Employee Awards

I. **Purpose**

Awards may be made to University of Kentucky faculty and staff for the purpose of recognizing outstanding work-related achievement, a significant contribution, or a major milestone such as length of service or retirement. The University's policy aligns with IRS guidelines to ensure appropriate tax treatment of the award.

II. **Definitions**

- *Employee recognition award*: Any type of tangible personal property or cash award made to an employee under a formal, approved program. The award should be unbiased and based upon objective criteria.
- *Employee on-the-spot recognition award:* Any type of tangible personal property awarded to an employee in recognition of noteworthy work-related accomplishments which are not part of a formal program. Such awards should be of nominal value and presented on infrequent basis. An employee should not receive more than two such awards in a calendar year. Examples include, but are not limited to, flowers, fruit, a book, a plaque, or similar item.
- *Employee length of service award:* Tangible personal property or non-negotiable gift certificate may be presented to an employee for meritorious length of service. The award must be given for a length of service achievement of at least five years of service and the recipient must not have received a similar length of service gift in any of the prior four years. The award should be part of a meaningful ceremony. Information regarding awards to mark years of service can be found on Human Resources' Service Award Orders page.
- *Employee retirement award:* Any type of tangible personal property or non-negotiable gift certificate for tangible personal property may be presented to an employee upon official University retirement as detailed in AR 3:1 and AR 3:2*. The award should be part of a meaningful ceremony.
- *Non-negotiable gift certificate*: A certificate that is inscribed with recipient's name; not transferable; and cannot be redeemed for cash or used to reduce the balance due on the recipient's account with the merchant. It can only be for tangible property and not services. Primarily limited to pre-arranged length of service programs where employee selects from multiple options based upon length of service years.
- *Tangible Personal Property*: Any type of property which can be moved (i.e., it is not attached to real property or land) and excludes cash and cash equivalents (e.g., gift cards and negotiable gift certificates).

III. **Responsibilities**

A. *Business Officer/Department Administrator*

1. Ensure that all payment documents of personal and tangible property to be used for an employee award are in compliance with policy table below and contain necessary documentation (e.g., per person limits, appropriate cost objects, and correct level of approval).
2. Process in SAP HR any approved cash awards with appropriate wage type code.
3. Forward to Payroll Services any reportable awards, using the Taxable Fringe Benefit form.

B. ***Dean/Department Head***
1. Evaluate need for employee recognition program and forward request to appropriate executive leadership. Request should include:
   a. A description of the program
   b. The reason/purpose for the award
   c. The criteria for selecting the recipient
   d. The type of award (plaque, gift, cash, etc.)
   e. The dollar amount/award limits of the value of the award and
   f. The source of funds
2. Ensure compliance with employee award policy within respective area.

C. ***President/Provost/Executive Vice Presidents/Vice Presidents***
1. Approve or deny requests for formal employee recognition programs.
2. Furnish report of approved awards to Office for Faculty Advancement.

D. ***Office for Faculty Advancement***
1. Assign an award reference code for approved award programs.
2. Maintain listing of Approved Employee Awards for staff and faculty award programs.

E. **University Financial Services (UFS)**
1. Accounts Payable Services will process vendor payments through SAP in compliance with this policy.
2. Administer employee award payments through Payroll Services or payments of tangible property documents, ensuring compliance with policy.
3. Process appropriate employee taxable fringe benefits for any employee awards exceeding the approved per person limits.

IV. **Policy**
A. Employee recognition awards that exceed $50 in value must be approved as part of a formal program by the President, Provost, Executive Vice President for Health Affairs or Executive Vice President for Finance and Administration.

B. All other employee awards must comply with the per person limitations, funding sources and approval levels indicated in the policy table on the next page. In addition, the award must comply with any requirements explained in definitions above.

C. No other gifts or awards may be given in recognition of employees for non-work related achievement or events such as weddings, baby showers, housewarmings, or separation from employment (other than official retirement), regardless of fund source. Personal funds should be used for such events.

D. Employee memorial or illness flowers, fruit or monetary gift to family-designated charity or memorial fund are allowed on discretionary funds as explained in BPM E-7-10 Discretionary Policy.

E. Occasionally, departments may provide prizes and other gifts to encourage participation in an event or completion of a survey. Departments should follow the employee on the spot recognition award per person value of such tangible property gifts.

F. Any tangible property awards in excess of the per person limits must be approved in advance and will require reporting for taxation using Taxable Fringe Benefit Form.

Award or Gift Type	Per Person Limit	Funding Source	Approval Level	Tax Treatment
Employee Recognition Award- tangible personal property and/or cash award as part of formal program	$150* for tangible property $3,000 for payment through Payroll	Unrestricted General Funds and Self-Supporting units unrestricted general funds. Not allowed on sponsored project.	President, Provost, EVPHA or EVPFA	Property-nontaxable Cash-taxable
Employee Recognition Award- tangible personal property and/or cash award as part of formal program	$150* for tangible property $10,000 for payment through Payroll	Restricted Gifts-Limited also by any donor restrictions.	President, Provost, EVPHA or EVPFA	Property-nontaxable Cash-taxable
Employee On the Spot Recognition Award- tangible personal property only; not part of approved program	$50 for tangible property No payments allowed through Payroll	Unrestricted General Funds; Self-Supporting units' unrestricted general funds and restricted gifts. Not allowed on a sponsored project.	Dean/Director	Nontaxable as long as no more than two awards per calendar year
Employee length of service award- tangible personal property or non-negotiable gift certificate	$400	Any fund except a sponsored project.	Dean/Director	Nontaxable
Employee retirement award-tangible personal property or non-negotiable gift certificate	$400	Any fund except a sponsored project.	Dean/Director	Nontaxable - if exception granted to $400 limit, excess is taxable

* Amount not including shipping and engraving costs

V.   Procedures

    A.   Request for payment of employee non-cash awards must be submitted on appropriate payment document (PRD, procurement card, or SRM shopping cart). The name of the award and the award reference code must be included for all approved employee programs.

B.   For all other employee awards, the payment document must clearly indicate the purpose of the award and the criteria for the award recipients.

C.   Requests for incentive prize gift certificates or any employee award amounts in excess of the policy per person limit should be made using the [Request for Exception to Business Procedures](#) form.