintenance

1. Service contract requests for repairable assets must be submitted to CBS.

#### d. Disposal of Surplus Assets

1. Where an opportunity exists to replace an outdated asset with a similar asset, details of the potential trade-in must be forwarded to CBS, which will conduct an analysis of the potential trade-in to determine the best overall value to government. Ministries must only negotiate trade-in arrangements after consultation with CBS.
2. Assets that are surplus to the needs of the government are to be disposed of at fair market value by CBS who will determine the appropriate method for disposal of such assets.
3. Where assets are to be disposed of by a ministry under specific legislative authority or under a Treasury Board Order or Directive, CBS must be notified prior to initiating the disposal in order to ensure there are no issues

that may arise from the disposal in relation to other pre-existing disposal agreements.

4. The disposal of a [medium with information capacity](#) must be done in a manner to protect the privacy and security of the stored information in accordance with [information and records disposal policy \(see 8.3.2 policy 6\)](#).

e. Crown Copyright

1. All government employees must perform their duties in compliance with the *Copyright Act*. It is the responsibility of deputy ministers to ensure that their employees are aware of the provisions of the *Copyright Act*, which pertain to making copies of Works (whether in paper or electronic format). A notice provided by the Intellectual Property Program must be prominently affixed on or near all government-operated photocopiers. The Intellectual Property Program is responsible for providing information to ministries regarding the Crown copyright policies, including the provisions of the *Copyright Act*.
2. Crown Copyright of any Work means it belongs to the Province and not to individual ministries or any other government agencies. Unless there is a written agreement to the contrary, including terms of a collective agreement, the copyright for any Work that has been prepared or published by the Province's employees in the course of their employment belongs to the Province.
3. The right to reproduce Work may only be granted to a third party under the authority of:
  - the Intellectual Property Program operating under the *Procurement Services Act*, section 2(1)(f);
  - specific legislation granting such authority; or
  - Treasury Board directive under authority of the [Financial Administration Act](#), section 46, Public Property.
4. If a Third party wishes to reproduce a Work or a portion of a Work for non-commercial purposes, the Third Party must send a completed Copyright Permission Request Form to the Intellectual Property Program. Subject to policy 7 below, the Intellectual Property Program will administer the request.
5. If a Third Party wishes to reproduce a Work or a portion of a Work for commercial purposes, the Third Party must contact the Intellectual Property Program to obtain a license agreement. Subject to policy 7 below, the Intellectual Property Program is responsible for license negotiations on behalf of the Province. A fee and/or royalty will be charged unless waived at the Province's discretion.
6. The Province will refuse permission to reproduce a Work or a portion of a Work if that reproduction:
  - is not in the financial or public interest of the Province;
  - does not comply with the policies of the Intellectual Property Program;
  - is not consistent with the [Freedom of Information and Protection of Privacy Act](#) or any other applicable legislation; or
  - is not approved by the Intellectual Property Program Committee.
7. The Province will require a Third Party to withdraw or cease reproducing a Work if that reproduction:
  - purports to be the official version and is not;
  - is inaccurate;
  - is considered to be misleading for any other reason, (e.g., out of date material presented as current); or
  - is for commercial purposes and is being done without a license agreement with the Province.
8. If a ministry obtains authority from Treasury Board, under the authority of section 46 of the [Financial Administration Act](#), to grant a license to a Third Party to reproduce a Work or a portion of a work, or to assign the copyright in a Work to a Third Party, the ministry must comply with the policies of the Intellectual Property Program.
9. If a ministry does not have the authority outlined in policy 7, any request from a Third Party to reproduce a Work for Commercial Purposes or for the sale of the Province's copyright in a Work must be forwarded to the Intellectual Property Program with details outlining the Work affected, intended use, method of distribution, target date for release, and contact person.
10. Unless a ministry's legal counsel approves an exception, a ministry must ensure that each Standard Service

Contract includes specific wording ensuring that copyright in any material produced under contract belongs exclusively to the Province. The wording must also require the contractor to deliver, upon request of the ministry, documents waiving any moral rights of the contractor, contractor's employees and subcontractors over the material, and confirming the vesting of the copyright in the Province.

#### f. Disposal of Intellectual Property

1. Disposals of intellectual property involve the sale, transfer or licensing of these rights to third parties. Such disposals can only take place under the following authorities:
  - the Intellectual Property Program operating under the *Procurement Services Act*, section 2(1)(f);
  - legislation applicable to a specific ministry; or
  - Treasury Board directive(s) under the [Financial Administration Act](#), section 46.
2. Where intellectual property is to be disposed of by a ministry under specific legislative authority or under a Treasury Board Order or Directive, CBS must be notified prior to initiating the disposal in order to ensure there are no issues that may arise from the disposal in relation to other pre-existing intellectual property licensing agreements.
3. The Province's intellectual property must be protected during its development and life span, and when providing access to or releasing the intellectual property to third parties.
4. Ministries must not allow materials to be copied or used for commercial purposes by third parties, except under a license agreement executed by CBS, or by a ministry with the specific legal authority to dispose of the intellectual property at hand.
5. Materials must be developed solely to meet the program needs of government, rather than to create marketable products.
6. Providing access to information under the [Freedom of Information and Protection of Privacy Act](#) does not include the transfer of intellectual property, such as the rights to copy and redistribute for commercial purposes.
7. Where a disposal of intellectual property includes information or data, the licensee must be obligated to comply with the *Freedom of Information and Protection of Privacy Act*.
8. If a ministry is contacted by a Third Party that is interested in acquiring any intellectual property, or a ministry becomes aware it has intellectual property that has commercial value, it must notify the Intellectual Property Program to evaluate the potential disposal opportunity.
9. Where the disposal of intellectual property is a sale, transfer or a license that provides exclusive rights, the disposal must be done through a competitive bidding process.
10. Revenue from disposal of intellectual property will be paid into the CBS \$1000 Vote. Annually, Treasury Board Staff will add, as approved by Treasury Board in the Estimates, the ministry share of revenue received in the given fiscal year to that ministry's base budget for the following fiscal year.

### 6.3.5 Information Management and Information Technology (IM/IT) Procurement

For detailed information on the Chief Information Office's IM/IT policies and standards, refer to the [Chief Information Office](#).

#### a. General

1. Previous approval requirements are superseded by [Treasury Board Directive 5/04](#) (February 4, 2004).
2. All IM/IT goods and services must be procured in accordance with the business requirements of the ministry as identified in the Ministry Service Plan.
3. Prior to initiating procurement of all IM/IT-related products or services, ministries must discuss their IT requirements with Workplace Technology Services (WTS) and their IM requirements with the Chief Information Office (CIO), which will determine whether a corporate solution will be implemented for the requirement.
4. Large projects frequently include smaller IM/IT-related component projects. These component projects must be considered at the same time as the larger project.
5. All IM/IT goods and services must be procured in accordance with government financial and procurement policies, including the Core Policy and Procedures Manual, and must be consistent with the ministry Information

Resource Management Plan, the Agreement on Internal Trade, and the Chief Information Office (CIO) policies, strategies and standards, and all legislative requirements.

6. All ministry IM/IT hardware and software requirements, including shared devices (e.g., desktop, laptop, server, and printer devices) must be ordered through WTS. Where available, CSAs, pre-established by CBS, will be utilized for the supply of these items. Any exceptions to this policy must be approved by CIO, or WTS, as appropriate. This policy applies to purchases of any volume or dollar value.
7. If 51% or greater of the estimated value of a contract is for hardware and/or software and the value of this contract is \$10,000 or more, the opportunity must be advertised on [BC Bid](#) (see section [6.4.2](#)).
8. If the estimated value of a service contract is \$75,000 or more, the purchase must be advertised on BC Bid. Unless a specific exemption is available under TILMA, or unless the conditions for direct awarding apply (see section 6.3.3.a) any service opportunity, process to select pre-qualified bidders, or standing offer for the supply of services with an estimated value of \$75,000 or more must be advertised on BC Bid.
9. Except where CBS and the ministry have negotiated different threshold values which are included in the Service Level Agreement, or other agreements as required, between the parties, all solicitations for IM/IT projects valued between \$100,000 and \$500,000 must be reviewed by CBS prior to proceeding with the acquisition and all IM/IT projects valued over \$500,000, and all procurements utilizing the Joint Solutions Procurement (JSP) acquisition method, must be planned in conjunction with CBS and the procurement process managed by CBS.
10. Government Purchasing Card: standard regulations for the use of this card apply to all IM/IT-related purchases.
11. BC Business Opportunities: Ministries must identify opportunities for regional-based IM/IT service providers, and ensure that alliances with large firms provide opportunities for smaller BC companies, subject to the provisions of the Agreement on Internal Trade and the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement.

#### b. Unsolicited Proposals

1. In this section, an "unsolicited proposal" is defined as a supplier-initiated offering of Information Management or Information Technology (IM/IT) goods, services, or solutions to government. The aim of such a proposal is to enable an IM/IT supplier to establish a sales contract or business alliance partnership with government that is neither the result of a competitive solicitation nor the result of a ministry-initiated direct award.
2. Ministries can receive unsolicited proposals from the private sector. If the ministry determines that the proposal warrants consideration, then the proposal must be submitted to the Unsolicited Proposals Review Panel.
3. The proposal must demonstrate that:
  - it is unique; and
  - it addresses the current or future needs of government; and
  - the goods or services are not otherwise available in the marketplace.
4. Unsolicited proposals, received in the proper format, must be reviewed by the Unsolicited Proposals Review Panel. The Panel will be chaired by the Procurement Governance Office (PGO) and comprised of members drawn from:
  - the Common Business Services (CBS);
  - the interested ministry(ies);
  - Treasury Board Staff;
  - the Common Information Technology Services Division (CITS);
  - the Chief Information Office (CIO);
  - the Procurement Governance Office (PGO); and
  - optionally at the discretion of the PGO, disinterested third-party(ies).
5. Panel members will be selected by the Chair based on the nature of the proposals requiring review.
6. The Panel must ensure that the unsolicited proposal meets the criteria as stated in policy 3 above before contract negotiations commence.
7. Ministries must not enter into contract negotiations before the Panel review is complete. If there is any doubt that an otherwise acceptable proposal is unique, CBS shall issue a Notice of Intent prior to the ministry entering

contract negotiations.

8. Any proposal not meeting the criteria under policy 3 above will be rejected. If the proposal is accepted and approved by the Panel, the ministry may enter into contract negotiations, subject to funding availability and any required Treasury Board approvals.
9. Notwithstanding the reference to Notices of Intent under policy 7 above in this section, all contracts resulting from unsolicited proposals must be subject to the Procurement chapter of the Core Policy and Procedures Manual, including policies related to direct awards.
10. Funding for contracts resulting from unsolicited proposals must be drawn from within the existing appropriation of the contracting ministry.
11. Ministries must not use the unsolicited proposals process to bypass the competitive tendering process for goods or services requirements that are initially identified by the ministry.
12. In the event that the Panel approves an unsolicited proposal, ministries must ensure that all contracts resulting from unsolicited proposals with a value of \$10,000 or over for goods and \$75,000 or over for services comply with the British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement, Part V, Government Procurement, paragraph 2, and that they comply with the requirements of the Agreement on Internal Trade Article 511.3, annual reporting on procurement excluded under Article 506(12).

### 6.3.6 Contract Administration and Monitoring

#### a. Receipt of Goods

1. Ministries must ensure that adequate receiving processes are in place to confirm that goods are received as ordered (i.e., correct quantity and suitable quality).
2. Ministry employees, before signing for the receipt of goods, must inspect the shipment for damage and/or missing or incorrect items. Goods received must match the shipment's documentation.
3. Discrepancies between goods received and goods ordered must be reported immediately to the supplier. If the supplier does not take appropriate corrective action, CBS should be contacted for assistance.
4. Ministries must not accept product substitutions by suppliers without prior CBS approval. Purchase Order Amendments are required to cover any substantial changes to the original purchase order.
5. Ministries must maintain adequate receipt records or other documentation to support account verification and payment.

#### b. Payment

1. A contract summary record must be maintained for all service contracts, either by using a contract summary sheet, or equivalent electronic record.
2. A contract cannot include a cost overrun clause. If a cost overrun is unavoidable, ensure the costs are justified. Any overrun is to be authorized in advance using a modification agreement form. There may be additional approval requirements triggered by cost overruns.
3. Fees, Expenses, Maximum Amount, Statements of Account, and Payments Due, must be contained in Schedule B to contracts. This applies whether the contract is established on the basis of Daily Rate, Hourly Rate, Rate per Unit/Deliverable or Flat Rate. (For contractor travel, refer to Travel, [Contractors](#).)
4. All contract quotations must exclude the HST. Statements of accounts must include a calculation of fees (plus applicable taxes, such as HST) and expenses.
5. Ministries must ensure that payments made to contractors who are non-residents of Canada comply with the withholding tax provisions of the federal *Income Tax Act*.
6. Payments made in advance must be specifically provided for in the contract or in accordance with a formal modification agreement. The contract or modification agreement must specify how the advances are:
  - to be deemed to be earned; or
  - if the services are not subsequently rendered, to be repaid; and
  - what interest rate, if any, must apply.

## Procedure Requirements - D.3

### C. Monitoring, Evaluation and Reporting

1. For every contract, ministries must clearly establish the outputs and outcomes required, together with their quality and quantity, against which the performance of the contractor can be monitored throughout the duration of the contract. These output and outcome requirements must be included in the contract.
2. Ministries must ensure timely and consistent monitoring of the contractor's performance as the assignment progresses in accordance with the terms and conditions of the contract.
3. A post-completion evaluation is required on every contract over \$50,000 to provide a record of the contractor's performance and to assist in future contracting activity.
4. Under the Agreement on Internal Trade, provinces are required to calculate the number and aggregate value of procurements over and under the applicable thresholds, and report on them annually. In addition, the Provinces must report on any contracts established by utilizing the allowable exemptions or exclusions from the AIT. Therefore, ministries must ensure that methods are in place for collecting this information. Ministries should report the information for the previous fiscal year to the Procurement Governance Office by the date specified in the report call letter issued each year. AIT [Article 511](#) contains further details on these information and reporting requirements.

### d. Deficient Performance and Breach

1. Where a contractor deviates from the terms and conditions of a contract, the contract manager must immediately take one or more of the following steps:
  - i. Step 1 – Notify the contractor in writing of the deficiency and arrange to discuss the problem. A record should be kept of such discussions. The discussions could result in an agreement to amend the terms of the contract.
  - ii. Step 2 – Issue a notice to comply if the contractor persists in deviating from the terms and conditions of the contract.
  - iii. Step 3 – Issue a stop work order if the contractor ignores the notice to comply.
  - iv. Step 4 – Terminate the contract, subject to the advice of the ministry's contract specialist and/or legal counsel.
2. Where the breach or deficiency puts public safety at risk, the ministry must proceed immediately to Step 2 and issue a notice to comply, or to Step 4 and terminate the contract.
3. If fraud is suspected, refer to [Loss Management](#), CPPM 20.2.2.

### e. Asset Management

1. Ministries must identify and manage any asset maintenance, risk and liability issues arising from their contracting activities.
2. Where assets are determined to be owned by the Province, they must be appropriately safeguarded, controlled and accounted for. Assets being replaced due to being damaged, lost or stolen must be reported on the [General Incident or Loss Report](#) (government access only). See CPPM M, [Loss Reporting](#).
3. Ministries must not fund a contractor's amortization as part of a contractor's administration costs for the contractor's assets acquired with government funding.

### f. Disputes

1. Any dispute arising out of a government contract must be dealt with in a just, prompt and cost-effective manner. All contracts must contain a clause that identifies how a dispute will be resolved. Any dispute arising out of a government contract must ultimately be resolved according to the terms of the contract.
2. For contracts that are subject to the AIT, ministries must settle any AIT-related disputes in accordance with the dispute resolution process provided in AIT [Article 513](#). Ministries will be responsible for the Province's share of the cost of any dispute panel that is established to investigate the dispute.

## PART II: Vendor Complaint Review Process for Government Procurement

## 6.1 Objectives

The objectives of this policy are to define a vendor complaint review process (VCRP) that is accessible, consistent, fair, impartial and timely, and to identify ways to make improvements in the manner in which procurement is undertaken by government.

## 6.2 General

The VCRP is designed to ensure that there is a process for the review of vendor complaints about a government procurement process. The intent of the VCRP is to assist government in identifying and responding to problems in the establishment and application of government procurement policy and procedures.

This VCRP requires that ministries, CBS and vendors provide full access to all information pertinent to complaints. All information under this VCRP is subject to the *Document Disposal Act* and the access and privacy provisions of the *Freedom of Information and Protection of Privacy Act*.

### 6.2.1 Definitions

PGO means the Procurement Governance Office, Office of the Comptroller General, Ministry of Finance.

CBS means Common Business Services, Solutions BC, Ministry of Labour and Citizen's Services (see section [6.4.1](#)).

Procurement means those processes, including direct awards, related to the purchase of goods, services and construction.

Complaint means a written objection submitted by a complainant regarding a competition, direct award, contract award, or proposed contract award for goods, services, or construction.

A complaint may be made with respect to the process used to evaluate proposals and how the evaluation criteria were applied, but may not include issues pertaining to individual point ratings given by an evaluation committee to specific evaluation criteria.

Complainant

1. For the purpose of a vendor complaint relating to a competition or direct award, means an actual or prospective bidder or proponent whose business interest would be affected by the award of a contract, or by the failure to award a contract.
2. For the purpose of submitting a vendor complaint relating to a contract award, means a proponent who actually submitted a proposal in response to the competition for the contract.

### 6.2.2 Scope of VCRP

- The application of this VCRP is limited to ministries and direct government entities (i.e. excludes municipalities, academic institutions, school boards, health and social service authorities, and Crown corporations) whose procurement is subject to government procurement policy as described in Chapter 6 of this Core Policy and Procedures Manual. It does not apply to procurement undertaken by CBS for a public sector entity that is outside of direct government.
- This VCRP is limited to issues of procurement policy and procedures. This VCRP is not available for issues related to vendor or ministry/CBS performance or conduct during a contract. These issues are to be dealt with through the dispute resolution processes identified in the contract document.
- This VCRP does not limit or impair the rights of any vendor to seek a review through the Ombudsperson's Office, or to seek remedies of law through the judicial or other process.

### 6.2.3 Roles and Responsibilities

### Ministries/CBS Responsibilities:

- Establishing and managing an accessible and fair process for responding to vendor complaints related to procurement activities undertaken by ministries or CBS.
- In the case of those complaints submitted to the PGO, providing all pertinent and required information.
- Recording information on all vendor complaints managed under their vendor complaint review process, and providing reports to the PGO as required.
- Implementing changes required to ministry/CBS procurement processes identified through their complaint review process.
- Implementing any outcomes recommended by the PGO, and any subsequent remedial action.
- Making all reasonable efforts to review complaints.

### PGO Responsibilities:

- Ensuring that ministries and CBS have a vendor complaint review process as described in these policies and procedures.
- Managing a last resort process for complaints not satisfactorily concluded through the ministry/CBS vendor complaint review process.
- Providing guidelines regarding the information and reporting requirements for ministries and CBS.
- Monitoring and reporting on government-wide VCRP activity and outcomes of complaint reviews.
- Implementing changes required to government procurement policies and procedures, and to procurement training methods and tools identified through the complaint review process.

### Vendor Responsibilities:

- Making reasonable efforts to review the complaint with the ministry or CBS by contacting the entity and following their complaint review process.
- Providing all pertinent and required information related to a complaint.

## 6.3 Policy

1. The ministries and CBS have primary responsibility for reviewing vendor complaints regarding their procurement processes. They must establish and administer a process for reviewing, recording, managing and reporting vendor complaints, and must make the process known to vendors by posting it on a readily accessible ministry/CBS web site which is linked to the PGO web site.
2. The PGO must establish and administer a process that deals with complaints that have not been satisfactorily concluded by the ministry or CBS.
3. Where a serious flaw in the procurement process has been detected, legal counsel will be requested to review any correspondence to be sent to a complainant. Where appropriate, such correspondence will be issued by Legal Services.
4. If a vendor submits an FOI request related to the procurement, the timeframes for the VCRP may be extended, due to resource limitations, until after the FOI request is completed.
5. The VCRP is not intended to detract from a vendor's access to legal recourse or to the Ombudsperson's Office. However, VCRP complaints will not generally be considered concurrently with one of these other processes.
6. No compensation will be awarded to a complainant under the VCRP.
7. A decision of the PGO shall be the final determination on a complaint registered with the VCRP process.

## 6.4 Information and References

6.4.1 Common Business Services ([CBS](#)) in Solutions BC provides a wide range of purchasing-related services to

ministries, agencies and their employees, including but not limited to:

- procuring goods and services through fair and open tendering, and providing advice and consultation on purchasing matters;
- posting solicitations on BC Bid for electronic procurement;
- providing information to suppliers about how to do business with government;
- managing lists of qualified suppliers;
- analyzing spend data across government and participating public sector agencies in order to identify opportunities for demand aggregation and volume procurement, establishing standards and specifications, and establishing and managing CSAs for common use goods and services;
- managing the government's vehicle management outsourcing contract, purchase card, and travel card programs and any other cross government supply contracts;
- managing the catalogue within the iProcurement module that is used by all ministries;
- determining how to choose the right procurement method;
- providing a reference library, including common use formats such as solicitation templates and sample contract forms; and
- managing disposals of tangible and intangible property through fair and open disposal processes, and providing advice and consultation on disposal matters.

6.4.2 **BC Bid** is the Province's online tendering system. Ministries, Crown corporations and public bodies use the system to distribute Opportunity Notices, complete bid documents and bid results for suppliers. BC Bid offers suppliers unrestricted access to government procurement. The disclosure of bid results supports monitoring of the fairness and value of government purchases.

6.4.3 **Request for Proposals** – CBS has developed an RFP template and guide to the Request for Proposal process. Refer to: <http://www.pss.gov.bc.ca/psb/procurement/procurement-templates.html>

#### 6.4.4 Trade Agreements

a. Agreement on Internal Trade (AIT) – the Agreement came into effect on July 1, 1995. The AIT applies to:

- all ministries, agencies, boards and commissions;
- all acquisitions of goods of \$25,000 or more; and to
- all acquisitions of services and construction of \$100,000 or more.
- Entities excluded from the AIT are listed in AIT Annex 502.2A.

b. The British Columbia - Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) - Effective April 1, 2007 TILMA applies to:

- ministries, agencies, boards, councils, committees and commissions;
- procurement of goods: \$10,000 or more;
- procurement of services: \$75,000 or more; and to
- procurement of construction \$100,000 or more.

Exceptions to TILMA are listed in Part V of the agreement.

6.4.5 **Disclosure of Contract information** – [\*Freedom of Information and Protection of Privacy Act\*](#) governs policy related to the disclosure of any contract information. The [Freedom of Information and Protection of Privacy Policy and Procedures Manual](#) contains policy and guidance. In addition, each ministry has a Director/Manager of Information and Privacy who can provide direction and advice.

6.4.6 **Risk Management Branch** – The [Risk Management Branch](#) is accountable for the effective management of the

risks of loss to which the government is exposed by virtue of its assets, programs and operations. In delivering its mandate, the branch has assumed four different roles: central risk management agency within government, risk management advisor/consultant, risk management program development and delivery, and claims and litigation management.



## Revenue Management

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## 7.1 Objectives

- ensure that revenue from all sources is identified, claimed, recorded, collected and reported in a timely and effective manner
- receipts of money are accurately and completely accounted for and adequately controlled to prevent or detect error, fraud or omission
- proper administrative and control processes are established for accelerated transfer accounts, including authorization, review and reconciliation
- minimize, wherever practicable, the creation of accounts receivable

## 7.2 General

Ministries are responsible for ensuring that public money is adequately controlled, collected and reported.

Government Caucus Committee on Government Operations and the Economics Branch, Ministry of Competition, Science and Enterprise, reviews ministry proposals for new or modified fees, licenses and other charges.

Banking/Cash Management Branch, Provincial Treasury, is responsible for approval of corporate payment solutions that consider client and government needs, and approves accelerated transfer accounts with financial institutions.

Risk Management Branch, Provincial Treasury, receives and reviews reports on losses of public money.

Intergovernmental Fiscal Relations Branch, Treasury Board Staff, Ministry of Finance, is responsible for reviewing cost sharing arrangements.

Financial Management Branch, Office of the Comptroller General, develops and maintains revenue management policy.

## 7.3 Policy

### 7.3.1 Revenue Recognition

1. Revenue must be recorded at the earliest point at which goods or services or rights under an agreement are provided or performed, or when fines or penalties are imposed and taxes come due.
2. Revenue from the sale of goods must be recorded when government has transferred the significant risks and rewards of ownership to the buyer.
3. While not recognized as revenue, the Harmonized Sales Tax (HST) applies to sales of taxable goods and services. Ministries must charge, collect and record this HST as a Balance Sheet Item in the "HST Collected" STOB 1576.

Procedure Requirements - [M.1](#), [M.3](#) & [M.19](#)

### 7.3.2 Fees and Licences

1. Ministries (and certain taxpayer-supported Crown entities and agencies) must submit proposals for changes to fees, licences and fines to the Treasury Board Fee Sub-Committee, Treasury Board Staff, as part of the budget process. Full instructions on the fee review process are available on the Treasury Board Staff [Budget Information](#) website (government access only).
2. Ministries must maintain a complete and up-to-date inventory of fees, licenses and other non-tax charges, and services that are provided at no charge.

### 7.3.3 Cost Sharing Arrangements

1. Ministries must maintain an inventory of intergovernmental or public/private cost sharing arrangements and make claims under these agreements promptly. At each fiscal year-end, ministries must report cost sharing arrangements to the Intergovernmental Fiscal Relations and Income Security Branch, Ministry of Finance.
2. Chief financial officers must participate in the negotiation and monitoring of cost sharing arrangements to ensure that

there are appropriate financial systems and internal controls in place.

#### 7.3.4 Internal Control of Public Money

1. Ministries must establish effective systems and controls for the identification, receipt, collection and safeguarding of public money. Accounting records must be supported by a complete audit trail.

#### 7.3.5 Delegation of Authority

1. Deputy Ministers must approve their ministry revenue authorities matrix that lists those officers who are authorized to:
  - a. receive public money;
  - b. extend credit;
  - c. issue invoices;
  - d. write off debts;
  - e. approve credit notes;
  - f. approve refunds;
  - g. approve journal vouchers;
  - h. initiate set-offs; and
  - i. waive dishonoured cheque service fees.
2. Specimen signature cards approved by the signing authorities officer must be maintained in respect of the authorities granted under policy 1.
3. Officers authorized to *receive public money* (policy 1(a)) must not be given any other authority described in policy 1.
4. Officers authorized to *issue invoices* (policy 1(c)) must not be given authority to receive public money, write off debts, approve credit notes, refunds or journal vouchers, or initiate set-offs.
5. Any exception to policy 3 or 4 to accommodate an extraordinary ministry operational requirement (e.g., limited office staff) must be checked by appropriate compensating controls and balanced against the risks in the circumstances. Ministry chief financial officers must approve any such exception to policy.

#### 7.3.6 Credit Management

1. Ministries must grant credit only where:
  - the terms and conditions of a loan agreement or other program provide for payment; or
  - services, goods or rights under an agreement are provided on specific credit terms.
2. Ministries providing loans, or goods, services or rights under an agreement on credit must assign an officer with responsibility for credit management functions.

#### 7.3.7 Billing and Payment

1. When payment is not received at the time that goods and services are provided, an invoice or other type of debit note must be issued as soon as possible (e.g., within 30 days). Where goods and services are provided on a continuing basis or over a long period of time, invoices must be issued at regular intervals.

#### 7.3.8 Acceptance of Electronic Payments

Ministry programs will provide for electronic payment instruments for consumer convenience and consistency when accepting public money.

1. The Banking/Cash Management Branch, Provincial Treasury, will coordinate ministry acceptance of electronic

payments. This ensures that adequate security and process standards are maintained including safeguarding the integrity and non-repudiation of transactions and data storage, retention and use.

2. Ministries are responsible for any costs associated with electronic payment transactions incurred by program areas operating within their mandate, including disputed sales.
3. Banking/Cash Management Branch, Provincial Treasury, will determine a standard suite of electronic payment options based on program type and delivery models. Consideration will be given to corporate solutions and government agreements with banks and card processors in addition to ministry and program objectives.

### 7.3.9 Receipts and Deposits

1. Public money must be deposited promptly to the credit of the Minister of Finance:
  - to an accelerated transfer account at a financial institution;
  - with a government agent;
  - or other person appointed by the Minister of Finance to receive deposits of public money on behalf of the government.
2. Post-dated cheques must be listed and secured until their payment date and deposited promptly at that time.
3. Ministries must issue a receipt to payers of public money that is paid in cash at the time the exchange takes place. Ministries must discourage the remittance of cash through the mail. Ministries must record the collection of all public money.
4. Payment may be made by cash, cheque, or electronically. Ministries can refuse to accept cheques in certain circumstances, which must be approved by the ministry chief financial officer.
5. Cheques and other negotiable instruments must be endorsed "*For Deposit Only to the Credit of the Minister of Finance*" immediately upon receipt, except for remittances where conditions for payment have not been met (e.g., security deposits). Payments that do not meet payment conditions (e.g., conditional payment) must be returned immediately to the remitter.
6. Whenever payment is made by a cheque by a member of the public in person, ministries must make reasonable checks before accepting the payment. For example, compare the cheque details to the person's separate identification to match the name and address.
7. Ministries must provide adequate facilities for the safekeeping of public money at all times (e.g., from the time received until it is banked).
8. Deposits must be made *daily* except where circumstances dictate this is not practicable or cost effective. The ministry's chief financial officer must approve any exceptions.

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

### 7.3.10 Accelerated Transfer Accounts

1. Ministries must keep the number of accelerated transfer accounts to a minimum. Ministry applications for accounts must be consistent with operating requirements.
2. The Banking/Cash Management Branch must only set up accelerated transfer accounts with financial institutions.
3. Ministries must keep an adequate record of deposits to accelerated transfer accounts, and provide this record to the Office of the Comptroller General, upon request, for bank reconciliation purposes.
4. Ministries must keep an adequate record of their accelerated transfer accounts. This ministry record must be reconciled at least annually to the central record maintained by Banking/Cash Management Branch.
5. Ministries must review accelerated transfer accounts at least annually to ensure each account is still required. Any account not required must be closed.

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

### 7.3.11 Refunds

1. Ministries must define "*money received for any purpose that is not fulfilled*", and must determine whether refunds are permitted, and the minimum amount to be refunded. In making these determinations, ministries must take into account enabling legislation and regulations under which revenues are collected.
2. Ministry policies regarding refunds must be documented and communicated as part of the schedule of fees and licences, and must be consistently applied.
3. Refunds must be identified and recorded in the ministry's accounting records.
4. Where a partial refund is made, the reason for refunding a reduced amount must be documented.

#### 7.3.12 Dishonoured Banking Instruments

1. Where a banking instrument (e.g., a cheque, pre-authorized debit or electronic funds transfer) has been deposited by the Province in settlement of a claim and it has been subsequently dishonoured, an accounts receivable must be set up by the responsible ministry. The amount must include a dishonoured banking instrument fee shown separately on any billing. A fee of \$30 will be levied against each banking instrument that is dishonoured.
2. Ministries must immediately advise debtors of their dishonoured banking instrument and the fee charged.
3. Payments received for dishonoured banking instrument fees must be paid into the Consolidated Revenue Fund and identified from other public money by use of a separate STOB.

#### 7.3.13 Exchange Rates

1. The Office of the Comptroller General (OCG) establishes a Canadian/U.S. dollar [exchange rate](#) at the start of each fiscal quarter, or more frequently where fluctuations are significant. OCG must advise ministries and government agents of the prevailing quarterly rate two working days preceding each fiscal quarter.
2. The difference between the actual premium received from or discount paid by the financial institution and the established exchange rate must be recorded in the U.S. Fund Exchange STOB established by OCG.
3. Overpayments resulting from payments received by mail in U.S. funds must be credited initially to a miscellaneous STOB of the ministry. Underpayments resulting from payments received by mail in U.S. funds must be accepted or returned according to the amount of the underpayment and the status of the debtor.
4. All payments received in U.S. funds exceeding \$10,000 must be deposited according to procedures established by the Banking/Cash Management Branch, Provincial Treasury. Ministries must consult with Provincial Treasury in respect of these deposits.

#### [Procedure Requirements - G.4](#)

#### 7.3.14 Suspense Accounts

1. Where public money has been received and cannot be immediately identified, it must be paid into the Consolidated Revenue Fund and credited to a suspense account established for that purpose.
2. Entries in suspense accounts must be cleared to appropriate accounts as soon as sufficient information is received. In no case should this time exceed one month.
3. Monthly, each ministry must analyze its suspense accounts and reconcile them with the balance reported in the central accounting system.

#### 7.3.15 Insurance Proceeds

1. Ministries must ensure that insurance claims are submitted to the Risk Management Branch, Provincial Treasury, for presentation to the insurer. Ministries must maintain a record of claims submitted and insurance proceeds received.
2. Ministries, in consultation with the Risk Management Branch, must identify the value of and likelihood of receiving proceeds from an insurance claim. A ministry must record the claim as an account receivable when the value is determinable and expected to be received.
3. When insurance proceeds are received before incurring an expenditure, they must be paid into the Consolidated Revenue Fund and credited to a suspense account.
4. When insurance proceeds are received in the same fiscal year to replace an insurable loss not involving tangible

capital assets, ministries must credit the proceeds to the expenditure service line. Unless an account receivable for the claim has been recorded (as in policy 2), proceeds received in a subsequent fiscal year must be credited to a miscellaneous revenue STOB, "Insurance Proceeds."

5. Insurance proceeds from loss or damage to tangible capital assets, regardless of the fiscal year, must be recorded as proceeds of disposition/disposal and form part of the gain/loss calculation on disposal of tangible capital assets.
6. Where no expenditure has resulted from a loss, damage or other event, insurance proceeds must be paid into the Consolidated Revenue Fund and credited to a miscellaneous revenue STOB, "Insurance Proceeds". Proceeds from loss or damage to tangible capital assets must be recorded as proceeds of disposition/disposal and form part of the gain/loss calculation on disposal (as in policy 5 above) and the write down of the asset not replaced.
7. Where the amount of insurance proceeds is greater than any expenditure resulting from a loss, the surplus must be paid into the Consolidated Revenue Fund and credited to miscellaneous revenue STOB, "Insurance Proceeds". Surplus proceeds from loss or damage to tangible capital assets must be recorded as required in Policies 5 and 6.

## PART II Accounts Receivable

### 7.1 Objectives

- manage accounts receivable effectively, including prompt and vigorous collection to minimize amounts owing to government
- provide consistent and equitable treatment to debtors, and regular communication on amounts owing
- charge interest on overdue accounts receivable
- ensure uncollectible accounts receivable are written off under the proper authority, and only after all reasonable and appropriate collection action has been taken
- ensure that debts extinguished by legislation are adjusted in a timely manner

### 7.2 General

Ministries are responsible for effective communication with debtors, third parties and the Collection and Loan Management Branch (CLMB); and ensuring that accounts receivable are adequately reported, collected, extinguished or written off as appropriate.

CLMB, Ministry of Small Business and Revenue, is authorized to collect delinquent non-tax debts on behalf of ministries that do not specialize in the collection function or have specific authority under legislation other than the *Financial Administration Act*. CLMB also has the authority to sign third party demands on behalf of the Minister of Finance and to set off taxes owed to the debtor by Canada Customs and Revenue Agency.

The Office of the Comptroller General maintains policy for the administration of accounts receivable and provides quarterly and annual government-wide receivables performance reports.

### 7.3 Policy

#### 7.3.1 Recording of Accounts Receivable

1. All amounts determined to be due to the government must be promptly recorded as an accounts receivable by the ministry. Each account receivable must be recorded and maintained until payment is received or the recorded amount is written off or extinguished.
2. An adequate provision for doubtful accounts must be established. When all reasonable efforts fail to collect an account receivable and it has been approved for write off, the related provision for doubtful accounts should be reduced.

#### 7.3.2 Control and Subsidiary Accounts

1. Ministry accounting systems must incorporate control accounts, where applicable, to ensure the completeness and accuracy of individual accounts.
2. A ministry's accounts receivable control STOB must include all receivables except loans, mortgages and accountable

advances. Separate control STOBs must be maintained for loans, mortgages and accountable advances. Each control STOB must consist of total amounts due, less total amounts received, and any authorized adjustments.

3. Ministries must maintain subsidiary accounts for individual debtors in a manner that discloses, at a given point in time, the aggregate amount owed by each debtor as well as individual amounts making up the aggregate amount. Ministries must also produce aged trial balances for review by senior officers.
4. Monthly, ministries must reconcile subsidiary accounts with the control STOB for each accounts receivable, loans receivable, mortgages receivable and accountable advances.

### 7.3.3 Statements to Debtors

1. Ministries must issue periodic statements to debtors providing meaningful and concise information on the status of their debts (e.g., identifying principal and interest components). Ministries must determine the frequency of issuing statements based upon the nature of the accounts receivable.
2. Where an amount is due under a loan or other agreement, the debtor must be notified at least 30 days before the due date. If interest is to be assessed for late payment, it must be specified on the invoice and statement.

### 7.3.4 Reporting Requirements

1. By July 20, October 20, January 20 and April 30 of each year, the ministry chief financial officer must report to the Financial Management Branch, OCG, accounts receivable on an aged basis, and by each major revenue source or program as at the quarterly period ended. Explanations of significant variances from the report for the previous quarter must be included with each quarterly report. The aging categories must be as follows:
  - accrued/not accrued;
  - current;
  - 31 - 60 days;
  - 61 - 90 days;
  - 91 days - 1 year;
  - 1 - 2 years;
  - 2 - 3 years;
  - over 3 years.
2. By April 30 of each year, the chief financial officer must report to the Financial Management Branch, OCG, a summary of accounts receivable activity by source or program for significant revenue and accounts receivable at fiscal year-end (revenue normally exceeding \$25 million, or accounts receivable balances normally exceeding \$5 million).

### 7.3.5 Interest on Accounts Receivable

1. Ministries must charge interest on amounts owing to the government in accordance with the [Interest on Overdue Accounts Receivable Regulation](#).
2. Ministries must calculate [interest on overdue accounts receivable](#) on a prorated basis (compounded monthly as in policy 9) commencing on the first day after the money becomes due. Money is due when:
  - an invoice or a written request to the debtor for payment had been issued and not paid within 30 days; or
  - the goods have been delivered in good condition or the services have been performed in accordance with the contract and not paid within 30 days.
3. Where the amount of interest calculated is \$5.00 or more it must be added to the accounts receivable. Where the amount is less than \$5.00 it is deemed not due to the government.
4. When a debtor pays an account in full within 30 days, the ministry must accept payment of that amount as full settlement of the account.
5. Ministries must record interest charges owing separately in their accounts receivable records and identify individual amounts owing for each debtor.

6. Ministries must advise each debtor of all interest charges to the debtor's account either by separate invoice or through periodic statements of account.
7. Ministries must deposit payments for interest charges to the Consolidated Revenue Fund.
8. Where interest arises from a loan agreement or similar contractual arrangement, interest on the past due principal and interest must be calculated according to the terms and conditions of the contract.
9. When a debt has been written off, ministries must stop recording interest as revenue and an amount owing. If a debt that was written off is reactivated, the ministry must record interest from the date the debt was written off until the debt is paid.
10. The interest calculated must be compounded monthly. Monthly compounding occurs on the same day, as the due date in any subsequent calendar month (i.e., if the due date is May 11, then the first compounding date is June 11). Compounding is based on the number of days from, but excluding the last compounding date (or if no compounding date has yet occurred, the due date) to and including the current compounding date.

### [Procedure Requirements - G.7](#)

#### 7.3.6 Ministry Collection Action

1. Each ministry must establish a collection strategy that takes advantage of the full range of available collection methods, tools and specialists. The collection strategy needs to complement program needs and statutory requirements.
2. Ministries must establish an accurate and timely reporting system to notify collections staff when an accounts receivable becomes overdue.
3. Ministries must take prompt and vigorous action to collect overdue accounts receivable. Ministries must establish fair but determined processes to recover these accounts.
4. Ministries must document all actions taken to collect overdue accounts.
5. Each ministry is accountable for its own accounts receivable collection results. This accountability for collection results does not end on the transfer of a ministry's accounts receivable to a central government collection branch, a private collection agency or by any other alternative method of collection.
6. Accounts receivable are considered overdue when a debtor does not pay or resolve the debt within 30 days after the government issues an invoice or a written request for payment to the debtor.
7. Accounts receivable, in most cases, should be at least 30 days overdue (i.e., 60 days after invoice notification), before ministries advise debtors that their accounts are overdue and that the accounts may be:
  - turned over to a central government collection or private collection agency; or
  - subject to legal action.
8. In circumstances where the government owes money to a person, and that same person owes money to the government, recovery must be initiated by the creditor ministry by way of:
  - adjustment to payment, if within the ministry; or
  - set-off through Legal Encumbrance Section, OCG if between ministries
9. When a payment has been received and two or more ministries have claims against a debtor, they must be addressed in the following order:
  - first, by the expressed statements or implied actions of the debtor;
  - second, to the government's advantage; and
  - third, to the earliest debt in time, and to interest before principal.
10. Ministries must enter into information sharing agreements when sharing personal information with another ministry or public body for the purpose of collecting government debt, as indicated by section 33 (i) (i) of the [Freedom of Information and Protection of Privacy Act](#).

#### 7.3.7 Employee Collection Action

1. Ministries must immediately inform employees of any salary or other overpayments and establish a mutually agreeable schedule for full repayment. The repayment schedule must be signed off by the ministry and the employee, and placed on the employee's payroll file. The amount owing must be recorded as an account receivable until the overpayment has been recovered. Where the employee will not agree to a reasonable repayment schedule, deductions from pay can be made without the employee's written authorization. The deduction may be considered repayment of an advance.
2. Ministries must consult with Strategic Human Resources in any situation where the collection action being considered is beyond the scope of this policy.

#### 7.3.8 Set-offs

1. Before set-off action is initiated, ministries must ensure that all regular means of collecting the debt have been considered and attempted.
2. Ministries must forward interministry set-off requests submitted under section 38 of the [Financial Administration Act](#) to the Comptroller General for approval.
3. After approval by the Comptroller General, the account receivable of the debtor may be reduced once processing of the cheque or payroll requisition is completed.
4. Where the amount due to the government is less than or equal to the amount owing by the government, the payment requisition must include the amount to be set-off against the gross amount to be paid. This policy does not apply to contractual arrangements containing a specific provision not to set-off.
5. The ministry must initiate set-off action to protect the government's interest for any goods or services provided prior to the date of appointment of a receiver or of an assignment in bankruptcy. Any residual amount payable is to be paid to the receiver or trustee in bankruptcy, as appropriate. The ministry must consult with its legal counsel if there is any doubt as to the legality of the payment.
6. When the ministry wishes to take set-off action against a Crown corporation or a public body of the Province, it must first consult with the ministry responsible for the debtor entity. The result of this consultation must be included with the request to the Comptroller General for set-off action. A copy of the request must be sent to the chief financial officer of the ministry responsible for the debtor.
7. Before initiating a trust account set-off, ministries must obtain a legal opinion that this action is acceptable, either under statutes governing the trust or under the trust instrument itself. Ministries must include a copy of the opinion with the set-off request.
8. When a set-off is made, the debtor must be informed in writing of the gross payment, the set-off amount and the net payment.
9. Where two or more ministries are pursuing set-off action with a debtor and the government receives a payment for less than the total of all claims, the funds must be allocated to the ministries in the order outlined in [Ministry Collection Action](#), section 7.3.6, policy 9. Where ministries do not agree on the priority of their respective claims, the Comptroller General must allocate the funds.
10. With the exception of salary overpayments, ministries must provide employees who owe money to the Province with written notice of the intent to set-off. Notice must be presented to the employee directly.
11. Where third party demands are initiated at the same time as set-off action, the ministry must inform the Assistant Manager, Legal Encumbrance Branch, OCG, immediately when payment is received. When a debt is recovered in full, all set-offs and third party demands relating to the debt must be cancelled and any surplus funds must be returned promptly.

#### 7.3.9 Third Party Demands and Garnishments

1. The ministry chief financial officer must ensure that the following information is retained on file prior to approving a request for a third party demand:
  - how and when the debt arose;
  - evidence that the debt can be collected legally;
  - collection action taken to date;
  - the reason for initiating the third party demand;
  - third parties known to do business with, or who employ, the debtor;

- set-off action instituted or recommended; and
  - a completed (but unsigned) Third Party Demand Notice.
2. Prior to issuing a request for a third party demand, ministries must ensure:
    - accounts receivable collection has been pursued consistent with policy;
    - the debt can be collected legally. Where doubt exists, the ministry must request that legal counsel obtains a judgment against the debtor; and
    - consider set-off action; or
    - consider a defined payment schedule.
  3. Ministries must forward unsigned Third Party Demand Notices together with documentation indicating the chief financial officer's approval to the Collection and Loan Management Branch (CLMB) for sign-off.
  4. The debt must include interest in accordance with policy. The third party demand must stipulate that interest is accruing.
  5. Normally, ministries should not initiate a demand on a third party until at least 90 days after the debt was incurred. In certain instances, however immediate collection may be warranted. A third party demand must be requested promptly and normal means of collection can be bypassed or shortened.
  6. A third party demand on an employer must not exceed 30 per cent of the net wages or salary per pay period of the employee (debtor) except where the ministry considers it is unlikely that the remainder of the debt will be collected, or the debtor will remain employed with that employer.
  7. The debtor must be notified by the ministry at the same time and in the same manner as a demand is made on a third party.
  8. Ministries must not execute against joint bank accounts unless all parties to the account are debtors of the Province.
  9. If set-off relating to the same debt has been initiated, the ministry must also inform the Assistant Manager, Legal Encumbrances Branch, OCG, upon receipt of payments.
  10. When a debt to the government is paid in full, all demands and set-offs for that debt must be cancelled. Surplus funds received from the third party or from the debtor must be returned promptly.
  11. Verbal instructions to the third party by a ministry officer are sufficient to cancel a demand notice. Verbal cancellation of a demand notice must be confirmed in writing by the ministry.
  12. A third party demand expires when the debt is paid in full, or if applicable, at the end of the term set out in the demand notice.
  13. Where there is any doubt about government proceedings, ministry legal counsel must be consulted to ensure that garnishment orders are obtained in an appropriate manner.

#### 7.3.10 Collection and Loan Management Branch

1. Ministries must obtain approval from Treasury Board Staff to transfer the collection of delinquent debts to the Collection and Loan Management Branch (CLMB).
2. Either the ministry or CLMB can seek to establish a memorandum of understanding for the transfer of delinquent debts. The parties must submit a joint proposal to Treasury Board Staff providing the general framework for the transfer of debts from the ministry to CLMB.
3. The ministry and CLMB must complete a memorandum of understanding, based on a netting model, for the recovery of administrative costs. The memorandum of understanding should set out any direct reimbursement by the ministry to CLMB for services or costs not covered by the netting model.
4. Prior to a ministry referring debts to CLMB, the ministry must validate all accounts and ensure that the debts are clear of any appeals and/or adjustments.
5. The ministry and CLMB must sign an information sharing agreement that provides direction on the reasons for collection and for the use and disclosure of that personal information.

#### 7.3.11 Private Collection Agencies

1. Ministries must only consider the services of private collection agencies to recover debts owed to the government after the ministry's normal collection activities have been exhausted, or when a business case supports this collection option.
2. Commission costs for private collection agencies to collect ministry delinquent accounts receivable must only cover fees payable for the successful collection of debt. The cost of additional services that are not directly related to the successful collection of debt (e.g., skip tracing, credit checks, credit bureau reporting) cannot be netted from collection proceeds and must be funded by the ministry.
3. Ministries must not use private collection agencies for debts due from the following:
  - other ministries or agencies, trusts, boards or commissions and government organizations;
  - provincial government employees from whom the ministry can recover by set-off action;
  - other governments; and
  - participants in a current appeal or a court proceeding.
4. The ministry and the private collection agency must complete a contract specifying the transfer of delinquent debts and the details of collection. The contract must include the commission rate for accounts collected, the cost of additional services and the rights and obligations of each party.
5. The amount of a fee or the rate of commission must be reviewed by the ministry and approved by Treasury Board as part of the annual review of fees and licenses.

#### 7.3.12 Write-offs

1. Only those debts for which all reasonable and appropriate collection action has been taken can be submitted for write-off.
2. Ministries must ensure that uncollectible debts are reviewed at least once a year and identify those debts that should be submitted for write-off.
3. All write-off submissions must include the relevant debt information. Submissions for the write-off of debts exceeding \$5,000 must be appropriately categorized, and must include details of the collection action taken, the debtor's financial status (if relevant), and why further collection action is not possible.
4. The categories for submission are:
  - debtors who have died leaving no estate;
  - debtors who cannot be located;
  - debtors who are indigent;
  - debtors residing outside of Canada in locations where there are no apparent means of collection and there is no indication that the debtor has family or business ties that might encourage return to Canada;
  - debts where, in the view of the creditor ministry, further expenses to collect are not justified in relation to the amount of the debt and the possibility of collection;
  - debts where legal counsel has indicated that the amount involved does not warrant the prospective costs of action to collect;
  - debts where liability has not been admitted by the debtor and where the success of proceedings to collect is unlikely;
  - debts where the existence of an enforceable debt due the Crown cannot be readily established (e.g., where records have been lost or destroyed and the ministry is unable to prove receipt of services by the debtor); and
  - debts where a corporation is inoperative and without assets.
5. The chief financial officer must authorize the write-off of receivables of \$5,000 or less. This authority may be delegated to officers within the ministry to write off individual debts of \$500 or less. Officers must maintain adequate records of any amounts that they have written off and report quarterly to the chief financial officer on any write-off action taken during the quarter.
6. The executive financial officer must recommend the write-off of debts greater than \$5,000 and less than or equal to \$100,000. Submissions for approval must be made to the Comptroller General through the Financial Management Branch, OCG.

7. The respective minister must sign on the recommendation of the executive financial officer all submissions for the write-off of debts greater than \$100,000. Submissions for approval must be made to Treasury Board through the Financial Management Branch, OCG.
8. Ministries must not submit the following debts to the Comptroller General or to Treasury Board for write-off:
  - bankrupt individuals – when an order of discharge has been granted, the ministry must remove the account on the basis of the order;
  - judgment or other court orders – when it is determined that the Province can collect a lesser amount than the recorded debt, the ministry must adjust the account on the basis of the court's order;
  - restrictions imposed by statute – where a statute restricts the amount of a debt (e.g., the *Court Order Enforcement Act*, the *Limitation Act*), the ministry must adjust the account on the basis of the recoverable amount.
9. Debts of a bankrupt corporation must be written off through the normal procedures since, according to the *Federal Bankruptcy and Insolvency Act*, a corporation may not apply for a discharge unless it has fully satisfied the claims of its creditors.
10. After consulting with its legal counsel, a ministry may accept a compromise settlement of a debt. A portion of the original debt must be written off as identified under the terms of an agreement.
11. When authority has been received to write off a debt, the debt must be transferred from the ministry accounts to a reference file of "debts written off", where it must remain until paid, or forgiven (pursuant to section 18 or 19 of the [Financial Administration Act](#)), or extinguished pursuant to other legislation.
12. Annually, ministries must submit statements of debts written off during the fiscal year, together with supporting authorizations, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

#### 7.3.13 Extinguishments

1. The responsible minister must authorize all submissions for extinguishment. Proposals must be forwarded for review to the Minister of Finance, through the Financial Management Branch, OCG, prior to submission to the Lieutenant Governor in Council.
2. The Minister or the Deputy Minister of Finance, or the Assistant Deputy Minister, Provincial Treasury, pursuant to [BC Regulation 269/92](#), can conclude a settlement agreement or compromise settlement to forgive some or all of a debt or obligation not exceeding \$100,000. In addition, the following CLMB officers have authority to conclude a settlement agreement to forgive some or all of a debt or obligation (principal plus interest) to the following limits:
  - the director – \$40,000;
  - a manager – \$20,000;
  - a collection officer – \$10,000.
3. A ministry may accept a compromise settlement of a debt only after approval by Legal Services, Ministry of Attorney General. A portion of the original debt can be extinguished under the terms of an agreement.
4. Annually, ministries must submit statements of debts extinguished during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

#### 7.3.14 Remissions

1. Submissions for remission orders must be:
  - prepared by the ministry officials responsible for revenue management;
  - recommended by the senior and executive financial officers;
  - recommended by the Minister of Finance; and then
  - submitted to the Executive Council (i.e., Cabinet).
2. Recommendations submitted pursuant to policy 1 must be to:
  - approve;
  - approve with conditions;

- not approve; or
  - provide no opinion because of conflict of interest or some other circumstance that makes an opinion inappropriate or impossible.
3. All submissions for individual ministry remission orders must, at a minimum, contain the following information:
- the name and address of the person whose obligation is to be forgiven;
  - the amount to be remitted;
  - justification for remission;
  - sufficient background information to enable Cabinet to form an opinion on the question of whether "great public inconvenience", "great injustice" or "great hardship" will result if the remission is not granted; and
  - other information, including ministry comment for or against the remission.
4. Annually, ministries must submit statements of remissions granted during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.



## Travel

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### 10.1 Objectives

- ensure effective travel management and administration, and promote economy and efficiency in the use of travel funds
- support government's commitment to carbon neutral business travel by making choices that mitigate the production of greenhouse gas emissions.
- establish standards to ensure:
  - travel expenses are proper, reasonable and necessary for program delivery
  - accountability for travel claim requests and approvals, and travel emission reports and approvals
- provide and promote alternatives to travel to carry out government business

## 10.2 General

Travel policy, allowances, reimbursement rates and limits are established by legislation and Treasury Board, and included in Treasury Board Orders, collective agreements, terms and conditions of employment for Order in Council and excluded employees, and the [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended) for [officials](#).

Travel policy applies to ministries, offices, special funds, accounts and appropriations as defined in the [Financial Administration Act](#), the [Greenhouse Gas Reduction Targets Act](#) and applies where or when travel costs are funded by, or recovered from, outside parties. Where another government jurisdiction is reimbursing provincial employees that jurisdiction's travel rates will be used, which may be higher (e.g., Yukon, Northwest Territories).

Travel policy applies to employees (Groups I, II, and III) and [officials](#) (Group IV) unless specifically noted. For ease of use, the term "employee(s)" will be used throughout unless specific policy requires differentiation between employees and officials.

For the purposes of this policy, the terms "[minister](#)", "[official](#)", and "[official duties](#)" are used as defined in the [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended).

Whenever possible, ministers and ministries are expected to promote the spirit and intent of government travel policy by requesting that similar policies are adopted by Crown corporations, public bodies, funded agencies and government contractors.

### *Roles and Responsibilities*

- Employees are responsible for:
  - obtaining expense authority approval to travel before expenses are incurred (See [10.4.4](#) for officials);
  - certifying that their travel expense claims are correct, complete and comply with policy; and
  - confirming that their travel emission reports are complete and attached to their travel expense reports.
- Expense authority officers are responsible for:
  - approving travel before expenses are incurred;
  - certifying that travel expense claims:
    - are for business purposes, appear reasonable and comply with policy;
    - that there are sufficient funds in the budget;
    - that travel related goods and services have been received; and
  - certifying that travel emission reports appear reasonable and are attached to employee travel expense reports.
- The BC Public Service Agency establishes travel policy and negotiates reimbursement rates and limits with bargaining units.
- The Office of the Comptroller General maintains policy and establishes procedures for the administration and processing of travel expenses, and advises ministries on travel policy and procedures.
- Purchasing Services oversees accommodation rates, manages fleet vehicles, negotiates rental rates with vehicle vendors, and supports negotiations with travel agencies.
- For the purposes of travel approval in the following policies, a "director" is defined as an employee holding the title of director, including an "executive director". A director makes travel approvals for their own staff, and directors and executive directors seek their program area assistant deputy minister's approval regarding travel. In turn, assistant deputy ministers seek the executive financial officer's approval regarding travel.

## 10.3 Policy

### 10.3.1 Alternatives to Travel

Ministries must consider alternatives to travel wherever practical. [Video conferencing](#) and [teleconferencing](#) and other methods are to be used where feasible to achieve cost savings and to mitigate the production of greenhouse gas emissions. These can be very effective tools to bring employees and others together across the province or country (e.g., business/project team meetings, interviews, hearings and trials, distance learning, training and workshops).

### 10.3.2 Travel Approval

1. The means of travel chosen needs to be operationally feasible, cost effective and consider travel methods that will mitigate the production of greenhouse gas emissions. Government employees are eligible for reimbursement of travel expenses when:
  - o trip approval is obtained (from the employee's Expense Authority) before travel expenses are incurred;
  - o the expenses are paid by the employee while on travel status\* or away from headquarters\*\*;
  - o claims are reasonable, properly reported and comply with established rates and allowances; and
  - o the travel emission report is completed and attached to the travel expense report.

\*Group [I, II and III](#) employees are on travel status when absent from their designated headquarters on approved government business. This does not apply to employees who are temporarily reassigned or on field status, or on board and lodging status.

\*\*An employee's headquarters is his/her usual work place or normal point of assembly and the area within a 32 kilometre radius. If necessary, the director must designate a headquarters for their staff, and can also approve changes to their staff's assigned headquarters as changes in operational conditions warrant. The designation for directors and executive directors are made by the assistant deputy minister of the program area. The executive financial officer must make designations for assistant deputy ministers.

The terms "travel status" and "headquarters" are not used in reference to Group IV travel policy. Travel policy applies to [Group IV](#) during the period an official is away from home to discharge official duties.

2. Reimbursement claims require approval by the appropriate Expense Authority before they can be paid. (see [Procedure Requirements - C.1.4, C.1.5](#))
3. Management has the right to designate an [employee's \(other than officials\) mode of transportation](#) and manner of accommodation. Other considerations must include:
  - o the cost and efficiency of alternative transportation modes (i.e., time required to reach the destination and lost productivity);
  - o additional travel costs (accommodation, meals, taxi, vehicle rentals, overtime) associated with each alternative; and
  - o travel arrangements that mitigate the production of greenhouse gas emissions.
4. Government employees required to resource cabinet and government caucus meetings are eligible for reimbursement of expenses.

[Procedure Requirements - C.2](#)

### 10.3.3 Combining Personal Travel

1. Travel that combines government and personal business must be reimbursed at the lesser of
  - actual transportation expenses; or
  - an estimate of the minimum acceptable expenses that would have been incurred if the personal travel had not taken place.

2. Additional expenses arising from personal extensions to business travel are the employee's responsibility.
3. Expenses for an employee's spouse or family members are not reimbursable, except:
  - when a spouse is formally representing the government and a written invitation has been issued to the spouse (see also [10.4.4](#) and [C.14.3](#));
  - travel is to a pre-retirement seminar or awards function; or
  - the employee is relocating (for details refer to Administration, [Relocation](#)).
4. Employees must not claim any optional payments or surcharges related to carbon offset programs administered by travel service providers.

#### 10.3.4 Out-of-Province/Country Travel

1. Staff (and contractor) out-of-province and out-of-country travel, including complete plans to combine personal travel, requires prior approval of the respective director (Treasury Board Directive [4/04](#)). Approvals for directors and executive directors are made by the assistant deputy minister of the program area. The executive financial officer must make approvals for assistant deputy ministers. Refer to [C.2](#) for staff approval procedures and to [10.4.4](#) for approval requirements for ministers, parliamentary secretaries, deputy ministers and ministers' office staff.
2. For out-of-province accommodation a reasonable amount must be established considering business requirements and federal accommodation rates. For out-of-country or U.S. accommodation, employees will be reimbursed for actual commercial accommodation expenses for the travel location up to those rates established by the federal government through their standing offer arrangements for accommodation. (Refer to this [federal accommodation site](#) for rate information.
3. For travel in the U.S. the Group I meal rate, Group II or III per diem allowance, or Group IV meal allowance must be the amount claimed for BC in U.S. currency (as required by [PSA Policy Statement 17. Travel, Appendix 1 sec. 8. \(1\)](#)), which will be converted to Canadian dollars, including claims for partial day travel. Meals received without charge or paid for from public funds cannot be claimed.
4. For other foreign locations (as required by [PSA Policy Statement 17. Travel, Appendix 1 sec. 9](#)), meal rates for full days must be calculated using the "Meal Total" rate published by the federal Foreign Affairs Department. This is then grossed up for incidental amounts as specified in the PSA table at Appendix 1 sec 9. (1).

For partial days or for situations where meals are received without charge or paid with other public funds, the related individual meals (using the federal Foreign Affairs Department rates) must be deducted from the full day rates calculated above. Where the individual meal rates are not published, refer to the percentages to deduct from the calculated full day rate specified in the PSA table at Appendix 1 sec 9. (2).

Procedure Requirements -- [C.1.6](#) (iExpenses & foreign exchange); [C.2](#) (Approval Requirements); [C.11](#) (Miscellaneous Foreign Travel Expenses)

#### [Foreign Travel Guide](#)

#### 10.3.5 Airfare

1. The most economical airfare for air travel considering operational requirements and options that mitigate the production of greenhouse gases is required. This requirement may be waived in exceptional circumstances, with the prior approval of the director. For directors and executive directors, prior approval is sought from the assistant deputy minister for the program area. For assistant deputy ministers, it must be pre-authorized by the executive financial officer. Officials and accompanying staff are permitted airfare upgrades to executive or business class where the in-flight travel is four hours or more, and the purpose of the travel is to represent the government at a business meeting. The upgrade for staff only applies when there is a need to conference with the official during a flight.
2. Travel loyalty program benefits, such as airline frequent flyer points that are accumulated by employees while travelling at public expense, must not be used for personal benefit. Such benefits or discounts should be applied only against future business travel or donated to charities associated with the program. Benefits accumulated while travelling at public expense should not be used beyond the term of employment.

### [Procedure Requirements - C.7](#)

#### 10.3.6 Chartered Aircraft

1. The use of a chartered aircraft by an official is permitted only when:
  - there is no scheduled air service available that can meet the travel requirements (timing or duration) of the minister(s); or
  - the charter cost is economical as compared to the scheduled air service; and
  - the charter aircraft and crew meet the safety, maintenance and experience standards established by Transport Canada for such operations.
2. The use of chartered aircraft by employees must only be approved when there is no alternative means of transportation at a lesser cost, and within a reasonable time. The deputy minister or a delegated approval authority must approve in-province charter flights. Out-of-province charter flights require approval in advance by the respective minister.

#### 10.3.7 Meals / Per Diems

1. Employees are entitled to claim meal or per diem allowances not exceeding specified limits for their applicable Group. For Group definitions refer to section [10.4.1](#).
2. On the date of departure, travel status must start before 7:00 a.m. to claim breakfast; before 12:00 noon to claim lunch; and, on the date of return, travel status must end after 6:00 p.m. to claim dinner.
3. See [PSA Policy Statement 17. Travel, Appendix 1 sec.1](#) for the applicable meal and per diem allowances for groups I, II, and III. For Group III employees, in determining whether it is reasonable to claim a full day, half-day or other per diem, they should consider the time spent and the number of meal periods while on travel status. Group II and III employees are entitled to the incidental amount when no meals are claimed on travel status (refer to CPPM 10.3.11 [Miscellaneous Expenses](#)).
4. Group IV (officials) may claim a meal allowance of up to \$61.00 for each day (or portion of a day) the [official](#) discharges official duties, if the official is not at home while discharging those official duties. See the [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended).

### [Procedure Requirements - C.4](#)

#### 10.3.8 Mileage

1. All groups are entitled to claim a [private vehicle allowance](#) for the use of a privately owned vehicle on business travel. For private vehicle insurance requirements, refer to [11.3.2 policy 3](#). Employees are expected to carpool where practical to minimize costs and the production of greenhouse gas emissions.
2. Employees may claim the vehicle mileage allowance where they are driven to the departure location (i.e., airport, bus, ferry or train terminal) and picked up upon return.

The portal-to-portal distance allowance (for travel to and from the employee's residence) must be authorized by the employee's Expense Authority before expenses are incurred. The Expense Authority must consider the cost and efficiency of alternative modes of travel before granting approval to an employee to take his/her vehicle to work for use when travel may be required. Allowance claims for vehicle mileage must not exceed 32 kilometres per day.

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

#### 10.3.9 Vehicles

1. A government or rental vehicle should be used when public transportation is not operationally feasible or a privately

owned vehicle is not available or economical (i.e., when daily travel exceeds 150 kilometres). A government vehicle, where available, should be the first choice.

2. Employees renting vehicles must not purchase the Personal Accident Insurance option, as work-related accidents are covered by WCB.
3. Employees using the corporate travel card must not purchase the Collision Damage Waiver option, as this is covered under the travel card. However, employees renting a vehicle outside of BC and not using the corporate travel card must purchase the Collision Damage Waiver option.

The vehicle rental rate table can be found at the [Purchasing Service's site](#). Refer to [section 11.3.4](#), Transportation policy, for the use of government vehicles.

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

#### 10.3.10 Accommodation

1. Employees may use private accommodation instead of commercial accommodation and claim the private accommodation allowance of \$30.00 per night. Reimbursement for commercial accommodation within BC must be in accordance with the [hotel accommodation guide approved accommodation rates](#).

Accommodation expenses within BC that exceed the limits established by Treasury Board require pre-authorization from the individual's expense authority. Amounts in excess that are considered acceptable may be determined on a case by case basis, considering variables such as the urgency of the travel, whether travel is occurring in peak season and if accommodations at the established limits are not available. See also the [Accommodation Guidelines](#) (government access only).

For guidance on officials, see the [Officials Duties Expense Regulation](#) (BC Reg. 226/2001 as amended).

#### [Procedure Requirements - C.8](#)

#### 10.3.11 Miscellaneous Expenses

1. Employees are entitled to claim miscellaneous travel expenses for:
  - o [ferry tolls](#), [ferry reservation fees](#) and highway tolls
  - o airport improvement and security fees, Nav. Canada fees and applicable fuel charges
  - o bus/taxi/limousine services
  - o vehicle rental and related fuel charges
  - o parking charges
  - o business phone calls
  - o charges relating to cash advances obtained with the corporate travel card
  - o Group I employees are entitled to portage (maximum \$0.50), personal phone calls (one five-minute telephone call home for each night away), laundry and dry cleaning (after seven consecutive days on travel status).
  - o Group II and III employees receive a per diem that includes allowances for incidentals, such as gratuities, portage, personal phone calls, laundry or dry cleaning.
  - o Group IV officials are entitled to reimbursement for actual out of pocket expenses subject to this travel policy.

[See also C .9 - Miscellaneous Travel Expenses](#)

#### 10.3.12 Loss or Damage

1. [Extraordinary losses](#) incurred when an employee or appointee is on travel status, or while on government business, suffers damage to personal property are reimbursable to amounts allowable under [PSA Policy Statement 17. Travel, Appendix 1 sec.12](#).

### [Procedure Requirements – C.19.2](#)

#### 10.3.13 Travel Card

1. Employees must use their corporate travel card to pay for travel related expenditures and to obtain travel related cash advances (via ATMs).
2. Employees who are eligible for a corporate travel card cannot apply for an accountable travel advance. Accountable travel advances can only be issued to employees who are not eligible for the corporate travel card and the expense authority authorizing the travel must approve the accountable advance. The temporary advance must be repaid or accounted for within one week of the trip.
3. A standing accountable travel advance (issued to employees that require continuous or seasonal travel) must be repaid at the end of the designated period.

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

#### 10.3.14 Volunteers

1. Volunteers must not use Oracle iExpenses or the SMARTTEC travel emissions calculator. Volunteer out of pocket travel expenses will be reimbursed at the discretion of the host ministry. Meal allowances must not exceed Group I rates.

#### 10.3.15 Contractors

1. Contractors must not use Oracle iExpenses or the SMARTTEC travel emissions calculator. Reimbursement for meals and incidentals must not exceed the Group II per diem rates. Refer to section [10.4.1](#), this chapter, for the definition of Group II.

### [Procedure Requirements - C.10](#)

#### 10.3.16 Oracle iExpenses

Oracle iExpenses is a web-based system for processing expense reports. When staff submit a claim, their electronic signature is equivalent to certifying that the expense report is correct, complete, complies with government policy, and their completed travel emission report is attached. The electronic signature of Expense Authority means that they agree the trip was for business purposes, the amounts appear reasonable, and that the employee has attached a travel emission report which appears reasonable. As well, they are certifying that there are sufficient funds in their budget and that travel related goods and services have been received. User IDs and Passwords MUST NOT be shared. Note that officials use an electronic travel voucher to process their claims. See [C.14.6](#).

1. Expense authority must review and approve expense reports and travel emission reports prior to giving their electronic authorization.
2. Travel expense receipts must ensure proof of payment and be accessible by expense authority for examination if requested. In addition the receipts, including those for [taxi and bus claims over \\$20 a day](#), and other supporting documents must be:
  - filed at the location designated by the ministry chief financial officer (but not by the employee personally);
  - filed in an Expense Report Envelope and forwarded upon request within 5 working days to the Corporate Compliance and Controls Monitoring Branch for verification.

The envelope must be retained as an Administrative Records Classification System (ARCS) file #1050-06. The ARCS and the Operational Records Classification System (ORCS) support policy in this section and the need to retain and manage records in accordance with government [Recorded Information Management](#) policy and standards.

1. Staff who do not travel more than once a year and who have claims of less than \$100 should be reimbursed by petty cash. Staff that have regular claims for mileage must claim reimbursement through iExpenses.
2. Under the new *Management Classification and Compensation* framework, only Strategic Leadership positions may use

a delegate. Formerly classified Management Level 7 or higher positions using delegates may continue to do so. Delegates must not have an alternative delegate substituting for their leave or vacation period. Deputy minister expense reports are to be routed to the EFO or CFO who will act as expense authority for approving these reports.

3. All iExpenses users must complete any outstanding processing, and take appropriate action on any notifications, prior to transfer or termination. Ministry signing authority officers must be kept informed of any changes to prevent delays and errors when an expense authority departs prior to completion of processing.

[Procedure Requirements - C.1.6](#)

### 10.3.17 Direct Invoicing

1. Airfare, except in an emergency or extenuating circumstances, must not be paid by the employees but billed directly to the ministry. For officials see C.14.8.

[Procedure Requirements - D.7](#)

### 10.3.18 SMARTTEC Travel Emissions Calculator

SMARTTEC is a web-based tool for employees to use to calculate, track and report greenhouse gas emissions for business travel (i.e.: when on travel status or 32 kilometres or more outside of their designated headquarters, as defined by policy [10.3](#)). In advance or on trip completion, an employee or a delegate enters traveller information for the mode of travel (e.g.: type of flight, vehicle or ferry) and accommodation to calculate trip emissions.

1. The travelling employee must confirm and submit their final SMARTTEC travel emission report, whether data entry is by a delegate or the employee. When a report is finalized a confirmation e-mail and PDF file is sent to the traveller's mailbox.
2. The PDF file must be attached to the traveller's related iExpenses expense report (or manual FIN 10 Travel Voucher) for Expense Authority review and approval before payment can be authorized.

[Procedure Requirements - C.1.7](#)

Additional guidance on the use of SMARTTEC is provided at: [Where green ideas work](#). This site is available to Government of British Columbia intranet users only. For Tier 1 help desk queries on SMARTTEC contact 387-7000 or [e-mail: 77000@gov.bc.ca](mailto:77000@gov.bc.ca).

## 10.4 Information and References

### 10.4.1 Group Definitions

Employee Group definitions for travel entitlements pursuant to Treasury Board Order #88, as amended, and the [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended) are as follows:

#### *Group I*

- employees who are members of the British Columbia Government Employees' Union (BCGEU), the Professional Employees Association (PEA), British Columbia Nurses Union (BCNU), Union of Registered Psychiatric Nurses of British Columbia (URPNBC), and Excluded Administrative Support Staff as specified on Schedule A of the Personnel Management Policies and Procedures manual, chapter 4.5;
- persons outside the government service such as employees appointed to boards, commissions and agencies in bargaining unit classifications, or persons performing equivalent administrative or technical support functions, plus persons on miscellaneous payroll;
- order in council appointees not specifically included in Groups II or III; and
- other employees or persons not specifically included in Groups II or III.

#### *Group II*

persons whose positions are classified under the: Management Job Evaluation Plan, Levels 1 through 8; Legal Officer Classification Plan; Legal Counsel Classification Series; or Salaried Physician Classification Plan; and

- persons appointed to part or full-time positions as members or managerial employees on boards, commissions or agencies.

#### Group III

- persons with the status of deputy minister or assistant deputy minister or equivalent status (positions classified at levels 9 through 12 of the Management Job Evaluation Plan); and
- a person appointed to the position of chief provincial court judge, associate chief judge or as part or full-time provincial court judges.

#### Group IV

- officials as defined by the [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended); and
- a personal attendant where a physically disabled official requires an personal attendant in order for the official to travel to discharge official duties. The application of Group IV rates to a personal attendant is limited to transportation, meals, accommodation and out of pocket expenses necessarily incurred for the purpose of this travel. A personal attendant can be a spouse.

### 10.4.2 iExpenses Information

Information, training and guidance on how to use iExpenses are detailed on the CAS intranet site, [iExpenses Services](#). This information is available to Government of British Columbia intranet users only.

### 10.4.3 Discount Lodging and Travel Tips

Purchasing Services provides a list of lodgings and travel tips for employees on business travel. A number of properties offer discounts on room rates. These are listed by city or town on the [Business Travel Accommodation Listings](#) site.

### 10.4.4 Minister Out-of-province/country Travel

Approval for out-of-province and out-of-country travel is delegated as follows. A [Travel Authorization Form FIN 99](#) (government access only) is required:

<u>Traveler</u>	<u>Approved By</u> *
Minister (out-of-country)**	Premier
Minister (out-of-province)	Minister
Parliamentary Secretary	Minister
Minister's Office Staff	Minister
Deputy Minister (out of province)	Deputy Minister
Deputy Minister (out of country)	Minister

\* This authority cannot be delegated to a subordinate.

\*\* Ministers should submit a request for approval of their out-of-country travel plans not less than four weeks in advance of finalizing such plans. The request for authorization should be directed to Executive Branch, Office of the Premier.

The spouse of a minister may fly at government expense only when formally representing the government at a protocol related function and a written invitation has been extended to the spouse by the government or when acting as a personal attendant where an official has a physical disability. Guests of ministers may fly at government expense only when the guests are traveling on government business. Minister allowances are outlined in the [Official Duties Expense Regulation](#) (BC Reg 226/2001 as amended).

### [Procedure Requirements - C.14](#)

### 10.4.5 Appointees to Crown Agency Boards and Administrative Tribunals

For policy on travel expense reimbursement for appointees to Crown agency boards and administrative tribunals refer to

TBDs [2/10](#) and [1/10](#). All appointees (including those receiving no compensation) incurring transportation, accommodation, meal and out-of-pocket expenses in the course of their duties as members of a Crown agency board or administrative tribunal will be reimbursed in accordance with Group II rates. Rates of reimbursement for travel-related expenses are established by Treasury Board Order #88. At the discretion of the minister, airline costs incurred by Crown agency boards or administrative tribunal appointees may be directly billed to the Province.

[Procedure Requirements - C.20](#)



## C. Reimbursement of Expenses Procedures

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### [C.1 Travel Expenses](#)

#### [C.2 Approval Requirements](#)

#### [C.3 Travel Voucher \(FIN 10\)](#)

#### [C.4 Rates and Reimbursement](#)

#### [C.5 Vehicle Travel](#)

#### [C.6 Ferry Travel](#)

#### [C.7 Air Travel](#)

#### [C.8 Accommodation](#)

#### [C.9 Miscellaneous Travel Expenses](#)

#### [C.10 Contractor's Travel Expenses](#)

#### [C.11 Travel Expenses in Foreign Locations](#)

#### [C.12 Job Interview and Post-Interview Expenses](#)

#### [C.13 Board and Lodging Expenses](#)

#### [C.14 Travel Allowances – Officials](#)

#### [C.15 Travel Allowances – Parliamentary Secretaries and Designated Members](#)

#### [C.16 Relocation Allowances](#)

#### [C.17 Business Meeting and Protocol Event Expenses](#)

#### [C.18 Remuneration for Appointees to Crown Corporations, Agencies, Boards, Commissions and Administrative Tribunals](#)

#### [C.19 Miscellaneous Expenses](#)

#### [C.20 Childcare Expenses](#)

#### [C.21 Reimbursement of Incidental Expenses](#)

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## C.1 Travel Expenses

### [Core Policy - 10.0](#)

#### [C.1.1 General](#)

#### [C.1.2 Reasonable Accommodation](#)

#### [C.1.3 Commercial Transportation Charges](#)

#### [C.1.4 Account Verification Process](#)

#### [C.1.5 Account Verification by the Expense Authority Officer](#)

#### [C.1.6 Oracle iExpenses - Travel Claims](#)

#### [C.1.7 SMARTTEC Travel Emission Calculator - Reports](#)

### C.1.1 General

1. All expenses associated with travel must be paid by the employee travelling except for airline tickets and some taxi billings. It is strongly recommended that government employees apply for a travel card to pay travel and other approved expenses and to obtain business travel cash (see [E.3 for Travel Card procedures](#)). See [C.14.8](#) for [officials](#).
2. Original receipts and invoices (where required by travel policy) with proof of payment must be attached; however, in

extenuating circumstances, copies may be certified as originals.

3. Travel claims and travel emission calculator reports should be completed and submitted within one week of returning from travel status or at least monthly if on extended travel status.
4. Claims for less than the allowable amount are permitted. A brief note should be attached to show the employee is aware of the undercharge.

### C.1.2 Reasonable Accommodation

1. The *Public Service Act* directive on Employment Equity requires managers to provide reasonable accommodation for persons protected under the *Human Rights Act*.
2. Policies requiring less costly travel alternatives still apply. However, once a decision is made that a person with a disability is required to travel reasonable accommodation should be provided to minimize any disadvantage the individual might experience as a result of the disability.
3. Persons with disabilities who travel or attend meetings on government business may have special needs. Each deputy minister or delegate may issue special travel authorization, specific to the needs of the individual who has a disability, to enable full reimbursement of additional expenses incurred as a result of reasonable accommodation. For example, a person with a disability may need to pay a hotel rate exceeding the government rate where rooms available are not sufficiently accessible, or an employee who is deaf may require an interpreter at meetings. The accommodation need not be limited to expenses that normally require receipts. Incidental, meal and local transportation expenses may need to be increased to offset the additional costs. See [Official Duties Expense Regulation](#) (BC Reg. 226/2001 as amended) for information on officials with physical disabilities.
4. Exemptions to the financial policy should be based upon communication between the employee and supervisor with the advice where required of health professionals and human resource/employment equity staff. Managers will exercise judgement in recommending exceptions to financial policy.

### C.1.3 Commercial Transportation Charges

#### [Core Policy - 10.3.2](#)

When management designates transportation by commercial carrier(s) and the employee/appointee requests and receives authority to use their private vehicle instead, reimbursement will be based on the lesser of:

- the distance allowance for the private vehicle (including any toll charges), or
- the designated commercial carrier(s) cost for the trip.

No meal, accommodation, travel time or any other expenses will be reimbursed beyond the transportation costs.

### C.1.4 Account Verification Process

#### [Core Policy - 10.3.2.2](#)

1. The account verification process can be tailored to reflect the risk level of the travel reimbursement claims under review. All *high-risk* transactions must be subjected to a review of all relevant aspects of the transaction, including a review of the original receipts.
2. For *low-risk* travel reimbursement claims, the expense authority officer can conduct a "reasonableness check" to review only the most relevant aspects of each selected transaction (i.e., the payee is entitled to or eligible for the payment, the amount being reimbursed is reasonable in relation to the travel itinerary, the transaction is accurate and

completed correctly, and complies with travel policies and procedures).

### 3. *Definitions of Risk:*

- *High-Risk* - transactions with the following criteria would be considered high-risk: highly sensitive transactions, for example travel claims that are likely to be the subject of Freedom of Information (FOI) or Public Accounts Committee requests (Groups III and IV), out-of-province travel, non-employee/contractor travel expenses, etc. This category could also include travel reimbursements of large dollar amounts or travel claims that are considered highly error prone (i.e., ministries are familiar with the current error rate from particular branches/offices).
- *Low-Risk* - transactions with the following characteristics would be considered low-risk: transactions that are not sensitive in nature, or have a low error rate with a low dollar value impact of error (typically low to medium dollar value, i.e., routine travel reimbursement claims).

## C.1.5 Account Verification by the Expense Authority Officer

### [Core Policy - 10.3.2.2](#)

1. The expense authority officer will determine the level of assurance review they will perform on each electronic travel voucher form received. Additionally, the expense authority officer can determine, by inspection, whether the travel claim appears out-of-line and warrants a more thorough review.
2. Where necessary and appropriate, the expense authority officer will retrieve the corresponding travel envelope containing the original receipts for review purposes (the travel envelope and the electronic transmission are identified by the Control Number).
3. Errors, omissions or questions can be documented in a comment section on the e-form, and routed back to the employee for clarification, correction and resubmission. As the e-form information is locked, only the employee can make any changes to the information online (i.e., the signing authority officers cannot alter the document in any way).
4. Once expense authority has formally certified correct the electronic travel voucher, the e-form is routed electronically for payment.

## C.1.6 Oracle iExpenses – Travel Claims

### General

### [Core Policy - 10.3.16](#)

1. To claim travel expenses, employees must use iExpenses. In the rare case that employees do not have access to a computer, such as field or seasonal staff, it is acceptable to use a [travel voucher](#). See [C.14.6](#) for officials.
2. For post audit purposes, expense authority officers should indicate on the electronic form that they are aware of or have approved any special arrangements.
3. Other iExpenses policy:
  - Reason for travel or justification must be completed on the iExpenses form to indicate to an expense authority where the traveller went and/or the purpose of the trip.
  - For expense report preparation, under the new *Management Classification and Compensation* framework, only Strategic Leadership positions may use a delegate. Formerly classified Management Level 7 or higher positions using delegates may continue to do so. Delegates must not have an alternate delegate substituting during their leave or vacation periods.
  - Relocation expenses are to be processed using the [FIN 10 Travel Voucher](#) form.

### Foreign Exchange on Travel Expenses

### [Core Policy - 10.3.4](#)

1. Each receipt and/or allowance is to be converted to Canadian funds. Actual exchange rates charged on supporting documentation (e.g. travel credit card statements, currency exchange slips) should be used, if available. Use of the travel credit card exchange rate is the preferred option. Several rates in one currency should be averaged.
2. When the travel credit card exchange rate is not available, the currency converter at: <http://www.oanda.com/converter/fxhistory> should be used to obtain average historical exchange rates for currency pairs for the range of dates travelled. Key in the dates travelled, select the foreign currency to convert and Canadian dollars, and then select the "Typical credit card rate plus 2%" from the "Interbank rate" drop down box. Generate the conversion table, and then use the "Average rate" for the trip to convert the foreign currency to Canadian funds.
3. Refer to [C.11 Miscellaneous Foreign Travel Expenses](#) for additional reimbursement items.

### Completion of iExpenses Claims for Foreign Travel

#### Claims for Expenses in US Funds

4. Obtain the US exchange rate (using the travel credit card exchange rate where available, or the "Average rate" determined from the currency converter, above 2.) for US receipts, and any BC meal or per diem claim in US dollars while travelling in the U.S.A. Convert to the Canadian dollar equivalents, claim the amounts in iExpenses and specify the US exchange rate used. (e.g.: converting US\$ to CDN\$ when the US\$ is at say, a 1.20 average rate, and a US expense was \$500 would mean a converted amount of \$600 CDN expenses (500 x 1.20)).

#### Claims for Expenses in Other Foreign Funds

5. Obtain the foreign exchange rate (using the travel credit card exchange rate where available, or the "Average rate" determined from the currency converter, above 2.) for all foreign receipts and meal or per diem claims for each foreign country. Convert to the Canadian dollar equivalents, claim the amounts in iExpenses, and specify the foreign currencies (e.g.: European Euros, Japanese Yen, Chinese Yuan) and the exchange rates used.

### [Foreign Travel Guide](#)

Refer to the [CAS iExpenses User Guide, Section 4](#) for complete information on processing expense reports.

#### C.1.7 SMARTTEC Travel Emission Calculator - Reports

### [Core Policy - 10.3.18](#)

To use SMARTTEC to calculate travel emissions:

1. Log on to the SMARTTEC calculator via the government intranet site: [Where green ideas work](#).
2. Enter all employee travel information in the fields provided:
  - o Purpose of Travel (e.g.: specific trip information, training/conference and date);
  - o Travel Mode, Dates, From/To locations, Distances (where not pre-populated) and the Return Trip (as applicable);
  - o Accommodation, Dates, City/Other locations and the Accommodation Provider.
3. In a carpool or ride-sharing trip, only the claimant of the private vehicle allowance, rental vehicle expense, taxi or limousine fare is required to complete the related travel emission report for the vehicle emissions. In all other cases, each traveller is required to complete an emission report for the mode of

travel (i.e. by air, bus, ferry, etc.).

4. Save the draft or complete a final report.
5. When the travel emission report is finalized, the traveller will receive an automated e-mail of the SMARTTEC PDF report with travel details, emissions in KgCO<sub>2</sub>e, and a confirmation number for the trip.
6. Note: the PDF report needs to be saved using the pre-assigned name/confirmation number before it can be attached electronically to the traveller's iExpenses report (or printed for attachment to a manual FIN 10 Travel Voucher).
7. Attach the final SMARTTEC PDF report(s) with the confirmation number(s) to the iExpenses report (or manual FIN 10 Travel Voucher) for the related travel.
8. Refer to the government intranet site: [Where green ideas work](#) for additional information and guidance on the SMARTTEC application. For Tier 1 help desk queries contact 387-7000 or e-mail: [77000@gov.bc.ca](mailto:77000@gov.bc.ca).

## C.2 Approval Requirements

### [Core Policy - 10.3.2](#); [10.3.4](#)

Every employee requesting approval for out-of-province/country travel will complete form [FIN 99](#) in full. For staff (and contractor) out-of-province/country travel approval requirements, refer to Core Policy [10.3.4.1](#). Individual ministries may require higher approval in addition to director approval for their staff. Employees need to ensure they obtain the appropriate level of ministry approval prior to out-of-province or out-of-Canada travel.

The employee requesting reimbursement for out-of-province or out-of-Canada travel will attach copies 1 and 2 of the approved TB/FIN 99 to their travel claim.

## C.3 Travel Voucher (FIN 10)

A travel voucher form ([FIN10](#)) is used to reimburse employees who do not have access to a computer (such as field or seasonal staff) for travel related expenses incurred while travelling on government business; otherwise use [Oracle iExpenses for travel claims](#).

The travel voucher form can also be used as an invoice to reimburse employees for other related expenses (e.g., relocation allowances, etc.). Different STOBs may be used for allocating costs as applicable.

The expenses and allowances claimed on a travel voucher are used to pay back an accountable advance where an advance has been approved and issued; a cheque is generated only for the balance due to the employee.

Attach all Out-of-Province Travel Approval forms [FIN 99](#), relocation forms and any other required documentation.

- Travel Vouchers must be legible;
- If handwritten use black or blue ink;
- To make corrections, strike a line through the incorrect information and write/type the correct information above. Do not obliterate the incorrect information or use correction tape or fluid;
- Initial changes where changes are made to Box X, Y, Z or Field 54; and
- Attach receipts in the same order that the travel is listed on the travel voucher form.

### Supplementary Claims

- Claims for expenses under-claimed or overlooked are to be supported by a photocopy of the original travel voucher.

- Claims arising from a contract settlement do not require photocopies of original travel vouchers. The retroactive supplementary claim should show:
  - Document numbers of all original travel vouchers for which a retroactive claim is being made;
  - Number of breakfasts, lunches and/or dinners X the meal differential amount; distances previously claimed X change in distance allowance rate; and/or number of other travel allowances X rate change; and
  - Total supplementary claim.

## Foreign Exchange on Travel Expenses

### [Core Policy - 10.3.4](#)

1. Actual exchange rates charged on supporting documentation (e.g. travel credit card statements, currency exchange slips) should be used, if available. Use of the travel credit card exchange rate is the preferred option. Several rates in one currency should be averaged.
2. When the travel credit card exchange rate is not available, the currency converter at: <http://www.oanda.com/converter/fxhistory> should be used to obtain average historical exchange rates for currency pairs for the range of dates travelled. Key in the dates travelled, select the foreign currency to convert and Canadian dollars, and then select the "Typical credit card rate plus 2%" from the "Interbank rate" drop down box. Generate the conversion table, and then use the "Average rate" for the trip to convert the foreign currency to Canadian funds.
3. Refer to [C.11 Miscellaneous Foreign Travel Expenses](#) for additional reimbursement items.

## Completion of Travel Voucher Claims for Foreign Travel

### Claims for Expenses in US Funds

4. Enter the actual US dollar cost and "US" in the appropriate block for each expense incurred in US funds. Also enter "US" after any BC meal or per diem claim in US dollars while travelling in the USA.
5. Make one claim for US exchange (using the travel credit card exchange rate where available, or the "Average rate" determined from the currency converter, above 2.) and enter the difference as a claim in the Miscellaneous Cost column on the last day claimed on the voucher. Show the average exchange rate used and the total US amount in the miscellaneous description column. (e.g.: converting US\$ to CDN\$ when the US\$ is at say, a 1.20 average rate for the trip, and total US expenses were \$2,000 would mean a foreign exchange claim of \$400 CDN in miscellaneous expenses (2,000 x 1.20 -2000)).

### Claims for Expenses in Other Foreign Funds

6. Each receipt and/or allowance is to be converted to Canadian funds. Obtain the exchange rate (using the travel credit card exchange rate where available, or the "Average rate" determined from the currency converter, above 2.) for each foreign currency.
7. Show each expense incurred in a foreign currency in the appropriate block of the Travel Voucher (e.g.:European Euros, Japanese Yen, Chinese Yuan), along with its Canadian dollar equivalent (using the travel credit card exchange rate where available, or the "Average rate"). More than one line may be used for each day's expenses. Mark the Canadian dollar equivalent CDN.
8. Show the average exchange rate used for each foreign currency in the miscellaneous description column, and include only amounts marked CDN when totalling daily claims.

### [Foreign Travel Guide](#)

## C.4 Rates and Reimbursements

## Part Day Travel Status - Group I and Group II

Travel status begins and ends at the designated departure and return locations; these may be the employee's headquarters, personal residence, or other points of assembly as designated by an expense authority.

1. On the day of departure, unless a line authority (with authority or approval for such expense) has scheduled travel status to commence before the meal period ends, employees are on personal time during their meal period and are not entitled to the allowance for that meal.
2. On the day of return, unless travel status ends after the meal period begins, employees are on personal time during their meal period and are not entitled to the allowance for that meal.

## Claiming Higher Per Diems (Group I and II Employees)

Where Group I and II employees/appointees are required to attend a government function with the minister, parliamentary secretary, deputy minister or associate deputy minister, a higher per diem or meal rate (Group II or III) may be authorized for the duration of the function. The executive financial officer must approve the higher limits.

## Meals Inside Headquarters

1. Meal expenses incurred inside headquarters (within a 32 km radius) due to job responsibilities will be reimbursed as follows:
  - Group I - as per the applicable collective agreement or terms and conditions of employment (if a travel meal allowance is claimed, an overtime meal allowance may not be claimed for the same meal period);
  - Group II - meal expenses incurred within headquarters or geographic location due to job responsibilities are reimbursed in accordance with [PSA Policy Statement 17. Travel, Appendix 1 sec.1 \(6\)](#);
  - Group III - for the actual meal expenses incurred; and
  - Group IV - officials are not designated a headquarters. No additional claims above his or her daily meal allowance can be made.
2. Claims must be submitted on a memorandum justifying the expenditure and processed by cheque requisition form.
3. It is not the intention to provide meal expenses where employees can be reasonably expected to provide their own meals or where they are not entitled by a collective agreement. Meals considered as a business expense are an exception to the above and should be claimed on a Business Expense Approval (BEA) form.

## C.5 Vehicle Travel

### [C.5.1 Private Vehicle Damage Reimbursement](#)

### [C.5.2 Rental/Government Vehicles](#)

### [C.5.3 Bus and Taxi Charges](#)

## C.5.1 Private Vehicle Damage Reimbursement

### [Core Policy - 11.3.2](#)

**Note:** This section will not apply where a court holds that the employee/driver of the vehicle is guilty of wilful, wanton or gross negligence.

## Claims Procedures

1. Employees are required to provide the following documentation, if applicable, in support of their claim:
  - a covering letter outlining the circumstances of the damage, signed by the employee and by the employee's supervisor to verify the use of the vehicle on government business;
  - a copy of the police report, if applicable;
  - copy of the employee's insurance documents (Owner's Certificate(s) of Insurance; a copy of ICBC repair estimate, or if ICBC coverage did not apply, copies of estimates from two (2) repair shops;
  - a copy of the receipt for repair, if not repaired through ICBC; and
  - a copy of the receipt for payment of the deductible portion of the loss.
2. Claims are sent to the Manager, Claims Administration, Risk Management Branch, Provincial Treasury for review.
3. Risk Management Branch (RMB) adjudicates the claim on behalf of ministries. It will not pay the claim.
4. After reviewing the claim, RMB sends a letter to the supervisor of the employee making the claim informing the ministry of its decision and authorizing the payment amount.
5. Ministries will inform RMB, in writing, of the final disposition of the claim (the amount and date of the payment to the employee).
6. RMB provides each ministry with an annual summary of the number and type of claims filed and the amount requested; and the number of such claims accepted/rejected and the final amount paid for each claim.

## Payment Procedures

1. Claims for vehicle loss(es) are processed by cheque requisition with a copy of the adjudication letter from Risk Management Branch and applicable receipts as supporting documentation. The claim will be authorized by the employee's supervisor (with expense authority).
2. The expense is charged to STOB 7055, using supplier code 025726. This expense is not a taxable benefit.

## C.5.2 Rental/Government Vehicles

### [Core Policy - 11.3.5](#)

1. Cargo Insurance or Personal Effect Insurance will not be purchased and will not be reimbursed. Employees are expected to follow prudent measures to protect government property while in their possession.
2. Where air travel to a US destination is not a viable option, it may be appropriate to rent a vehicle under the terms of a standing agreement as the risk exposure is higher in using a government, rather than a rental vehicle to travel to the US. The rental agency must be advised that the vehicle will be taken out of the province.

## C.5.3 Bus and Taxi Charges

### [Core Policy - 10.3.16.2](#)

1. Claims for taxi costs while travelling on government business will be reimbursed when other more economical means of transportation are either unavailable or unsuitable (e.g., public transit).

2. Employees can direct bill taxi costs while travelling on government business, if authorized to do so; however, they must not claim these costs for reimbursement.
3. Ministries must consider the following criteria with respect to authorizing employees to direct bill for taxi transportation:
  - frequency of travel on short notice;
  - availability of alternative methods of financing short-term travel (i.e., government approved travel card, etc.); and
  - the cost of introducing additional administrative controls to ensure that duplication of charges do not occur.

Ministries must maintain:

- a listing of those positions authorized to charge for taxi transportation while travelling on government business; and
  - a description of the methods and procedures implemented to ensure that duplicate payments are prevented and that direct billings from taxi companies include only authorized taxi expenses.
4. Tips identified separately on taxi receipts (including direct billings) cannot be reimbursed as they are considered a personal expense at the discretion of employees and officials and not an expense of government ([see also C.9 on gratuities](#)).

## C.6 Ferry Travel

### [Core Policy - 10.3.11.1](#)

1. Claims for the full cost of ferry travel will be reimbursed and receipts for vehicles are required. The cost of a ferry stateroom must be reimbursed only if it is used for overnight travel. Reimbursement for daytime use must have written approval from the expense authority. If used for overnight accommodation, enter the cost in the "Accommodation Costs" column of the travel voucher.
2. Receipts state the type of ferry travel used such as ALT (assured loading), COMM (commuter loading) and SCRIP (pre-paid tickets for commercial vehicles). Where these types of pre-paid tickets are used, enter the appropriate abbreviation in the "Bus/Taxi/Air/Ferry Costs" column of the travel voucher form (receipts are required as supporting documentation).

### Assured Loading Tickets

ALTs should only be used if necessary, as they cost more than regular fares. They must not be used where paying the regular fare will maintain your business schedule. See [BC Ferries' website](#) for ALT information.

### BC Ferries Reserved Boarding

Information on reservations may be located on BC Ferries' website.

Employees are responsible for the costs associated with cancellations, except in exceptional circumstances (i.e., they are involved in a traffic accident en-route). In such an exceptional circumstance, expense authority approval is required.

Please note that as the reservation service costs more than a regular fare, a reservation is only to be made during peak travel periods. Employees must have a valid business reason for requiring a reservation.

## C.7 Air Travel

### [Core Policy - 10.3.5](#)

1. Ministry expense authority officers may require the passenger copy of the air ticket to be attached to the travel claim. Indicate on the travel voucher form if QuickTickets or government air is used.

2. Employees/officials/appointees are not authorized to fly private or personally rented aircraft on the employer's business (travel expenses, air travel insurance, Workers' Compensation Board coverage, etc. would not apply during this or any unauthorized travel).
3. Air travel must be billed directly by vendors to ministries or paid using a Business Transaction Account (BTA) or the Purchasing Card (see the [Purchasing Card Manual](#) on airfare purchases).
4. Fees assessed by a travel agency will depend on the volume, type of travel and payment method used.

To minimize travel agency fees, it is recommended that ministries/offices book directly with the air carrier for common short haul flights (i.e., harbour to harbour, Victoria airport/Vancouver airport, etc.), if the trip is not part of a larger trip itinerary.

## C.8 Accommodation

### [Core Policy - 10.3.10](#)

1. Original hotel/motel receipts must be attached to the travel voucher. An employee must declare that "SINGLE RATE ONLY IS CLAIMED," in cases where the hotel/motel receipt shows that more than one person occupied the room.
2. The following are acceptable for proof of hotel/motel costs:
  - o original copy of credit card flimsy along with hotel folio;
  - o charge card impression on hotel folio;
  - o zero balance on hotel folio;
  - o "PAID" entered on hotel folio by hotel staff;
  - o a receipt stating "received from (name), in the amount of \$(amount), room rental from (date) to (date)," or
  - o the name of the traveller and their credit card reference on the hotel folio when express check-out is claimed.
3. Additional costs for the use of a kitchen unit in a hotel/motel cannot be claimed.
4. Travelling employees are responsible for cancelling hotel reservations in time to avoid "no show" charges; government pays these charges where the employee has no control over the circumstance and is not at fault. The expense authority officer must decide if an employee should be held personally responsible for the charges.

## C.9 Miscellaneous Travel Expenses

### [Core Policy - 10.3.11](#)

#### Laundry and Dry Cleaning

Groups I and IV are eligible to claim laundry and dry cleaning expenses. They should be claimed in the "Miscellaneous" column of the travel voucher. All laundry expense claims must have receipts detailing items cleaned and costs. Laundry and dry cleaning expenses for Groups II and III are included in items covered by the incidental expense portion of their per diem. See [PSA Policy Statement 17. Travel, Appendix 1 sec. 7](#).

Note: The \$30 per day lodging allowance is to help defray the added costs, including laundry, to the householder when accommodating a guest. No additional laundry claims will be accepted unless the amount was paid to a company normally in the business of supplying laundry or dry cleaning services.

#### Business Expenses

Business meeting expenses (to any value provided that the appropriate coding and expense authority are affixed) may be claimed on a travel voucher if incurred while an employee is on travel status. See [C.14.5](#) for information for officials. If business meeting expenses are claimed by Groups I, II, or III by cheque requisition (STOB 6531) while on travel status, then the cheque requisition must be cross referenced to a travel voucher. If travelling out of province, the travel voucher must be cross referenced to the cheque requisition.

## Gratuities

Tips and gratuities are at the discretion of employees and officials and are a personal expense (i.e., not an expense of government).

For a guideline on gratuities with regard to business meeting expenses, refer to C.17 under [General Procedures](#).

## Medical Expense Coverage While Travelling Outside of BC Within Canada

Medical expense coverage while travelling outside of BC within Canada is included in the (Pacific Blue Cross) Extended Health Plan for public service employees. The plan covers an active employee to a lifetime maximum of \$250,000. Additional coverage would be the employee's personal choice.

## C.10 Contractor's Travel Expenses

### [Core Policy - 10.3.15](#)

Contractors will only be entitled to reimbursement of travel expenses as specified by contract. Proof that the expenses have been incurred must be attached to the travel claim.

Contractors registered with the Canada Revenue Agency (CRA) for HST purposes are entitled to claim input tax credits on the HST portion of their travel expenses and deduct these amounts before they invoice ministries.

Contractors that are Small Suppliers for CRA purposes (with total annual revenues from taxable supplies not exceeding \$30,000) are not required to, but can voluntarily register with the CRA for HST purposes to claim input tax credits.

## C.11 Travel Expenses in Foreign Locations

### Foreign Locations

#### [Core Policy - 10.3.4.3](#)

For travel in the U.S. meal or per diem allowances are amounts for BC in U.S. currency, which are then converted to Canadian dollars for claim purposes (as required by [PSA Policy Statement 17. Travel, Appendix 1 sec. 8. \(1\)](#)).

#### [Core Policy - 10.3.4.4](#)

For other foreign locations meal or per diem claims are determined in accordance with [PSA Policy Statement 17. Travel, Appendix 1 sec. 9](#) based on rates published by the federal Foreign Affairs Department.

### Miscellaneous Foreign Travel Expenses

Reimbursement may be claimed for foreign currency exchange costs and reasonable expenses incurred that relate directly to foreign travel as follows (receipts must be provided):

- car rental insurance (Collision Damage Waiver (CDW) is automatically provided when an employee uses their travel card to pay for the rental vehicle)
- visa(s) and passport(s)
- inoculation(s)
- traveller's cheques
- bottled water
- preventive medication i.e., malaria tablets etc.

premiums for additional medical insurance to provide coverage equivalent to that available under the BC Medical Plan in BC

- additional dry cleaning/laundry costs that are incurred as a result of exceptional foreign conditions (not claims for normal dry cleaning/laundry costs included in per diem allowances for travel in foreign locations or under [C.9](#))
- additional baggage insurance
- similar directly-related travel costs

### [Foreign Travel Guide](#)

## Local Travel Expenses at Foreign Locations

Employees posted to or hired locally in foreign locations who are on travel status on government business will be reimbursed travelling expenses in accordance with [PSA Policy Statement 17. Travel, Appendix 1 sec.10](#).

## C.12 Job Interview and Post Interview Expenses

In accordance with BCPSA policy, job interview and post interview expenses may be provided.

### In-Service Government Employees

The ministry for whom an in-service government employee incurred job interview travel expenses shall assume the payment of expenses (the ministry where the vacancy exists). This ministry should establish conditions for travel (mode of travel, number of travel days allowed, etc.), prior to the expense being incurred. Reimbursement rates will be in accordance with the employee's current group status.

Eligible travel expenses will be in accordance with current Treasury Board Directives on Travel Expenses (Treasury Board Order 88, as amended).

In-service government employees will complete a [FIN 10 Travel Voucher form](#) and submit it to the Panel Chairperson.

STOB 5710 is to be used for job interview and post interview travel expenses for in-service government employee.

### Out-of-Service Applicants

The ministry in which a vacancy exists may reimburse travel expenses for out-of- service applicants competing for that position at the discretion of the appropriate expense authority. Before authorizing the expense, the ministry should establish a clear understanding with the job candidate of the rates of reimbursement, mode of travel, length of travel status, and any other conditions and limitations. Normally, out-of-service applicants will be subject to Group I rates. The HST component of such costs will be reimbursed, but is not eligible for the province's rebate.

All expenses associated with travel except for airline tickets should be paid to the supplier by the person travelling. Request for reimbursement of costs shall be submitted on a travel voucher or an OCG approved ministry-specific form. Only in exceptional circumstances should an out-of-service applicant be given a travel advance. The panel chairperson or ministry personnel should arrange the air travel to ensure the most economical airfare is obtained.

Ministries are to submit to OCG a [Cheque Requisition Form FIN 188](#) with a copy of the Travel Voucher Form FIN 10 attached.

Charge STOB 6503 - Job Interview Expenses for Out-of-Service Applicants and use block supplier number 135400 - Interview Expenses for Out-of-Service Applicants. (includes post interview expenses for out-of-service applicants).

## C.13 Board and Lodging Expenses

Board and lodging allowances are identified in collective agreements. Please also refer to section 29, [BCPSA Policy 5.5](#).

## C.14 Travel Allowances – Officials

### [Core Policy - 10.4.4](#)

#### [C.14.1 Different Types of Travel for Officials](#)

#### [C.14.2 Party Business \(Political\)](#)

#### [C.14.3 Personal Attendants for Officials with Physical Disabilities](#)

#### [C.14.4 Ministers' Staff](#)

#### [C.14.5 Business Expenses Approvals](#)

#### [C.14.6 Reimbursement Claims and Payment Requisitions](#)

#### [C.14.7 Officials' Office Travel Financial Reports](#)

#### [C.14.8 Travel Charge Direct Billings](#)

### C.14.1 Different Types of Travel for Officials

Travel as an Official (Government Business)

Ministry/Cabinet business includes travel related to the specific business of the ministry as well as travel related to the general responsibilities of Cabinet (e.g., a Cabinet retreat or meeting). This can include expenses in the officials' constituency (except accommodation and laundry expenses when the official is at home) if the trip is for government business.

Travel as a MLA (Legislative Business)

Caucus business is related to legislative duties, and the Legislative Accounting Office pays these expenses.

### C.14.2 Party Business (Political)

Travel expenses for party conventions, fundraising events or political functions are the personal responsibility of the official.

### C.14.3 Personal Attendants for Officials with Physical Disabilities

If an official with a physical disability requires a personal attendant in order for him or her to travel to discharge official duties, the personal attendant may claim at Group IV rates, for expenses incurred and allowances permitted for the period that the personal attendant aided the official in the discharge of official duties. The application of Group IV rates to a personal attendant is limited to transportation, meals, accommodation and out of pocket expenses necessarily incurred for the purpose of this travel. A personal attendant may also be a spouse.

### C.14.4 Ministers' Staff

For ministers' staff, it is not necessary to differentiate between constituency and government business. Ministers' staff are governed by the same policies and procedures that affect public servants and travel expenses are paid by the Ministry of Finance.

### C.14.5 Business Expenses Approvals

Business meeting expenses are to be approved in advance in accordance with ministry established approval limits.

All business expense estimates per event or function, prior to being incurred, should be reported for budgetary control purposes to the ministry's chief financial officer (who is responsible to account for the ministry's expenditure commitments-to-date, STOB 6531).

For formal functions, the prior approval of the Protocol and Events Branch, Intergovernmental Relations Secretariat is required for all expenses for official ceremonies, occasions of protocol, meetings of a national nature or government-hosted functions. These "formal function" expenditures may be for actual meeting, conference, function, staff consultation, and meal expenses.

## C.14.6 Reimbursement Claims and Payment Requisitions

### Claiming Travel Expenses – General Information

When processing an official's claim for reimbursement of travel and related expenses, submit an [electronic travel voucher](#). For expense authority purposes, the travel voucher form must be approved by the official (or the official's designate).

When completing the travel voucher form (FIN 10), the official (or official's designate) is reminded to:

- use a separate line for each day or part day of travel;
- attach the supporting documentation (e.g., receipts, flimsies, bills, flight coupons, etc.), preferably in date order of incurring the travel expenses; and
- enter the minister's nine-digit employee number (six-digit payroll number followed by the first three letters of the minister's surname) in the Employee (Payee Supplier) No. field on the form.

The designated ministry employee responsible for processing official's claims, will ensure that the travel claims are:

- duly prepared and approved; and
- submitted as soon as possible after any out-of-province or major in-province trip, and as a minimum, after each month for minor in-province travel.

### Claiming Business Expenses

With respect to "formal functions," a business expense pre-authorization memorandum must be attached as supporting documentation to the official's reimbursement claim (e.g., authorization by the Intergovernmental Relations Secretariat for formal functions).

The business expense documents (e.g., flimsies, receipts, invoices billing the individual, etc.) must be submitted with a description of the nature and purpose of the expenditure. The business expense documents must be signed by the official (or official's designate) before payment is requisitioned, for expense authority purposes (unless he/she exercised expense authority on the cheque requisition or other appropriate document).

The designated ministry employee responsible for processing the official's claims is to ensure that the business expense pre-authorization memo, where required, is attached to the expense documents, the expense documents are accurate, the expense has not been previously paid, and the claim is approved. Accounts payable checks for expense authority and qualified receiver signatures.

Ministries will charge their vote expenditure account, STOB 6531 - Business Expenses, and the actual supplier number for business expenses incurred by their minister, unless a central agency ministry has budgetary provision for such business function expenses.

### Travel Claims

Travel claims are to be forwarded to the following address:

Accounts  
Financial Services and Administration Branch  
Ministry of Finance  
PO Box 9415 Stn Prov Govt  
3rd Floor - 617 Government Street  
Victoria BC V8W 9V1

The CFO of the Ministry of Finance will charge the official's office sub-vote (as per the service agreement) or the central agency expenditure vote, STOB and the official's supplier number.

## C.14.7 Officials' Office Travel Financial Reports

Each month, the Ministry of Finance will distribute Detailed Transaction Reports to each official's office. The reports show all of the transactions processed by Finance, as well as year to date and actual expenditure figures. The Detailed Transaction Reports received by the officials' office staff should be reconciled on a monthly basis.

Any requests under the [Freedom of Information and Protections of Privacy Act](#) with respect to the travel expenses of officials should be referred to the Information Access and Records Services Branch, Ministry of Finance.

**Note:** "Ministers Office Travel Expense Guidelines" are available from the Executive Financial Clerk, Financial Services and Administration Branch, Ministry of Finance.

## C.14.8 Travel Charge Direct Billings

Officials may request suppliers to bill the ministry directly for the following travel costs:

air travel invoices (including airline QuickTickets);

accommodation expenses incurred by officials (excluding personal charges); and

taxi company invoices.

The invoice or ticket must be signed by the official (or officials's designate) for expense authority purposes (unless they exercise expense authority on the cheque requisition or other appropriate document). The designated ministry employee responsible for processing official's claims will ensure that the invoice is accurate, not previously paid and is approved.

The specified invoices are to be forwarded to the Ministry of Finance.

## C.15 Travel Expense and Allowances – Parliamentary Secretaries, Committee Members and Designated Members

Individuals in these roles are included in the definition of "officials" per the [Official Duties and Expenses Regulation](#) (BC Reg. 226/2001 as amended).

## C.16 Relocation Allowances

### [Core Policy - 18.3.9](#)

#### [C.16.1 Travel Expenses on Relocation](#)

#### [C.16.2 Moving of Household Effects and Chattels](#)

#### [C.16.3 Moving Company Charges](#)

#### [C.16.4 Moving Mobile Homes](#)

#### [C.16.5 Relocation/Duplicate Rent](#)

#### [C.16.6 Requested Relocation by Employee](#)

#### [C.16.7 Employer Forced Relocation](#)

#### [C.16.8 Relocation at Time of Retirement](#)

#### [C.16.9 All Employees](#)

#### [C.16.10 Relocation for New Appointees](#)

#### [C.16.11 Relocation for OIC Appointees Already in Government Service](#)

## [C.16.12 Claiming Relocation Allowances](#)

### C.16.1 Travel Expenses on Relocation

Excluded employees will be reimbursed for meals on relocation in accordance with his/her Group rates; however, the employee's spouse and dependents 13 years of age and over will receive the meal reimbursement at full Group I rates, and dependents 12 years and under are eligible for one-half the Group I rate.

Reimbursement of relocation expenses will involve either a cheque or journal voucher coded to one of the following three STOBs:

5225 Taxable relocation expense (for T4A report) 5226 Non-taxable relocation

5228 Field move relocation

For Public Accounts purposes relocation costs (STOB 52) are not reported with other public servant travel (STOB 57 with an employee number). Travel expenses on relocation need to be coded with the employee-type supplier number.

**Note:** For purposes of relocation assistance, those employees covered by a collective agreement include BCGEU, PEA and Nurses. The standing collective agreements in effect for each bargaining unit should be consulted for further details. (e.g., Nurses have a different definition of headquarters according to their Collective Agreement).

### C.16.2 Moving of Household Effects and Chattels

The BC Moving Agent, BC Employee Relocation Services, BC Mail Plus arranges provincial, national and international employee relocations.

The BC Moving Agent will arrange all aspects of the employee move once the move has been authorized by initiation of the [Employee Move Authorization form \(FIN 191\)](#).

For assistance with a specific move, call BC Employee Relocation Services at 250 952-4038 or facsimile 250 952-5117.

#### Insurance

The moving firm is responsible for claim costs based upon release rate; the remainder of the costs are covered through Risk Management Branch who will charge back the remaining claim cost to the originating ministry program.

Limitations and exclusions to Risk Management Branch coverage is covered in the Information Package forwarded by the Moving Agent, BC Employee Relocation Services to the employee moving.

**Note:** The above applies to regular status employees covered by a collective agreement and excluded employees. It does not apply to mobile, field status or new hire employees.

#### Transporting a Motor Vehicle

The employer shall pay the cost of insuring a motor vehicle being shipped in accordance with [BCPSA Policy](#).

### C.16.3 Moving Company Charges

All moving and storage related costs for an employee relocating are electronically charged back to the originating ministry program. A charge back summary sheet will be forwarded to the contracting ministry upon completion of the move. BC Employee Relocation Services, BC Mail Plus maintains a [listing of non-admissible items and services](#) that are not permitted to be carried by the moving firm at government expense.

### C.16.4 Moving Mobile Homes

On relocation, an employee/appointee who owns a mobile home may opt to have the mobile home moved by the employer in

accordance with [BCPSA Policy](#). Note that an employee who opts to move a mobile home shall not be entitled to the reimbursement provisions for the moving of household effects nor to the reimbursement provisions for real estate and legal fees.

### C.16.5 Relocation/Duplicate Rent

Claims for duplicate rent are to be made on ministry specific invoices that will be processed by cheque requisition using an employee supplier code. Receipts must be attached as supporting documentation. See [BCPSA Policy](#) for entitlement information.

### C.16.6 Requested Relocation by Employee

Where an employee requests relocation from one headquarters or geographic location to another, the travelling/living expenses incurred will be the responsibility of the employee.

### C.16.7 Employer Forced Relocation

[BCPSA Policy](#) provides for the reimbursement of relocation expenses where a regular employee is required by the employer to relocate as a result of the employer moving its operation.

### C.16.8 Relocation at Time of Retirement

See the collective agreement article 27.17 for details on relocation at the time of retirement, and [BCPSA Policy](#).

### C.16.9 All Employees

Relocation provisions will be paid in accordance with [BCPSA Policy](#) (see Relocation Expenses). An employee is to submit the claim on a travel requisition. Expenses are to be processed on a cheque or journal requisition, using STOB 5226 and an employee supplier code. The travel requisition and receipts will act as supporting documentation.

#### Employee Moves His Own Effects and Chattels

The employee is to follow the provisions of [BCPSA Policy](#). The claim is to be processed on a cheque requisition, using STOB 5225 and an employee supplier code.

#### Incidental Expenses on Relocation

The employee is to follow the provisions of [BCPSA Policy](#). The claim must be completed and processed on a cheque requisition, using STOB 5226 and an employee supplier code.

#### Real Estate and Legal Fees

A claim for real estate and legal fees must be submitted on a ministry specific invoice with supporting documentation. The claim is to be processed on a cheque requisition, using STOB 5226 and an employee supplier code. The cheque stub code 16 must be entered in block 10 of the requisition.

### C.16.10 Relocation for New Appointees

Relocation Assistance Policy for all new appointees to government service is based on Treasury Board Order No. 316/01. Refer to [BCPSA Policy](#) for details.

#### Approval of Excess Amounts

Payment of allowances in excess of those listed above require the prior approval of the deputy minister of the hiring ministry.

Expense authorities must ensure that the total amount paid does not exceed the total eligible amount, and that all relocation expenses paid directly to suppliers (if any) are deducted from the total eligible amount before the balance of the assistance approved (if any) is paid to the employee.

The house-hunting assistance is separate and in addition to the above relocation assistance.

### Direct Payments to Suppliers

Relocation expenses paid directly to the supplier(s) are discussed in the BCPSA website.

Direct payments to a supplier are at cost, must be supported by invoices/paid receipts (if applicable), and are not required to be reported for Taxable Benefit T4A purposes and are coded to STOB 5226. This requisition must be dual coded: payee code to the firm and distribution supplier code. The ministry expense authority should advise appointees to retain copies of the relocation expense documentation for income tax purposes to substantiate the reimbursement to Canada Revenue Agency, upon request. (Refer to Federal Interpretation Bulletin IT-178 R2, Moving Expenses.)

Where relocation expenses are paid directly as above, the remaining amount will be paid as a single lump sum allowance to the appointee and should be reported as a Taxable Benefit for T4A purposes and coded to STOB 5225.

The ministry's chief financial officer, or designated officer, shall ensure that requests from employees for direct payment to suppliers for relocation expenses:

Are documented in the payroll employee file;

Are reduced from the lump sum allowance payment; and

Are recorded in the ministry-wide listing of Memo Accounts Receivable - Relocation Allowances to New Appointees.

### Pre-Relocation Househunting Expenses

The employee is to submit the claim on a travel requisition. Expenses are to be processed on a cheque requisition, using STOB 5226 and an employee supplier code. The travel requisition will act as supporting documentation. See the above BCPSA website for details.

### Application for Relocation Allowance and Expenses

A new appointee, who receives relocation assistance and/or house-hunting expenses, is required to sign (in duplicate) a "New Appointees Relocation Assistance and/or Househunting Expense Report and Assignment of Wages" form. See the BCPSA website for policies.

Note: The liability to repay a pro-rata amount of the relocation assistance arises when an employee resigns (i.e., voluntary resignation). No such obligation to repay is created where an employee is dismissed from employment.

### Payment Requisitions for Relocation Expenses

For lump sum payments to the employee, the ministry will requisition payment by [Cheque Requisition 1 \(form FIN 188\)](#), using either STOB 5225 (taxable) or 5226 (non-taxable), and an employee supplier code. Following documents will be attached:

A photocopy of the appointment agreement (or letter) authorizing the pre-relocation househunting travel assistance offered; or

A letter from Personnel authorizing amount (if not in appointment agreement); and

A copy of the New Appointees Relocation Assistance and/or Househunting Expense Report and Assignment of Wages.

### Timing of Payments

The following may not be paid until both an Employee Number has been assigned and the Effective Date of the appointment has passed:

Relocation expenses paid directly to suppliers (if any);

Remaining relocation lump sum allowance (if any); and

Househunting expenses.

Note: The date that an applicant is appointed as an employee is the EFFECTIVE DATE indicated on the Personnel/Pay Data Authorization ("A" Form FIN 223) as approved by a delegated appointment authority.

Payments to individuals before the EFFECTIVE DATE that the applicant is appointed an employee will be made under policies for suppliers of services. Payments to individuals after the EFFECTIVE DATE will be made under financial administration policies for employees.

#### Memo Accounts Receivable

The ministry shall retain the New Appointees Relocation Assistance - Application And Assignment of Wages Agreement in an employee payroll file and shall maintain a ministry-wide list of memo Accounts Receivable - Relocation Allowances To New Appointees.

If there is an outstanding portion at the time the employee resigns, the ministry will set-up an account receivable and will credit refund of expenditure:

All refunds of expenditure that relate to expenditures incurred in prior fiscal years shall be credited to an account, "Recovery of Prior Year's Expenditure"; and

All refunds of expenditure that relate to expenditures incurred in the current fiscal year shall be permitted as credits to the appropriate expenditure account.

### C.16.11 Relocation for OIC Appointees Already in Government Service

See the [BCPSA Policy](#) where relocation is approved for OIC Appointees already in government service.

Approval of relocation expenses in excess of those listed in the BCPSA Policy require the prior approval of the deputy minister.

### C.16.12 Claiming Relocation Allowances

Ministries will maintain a control record for every relocation (Group I and excluded employees). This may be accomplished by completing a [Relocation Control Record](#) (form FIN 20) or another format that contains at a minimum the same information.

#### Retroactive Claim Adjustments

Where BCPSA Relocation Assistance Policy is amended and the effective date is retroactive, claims may be submitted for the adjustment amount in the same manner as for the original claim. Ministry signing authorities will ensure that the retroactive adjustment amount has not been previously claimed and that the following attachments are provided:

- Application form, if applicable, for the adjustment amount, and
- Copy of the initial voucher.

#### Relocation for Auxiliary to a Regular Employee Position

Bargaining unit auxiliary employees who have successfully completed their initial probationary period (913 hours) and who are required to move from one geographic location to another after winning a competition, or at the employer's request, will be entitled to relocation expense reimbursement accorded to regular bargaining unit employees.

Excluded auxiliary employees who move from one geographic location to another at the request of the employer or who have completed 1827 hours immediately prior to winning a regular competition in another geographic location, will be entitled to relocation expense reimbursement accorded to regular excluded employees.

### C.17 Business Meeting and Protocol Event Expenses

#### [Core Policy - 18.3.4](#)

##### [C.17.1 General](#)

## [17.2 Business Meeting Expenses](#)

### [C.17.3 Protocol Event Expenses](#)

### [C.17.4 General Procedures](#)

#### C.17.1 General

The [Business Expense Approval \(FIN 215\)](#) form (BEA) is available to obtain pre-approval and to support reimbursement (excluding travel costs for BC government employees and meeting registration fees) for expenses expected to exceed \$100.00. The BEA form is also available when purchasing protocol related gifts for dignitaries. Use of the BEA form is discretionary and appropriate where ministries require expense authorities to have additional control given the nature of the expenses, purpose and attendees of the event.

There are two classes of provincially hosted meetings. They are classified as business meeting expenses and protocol event expenses.

#### C.17.2 Business Meeting Expenses

Where justified by management, meals may be provided during meetings where it is essential that business discussions not be interrupted or where it is essential to meet over a meal period, as the issue is important, needs early resolution and no other time is available. Providing meals at business meetings should be an exceptional rather than regular occurrence, and such costs must be reasonable.

The provision of snack food items such as muffins and donuts, etc. for meetings involving only government staff is discouraged, especially in situations where meetings are conducted in the headquarters location of a majority of those employees. Often the meeting host(s) will purchase such items personally, as it would be an inappropriate use of public funds to do otherwise (unless justified by management as above).

Business meeting expenses must not include any associated costs for spouses or guests of the participants.

#### C.17.3 Protocol Event Expenses

Where a written invitation has been issued for spouses of employees to attend the Long Service Awards Ceremony, the travel expenses for the spouse or guest will be reimbursed at the Group I rates. An employee's own ministry must pay for the travel expenses associated with the employee attending a protocol event. (Also see BCPSA policy on [Recognition and Awards](#).)

#### C.17.4 General Procedures

Agreements for the meeting room rentals, meals and coffee service should be in writing (a confirming letter is sufficient). A flat fee or a percentage (e.g., 10 to 15 percent of the total food bill) may be negotiated as a gratuity ([see CPPM 18.3.4.4 for approvals](#)). The business meeting expenses of individuals must not be directly billed to the government. Direct billing of a ministry may occur for ministry arranged functions (seminars, meetings, etc.) where the size of the function would warrant it. Where direct billing is permitted, ministries shall ensure that controls are in place to avoid duplicate payments.

Where the ministry uses the BEA form, it may be submitted with the payment request as supporting documentation together with actual receipts and/or original invoices marked with proof of payment.

Where appropriate, a single employee may claim for the total meal expenses incurred at a business meal meeting.

Business meeting expenses to any value may be claimed on a Travel Voucher when the claimant incurred the expense while on travel status, provided that the appropriate coding and expense authority are affixed.

Meals Inside Headquarters. Where no practical alternative exists, business lunch meetings may be held away from the meeting area or office. For these "meal inside headquarters," reimbursement of expenses shall be:

as per collective agreements for unionized employees; in accordance with specified [meal rates](#); actual meal expenses for Group III's; and

no additional claim for Group IV's if a claim for the daily meal allowance has been made.

## C.18 Remuneration for Appointees to Crown Corporations, Agencies, Boards, Commissions and Administrative Tribunals

Policy for the remuneration and travel expenses of appointees to Crown corporations, agencies, boards, commissions and administrative tribunals is contained in [Core Policy 18.3.3](#).

## C.19 Miscellaneous Expenses

### [C.19.1 Christmas Cards](#)

### [C.19.2 Loss of Personal Possessions](#)

### [C.19.3 Discretionary Expenditures](#)

#### C.19.1 Christmas Cards

The Deputy Minister of Labour and Citizen's Services, by way of a memo, informs Cabinet Ministers of the procedures for ordering of Christmas cards.

The Premier and Cabinet Ministers are the only government officials entitled to the purchase of Christmas cards with government funds.

#### C.19.2 Loss of Personal Possessions

##### [Core Policy – 10.3.12](#)

Claims on the employee/appointee's homeowner's insurance policy must have been made before claims can be made under this section.

##### Claims Procedures

Employees/appointees will provide the following documentation, if applicable, in support of their claim:

a completed [General Incident or Loss Report \(FIN 597\)](#);

a covering letter outlining the circumstances of the loss or damage, signed by the employee and the employee's supervisor to verify the loss or damage and the necessity of the item in the performance of duties;

a copy of the employee's homeowner's insurance policy (or renewal certificate), if applicable;

for losses claimed on an employee's homeowner's policy, a copy of the loss report submitted to the insurer;

for repairable items, an estimate of repair, followed by a copy of the receipt for full payment; and

for items not claimed on an insurance policy, date and original purchase price of item(s).

Claims will be sent to the Director, Claims & Litigation Management, Risk Management Branch, Provincial Treasury for review.

Risk Management Branch (RMB) will adjudicate the claim on behalf of ministries. It will not pay the claim.

After reviewing the claim, RMB will send a letter to the supervisor of the employee making the claim informing the ministry of its decision and authorizing the payment amount.

Ministries will inform RMB, in writing, of the final disposition of the claim (the amount and date of the payment to the employee).

RMB will provide each ministry with an annual summary of the number and type of claims filed and the amount requested; and the number of such claims accepted/rejected and the final amount paid for each claim.

## Payment Procedures

Claims for extraordinary loss(es) will be processed on cheque requisitions (or through petty cash, if under the petty cash limit) and include a copy of the adjudication letter from Risk Management Branch and applicable receipts (original or certified copies) as supporting documentation. The claim will be authorized by the employee's supervisor (with expense authority).

The expense will be charged to STOB 6501 and made to supplier code 025726. This expense is not a taxable benefit.

### C.19.3 Discretionary Expenditures

Ministry expense authority officers are to exercise care, and use sound judgement when authorizing discretionary ministry expenditures that are not required to meet program objectives. Examples include, but are not limited to: bottled water, plants, flowers for funerals, festive decorations, etc.

As expense authority officers are accountable for effective financial management, due regard must be given to the spirit and intent of the government's management and financial policies. Expense authority officers should be aware of the public perception with respect to the purchase of such items, and use the utmost discretion prior to initiating the expenditure.

To determine if unique circumstances exist that may warrant the purchase, any discretionary expenditure should be made in consultation with the ministry senior financial officer.

### C.20 Childcare Expenses

Additional childcare expenses are reimbursed in accordance with Article 27.24 of the British Columbia Government Employees' Union (BCGEU) Master Agreement. For the purposes of this Article, "course" refers to training through a series of lectures or demonstrations where the employee registers their attendance and where some tuition fee is paid by or on behalf of the employee.

Tuition fees may not be involved if the trainer or course is produced in-house. However, training is not staff meetings, conferences or retreats where Ministry staff gather to discuss, plan or learn about ministry operations or objectives.

"Additional" childcare expenses mean those childcare expenses over and above those expenses normally incurred while the employee is at work from day to day. The intention is not to reimburse for normal childcare expenses incurred during normal work hours even though the employee may be out of town.

**Note:** Childcare Expenses apply to all employees except Statutory Term, Locally Engaged and OIC Category C (who are not employed in a minister's Office).

#### Employee Attends Activities as Requested/Required by Employer

Additional childcare expenses incurred as a result of attending employer- endorsed education, training and career development activities, or employer-sponsored activities that are not included in the normal duties of the employee/appointee's job, and are outside their headquarters or geographic location will be reimbursed up to \$60.00 per day upon production of a receipt.

The original receipt must be a signed statement indicating the date(s) being charged, the hourly rate of pay, the total hours of care provided, the caregiver/agency and the total amount charged.

Employees will complete the [FIN 10. Travel Voucher form](#) and record the childcare cost per day in Field 23 (MISCELLANEOUS COLUMN). Enter "Child Care Expense" in Field 24 (DESCRIPTION) of the travel voucher form to identify the miscellaneous cost.

STOB 5725 will be used for childcare expenses incurred while on travel status and charged to the employee's payroll number.

This reimbursement is not considered a taxable benefit, rather, a reimbursement of reasonable travelling expenses of the employee. (This amount must not be claimed as a childcare expense on an individual's personal income tax return).

## Employee Attends a Course Approved By the Employer

The additional childcare expenses as a result of attending a course approved by the employer outside the employee/appointee's normal scheduled work day will be reimbursed up to \$30.00 per day upon production of a receipt. This reimbursement shall not exceed fifteen days per calendar year.

The original receipt must be a signed statement indicating the date(s) being charged, the hourly rate of pay, the total hours of care provided, the caregiver/agency and the total amount being charged.

Employees will complete a [Cheque Requisition form FIN 188](#) and attach the original receipt as supporting documentation.

Charge STOB 5215 on the cheque requisition form (Field 17) and supplier code to the employee's payroll number (Field 11).

This reimbursement is considered to be a taxable T4 benefit. One extra copy of the cheque requisition form must be photocopied and forwarded to the ministry payroll office for recording on the employee's master payroll record. (The ministry payroll office will input the taxable benefit onto the employee's master payroll file using DOE code "ZB").

## C.21 Reimbursement of Incidental Expenses

[C.21.1 Licensing and Professional Dues](#) (except Legal Counsel and Salaried Physicians)

[C.21.2 Medical/Dental Travel Expenses](#)

[C.21.3 Boot Allowance \(Safety Toe Footwear\)](#)

Incidental expenses as outlined below may be claimed for reimbursement by completing the [Reimbursement of Incidental Expenses form](#) (BCPSA 97). Attach the original receipt as evidence of payment and submit to the appropriate expense authority officer for approval. Once approved, the documentation will be forwarded to the ministry Payroll Office for processing via the Corporate Human Resource Information and Payroll System (CHIPS).

### C.21.1 Licensing and Professional Membership Dues (except Legal Counsel and Salaried Physicians)

Refer to the applicable Master Agreement for BCGEU (Article 27.26), PEA (Article 3.05), Nurses (Article 3.02) or Terms and Conditions of Employment for Excluded Employees (BCPSA Chapter 5.5) to determine eligibility for licensing and professional membership dues.

Eligible financial positions are included on the [Professional Dues Reimbursement Matrix](#) (government access only). Ministry Chief Financial Officers approve all changes and additions to the matrix, which is maintained by the Financial Management Branch, Office of the Comptroller General. An expense authority cannot approve the reimbursement of accounting membership dues unless the position in question is listed on the Reimbursement Matrix.

Reimbursement forms that are approved by the employee's expense authority require forwarding to the ministry Payroll Office for processing.

Reimbursement is for regular employees only. Refer to the applicable agreement/terms and conditions of employment for direction on the reimbursement of part-time employees.

Pro-rating will not occur for a partial year of service. For example, if a new employee starts in an eligible position in June, and they have completed their probationary period, the reimbursement will be made in full to the amount charged by the licensing body/association, up to the maximum allowed under the applicable Master Agreement or Terms and Conditions of Employment.

Membership dues reimbursements may only be made once per calendar year and only for those memberships required as a condition of employment.

### C.21.2 Medical/Dental Travel Expenses

Employees in areas where adequate medical and dental facilities are not available are entitled to the reimbursement of reasonable receipted expenses for accommodation and travel. For specific entitlement information, refer to:

BCPSA Terms and Conditions of Employment (250 387-0448); and

[collective agreements](#).

The ministry may request that a certificate from a qualified medical or dental practitioner be provided, stating that the treatment could not be provided by facilities or services available at the employee's place of residence.

### C.21.3 Boot Allowance (Safety Toe Footwear)

Reimbursement is made to eligible employees as specified in the applicable component agreement, who are required by the Workers' Compensation Board to wear caulk boots or safety-toed footwear. They are reimbursed once per calendar year, upon presentation of a receipt. Reimbursement entitlements are only for the purchase of new boots and do not apply to the repair of boots.

Refer to the applicable component agreements for the reimbursement rates and effective dates.



## D. Payment Processing Procedures

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### [D.1 Expense Authority Certification](#)

#### [D.2 Cheque Stub Printout](#)

#### [D.3 Contract Payments](#)

#### [D.4 Payments in U.S. Funds](#)

#### [D.5 Payments to Foreign Suppliers](#)

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#### [D.9 Electronic Deposit of Payments](#)

#### [D.10 Cheque Management](#)

#### [D.11 Batch Release](#)

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## D.1 Expense Authority Certification

### [Core Policy - 4.3](#)

1. Further to policy [4.3.2](#), the expense authority may receive assistance from staff to fulfill his/her responsibilities. However, the expense authority is accountable for expenditure approval, and approval of payment requisitions for direct invoices (i.e., vendor invoices or items not matched to a purchase order or contract using iProcurement). Staff assistance includes:
  - requisitioning, account coding, and receiving of goods and services;
  - qualified receiver confirmation of goods and services received, agreement with support documentation, and completion of the electronic receipt (for an iProcurement invoice);
  - checking accounts for correct amounts, noting the HST rate charged, and that discounts and credits are taken, and the item was not previously paid;
  - qualified receiver sign off of the direct invoice (or coding sheet/equivalent); and
  - filing support documentation and processing payments.
2. The expense authority approval is evidenced by a written or [electronic signature](#). All other methods of signing or certification (such as rubber signature stamps, adhesive slips, or mechanically produced signatures, etc.) are prohibited.
3. Ministries shall ensure expense authorities are certain of their responsibilities when making the approval. For example, expense authorities should acknowledge (as part of signing the Expense Authority Specimen Signature Card), that they have read and understand the related financial policy and [training bulletin](#). It is recommended that expense authorities review these areas at least once each year.
4. The Corporate Compliance and Controls Monitoring Branch, Office of the Comptroller General may at times request verification that an expense authority has, in fact, been exercised in accordance with financial policy.

## D.2 Cheque Stub Printout

To ensure that the supplier receives adequate information to identify the payment, quote both the invoice number and account number where provided. In the absence of invoice and account numbers, quote the supplier's reference as indicated on the invoice (i.e., expenses incurred for the month of June 1998).

Quote invoice dates whenever this information may assist the supplier in identifying the payment. Where payment of a statement is acceptable, the statement date and account number should be quoted.

If an adjustment has been made to an amount payable, provide the reason for the adjustment (if the supplier has not already been notified).

Ministries may consider including their customer service contact and telephone number as part of the cheque stub information .

## D.3 Contract Payments

### [Core Policy - 6.3.6](#)

Ministries must ensure that a system is in place to provide the OCG with ready access to all contracts generated by that ministry.

#### Required Invoice Detail

Invoices for contracts must contain sufficient detail to be identified with the specific contracts. This will include information as per schedule "B" of the standard contract format. Suppliers are encouraged to use numbered invoices. Where a standard contract is not used, the invoice should, as a minimum, contain:

- the name of the ministry or agency;
- the name and address of the supplier, and Business Number (if registered);
- the date of the invoice;
- a description of the services provided;
- the rate of pay (by the hour, day, etc.);
- the dates and/or hours being charged;
- the total amount charged and the HST (if registered); and
- reference to the (non-standard) contract or agreement.

**Note:** Evidence of expenses incurred must be provided in support of expenses claimed. Documentation could include receipts/copies of receipts or itemized statements. Adequate controls in the ministry must be in place to prevent duplicate payments.

#### Expense Authority Responsibility

Expense authorities are responsible for ensuring that the invoice account verification procedures are carried out. Ministries shall use a contract summary or an equivalent record to administer and control invoice contract payments.

#### Contracts Without Invoices

Further to above, where the lease, rental, or other contractual agreement provides for a schedule of regular payments without invoices, expense authorities shall submit, in lieu of an invoice, an appropriate alternative supporting document with each payment request. This also applies to payments out of ministry bank accounts. Where expenditure agreements are subject to annual appropriations of funds, then the non-invoice payment terms must also be subject to the annual appropriation provisions.

Where a supplier elects to not send invoices after the original contractual agreement has been signed, and where the expense authority deems it not practicable to sign a formal contract addendum, the expense authority may submit, in lieu of a formal addendum, an appropriate alternative addendum document. For example, a copy of the supplier's notice of new payment terms, signed by an expense authority, will suffice. The expense authority shall submit an appropriate supporting document, in lieu of an invoice, with the first and with each subsequent payment request.

Ministries may not make such "non-invoice" payment arrangements for fee-for-service contracts, unless specifically approved by Office of the Comptroller General.

The supporting document(s) in lieu of invoices for "contracts without invoices" shall be:

- "Contract Summary" form ([FIN 163](#)) or
- a ministry designed "Non-Invoice Contract Summary" form.

If a ministry non-invoice contract summary form is being designed, ministries shall follow the requirements of [Forms management](#).

Pre-authorized payment plans, or any other methods, in which a supplier generated withdrawal form charges a Province of BC bank account, are not permitted. Only Provincial Treasury and Office of the Comptroller General may make such arrangements.

Post-dated cheques are not generally permitted. In certain circumstances a designated officer of Provincial Treasury or Office of the Comptroller General may approve such transaction arrangements.

## D.4 Payments in U.S. Funds

### Payments in U.S. Funds to Suppliers Located in U.S.A.

Payments to suppliers located in the United States should be in US funds, unless otherwise specified. For all payments in US funds, payment requests will be drawn on the US\$ Bank account. Cheques drawn on the US\$ account are eligible for the United States clearing system; therefore, should not cause any difficulties to the US supplier.

When U.S. Dollar Value Exceeds Canadian Dollar

When the value of the US dollar exceeds the Canadian dollar, the payment request will be completed as follows:

- i. Enter the amount of the cheque in US funds; and
- ii. Enter the US exchange rate as a premium and indicate the exchange amount as a credit to STOB 4612.

When the Canadian Dollar Value Exceeds U.S. Dollar When the value of the Canadian dollar exceeds the US dollar, use the procedures in a) above with the exchange amount shown as a debit to STOB 4612.

Harmonized Sales Tax

Where a U.S. supplier is registered to collect HST or the HST is collected by a customs broker, the tax charged to the HST Paid STOB 1575 needs to be adjusted for the U.S. exchange. The exchange is calculated on the U.S. amount of the HST invoiced.

Transactions of CA\$ 50 (equivalent) up to US\$ 50,000

To process payments of CA\$ 50 (equivalent) to US\$ 50,000 payable in US funds and destined for a supplier located in the United States, ministries will use the quarterly US exchange rate as provided by the Financial Management Branch, Office of the Comptroller General. Rate changes will be transmitted by electronic memorandum to ministry contacts before the quarter and earlier if the quarterly rate requires adjustment.

Note: Ministries are advised by email of rate changes. Exchange rates are posted at <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/us-exch.pdf>

Transactions of US\$ 50,001 to US\$ 99,999

For payments of \$50,001 to \$99,999 in US funds and destined for a supplier located in the United States, on the day the payment is to be made, ministries will obtain a daily rate of US exchange from the [Bank of Canada website](#) or contact the Payments Manager, Banking/Cash Management Branch at (250) 387-7110. The ministry will use the US exchange daily rate to determine the Canadian equivalent of the US funds required.

Transactions of US \$100,000 to US \$4,999,999

The ministry must notify Provincial Treasury, Banking/Cash Management Branch, of the amount in US funds required at least

48 hours before the payment day. On the day the payment is to be made, the ministry must obtain the US exchange daily rate from Provincial Treasury, Banking/Cash Management Branch to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

## Payments in US Funds to Suppliers Located In Canada

Periodically, Canadian suppliers will request payment in US funds. Prior to processing such requests, ensure that the payment amount in equivalent Canadian funds is not acceptable.

Transactions of CA \$50 to US \$50,000

To process payments of CA \$50 (equivalent) to US \$50,000 payable in US funds to Canadian suppliers, the payment request is treated as a normal US payment using the quarterly US exchange rate.

Transactions of US \$50,001 to US \$99,999

To process payments of \$50,001 to \$99,999 payable in US funds to Canadian suppliers, on the day the payment is to be made, ministries will obtain a daily rate of US exchange from the Bank of Canada website [www.bankofcanada.ca](http://www.bankofcanada.ca) or contact the Payments Manager, Banking/Cash Management Branch at (250) 387-7110 t. The ministry will use the US exchange daily rate to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

Transactions of US\$ 100,000 to US\$ 4,999,999

The ministry must notify Provincial Treasury, Banking/Cash Management Branch, of the amount in US funds required at least 48 hours before the payment day. On the day the payment is to be made, the ministry must obtain the US exchange daily rate from Provincial Treasury, Banking/Cash Management Branch to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

## Transactions Payable in US Funds for US\$ 5,000,000 and More for Suppliers Located In Canada and United States

Ministries must notify Provincial Treasury, Banking/Cash Management Branch, well in advance for special arrangements to requisition US fund payments for such very large amounts. It may take from five to fifteen days to free up the short-term investments for such large amounts.

## D.5 Payments to Foreign Suppliers

Payments to suppliers in foreign countries other than in the United States should be made in that country's currency (i.e., England-pound sterling, France-French franc, etc.). However, when an invoice specifies payment in a currency other than that of the originating country, payment may be requisitioned in the specified currency. For example, a supplier from England may request payment in US funds.

Where practicable ministries will make payments in Foreign Funds either from petty cash for amounts up to the petty cash transaction limit (Canadian equivalent), or from the CFO Bank Account for amounts up to CA\$1,000 (Canadian equivalent), by purchasing money orders or drafts, preferably from the Provinces principal banker.

Harmonized Sales Tax

Where a foreign supplier is registered to collect HST or the HST is collected by a customs broker, the tax charged to the HST Paid STOB 1575 needs to be adjusted for the foreign exchange. The exchange is calculated on the foreign amount of the HST invoiced.

Application of Exchange Rates

The applicable exchange rate must be applied to the invoice to determine the Canadian equivalent (CA\$). The ministry should contact the Payments Supervisor, Banking/Cash Management Branch at 250 387-7111. Ministries shall specify the amount of foreign currency when obtaining the exchange rates. Provincial Treasury will book the monies with the bank at the daily rate of foreign exchange.

## Exchange Rate Requests

Requests for exchange rates must be received by Provincial Treasury by 9:00 a.m. of the day the payment is to be processed or one business day prior to the payment. Ministry officers should be made aware that the bank will not cancel the booked daily rate of foreign exchange. The Province must absorb the gain or loss if the cheque is not presented to the bank for payment on the date that the rate is booked.

## Canadian Fund Requests

When foreign suppliers request payment in Canadian funds, show the invoice amount in Canadian funds and the exchange rate as "NIL".

## D.6 Certification – Invoices and Other Supporting Documents

### [Core Policy - 4.3.4](#)

Supporting documentation shall include: original invoices, letters (memorandums) authorizing payments in specific amounts (i.e., for grant payments), Treasury Board approvals, petty cash replenishment reports, business expense approval forms, accountable advance applications, waybills (or equivalent), packing slips, etc.

- Where invoices are required by contract and/or by Treasury Board policies, ministries shall submit original invoices with the payment requests.
- All invoices or other claims for payment must be date stamped immediately upon receipt with a stamp clearly identifying the ministry ([CPPM 4.3.8.2](#)). It must be clear that the date refers to the date the claim for payment was received and not the date of certification for contract performance or expense authority.

The Purchasing Card is the primary instrument for making small dollar value purchases. In lieu of using the card, an invoice may only be accepted from a merchant when:

- it is in government's best interest to deal with that merchant;
- the merchant is unwilling to accept the Purchasing Card; and
- the invoice is requested by the Cardholder and made out to the ministry.

## Required Information

Invoices/supporting documents shall contain the following information:

- the name, address and Business Number of the supplier (or recipient);
- the name of ministry and address where goods or services supplied;
- the date of the invoice (or other claim for payment); and
- a description of goods or services being charged to identify taxable supplies.

Invoices for goods shall show:

- a description of each item purchased,
- the cost per unit;
- the quantity purchased;
- the total amount of HST charged on supply (if there are one or more taxable supplies and one or more supplies to which HST does not apply, the tax status of each must be disclosed);
- the total amount charged (inclusive of HST); and
- the number of the purchase order authorizing the sale.

Invoices for services shall show:

- a description of the services provided;
- the rate of pay (by the hour, day, etc.);
- the number of hours/days;
- the hours/dates being charged;
- the total amount of HST charged on supply (if there are one or more taxable supplies and one or more supplies to which HST does not apply, the tax status of each must be disclosed);
- the total amount charged (inclusive of HST); and
- reference to a contract or agreement.

**Note:** Only current charges will be processed for payment in the normal manner; charges to old year in April require separate batching/grouping. An adding machine tape is required where there are multiple invoices.

### Non-acceptable Invoices/Claims for Payment

The following documents are not to be used in lieu of an original invoice for initiating payment to a supplier:

- packing slips or waybills;
- work orders;
- counter slips (where an invoice is subsequently billed by the supplier);
- facsimiles and photocopies of invoices or duplicate invoices unless a thorough investigation has been carried out to ensure that previous payment has not been made and the invoice is certified accordingly, by affixing the rubber stamp certification or written certification: "Certified that this copy has not been previously passed for payment."
- statements.

**Note:** Exceptions to payment of a statement include those issued with original waybills or charge slips, and where the company does not issue an invoice.

### Early Payment Discounts

The acceptable discount rate for early payments of invoices under the [CPPM 4.3.8 #8](#) is 2% or greater. (Note: An early payment discount is not required for early payment if the payment date is set by contract).

Early payment should only be taken provided the discount amount will exceed the cost of "fast tracking" the payment (approximately \$12.50) plus the foregone interest (invoice amount X prime interest rate X [number of days remaining to the normal payment date divided by 365]).

## D.7 Travel Charge Direct Billings

### [Core Policy - 10.3.17](#)

The following travel charges may be billed directly by suppliers to ministries and paid on a payment request form:

- Air travel invoices (includes airline "quick tickets").
- Accommodation expenses incurred by ministers and parliamentary secretaries.
- Taxi company invoices:
  - incurred by designated employees in "travel status", and
  - incurred by employees "not in travel status" where ministries have made billing arrangements with taxi companies to charge for transportation within their headquarters' area location or geographical location, and
- Board and lodging expenses exempted by Treasury Board Regulation or Directive:
  - incurred by ministries for employees, when not in travel status, assigned to temporary headquarters where board and lodging are arranged and supplied by the Employer in either Employer-operated camps or by means of local community services

The expense authority must ensure that:

- The person who travelled has been authorized to incur the expense;
- It is certified that services have been rendered (ministries will determine how this certification is done); and
- The direct billing is not being claimed on a travel voucher and has not been previously claimed on a payment request form.

## D.8 Payments of Deputy Minister Car Allowance

Each deputy minister (and associate deputy minister), who does not have an automobile provided by the Government, is entitled to an annual allowance of \$6,960 to defray the costs of using a personal vehicle for business purposes.

Canada Revenue Agency has determined that this allowance is taxable to the extent of that portion of the allowance that is not expended on business travel.

The full amount of the allowance must be included in the individual's taxable income and reported on the employee's T4 slip. The total amount is subject to payroll deductions of tax, CPP contributions and EI premiums.

When completing his or her individual income tax return, the employee can deduct the relevant expenses provided they are deductible under paragraph 8(1)(F) or 8(1)(H) of the Income Tax Act and the employee files Form T2200, Declaration of Conditions of Employment.

The individual is responsible for submitting any offsetting claim for business automobile travel by personal vehicle when submitting a tax return. The offsetting claim for business use when submitting a tax return must be supported by receipts and a daily log of kilometres travelled for business purposes.

The ministry chief financial officer is responsible for preparing a letter authorizing payment for each deputy minister (and associate deputy minister) receiving a car allowance. Each letter of authorization is to be submitted to the payroll office for processing prior to the first bi-weekly or monthly payment. The chief financial officer is required to notify the payroll office to end payment when the deputy minister (or associate deputy minister) ceases employment.

STOB 5220 - Taxable Benefits has been added to the CHIPS Account Code Table effective July 9, 2000. Deputy minister car allowance payments are to be coded to this STOB. Enter STOB 5220 in the account code field on the payroll line.

**Note:** The vehicle distance allowance does not apply when a deputy minister or associate deputy minister elects to receive a vehicle allowance.

## D.9 Electronic Deposit of Payments

### [D.9.1 Electronic Deposit of Payments to Supplier](#)

### [D.9.2 Returned / Rejected Electronic Deposits](#)

### [D.9.3 Recall of Electronic Deposits](#)

## D.9.1 Electronic Deposit of Payments to Suppliers

Electronic deposit of payments to suppliers is the Province of B.C.'s preferred method of payment. Ministries should encourage general and employee suppliers to receive payment by electronic deposit:

- to reduce cost;
- to ensure the timely and secure delivery of payment; and
- to assist in meeting the Province's environmental initiatives (where electronic deposit is combined with receipt of payment statements by email)

1. General suppliers may elect to receive electronic deposit of payments. Bargaining unit provincial government employees are required by the [collective agreement](#), article 27.27 to receive reimbursement of travel expenses by electronic deposit. 2. To

provide electronic deposit of payments ministries need to ensure that:

- general and employee suppliers' bank account data has been established in the [CAS Supplier Maintenance data base](#);
- payments are made in Canadian dollars; and
- the suppliers' bank account is held at a financial institution within Canada.

3. Requests to update the supplier maintenance bank account module need to be completed by use of a [Direct Deposit Application Form \(FIN 312\)](#).

4. Original signed forms need to be submitted for processing to minimize the potential for fraud and financial loss to the province.

5. Ministries need to ensure that forms (or copies) are maintained and transferred in a secure manner to guard against any unauthorized release of personal information.

6. Ministries can obtain printed forms from the Office Products Centre (OPC 7530951069) to provide to suppliers, or use the fillable [Direct Deposit Application Form \(FIN 312\)](#) pdf. Refer to the [OCG - Financial Forms](#) site and follow the instructions to complete the form, or [Provincial Treasury, Payment Services](#) for additional information.

7. Agency roles and responsibilities with respect to handling and processing the Direct Deposit Application Form (FIN 312) are as follows:

[Ministry CAS Contacts](#) for [Supplier Maintenance](#):

- for review, accuracy and authorization of the forms
- for form review to ensure that supplier information is current and valid
- to submit forms to Provincial Treasury, Payment Services

[Provincial Treasury, Payment Services](#):

- for review to ensure that banking information meets Canadian Payment Association (CPA) requirements, and to accurately enter and maintain the bank accounts in accordance with the authorized form
- responsible for the receipt, review and release of electronic payment files, excluding the specific payments/receipts data within those files
- for the maintenance of the CPA Bank/Transit file and providing updated CPA account validation edits
- to forward forms on to CAS

[CAS Security and Data Administration](#):

- to link bank account information to individual supplier number
- to maintain, file & archive the original form and supporting documentation

## D.9.2 Returned / Rejected Electronic Deposits

Periodically, electronic deposits cannot be made in line with the banking information on file, and are rejected and returned to the Province.

1. Provincial Treasury Payment Services receives notification of returned electronic deposits and notifies the issuing ministry financial services' contact (by fax or email). The notification includes:

- payment detail information;
- reason for return; and
- confirmation that the banking information has been inactivated and voided in CAS oracle.

2. As required, ministries may issue a replacement payment by cheque following the process outlined in the [CAS Oracle AP User Manual, Chapter 6](#).

### D.9.3 Recall of Electronic Deposits

Ministries may require an electronic deposit to be recalled after the payment has been created and released to Provincial Treasury.

1. Only an authorized ministry financial service representative can request Provincial Treasury to recall an electronic deposit by forwarding the request by [email](#), and by providing the:

- reason for recall;
- oracle a/p payment number;
- payee/supplier name;
- amount; and
- payment due date.

2. Recall requests need to be received by Provincial Treasury not later than 10 am on the business day prior to the payment due date.

3. Provincial Treasury confirmation of the recall will be forwarded to the ministry contact by returned payment notification once the payment has been returned and credited to the Province (generally the business day after due date).

## D.10 Cheque Management

Cheque Management is a key area of control for the provincial government. For cheque production, timely and systematic monitoring of cheque clearing and efficient administration of stop payments reduce the risk of financial loss due to fraud or error. Cheque Management in this section refers to the administration of cheque payments after issuance. The process is outlined in the following sub-sections:

### [D.10.1 Cashed Cheque Records](#)

### [D.10.2 Stop Payment or Cancellation of Cheque Payments](#)

### [D.10.3 Issuance of Replacement Cheque Payments](#)

### [D.10.4 Returned Undelivered and Returned Undeliverable Unclaimed Cheque Payments](#)

## Agency and Ministry Roles and Responsibilities

### [Treasury Payment Services \(TPS\):](#)

- Maintains the Cheque Management System which records cashed cheque, stop payment, replacement and returned undeliverable/unclaimed information for the following Province of BC cheque only issuance accounts:
  - General – Canadian;
  - General – US;
  - Senior Supplement;
  - Medical Services Plan;
  - Government Agent (issued by Service BC); and
  - Province of BC Payroll
- Responsible for receipt, review, accuracy and timeliness of the recording of:
  - stop payment requests;
  - cheques returned as undeliverable;

- replacement cheque details\*; and
- redirected cheques.
- Responsible for management of the:
  - returned undeliverable / unclaimed cheque items account;
  - cashed cheque data process;
  - returned / reinstatement item process; and
  - review, approval and co-ordination of *Forged Endorsement/Intended Payee Not paid Claims*, and *Holder in due Course Claims*.

*Note: TPS deals directly with Contacts at Ministry Corporate Financial Service / Administration Branches \*\*. Program areas forward cheque management requests through their appropriate ministry corporate financial service / administration branch contact (refer to the government directory or your ministry directory for contact information).*

*\* only recorded in the Cheque Management System (CHQ) if the replacement cheque is issued using special handling code "X".*

*\*\* excludes authorized high volume payment programs.*

Ministry Corporate Financial Service / Administration Branches:

- Responsible to ensure that contacts are appropriate and authorized, and have online access to the Cheque Management System.
- Provide administration services for cheque issuance accounts held within the ministry (i.e. imprest, trust accounts).
- Accountable for the authorization and documentation of any internal ministry cheque management or administration processes.

Contacts at Ministry Corporate Financial Service / Administration Branches are responsible for:

- review, accuracy, authorization and records management of *Stop Payment* request forms and subsequent submission to TPS;
- collection, review, accuracy and records management of *Indemnity* forms completed by suppliers;
- management of any applicable processes relating to cancellation or replacement of a cheque payment submitted for stop payment;
- timely review of *Return Undeliverable Cheque Management* reports received, and for appropriate direction to TPS for the disposition of outstanding items; and
- communication and correspondence with ministry program contacts or suppliers.

## D.10.1 Cashed Cheque Records

The Province's banker provides daily electronic cashed cheque information files to update the Cheque Management System (CHQ). Cashed cheque information is available online one business day after the cheque has been cashed by the supplier/payee. Online cashed cheque records are maintained for the current fiscal year and the last fiscal year.

### 1. Cheque Enquiry

- a. Ministries need to ensure that their financial service / administrative contacts have online access to CHQ.
- b. When access is not available or where the cheque issue date is prior to the information available online, ministries need to submit a completed *Cheque Enquiry / Stop Payment / Replacement Requisition / Payment Cancel* form ([FIN 358](#)) to TPS for cheque "Enquiry" only.

### 2. Cashed Cheque Copy

Ministries need to provide the payee with the cash date of the cheque payment and request they review their bank records before requesting a cashed cheque copy. In all cases, ministries must only provide a cheque copy when the request is received in writing from the payee.

- a. TPS can provide digital image copies to authorized ministry contacts upon request by email using the *Cheque Copy Request* form ([FIN 243](#)). The information on the cheque copy is subject to the provisions of the *Freedom of Information Privacy & Protection Act* and must only be provided to the payee as recorded on the issued cheque payment. Contact your ministry FOI office for direction and additional information when requested to provide a copy of a cashed cheque to any third party.
- b. Requests for cheque copies received from Canada Revenue Agency or law enforcement agencies must be redirected to TPS.
- c. Requests from internal ministry investigators, internal auditors and the Office of the Auditor General may be directed to TPS if the payment information is provided.
- d. Original cashed cheques will only be released to Crown prosecutors for restricted use in a court of law.

## D.10.2 Stop Payment or Cancellation of Cheque Payments

### 1. Ministry Requested Stop Payment or Cancellation of Cheque Payment

This is processed by submission of a completed [FIN 358](#) form to Treasury Payments Services (TPS). Ministries need to:

- review TPS CHQ online cheque information to determine the status of a cheque payment;
- when the issue date is prior to the information available in CHQ, forward a cheque enquiry to TPS;
- unless fraud or theft is suspected or the payee is not entitled to the payment, allow 10 business days after the issue date before requesting a stop payment; and
- ensure that a completed *Indemnity* form ([FIN 369A](#) for payments not exceeding \$5,000 CAD, or [FIN 369](#) for payments that exceed \$5,000 CAD) or original cancelled cheque is on hand before requesting a stop payment.

### 2. CAS Oracle Payment Void Transaction

- TPS will void the original payment transaction in CAS Oracle within 2 business days following the stop payment date
- Void transactions cannot be reversed
- Ministries need to refer to [CAS User Manual 6.2.3](#) for additional information regarding void transactions.

### 3. Forged Endorsement / Named and Intended Payee Not Paid Claim

A recovery solution is available to recover funds where the ministry has determined the intended payee has not cashed or received value for a cheque payment, and a replacement cheque is to be issued.

#### a. Definitions:

*Forged Endorsement* -- means an endorsement in the name of the payee that is not made by that person or by someone authorized to sign on that person's behalf, but does not include an endorsement in the name of a payee when the payee name on the face of the item has been altered without authorization.

*Intended Payee Not Paid* -- means that the named and intended payee(s) of a payment item did not receive the funds, but does not include an item where the payee name on the face of the item has been altered without authorization.

For detailed information, refer to [Canadian Payments Association Rule A4](#).

#### b. Initiation of a Forged Endorsement or Named and Intended Payee Not Paid Claim

Where the intended payee has reviewed a copy of the cashed cheque payment and has determined that the endorsement is forged, and where the intended payee has not been paid or received value, a ministry may choose to request a *forged / intended payee not paid* claim.

To do this, the issuing ministry has to provide all relevant cheque payment details and any correspondence from the payee, and forward the request to:

Treasury Payment Services  
PO Box 9414 Stn Prov Govt  
Victoria, BC V8W 9V1  
Fax #250.953.4765  
Email: [FIN\\_PT\\_BCM\\_CHQ](mailto:FIN_PT_BCM_CHQ)

c. Claim Review - TPS

- Claims will not be initiated if:

the cheque payment is less than \$100;

the claim is not submitted within 12 months of the cash date (with the exception of items over \$5,000);

the negotiating financial institution has confirmed that the cheque payment was deposited to an account in the name of the payee. (Note that if cheque payment has been issued with only an initial and surname, the claim will be rejected if the account is held by a person with the same surname).

The ministry contact will be notified of a claim rejection and with the reason for the rejection. Claims cannot be initiated when the cash date is more than 7 years after the cheque date.

- Claim initiation:

- TPS forwards the applicable declaration to the requesting ministry contact;
- the ministry is required to send the declaration to the payee to complete and sign in the presence of a Notary Public, a Canadian Law Enforcement Officer or a [Commissioner for Taking Affidavits in the Province of BC](#);
- the completed declaration is to be returned to TPS (see address above) no later than 3 months from the date the claim was initiated;
- TPS will cancel the claim and notify the ministry contact if documents are not received within 5 months. A claim will not be re-opened if cancelled.

Refer to the [Provincial Treasury Intranet](#) (government access only) for more information on forged endorsement claims.

- Issuance of a Replacement Cheque Payment:

- TPS will return the original cashed cheque and declaration to the negotiating financial institution;
- the financial institution is permitted 10 business days to trace the cashed cheque and/or dispute the claim;
- TPS records a stop payment and voids the cheque payment in CAS Oracle;
- once confirmation of credit has been received, TPS will notify the requesting ministry contact to initiate a replacement cheque.

4. Lost in Clearing

All requests from financial institutions for items lost in the financial clearing system should be directed to the [Manager, Treasury Payment Services](#) for further instructions.

5. Holder in Due Course Claims

All requests from financial institutions or other cheque cashing agencies for holder in due course claims, under Section 55 of the [Bills of Exchange Act](#), should be directed to TPS. TPS will review the claim and notify the ministry if reimbursement is required to be paid.

The initiating ministry is required to:

1. reimburse the cashing agency;

2. set up an account receivable (refer to CPPM Chapter 7); and
  3. recover the original payment from the payee
6. Handling of Cheque Payments (previously stop paid or cancelled)

Ministries periodically recover cheques that have been previously stop paid or cancelled. Do not deposit these cheques. Write *Cancelled* across the face of the cheques and file them with the stop payment documentation.

7. Province of BC Payroll

Requests for stop payment / cancellation / replacement with respect to Province of BC Payroll cheque payments should be directed to the [Contact Centre Payroll & HR Systems](#).

## D.10.3 Issuance of Replacement Cheque Payments

Replacement cheque payments should only be issued if:

1. the stop payment is confirmed. Online cheque enquiry in the Cheque Management System (CHQ) will confirm that the stop payment has been recorded;
2. the original payment transaction is voided in CAS Oracle. CAS payment enquiry will confirm that the void transaction has been completed; and
3. a completed *Indemnity* form ([FIN 369A](#) for payments not exceeding \$5,000 CAD, or [FIN 369](#) for payments that exceed \$5,000 CAD) or original cancelled cheque is on hand.

Refer to [CAS User Manual](#) for replacement cheque process details. Where ministries have issued the replacement cheque using special handling code "X", Treasury Payment Services (TPS) will record the replacement cheque information in CHQ.

### 1. Indemnity

Indemnity provides legal protection should the original cheque be cashed after a replacement has been issued. Its purpose is to indemnify the Province against the duplicate payment. By signing the indemnity, the payee is stating that he/she has either:

- never received, or
- received and subsequently lost the original cheque

and should it be found, it would not be presented for payment.

- a. Indemnity is not required if the original cheque has been returned to the ministry or Treasury Payment Services.
- b. For replacement of cheque payments not exceeding \$5,000 CAD, use *Indemnity* form [FIN 369A](#).
- c. For replacement of cheque payments that exceed \$5,000 CAD, use *Indemnity* form [FIN 369](#) (available from Product Distribution).

### 2. Stale Dated Cheque Payments

Ministries should not hold any cheques issued by the Province that have been returned to them for any reason, or that cannot be forwarded to the payee. If the payee is not entitled to the cheque, it should be cancelled by Provincial Treasury using the [FIN 358](#) form. Where the payee cannot be located the ministry should return the item to TPS as *Returned Undeliverable*.

### 3. Replacement Cheques

Industry standard of a six-month stale date policy applies to all of the Province's accounts. Therefore, ministries will be required to issue replacement cheques for any stale dated cheques (i.e., over six months old).

*Note: If the original cheque is available, it can be used in place of the Indemnity.*

### 4. Replacement Cheque – Government Agent

The Government Agent which originally issued a cheque payment can issue a replacement cheque once there is confirmation that the original cheque payment has been stop paid, and payment has been voided in CAS Oracle. Alternately, the originating ministry may process the replacement cheque via CAS Oracle using the process which is outlined in the [CAS User Manual](#).

## D.10.4 Returned Undeliverable and Returned Undeliverable Unclaimed Cheque Payments

Province of BC Cheque payments that cannot be delivered by Canada Post are returned to Treasury Payment Services (TPS). TPS records each *Returned Undeliverable* cheque payment in the Cheque Management System (CHQ).

### 1. Notification of Returned Cheques

TPS forwards a *Returned Cheque Report* (CHQ05) to the issuing ministry the business day after the cheque has been recorded in CHQ.

Province of BC US Cheques: are recorded in CHQ and then directed to the issuing ministry.

Province of BC Payroll Cheques: will be redirected to the employee if a new address is available in the Province of BC Global address book. If no address is available the cheque will be returned to Solutions BC, Payroll Services.

### 2. Disposition of Returned Cheques

Ministries are responsible for determining the disposition of their undeliverable returned cheques. Ministries are asked to make every effort to check the accuracy of the payee address on the issued cheque payment. On the *Returned Cheque Report* there is a space provided for "Instructions for Disposition".

*Note: Ministries can view the address on the issued cheque payment by viewing the payment information on CAS Oracle.*

- Remail to same address

If after contacting the payee, it is determined that the address on the cheque is correct, the instructions to Provincial Treasury will be "Remail to Same Address".

*Note: Provincial Treasury will not remail to the same address more than once.*

- Remail to new address

If, after contacting the payee, a new address has been obtained, the instructions to Provincial Treasury will be "Remail to New Address". Staple a self-adhesive label typed with the new mailing address (including payee name) to the report and return to TPS.

- Payment cancellation

If the ministry has determined that the payment is no longer valid or required, attach a completed [FIN 358](#) form to the CHQ05 Report and return it to TPS. (Refer to CPPM D.10.2 for additional information on Stop Payment /Replacement process).

- Remail to ministry

A ministry may request TPS to remail a returned cheque payment to the ministry if they determine that the cheque payment requires special handling to deliver the cheque to the payee.

### 3. Returned Undeliverable – Posted / Added to Unclaimed

If, after 90 calendar days (from the date the cheque was recorded in CHQ and no longer than 6 months from issue date), no action is taken regarding a returned cheque, the returned cheque will be added to the *Provincial Treasury's*

*Unclaimed Account.* A copy of the *Cheques Posted to Unclaimed Report* is forwarded to the issuing ministry for review and action. If no action is taken by the ministry after 10 calendar days, the cheque is deposited to *Provincial Treasury's Unclaimed Account*.

*Note:* Once a cheque payment has been added to the unclaimed account, TPS cannot remail the cheque to the supplier or cancel the payment.

- Recovery of Payments added to the Provincial Treasury's Unclaimed Account

Where a ministry determines that the cheque payment is no longer valid or if the ministry is contacted by the supplier after a cheque has been added to *Provincial Treasury's Unclaimed Account*, the ministry can recover the funds by submitting a request by email to [TPS](#). The ministry needs to provide the original cheque payment information and the ministry service line coding.

- Recovery of Provincial Treasury's Account to Consolidate Revenue Fund (CRF)

[Effective September 2006](#), cheque payments that remain unclaimed for a period of 7 fiscal years will be recovered to the CRF. All records for cheque payments recovered to the CRF will be separately and securely maintained to enable future payment enquiries and claims.

## D.11 Batch Release

### [Core Policy 4.3.3](#)

Batch Release of payment is permitted for high volume transactions from program areas where EA and QR are not recorded electronically, or where legacy systems remain in use.

Ministry batch releasers do not have expense authority, but can be best positioned to ensure efficient and timely payment of transactions on behalf of an EA. The ministry chief financial officer has the responsibility to ensure that the financial control framework is preserved and the use of Batch Approval:

is supported by appropriate procedures and compensating controls;

is restricted to a limited number of users;

will be for business processes that would otherwise require Force Approval or the use of an Administrative EA and will not circumvent iProcurement initiatives;

provides segregation of incompatible duties; and

includes supporting and verifiable EA and QR original documentation.



## E. Special Types of Disbursements Procedures

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- [E.1 Legally Encumbered Payments](#)
  - [E.2 Government-Approved Chargecards](#)
  - [E.3 Travel Card](#)
  - [E.4 Business Transaction Account \(BTA\)](#)
  - [E.5 Province of British Columbia Vehicle Service Cards](#)
  - [E.6 Purchasing Card](#)
  - [E.7 Ministry Payments by Government Agent Cheques](#)
- 

### E.1 Legally Encumbered Payments

- [E.1.1 General Overview](#)
- [E.1.2 Third Party Demand](#)
- [E.1.3 Garnishing Order](#)
- [E.1.4 Commercial Assignments](#)
- [E.1.5 Bankruptcy and Insolvency Act](#)
- [E.1.6 Making Payments to Encumbered Vendors](#)
- [E.1.7 Set-offs & Temporary Holds](#)
- [E.1.8 Specific Procedures for Set Offs and Temporary Holds – Vendors](#)
- [E.1.9 Specific Procedures for Set Offs – Employees](#)

#### E.1.1 General Overview

The Legal Encumbrance Branch, OCG is responsible for capturing and processing payments that have become legally encumbered. Payments become encumbered if

- a third party demand,
- a garnishing order, or
- an assignment is legally served on the government.

Once the legality of the encumbrance is established, the Legal Encumbrance Branch places the debtor name(s) on stop pay status on the CGI and CAS Oracle accounts payable system and, for employees, sets up an automatic payroll deduction on the CHIP payroll system. Legal Encumbrance Branch cannot exercise discretion in complying with the requirements of legally served encumbrances. Any deviation could result in the government being held liable for payments not processed correctly and place the government and responsible employee in contempt of court.

The Legal Encumbrance Branch cannot provide payroll source information to persons or agencies outside of government.

Assignments of debt are frequently established in the normal course of business by vendors in cooperation with their financiers. These encumbrances facilitate adequate financing for vendors to perform major contract work for the government or could be established for other reasons. If a ministry becomes aware of an encumbrance, including assignments of book

debts, they must

- not sign the document,
- immediately advise the Legal Encumbrance Branch by telephone, and
- forward the encumbrance documentation to the Legal Encumbrance Branch.

Legal Encumbrance Branch also stops payments to vendors if a set-off or temporary hold is created by a ministry of the government.

### E.1.2 Third Party Demand

Third Party Demands are issued by Federal Government agencies and Provincial agencies that have the power, under legislation, to seize money which third parties owe to the debtor. Most third party demands received by the Legal Encumbrance Branch are issued from one of the following sources:

- family maintenance notice of attachment – court orders initiated by the Director of Maintenance Enforcement
- income tax, GST/HST, and CPP – Canada Revenue Agency
- payment of wages – Employment Standards Branch, Ministry of Labour and Citizen's Services
- employment insurance – Human Resources Development Canada
- social service & corporation capital tax – Taxation Revenue Collections Branch, Ministry of Small Business and Revenue.

### E.1.3 Garnishing Order

A Garnishing Order is a court order directing that a payment to be made by a third party, such as the Province, be paid directly into court instead of to the judgement debtor. Garnishing orders can be used by any judgement creditor. Following are two examples:

- quick lending and major financial institutions for overdue loans and interest; and
- individuals and companies for unpaid rent, home and auto repairs, and utilities.

Garnishing Orders affecting any public servants' salary or wages must be served on the Deputy Minister of Finance, Legal Encumbrance Branch, Office of the Comptroller General, Room 234 - 617 Government Street, Victoria, BC, V8W 9V1.

Copies of garnishing orders pertaining to public servants, who are not on the CHIPs payroll system, must also be served on their employers. The legal requirements for service are set out in Section 6 of the Court Order Enforcement Act. Examples of employers not on CHIPs are, British Columbia Ambulance Service, BC Liquor Stores, and most Crown Corporations and Public Agencies.

All other garnishing orders relating to vendors must be served on the Ministry of Attorney General, Legal Services Branch, 1001 Douglas Street, Victoria, BC, V8W 9J7. The documents cannot be simply dropped off with the security or support staff. Service must be in accordance with Section 8 of the Crown Proceeding Act.

### E.1.4 Commercial Assignments

An Assignment of accounts is the transfer of the right to funds in an account from one party, to another.

As assignments of debts are often executed by a business as security for a loan and are commonly used by the government's major contractors, amounts can be significant. Ministries must forward copies of the relevant contracts for goods or services to Legal Encumbrances Branch. Upon receipt of the financial assignment and copies of the contracts for goods and services, Legal Encumbrances Branch will ensure the names on all documents are the same before proceeding further.

The government honours properly executed assignments of book debts. Ministries may sign for receipt of documents from, for example, a courier. However, ministries must not sign assignment documents. All such documents must be immediately forwarded to Legal Encumbrance Branch.

The government does not accept employees' voluntary assignment of wages.

### E.1.5 Bankruptcy and Insolvency Act

Assignments which may require Legal Encumbrances Branch to divert payments are:

- Assignments in Bankruptcy pursuant to the Bankruptcy and Insolvency Act, and
- Orderly Payment of Debts, (OPDs).

These result in an obligation for the government to pay a trustee in bankruptcy rather than the bankrupt.

### E.1.6 Making Payments to Encumbered Vendors

Ministries process payments to vendors that are on stop pay status in the same manner as any other payment, and must insure the correct supplier number is utilized.

The Legal Encumbrance Branch will activate a stop and will divert payments in the CGI and CAS Oracle accounts payable system to their clearing account STOB for further processing.

To avoid bypassing the system stop payment controls, ministries need to alert themselves to potential existing legal encumbrances by:

- ensuring that new supplier number requests and new address sites are legitimate, and are not the result of a supplier attempting to avoid a "payment diversion" arising from a legal encumbrance;
- confirming suppliers are not encumbered when paid from CFO bank accounts, through Government Agents, or within payment programs coded to a Block supplier number; and
- confirming suppliers are not encumbered when changing payment practice from accounts payable to petty cash accounts and charge cards, such as the Purchasing Card.

The financial danger is that funds, which should be attached, are missed and the government becomes liable to the third party for the amount paid to the debtor. In the event that the government becomes liable to make good a payment to a claimant that was inadvertently paid to an encumbered debtor, the ministry who made the payment to the debtor will absorb the cost.

### E.1.7 Set-offs & Temporary Holds

A set-off is originated internally within government by ministries that are owed money by an employee, a vendor or other entity that could receive payments from government. [Section 38 of the Financial Administration Act](#) and [Core Policy 7.3.8](#) provide that the amount owed to the government can be deducted in calculating the final amount to be paid to the debtor.

A temporary hold is initiated internally within government to protect the government by stopping and holding payments to a vendor. The ministry should consult with its legal counsel if there is any doubt as to the legality of holding the payment. Temporary holds are frequently subsequently replaced with a set-off.

### E.1.8 Specific Procedures for Set Offs and Temporary Holds – Vendors

Set-offs and temporary holds are internal to the government and there is no serving of legal documents as is the case with the other forms of legal encumbrances. Set-off policy is contained in [Part II, Section 7.3.8](#).

- Initially for both temporary holds and set-offs a ministry sends a short memo or email to the Legal Encumbrance Branch requesting a stop flag be placed against the supplier. The request needs to contain the supplier's name(s), existing supplier number(s), location number(s) and a file reference number.
- When funds are actually diverted to their STOB, Legal Encumbrance Branch faxes details of the diversion to the requesting ministry. The ministry is requested to either reconfirm the diversion or allow Legal Encumbrance Branch to release the payment to the supplier. The ministry can also request Legal Encumbrances Branch to temporarily hold the funds.
- If the funds are to be diverted, in order to comply with section 38 of the *Financial Administration Act*, the Comptroller

General must approve the set-off. The set-off request is a one-time authorization. The memorandum requesting approval from the Comptroller General can cover the balance of a debt due from the vendor. In other circumstances it will be more appropriate to deal with individual payment amounts as they are diverted. The memorandum to the Comptroller General shall contain:

- a declaration confirming that the requirements of Part II, Section 7.3.8 of the Core Policy and Procedures Manual and section 38 of the *Financial Administration Act* have been met,
- a brief summary of what gave rise to the receivable and what the ministry has done to collect, and
- a completed Details of Stopped Payment form which is available from Legal Encumbrance Branch

### E.1.9 Specific Procedures for Set Offs – Employees

The Legal Encumbrance Branch will divert up to 30% of an employee's net pay to their clearing account STOB for further processing. The normal timeline to process an approved set-off is five working days before payday. These procedures apply only to employees who are paid by the CHIPs payroll system.

- Ministries must notify their employees in writing that set-off action is pending as a result of failure to remit the amount owing to government. Notification can be by email or letter.
- In order to comply with Section 38 of the Financial Administration Act, the Comptroller General must approve the set-off. The memorandum to Comptroller General must be forwarded to the Legal Encumbrance Branch, shall contain:
  - a declaration confirming that the requirements of [CPPM 7.3.8](#) and [Section 38 of the Financial Administration Act](#) have been met;
  - a brief summary of what gave rise to the receivable and what the ministry has done to collect; and
  - the employee name, employee number, ministry contact and telephone number, total funds owing and set-off instructions.

The set-off request is a one-time authorization that will remain in effect until the debt is paid in full, or is cancelled or withdrawn by the requesting ministry.

A sample approval request memo can be obtained from the Legal Encumbrance Branch.

## E.2 Government-Approved Chargecards

[CPPM 4.3.19](#) describes policy for the use and maintenance of government approved chargecards by public servants for the acquisition of certain goods and services. In accordance with the policy, three types of cards are described in these procedures:

- the travel card;
- the Province of British Columbia Service Card (Vehicle Service Card); and
- the Purchasing Card.

For purposes of these procedures, TELUS Calling Cards are not considered to be government-sponsored credit cards or government-approved chargecards.

Ministries may wish to consider issuing corporate telephone calling cards to senior executives who have to make a large number of business related telephone calls while on travel status. This would save the additional hotel surcharges for operator assisted calls.

## E.3 Travel Card

[Core Policy - 4.3.19; 10.3.13](#)

[E.3.1 General](#)

[E.3.2 Liability](#)

[E.3.3 Eligibility and Restrictions on Use](#)

[E.3.4 Administrative Responsibilities](#)

[E.3.5 Cardholder Responsibilities and Procedures](#)

[E.3.6 Headquarters Outside of Canada](#)

[E.3.7 Procedure for Cancellation](#)

[E.3.8 BMO details Online](#)

The objectives for using the travel card are to:

- replace accountable advances, except in circumstances where the card cannot provide the required service and the employee does not qualify for a travel card;
- offer an easier and simpler method of travel planning by supporting the use of an internationally recognized multi-use travel card for use while on travel status;
- provide employees with a less costly and more efficient access to cash required for government approved travel; and
- accumulate expenditure information by supplier for central agency decision making or negotiation of discounts.

### E.3.1 General

A special agreement has been negotiated to allow provincial government employees to use the Bank of Montreal MasterCard travel cards to pay approved travel related expenses and obtain travel cash advances. The cardholder is responsible to pay the monthly statement balances directly to the Bank of Montreal and claim for reimbursement by completing and submitting a travel expense report via iExpense.

The card also carries the following insurance:

- MasterRental
  - Collision Damage Waiver
  - Car Rental Accidental Death and Dismemberment
  - Car Rental Personal Effect
- MasterTrip
  - Unexpected Return Home
  - Assisted Services
  - Common Carrier Accidental Death and Dismemberment
  - Baggage Delay
- MasterLegal
  - Legal Referral and Payment Assistance

**Note:** For full details of the terms and conditions of the above and other benefits associated with the use of the card, employees should consult the information package received with their cards.

Renewal of the card is at the option of the card issuer. A ministry, the Office of the Comptroller General or the cardholder may also request cancellation of a card.

### E.3.2 Liability

The travel card provided by the Bank of Montreal is a personal pay / shared liability product. The Province is liable for all legitimate travel expenses for which the employee has not been reimbursed, and the employee is liable for any unauthorized charges and for approved travel expenses for which he/she has already been reimbursed. It is the employee's responsibility

to pay the monthly statement balance in full by the due date. It is therefore essential that employees and ministry staff submit and process travel voucher reimbursements in a timely manner to avoid account delinquencies and interest charges.

### E.3.3 Eligibility and Restrictions on Use

Any provincial government employee, or incumbent of a government position (i.e. an individual seconded from an organization outside the provincial government, but not a contractor, volunteer, etc.) or Order-in-Council appointee is eligible to apply for a travel card.

The travel card is used to make purchases that are in the name of the employee and reimbursed through the submission of a travel claim or business expense approval form.

- While on travel status, cardholders use the travel card to pay for meals, accommodations and local transportations (such as car rentals and cab fares). The card may also be used to pay for minor incidental travel and business expenses.
- While within headquarters, cardholders use the travel card to pay for reimbursable business expenses and local travel, such as parking and taxis.

The card should not be used for:

- purchases for personal use;
- cash withdrawals that are for personal use; and
- purchases for which the Purchasing Card or other government approved charge card should be used (such as business meeting and conference room expenses).

### E.3.4 Administrative Responsibilities

#### *a) Common Business Services Responsibility*

Procurement and Supply Services also has access to a central registry of all government approved travel card cardholders and a listing of ministry travel card coordinators. At least on an annual basis, ministry travel card coordinators are required to reconcile and confirm their ministry cardholders to the central registry.

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#### *b) Chief Financial Officer Responsibilities*

Ministries are responsible for:

- establishing eligibility guidelines;
- appointing a ministry travel card coordinator/alternate by completing a *Commercial Card Coordinator/Alternate Change Application* (FIN 182), and forwarding it to the Government Card Coordinator;
- ensuring that adequate controls are in place to prevent the misuse of the card including duplicate payments and reimbursements;
- processing travel claims promptly to enable the employee to avoid delinquency fees; and
- appropriately limiting the issue of accountable advances.

#### *c) Travel Card Coordinator Responsibilities*

Travel card coordinators are responsible for:

- ensuring that the [BMO ePurchasing Solutions Corporate MasterCard Account Agreement Program Card Request](#) (FIN 643) is complete, accurate and authorized;

- ensuring that cardholders understand their responsibilities and receive appropriate training in the use of the travel card;
- ordering travel cards and maintaining cardholder information using the *BMO details* Online system;
- maintaining program documentation including a registry of cardholders that is to be annually reconciled to the central registry available from Procurement and Supply Services;
- monitoring the Travel Card Program; and
- ensuring that travel cards are cancelled for cardholders leaving the ministry.

### E.3.5 Cardholder Responsibilities and Procedures

#### *a) Cardholder Responsibilities*

Cardholders are responsible for understanding and abiding by all the terms and conditions of being a cardholder. This includes:

- using the card for approved purchases relating to government travel only;
- reviewing monthly statements and reporting fraudulent use of the card;
- taking reasonable steps to ensure that the outstanding monthly statement balance on the card is paid in full and on time;
- claiming reimbursement for expenses on a timely and systematic basis to avoid late payment fees and delinquent accounts;
- ensuring that the card is used directly with merchants wherever possible and that cash advances are kept to a minimum;
- declaring to the expense authority if any benefits have been received from the use of the card or insurance claims are pending under the cardholder agreement; and
- safeguarding the card from loss or misuse.

#### *b) Application Procedures*

Individuals who wish to apply for a Bank of Montreal travel card should:

- request from the ministry travel card coordinator a [BMO ePurchasing Solutions Corporate MasterCard Account Agreement Program Card Request](#) (FIN 643); and
- complete the employee information section clearly and legibly, sign and date the form, and forward to the appropriate ministry expense authority for approval. The employee should read the attached appendixes and seek clarification from the travel card coordinator if necessary.

The expense authority is to complete the Employee Account Authorization Controls section by indicating the transaction, monthly and daily cash advance limits before signing the form and sending it to the ministry travel card coordinator. The ministry travel card coordinator is to review the form for accuracy and completeness and order the travel card using the [BMO details Online](#) system. The bank will normally mail the card (usually within two weeks) to the travel card coordinator who will forward the card to the employee. The Personal Identification Number (PIN) for cash access at automated teller machines (ATM) will be sent under separate cover about one week later directly to the cardholder.

#### *c) Cardholders on Leave of Absence*

Cardholders who go on leave of absence for a period of more than two months shall surrender their card to the chief financial officer. The card's account status should be changed to "Closed" in the [BMO details Online](#) system. On the return of the cardholder, the card status can be changed to "Open" and the cardholder can start using the card again.

#### *d) Cardholders Moving to Other Ministries*

An employee who moves to another ministry must notify the travel card coordinator so the travel card can be cancelled. If the employee requires a travel card in the new ministry they are to request a new travel card following the application procedures above.

*e) Payment of Outstanding Balances*

Travel card monthly statements must be paid in full by the due date by the cardholder. Interest will be charged on outstanding balances starting on the 31st day after the statement cut-off, which is the third of the month.

Cardholders are responsible to claim reimbursement for expenses on a timely and systematic basis to avoid late payment fees. The ministry has the responsibility to process travel claims promptly. If due to no fault of their own, cardholders are not reimbursed in time to avoid the late fees, the expense authority may authorize reimbursement of the late fees.

Payments must be received by the Bank of Montreal by the due date and can be made:

- by cheque mailed to the Bank of Montreal
- by cash at any Bank of Montreal
- by automated teller machine
- by telephone banking
- by internet payment
- by electronic funds transfer (EFT) from a cardholder's back account
- by pre-authorized debit (PAD) from a cardholder's bank account

*f) Delinquent Accounts*

The Bank of Montreal will not commence any legal action against the cardholder to collect amounts owing without first receiving written confirmation from the Province that such amounts do not represent the reimbursable portion of any authorized expense which was reimbursed.

Temporary accountable travel advances may not be available to employees whose own actions result in the cancellation of the travel card.

*g) Transaction Costs*

The Bank of Montreal does not charge automated teller machine (ATM) fees for cash advances made at a Bank of Montreal ATM terminal. ATM fees may apply to cash advances taken from ATMs operated by other financial institutions. The Bank of Montreal also charges interest on cash advances at a rate determined by the Bank of Montreal's prime lending rate plus 2% from the day the advance is taken until the day the advance is repaid.

Cardholders will be reimbursed for ATM fees incurred (if any) and the interest charged on the travel related cash advance.

To simplify and help reduce the tracking and claiming of the exact interest amounts, interest charges will be reimbursed at a flat 1% of the travel cash advance.

Employees should make every effort to minimize ATM fees by using Bank of Montreal ATMs and minimize interest on cash advances by repaying the advance as soon as possible.

*h) Completing the Travel Expense Report*

Expense authorities may authorize the following expenses (enter as miscellaneous and attach the receipts and/or statements):

- the fees charged on cash advances as noted above under "Transaction Costs"; and
- late payment charges if the charges resulted from the cardholder not being reimbursed in time to avoid the late fees. (Attach a copy of the Bank of Montreal statement and a brief explanation of why the statement could not be paid on time).

The expense authority should review the amount of cash advance for reasonableness for the type and destination of the travel. If the amount is not reasonable, the claim for the cash advance fee should be reduced.

*i) Personal Identification Numbers*

Shortly after the cardholder receives his/her travel card, they will receive their Personal Identification Number (PIN) by mail. The Personal Identification Number is required for cash advances and is to be kept confidential. Do not reveal your PIN to anyone. Do not write your PIN on your card. Do not keep your card and PIN in the same location, i.e., wallet, purse, etc.

#### *j) Reporting Lost or Stolen Cards*

When a charge card is lost or stolen, the cardholder must immediately advise a Bank of Montreal's customer service representative by telephone:

- In Canada & the USA call toll free: 1 800 361-3361 or 1 866 267-7834
- Elsewhere call: COLLECT 0 416 232-8020

The cardholder must also immediately advise the ministry card coordinator that the card was reported lost or stolen. This notification will be done initially by telephone, followed up in writing. The card company will issue a replacement card to the employee.

There is no liability to the employee for transactions on cards which have been reported lost or stolen. In cases where transactions have occurred on a card before the cardholder has reported a loss or theft, the Bank of Montreal will review the timeliness of the reporting and the fraudulent transactions and, in most cases, will waive all liability, including the usual \$50 liability cap. The cardholder may be required to sign an affidavit of forgery stating that she/he did not make the charges. In the event that he/she refuses to sign the affidavit, all charges will be considered his/her responsibility.

### E.3.6 Headquarters Outside of Canada

The travel card may be used and statements may be paid in local currency funds by cardholders whose headquarters are outside Canada. Expense authority on the travel expense report will continue to be exercised in the usual way.

### E.3.7 Procedure for Cancellation

Travel card coordinators should ensure that travel cards are cancelled and destroyed if:

- requested by the ministry or Office of the Comptroller General;
- the cardholder leaves the employment of the ministry;
- the card is reported lost or stolen; or
- the card is no longer required.

Normal cancellations, which become effective within 24 to 48 hours, can be requested through the BMO *details* Online system. For emergency cancellations, travel card coordinators can call the Bank of Montreal to immediately request the cancellation. Travel card coordinators are to immediately change the account status to "Closed" in BMO *details* Online.

**Note:** Travel cards must be suspended (account status changed to "Closed") for the duration that an employee is on extended leave. The card can be temporarily reinstated (account status changed to "Open") if, for example, the employee is required to travel while on extended leave for medical travel assistance (i.e., leave for medical and dental care in accordance with the terms and conditions of employment/master agreement provision).

### E.3.8 BMO *details* Online

Travel card coordinators will use the BMO *details* Online system to perform numerous administrative activities including:

- requesting new cards;
- changing the status of cards;
- requesting the cancellation of cards;
- updating cardholder information;
- resetting cardholder account passwords;

- changing the hierarchy "reports to" structure for cards;
- reviewing cardholder statements and transactions; and
- generating various travel card reports.

Cardholders have access to the BMO *details* Online system and can:

- review individual transactions within 24 hours of the transactions being processed by the Bank of Montreal; and
- review and print monthly statements within 24 hours following the monthly billing cycle date (which is the 3rd of the month).

BMO *details* Online is accessible through the internet at <https://bmodetailsonline.com>. You will be asked for your username and password (which were provided by your travel card coordinator). The first time you enter BMO *details* Online, you will be asked to replace the password originally provided with a new confidential password that you supply. Functions that are available to you will be found on your HOME page.

If you require assistance in using BMO *details* Online, contact your travel card coordinator.

## E.4 Business Transaction Account (BTA)

### [E.4.1 Benefits of Using Business Transaction Accounts](#)

### [E.4.2 Appointing a Business Transaction Account Coordinator](#)

### [E.4.3 Setting up a Business Transaction Account and a Business Transaction Account Accountholder](#)

### [E.4.4 Account Use](#)

### [E.4.5 Business Transaction Account Reconciliation and Payment](#)

The Business Transaction Account is a MasterCard account number issued by the Bank of Montreal (BMO) to a ministry department, branch or office. The account number resides with a travel agency and is used to pay for travel tickets (airfare, bus or train) issued to a select group of individuals that have been identified to the travel agency. There is no plastic card issued and transactions are usually initiated with the travel agency by phone, fax or email.

When tickets are issued by the travel agency, they are to be accompanied by a "nil" invoice/itinerary billed in the name of the department/branch. This invoice/itinerary will be used to reconcile the monthly statement received from the Bank of Montreal and clear the inter-ministry journal voucher charge-back that is initiated by Purchasing Services Branch (Ministry of Labour and Citizens' Services). Purchasing Services Branch pays the monthly Bank of Montreal statements on behalf of all ministries and promptly charges back the ministry their business transaction account expenditures.

All purchases made on the business transaction account are to be billed in the name of the department/branch. Car rentals and hotel reservations are not to be booked on a business transaction account and must be paid directly by the employee.

### E.4.1 Benefits of Using Business Transaction Accounts

In addition to consolidating travel charges into one payment, the business transaction account provides:

- Management Information – all travel information available on tickets purchased with a business transaction account is available electronically to the Province (i.e., who travelled, what common carrier was used, what travel agent was used, class of travel, when and where travelled). Ministries can also receive their choice of customized management information reports. These reports can be used to analyze trends in business travel to identify potential savings within ministries.
- Efficiency and Convenience – Travel agencies will provide efficiency and convenience in coordinating employee travel with the most up to date information on schedules, availability and fares.

### E.4.2 Appointing a Business Transaction Account (BTA) Coordinator

The ministry chief financial officer is responsible for appointing a ministry Business Transaction Account Coordinator by completing a [Commercial Card Coordinator/Alternate Change Application](#) FIN 182. The completed form must be forwarded to the Government Card Coordinator at Purchasing Services Branch.

The business transaction account coordinator's responsibilities include:

- ensuring all forms for setting up a business transaction account are complete and accurate;
- ensuring that the business transaction account accountholders have completed the [Business Transaction Account, Acknowledgment of Terms of Use and Consent](#) FIN 178/A, and understand their responsibilities;
- ordering business transaction account numbers and maintaining business transaction account information in BMO *details* Online;
- maintaining a registry of business transaction account accountholders and annually reconciling this registry to the central registry available from Procurement and Supply Services;
- monitoring the business transaction account program; and
- informing the Government Card Coordinator of contact information changes.

### E.4.3 Setting up a Business Transaction Account and Business Transaction Account Accountholder

A separate business transaction account should be established for each department, branch or office in a ministry (there is no limit to the number of business transaction accounts a ministry can use). The business transaction account should be at the level where expense authority and payment reconciliation will occur. This should not be done centrally (i.e., for the entire ministry or division) unless specific procedures have been developed to ensure timely reconciliation and payment.

To request a new business transaction account or update an exiting account, complete the [Request to Open/Change a Business Transaction Account \(BTA\)](#) FIN178. The business transaction account accountholder is the office contact that will be the custodian of the business transaction account number and function as the main contact with the travel agency. The business transaction account accountholder is to provide contact information for the department/branch and the travel agency. 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. The form is to be authorized by the expense authority and forwarded to the business transaction account coordinator along with the Business Transaction Account, Acknowledgment of Terms of Use and Consent FIN178/A which is to be completed by the business transaction account accountholder.

The business transaction account coordinator will inform the business transaction account accountholder when the account has been setup. The business transaction account accountholder will then complete and send the [Notice To Vendor, Business Transaction Account](#) FIN 179 to the travel agency, which includes contact information and the list of authorized users whose travel can be charged to the business transaction account.

The business transaction account accountholders responsibilities include:

- ensuring that the [Request to Open/Change a Business Transaction Account \(BTA\)](#) FIN178 is complete and accurate;
- completing the [Business Transaction Account, Acknowledgment of Terms of Use and Consent](#) FIN 178/A;
- ensuring that the [Notice To Vendor, Business Transaction Account](#) FIN 179 is complete and accurate;
- ensuring that the Authorized Users list is updated with the travel agency;
- reporting any unauthorized or misuse of the account to the chief financial officer and the BTA coordinator;
- informing the business transaction account coordinator of contact information changes; and
- reconciling monthly Bank of Montreal statements to the travel agency information and ensuring the reconciliation is approved by the expense authority.

### E.4.4 Account Use

Business transaction accounts are used to pay for authorized travel tickets (airfare, train and bus). Tickets are purchased in the name of the traveller and are billed to the ministry department, branch or office. The business transaction account should

not be used for personal travel or cash advances or other travel related expenditures for which the travel card should be used.

#### Procedures for Purchasing Travel Tickets

- order the ticket from the travel agent and bill to the business transaction account number. Tickets can only be ordered for individuals listed on the Authorized Users List;
- the ticket is received from the travel agency with an invoice/itinerary. The invoice/itinerary is to have a "nil" balance showing the charges and the credit for payment made with the business transaction account;
- the ticket is delivered to the employee. The employee as qualified receiver, signs the invoice to signify receipt of goods;
- the "nil" invoice is held in a pending file until the Bank of Montreal statement arrives;
- cross-reference the employee Travel Voucher number to the travel agency invoice (at the discretion of ministry expense authority).

#### E.4.5 Business Transaction Account Reconciliation and Payment

When the monthly Bank of Montreal statement is received, it will immediately be paid by the Purchasing Services Branch (Ministry of Labour and Citizens' Services) and charged-back to the ministry on an inter-ministry journal voucher to a ministry clearing account. The Bank of Montreal statement is to be coded and reconciled to the travel agency invoice/itineraries which should have been signed by the qualified receiver (traveller). Discrepancies must be resolved as soon as possible. (Travel agencies should be informed that all charges or credits must be referenced to the original transaction.) The reconciled and coded Bank of Montreal statement is to be sent to the expense authority for authorization and then entered into the CAS Accounts Payable module as a "zero invoice" to reallocate the expenditures to the appropriate accounts and clear the ministry clearing account.

The [Business Transaction Account Register & Summary for HST FIN 123](#) form is available to account holders to log purchases and determine the HST amounts. The form also supports reconciliation and expense authority approval of monthly statement transactions.

### E.5 Province of British Columbia Vehicle Service Cards

#### [Core Policy - 4.3.19](#)

##### [E.5.1 Fleet Coordinator](#)

##### [E.5.2 Issuing Service Cards](#)

##### [E.5.3 Mandatory Red Card Use](#)

##### [E.5.4 Blue Card – Fuel Only](#)

##### [E.5.5 At-the-Pump Fuel Purchases](#)

##### [E.5.6 Spare Parts, After-Market Items and Equipment](#)

##### [E.5.7 Issuance of Cards – Authorized Contractors](#)

##### [E.5.8 Retail Promotional Programs](#)

##### [E.5.9 Receipts](#)

##### [E.5.10 Duplicate Payments](#)

##### [E.5.11 Storage of Card](#)

##### [E.5.12 Reporting Lost or Stolen Cards](#)

[E.5.13 Use of Petty Cash](#)

[E.5.14 Payment of Outstanding Balances](#)

[E.5.15 Discounts](#)

[E.5.16 Purchase Limits](#)

[E.5.17 Repair Authorization Process – Red Cards](#)

## E.5.1 Fleet Coordinator

The Fleet Coordinator is the individual designated by the ministry to be PHH's primary contact. In most ministries the coordinator is also the chief financial officer's delegate for the purpose of ordering and cancelling Service Cards.

## E.5.2 Issuing Service Cards

Service Cards are to be issued as follows:

Red cards – for all vehicles leased from PHH and vehicles leased under the executive lease program (Ministers, Deputy Ministers and eligible Deputy Minister equivalents).

Blue cards – for all other vehicles (and equipment, marine vessels and aircraft) that require fuel purchased at-the-pump, except for daily rentals. Ministries also have the option of issuing red rather than blue cards to such vehicles.

## E.5.3 Mandatory Red Card Use

The PHH red card is to be used for all normal motor vehicle operating expenses for vehicles leased from PHH and for vehicles in the executive lease program. This includes the purchase of tires and tire installation and the initiation of repairs and maintenance.

Purchases of car washes and interior detailing may be made with other purchase instruments if the PHH service card is not accepted by the supplier.

## E.5.4 Blue Card – Fuel Only

The blue PHH service card is only to be used for the purchase of fuel, lubricants and incidental items. Operators of vehicles issued with a blue card must not tender the card for the purchase of maintenance or major repairs.

## E.5.5 At-the-Pump Fuel Purchases

A Service Card is to be used for all at-the-pump purchases of fuel, lubricants and minor repairs for vehicles, equipment, marine vessels and aircraft. Alternate purchasing methods are only permissible in communities where the Service Card is not accepted.

### Pay-At-the-Pump Systems

In order to prevent potential fraud, PHH Service Cards must not be used with pay-at-the-pump card reader devices. Pay the purchase by presenting the Service Card to the service centre attendant directly for processing.

## E.5.6 Spare Parts, After-Market Items and Equipment

With the exception of minor replacement parts (e.g., wiper blades), the red Service Card cannot be used to purchase spare vehicle parts (except tires), after-market items installed on a vehicle (e.g., winches, special bumpers, canopies) or equipment issued to a vehicle.

## E.5.7 Issuance of Cards – Authorized Contractors

The chief financial officer or delegate may authorize the use of the Service Card by a private contractor providing services to the ministry, and operating a government-operated vehicle, if specifically provided for under the terms of the contractor's

general services contract.

## E.5.8 Retail Promotional Programs

Employees must not accept any benefits derived from retail promotional programs including coupons, contests, other giveaways, or personal travel points from using the Service Card.

## E.5.9 Receipts

For purposes of reconciling PHH's monthly invoice, ministries should retain receipts for all fuel purchases made with the PHH Service Cards, and copies of work orders for all repair and maintenance work made with the PHH red card (the work order is not an invoice).

## E.5.10 Duplicate Payments

**Red Card Vehicles.** Service centres provide ministries with a work order describing the repairs performed on a vehicle. The work order is for reconciliation purposes only and is not an invoice. PHH pays the service centre. If a ministry pays the service centre causing a duplicate payment, the ministry, not PHH, is responsible for recovering the duplicate payment.

**Blue Card Vehicles.** If a blue card is erroneously used to pay for repairs and maintenance and PHH bills the ministry in duplication, the ministry, not PHH is responsible for recovering the duplicate payment. However, if the repair or maintenance work was approved in advance by a PHH VMA technician then PHH is responsible for recovering the duplicate payment.

## E.5.11 Storage of Card

Service Cards are to be kept in a secure place when the vehicle is not in use. Vehicles must be locked at all times when left unattended.

## E.5.12 Reporting Lost or Stolen Cards

When a PHH Service Card is lost or stolen, the vehicle operator must

- immediately advise PHH by phone (1 888 681-5426) and confirm by fax (1 888 681-3715) in the PHH prescribed format within 24 hours.
- Advise the chief financial officer or delegate by fax.

## E.5.13 Use of Petty Cash

The use of petty cash for gas/oil purchases is permitted only in emergencies, and appropriate cross-references have to be noted on the petty cash replenishment documents for these expenses.

## E.5.14 Payment of Outstanding Balances

PHH renders a single monthly Diversified Services Invoice to ministries to be paid in full by the due date of each billing cycle or interest may be charged on the total amount owing.

## E.5.15 Discounts

Under the terms of the Fleet Management Services Agreement, the Province:

- receives the better of any discount negotiated by PHH with the oil companies or any discount offered directly to the Province by the oil companies;
- receives the National Account discount negotiated by PHH with the tire companies; and
- has established MSOs with service centres across the province.

To maximize cost savings, fuel purchases should be made from the company offering the greatest discount in a particular location. Information on discounts offered and preferred and optional suppliers is published on the internet

(<http://pss.gov.bc.ca/psb/vehicle-management/vehicle-fleet-management.html>).

## E.5.16 Purchase Limits

There is no limit on the amount or value of fuel that may be purchased at a single time using the PHH Service Cards, or the number of daily purchases that may be made.

Purchases of lubricants and minor repairs made with both the red and blue PHH Service Cards are limited to \$25.00 per purchase (including applicable taxes and levies) at most service centres. Attempts to purchase more than \$25.00 of lubricants and minor repairs will be rejected by suppliers EPOS systems. PetroCan and Esso accept minor repair purchases to \$50.00.

## E.5.17 Repair Authorization Process – Red Cards

The following process applies to repairs and maintenance including tire purchases for vehicles issued with a PHH red card. Note: blue cards are not be tendered for repairs.

### Initiating a Repair

Responsibility for identifying the need for a repair and initiating a repair transaction may be assigned to either the vehicle operator or a designated employee (e.g., an equipment supervisor).

### Service Centre Procedure

The vehicle operator presents the red card to the service centre when the vehicle is delivered for service. Before proceeding with a repair, the service centre must determine the final cost of the work.

### Value of Work Less than \$750

Where the value of the repair is less than \$750, the service centre must phone PHH's VMA toll-free line to obtain authorization to proceed. The VMS technician will confirm that the prices being charged are in accordance with the service centre's MSO. If PHH approves the specific work to be performed it will issue a PHH purchase order number to the service centre.

### Value of Work Greater than \$750

Where the value of the repair exceeds \$750, PHH will obtain approval from a ministry contact designated by the appropriate expense authority before authorizing the service centre to proceed with the work. The threshold limit for the Ministry of Forests and Range is \$500; however, for the Ministry of Transportation it is \$1,000.

### Invoice Amount

PHH will only pay the service centre the specific amount approved by the VMA technician. This is the amount that will appear on the PHH diversified services invoice.

### Work Orders

The vehicle operator must sign and retain the service centre's work order at the time the work is completed and the vehicle is picked up.

## E.6 Purchasing Card

### [Core Policy - 4.3.19](#)

The Purchasing Card is the primary instrument for making small dollar value purchases. The authority to purchase is delegated to positions. Individuals holding those positions receive a Purchasing Card and authority to purchase.

Detailed information and Purchasing Card procedures are available in the [Purchasing Card Manual](#).

## E.7 Ministry Payments by Government Agent Cheques

### [E.7.1 General](#)

### [E.7.2 Restricted Payments](#)

### [E.7.3 Processing Procedures](#)

## E.7.1 General

Government Agent offices perform a wide variety of services across government. As agents for the Comptroller General, they issue cheques for ministry payment requests as designated by the Comptroller General. Effective April 1, 1999 payments are restricted to the conditions listed below. Ministries may further restrict payments by Government Agent offices.

Ministry signing authority officers must ensure that payment requests comply with this section and that pre-audit work is minimized. Any incomplete payment request must be returned by the Government Agent office to the originating ministry for correction and resubmission. The Comptroller General office will continue to record ministry payment requests received from Government Agent offices.

Regular payment requests must be submitted through ministry headquarters for cheque production, or use the Corporate Accounting System's Cheque On Demand capability for "rush" cheques. Note that ministry Purchasing Cards should be used to make timely, small dollar purchases.

## E.7.2 Restricted Payments

In limited situations and when it is not possible to make timely regular or "rush" payments through ministry headquarters, ministry payments by Government Agent cheques are restricted to:

- Disasters, emergencies, floods or fires;
- Labour or work disruptions, or information system failures;
- Payments to comply with labour or employment standards;
- Temporary travel advances for employees who can demonstrate that they do not qualify for the government chargecard;
- Government Agency: suspense account, license supplier, out of court and victim restitution payments, and account collections (e.g., BC Hydro, ICBC); and
- Prompt payment situations.

Prompt payment situations are limited to circumstances in which prior plans or payment for goods or services could not be made, or were not foreseeable. This would not normally be expected when the timing of payment, or events requiring payment, were known or ought to have been known by a local ministry office outside of the time needed to make a regular or "rush" payment through ministry headquarters (i.e., the time to process a requisition and to produce and to remit a cheque by mail or courier).

## E.7.3 Processing Procedures

Local Ministry Offices (When Local Ministry Office Prepares Payment Request)

Complete the [Payment Request Form](#) (FIN 188) accurately and completely.

- Ensure that the payment type is designated by this section.
- Ensure that the request is signed by designated expense authority officer. (Note: Expense authority is not required on a request if it has been exercised on an invoice or other appropriate documentation.)
- Attach supporting documentation (invoices, etc.) to the request.
- Submit request to the Government Agent office in sufficient time to permit document review, cheque preparation and issuance.

Local Ministry Office (When Government Agent Office Prepares Payment Request)

The Government Agent office will prepare a payment request (when required) on behalf of a ministry based on an [Authorization for Advance Through Government Agent Form](#) (FIN 343). Instructions are as follows:

- Complete the [Application for Accountable Advance Form](#) (FIN 299) accurately in accordance with instructions;
- Request ministry headquarters to initiate an [Authorization for Advance Through Government Agent Form](#) (FIN 343) for RAPIDFAX to the Government Agent office;
- Ensure that the FIN 299 is signed by the employee receiving the advance and attached to the Payment Request to be prepared by the Government Agent office; and
- Ensure that the information on the FIN 299 is consistent with that on the FIN 343, and that expense authority has been obtained for the disbursement. If the advance has received expense authority certification at the ministry headquarters on a form FIN 343, the local ministry office will leave the expense authority signature sections blank on the FIN 299. The Government Agent office will make the appropriate cross-reference notation on the FIN 299 form of the FIN 343 authority.

## Government Agent Offices

### Review of Payment Request Prepared by Local Ministry Office

- Ensure that the payment request has been completed correctly and fully. Common errors or omissions include:
  - unauthorized payment type;
  - no vote number, or if not a voted disbursement, "000";
  - no date stamp;
  - no STOB code;
  - incorrect totals;
  - no cheque stub printout code; and
  - incorrect or incomplete entries in the cheque stub printout box.
- Ensure that expense authority and qualified receiver have signed the payment request.
- Verify the expense authority signature against specimen signature cards.
- Where errors or omissions are observed, consult with the originator to obtain corrections. It is the responsibility of the local ministry office to supply accurate and complete information.
- If all criteria have been met, issue a cheque to the payee.

### Review of Request for Accountable Advance

- Refer to the Application for Accountable Advance Form (FIN 299), and Advances Through Government Agents ([section B.2.3](#)). It is important to cross-reference the FIN 299 received from the local ministry office with the FIN 343 received by RAPIDFAX from ministry headquarters.
- Ensure that signing authority officers have certified, signed and approved the FIN 299 or FIN 343 (as applicable).
- Verify that the expense authority signature matches the signature on the specimen signature card. Common errors or omissions on the FIN 299 include:
  - no expense authority;
  - no account number or STOB code;
  - no employee number;
  - no signature of employee requesting the advance; and
  - no identification obtained from the cheque recipient (i.e., Driver's license).

## Reconciliation of Ministry Payments

Ministries are responsible for ensuring that:

## Special Types of Disbursements Procedures

- all payment requests forwarded to the Office of the Comptroller General via GA offices have been processed;
- only authorized payments have been processed;
- payments have been accurately coded; and
- payments have been recorded on a consistent basis in all financial reports.



## G. Revenue Control Procedures

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### [G.1 Cash Deposits](#)

### [G.2 Accelerated Deposit Transfer Bank Accounts](#)

### [G.3 Deposits through Government Agents](#)

### [G.4 Deposits in US Currency](#)

### [G.5 Return of Foreign Currency Payments](#)

### [G.6 Trust Accounts](#)

### [G.7 Interest on Money Owing to the Province](#)

### [G.8 Donations of Gifts in Cash or in Kind](#)

### [G.9 Ministry Billings – Harmonized Sales Tax](#)

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## G.1 Cash Deposits

### [Core Policy - 7.3.9](#)

Where cash and/or negotiable instruments are received through the mail on a regular basis, at least two persons, where practicable, shall be present at the mail opening. A daily record of such cash or negotiable instruments shall be maintained and signed by all persons present at the mail opening and by the person receiving the cash for deposit.

For regular deposits, there are *two* basic cash deposit input processes that are in effect to meet these requirements. Ministries may deposit:

- to an Accelerated Deposit Transfer bank account (G.2 below); or
- to a Government Agent (G.3 below).

For instructions on handling a *one-time deposit*, incoming wire transfers or for general deposit assistance see [Banking/Cash Management](#).

Ministries must reconcile all receipted Deposit Forms or bank deposit slips to Corporate Accounting System reports (or equivalent ministry financial management reports) to ensure cash deposits are recorded in the correct ledger accounts.

**Note:** Cash Management Services, Provincial Treasury must be informed immediately of any large (\$1 million or more) deviation from your normal bank deposit amount. Immediate reporting of this information will assist Provincial Treasury in daily investment decisions.

### Harmonized Sales Tax

Some fees and revenue sources of the government are subject to the HST. The HST portion of the amount deposited should be coded to the HST Collected STOB 1576. Depending on the ministry revenue system, the HST liability may be recognized when an invoice is issued or when payment is received. If the HST liability is recorded when invoices are issued, then HST will not have to be recorded again when payment is received. Staff involved in receiving revenue should understand how their system operates, in order to avoid duplicate recording of HST.

### Payment by Cheque

Whenever payment is made by cheque by a member of the public in person, ministries shall ensure that:

- two pieces of identification are presented and details therefrom entered on the reverse side of the cheque including full name, address and telephone number of the payer, unless these items appear on its face;

- the cheque bears the current date;
- the amount written in the body of the cheque is in agreement with the figure on the cheque;
- the cheque bears a signature; and
- the person is informed that a \$30.00 service fee will be charged for each cheque that is dishonoured subsequent to its deposit.

## G.2 Accelerated Deposit Transfer Bank Accounts

### [Core Policy - 7.3.10](#)

Accelerated Deposit Transfer bank accounts allow deposits to be recorded electronically to the General Ledger on a daily basis. Ministries may establish these accounts at the Canadian Imperial Bank of Commerce, Bank of Montreal, Hongkong Bank of Canada and the Royal Bank of Canada. This section deals only with those offices depositing to one of these four banks. If a ministry prefers to deposit at another institution alternate procedures are available through Provincial Treasury Banking Section to record these deposits to the General Ledger on manually produced Journal Vouchers. (see <http://gww.fin.gov.bc.ca/pt/bcm/rev/revservBA.shtml#a> ).

### Deposit Procedures

Ministry branch offices shall prepare the deposit slip and will physically deposit public money to their bank account. Cheques will be endorsed as indicated per [government standards](#) (government access only). These deposits are automatically transferred to the Consolidated Revenue Fund bank account at the Victoria branch of the appropriate bank. Daily, the four banks transmit files to Provincial Treasury that detail all of the deposits processed for the previous day.

Ministries may use private couriers to transport cash (currency, coins) up to a daily limit of \$200 per location, per deposit, however, they do so at their own risk as couriers cannot be held responsible for losses. When deposits exceed this limit alternatives should be considered, such as armoured car service or more frequent deposits. Deposits should be sent in tamperproof pouches or sealed envelopes. Contact the Provincial Treasury for assistance in establishing armoured car service for cash deposits. (see <http://gww.fin.gov.bc.ca/pt/bcm/bank/bankservBCar.shtml> government access only)

### Treasury Deposit Information System

Provincial Treasury's TDI system receives deposit detail files daily from the Bank of Montreal, Hongkong Bank of Canada, Canadian Imperial Bank of Commerce and the Royal Bank of Canada. TDI creates and transmits an electronic journal voucher file to the Corporate Accounting System to credit the General Ledger accounts of depositing ministries. For more information on the TDI system see [Banking/Cash Management](#).

## G.3 Deposits through Government Agents

Whenever public money is deposited with a Government Agent, a [Deposit Form FIN 278](#) (government access only) is to be completed by the depositing ministry. A complete cash deposit submission will include the Deposit Form, calculator tapes if more than one cheque or money order is submitted and supporting documents as required.

The local Government Agent will maintain a current list of Service Codes for reference purposes by ministry district offices. Ministries should use Service Codes specifically linked to general ledger accounts where these linkages exist. For a deposit made to a general ledger account not linked to a specific Service Code, use the blanket Service Code assigned to your ministry and specify the full coding where the deposit is to be credited.

The Government Agent Revenue Management System (GARMS) will verify these codes with the Corporate Accounting System. Forms with incorrect coding will be returned to the ministry office for correction.

### Province of BC Receipts – Form FIN 48

All ministry field offices can order Province of BC Receipt forms FIN 48 from the Queen's Printer. Once revenue stock has been received and acknowledged by a ministry, that ministry will be responsible for the control of the pre-printed revenue stock document numbers.

### Dishonoured Cheques

### [Core Policy - 7.3.12](#)

See the Provincial Treasury website for information on dishonoured cheques:  
<http://gww.fin.gov.bc.ca/pt/bcm/rev/revservNSF.shtml> (government access only)

#### Authenticating Canadian Currency

There are numerous security features found on Canadian bank notes that help identify a genuine note. Please refer to the Bank of Canada website for information on counterfeit detection: <http://www.bank-banque-canada.ca/english/banknotes/counterfeit/index.html>

#### Authenticating US Currency

The following website provides current information on new control features of U.S. Bills:  
[http://www.moneyfactory.com/cd042500/gallery\\_index.html](http://www.moneyfactory.com/cd042500/gallery_index.html). See also: <http://www.ustreas.gov/usss/index.shtml>

## G.4 Deposits in US Currency

### [Core Policy - 7.3.13](#)

Billings for the sale of goods and services and taxes levied, where possible, should be issued in Canadian funds (CA\$). All invoices and other forms of billing issued by the province should carry a note that payment is to be made in Canadian funds by cheque drawn on a Canadian financial institution or by banker's draft or money order. This is particularly important where experience indicates a high probability that payment will be tendered in US funds. Where it is justified, billings may be issued in US funds converted at the established quarterly exchange rate. Note: Cheques issued in CA\$ funds are not acceptable if drawn on a financial institution outside of Canada.

#### US Deposits Exceeding \$10,000

See Provincial Treasury deposit instruction at: <http://gww.fin.gov.bc.ca/pt/bcm/other/otherservRates.shtml#exch> (government access only)

#### US Deposits of \$10,000 or Less

For processing receipts in US funds, refer to the posted exchange rates at: <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/us-exch.pdf>

#### U.S. Fund Overpayments

Customer/client U.S. fund overpayments as a result of an exchange rate differential, when received by mail, shall be credited to a ministry's miscellaneous revenue account.

This exchange overpayment is calculated, in CA\$, as the difference between:

- amount receivable as per billings in CA\$; and
- amount received as converted at the applicable provincial official quarterly exchange rate to CA\$ equivalent.

Where the exchange overpayment is less than CA\$10.00, no refund shall be issued unless written request is received from the person who made the original payment. Where the overpayment is CA\$10.00 or more, a refund in Canadian funds shall be issued. Such refunds shall be processed in accordance with CPPM 4.3 and CPPM Part I - 7.3.11. Signing authority must be obtained for the payment requisition. Such refunds shall be debited to the ministry's miscellaneous revenue account

If goods and services have not been shipped and US funds are received by mail resulting in an exchange differential underpayment, the remittance should be returned along with a request for payment by money order or bankers draft in Canadian funds. If, however, a debt receivable for other shipments is already outstanding, the payment should be accepted and a further billing should be issued if the underpayment represents a significant portion of the total cost. Any minor shortfall will be debited to the ministry contingency account and a further request for payment will not be made. Ministry chief financial officers will establish the dollar amount or percentage that is a "significant underpayment portion" for revenues or recoveries received in their ministry.

## Methods of Depositing US Funds

### *Deposits to a Government Agent*

- Ministries will convert the US\$ to CA\$ using the <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/us-exch.pdf>
- Upon receipt of the Deposit Form, Government Agents will enter to GARMS the amounts as calculated by the ministry on the LTX screen. At the pay screen, the face value of the US payment will be entered and GARMS will calculate the exchange. The funds will be deposited to the bank at the quarterly rate. The bank will calculate the difference between the quarterly and daily rates and deposit the difference to the Government Agent bank account. Revenue and Financial Planning will prepare any adjustments necessary.

### *Deposits directly to a Ministry Bank Account*

- Ministries depositing \$US funds directly to a CA\$ bank account will deposit the funds converted to CA\$ using the <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/us-exch.pdf>
- Ministries depositing US\$ funds to a US\$ bank account need not convert the funds.

## G.5 Return of Foreign Currency Payments

### Return of U.S. Dollar Payments

Province of British Columbia US Dollar Cheques for "Payments in US Funds" issued by a ministry accounts office but subsequently returned, *are not to be deposited* because of the fluctuating exchange rate.

If the cheque is available through a Payment Inquiry in Oracle, Provincial Treasury, on receipt of a [FIN 358](#) from the ministry, and having confirmed that the payment is still outstanding, can do both a Stop Payment and Void Transaction, which would place the payment into a held status. The Stop Payment is fed into the Monthly Bank Reconciliation system where it must match up with the Void also fed into the Reconciliation system to balance. The ministry is responsible to access the held transaction and either close the payment or replace it.

If the cheque is not available through Payment Inquiry in Oracle, Provincial Treasury, on receipt of a FIN 358 from the ministry, and having confirmed that the payment is still outstanding, can do only the Stop Payment. The Stop Payment is fed into the Monthly Bank Reconciliation system (part of the balancing function in the reconciliation is to ensure that Stop Payments that cannot be voided are journal vouchered back to the originating ministry using STOB 3006). The ministry is responsible for accessing their STOB 3006 to either replace the payment or to journal voucher the credit to their prior year's expenses STOB if the payment is not to be replaced.

### Return of Foreign Draft Payments (Other than US dollar Cheques)

Province of British Columbia Foreign Currency Drafts issued at a bank by the Province and not sent, or returned by payee, shall be converted to \$CDN funds.

The difference between the converted amount and the amount the ministry originally paid for the Foreign Currency Draft must be credited to STOB 4612.

## G.6 Trust Accounts

### Money and Negotiable Securities Held in Trust by the Province

Many ministries receive trust fund money or negotiable securities for various reasons. Cash is presently remitted to Treasury or is held in a bank account. Negotiable securities are usually held for the ministries by the Ministry of Finance or a chartered bank. Trust Fund cash and negotiable securities should be reflected in the Public Accounts and the reconciliation of securities must be prepared.

### Accounting Procedures

All trust fund monies or negotiable securities received and held by the province must be reflected in the Corporate Accounting System. If service lines do not presently exist, they should be set up in conjunction with the Financial Reporting and Advisory Services, Office of the Comptroller General. Balances in these accounts should be adjusted at least annually (at fiscal year-

end), and preferably monthly.

### Required Records

Each ministry must maintain records that disclose all trust monies and negotiable securities for any Act for which they are responsible. Ministry records should provide the name of the Act involved and the total deposits received under the Act. Procedures must be established to account for any transfer of funds or securities to the Registrar of Securities or to financial institutions. Deposits or guarantees could be a combination of money, securities or insurance bonding.

### Miscellaneous Requirements

If a security is registered in the depositor's name, the ministry should ensure that the province has a power of attorney to exercise its claim on the security.

Procedures must be established to ensure that depositors receive interest to which they are entitled.

Monies held in a separate bank account by a ministry must be registered with, and receive approval from, the Director, Cash Management, Provincial Treasury, Ministry of Finance.

### Reconciliations

Reconciliations as at March 31st are required annually for all assets held in trust. Reconciliations should be prepared by the ministry for all holdings under Acts for which they are responsible. The following information should be included:

- the name of the depositor for whom the cash or security is held;
- the legal authority for holding cash or security;
- the reason for holding the cash or security;
- the type of security;
- details of the security including book value, face value, serial number and registration (in the case of bonds, the maturity date and interest rate should also be shown and, in the case of stock, the class and number of shares should be shown); and
- book values or amounts on deposit should be totalled to balance with the total held by the Ministry of Finance or the financial institution. The related general ledger account and balance should also be identified.

Refer to Section H.1 - Trust Funds for annual reporting requirements.

### Suitor's Funds

The Trust Section of the Ministry of Attorney General processes funds paid into the court in connection with court actions (suitor's funds).

Money paid into a court is forwarded to the Trust Section, Ministry of Attorney General in accordance with Supreme Court of British Columbia rules. The Trust Section of the Ministry of Attorney General will open an account for each amount received. When the money is to be paid out, the Supreme Court registry will forward a Certificate for Pay Out to the Trust Section. The Trust Section will prepare a payment request to issue a cheque. Interest is calculated on money held in accordance with Supreme Court Rule 58.

### Public Guardian and Trustee of British Columbia

The [Public Guardian and Trustee of British Columbia](#) processes transactions relating to Official Committee accounts (*Patients Property Act*), Official Administrator accounts (*Estate Administration Act*) and Official Guardian accounts (*Infants Act*). Transactions are entered into the trust systems.

## G.7 Interest on Money Owing to the Province

### [Core Policy - 7.3.5](#)

#### Interest on Overdue Receivables

Except as specifically exempted by [BC Regulation #386/92](#), *Interest Rate under Various Statutes*, ministries shall calculate interest on money owing to the government as provided by [BC Regulation #214/83](#), *Interest on Overdue Accounts Receivable Regulation*.

An officer-delegated authority by the deputy minister to issue interest charges shall approve interest charges issued by invoice or included on a statement of account. Such supporting documentation will be part of the ministry's accounting records.

Except as noted below, ministries shall record invoice/statement claims for overdue interest as:

Dr.            Receivable Control Account  
                 Cr. Revenue/Recovery Account

When the payment is received:

Dr.            Cash  
                 Cr. Receivable Control Account

Ministries must balance control accounts receivable to subsidiary accounts receivable records monthly and produce aged trial balances for review by officers at senior levels.

Ministries shall *not* record overdue interest in the accounts of the ministry when it is unlikely that a significant portion of the claim for overdue interest will be collected. Overdue interest will, however, continue to accrue until the debt is paid in full or is forgiven. When payment of the debt is received, the portion related to interest shall be credited to an appropriate revenue or recovery account.

## G.8 Donations of Gifts in Cash or in Kind

A gift is generally a voluntary transfer of property for which the donor expects and receives nothing of value in return.

A gift in kind includes such things as capital property, depreciable property and personal-use property including listed personal property. However, a gift in kind does not include a gift of services.

For purposes of these procedures, capital property is generally, any property of value purchased for investment purposes or to earn income (i.e., a home; cottage; securities, such as stocks and bonds; and land, buildings and equipment that are used in a business or rental operation). Personal-use property includes a special class of property called "listed personal property." Items in this class generally increase in value and include any print, etching, drawing, painting, sculpture or other similar work of art; jewellery; a rare folio, manuscript or book; a postage stamp; or a coin.

On occasion, ministries may receive donations such as paintings, coin sets, rare books or antique furniture, etc. The procedures, which need to be followed for a donation made in kind to a ministry, are set out below.

1. In terms of asset management, receipt of the donated property (such as a painting, coin set, rare book or antique furniture, etc.) must be properly documented and recorded as a ministry asset.
2. Where the value of the donation justifies the administrative costs, it may be necessary to establish the fair market value (FMV) of the item being donated. The generally accepted meaning of FMV is the highest price, expressed in terms of money, that the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are both knowledgeable, informed and prudent, and who are acting independently of each other.

The appraisal has to be an estimate of the FMV of the object on the date it was donated. For Canada Revenue Agency purposes, they usually consider that an arm's length sale and purchase of the property, at or near the date of valuation, is the best proof of value at the time. Collectors (i.e., the donor) often approach appraisers, dealers and other people who are knowledgeable about particular objects to get appraisals for income tax purposes. Therefore, through their connections, they are able to obtain an independent fair market value appraisal of the property.

3. The receiving ministry will issue an official tax receipt if the value of the donation justifies the administrative costs and if the donor would benefit from, or requests a receipt. To acknowledge the donation each official receipt must contain at least the following:

- a statement that it is an official receipt for income tax purposes
- the ministry name and address where the receipt was issued
- the day on which, or the year during which, the donation was received or where property other than cash is received, the actual date of receipt
- the day on which the receipt was issued when it differs from the date of the donation
- the amount of the gift
- the name and address of the donor

Each such receipt must be prepared at least in duplicate, must be signed by a revenue authority officer and must bear its own serial number. In addition, where the donation is a gift of property other than cash, the fair market value of the property at the time the gift was made, as well as the date of the gift, a description of the property and the name and address of the appraiser (if any) of the property, is required (on the receipt).

4. Ministries may establish internal procedures whereby documentation of the gift in kind (i.e., a copy of the official tax receipt and a copy of the appraisal information etc.) is forwarded to their ministry's Revenue Manager for filing in the ministry records. Also, where donated tangible assets are converted to cash, there should be proper accounting entries.
5. To deposit donations of cash to a ministry accelerated funds transfer (AFT) bank account, ministries will process a journal voucher to credit their miscellaneous revenue account and debit the general ledger account that is linked to the ministry's bank account (as per linkage on Treasury Deposit Information (TDI) System).

For those ministries who do not have an AFT bank account, forward the cheque to the Bank Control Supervisor, Provincial Treasury for deposit to the Consolidated Revenue Fund bank account. Attach a journal voucher with the appropriate coding to credit miscellaneous revenue. Provincial Treasury will return a copy of the completed voucher to the ministry for record purposes.

6. A donor may attach specific conditions to their contribution (i.e., a cash donation to be used for a specific purpose). In these cases, ministry officials should seek advice from their ministry solicitor(s) to ensure that the Province can meet the conditions and to determine if it's in our best interest to do so (the Province has the right to refuse a gift, if necessary). The process may involve establishing a trust fund. In addition, where the specified purpose entails a contribution towards an existing program expenditure, it may involve establishing a [Sec. 25 account](#). As each case has to be considered on its own merit, prior to signing an agreement to abide by the conditions, legal counsel's advice is necessary.

## G.9 Ministry Billings – Harmonized Sales Tax

In determining when ministry billings should include the HST, the following should be noted:

Where a ministry renders a taxable good or service, the charge or billing for the supply must include the HST. The HST is required when the Province supplies taxable goods and services to the public, the private sector or to tax-paying public bodies, such as: municipalities, schools, colleges, universities and hospitals, and commercial government enterprises such as BC Hydro and ICBC, and on any taxable supply to a separate registered entity (i.e. with a different Business Number than the province).

The HST does not apply to zero-rated (taxable at zero per cent, e.g. exports) or exempt supplies under the Federal Excise Tax Act.

In some cases, a ministry may bill to recover costs only (e.g., staff salaries), in accordance with certain cost recovery arrangements with other public sector partners. The fact of cost recovery does not change the above application of tax for the rendering of a taxable supply. Therefore, in preparing cost recovery agreements involving a taxable supply, ministries should make clear the inclusion of the GST.

The province and certain of its entities on Schedule A of the Reciprocal Tax Agreement are entitled to a full rebate of the HST paid. If there is uncertainty whether a government entity is entitled to a full rebate, refer to Schedule A or contact the Financial Management Branch, OCG at 250 387-4671.





## J. Miscellaneous Administration Procedures

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### [J.1 Employer-Provided or Subsidized Parking](#)

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#### J.1 Employer-Provided or Subsidized Parking

If an employee is provided free or subsidized parking by his/her employer, it constitutes a taxable benefit under the Canada Revenue Agency's (CRA) rules unless one of the following exemptions apply:

1. fair market value of the parking space cannot be determined (e.g., scramble parking or where free parking is available to both employees and non-employees); the employer provides parking for business purposes to employees who regularly\* have to use their own automobiles or one provided by the employer to perform their duties; or
2. the employee has a disability.

To ensure that the Province is in compliance with CRA rules and is not assessed any financial penalties, ministries will implement the following procedures:

- evaluate parking facilities and determine where free or subsidized parking is provided to any employee(s);
- confirm the provision of free parking to ministers and deputy ministers. This parking is normally exempt as they are provided government vehicles or are required to use their own vehicles regularly\* in the performance of their duties. Exempt status, however, must be confirmed by the ministers and deputy ministers;
- for all other employees, the deputy minister or their delegate will determine if a taxable benefit exemption applies and will defend this assessment in the event of any CRA audit;
- assess employees' taxable benefits for the difference between fair market value and any amount the employees pay unless they are exempt. Note that fair market value must include 12% HST; and
- implement scramble parking where possible. Over-subscription of at least 25% is suggested.

\*Although CRA will not commit to a definition of "regularly", they have implied that 50% of the time would be accepted.