



EMPLOYEE REIMBURSEMENT POLICY UPDATE

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| TO: | Board of Directors |
| MEETINGS: | September 30, 2015 |
| FROM: | Judith Purves, Executive Vice-President and Chief Financial Officer |
| PURPOSE: | Alignment with Treasury Board Directive |
| DATE: | Update following Senior Executive Team meeting - September 21, 2015 |



ALIGNMENT OF POLICY TO TREASURY BOARD

Overview

- In July of this year the Minister of Finance requested that all government entities align with the Treasury Board *Directive on Travel, Hospitality, Conferences and Events Expenditures* (the “Directive”).
- As a Crown Corporation we are committed to supporting this mandate by aligning our policies with the spirit and intent of the Directive to all extents possible, as requested by our Minister of Heritage. A copy of this letter and our formal response is attached as Appendix A and B.
- We are reviewing all related areas of our policies and are looking to align, to all extents possible, with the Directive.
- Few differences remain. We are consistent with the spirit and intent of the Directive as requested by the Minister. These areas of difference mainly relate to:
 - The commercial and revenue generating areas of CBC/Radio-Canada
 - News and current affairs
- Discussions with peer Crown Corporations are ongoing to ensure our evaluation of policy is comparable. We are ahead of many of our peers in our evaluation of current policy and recommendations of changes to further align with the Directive.



ALIGNMENT OF POLICY TO TREASURY BOARD

Assumptions

In reviewing our policies against the requirements of the Directive, CBC/Radio-Canada is currently working on the basis of the following equivalents:

Government of Canada

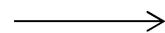
CBC/Radio Canada

Minister



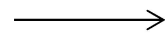
President and Chief Executive Officer

Deputy Head

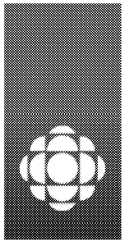


Vice-Presidents

Senior Departmental Managers



Executive Directors



ALIGNMENT OF POLICY TO TREASURY BOARD

Corporate Travel

- We are evaluating the impacts of pre-approving operational travel through our budgets process, with the exception of certain programming activities which would retain mandated flexibility as required by the *Broadcasting Act*.
- We are evaluating a system-based pre-approval process that would issue a limited set of blanket travel authorities in order to align with the Directive for other travel requirements, where required to manage the volume of travel inherent in the mandated nature of our business.

| | Treasury Board | Current Policy | Proposal for alignment | Probable Cost of Alignment |
|----------------------------|--|---|--|--|
| 1. Budget Approval | <ul style="list-style-type: none"> • Deputy Head | <ul style="list-style-type: none"> • Department Director | <ul style="list-style-type: none"> • Vice-Presidents | |
| 2. Pre-Approval | <ul style="list-style-type: none"> • Senior Departmental Managers | <ul style="list-style-type: none"> • Verbal or written by manager • Written pre-approval for international travel | <ul style="list-style-type: none"> • Executive Directors | <ul style="list-style-type: none"> • Implementation of Automated Travel Request System • Administration time for pre-authorizations • Communications and education campaign |
| 3. Class of Airfare | <ul style="list-style-type: none"> • Economy • Execs fly business > 850km | <ul style="list-style-type: none"> • Economy • Execs fly business outside triangle | <ul style="list-style-type: none"> • Economy • Execs fly business > 850km | <ul style="list-style-type: none"> • None |
| 4. Per diem | <ul style="list-style-type: none"> • \$92.70/day | <ul style="list-style-type: none"> • \$70.00/day | <ul style="list-style-type: none"> • \$92.70/day | <ul style="list-style-type: none"> • \$750K based on current travel |



ALIGNMENT OF POLICY TO TREASURY BOARD

Events and Hospitality

- Certain events that are directly linked to delivering our mandate would not be considered an “event” subject to a pre-approval process, consistent with exceptions granted within the Treasury Board Directive.
- For other spending considered an event or hospitality not **directly** linked to our mandate, a standardized written pre-approval process is being considered. Pre-approval for all hospitality and events is currently managed in each department.
- CBC/Radio-Canada spending limits for hospitality are already aligned with the Directive.

| | Treasury Board | Current Policy | Proposal for alignment | Cost of Alignment |
|---------------------------|--|---|--|---|
| 1. Budget Approval | <ul style="list-style-type: none"> • Deputy Head | <ul style="list-style-type: none"> • Department Director | <ul style="list-style-type: none"> • Vice-presidents | |
| 2. Pre-Approval | <ul style="list-style-type: none"> • Minister approval where the event is >\$25,000 or hospitality is >\$5,000 • Deputy Head approve if events >\$5,000, or hospitality >\$1,500 • Senior Departmental Manager or delegate approve events < \$5,000 or hospitality <\$1,500 | <ul style="list-style-type: none"> • Receptions, staff functions and other events pre-approved by manager not participating • All internal hospitality pre-approved by VP or delegate | <ul style="list-style-type: none"> • Under further review | |
| 3. Spending Limits | <ul style="list-style-type: none"> • 2x per diem pp standard • 3x per diem pp maximum | <ul style="list-style-type: none"> • Internal– 2x per diem • Duty Entertainment – 3x per diem | <ul style="list-style-type: none"> • Under further review | <ul style="list-style-type: none"> • Communications and education campaign |

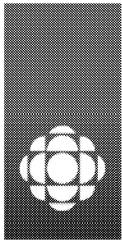


ALIGNMENT OF POLICY TO TREASURY BOARD

Duty Entertainment (Media Solutions)

- The concept of Duty Entertainment for revenue generation does not exist in the Treasury Board Directive.
- Our current policy addresses meal limits only, with expenses requiring approval by manager not attending.
- CBC/Radio-Canada proposes to further align its policies on Duty Entertainment with the spirit and intent of the Treasury Board Directive by applying approval and maximum per-diem limits – as summarized to the right.
- This will allow CBC/Radio-Canada’s commercial and revenue generating activities requiring flexibility to entertain clients in our very competitive and challenged markets.

| | Proposal for alignment | Comparison to Treasury Board |
|---------------------------|--|--|
| 1. Budget Approval | <ul style="list-style-type: none"> • CEO Approval | <ul style="list-style-type: none"> • Consistent with hospitality budget approvals in Treasury Board Directive |
| 2. Approval | <ul style="list-style-type: none"> • Meals are approved by a supervisor with financial authority (same as current policy); • Limit gifts to customers to \$100 outside of branded promotional items (excludes tickets and spa gift certificates). • Events - Under further review | <ul style="list-style-type: none"> • Consistent with the Hospitality thresholds in the Treasury Board Directive |
| 3. Spending Limits | <ul style="list-style-type: none"> • 3x per diem rate per person • Any exceptions must be approved by a VP or delegate and all exceptions are monitored by the CFO quarterly | <ul style="list-style-type: none"> • Consistent with maximum Hospitality limits under Treasury Board Directive |



ALIGNMENT OF POLICY TO TREASURY BOARD

Conferences

- Conferences include seminars, symposiums or other formal gatherings, where participants debate or are informed of the status of a discipline related to CBC/Radio-Canada or related business. Formal training programs to ensure staff are qualified to perform their duties, or approved by a professional body to acquire or maintain professional accreditation, are not considered conferences.
- CBC/Radio-Canada is looking at implementing a standardized pre-approval process for attendance at conferences that do not meet the definition of training. Currently, pre-approval for conferences is managed separately by department.

| | Treasury Board | Current Policy | Proposal for alignment | Cost of Alignment |
|---------------------------|--------------------------------|-----------------------|------------------------|---|
| 1. Budget Approval | • Deputy Head | • Department Director | • Vice-president | |
| 2. Pre-Approval | • Senior departmental managers | • Department Director | • Executive Director | • administration time • Communication and education campaign |
| 3. Spending Limits | • N/A | • N/A | • N/A | • N/A |



ALIGNMENT OF POLICY TO TREASURY BOARD

Monitoring and Reporting

- CBC/Radio-Canada currently has a rigorous process where all expense claims are reviewed and approved by individuals with delegation of financial authority and are subject to audit for policy compliance.
- Reporting and pro-active disclosure of costs.

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



ALIGNMENT OF POLICY TO TREASURY BOARD

s.18(a)
s.18(b)
s.21(1)(b)

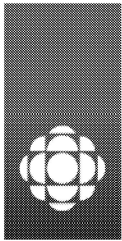
External Expense Disclosure



ALIGNMENT OF POLICY TO TREASURY BOARD

Board of Directors Alignment

- Currently, the Board of Directors does not follow the CBC expense policy. Rather they apply the policies of Schedule K, administered by Corporate Secretariat.
- A decision needs to be taken about whether the Board of Directors should align with the CBC/Radio-Canada policy for employees.



APPENDIX A

Letter from Minister (translation of original received in French)



APPENDIX B

Response to Minister