

 CAPILANO UNIVERSITY		PROCEDURE	
Procedure No.		Officer Responsible	
B.212.1		Vice-President, Finance and Administration	
Procedure Name			
Honoraria and Gifts Procedures			
Policy This Procedure is Under		Date of Next Policy Review	
B.212 Honoraria and Gifts Policy		April 2029	
Date Issued	Date Revised	Date in effect	Related Policies
February 12, 2020	March 20, 2024	April 30, 2024	B.205 Retirement Recognition Policy for Capilano University Employees B.215 Spending and Signing Authority Policy B.217 Fraud Prevention and Investigation Policy B.506 Standards of Conduct

1. PURPOSE

- 1.1 These procedures administer the approval and payment of Honoraria and Gift purchases other than for promotional purposes as authorized by the *B.212 Honoraria and Gifts Policy* ("the Policy").
- 1.2 The definitions as found in the Policy are used in these procedures

2. GENERAL

- 2.1 Sections of these procedures may be waived or adjusted on an exceptional basis subject to:
 - a) written justification outlining extraordinary circumstances, and
 - b) pre-authorization by both the responsible Vice-President and the Vice-President Finance and Administration.
- 2.2 Employees who disregard these procedures, falsify supporting documentation or misappropriate university funds may be subject to disciplinary action up to and including termination of employment.

3. PROCEDURES

- 3.1 Before proceeding with an Honoraria payment
 - a) refer to *Appendix 2 – Guidelines for Honoraria Payments* to ensure payments are appropriate, and
 - b) consult with the People, Culture, and Diversity department to ensure any such payments to employees are permitted under collective agreements or policy.

Authorization of Honoraria payments or Gift purchases

- 3.2 To authorize an Honoraria payment or Gift purchase, complete and submit a *FIN-B212-01 Honoraria and Gifts Form* following the instructions on the form. Ensure that the form clearly identifies:
- a) the employee's name, position title and Employee ID# or the recipient's name and SIN # if a non-employee,
 - c) the reason for the honoraria payment or gift purchase (the business-purpose), and if a gift purchase, the type of gift (e.g. cash, gift certificate, flowers, book, etc.).

Authorization of monetary advances for programs, ceremonies, and events

- 3.3 To authorize monetary advances for programs, ceremonies, and events that support the education of history, cultural practices, languages, and spiritual beliefs of Indigenous peoples in Canada, complete and submit a *FIN-B212-02 Honoraria and Gifts Form* following the instructions on the form. Ensure that the form clearly identifies:
- a) the employee's name, position title and Employee ID# or the recipient's name and SIN # if a non-employee,
 - b) the reason for the honoraria payment or gift purchase (the business-purpose), and
 - c) if a gift purchase, the type of gift (e.g. cash, gift certificate, flowers, book, etc.).
- 3.4 Authorization of Honoraria payments, Gifts and monetary advances for programs, ceremonies and events will be in compliance with B.215 Spending and Signing Authority Policy with approval levels set out in section 5.04 of the. President's Delegation of Signing Authority Matrix which can be found in Appendix 2 of B.215.1 Spending and Signing Authority Procedure.

4. DESIGNATED OFFICER

The Director Finance is responsible for the development, subsequent revisions to and operationalization of this procedure under the oversight of the Vice President, Finance and Administration.

Quick Reference Guide for Honoraria and Gifts

Honoraria payments	
Process for payments to non-employees	Complete a <i>B.212 Honoraria and Gifts Policy</i> form (<i>FIN-B212-01</i> or <i>FIN-B212-02</i>). Ensure that the form identifies - the recipient's name and SIN # - why the honoraria payment is required (business-purpose) - approval signatures in accordance with the Monetary Limits Send the completed form to Accounts Payable for processing (Use GL code 6702)
Process for payments to employees	Honoraria payments to employees must be pre-authorized in advance by the People, Culture, and Diversity department (PCD) to ensure there is no conflict with collective agreements or policy. Complete a <i>B.212 Honoraria and Gifts Policy</i> form (<i>FIN-B212-01</i> or <i>FIN-B212-02</i>). Ensure that the form identifies - the employees name, position title and employee ID# - why the honoraria payment is required (business-purpose) - signature of Human Resources advisor to confirm pre-approval was received - approval signatures in accordance with the Monetary Limits Send the completed form to Payroll Services for processing (Use GL code 5701)
Gift purchases	
Process for gifts purchased for non-employees	Gift purchases must be authorized in advance in accordance with the Monetary Limits. Complete a <i>B.212 Honoraria and Gifts Policy</i> form (<i>FIN-B212-01</i> or <i>FIN-B212-02</i>). Ensure that the form identifies - the recipient's name - why the gift is required (business-purpose) - the type of gift (e.g. cash, gift certificate, flowers, book, etc.) - approval signatures in accordance with the Monetary Limits For gifts purchased through the University's regular procurement process, send the completed form with the purchase requisition to the Purchasing department (Use GL code 6290 for gifts to non-employees) For gifts purchased on a Corporate Credit card, send the completed form with the Credit Card Reconciliation and invoice to Financial Services (Use GL code 6290 for gifts to non-employees) For gifts purchased directly by employees, send the completed form to Financial Services along with the original vendor invoice/receipt and expense report claiming reimbursement for the gift (Use GL code 6290)
Process for gifts purchased for employees	Gift purchases must be authorized in advance in accordance with the Monetary Limits. Complete a <i>B.212 Honoraria and Gifts Policy</i> form (<i>FIN-B212-01</i> or <i>FIN-B212-02</i>). Ensure that the form identifies - the employee's name, position title and Employee ID# - why the gift is required (business-purpose) - the type of gift (e.g. cash, gift certificate, flowers, book, etc.) - approval signatures in accordance with the Monetary Limits For gifts purchased through the University's regular procurement process, send the form with the purchase requisition to the Purchasing department (Use GL code 6609 for gifts to employees) For gifts purchased on a Corporate Credit card, send the form with the Credit Card Reconciliation and invoice to Financial Services (Use GL code 6609 for gifts to employees) For gifts purchased directly by employees, submit this form to Financial Services along with the original vendor invoice/receipt and expense report claiming reimbursement for the gift (Use GL code 6609) For cash and near-cash gifts given as retirement gifts in accordance with <i>B.205 Retirement Recognition Policy for Capilano University Employees</i>, send this form to Payroll Services (Use GL code 5995)

Guidelines for Honoraria Payments

Overview

These Guidelines support B.215 Spending and Signing Authority Policy and B.215 Spending and Signing Procedures.

The term 'honoraria' is often misunderstood in a University setting resulting in payments being incorrectly coded for income tax purposes. These errors can result in the University violating:

- ✓ federal and provincial tax regulations requiring mandatory deductions from income
- ✓ the *Employment Standards Act* and collective agreement if services performed are employment in nature rather than volunteer
- ✓ purchasing policies if the recipient is in fact an independent contractor

Incorrect payment of honoraria can damage the University's reputation and result in reassessments by the *Canada Revenue Agency* (CRA) for taxes and fines (e.g. CPP, EI, WorkSafeBC and other employee and employer taxes).

Furthermore, errors can negatively impact recipients who are responsible for paying income taxes that can present a financial burden if not anticipated, especially if the amount is substantial. The individual can also be assessed fines and penalties for late payment of these taxes.

The purpose of this guideline is to provide more clarity regarding the definition and payment of honorariums and to provide a framework for consistent and fair treatment across the University.

What is an honorarium?

Honoraria payments are typically

- ✓ nominal amounts
- ✓ paid for voluntary services for which fees are not legally or traditionally charged
- ✓ not reflective of the value of the work done
- ✓ are made on a one-time or non-routine basis to an individual as a "thank you"

When is an honorarium appropriate?

Examples where an honorarium payment would be acceptable include a 'thank you' or gesture of goodwill and appreciation to:

- ✓ guest speakers or lecturers
- ✓ third parties for special classroom lecture or short series of such lectures
- ✓ individuals for conducting seminars and workshops
- ✓ guest speakers at educational events or similar functions
- ✓ volunteers for assistance with University activities and special events
- ✓ external examiners whose services are engaged on a one-time or very infrequent basis
- ✓ Indigenous groups for cultural ceremonies

An honorarium is not appropriate when

- ✓ it is based on an agreed amount between the recipient and the University. Agreed payments typically indicate that an employment or independent contractor relationship exists
- ✓ obtaining the services of a professional speaker or consultant who performs the requested service for a living. These individuals would be considered self-employed and should receive a fee for service or consulting payment.

Are honorariums subject to tax deductions?

Honoraria payments to employees

Honorariums paid to employees of the University (e.g. staff, faculty and students performing employment services for the University) will be treated as employment income and subject to deductions at source for Income Tax, Canada Pension Plan contributions and Employment Insurance premiums. Payments must be for services provided outside the individual's regular responsibilities and will be reported on the employee's T4.

Honorarium payments to non-employees

Residents of Canada: Honoraria paid to Canadian residents who are not employees of the University are not subject to tax deductions at source. However, the recipient will be issued a T4A for the total amount of the honoraria for inclusion on their tax return.

Non-residents of Canada: Honorariums paid to non-residents of Canada for volunteer services performed in Canada, are subject to a flat rate income tax deduction and are reported on a T4A-NR. If the service was performed outside of Canada, there is no tax deduction or reporting requirements.

What if I want to pay several honorariums to the same individual in a calendar year?

If you want to pay honoraria more than once in a calendar year to the same individual, consult first with the Director, Financial Services. The University may be considered the employer by CRA should an individual receive multiple honorariums.

Responsibility for honoraria

Employees are responsible for understanding what constitutes honoraria and for seeking clarity where there is uncertainty. Furthermore, employees are responsible for ensuring that procedures are followed, and relevant forms completed and submitted in a timely fashion.

The People, Culture and Diversity department is responsible for ensuring that honoraria payments to employees do not violate provisions of the collective agreement or policies.

Finance is responsible for reviewing submitted forms for completeness and for processing payment. Finance is also responsible for issuing T4/T4A or T4A-NR forms as required as part of the year-end reporting process.

Questions regarding honoraria should be directed to the Director, Financial Services.