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London
CANADA

Housing Division Notice

Date: September 3, 2013

HDN#: 2013 - 190

This applicable legislation/policy is to be implemented by the Housing Provider(s) under the following programs:

Please note if your program is **not checked**, this change is **not applicable** to your project.

✓
✓
✓
✓
✓

Federal Non-Profit Housing Program

Private Non-Profit Housing Program

Co-operative Non-Profit Housing Program

Municipal Non-Profit Housing Program (Pre-1986)

Local Housing Corporation

Subject: LOCAL STANDARD – REMUNERATION OF DIRECTORS

1. PURPOSE:

To inform all housing stakeholders of the local background and compliance standard under the *Housing Services Act 2011* (HSA) and associated regulations related to the remuneration of Directors of a Housing Provider.

2. COMPLIANCE STANDARD:

The *Housing Service Act, 2011* establishes the service manager's authority to set local standards on prescribed matters. Under section 75 of the Act, a Housing Provider shall operate a Part VII housing project and govern itself in accordance with both the prescribed provincial requirements and local standards made by the service manager. A service manager may only make local standards with respect to prescribed matters. These prescribed matters are outlined in section 100 of O.Reg 367/11 and include the following:

- i. Conflicts of Interest of Directors, Employees and Agents of a Housing Provider.
- ii. The minimum number of meetings of the Board of Directors of a Housing Provider that must be held.
- iii. The remuneration of the Directors of a Housing Provider.
- iv. Property management relating to Part VII housing projects, including the procurement of, and contracts for, property management services.
- v. Leases for units in Part VII housing projects.
- vi. Multi-year financial plans.

A local standard does not apply to the extent that it conflicts with a provincial requirement, unless the provincial requirement provides otherwise.

3. LOCAL STANDARD:

- (1) Directors shall serve as such without remuneration and no Director shall directly or indirectly receive any profit from their positions as such. Directors may be reimbursed for legitimate and reasonable out of pocket expenses incurred by them in the performance of their duties. This would include out of pocket expenses for travel costs, meals if out of town on business and parking.

In the case of the Local Housing Corporation, the Directors of the Corporation, shall serve as directors, and if applicable, as officers without remuneration, and no Director shall directly or indirectly receive any profit or remuneration from his/her position or in any other capacity, except for:

- i. Remuneration from the related service manager or another municipality paid pursuant to section 283 of the *Municipal Act* as amended from time to time, including any successor legislation; and
 - ii. Reimbursement for reasonable expenses incurred in the performance of duties as Directors of the Corporation.
- (2) Housing Providers are required to have a Policy for Reimbursement of Director Expenses (see Appendix 1), which sets out the terms and conditions for reimbursing Directors and enables the Housing Provider to demonstrate it is controlling the use of its resources for housing purposes. The policy should specify both the limit and type of expenditures the Housing Provider is prepared to repay and appropriate procedures to document the Directors' payments.
- (3) A Housing Provider may employ a Director if,
- i. the Director resides in the Housing Provider's housing project and is employed by the Housing Provider on a part-time or temporary basis; or
 - ii. the Director does not reside in the Housing Provider's housing project and is employed by the Housing Provider to carry out functions of a non-supervisory and non-managerial nature and the Housing Provider has,
 - a) five or fewer Directors and no other Director is employed by the Housing Provider to carry out the same functions, or
 - b) more than five Directors and not more than one-fifth of the Directors are employed by the Housing Provider to carry out the same functions.

- iii. No part of the rent/housing charge revenue or municipal funding a Housing Provider receives can be used to provide a benefit or payment to a Director, officer or member of a Housing Provider without prior written approval from the City of London.

4. ACTION:

The local standard in this Housing Division Notice (HDN) is effective immediately.

The HDN is to be reviewed by the Board of Directors and noted within the respective agenda and meeting minutes at the earliest possible opportunity.

As this HDN specifically addresses matters pertaining to the Board, including but not limited to rules of order and governance, and/or matters requiring specific Board action including the remuneration of Directors, it must be received and acknowledged by the Board. A copy of this HDN shall be retained with the corporate bylaws and made available for reference and review.

5. AUTHORIZATION:

Original signed by



Louise Stevens

Director, Municipal Housing

Appendix 1 – Policy Requirements for Reimbursement of Director Expenses

Appendix 1

Policy Requirements for Reimbursement of Director Expenses

HDN: 2013-190
Date: September 3, 2013
Subject: Local Standard – Remuneration of Directors

Background

The City of London recognizes that Directors of Housing Providers boards may be required to travel or incur other expenses from time to time to conduct company business and to further the mission of the Housing Provider.

The purpose of this local standard is to ensure that:

- (1) adequate cost controls are in place,
- (2) travel and other expenditures are appropriate, and
- (3) to provide a uniform and consistent approach for the reimbursement of authorized expenses incurred by Directors.

Only reasonable and necessary expenses actually incurred by Directors should be reimbursed. When incurring business expenses, it is the expectation of Directors to:

- Exercise discretion and good business judgment with respect to those expenses.
- Be cost conscious and spend the Housing Provider's money as carefully and judiciously as the individual would spend his or her own funds.
- Report expenses, supported by required documentation, as they were actually spent.

Policy Requirements

Housing Providers are required to have a policy (typically the Spending Policy or By-law) which sets out the terms and conditions for reimbursing Directors. The policy should specify both the limit and type of expenditures the Housing Provider is prepared to repay (for example, for materials purchased for the use of a Housing Provider activity or for reasonable accommodation if the Director is travelling on business for the Housing Provider), and appropriate procedures to document the Directors' payments, such as submitting original receipts with credit-card slips. Such a policy enables the Housing Provider to demonstrate it is controlling the use of its resources for housing purposes.

A Housing Provider's policy shall include the following:

Expenses shall not be reimbursed unless the individual requesting reimbursement submits a written Expense Report. The Expense Report should be submitted at least monthly or within two weeks of the expenditure or completion of travel.

Requests for the reimbursement of expenses, incurred on behalf of a Housing Provider, must include:

- The individual's name.
- If reimbursement for travel is requested, the date, origin, destination and purpose of the trip, including a description of each Housing Provider related activity during the trip.
- The name and affiliation of all people for whom expenses are claimed (i.e., people on whom money is spent in order to conduct Housing Provider business).
- An itemized list of all expenses for which reimbursement is requested.

Receipts are required for all expenditures billed directly to the Housing Provider, such as airfare and hotel charges. No expense in excess of \$25.00 shall be reimbursed to Directors unless the individual requesting reimbursement submits with the Expense Report written receipts from each vendor (not a credit card receipt or statement) showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses.

Housing Providers are required to maintain a strict policy that expenses in any category that could be perceived as lavish or excessive will not be reimbursed. Expenses that are not reimbursable include, but are not limited to:

- Loss of employment time.
- Travel insurance.
- First class tickets or upgrades.
- When lodging accommodations have been arranged by the Housing Provider and the individual elects to stay elsewhere, reimbursement is made at the amount no higher than the rate negotiated by Housing Provider. Reimbursement shall not be made for transportation between the alternate lodging and the meeting site.
- Limousine travel.
- Movies, liquor or bar costs.
- Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization.
- Participation in or attendance at sporting events.
- Purchase of golf clubs or any other sporting equipment.
- Spa or exercise charges.
- Clothing purchases.
- Business conferences not approved by the board
- Valet service.
- Car washes.
- Toiletry articles.
- Expenses for spouses, friends or relatives. If a spouse, friend or relative accompanies a Director on a trip, it is the responsibility of the Director to determine any added cost for double occupancy and related expenses and to make the appropriate adjustment in the reimbursement request.

The City of London offers this list of non-reimbursable expenses by way of example only, and in no way means to imply that categories of expenses not included on this list should automatically be eligible for reimbursement. This list is meant to be a guide to Housing Providers. Each Housing Provider should develop an expense reimbursement policy that is tailored to their particular needs.

The reimbursement of reasonable expenses incurred for business meetings or other types of business-related functions should only occur if the expenditures are approved in advance by the board of the Housing Provider and qualify as tax deductible expenses. Detailed documentation for any such expense must be provided, including:

- date and place of function
- nature of expense
- names, titles and corporate affiliation of those entertained
- a complete description of the business purpose for the activity including the specific business matter discussed
- vendor receipts (not credit card receipts or statements) showing the vendor's name, a description of the services provided, the date, and the total expenses