

MIDDLE TENNESSEE STATE UNIVERSITY
BUSINESS AND FINANCE PROCEDURES

PROCEDURE NO: BF-110

DATE: January 1, 2018

SUPERSEDES PROCEDURE NO: none

DATED:

SUBJECT: Cash Awards to Employees Procedures

APPROVED:


Alan R Thomas, Vice President Business and Finance

Purpose

To document procedures and provide guidance on processing award payments to employees of the University.

Background

For MTSU to be in compliance with the Internal Revenue Service Code regarding taxable fringe benefits, a cash payment to an award recipient must be included in the employee's taxable income and reported on Form W-2. The Foundation should fund all cash awards and transfer the associated funds to the University, which will process the payments through Payroll Services to be included in the employee's gross income for reporting purposes.

Procedure

The Department will complete a Personnel Event Form (PEF) located on the Human Resource Services webpage and obtain the appropriate approval(s) per the chart below.

Gifts, Prizes, and Awards	\$0 to \$500	<ul style="list-style-type: none">• Approval of Budgetary Head• Approval of Budgetary Head and Vice President for University Advancement
	> \$500 prize or award requires written justification	

For a department level award, an academic department will route a PEF through the Provost's Office for approval; all other departments will route the PEF to their respective Vice President. A department will then request the Foundation to transfer funds to cover the award amount to their University departmental restricted fund (533XXX index code). Upon receipt of the completed PEF identifying the restricted fund to be used, Payroll Services will process the award to the employee.

For a university-wide award, the responsible area will route a PEF to the Foundation for signature. The Foundation will transfer the funds from the awarding Foundation fund to the University restricted index 533949 and send the approved PEF to Payroll Services for processing.

When processing payment, Payroll Services will withhold applicable taxes and social security.