

Financial Services Manual (FIN)

FIN 420–04: Payment of Awards or Incentives

Effective: 10/22/1993

Revised: 3/1/2014

Purpose

To describe permitted employee awards, procedures for processing the awards, and the tax implications for receiving awards

Sources

Internal Revenue Service

Arizona Revised Statutes

University policy

Applicability

Awards and incentives can only be paid with local funds and cannot be paid from state accounts. Use of sponsored or other restricted (e.g., gift) accounts requires pre-approval from the Office of Research and Sponsored Projects Administration or Financial Services respectively. These types of expenses are usually not allowable on a sponsored account.

Background

The university permits small dollar awards and incentives to recognize faculty, staff, students, or others not directly affiliated with the university.

The use of small dollar incentives or prizes to increase participation in university events or to increase student or employee morale can also be an effective means to build a sense of community within the university.

The gifting of public funds is prohibited by university policy as well as Arizona Revised Statutes (A.R.S.). University funds cannot be used to provide gifts to employees for occasions of a personal nature such as weddings, holidays, or birthdays.

Student, faculty, and staff incentives differ from research incentive payments. For more information on research incentive payments refer to [FIN 421–05](#), “Human Subject Payments.”

Policy

Employee or student recognition or achievement awards are meant to be occasional and should be presented to a specific individual on an infrequent basis. Recognition or achievement awards should be provided within established guidelines and based on objective criteria.

The awards should be presented during a meaningful ceremony.

Faculty or staff retirement or length of service awards, outside of those presented by the Office of Human Resources, may be presented to an employee for meritorious length of service to the university. The recipient must have completed

at least five years of service with the university and should not have received a similar departmental award within the prior four years.

Departments may hold contests or events and use incentives to encourage students, faculty, staff, and others to participate in university sponsored events, or to increase student or employee morale.

Awards and incentives (monetary and nonmonetary) to employees, students, and ASU guests are subject to approval and may be subject to tax reporting requirements. For a listing of required approval(s) by award type and amount, refer to the [Financial References Web page](#), "Payments of Awards or Incentives" ([FIN 420-04](#)).

Additional Information

For a listing of required approval(s) by award type and amount, refer to the [Financial References Web page](#), "Payments of Awards or Incentives" ([FIN 420-04](#)).

Cross-References

For information on processing postgraduate research stipends/grants, see [FIN 420-05](#), "Employee Postgraduate Research Stipends/Grants."

For information on student awards, see [FIN 422-01](#), "Student Financial Support."

For information on prohibited transactions, see [FIN 401-03](#), "Prohibited Transactions." For information on human subject pay, see [FIN 421-05](#), "Human Subject Payments."