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DEPARTMENT OF NATURAL RESOURCES	EFFECTIVE DATE 06/28/97	
POLICIES AND PROCEDURES	REVISION DATE 07/01/12	
SUBJECT: Incentive Award and Bonus Policy		
Michael R. Styler, Executive Director		

I. PURPOSE

The purpose of the department's incentive award and bonus program is to recognize and reward employees/teams for exceptional effort or contribution to the objectives of the department and of the state, and for improvements in operational programs or processes that reduce the overall cost or improve service.

II. PERFORMANCE BASED INCENTIVE AWARDS AND COST SAVING BONUSES

A. CASH/ADMINISTRATIVE LEAVE AWARDS AND COST SAVING BONUSES

1. GENERAL PROVISIONS

- a. Incentive awards of cash or administrative leave and bonuses shall be considered for exceptional performance in such areas as, but not limited to:

Work Efficiency	Productivity Improvements
Special Projects	Achievements
Team Projects	Leadership or Initiative
Grant Management	Heroic Acts
Substantial \$ Earnings	Substantial Cost Savings

- b. Awards for team performance are encouraged.
- c. Nominations and implementation of any award shall be made during the same fiscal year.
- d. Individual awards shall not exceed \$4,000 per pay period and \$8,000 in a fiscal year.
- e. All employees may be considered for an incentive award nomination. However, employees who do not receive benefits are not eligible for administrative leave.

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- f. Paid administrative leave may be granted instead of cash for incentive awards. For purposes of this plan, one day of administrative leave shall equal \$100. (One day is equal to the employee's approved scheduled normal work hours.) Administrative leave awards in excess of one day must have written approval from the agency head. Administrative leave given as a reward in lieu of cash may not exceed 40 hours in a fiscal year.
- g. All cash/administrative leave awards and bonuses submitted for approval shall be accompanied by a detailed written justification.
- h. All awards/bonuses shall be justified in accordance with the appropriate class criteria.
- i. This policy identifies five (5) classes of cash-award/bonus. In accordance with the principles of public accountability, all elements on class level criteria will be applied equitably and consistently to all Department of Natural Resources employees.

2. DEFINITION OF CASH/ADMINISTRATIVE LEAVE AWARDS

**Class I**

Criteria: Excellent performance that has a significant affect on the individual's immediate colleagues or their work effort, or cost savings of some benefit to division/department.

Award: Administrative leave or cash award/bonus not to exceed \$100. Administrative leave included in this award class shall not exceed one (1) day.

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### **Class II**

Criteria: Superior performance that affects immediate associates and those dealing closely with them, or cost savings of moderate benefit to the division/department.

Award: Administrative leave or cash award/bonus or a combination thereof not to exceed \$800. Administrative leave included in this award class shall not exceed two (2) days.

### **Class III**

Criteria: Outstanding performance or actions that affect the morale or effectiveness of a sizeable segment of the agency's operations, or annual cost savings suggestions implemented by the division/department in excess of \$10,000.

Award: Administrative leave or cash award/bonus or a combination thereof not to exceed \$1,600. Administrative leave included in this award class shall not exceed three (3) days.

### **Class IV**

Criteria: Exceptional performance or actions that attract great public attention and credit upon the agency for whom the individual works, the effects of which may be felt throughout the agency for a sustained period of time, or annual cost savings suggestions implemented by the division/department in excess of \$50,000.

Award: Administrative leave or cash award/bonus or a combination not to exceed \$3,000. Administrative leave included in this award class shall not exceed four (4) days.

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### **Class V**

Criteria: Extraordinary performance or actions that have great consequence to the agency for whom the individual works or to the state as a whole and whose effects are of a lasting character, or annual savings in excess of \$100,000 accepted and implemented by the division/department.

Award: Administrative leave or cash award/bonus or a combination thereof not to exceed \$4,000. Administrative leave included in this award class shall not exceed four (4) days.

### 3. CASH/ADMINISTRATIVE LEAVE PROCEDURES

- a. Nominations may only be made by employees of the Department of Natural Resources.
- b. If the request was made by an employee other than the supervisor, the immediate supervisor of the employee being nominated shall be given notice by the division that an incentive award/bonus request has been made for that employee and the immediate supervisor's input should be requested for concurrence or non-concurrence. Exception to the supervisor notification can be made for awards less than \$100.
- c. The most recent performance evaluation for career service employees who are nominated for a cash/administrative leave/bonus award must reflect an overall successful performance rating.
- d. Awards must be documented and a copy shall be maintained in the agency's individual employee file. All nominations for cash/administrative leave/bonus nominations must be accompanied by a detailed description of the qualifying performance, cost savings, project, or act and the nature of the nominee's involvement. It must also explain why the

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act is worthy of consideration for the recommended class of incentive award.

- e. Prior to approving a cash/administrative leave/bonus nomination the division must establish an internal review process.
- f. After being approved by the Division Director (or designee), nominations for cash/administrative leave/bonuses shall be forwarded to the Human Resource office. The Human Resource Director will review the nomination for policy compliance and forward it to the Executive Director.
- g. The Executive Director will review the nomination. If not approved, the nomination will be returned to the Division Director with the reasons for disapproval. If approved, it will be sent back to the Human Resource office for processing.
- h. Any cash incentive award nomination for less than \$100 must be approved by a Division Director or designee. All other awards are approved by the Executive Director or Department Deputy Director.
- i. It is the responsibility of the division to forward the records for incentive awards less than \$100 to the human resource office for placement in the employee's personnel file.

## B. NON-CASH AWARDS

### 1. GENERAL PROVISIONS

- a. The Department's Non-cash Incentive Awards shall be used to encourage exemplary employee performance by providing managers with the ability to provide rapid rewards for employees or groups of employees who have carried out assignments that clearly exceed

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management's expectations in areas of quality, quantity, timeliness, or costs.

- b. Directors are authorized to reward the exemplary performance of their employees by providing them with non-cash incentive awards under the following conditions:
  1. The value of an employee's non-cash incentive awards shall not exceed \$50 per occurrence and \$200 for each fiscal year.
  2. Non-cash awards must have some relationship with or a reference to the department, the division, the employee's work group, a special project, or the employee's profession. Items that will be used in conjunction with the employee's work or personal items that have a work related name, logo or slogan on them such as caps, shirts, jackets, mugs, desk sets, plaques, and certificates are appropriate.
  3. Non-cash awards may include cash equivalents such as gift certificates or tickets for admission. Cash equivalent awards shall be subject to payroll taxes and must follow standards and procedures established by the Department of Administrative Services, Division of Finance.
  4. It is the responsibility of the division to maintain records, for a minimum of three years, which reflect the nature and cost of items awarded to each employee and to assure that cash value limits are not exceeded. Records for the Non-cash Incentive Award Program must comply with standards established by the Department of Natural Resources, the Department of Human Resource Management and the Division of Finance.

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5. Non-cash Incentive Award records are subject to post audit by the department, the Department of Human Resource Management and the Division of Finance.
6. Employees whose names are in the HRE system may be considered for non-cash incentive awards.

## 2. PROCEDURES

- a. Divisions must have department approved procedures for their Non-cash Incentive Award Program prior to implementation.
- b. Divisions must assure fair and equitable application of the department's Non-cash Incentive Award Policy.
- c. Divisions must maintain an accurate record of the award including the recipient's name, the purpose for the award, and the nature of the item(s) awarded and make them available for audits.
- d. Divisions must maintain records that conform to Department of Natural Resources, Department of Human Resource Management and Division of Finance standards.
- e. Divisions must maintain a monitoring system that will prevent the division from exceeding established cash value limitations for individual employees.

## III. MARKET BASED BONUSES

### A. GENERAL PROVISIONS

1. Divisions may give a cash bonus to a potential or current employee as an incentive to acquire or retain employees with job skills that are critical to the state and difficult to recruit in the market.

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2. Individual awards shall not exceed \$4,000 per pay period and \$8,000 per fiscal year.
3. All market based bonuses must be approved by the Department of Human Resource Management and be coded in the payroll system as wage type 1151.
4. On an annual basis, a cost/benefit analysis will be conducted to show the end result was worth the expense of any market based bonuses.

B. PROCEDURES

1. All market based bonuses shall be approved by the Executive Director or Department Deputy Director.
2. All market based bonuses shall be documented and a copy maintained in the employee's personnel file.
3. Documentation must specify how the department will benefit by granting the incentive award based on budget; recruitment difficulties; a mission critical need to attract or retain unique or hard to find skills in the market; or other market based reasons.

C. CRITERIA

1. Retention Bonus
  - a. Divisions may pay a bonus to an employee who has unusually high or unique qualifications that are essential for the agency to retain.
2. Recruitment or Signing Bonus
  - a. Divisions may pay a bonus to a qualified job candidate to convince the candidate to work for the state.

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3. Scare Skills Bonus

a. Divisions may pay a bonus to a qualified job candidate who has the scare skill required for the job.

4. Relocation Bonus

a. Divisions may pay a bonus to a current employee who must relocate to accept a position in a different commuting area.

5. Referral Bonus

a. Divisions may pay a bonus to a current employee who refers a job applicant who is subsequently selected and is successfully employed at least six months.

IV. SERVICE AND RETIREMENT AWARDS

Service and retirement awards may include cash equivalents such as gift certificates or tickets for admission. Cash equivalent awards shall be subject to payroll taxes and must follow standards and procedures established by the Department of Administrative Services, Division of Finance.

A. Service Awards

1. In accordance with the policy issued by the Division of Finance, agencies may award pins, plaques, checks, cash equivalents or other awards to recognize years of service. Cash equivalents include gift certificates and savings bonds. The allowable maximum expenditures are as follows:

- 5 years of service up to \$50
- 10 years of service up to \$100
- 15 years of service up to \$150
- 20 years of service up to \$200
- 25 years of service up to \$250
- 30 years of service up to \$300

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B. Retirement Awards

1. In accordance with the policy issued by the Division of Finance, agencies may use pins, plaques, gifts, checks, savings bonds, gift certificates, or other awards to honor employees who are retiring. These awards may not exceed \$200.00 in total.

V. REFERENCES

Consult the following references for additional information about the state's Incentive Award Program and Accounting Policies and Procedures for processing the awards.

- A. Human Resource Management Rule R477-6.
- B. Finance Policy FIACCT 05-03.06 and 05-03.07.

VI. REPORTING

All incentive awards given during the fiscal year will be reported annually to the Department of Human Resource Management.