EMPLOYEE RECOGNITION AND AWARDS

1. REASON FOR ISSUE: To revise Department of Veterans Affairs (VA) procedures regarding employee recognition and awards.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook contains VA procedures on recognizing and rewarding employees. The pages in this issuance replace the corresponding page numbers in VA Handbook 5017. Revised text is in [brackets]. These changes will be incorporated into the electronic version of the VA Handbook 5017 that is maintained on the Office of Human Resources Management Web site. This revision incorporates language from the VA Financial Policies and Procedures, Volume II, Chapter 4, regarding an employee’s tax liability on certain non-monetary awards and management’s obligations in the processing of these awards. There is no change to the existing Finance policy as this language has been in place since December 2010; however, this policy is being updated in order ensure employees/supervisors are aware of tax obligations for certain non-monetary awards.

3. RESPONSIBLE OFFICE: The Employee Relations and Performance Management Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.

4. RELATED DIRECTIVE: VA Directive 5017, Employee Recognition and Awards

5. RECISSIONS: None

CERTIFIED BY:  

/s/  
Stephen W. Warren  
Executive in Charge and Chief Information Officer  
Office of Information and Technology

BY DIRECTION OF THE SECRETARY OF VETERANS AFFAIRS:

/s/  
Gina S. Farrisee  
Assistant Secretary for  
Human Resources and Administration

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2. NON-MONETARY AWARDS

   a. Non-monetary Awards. Non-monetary awards are becoming one of the more popular types of incentives used in VA for a number of reasons. The nominal cost (generally up to $50) of such items in an era of declining budgets and limits on spending, the ability to have such items on hand to be used to immediately recognize an employee or team efforts, and the variety of items that can be used that provide a unique and different incentive for employees. Such incentives, when used to immediately reinforce an employee contribution of limited impact and value, can be as, if not more, effective than cash in motivating an employee or group of employees.

   b. Non-monetary Versus Honor Awards. Although these forms of recognition may overlap (a certificate can be both an honor award and a non-monetary award), these forms of recognition are distinguished generally by the level of contribution required and level at which they are approved and presented. Typically honor awards recognize exceptional contributions of great importance to the Department. As with any form of recognition used, the recommending official should try to ensure that the recognition being suggested both fits the contribution and the employee(s) being recognized. For example, a non-monetary award item would be inappropriate to recognize a significant contribution such as a medical breakthrough but might be appropriate to give someone to thank them for completing a rush assignment.

   c. Types of Non-monetary Awards. A full range of items from a certificate of appreciation, to a gift certificate to a favorite restaurant, to an item the employee can wear such as a T-shirt, jacket or scarf to an appropriate desk item such as a calculator, pen, clock, radio, etc. are available using appropriated funds. These items can only be procured when used in connection with a formally established award program or to be used in connection with recognition. Such use must be documented in writing when ordering. (See appendices C and E of part III for examples of non-monetary incentives used with special awards programs and decisions on the appropriateness of such items.)

   d. Tax Liability of Non-monetary Awards. When presenting a non-monetary award to an employee, consideration will be given to the impact and possible tax liability to the employee. Some non-monetary awards may be non-taxable if they are considered de minimis in value. In determining whether an item is de minimis, the value of the item (so small that accounting for the item is unreasonable or impractical) and the frequency with which it is given (how often similar items are provided to employees) will be considered. The maximum value will not exceed $100 when considering the de minimis value.

       (1) Cash equivalent awards (e.g., gift cards, gift certificates, and savings bonds) are always taxable and cannot be considered de minimis.

       (2) Length of Service and Safety Achievement Awards are not taxable in most cases. These awards must be tangible personal property (not cash, gift cards, gift certificates, or savings bonds), and awarded as part of a meaningful presentation. The annual excludable tax amount for a length of service or safety achievement award is defined in Office of Financial Policy, Volume II, Chapter 4.

       (3) If a non-monetary award is determined to be taxable to the employee, it is the responsibility of the award approving official to determine the fair market value (FMV) for tax purposes. The FMV may be the purchase price of the item, but the FMV will be determined based on all of the facts and
circumstances. The approving official may choose and has the final decision to “gross-up” taxable non-monetary awards in order to cover the employee’s taxes on the award. When an award amount is “grossed-up” to cover the taxes, both the value of the award and the taxes must be included in the employee’s gross wages. The approving official will complete the certification on VA Form 4659, Incentive Awards Recommendation and Approval. The “Special Use” section must be completed and certified by the approving official.

e. [Inappropriate Uses. Items purchased under the authority of VA’s employee recognition program may not be given away randomly, but must be used as recognition for an employee’s or group’s efforts. For example, items with no intrinsic value such as buttons and magnets handed out in connection with public service recognition week, or nurses week or for a historical event like the 50th anniversary of the signing of the GI Bill are not considered awards under VA’s employee recognition programs but are considered mementos as there is no linkage between the item being handed out and a special act, service or achievement by the employee. For further information on the appropriateness of mementos, consult guidance issued by the Office of Financial Policy.

3. EXTERNALLY SPONSORED AWARDS

a. The Department is invited to participate in a number of externally sponsored honor awards programs which offer the opportunity to further recognize the achievements of VA employees. Appendix A of this part contains a list of a number of external awards programs in which VA has traditionally participated. In addition, there are many local or regional awards programs announced each year in which field facilities may participate. Officials should explore every opportunity to recognize the exceptional achievements of VA employees and publicize their efforts both within VA and beyond

b. A Release of Information Statement is requested to be signed by each employee nominated for an external honor award. This statement, once signed, gives VA the right to disclose the contents of the nomination to other sources, as requested, for the purpose of publicity. The personal privacy of an employee who declines the release of such information should be safeguarded.

c. Awards Liaisons will prepare VA Form 50-1 on all employees being recommended by their organization for an external award that is approved by the Secretary. In unique or unusual circumstances, a request to waive this requirement with appropriate justification may be made to the Assistant Secretary for Human Resources and Administration.