

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)
- 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

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