



State of Oklahoma
Human Capital Management Division
Office of Management and Enterprise Services
Policies and Procedures
Employee Performance Recognition Awards

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Approved: Lucinda Meltabarger	Approval Date: 05/15/2014

Policy

The Office of Management and Enterprise Services (OMES) supports the recognition of outstanding employee contributions through the use of employee awards to recognize individual employees or work units with exceptional job performance records or for other significant contributions to the agency. Awards must be part of established employee performance recognition programs as authorized by the Appointing Authority. No additional funding will be provided for awards.

Purpose

This policy provides guidance on awards authorized for employee recognition and the tax implications of awards made to employees.

Definitions

“De Minimis Award” is an award that is not cash or cash equivalent, of nominal value and provided infrequently which is excludable from an employee’s wages. Examples of de minimis awards may include plaques, coffee mugs, pins, and pens based on the value of the item.

“Nominal” for this purpose means small in value, relative to the value of total compensation. There is no set dollar amount in the law for nominal awards.

“Cash equivalent” means readily convertible to cash, for example, a voucher for merchandise, a savings bond, or a gift certificate.

Implementation

Authorized Awards

An employee performance recognition program may be established by divisions to provide employee or work unit awards. Awards should be given based on meritorious performance, productivity, or to recognize an accomplishment, achievement or activity.

Awards may be tangible recognition awards or cash awards.

- Tangible recognition awards include items such as distinctive wearing apparel, service pins, plaques, writing pens, or other awards and may not exceed \$150.00 in value per recognized employee each fiscal year.
- Cash awards may also be used to recognize outstanding performance by employee and may not exceed \$500.00 per recognized employee each fiscal year.

Awards may be presented at a formal or informal ceremony, banquet, or reception, the cost of which may be funded from monies available in the agency's operating funds [74:4121].

Tax Implications of Awards

Recognition and cash awards are taxable as wages to employees unless they qualify as a de minimis fringe benefit. The employee must be notified at the time of receipt if the award will be a taxable award. For assistance in determining the taxability of employee awards, contact OMES payroll.

A taxable award must be reported as employee compensation on the employee's Form W-2 and is subject to income tax withholding and FICA taxes. Since the award must be recorded in the payroll system, the division presenting the award must notify OMES payroll unless the award is a qualifying de minimis fringe benefit as described below.

The division and employee must complete the [Employee Award or Prize Acknowledgement](#) Form and forward to OMES payroll within three (3) days of the award presentation.