

Subject: Gratuity Policy FIN-230**APPROVALS:**

Kola Oladimeji, Director
Elsie Hutton, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT Gratuity Policy FIN-230, dated May 26, 2015, be approved.

Summary:

This policy is to provide the framework, guidelines and process for consistent application when offering gratuity payments to individuals, organizations, community groups or institutions who have been asked to provide free services to the Municipality. This policy has previously been referenced as an Honorarium Policy during the Accountability, Integrity and Transparency audit and policy development update process. The name change to Gratuity Policy has not changed the intent of the policy nor its application.

Based on the proposed policy, specific instances will be classified as gratuities. For example, payments to citizens /community groups providing services for the Adopt-A-Park/Adopt-A-Trail programs would qualify within the definition provided. In addition, Audit and Budget Committee will receive quarterly reporting relative to the gratuity payments made. This reporting is included with the quarterly financial performance update report.

Background:

The Accountability, Integrity and Transparency Audit, conducted by KPMG, identified the recommendation for a Council policy on honoraria to ensure appropriate governance and standardization of honorarium payments across the Municipality. KPMG provided the leading practice draft of the Honorarium Policy. In addition, KPMG also supported Administration in the development of a leading practice Administrative Procedure to guide the implementation of the policy. The name change to Gratuity Policy was made in the final policy review stage to more accurately reflect the nature of the free services received.

In the absence of an approved policy and administrative procedure, it has been difficult to accurately determine whether the nature of a transaction reflected a gratuity. Administration has withheld reclassifying expenses and reanalyzing the applicable budget until the policy and administrative procedure are approved.

The purpose and objective of this policy is to provide the framework for consistent application when offering gratuity payments to individuals, groups or organizations who have been asked to provide free services to the Municipality.

Rationale for Recommendation:

This policy will bring clarity to the definitions of gratuity and its applications including the clear authorization process to prevent any abuse or unauthorized payments as gratuities.

Administration has proposed the Gratuity Policy as a framework to a detailed procedure to administer gratuity payments across the Municipality.

Attachment:

1. Gratuity Policy - FIN-230