UNIVERSITY OF COLORADO
PROCUREMENT SERVICE CENTER (PSC)

PSC Procedural Statement: *Recognition and Training*
Effective Date: January 1, 2011

Introduction

This PSC Procedural Statement (a) sets forth university rules and requirements for using *university funds* to pay for recognition and training for *employees*, *associates,* and *other individuals (*including *students*); and, (b) is designed to provide reasonable assurance that recognition awards, rewards, and prizes distributed by the University are properly captured and subject to appropriate tax reporting.

This Procedural Statement is divided into the following sections:
- A. Recognition Grid
- B. Recognition Categories
- C. Recognition Programs
- D. Recognition Events
- E. *Staff Appreciation Meals*
- F. Recognition Limits
- G. Training
- H. Recording Recognition Awards, Rewards, and Prizes
- I. Safeguarding Awards, Rewards, and Prizes

Definitions

Italicized terms are defined in the Administrative Policy Statement Dictionary. Underlined terms are defined in the Finance and Procurement Procedure Glossary.

Procedural Statement

In striving to create and sustain an encouraging and supportive work environment for its *employee*s, the University may hold a recognition event (which is a type of *official function*) to recognize *employees* and/or present an award, reward, or prize (which can be cash, cash-like, or non-cash) to an *employee*. On occasion, the University may hold a recognition event and/or give an award, reward, or prize to a *non-employee,* i.e., *associate* or *other individual (*including *students* and *supporting organizations)* as a gesture of appreciation or as an indication of goodwill and esteem. Any type of recognition event, award, or prize should be funded only after careful review of the PSC Procedural Statement Tests of Propriety, specifically the costs in relation to the benefits and the availability of funds, and in accordance with the provisions of this statement as well as the PSC Procedural Statement Sensitive Expenses.

A. Recognition Grid

First, determine the **type of award:** cash, cash-like, or non-cash. Next, determine the **value** of the award. Finally, identify the **recipient**: *employee* or *non-employee*. The grid summarizes requirements related to programs, forms, and tax reportability. (Terms and procedures are explained in the subsequent sections of this procedural statement.) When the value of the recognition award, reward, or prize is greater than $2,000 per award, approval by the appropriate *officer* – in addition to other required approvals noted in the grid – must be obtained.

Type of Award	Value	Requirements	For *Employees*	For *Non-Employees*
Cash	**Any**	**Program needed?**	Recognition program (see Section C) approved by campus Human Resources Director and appropriate *officer*	Recognition program approved by Org Fiscal Principal
		RR form needed?	None (see Section H)	None
		Tax reporting?	Generally tax reportable on Employee's W-2; see Recognition Categories (Section B)	Tax reportable; PSC issues 1099-MISC if $600 or more in calendar year
		Payment method	HRMS (see Section H)	Payment Voucher
Cash-like	**> $100** individually or in aggregate during calendar year	**Program needed?**	Recognition program approved by campus Human Resources Director and appropriate *officer*	Recognition program approved by Org Fiscal Principal
		RR form needed?	Recognition Reporting form sent to PBS	Recognition Reporting form sent to PSC
		Tax reporting?	Generally tax reportable on Employee's W-2; see Recognition Categories (Section B)	Tax reportable; PSC issues 1099-MISC if $600 or more in calendar year
		Payment method	Any allowable procurement process, such as Procurement Card	Any allowable procurement process, such as Procurement Card
	up to $100 individually or in aggregate during calendar year	**Program needed?**	Recognition program approved by campus Human Resources and *officer*	None
		RR form needed?	Recognition Reporting form sent to PBS	None
		Tax reporting?	Generally tax reportable on Employee's W-2; see Recognition Categories (Section B)	None
		Payment method	Any allowable procurement process, such as Procurement Card	Any allowable procurement process, such as Procurement Card

Type of Award	Value	Requirements	For *Employees*	For *Non-Employees*
Non-cash: **1. Awardee name is engraved on the award <u>and</u> the award item** (plaque, trophy, or medal) **is not made of precious metal or stone**	**Any**	**Program needed?**	None	None
		RR form needed?	None	None
		Tax reporting?	None	None
		Payment method	Any allowable procurement process, such as Procurement Card	Any allowable procurement process, such as Procurement Card

Type of Award	Value	Requirements	For *Employees*	For *Non-Employees*
Non-cash (continued): **2. Other types of non-cash awards, rewards, or prizes not listed in #1 above**	**Any** for an annual evaluation program	**Program needed?** **RR form needed?** **Tax reporting?** **Payment method**	Annual employee evaluation Recognition Reporting form sent to PBS Tax reportable on Employee's W-2 Any allowable procurement process, such as Procurement Card	Not applicable Not applicable Not applicable Not applicable
	> $100 individually or in aggregate per program during calendar year and **not** associated with an annual employee evaluation program	**Program needed?** **RR form needed?** **Tax reporting?** **Payment method**	Recognition program approved by campus Human Resources Director and appropriate *officer* Recognition Reporting form sent to PBS Generally tax reportable on Employee's W-2; see Recognition Categories Any allowable procurement process, such as Procurement Card	Recognition program approved by Org Fiscal Principal Recognition Reporting form sent to PSC Tax reportable; PSC issues 1099-MISC if $600 or more in calendar year Any allowable procurement process, such as Procurement Card
	up to **$100** individually or in aggregate during calendar year and **not** associated with an annual employee evaluation program	**Program needed?** **RR form needed?** **Tax reporting?** **Payment method**	None None None Any allowable procurement process, such as Procurement Card	None None None Any allowable procurement process, such as Procurement Card

B. Recognition Categories

1. **Length of Service** – Length of Service recognition is given to *employees* (including *retirees*), *associates,* or *other individuals* who have achieved benchmark anniversaries in their years of service to the University. Five years is the minimum length of service that can be recognized, and recognition may not take place more frequently than every five years.

    Length of service awards are not tax reportable if the award is $400 or less and non-cash. All Internal Revenue Code limitations and limits, in effect at the time of the award, will be considered before adjustments are made to the W-2 or 1099.

2. **Merit** – The Merit category provides recognition for excellence, providing exemplary customer service, a quality deserving praise or approval, or demonstrated ability or achievement. Examples include:
    - For *employees*, payments as authorized under the respective university personnel system, for exemplary performance
    - Individual acts of excellence derived from personal initiative which have led to an increase in morale or efficiency in the *organizational unit*
    - Demonstrated and ongoing excellence in service and leadership over a long period of time which has led to the betterment of the *organizational unit* as a whole
    - An identified group, team, unit, or section within the *organizational unit* that has displayed exemplary teamwork, effectiveness, exceptional service, or other accomplishments in support of the *organizational unit's* stated mission
    - Provision of substantial assistance to the *organizational unit*, or any of its members, that is above and beyond the scope of normal responsibility
    - Letters of commendation or other awards received from non-university agencies or private citizens that bring great credit to the individual and the *organizational unit*
    - Significant positive impact on the university community through the use of problem solving, partnership development, or community service
    - Special administrative or enforcement assistance provided to the *organizational unit* or any of its members

    Merit awards are reportable as taxable income. All Internal Revenue Code limitations and limits, in effect at the time of the award, will be considered before adjustments are made to the W-2.

3. **Safety** – The Safety category provides recognition for acts intended to prevent adverse effects related to danger, risk, or injury. Only people in front line positions are eligible for safety awards. Per IRS regulations, this type of award cannot be given to managers, administrators, or clerical *employees*. In addition, no more than 10% of an *organizational unit's employees* (total *employees* of the *organizational unit*, not just those eligible to receive a safety awards) can be given a safety award during a particular calendar year. Examples of safety awards include:
   - Acts of courage or heroism in which an individual risked her or his life in the performance of her or his job duties
   - Acts of excellence and effort derived from personal initiative, that led to solving a major crime(s) including the arrest of the criminal
   - An act of bravery or self-sacrifice
   - Demonstrating exemplary conduct and demeanor that enabled an individual to successfully resolve an extraordinarily hazardous situation
   - A life-saving situation in which, had the individual not acted, a person likely would have died. (This example does not apply when the individual who saves the life of another carelessly or intentionally created the life-threatening situation.)
   - An individual who is killed, wounded, or seriously injured in the performance of an official action

   Safety awards are not tax reportable if the award is $400 or less and non-cash. All Internal Revenue Code limitations and limits, in effect at the time of the award, will be considered before adjustments are made to the W-2.

4. **Participation** – Participation recognition is given to *employees*, *associates,* or *other individuals* because of their involvement in a university activity. Examples include:
   - Receiving a door prize for attending a university event
   - Receiving an award, reward, or prize for completing a university survey

   Participation awards are reportable as taxable income. All Internal Revenue Code limitations and limits, in effect at the time of the award, will be considered before adjustments are made to the W-2 or 1099.

C. **Recognition Programs**

Prior to spending *university funds* for awards, rewards, or prizes, a recognition program must be in place. *Staff appreciation meals* (see Section E below) are the only exception to the recognition program requirement. Recognition programs can be established at the *organizational unit*, campus, or university level. Approvals are required as noted in the grid, above. After approval, all eligible individuals must be notified about the program.

Human Resources approval provides reasonable assurance that the program complies with pertinent regulations. *Officer* or *Org Fiscal Principal* approval provides reasonable assurance that the formal program complies with the Administrative Policy Statement Propriety of Expenses, is in the best interest of the *organizational unit,* and has available funds.

All of the following items must be addressed in each recognition program, and should be included in the documentation prior to requesting review and approval:
   - The name of the recognition program;
   - The recognition category (Length of Service, Merit, Safety, Participation – see Section B, above);

- A description of who is eligible to receive the recognition award, keeping in mind that there must be more than one eligible person;
- A clear and distinct description of the recognition award criteria;
- An explanation of the selection method; and,
- A description of the recognition award, including individual award limits or ranges as well as total aggregate award limits or ranges.

D. Recognition Events

Recognition events are *official functions* and, therefore, the PSC Procedural Statement Official Functions and the PSC Procedural Statement Sensitive Expenses are applicable. As specified in the PSC Procedural Statement Official Functions, certain costs require additional approvals. If alcoholic beverages are served at the recognition event, then the Administrative Policy Statement Alcohol Purchase and Provision and related procedures must be followed.

As stated in the PSC Procedural Statement Sensitive Expenses, attendance at recognition events should be limited to those that are necessary to recognize the individual(s) receiving the award, reward, or prize. In certain circumstances – e.g., retirement functions – it may be appropriate for one or more immediate family members to attend the recognition event.

E. Staff Appreciation Meals

A *staff appreciation meal* is an infrequent, unique, *official function* that is hosted and attended by the head of an *organizational unit* for the purpose of showing appreciation to a continuing or departing staff member, or a group of staff members. Generally, such events should be associated with a specific performance trigger and would not be expected to occur more often than quarterly.

Staff appreciation meals must adhere to the following:
- Other than the meal itself, a *staff appreciation meal* includes no additional recognition awards, rewards, or prizes. (When a *staff appreciation meal* involves an additional recognition award, reward, or prize, it is considered to be an employee recognition event, and is subject to the award guidelines stated in this document.).
- Approval procedures set forth in the PSC Procedural Statement Official Functions; and,
- If alcoholic beverages are served at the staff appreciation meal, then the Administrative Policy Statement Alcohol Purchase and Provision and related procedures must be followed.

F. Recognition Limits

1. *Employees*
Length of Service awards may not exceed $400. All other awards, rewards, and prizes are not limited except that any award, reward, or prize that is greater than $2,000 requires appropriate *officer* approval.

2. *Associates* and *Other Individuals*
- The recognition must be directly related to the instructional, research, or public service mission of the university.
- Recognition can be in the form of honoraria (see Administrative Policy Statement Honoraria).
- When the amount of the expense for a recognition award, reward, or prize (whether cash, cash-like, or non-cash) to an *associate* or *other individual* (including *supporting organizations*) exceeds $2,000, then additional approval by the appropriate *officer* is required.

G. Training

1. *Employee*

Employee training is an essential component of creating and sustaining an encouraging and supportive work environment. *Employee* training also may serve as a component of the university's personnel performance evaluation programs. Training decisions must meet all Tests of Propriety, in particular be sensitive to the availability of funds, the relevance of the training to the *employee*'s job responsibilities and university career, and the role and mission of the respective *organizational unit*. The information that follows provides criteria for using *university funds* to pay for *employee* training opportunities and programs.

- *Employee* training must provide a benefit to the university and cannot be solely for the personal or professional development or advancement of the *employee*. In other words, the training must result in the enhancement or advancement of the *employee* in relation to her or his university job performance and career.
- Whenever possible, *employee*s should participate in training that is offered through existing campus programs. Examples include, but are not limited to, university-hosted training classes or the Administrative Policy Statement Education Assistance Program.
- When training is not provided through existing campus programs, the training should be funded only after careful review of the costs in relation to the tangible, demonstrable benefits.

2. *Associates* **and** *Other individuals*

The University provides training to *associates* and *other individuals* when they are involved in activities that support the instructional, research, or public service mission of the university. One such example is the training offered to members of the Board of Regents. Training for *associates* or *other individuals* should be funded only after careful review of the Tests of Propriety, specifically the availability of *university funds* and a direct benefit to the university.

H. Recording Recognition Awards, Rewards, and Prizes

1. Cash Awards, Rewards, and Prizes

Payments processed through HRMS are made using One-Time Payment with earnings type of Award (AWR). See instructions at https://www.cusys.edu/pbs/sbs/CUonly/tc/Entering-One-Time-Pay.pdf.

2. Accounting Entries and Account ChartFields

Awards, rewards and prizes may be acquired through purchase or donation. If purchased through an approved procurement method, the following accounts are used

- 550101 – Perf/Supp Awards Cash-NonEmpl
- 550106 – Performance Support Awards Non-Cash/Employee
- 550105 – Performance Support Awards Non-Cash/Non-Employee
- 550108 – Participant Prizes

If an award, reward, or prize is donated, then the value of the award is recorded in Fund 34 as a Gift in Kind. Debit the appropriate account from above (550105, 550106, or 550108) and credit account 240606 Gifts In Kind less than $5,000.

Include a full description of the transaction, including the business purpose, on the transaction used to record the acquisition of the award, reward, or prize.

I. Safeguarding Awards, Rewards, and Prizes

Organizational units must operate in a way that minimizes the risk of theft or damage to the awards, rewards, and prizes in their possession. This can be achieved through internal controls such as:

- Keeping an inventory of all awards, rewards, and prizes;
- Limiting the inventory to generally no more than 60 days;
- Using locked bags, file cabinets, safes, etc. for storing the awards, rewards, and prizes; and/or,
- Limiting the number of people who have access to the awards, rewards, and prizes.

Related Administrative Policy Statements (APS), PSC Procedural Statements (PPS), Other Policies and Procedures

- APS Alcohol Purchase and Provision
- APS Honoraria
- APS Propriety of Expenses
- PPS Official Functions
- PPS Sensitive Expenses

Contacts

- Campus controller for questions about expenditures of funds pertaining to recognition and training, who will consult with the University controller as appropriate.
- Campus Human Resource director for specific questions about employee training and about the nature and appropriateness of employee recognition events and awards.
- The Associate Vice President of System-Wide Management Training and Compliance Officer will respond to questions and provide guidance regarding university-wide training programs.