1. **Summary**

   1.1. Oregon State University may pay cash or cash equivalent awards to eligible faculty staff or student employees in recognition of their performance, safety efforts or length of service.

   1.2. Employee recognition awards must comply with all governing IRS regulations, including the requirement that all cash or cash equivalent awards are taxable to the recipient once the award has been designated for an individual. This policy provides guidelines for the different types of awards, allowable funding sources and proper coding for employee recognition awards.

   1.3. All budget authorities, managers, supervisors and any employee responsible for processing or approving employee recognition awards should be informed and understand this rule.

2. **General Compliance Requirements**

   2.1. An award recipient should not be given the choice of whether to receive cash or to have funds designated to a professional development fund.

   2.1.1. IRS regulations require that once an employee is offered a choice, the award is taxable income to the employee (see fiscal policy-rule 03-150-114 Constructive Receipt).

   2.2. If an employee will receive a cash award in the form of check or gift card, the unit is advised to follow one of these best-practice approaches:

   2.2.1. Communicate clearly with the employee in advance that the award is subject to taxation and the net payout will be less due to tax withholding.

   2.2.2. Communicate in advance with the employee that for the employee to receive the stated award amount we are required to account for the related taxes and will “gross up” the award to cover the cost of taxes, which will be charged to the unit.
3. **Required Process**

3.1. **Performance Awards**

3.1.1. These types of awards recognize extraordinary employee and/or team achievements. These may be given to faculty, academic/administrative unclassified, classified or student employees.

3.1.2. Payment of these awards is not limited to a specific dollar amount.

3.1.3. External funding sources such as gift or auxiliary funds (M2xxxx, FExxxx, 438xxx, or FSxxxx) should be used when available.

3.1.4. These awards cannot be paid with grant and contract funds, cost share funds or Statewide Public Service (SWPS) federal capacity funds.

3.2. **Safety Awards**

3.2.1. The University Health & Safety Committee wants to encourage, motivate and energize employees to work safely, as well as to publicly recognize the big and small safety behaviors exhibited by others.

3.2.2. An individual, group or department that displays exemplary safety or safety promotion for the Oregon State University community would be eligible for this type of award.

3.3. **Service Awards**

3.3.1. These types of awards are in honor of length of service or retirement.

3.3.2. Payment of these awards is not limited to a specific dollar amount.

3.4. **Receptions**

3.4.1. An external funding source must be used for any expenses related to a retirement/service reception honoring employee(s) for outstanding achievements, length-of-service or retirement.

3.4.2. Funding sources are limited to a direct payment by the OSU Foundation (OSUF) or individual donations. See fiscal policy-rule 03-110-210 Attendee Event Payments.

3.4.3. Except for specific agency funds, costs for these activities must not be entered within the OSU Financial Information System (FIS)/Banner.
3.5. **Payment Methods**

3.5.1. **Cash Awards** will be approved by the Office of Human Resources (OHR), processed through Central Payroll and taxed as income using the account codes noted below.

   a) 10207 Unclassified/Academic employees
   b) 10417 Classified employees
   c) 10507 Student employees

3.5.2. **Cash Equivalents**, such as gift cards or gift certificates, are purchased through the accounts payable payment process and must be reported as taxable income to the recipient through Central Payroll. See fiscal policy-rule [03-140-512 Gift Cards or Certificates](#).

   a) Use account code 20168 Awards (all employees)
   b) Include the employee’s first name, last name and OSU ID number

3.5.3. **Non-Cash Awards** (cameras, pictures, pins, certificate frames, etc.)

   a) Length of service and safety awards with a value/cost of $400 or greater and other awards with a value/cost of $100 or greater must be processed through the accounts payable process. To ensure accurate tax reporting, these transactions must be coded correctly and include the employee’s first name, last name and OSU ID number.

   b) Length of service and safety awards with a value/cost of less than $400 per employee and other awards with a value/cost of less than $100 per employee, per calendar year are non-taxable to the employee. These may be processed as a reimbursement through accounts payable or OSU Foundation (OSUF), whichever is appropriate. Any transaction under $100 may be processed as a direct payment through OSUF.

4. **Related Information**

4.1. University Policy [03-100 Fiscal Policy Program Authority](#)

4.2. Please refer to all other policies, standards, fiscal rules and related guidelines that may be applicable, including but not limited to the following:

   4.2.1. Fiscal Policy-Rule [03-110-210 Attendee Event Payments](#)
   4.2.2. Fiscal Policy-Rule [03-140-512 Gift Cards or Certificates](#)
4.2.3. Giving an Employee a Cash Award Guideline

4.3. Please check with your supervisor for unit-level procedures related to this rule.

4.4. Following are forms and other resources related to this policy:

4.4.1. IRS Publication 15-B

4.4.2. IRS Publication 535

4.5. Fiscal Policy Program Definitions of Terminology

4.6. Fiscal Policy Program Frequently Asked Questions (FAQs)

5. History

5.1. Original Issue Date: 01/2003 (FIS 410-08)

5.2. Last Version: 04/2021

5.3. Last Review Date: 01/2022

5.4. Next Scheduled Review Date: 01/2025

6. Contacts

6.1. Policy Steward: Director of Financial Accounting & Analysis

6.2. Program: Fiscal Policy Officer, Financial Accounting & Analysis

6.3. Link to full list of Fiscal Policy Program Contacts