

3.4 Discretionary Spending

Policy Statement

It is the policy of the Province of Nova Scotia to review its discretionary spending from time to time.

Definition

Discretionary spending is defined as those costs which are avoidable without incurring a penalty and without jeopardizing a department's ability to meet its mandate. Discretionary costs can be eliminated without having a detrimental impact on a department's normal operations or delivery of its core programs. The decision of whether or not to incur these costs is under the direct and ongoing control of management.

Policy Objective

The objective of this policy is to define discretionary spending to ensure a more consistent treatment of costs across departments during cost reviews.

Application

This policy should be applied to all costs during a cost review.

Policy Directives

A cost review may be requested for a number of purposes, such as the preparation of the annual fiscal plan or an interim cost savings search. When directed to perform a cost review, departments are to apply this policy to their costs in identifying which costs are discretionary.

Policy Guidelines

Discretionary spending may be frozen or reevaluated based on current priorities and funding limits. Where the department's ability to meet its mandate is not compromised, discretionary spending may include the deferral of costs to future periods.

INCLUSIONS

Discretionary spending **may include**, but is not limited to, the following:

- salaries and fringe benefits related to vacant positions
- travel
- professional and consulting services
- supplies and services, including repairs and maintenance
- other administrative costs (e.g., furniture and equipment, rentals, staff training, professional and/or membership dues, subscriptions)
- meeting expenses (See Appendix 3-F, Guidelines for Meeting and Related Expenses)
- IT equipment and related components
- discretionary grants

EXCLUSIONS

Discretionary spending **normally excludes** the following:

- salaries and fringe benefits related to filled positions (required resource)
- amortization expense
- statutory grants
- costs associated with meeting legislative requirements
- restricted funding provided by external parties who have stipulated the purpose and timing of spending
- leases
- contractual obligations
- legal obligations

Once entered into, leases, contractual obligations and legal obligations are not discretionary costs, assuming there is a significant penalty for non-compliance or early termination.

Accountability

Departments are responsible for identifying discretionary spending upon request. Any such costs identified will be considered to have been filtered through this definition and guideline.

Treasury Board Office is responsible for requesting the costs reviews as needed. They will work with departments to verify the assessment of costs against this definition.

Monitoring

Government Accounting is responsible for the review and update of this policy. The effectiveness of this policy will be evaluated in consultation with departments and Treasury Board Office.

Enquiries

Executive Director, Government Accounting
Department of Finance and Treasury Board
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Executive Director, Treasury Board Office
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Appendices

Appendix 3-F Guidelines for Meeting and Related Expenses

Approval date:	July 31, 2008	Effective date:	August 21, 2008
Approved by:	Executive Council	Administrative update:	December 12, 2019

Appendix 3-F

Guidelines for Meeting and Related Expenses

Background and Purpose

The Province of Nova Scotia recognizes that meeting and related expenses can be necessary and are legitimate expenses for employees to conduct operations and the business of the organization, both within the organization, and with external stakeholders and partners. Meeting and related expenses should be managed in an accountable, economical, and consistent manner to reflect the prudent stewardship of public funds.

This guideline provides direction and guidance to Province of Nova Scotia employees on the appropriate expensing of necessary meeting and related expenses.

Application

This guideline applies to all government departments and employees who incur meeting and related expenses while conducting government business.

Guidelines

1. Province of Nova Scotia employees may incur meeting and related expenses when conducting business on behalf of the Province of Nova Scotia such as, but not limited to, internal meetings, committee meetings, stakeholder and community meetings (including with those outside of the organization), management meetings, internal and external consultations and focus groups, networking or relationship-building meetings, professional development/education sessions, and workshops.
2. Meeting related costs must be approved by the Management Team (i.e., Deputy Minister, Associate Deputy Minister, Executive Director, Directors and Manager) who hold signing authority for the cost centre where the meeting or related expenses will be incurred.
3. Meeting expenses must be paid from the GL account 815100.
4. Eligible meeting and related costs may include, but are not limited to, catering for meals, beverages, room rentals, and equipment rentals.

5. The hosting departments and its employees must act responsibly in the use of public funds. Meeting organizers should consider the “Sustainable Food and Catering Guidelines” of the Nova Scotia Procurement Policy, when ordering.
6. Eligible meeting expenses should be within the parameters of what would be defined as an acceptable expense. Acceptable is defined as not being extravagant; within an acceptable standard level to ensure good taste, meets legal requirements and has been discussed and agreed to by the Management Team.
7. The Management Team must use their business judgment when authorizing approval to incur meeting and related expenses. As the authorizer of the event and a designated signing authority for the cost centre general ledger; this individual would have knowledge of the budgetary allocation(s) within the cost centre.
8. Meeting and related expenses must be able to stand up to scrutiny by auditors and members of the public, properly explained and documented; fair and equitable; compliant with other policies; reasonable; and appropriate. Supporting documentation for meeting and related expenses must be included with the invoice that is sent to Transactional Services for payment. Supporting documentation may include an approval email from a member of the management team which defines the purpose of meeting, number of attendees, or department-specific approval form. All supporting material is to be included/retained with invoices and saved in FileNet.
9. The Management Team for each department is accountable for this policy. The Management Team may include: Deputy Minister, Associate Deputy Ministers, Executive Directors, Directors, and Managers.
10. Periodic monitoring of meeting and related expenses may be conducted to ensure compliance with the discretionary spending policy. Unauthorized charges or improper use of the discretionary spending will be subject to revocation of signing authority and other appropriate disciplinary actions.

NOTE

This guideline does not apply when expensing costs related to external hospitality, internal employee recognition events, or travel-related expenses. For these expenses, refer to the following:

- Manual 200 Budgeting & Financial Management, 26.1 Travel Policy
- Manual 300 Common Services, 7.1 Hospitality Policy
- Manual 500 Human Resources Management, 4.6 Employee Recognition Policy.