

 <p><b>Category:</b> Human Resources</p> <p><b>Policy applicable for:</b> Staff</p>	<p><i>Policy Title:</i></p> <p><b>Employee Reward, Recognition and Acknowledgement</b></p> <p><b>Effective Date:</b> 10/25/2017</p> <p><b>Prior Effective Date:</b> 02/01/2008</p> <p><b>Enabling Act(s):</b> IRS</p>	<p><i>Policy Number:</i></p> <p><b>3.3.1</b></p> <p><b>Policy Owner:</b> Sr. VP for Administration and Finance</p> <p><b>Responsible Office(s):</b> Human Resources Payroll Operations Tax Compliance</p>
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## Background

The University of Cincinnati must balance its interest in recognizing outstanding employee contributions with its responsibility as a steward of public funds. The following policy covers employee reward or bonus programs, service recognition programs, acknowledgement for special life events, and related allowable expenditures and IRS implications.

## Policy

The University of Cincinnati encourages the recognition of excellent performance and achievement through the use of rewards/bonuses that are creative, flexible, and meaningful. However, rewards or bonuses are not adjustments to base salary, supplemental compensation, or variable pay programs (such as commission). Units may develop Defined Reward/Bonus Programs in consultation with Human Resources or may give rewards/bonuses in immediate response to specific accomplishments.

The university also encourages organizational units to acknowledge employee contributions through employee service programs and other appreciation efforts. In addition, units may acknowledge certain events in an employee's life with appropriate gifts or charitable contributions.

All cash or cash-equivalent rewards/bonuses, regardless of amount, and non-cash rewards/bonuses greater than \$100 represent taxable income to the individual. The \$100 limit for non-cash rewards/bonuses applies to the total value of all non-cash rewards/bonuses provided to an employee during a calendar year. Examples of non-cash rewards/bonuses include spirit wear, fruit baskets, flowers, etc. In all instances, organizational units must adhere to IRS regulations and report taxable income to Payroll Services for reporting and withholding.

Reward, recognition and related programs and procedures are described below.

## Employee Reward and Bonus Programs

Organizational units are encouraged to use the following definitions, guiding principles and guidelines in developing and implementing all employee reward and bonus programs.

## Definitions

- Cash Equivalent – A gift card/certificate or credit/debit/charge card that is redeemable for general merchandise or has a cash equivalent value.
- Defined Reward/Bonus Program – A documented reward/bonus program developed, communicated, and implemented in consultation with Human Resources (HR) and the president or appropriate senior vice president or vice president. Defined Reward/Bonus Programs consist of rewards/bonuses that range from formal to spontaneous in nature.
- Reward/Bonus – A cash or non-cash award for significant outstanding performance. Non-cash awards may be considered taxable income (see Reward/Bonus table below).

## Guiding Principles

- A. Rewards/bonuses may be given for significant outstanding performance that advances unit goals, and should be tied to a specific accomplishment.
- B. Rewards/bonuses are most effective when they are meaningful to the individual.
- C. Care should be taken in communication and distribution of rewards/bonuses so that they are not viewed as entitlements.
- D. Rewards/bonuses may be designed to reflect the unique nature of the unit's work culture and organizational structure.
- E. Rewards/bonuses should not be substituted for a competitive salary plan. For example, rewards/bonuses should not be used as a long-term alternative to permanent salary adjustments when these adjustments are appropriate for consistently high performance, significant changes in responsibility, increased value of a position, or internal pay equity.
- F. Cash or cash equivalent items are never excludable from income. Regardless of the amount, they are taxable and no amount is considered de minimis.

### Rewards and Bonuses

<b>Award Value</b>	<b>Pre-Approval Required</b>	<b>Recommended Maximum Frequency Per Person/Team</b>	<b>Taxable<sup>1</sup></b>
<b>No monetary value</b> (such as letters of commendation)	None	As often as appropriate	No
<b>Under \$100</b> (merchandise)	Organizational Unit Manager	One time per fiscal year	No

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<sup>1</sup> Item noted as taxable income must be reported to Payroll quarterly unless payment is processed via a PCR and paid via the payroll process.

<b>\$100-\$500</b> (merchandise)	Organizational Unit Manager	One time per fiscal year	Yes
<b>Up to \$500</b> (cash or cash equivalents)	Organizational Unit Manager	One time per fiscal year	Yes
<b>Greater than \$500</b> (cash, cash equivalents or merchandise)	Vice President, Senior Vice President, President, or their designee	One time per fiscal year	Yes

- *These rules do not apply to customary work-related expenses such as travel, conference attendance, and memberships in professional organizations.*
- *Units must consult with and receive approval from their respective provost, senior vice president or vice president, and Human Resources for cash distributions to an entire unit.*

### Procedure

<b>Cash Rewards/Bonuses</b> (any dollar amount)	Process a one-time UCFlex HR PCR using the reason code of BONUS
<b>UC Flex GL Account</b> (for other costs associated with employee recognition and appreciation)	530205 (Plaques/Trophies/Awards) 530400 (Meetings/Seminars/Events)
<b>Cash Equivalent Rewards/Bonuses</b>	Quarterly report to Payroll Operations
<b>Non-Cash Rewards/Bonuses</b> (with value less than or equal to \$100)	Process through Accounts Payable or on Purchasing Card and use UC Flex GL account 530205 (Plaques/Trophies/Awards)
<b>Non-Cash Rewards/Bonuses</b> (greater than \$100)	Quarterly report to Payroll Operations

### Appreciation of Service

Occasionally, it may be appropriate to recognize an individual or group for extraordinary performance relating to their current position or to "thank" them for their service when departing the university, including retirement. Expenditures related to such recognition events should be limited to those that are work related and should not include personal events such as birthdays, wedding or baby showers, graduation, etc. Expenditures for

work-related recognition events may be made at the discretion of the senior vice president, vice president or dean and should be reasonable in light of the particular situation.

Gifts given in conjunction with appreciation of service programs are subject to the same IRS rules as rewards/bonuses (see previous section for details).

### **Employee Acknowledgements**

It may be appropriate to acknowledge certain life events, such as the birth or adoption of a child, a death of an immediate family member (as defined by Human Resources' Family and Medical Leave Policy), or to extend get-well wishes to the employee. Organizational units are encouraged to seek collections amongst colleagues first for such acknowledgements. However, the organizational unit may offer support. An acknowledgement may include flowers, a fruit basket or other similar items and should be initiated at the organizational unit level to avoid duplication and should not exceed \$100. If requested by the family, a charitable contribution may be substituted and made only to named, not-for-profit 501 (c) (3) charities with a public service mission.

#### **Procedure**

<b>UC Flex GL Account</b>	530207 (Flowers & Cards)
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*Organizational units may institute policies more, but not less, restrictive than this policy (3.3.1) if desired.*

#### **Related links:**

[Human Resources Family Medical Leave Information](#)  
[Human Resources Compensation Information](#)  
[UC Tax Compliance](#)

#### **Phone Contacts:**

Accounts Payable	556-6746
Human Resources	556-6925
Payroll Operations	556-2451
Purchasing	556-6742
Tax Compliance	556-5899
Unit Human Resources Representative	