



Policies and Procedures Manual

Title: Awards, Gifts, Incentives and Prizes Policy
Policy Administrator: Assistant Controller
Effective Date: Oct-1-2010
Approved by: Controller

Purpose:

This policy is intended to provide guidance to academic and administrative departments related to prizes, awards, incentives or a gift presented on behalf of the College to an employee, guest or student and provides for the maximum amounts authorized.

Awards to students that are related to academic performance are considered financial aid and, as such are not subject to the provisions of this policy.

Policy:

1.0 Overview

All awards, gifts, incentives, and prizes under this policy are intended to conform to the Internal Revenue Service (IRS) regulations for the proper inclusion or exclusion from an individual's gross income.

2.0 Definitions

- **Award:** An **award** is generally given for meritorious performance, productivity, or other reasons connected with employment; or for non-employees, given in recognition of an accomplishment, achievement or activity that does not require the performance of a service to the college. **Policy section 2.1**
- **Gift:** A **gift** is typically a non-cash item of nominal value given to express appreciation or gratitude; not related to job performance. **Policy section 2.1**
- **Incentive:** An **incentive** is a cash or non-cash item of nominal value given to participants of an assessment initiative, academic project or other College related survey for the purpose of increasing participation. **Policy section 2.2**
- **Prize:** A **prize** is given in conjunction with a contest, competition, or drawing where the individual voluntarily initiates participation and is open to any individual who meets the qualifications of the event. **Policy section 2.3**

2.1 Awards and Gifts

Approvals non cash awards/gifts: Division heads have the authority to approve the expense for an employee non-cash award or sympathy gift permitted under this policy. Human Resources in addition to sending a sympathy gift, possesses the sole authority to present length of service awards or retirement gifts.

Approvals cash awards/gifts: Cash awards and gifts are not authorized by this policy and are only allowed by a written authorization of the President or Vice Presidents. An exception request must be submitted to the Controller's office. The request should specify the purpose of the award/gift, the special circumstances that require such an exception, the name of the individual and tax identification. Such amounts, if in excess of the defined nominal value, are always taxable. If presented to an employee, the payment will be processed through the Payroll Office and applicable tax withheld.

- Examples of **cash awards/gifts** include the following:
 - Cash, except approved awards or gifts by Vice President/President.
 - Gift certificates and cards with a cash value. Not including Crusader Xpress card.
 - Gift certificates and cards for personal services, i.e. a massage

Dollar Limits Awards/Gifts: Awards and gifts shall not exceed \$100 (de minimus value) per individual per year, except for length of service awards or retirement which shall not exceed \$400 per employee per year.

2.2 Incentives

Approvals Incentives: Incentive awards are given as an inducement to increase participation in a College sponsored survey or project. The survey or project must be approved in writing by the Division Head and indicate the value per participant of the incentive to be awarded. The use of incentives should be kept to a minimum so as not to promote the concept that in order to achieve participation in a survey; participants are expectant of an incentive.

Dollar Limits Incentives: The value of an individual cash or non- cash incentive should be nominal and not to exceed \$20.00 per participant per event.

Grants: An incentive in fulfillment of a grant will be governed by the grant instrument as to recipients, dollar limit and approval. Taxability and reporting will be governed by this policy.

2.3 Prizes

Approvals Prizes: Prizes may be awarded only in situations where benefits are expected to accrue to the College. Examples include door prizes to persons attending athletic events and prizes awarded as incentives to encourage responses to questionnaires and other types of surveys. The anticipated benefits of awarding a prize must be documented, and the decision to award prizes must be approved in writing by the Division Head.

Dollar Limits Prizes: The amount or value of a prize should be based upon the minimum amount reasonably required to achieve the objective of the promotion and should not exceed

\$100. Prize winners should be reported to the Controller's office, O'Kane 159. Notification should be submitted within 5 business days from the prize being awarded.

3.0 IRS Compliance

Holy Cross students are considered employees for the purpose of this policy. Dollar limits are intended to comply with IRS regulations.

4.0 Awards, Gifts, and Prizes to Nonresident Aliens

Prizes and awards to nonresident aliens are generally subject withholding and reported on an IRS Form 1042-S. You must contact the Controller office before processing cash or non-cash awards, gifts, and prizes to persons who are not U.S. citizens or Legal Permanent Residents.

Procedures:

1.0 Non-Cash Award, Prize, Incentive or Gift Reimbursement Under \$100

Requests for payment or reimbursement of a non-cash award or gift expenditures should be submitted on a Direct Payment Form to Accounts Payable. All expenses must be supported by original receipts. Indicate the individual recipient(s) name and the reason(s) why the effort was noteworthy or reason for making a gift. (Account number 5461 should be used to code all Direct Payment forms.)

2.0 Payment of Cash Award/Gift, Incentive under \$100 to Employee

Requests to pay a cash award to an employee should be forwarded to the Controller's Office and include the appropriate letter of authorization to include the purpose, amount, circumstances that require the payment of cash.

3.0 Payment of Cash Award or Non-Cash Award over \$100 to Employee

Requests to pay cash or non-cash awards to an employee should be forwarded to Human Resources along with the appropriate authorization as provided in section 2.1. These payments will be processed through Payroll.

4.0 Payment of Cash Award to Non-Employee

Requests for payment or reimbursement of a cash award or gift expenditures must be submitted on a Direct Payment Form to Accounts Payable along with form IRS Form W-9, Request for Individual's Tax Identification Number.

5.0 Payment of Prize to Non-Employee

Requests for payment or reimbursement of a prize must be submitted to Accounts Payable along with IRS Form W-9 Request for Individual's Tax Identification Number, if the amount of the prize exceeds \$100.

6.0 Purchases Made on Your Pro-Card

You should note that gifts that should be reported to Accounts Payable are not just those items for which you are requesting reimbursement. Gifts that must be reported as income would also include items directly charged to the departmental Purchasing card. If you make any award or prize purchases with your Purchasing Card you must follow the procedure under 2.0 to 4.0 and

attach a copy of your statement highlighting the amount and mark the top of the statement **FOR TAX REPORTING ONLY, DO NOT PAY.**

Forms:

Title
URL
Title
URL

Related Information:

Title
URL
Title
URL

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