

Council Policy

Policy Name: Gratuity
Department: Financial Services
Policy No.: FIN-230
Effective Date: May 26, 2015

Review Date: May 2018

STATEMENT:

In certain circumstances, the Municipality offers a nominal payment to individuals, organizations, community groups or institutions in recognition of free services rendered to the Municipality. The Municipality considers these types of payments as a gratuity. Fee for service, volunteer appreciation, prize money, or sponsorships, and reimbursement of travel expenses related to services provided to the Municipality are not regarded as a gratuity.

PURPOSE AND OBJECTIVE:

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

Such services are not supported by contract or purchase order and no invoice or fees are agreed to upfront. Gratuity is a token paid in appreciation of free services rendered to the Municipality voluntarily.

SCOPE:

This policy applies to non-employees who provide services to the Municipality. Employees providing service in a capacity of a citizen may also be granted a gratuity. The Municipality will not provide gratuity payments to employees for service in the ordinary course of business.

1. Definitions

1.1. Gratuity – an ex gratia monetary payment made on a special or non-routine basis to a person, organization, community group or Institution for services for which fees are not traditionally required to recognize or to acknowledge the contribution of gratuitous services to the Municipality. Examples include:

1.1.1. Participating as a board/committee member/panel;

1.1.2. Programs delivered by Community group(s) and or individual (e.g. Communities in Bloom; Adopt-A-Park/Trail etc.)

2. Responsibilities

2.1. Council to:

2.1.1. Approve any amendments to this policy.

2.2. Chief Administrative Officer to:

- 2.2.1. Support the implementation of this policy;
- 2.2.2. Recommend amendments to this policy;
- 2.2.3. Ensure compliance with this policy.

2.3. Executive Directors/Directors

- 2.3.1. Approve the gratuity payment request;
- 2.3.2. Obtain all personal details required for the issuance of T4A as outlined in Gratuity Administrative Procedure FIN-240.
- 2.3.3. Ensure adherence to the Gratuity Policy as approved by Council.

2.4. Director, Financial Services

- 2.4.1. Report all gratuity payments to Audit and Budget Committee on a quarterly basis; and
- 2.4.2. Ensure T4As are issued and reported to CRA as part of year-end payroll returns.

3. Limits

- 3.1. Gratuity payments should be limited to increments of \$10 to a maximum of \$500 unless specifically authorized by the Executive Director and Chief Administrative Officer.
- 3.2. A gratuity is not based on an agreed amount (No quote/Negotiations or bidding) between the individual providing the services and the Municipality representative seeking services. If payment is agreed upon through a quote or procurement process, the Municipality views this as a contractual agreement, which involves invoicing, taxes and related factors.
- 3.3. A gratuity is not appropriate if the Municipality is obtaining services from an individual who performs the requested service for a living.
- 3.4. An element of public service is implied in a gratuity payment; therefore, any gratuity paid is not necessarily expected to fully compensate individuals for lost income from other endeavors.
- 3.5. Individuals, organizations, community groups or institutions may refuse to accept a gratuity even if they are entitled to a gratuity.
- 3.6. A gratuity will only be made for actual performance and delivery of service.

3.7. For clarity, the listed services (not exhaustive) do not meet the definition of gratuity:

- 3.7.1. Fee for Service – a payment model where the Municipality enters into a voluntary, contractual agreement with a third party for the provision of some form of service in return for which payment is expected.
- 3.7.2. Volunteer Appreciation – is a form of non-cash recognition provided to individuals and groups who freely contribute their time and skills towards municipal civic actions.
- 3.7.3. Sponsorship/Prize awards – a form of funding whereby money is awarded by the Municipality based on predetermined standards as approved by Council or in line with Community Investment Programs (CIP) Policy - FIN-220.

3.8. If the individual receiving a gratuity is a non-resident of Canada, the Municipality will be required to deduct a withholding tax.

MANAGEMENT, REFERENCES AND APPROVAL:

This policy shall be reviewed in three (3) years from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary to reflect organizational change.

Approving Authority:	Council
Approval Date:	May 26, 2015
Revision Approval Dates:	
Review Due:	May 2018
Policy Manager:	Director, Financial Services
Department Contact:	Manager, Financial Planning
Legal References:	Not Applicable
Cross References:	Administrative Procedure – Gratuity FIN-240

Melissa Blake, Mayor

David Leflar, Chief Legislative Officer

Date