



State of Oklahoma
Office of Management and Enterprise Services
Policies and Procedures

Employee Performance Recognition Awards

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Approved: Dana Webb, as Designee of OMES Director John Budd	Approval Date: 02/25/2019

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 and sponsored by OMES. 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 pursuant to IRS Code section 132(a)(4). 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. OMES is authorized to expend from monies available in the OMES operating funds so much thereof as may be necessary for the purchase of recognition awards pursuant to 74 O.S. § 4121.

- 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 pursuant to 74 O.S. § 4121.

Any expenditure from OMES funds for performance recognition awards or ceremonies, banquets or receptions must have prior approval from the OMES Director.

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 above.

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.