

CF OPERATING PROCEDURE
NO. 60-45, Chapter 1

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, September 1, 2018

Human Resources

RECOGNITION AND AWARDS PROGRAM

1-1. Purpose. This operating procedure establishes the Department's program to recognize employees and volunteers, and to provide awards in recognition of achievement or service to the Department and the state.

1-2. References.

- a. Section 110.1245(3), (4) and (5), Florida Statutes (F.S.).
- b. Section 110.219(5)(b), F.S.
- c. Section 110.504, F.S.
- d. Department of Financial Services, Bureau of State Payrolls, Payroll Preparation Manual.
- e. Department of Financial Services Comptroller's Memorandum No. 02 (2001-02) dated October 12, 2001 (Taxability Guidelines for Non-Cash Service Awards).

1-3. Terms Defined.

a. Award. A token of recognition for formal recognition as set forth in paragraph 1-7 including, but not limited to, certificates of appreciation, plaques, Department pins, cups, or pens to recognize employees. A combination of items given for an award may not exceed a total of \$100, including shipping and handling, plus applicable taxes if the award is a taxable award (the maximum amount excluding taxes is \$100). See paragraph 1-9 of this operating procedure for guidance on taxability. Items such as savings bonds, lottery tickets, gift certificates, gift cards, clothes (except DCF logo apparel which meets department standards), shoes, food of any kind, drinks, alcoholic beverages, tobacco products, or any items not consistent with the mission of the Department are prohibited.

b. Creditable Service. One month of service credit is awarded for each calendar month that the employee is on the payroll of a state agency or during which the employee is on authorized leave without pay, as provided for in section 110.219(5)(b), F.S.

c. Delegated Authority. The Secretary, Deputy Secretary, Assistant Secretaries, Chief of Staff, General Counsel, Inspector General, Regional Managing Directors, and Hospital Administrators.

d. De Minimis. An award valued at an amount so small that an employer would have difficulty accounting for it for tax purposes. Not all non-cash awards or fringe benefits with a value less than \$100 automatically will qualify as a de minimis award.

e. Employee. All Department employees, including Career Service, Selected Exempt Service, Senior Management Service, and Other Personal Services employees.

This operating procedure supersedes CFOP 60-45, Chapter 1, dated November 1, 2015.

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f. Volunteer. Any person who, of their own free will, provides goods and/or services to the Department without receiving monetary or material compensation.

g. Contracted Employees. Only state employees or volunteers are eligible for awards purchased with state monies. Contracted or other non-employees are not eligible for such awards.

1-4. Policy. The Department encourages employees and volunteers to share in our commitment to quality and performance excellence.

a. The Delegated Authority may establish a recognition and awards program. The Delegated Authority shall provide a copy of any adopted program to the Headquarters Human Resources Office. Any local awards program must comport with the requirements of this operating procedure. If no local plan exists, then any recognition and awards programs must comport with this operating procedure.

b. The Delegated Authority is authorized to incur expenditures to present suitable awards to employees and volunteers in accordance with this operating procedure.

c. Presentations of awards are contingent upon the availability of funds, and awards must be combined and presented in the most cost efficient manner.

d. Time served in performing tasks associated with implementing or administering recognition and awards programs, as well as time spent attending awards ceremonies, is considered a normal part of an employee's assigned duties and workday.

e. Awards shall not be shipped to an employee's residence or other residence.

f. Awards may not be returned by the employee receiving the award to the place of purchase to return or exchange for cash or a gift card or any other item that would be prohibited by this operating procedure.

g. Up to two items may be purchased for each award, and the combined value may not exceed the award amount. No items may be purchased that are prohibited in paragraph 1-3a above. Items cannot be returned unless defective or broken. The Purchasing Department has final approval on whether any awards comport with this operating procedure.

1-5. Program Responsibility.

a. The Secretary and leadership team encourage and support statewide recognition and awards programs by ensuring that resources are allocated, and that regions, facilities, and headquarters participate in local programs.

b. The Delegated Authority may appoint an employee to coordinate the local recognition and awards program. The local awards coordinator may appoint a local awards team and may serve as the chairperson.

c. Local coordinators and teams are responsible for exercising oversight of the local programs to ensure program uniformity and consistency; publicizing the awards program at the local level as deemed appropriate by the Delegated Authority; and organizing recognition and awards ceremonies.

d. The Delegated Authority is responsible for ensuring that appropriate documentation and records are maintained to establish that any state expenditures are proper under Section 110.1245(3) and (4), F.S. These records must be maintained for five fiscal years pursuant to Item #333 of the State of Florida General Records Schedule GS1-SL for state and local government agencies.

1-6. Program Design. In designing a local recognition and awards program, consideration should be given to the following:

- a. Focus on a few areas or goals that will have the greatest impact.
- b. Involve employees in the program design.
- c. Allow for flexibility and choice of awards.
- d. Publicize the program, its criteria, and the nomination process.
- e. Ensure that informal awards are in line with the formal awards.
- f. Celebrate employee success with regularly scheduled recognition. Identify and publish the name(s) of the recipients.
- g. Evaluate the success of the program with managers, employees, and volunteers.

1-7. Formal Recognition. The awards program provides formal recognition to employees and volunteers. The categories, criteria, and descriptions of awards are:

- a. Employee Recognition. An award may be presented to an employee who demonstrates outstanding service and support to Department administered programs. This award may be given at any time to an employee whose accomplishments or support has contributed to the unique mission of the Department.
- b. Employee Team Recognition. An award may be presented to employees who are members of a team that has demonstrated outstanding service and support to Department administered programs. The team's accomplishments must have made exceptional contributions to the efficiency, economy, or other improvements in the operations of the Department. This award may be given at any time.
- c. State Service Award for Longevity. An award will be presented to employees who have completed five, ten, fifteen, twenty, twenty-five, thirty, thirty-five, etc., years of demonstrated satisfactory creditable service to the state in established positions. Receipt of such longevity award implies that the recipient has completed the appropriate years of creditable service. Employees participating in the Deferred Retirement Option Program (DROP) are also eligible for this award.
- d. Retirement. An award will be presented to employees retiring from the Department to recognize satisfactory state service. Employees participating in DROP can receive this award when they terminate their employment at the end of their participation period.
- e. Volunteer Recognition. An award may be presented to volunteers serving in the Department to reward or recognize volunteers for their service, or to encourage volunteers to continue to pursue excellent service to the Department or the state. This award may be given at any time.
- f. Appointed Member of a State Board or Commission. An award may be presented to an appointed member of a state board or commission whose service to the state has been satisfactory. This award may be given upon the expiration of the board or commission member's final term in such position.

1-8. Informal Recognition. Local programs should consider informal recognition of employees and volunteers. This can include certificates of appreciation, displaying computer banners, etc. Informal recognition should be given as soon as possible after achievement of the desired level of service.

1-9. Payment.

a. If an item is purchased to reward an individual, the individual's name and People First Identification Number, a statement that the cost of the individual's award is less than \$100 plus applicable taxes, and justification for the expense must be included on the purchase requisition.

b. If items are purchased in quantity to be used throughout the program instead of for a specific individual, specify the conditions of the purchase in the justification, and include the justification on the Purchase Order and/or invoice when the payment is made to the vendor. The following statement must also be included in the justification: "The award is presented in compliance with CFOP 60-45."

c. Purchase Orders must be completed in accordance with Department procurement requirements.

d. Refer to the Florida Department of Financial Services, Bureau of State Payrolls (BOSP), Payroll Preparation Manual for guidance on the taxability of awards. Generally, awards and prizes provided to employees for outstanding achievement, money-savings suggestions, etc., are included in the employee's income and are subject to federal income tax withholding, and social security and Medicare taxes. There are some exceptions for noncash length-of-service awards, retirement, and de minimis awards and prizes that comply with several restrictions. See below for some examples of de minimis awards, and the impact that employee choice has on determining the taxability of the award.

(1) To provide additional guidance on non-taxable de minimis awards, examples of non-taxable awards include the following:

- (a) Framed certificates;
- (b) Pins;
- (c) Plaques;
- (d) Cups;
- (e) Pens;
- (f) Business card holder;
- (g) Desk paper weight;
- (h) Clocks;
- (i) Portfolios (notepads); and
- (j) Crystal vases.

(2) These types of de minimis awards often include the Department logo and are considered a token of recognition. With de minimis awards the value of the benefit must be so small that accounting for it would be unreasonable or impractical.

(3) See the section entitled "Awards, Prizes, and Gifts" on pages four through seven of Volume VI, Section 3 (Fringe Benefits) of the BOSP Payroll Preparation Manual at the following website for more detailed information on the taxability of awards (under the "Payroll" tab):

<http://www.myfloridacfo.com/Division/AA/StateAgencies/default.htm>

e. Taxable non-cash awards are subject to gross-up (agency pays taxes) and payment of all income tax withholding and social security and Medicare taxes by the Department. There are unique Object Codes to distinguish taxable (498000) and non-taxable (498200) awards.

(1) Whenever an employee is given a considerable choice in selecting the item received as a non-cash award, for example the employee is allowed to select any award the employee desires so long as it is not a prohibited award, the award rarely meets the conditions for de minimis, regardless of its fair market value. For tax purposes, giving an employee significant choice is equivalent to giving them a cash-equivalent gift certificate. Therefore, it is Department policy to tax any non-cash awards in which the employee is given a considerable choice in selecting the item received.

(2) Gross-Up Calculation (based on 2018 rates) for Taxable Awards.

(a) To calculate the gross salary from which the Department will deduct taxes, first determine the appropriate “divisor” based on whether the employee pays full FICA, Medicare only, no FICA, or no withholding tax as follows: from 100%, subtract the percentage of withholding tax to be paid (22% in 2018, if not exempt), subtract the percentage of Social Security tax to be paid (6.2% in 2018, if not exempt), and subtract the percentage of Medicare tax to be paid (1.45% in 2018, if not exempt). The result is the “divisor” needed to determine gross salary. If the employee pays FICA, Social Security and withholding, the divisor will be 70.35% ($100\% - 22\% - 6.2\% - 1.45\% = 70.35\%$). The divisor will be different if the employee is exempt from one or more taxes.

(b) After calculating the divisor, perform the following calculation: $\text{Desired Net Amount of Payment} / \text{divisor (expressed as a decimal)} = \text{Gross Pay}$.

(c) For example, for a \$100 maximum award in 2018 for an employee who pays all taxes, the calculation would be $\$100 / .7035 = \142.15 (Withholding tax $\$142.15 \times .22 = \31.27 ; Social Security tax $\$142.15 \times .062 = \8.81 ; Medicare tax $\$142.15 \times .0145 = \2.06 ; Net Amount of Payment $\$142.15 - \$31.27 - \$8.81 - \$2.06 = \$100.00$).

(d) Additionally, the employer match for Social Security and Medicare (7.65%) must be added. In this example for a maximum \$100 award in 2018, $\$142.15$ (gross pay) $\times .0765$ (employer match) = \$10.87.

(e) The total paid by the Department for a 2018 maximum \$100 taxable award would be $\$142.15$ plus $\$10.87 = \153.02 .

(3) Use current year payroll taxes to make the gross-up calculation for awards in future years.

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

SHELBY JEFFERSON
Acting Human Resources Director

SUMMARY OF REVISED, DELETED, OR ADDED MATERIAL

This revision updates Department policy and includes the following changes:

1. Clarifies that an award may be for any type of formal recognition set forth in paragraph 1-7. (1-3a.)
2. Clarifies that multiple items for one award are limited to no more than \$100 plus taxes if applicable. (1-3a.)
3. Clarifies that contracted employees are not eligible for an award purchased with state monies. (1-3g.)
4. Clarifies that local leadership is responsible for ensuring that documentation and records which establish that any state expenditures were proper under s. 110.1245(3) and (4), F.S., must be kept for five years in accordance with the State of Florida records retention schedule. (1-5d.)
5. Adds another kind of a de minimis award to the list of examples. [1-9d(1)(j)]
6. Updates the tax rates based on 2018 rates. [1-9e(2)]