



CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

Department: Human Resources
Subject: Employee Recognition Program

Policy Number: 6-14
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I. INTRODUCTION

- A. **Scope** – This administrative procedure provides basic guidelines for the administration of the county’s Employee Recognition Program and is applicable to all county employees.
- B. **Policy Statement** – It is the policy of Chesterfield County to encourage all employees to fully participate in providing the best service to our customers, thereby making Chesterfield County a First Choice Community Through Excellence In Public Service. Toward this end, the county will recognize individuals and teams who demonstrate exceptional customer service, continuous improvement, and/or teamwork.
- C. **Responsibilities**
1. **Human Resources**
 - a. Has the overall responsibility for this program.
 - b. Assists departments in the interpretation and execution of this program.
 - c. Reviews the program to incorporate changes as necessary.
 - d. Provides status reports to the Leadership Group.
 2. **Accounting-Payroll** – Determines tax effect of reward on employee pay.
 3. **Department Directors**
 - a. Use this policy as a framework to develop recognition programs within their departments which are tailored to the needs of their employees.
 - b. Ensure that recognition and rewards are fairly and uniformly administered based on merit.
 - c. Ensure that deserving employees are recognized in a timely manner to enhance the impact of the recognition.
 - d. Ensure that adequate funds exist to cover any monetary recognition and proper account codes are used.
 - e. Ensure Non-Cash Awards are taxed appropriately by notifying Accounting-Payroll when applicable.
 4. **Supervisory/Managerial Employees** – Assist department directors in ensuring that employees receive appropriate recognition.
 5. **Peers** – Recognize each other for team and individual efforts.

II. RECOGNITION GUIDELINES

- A. **Criteria** – There are numerous reasons for recognizing employees. They include, but are not limited to the following:
1. Providing exceptional customer service
 2. Identifying areas of monetary savings
 3. Exemplifying county values
 4. Identifying a process improvement

5. Initiating productivity enhancements
6. Being innovative/creative
7. Performing a special act or service above normal duties
8. Excellence in safe work practices
9. Identifying loss prevention methods

B. Recognition Principles

1. Every employee deserves some form of appreciation throughout the year, even if only a verbal or written thank you from a supervisor.
2. In order for recognition to be meaningful it must be linked to desired behavior and be timely.
3. Appropriate public recognition can enhance its impact, e.g. at a staff meeting.
4. Generally, the nature of the reward is less important than the gesture of recognizing the employee.
5. Recognition should take into account what is meaningful to the person being recognized.
6. Every employee has a responsibility to ensure that actions that merit recognition are brought to the attention of a supervisor.
7. Recognition should never become an entitlement or expected compensation.
8. Recognition of any type must be fairly and equitably spread throughout an organization.
9. Both team and individual recognition are important.
10. For cross-functional, inter-departmental teams, department directors must ensure that any rewards and recognition given is consistent and equitable for all team members.

C. Types of Recognition – There are a variety of ways to recognize employees. Examples of methods currently being used by county departments and other employers are available in Human Resources (HR). Recognition should be commensurate with the reason it is being given. In determining the type of recognition, the behavior being encouraged should be identified and the reward should be meaningful to the recipient.

D. Documentation – Employee recognition should be documented during the year and incorporated in the annual review process. Documentation can be forwarded to HR at the time of recognition, or may accompany the employee's annual performance evaluation. Multiple small awards may be summarized in a memorandum. Documentation should contain the following:

1. Name or names of all employees recognized
2. Form of recognition
3. Employee's actions or activities that warranted recognition
4. Dates that actions occurred and that recognition was given

E. Appropriate Ceremony – Supervisors should recognize employees in an appropriate ceremony or gathering and should take every opportunity to publicly say thank you and to publish names and events, if appropriate.

F. Timeliness of Recognition – Every attempt should be made to recognize employees as close as possible to the action for which they are being recognized. Recognition loses its impact the longer it is delayed.

G. Non-discretionary Awards

Any agreed upon or incentive award related to production, efficiency, attendance, quality or some other measure of performance is considered a non-discretionary award. The amount of this award must be included in the regular rate of pay of the recipient for the period in which it was earned. This rate of pay is used to calculate any overtime pay due a non-exempt employee.

An example of a non-discretionary award would be promising an employee or team of employees an award if they meet a specific goal. Departments shall provide documentation of non-discretionary awards to Accounting-Payroll. Payroll will determine the effect of the award on the recipient's regular rate of pay and calculate and pay any additional amount due the employee.

H. Recognition of Employees in Another Department

Before recommending a monetary award for an employee in another department, the nominating party should contact the recipient's department head to insure they are supportive of the award. Because recognition leave is a personnel expense incurred by the recipient's department, this leave shall be approved by the recipient's department head when awarded by another department.

III. CASH AWARD RECOGNITION

All full-time and part-time county employees are eligible to be nominated for cash awards. Schools employees who work on county projects and State employees who work for departments that supervise both State and county positions may also be eligible for cash award recognition. The Nomination for Cash Awards form is available on HR's intranet site.

Individuals or teams may be nominated for an award by supervisors, co-workers or customers. Nominations are made by completing an award form and submitting it to the nominated employee's department director, with a copy to the employee's supervisor. Nominations should be submitted as promptly as possible, normally within one month of the date of the specific accomplishment. There is no limit on the number of awards an individual may receive during the fiscal year.

Cash award nominations must be submitted through the Nomination and Authorization for Cash Award web form in IFAS. Employees should contact their supervisor or their department's HR liaison for assistance, if needed, in submitting a cash award nomination.

Two types of cash awards are authorized. They are:

A. Celebrating Success Award

A Celebrating Success Award is a cash award given to recognize exceptional day-to-day accomplishments, taking on extra projects or implementing innovative ideas that significantly improve customer service. Awards may be given to teams or individuals and are designed to provide timely recognition for outstanding performance.

Awards may range from \$50 to \$1,000, in increments of \$25. The department director or designee will determine the award value based on the effort being rewarded, benefits derived and available funding. Award determinations should be made and communicated within one month of the date the nomination is received.

B. First Choice Award

A First Choice Award is a cash award that recognizes effort which goes beyond expected job performance and rewards non-recurring or infrequently occurring exemplary efforts such as exceptional achievements and accomplishments, and/or development of new or modified business practices which significantly improve customer service, productivity and quality. Acts of heroism may also qualify as the basis for the First Choice Award.

To be nominated for an award the employee or team must demonstrate exceptional performance in customer service, efficiency, cost savings, innovation and/or quality improvement. Customers include internal and external customers.

Award amounts range from \$1,025 to \$5,000, in increments of \$25. The department director or designee will determine the award value based on the effort being rewarded, benefits derived and available funding. Award determinations should be made and communicated within one month of the date the nomination is received.

IV. NON-CASH MONETARY FORMS OF RECOGNITION

- A. **Procedure** - In many instances it may be appropriate to award individuals and/or teams with non-cash monetary awards (gift certificates, lunches, tickets, etc.) rather than cash awards for incremental improvements and accomplishments. If the award is taxable, the Notice to Payroll Taxable Non-Cash Award form must be completed and submitted to Accounting-Payroll. (Please refer to section VII to determine the taxability of non-cash awards.) Payroll will withhold appropriate federal, state, FICA and Medicare taxes from the employee's paycheck.
- B. **Purchase and Issuance of Award Items** – The guidelines below shall be followed by departments that keep recognition items on hand (referred to as store items) to facilitate more timely recognition:
1. When purchasing items to be held in inventory a Check Request form shall be completed and submitted to Accounting-Accounts Payable. The check must be made payable to a vendor, not the individual employee, unless the employee has already made the purchase and is seeking reimbursement. Once the check has been issued, the department must submit original detailed receipts to Accounts Payable within seven business days as support for the original check request.
- C. **Inventory Guidance** – The following are guidelines for recognition items kept in inventory:
1. Written documentation must be maintained outlining the recognition program, including the department's procedures for using the inventory.
 2. Store item programs generally should not contain awards that are valued over \$60. If a store item award is taxable, the department shall notify Accounting-Payroll when the award item is issued by using the Notice to Payroll Taxable Non-Cash Award form.
 3. The recognition items (inventory) shall be maintained in a secure location such as a locked file cabinet.
 4. The department must maintain a current listing of items in the inventory. This listing should also include for each purchased item: the name of the vendor the item was purchased from, the cost of the item and the date of the purchase. The list should also include for each issuance of an item: the recipients name, the reason for recognition, the date the item is issued and proof of issuance (e.g. recipient's signature, email receipt).

Recognition records are subject to review by the Accounting Department and Internal Audit.

V. COUNTY SERVICE RECOGNITION

Chesterfield County recognizes individuals for years of service in five-year increments, beginning at five years and extending up to 35 years. This recognition is in the form of a lapel service pin, engraved with the Chesterfield County seal and the number of years of service.

The date the employee began working with the county (whether in a full-time or part-time status regardless of breaks in service) is used to calculate the amount of service time. Time periods between breaks in service are not counted towards years of service. Both part-time and full-time employees are eligible. Those individuals who receive pins for twenty or more years of service may also receive a

certificate of appreciation from the County Administrator. Service pins are ordered and presented on a departmental basis. The service pin request form is available on HR's intranet site.

Departments may also provide employees with other types of non-cash years-of-service awards. Some examples of service awards may include gift cards/certificates (always taxable regardless of amount), business catalog gifts, county logo items, etc. Service awards should not exceed the following total cost per individual (guideline only).

10 years	\$50
15 years	\$75
20 years	\$100
25 years	\$150
30 years	\$200

VI. LEVELS OF APPROVAL

Employees may be nominated for cash awards, which are approved by the department director or designee through automated workflow. The department director or designee may also award up to 32 hours of recognition leave to employees for a specific accomplishment. Recognition leave above 32 hours must be approved by the county administrator.

VII. TAX IMPLICATIONS

A. All cash awards (regardless of amount) are considered income for the employee and taxed accordingly. There are no exceptions for cash awards. When a non-cash award is given, the department must determine whether the award is taxable (included in the employee's wages) or non-taxable. If the department cannot determine the taxability, they should contact the county's payroll manager for guidance. If the award is determined to be taxable based on the following guidelines, the department should communicate this to the employee and notify the Accounting Department. Accounting-Payroll will withhold the applicable taxes.

All non-cash awards costing more than \$60 per person will be considered wages to the employee and included in their taxable income. This includes any combination of awards, for a single accomplishment, when the total exceeds \$60. The only exception is for *de minimis*, length of service, safety and personalized awards meeting specific criteria. Awards are always taxed, regardless of the dollar amount, when:

1. The award is a gift card or gift certificate
2. The award can be converted to or redeemed as cash (e.g. savings bonds)
3. The award is a non-discretionary award. This is an award that is promised or agreed upon in advance for improving production, efficiency, attendance, quality or some measure of performance.
4. Any award that is routine in nature.

B. **De minimis Fringe Benefits** – These are goods and services (not otherwise tax-free) that are not taxable because their value is so low that accounting for the benefits would be unreasonable or administratively impractical. Three conditions must be met in order for awards to be considered *de minimis*.

1. They must be given infrequently (not routine or expected).
2. They must not be cash or cash equivalents (savings bonds or gift cards/certificates).
3. They must have an individual fair market value of \$60 or less.
4. *Examples of de minimis benefits are:*
 - a. Occasional recognition events or dinners for employees (\$60 or less per person)

- b. Occasional tickets to entertainment events (\$60 or less)
 - c. Gifts provided for outstanding job performance (\$60 or less)
- C. **Length of Service and Safety Awards** – These can be non-taxable to the employee if certain conditions are met. Awards of tangible personal property given to employees for length of service or safety achievement are not considered employee income if the value of the award does not exceed the limit specified in the Internal Revenue Code, which is \$400 per employee per year. Awards of tangible personal property include awards such as personalized clocks and plaques. Gift cards/certificates and other items that can easily be converted to cash are not considered tangible personal property and must be taxed.
- D. Service or safety awards must be awarded as part of a meaningful presentation and awarded under conditions and circumstances that do not create a significant likelihood of the payment of disguised compensation. In determining the \$400 average cost, awards of nominal value are not taken into account. There are limits on the number of service or safety awards that can be excluded from income.
- E. **Taxable Length of Service Awards** – A service award will not be excluded from employee income if it is received within the employee’s first five years of employment or if the employee received a similar award (other than de minimis value) during the current year or the preceding four years.
- F. **Taxable Safety Awards** – A safety award will not be excluded from employee income if the safety awards (other than those of de minimis value) were granted during the year to more than 10% of the employees (excluding managers, administrators, clerical employees and other professional employees) or were granted to the manager, administrator, clerical employee, or other professional employees. Departments should notify Accounting-Payroll when service or safety awards are given to employees.
- G. **Personalized (Engraved) Awards with a Cost of \$200 or Less** – For example, awards such as plates, plaques, bowls and frames that are engraved with the employee’s name and/or accomplishment. These items are not considered taxable (even though their cost may exceed \$60) because their fair market value is deemed negligible due to the personal nature of the item.
- H. Guidelines for determining taxability of non-cash awards are available on the Accounting Department’s intranet site.