

**ARIZONA DEPARTMENT OF ADMINISTRATION  
HUMAN RESOURCES DIVISION**

**STATEWIDE HUMAN RESOURCES POLICIES AND PROCEDURES**

<b>Policy Number:</b>	<b>Effective:</b> 12/05/2008
<b>Subject:</b> Employee Recognition Guidelines	<b>Revised:</b> N/A
<b>Policy Section:</b> Other	<b>Supersedes:</b> N/A
<b>Responsible HRD Section:</b> HR Director's Office	<b>Review Date:</b> 11/01/2012

**Scope:**

All ADOA Personnel System agencies, boards, and commissions

**Authority:**

A.R.S. § 41-776, Gifts and donations for employee recognition  
A.A.C. R2-5-415, Recognition Leave

**Policy:**

Employee recognition programs are designed to reward employees for their contributions to the organization. They may include awards for length of service, for exemplary performance (such as employee or team of the year), on-the-spot awards, employee appreciation celebrations and other awards depending on the agency and the objectives of the recognition program.

Agencies should establish written policies and procedures for their employee recognition programs. An agency's policies and procedures should include the following: program authority, program purpose and objectives, types of awards, eligibility and award criteria, procedures and forms for the recognition categories, and procedures for handling funds.

Employee recognition programs typically require the expenditure of public funds, therefore all statutes, rules or policies governing the expenditure of monies for employee recognition must be followed (i.e., procurement code, accounting policies, Arizona Revised Statutes and Federal law).

All funds from private donors or other state employees for the purpose of employee recognition become public funds. A.R.S. § 35-302 defines "public monies" as "money belonging to, received or held by state ...officers in their official capacity." Therefore, any money "received or held" by a state employee in the course of his or her employment must be treated in the same manner as money belonging to the State.

**Procedures:**

1. Agencies should review Personnel Rule R2-5-415, Recognition Leave, and the *Guidelines for Arizona State Government Employee Recognition Programs* (see below) before establishing or revising an employee recognition program.
2. Because recognition awards are typically paid from Other Operating Expenditures

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(OOE), this should be considered when the agency budgets and allocates funds. Common types of recognition expenses funded from Other Operating Expenditures (OOE) include:

- Awards (length of service, on-the-spot, etc.)
  - Printing of brochures, flyers, newsletters and other related marketing and communication materials
  - Photo processing
3. In order for awards not to be considered additional wages to the employee and subject to tax withholding:
- Awards that can be easily converted to cash (pawned), tickets for entertainment, kachina dolls, jewelry (except jewelry bearing agency logo), tickets (e.g. cruise, airline) or any other item which can be turned into cash should not be considered.
  - An award given to an employee for length of service must be awarded under circumstances that do not indicate that the payment is disguised compensation, and generally should not exceed \$100. It is appropriate for the value of the award to increase as the employee's years of service increase. An award valued at \$100 might be given to an employee reaching a 30 or 35 year milestone. If your agency is contemplating substantially exceeding this recommended level, please consult with the Attorney General's Office. Length of service awards should be given at a minimum in five year intervals (5, 10, 15, 20, etc.).
  - Awards for on-the-spot, noteworthy performance and other types of recognition programs (i.e. public service, professional achievement, retirement) should be limited to such items as plaques, certificates, reserved parking spaces, recognition leave, or work-related items (i.e. pens/pencil sets, calculators, portfolios). These awards provide a benefit by encouraging efficiency and building morale. The value of this benefit should not be exceeded by the expenditure of public funds. It is recommended that awards for on-the-spot generally do not exceed \$25 and awards for noteworthy performance and other types of recognition programs generally do not exceed \$75. If your agency is contemplating substantially exceeding this recommended level, please consult with the Attorney General's Office.
  - All dollar amounts listed herein should be considered on a calendar year basis.
  - All dollar amounts listed herein are specified to ensure that the value of the awards is not disproportionate to the value that the public derives from the agency giving such awards.
4. Unless the agency has been given specific authority (legislative, federal, contract, grants), appropriated and non-appropriated funds should not be used to pay for food and beverages.
5. Agencies can raise funds from private donors or other state employees for the purpose of employee recognition events (including food and beverages) if:
- The agency establishes an Employee Recognition Fund, in conjunction with the General Accounting Office, where all donated funds will be deposited with the state treasurer; implements policy and procedures; designates a person responsible for administering and approving expenditures from the funds; and, separately accounts for and reconciles the financial activities of the employee recognition program. Funds raised for employee recognition programs must be used only for employee recognition purposes.
  - The funds solicited or accepted by a state employee representing the agency

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are not given as a gift, gratuity, favor, entertainment or loan which is, or may appear to be designed to influence the employee's official conduct. (For example, employees working at the Department of Revenue who are responsible for determining the tax liability of restaurants should not solicit or accept gift certificates from any restaurant. Similarly, employees working with a construction company to build a prison for the state should not solicit or accept a cash contribution from the contractor.)

- The donor (i.e. local businesses, state employees) and the agency agree that the funds will be used for employee recognition.

*Note:* If a local business contributes a cash contribution, the donor should sign a notice acknowledging their understanding that the donation will be used only for employee recognition purposes. Agencies using donated funds for an employee recognition event should ensure that the value received by the public from the employee recognition event is greater than the cost of the event. Perceived value vs. cost is often difficult to prove, therefore, agencies are encouraged to err on the conservative side.

For events where state employees are encouraged to participate, such as bake sales, silent auctions, etc., a notice should be posted that *all proceeds* will be used for employee recognition purposes. If items for events were purchased by employees with their own monies and it is necessary to reimburse them, a notice should be posted that all *profits* will be used for employee recognition purposes. For example, if an employee purchases the root beer and ice cream with his/her own money that will in turn be used in a root beer float sale, the employee can be reimbursed for his/her expenses using the money raised from the sale and the remaining profits would be used for future employee recognition purposes.

6. Prior to awarding recognition leave, an agency is required to develop an employee recognition leave program in accordance with Personnel Rule R2-5-415.

### **Related Form(s)/Link(s):**

[Guidelines for Arizona State Government Employee Recognition Programs](#)

### **Corresponding Policy(ies):**

[GAO Technical Bulletin No. 00-1, Guidelines for Establishing and Accounting for Employee Recognition Programs Funded by Donations or Fund Raising Activities](#)

### **Contact:**

If you have any questions related to HR Policy, please contact your agency's Human Resources Office/representative.

### **Policy History (supersedes):**

Not applicable