

US Department of Housing & Urban Development



INCENTIVE AWARDS

Policy and Procedures



HANDBOOK 2195.1
REV.1

JULY 2015

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CHAPTER 1 GENERAL PROVISIONS

1-1 Introduction

This handbook contains information about the Department's policy and procedures on Incentive Awards programs. Currently, the Department has two separate performance management systems, each of which is supported by an Incentive Awards Program. Executives/Supervisors/Managers are covered by the Leadership Development Recognition System (LDRS), and non-supervisory employees (bargaining and non-bargaining units) are covered by the Employee Performance Planning and Evaluation System (EPPES).

- A. LDRS is a multi-tiered awards structure, designed to encourage prompt and appropriate responses for exceptional contributions to HUD's mission by an executive, manager, or supervisor in which HUD integrates performance, pay, and awards to improve individual and organizational effectiveness in the accomplishment of agency mission and goals.
- B. EPPES Non-Supervisory Awards are an integral part of the Department's performance management system, in which HUD integrates performance, pay, and awards to improve individual and organizational effectiveness in the accomplishment of agency mission and goals.

1-2 Authority

The authority to present awards to employees is found at 5 CFR Parts 451 and 531, and at 5 U.S.C. Chapters 43, 45, and 53. The authority to effect and carry out the policies and procedures of HUD's awards system is delegated to Assistant Secretaries/equivalents and Regional Directors, and may be re-delegated to Office and Division level executives and managers as appropriate.

1-3 Coverage

This policy handbook applies to all senior executives, supervisors, managers and all incumbents in non-supervisory positions at grade 15 and below.

1-4 Policy

HUD's delegated authority provides that the Department shall develop one or more award programs for covered employees. Under this authority, the Department may grant cash, an honorary or informal recognition award, or grant time-off without charge to leave or loss of pay. This handbook may be used as a guide to recognize or reward on a timely basis the employee individually or as a member of a group for performance that meets the

organizational goals or improves the efficiency, effectiveness, and economy of the government or is in the public interest.

The types of awards currently available to employees under the Incentive Awards Systems are listed below.

A. Monetary Awards

1. LDRS

- a. Monetary Spot Award
- b. Special Act or Achievement Award
- c. Performance Award
- d. Supervisor/Manager of the Month
- e. Quality Step Increase
- f. Secretary's Awards
 - (1) Leadership Award
 - (2) Supervisor/Manager of the Year

2. EPPES

- a. Monetary Spot Award
- b. Special Act or Achievement Award
- c. Quality Step Increase
- d. Performance Award

B. Non-Monetary Awards

1. LDRS

- a. Honorary Award
- b. Informal Spot Award
- c. Time Off Award

2. EPPES

- a. Honorary Award
- b. Informal Spot Award
- c. Time Off Award

C. Awards Across Program Lines

Managers and supervisors may recognize employees for awards (e.g. Spot and Special Act) across program lines. It is imperative that the program office recommending an award across program lines, formally notify the employee's home Program Office of their intent. Notification must be made prior to entering the award into HIHRTS for payment. Funds to cover Special Act or Spot Awards will be charged to the employee's home office. Therefore, this process must not be completed without full agreement/consent of the employee's home office.

1-5 Purpose

The purpose of this policy guide is to provide guidance to the Department's executives, supervisors, managers and employees on the type of awards available, and to provide detailed information on the appropriate dollar amounts of, criteria for, and restrictions on the various awards available.

1-6 Responsibilities

A. Secretary (or Designee)

1. Provides leadership to encourage and recognize individual and team achievement that contributes to organizational goals and objectives, which improves the efficiency, effectiveness, and economy of HUD and the federal government, or is otherwise in the public interest.
2. Approves selections for Secretary's Awards.
3. Appoints members of the HUD Committee for Employee Recognition (Departmental Awards Committee).

B. Assistant Secretaries/Equivalents and Regional Directors

1. Actively support and participate in Departmental awards and incentives program activities, including report and biannual evaluation requirements.
2. Appoint members of program awards committees.
3. Ensure that awards are properly documented, justified, and appropriately reflect the achievement(s) being recognized.
4. Ensure that expenses incurred for managerial recognition reflect good judgment and preserve the credibility and integrity of the Department.

C. Recommending and Approving Officials

1. Responsible for the effective and efficient use of awards and incentives to recognize accomplishments consistent with agency policy.
2. Provide appropriate incentives and rewards for employees throughout the year.
3. Ensure equitable treatment of all employees with respect to awards.
4. Communicate criteria for various levels of recognition.

D. Executives, Managers, and Supervisors

1. Maintain knowledge of LDRS and EPES incentive award requirements and procedures, as well as awareness of individual and group accomplishments that warrant recognition.
2. Participate in program and Departmental awards committees to review award nominations and recommend subordinates and peers for specified awards.

E. Departmental Awards Committee

1. Provides oversight of Departmental awards activities for LDRS and EPPES awards.
2. Reviews nominations and recommends candidates for internal, external and Secretary's Awards.
3. Evaluates LDRS and EPPES bi-annually to ensure that awards are consistent within programs, equitable between programs and timely throughout the Department.
4. Membership includes cross-program representation and is balanced between Headquarters and Field Offices (HQ and Field Office) GS-15 and Senior Executive Service (SES) employees.

F. Program Awards Committees

1. Provide advice and consultation on implementation of LDRS in the Program Office, including ensuring consistent criteria for awards and publicizing statistical information on awards at least annually.
2. Assess the operation of the awards program biannually, addressing issues such as distribution of funds, distribution of awards and use of various types of awards to encourage a high performance organization.
3. These assessments and recommendations will be forwarded to the Secretary's Awards Committee for consideration and action.
4. Membership is balanced between HQ and Field Office representatives.

G. Office of Human Resources (OHR)

1. Develops, implements, and administers the Incentive Awards Programs (LDRS and EPPES) coordination with Departmental Awards Committee.
2. Provides advice, guidance, assistance, technical and administrative support to management officials, the Departmental Awards Committee.
3. Upon request, provides technical support to Program Awards Committees.
4. Plans and implements annual Secretary's Awards Ceremony.
5. Enters award actions into personnel record system, and reports to external entities such as the Office of Personnel Management
6. Provides training on LDRS and EPPES Incentive Awards Systems as requested and required.

CHAPTER 2 NON-MONETARY AWARDS (LDRS AND EPPES)

2-1 Honorary Awards

A. Purpose

Honorary Awards are non-monetary awards intended to recognize contributions of lesser scope or significance that might otherwise go unrecognized. A specific contribution must form the basis for the recognition. The award may be given to recognize an individual, team or group accomplishment. The value of the award should be commensurate with the contribution being recognized. The award should also symbolize the employer/employee relationship (e.g., by affixing the agency seal to the award).

Items that can be given for Honorary Awards include plaques, medals, certificates, pins, paperweights, and U.S. Savings Bonds. Such items should create the inherent impression of symbolic value (an honor bestowed) rather than monetary worth (cash value). For example, presenting a commemorative photograph or a certificate in a simple, inexpensive frame would be appropriate, but presenting an expensive crystal carafe would not be (See Appendix C and D).

B. Award Amount

The recognition should be of nominal value, not to exceed \$100.00 (See Appendix C and D).

C. Recommending and Approving Officials

Nominations for honorary awards may be initiated by any level supervisor/manager and are approved by the Assistant Secretary/equivalent or Regional Director (See Appendix C and D).

D. Eligible Employees

All HUD HQ and Field Office employees are eligible to receive Honorary Awards. Contract staff members are eligible to receive Honorary Awards.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations should be completed and submitted on a form HUD-840, which can be downloaded from the HUD web.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Offices have the option to use purchase charge cards for these awards. For audit purposes, a form HUD-10.4 should be completed. The Administrative Officer or Budget Officer should retain a copy with the credit card receipt.

The use of the form HUD-10.4, is for documentation purposes only.

G. Restrictions

There are no restrictions on the number of Honorary Awards an employee may receive in any given fiscal year.

The Internal Revenue Service (IRS) considers gift certificates and U.S. Savings Bonds to be taxable fringe benefits that must be taxed on their fair market value. The face value of a gift certificate would be considered its fair market value, and tax withholding must be based on that amount.

The fair market value for a savings bond generally is the purchase price of the bond. For example, if a \$200 bond is purchased for \$100, tax withholding must be based on \$100.

2-2 Informal Spot Awards

A. Purpose

Informal Spot Awards are intended to recognize contributions that might not merit a time off, monetary, or honorary award. The award may be given to recognize an individual, team, or group accomplishment.

Examples of items that can be given for Informal Spot Awards include gift certificates, savings bonds, movie or sports tickets, plaques, lapel pins, notepads, paperweights, mugs, pens, pencil sets, etc. (See Appendix C, D and F).

B. Award Amount

The recognition should be of nominal value, not to exceed \$25.00 per person (See Appendix C and D).

C. Recommending and Approving Officials

Nominations for Informal Spot awards may be initiated by any level supervisor/manager, and are approved by the Assistant Secretary/equivalent or Regional Director (See Appendix C and D).

D. Eligible Employees

All HUD HQ and Field Office employees are eligible to receive Informal Spot Awards.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted on a form HUD-840, which can be pulled from the HUD forms on the HUD web.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Offices have the option to use purchase charge cards for these awards. For audit purposes, a form HUD-10.4 should be completed. The Administrative Officer or Budget Officer should retain a with the credit card receipt.

The use of the form HUD-10.4 is for documentation purposes only.

G. Restrictions

There are no restrictions on the number of Informal Spot Awards an employee may receive in any given fiscal or calendar year.

The IRS considers gift certificates and U.S. Savings Bonds to be taxable fringe benefits that must be taxed on their fair market value. The face value of a gift certificate would be considered its fair market value, and tax withholding must be based on that amount.

The fair market value for a savings bond generally is the purchase price of the bond. For example, if a \$200 bond is purchased for \$100, tax withholding must be based on \$100.

2-3 Time Off Award

A. Purpose

The Time Off Award is an excused absence from the office, in recognition of an employee's superior accomplishments or other personal efforts that contribute to the quality, efficiency, or economy of government operations.

Following are examples of contributions that may be considered for recommendation:

1. Exceptional sacrifice of personal time (e.g., evenings or weekends) to achieve work objectives; and
2. Exceptional performance on a special project of critical importance to the organization.

(These examples are not intended to be all-inclusive.)

B. Award Amount

The minimum Time Off Award is two workday. Depending on the individual's established work schedule, a workday may be 8, 9, or 10 hours for full-time employees or less than 8 hours for part-time employees. Awards may not exceed 40 hours per award or 80 hours per individual during a leave year (See Appendix B, C and D).

C. Recommending and Approving Officials

Time Off Awards are initiated and approved by the immediate supervisor. A second-level supervisor or higher-level manager must concur on awards of more than two workdays (See Appendix C and D).

D. Eligible Employees

All HUD HQ and Field Office employees are eligible for Time Off Awards. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period, (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for time off awards.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted in HIRTS. Benefits realized by the government from the individual's contribution should be considered in determining the amount of time off awarded in each situation.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

Time off must be scheduled between the supervisor and the employee for use within one year of the effective date and may be used intermittently. However, the time off cannot be used until the pay period following the effective date.

F. Award Funds

Not Applicable. Time Off Awards are not associated with cash and do not directly affect the Department's distribution of annual award funds to the Program Office levels.

G. Restrictions

Time Off Awards:

1. May be used in quarter hours;
2. Not used within one year of the effective date will be lost;
3. May not be converted to cash under any circumstances;
4. Are not transferable to other agencies;
5. May not be granted across organizational lines (Employees detailed to another office to work on a special project, work group or task force are exempt from this restriction). However, as a courtesy, the project manager (detail manager) prior to recommending the award, must appropriately coordinate the timing of the award with the employee's initial supervisor, to ensure that it does not have an adverse impact on the employee's current assignments.); and
6. Are not annual leave and therefore, may not be transferred to an approved leave recipient under the Department's Voluntary Leave Transfer Program.

CHAPTER 3 MONETARY AWARDS (LDRS Only)

3-1 Monetary Spot Award

A. Purpose

The Monetary Spot Award is intended to provide immediate feedback and to recognize HQ and Field Office executives, managers and supervisors with a monetary award for noteworthy contributions or accomplishments of a non-recurring nature, either within or outside the manager/supervisor's or team's job responsibilities.

B. Award Amount

A Monetary Spot Award may be granted to an individual or group.

1. Individual Spot Award – Award amounts may range from \$50 - \$500.
2. Group Spot Award – Award amounts may range from \$50 - \$500 per person. Although there are no limitations imposed on the number of employees recommended for a group award, the award must not total more than \$5,000. A Special Act Award should be used for group awards exceeding the \$5,000 amount.
3. The amount of the award should be determined by the recommending official, based on the value of the employee's contribution. In determining the amount of the Spot Award, it is important to consider the benefits realized by the organization from the employee's contribution. All award amounts must be in \$25 increments.
4. The employee will receive the face value amount of his/her award. The Program Office will incur, not only the face value, but also the taxes for each award paid. For example, if the recommended award amount is \$250, the employee will receive the full \$250. However, the Program Office will be responsible for the face value of the award. Suggested gross up for budget purposes is 50 percent.

Note: Full face value amount will show up on the employees' Earnings and Leave statement for the period in which the award was processed for payment.

Examples of employee contributions that may be considered are:

1. Producing exceptionally high quality work under tight deadlines;
2. Performing added assignments in addition to regular duties;
3. Improving customer service to the public;
4. Exercising extraordinary initiative or creativity in addressing a critical need or difficult problem; and

5. Exceptional work on a one-time special project (See Appendix C).

(These examples are not intended to be all-inclusive.)

C. Recommending and Approving Officials

Monetary Spot awards are recommended by the immediate supervisor or a higher level manager. The immediate supervisor may approve awards ranging from \$50 – \$250. However, awards recommended for over \$250 must have a second level supervisory approval (See Appendix C).

D. Eligible Employees

All HUD HQ and Field Office executives, supervisors and managers are eligible for this award. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for Monetary Spot Awards.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted in HIHRTS.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Funds for Monetary Spot Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the Office of the Chief Financial Officer (OCFO), Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds throughout the year.

G. Restrictions

An employee may receive no more than three Monetary Spot Awards in any one fiscal year. The dollar amount must not exceed \$1,000 per individual each fiscal year.

3-2 Special Act or Service Award

A. Purpose

The Special Act or Service Award recognizes HQ and Field Office executives, managers, and supervisors for extraordinary one-time contributions to efficiency, economy, or other improvement of operations. These contributions may require overcoming unusual difficulties, and disclosure of fraud, waste, or abuse, which resulted in tangible or intangible benefits to the government.

B. Award Amount

Awards may be granted in amounts ranging from \$250.00 up to three percent of base pay. Rate is based on Step 1 of the employee's grade (See Appendix C).

C. Recommending and Approving Officials

Recommendations for Special Act Awards can be initiated at any level (peer, immediate supervisor, higher level manager). Nominations may range from:

1. \$250 - \$1,000.00 -- Must be approved by the second-level supervisor; to
2. \$1,001.00 - 3 percent of rate of basic pay, the rate of basic pay excludes locality pay. Rate is based on Step 1 of the employee's grade.

The award must be approved by the Assistant Secretary/equivalent or Regional Director.

Awards in excess of three percent of base pay, will require the review and approval of the program level Awards Committee, and the Departmental Awards Committee (See Appendices A and C).

D. Eligible Employees

All HUD HQ and Field Office executives, supervisors and managers are eligible for this award. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for this award.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted HIHRTS.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds.

G. Restrictions

There are no restrictions on the number of Special Act or Service Awards an employee may receive in a fiscal year. However, offices should ensure that multiple award nominations do not overlap performance or activities that have already been recognized by a previous award.

3-3 Supervisor/Manager of the Month Award

A. Purpose

The Supervisor/Manager of the Month Award is intended to recognize supervisors/managers for excellence in supervisory/managerial skills or extraordinary team achievements that are keyed to the Department's Strategic Goals.

B. Award Amount

Award recommendations may be granted up to \$1,000.00 (See Appendix C).

C. Recommending and Approving Officials

Recommendations for the Supervisor/Manager of the Month award may be submitted by a subordinate, peer, immediate supervisor, or higher-level manager. The award must be reviewed by the program level Awards Committee and approved by the Assistant Secretary/equivalent (See Appendix C).

D. Eligible Employees

All HUD HQ and Field Office executives, supervisors and managers are eligible for this award. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for this award.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted in HIHRTS.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds.

G. Restrictions

There are no restrictions on the number of Supervisor/Manager of the Month Awards an employee may receive in a fiscal year. However, nominating officials should consider the nominations of a wide array of other employees, before nominating the same employee more than once, or multiple times.

3-4 Performance Awards

A. Purpose

The purpose of performance based awards is to recognize an employee's performance over an entire rating period. The award must be based on a rating of record of "Excellent" or higher. Determinations for performance awards must be based on distinctions in performance levels to ensure employees with higher ratings of record receive larger cash awards.

B. Award Amount

Awards will be determined on an annual basis. However, only a minimum level of payments will be provided to program offices. A chart will be distributed once a final decision has been made.

C. Recommending and Approving Officials

The employee's immediate supervisors usually will initiate Performance Awards.

D. Eligible Employees

All HUD HQ and Field Office supervisors and managers are eligible for this Performance Awards. Performance Awards may be granted to a supervisor who has received an Outstanding or Excellent rating.

E. Award Criteria

The award must be made while the contributor is a Government employee. Former employees may receive Performance Awards for contributions made while they were federal employees. However, final determinations to provide such monetary payments to former employees are at the discretion of the Assistant Secretary at the Program Office level and may also be dependant upon the availability of funds.

This award must be supported by a written justification documenting the contribution which merits recognition. All recommendations must be completed and submitted in HIHRTS. The general statement used is:

“Cash award based on Outstanding rating for performance cycle ending.”

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds.

G. Restrictions

Only one Performance Award will be granted each appraisal cycle.

3-5 Quality Step Increase (QSI)

A. Purpose

A QSI is intended to recognize a manager or supervisor who has demonstrated sustained high quality performance significantly above what is expected in the employee's position. It provides for a faster than normal within-grade increase to the employee's base pay. It is directly linked to how well an employee performs and is linked to their official rating of record.

The nominee must have demonstrated sustained performance of the highest quality, significantly above the Successful rating level. The recommending official must certify that the employee's performance was at a high level of performance during the rating period. The recommending official must also expect the employee's performance during the next performance period to continue at the same high level of performance.

B. Award Amount

QSIs are an increase in an employee's rate of basic pay from one step to the next higher step (See Appendix C).

C. Recommending and Approving Officials

Nominations for QSIs are generally recommended by the immediate supervisor and approved by Assistant Secretaries/Regional Directors (Appendix C).

D. Eligible Employees

All HUD HQ and Field Office supervisors and managers are eligible for this performance award. QSI's may be granted only to an employee who has received an outstanding annual summary rating of record for the current cycle.

E. Award Criteria

QSIs are granted only when the employee's most recent performance rating of record is Outstanding. The recommending official must certify that the employee's performance was at a high level of performance during the rating period. The recommending official must also expect the employee's performance during the next performance period to continue at the same high level of performance. The cover sheet of form HUD-8054.1, Performance Appraisal, is submitted to the servicing HR Specialist (generally through the Administrative Officer) to process the SF-52 for payment.

F. Award Funds

Funds for Monetary Awards are allocated to each Program Office at the beginning of the fiscal year. However, each year the Deputy Secretary, or his/her designee, will determine whether QSIs will be granted. The decision to grant such recognition will be based on funds available in the Department's existing appropriations. If funds are available, the Chief Financial Officer will distribute appropriate funds according to the number of eligible employees in each program office.

G. Restrictions

The employee must not have:

1. Received a QSI within the proceeding 52 weeks;
2. Reached the maximum step of the grade; and
3. Changed grade since the rating of record was given.

3-6 Secretary's Awards

3-6.1 Supervisor/Manager of the Year

A. Purpose

The Supervisor/Manager of the Year award is categorized under "Secretary Awards," which is generally associated with the Secretary's Annual Awards Ceremony. This prestigious award is keyed to the Department's goals and recognizes extraordinary managerial or team achievements. There are separate awards for HQ and Field Office employees.

B. Award Amount

This award can be granted up to \$3,000 and may also be presented along with an Honorary Award. (See Appendix C.)

C. Recommending and Approving Officials

Nominations for Supervisor/Manager of the Year Awards may be submitted by subordinates, peers, rating official, or higher level manager. Each nomination will require the review of the Departmental Awards Committee. The Secretary or his/her designee will make final award decisions. (See Appendix C.)

D. Eligible Employees

All HUD HQ and Field Office executives, supervisors and managers are eligible for this award. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for this award.

E. Award Criteria

The award must be made while the contributor is a government employee. All recommendations must be completed and submitted in HIHRTS.

The award must be supported by a brief written justification. The justification must show that the nominee has demonstrated the ability to:

1. Gain employees commitment to management objectives;
2. Encourage and assist employees in the development and utilization of their skills;
3. Establish employees' confidence in supervisor's actions and decisions on personnel matters; and
4. Be responsive to and supportive of the Department's national goals.

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds.

G. Restrictions

There are no restrictions on the number of Supervisor/Manager of the Year Awards an employee may receive. However, nominating officials should consider the nominations of a wide array of other employees before nominating the same employee for the following fiscal year.

3-6.2 Leadership Award

A. Purpose

The Leadership Award is categorized under "Secretary's Awards" which is generally associated with the Secretary's Annual Awards Ceremony. This special award is keyed to the Department's goals and recognizes an employee for his/her extraordinary performance during the year, which also demonstrates unique contributions to the Department's goals.

B. Award Amount

This award can be granted from \$3,000 - \$10,000 and may be presented along with an Honorary Award. (See Appendix C.)

C. Recommending and Approving Officials

Nominations for the Leadership Award may be submitted by subordinates, peers, rating official, or higher level managers. Each nomination will require the review of the Departmental Awards Committee. The Secretary or his/her designee will make final award decisions. (See Appendix C.)

D. Eligible Employees

All HUD HQ and Field Office executives, supervisors and managers are eligible for this award. However, non-career SES and Schedule C employees may not be granted such awards during a Presidential election period (i.e., June 1 through January 20 (5 U.S.C. 4508)). Contract staff members are not eligible for this award.

E. Award Criteria

The award must be made while the contributor is a government employee and must be supported by a written justification documenting the contribution, which merits recognition. All recommendations must be completed and submitted in HIRTS. The award must be supported by a brief written justification. The justification must show that the nominee has demonstrated the ability to:

1. Gain employees' commitment to management objectives;
2. Encourage and assist employees in the development and utilization of their skills;
3. Establish employees' confidence in supervisor's actions and decisions on personnel matters; and
4. Be responsive to and supportive of the HUD's department-wide goals.

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds.

G. Restrictions

There are no restrictions on the number of Leadership Awards an employee may receive. However, nominating officials should consider the nominations of a wide array of other employees before nominating the same employee for the following fiscal year.

CHAPTER 4 MONETARY AWARDS (EPPES Only)

4-1 Monetary Spot Awards

A. Purpose

Monetary Spot Awards, commonly referred to as “Spot Awards,” are monetary awards that provide immediate recognition to employees who make an extra effort (either one time or short term) to perform their duties in an exemplary manner; especially those efforts that might otherwise not be recognized. Monetary Spot Awards are not used as a substitute for performance awards which are based on an employee’s annual summary rating of record, nor are they intended to replace or circumvent recognition of higher-level contributions through other monetary incentive awards.

B. Award Amount

Under the EPPES non-supervisory system, Spot Awards may be granted to individuals or groups of employees in amounts ranging from \$50 - \$300. The recommended award amount must be in \$25 increments. Although there are no limits imposed on the number of employees recommended for a group award, the group award must not total more than \$5,000. For group awards that exceed this amount, Special Act or Service awards should be used. The Department will incur all taxes for Monetary Spot Awards.

The amount of the award should be determined by the recommending official, based on the value of the employee’s contribution. In determining the amount of the Spot Award, it is important to consider the benefits realized by the organization from the employee’s contribution.

Examples of employee contributions that may be considered are:

1. Producing exceptionally high quality work under tight deadlines;
2. Performing added assignments in addition to regular duties;
3. Improving customer service to the public or colleges;
4. Exercising extraordinary initiative or creativity in addressing a critical need or difficult problem;
5. Exceptional work on a one-time special project;
6. Identified costs savings;
7. Being the first to complete or ahead of the curve on Departmental initiatives;

8. Finding a creative/innovative solution to a problem;
9. Exceptional customer service;
10. Exceptional leadership;
11. Following through or execution of a Department-wide goal (See Appendix D).

(These examples are not intended to be all-inclusive.)

C. Recommending and Approving Officials

Monetary Spot Awards may be recommended by the immediate supervisor and approved by the second line supervisor (See Appendix D).

D. Eligible Employees

Individuals or groups of employees who are Bargaining Unit, and Non-Bargaining Unit are eligible for this award. However, employees should have a current summary rating record of at least Fully Successful. An exception to this may be given for students or other short-term employees employed for less than 90 days. Contract staff members (including clerical temps) are not eligible for this award.

E. Award Criteria

The award must be made while the contributor is a Government employee. All recommendations must be completed and submitted on a form HUD-840 in HIHRTS.

The award must be supported by a brief written justification documenting the contribution which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

F. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each Program Office. Allocations are made by the Office of the Chief Financial Officer, Office of Budget, on an annual or quarterly basis. Each Program Office is responsible for ensuring the effective use of allocated awards funds throughout the year.

G. Restrictions

An employee under this system may receive no more than two Monetary Spot Awards in any one fiscal year. The Director of OHR may grant an exception to this restriction if an award is given by another Program Office other than the employee's permanent office, or if the employee is part of a group Spot Award.

4-2 Special Act Or Service Award

A. Purpose

The Special Act or Service Award is intended to recognize an individual or group accomplishment in the form of a suggestion, invention or special act or service, which, contributes to the efficiency, economy, and other improvement to Government operations. It was also designed to motivate employees to increase their productivity and creativity by rewarding them for their efforts.

B. Award Amount

Awards may be granted in amounts ranging from \$50 - \$10,000.00 (See Appendix A).

C. Recommending and Approving Officials

Special Act or Service Awards are generally recommended by the employee's immediate supervisor and must be approved by the Assistant Secretary or Regional Director. However, awards in excess of \$1,000.00 require the review and approval of the Departmental Awards Committee (See Appendix D).

D. Eligible Employees

Individuals or groups of employees who are Bargaining Unit, and Non-Bargaining Unit are eligible for this award. However, employees should have a current summary rating record of at least Fully Successful. An exception to this may be given for students or other short-term employees employed for less than (90) days. Contract staff members (including clerical temps) are not eligible for this award.

Award Criteria

The award must be made while the contributor is a Government employee. All recommendations must be completed and submitted in HIHRTS.

The award must be supported by a brief written justification documenting the contribution, which merits recognition. The justification should include:

1. The nature of the contribution;
2. The specific work accomplished; and
3. The time period in which the contribution was accomplished.

E. Award Funds

Funds for Monetary Awards are allocated to the Principal Staff level for each program office. Allocations are made by the OCFO, Office of Budget, on an annual or quarterly basis. Each program office is responsible for ensuring the effective use of allocated award funds throughout the year.

F. Restrictions

There are no restrictions on the number of Special Act or Service Awards an employee may receive under this system. However, offices should ensure that multiple award nominations do not overlap performance or activities that have already been recognized by another or previous award.

4-3 Performance Award

A. Purpose

Performance Awards are used to recognize non-supervisory employees who have sustained a high level of performance throughout the current appraisal period. These awards are based on the employee's annual summary rating of record.

B. Award Amount

Award amounts will be based on the employee's grade and may be granted up to 3 percent of the individual's rate of basic pay. The rate of basic pay including locality pay. Rate is based on Step 1 of the employee's grade. Contingent upon available funds, final award determinations will be made by the Office of the Secretary/Deputy Secretary (See Appendices C and D).

C. Recommending and Approving Officials

The employee's immediate supervisor usually will initiate Performance Awards, and the approving official is the second-line supervisor or the Office Director. A form HUD-840, Recommendation for Performance and Incentive Awards, and the

cover sheet of form HUD-8054.1, Performance Appraisal, are the documents required to process a Performance Award.

D. Eligible Employees

Bargaining Unit, and Non-Bargaining Unit employees are eligible for Performance Awards. Performance Awards may be granted only to an employee who has received an Outstanding or Excellent rating.

E. Award Criteria

The award must be made while the contributor is a Government employee. Former employees may receive Performance Awards for contributions made while they were federal employees. However, final determinations to provide such monetary payments to former employees are at the discretion of the Assistant Secretary at the Program Office level and may also be dependant upon the availability of funds.

The award must be supported by a written justification documenting the contribution which merits recognition. All recommendations must be completed and submitted in HIHRTS. The general statement used is:

“Cash award based on Outstanding rating for performance cycle ending.”

F. Award Funds

Funds for Monetary Awards are allocated to each Program Office at the beginning of the fiscal year. However, each year the Deputy Secretary, or his/her designee, will determine whether Performance Awards will be granted and at what percentage rate (such as 2 percent or 3 percent). The decision to grant such recognition will be based on funds available in the Department’s existing appropriations. If funds are available, the Chief Financial Officer will distribute appropriate funds to each Program Office accordingly.

G. Restrictions

Only one Performance Award will be granted each appraisal cycle.

4-4 Quality Step Increase (QSI)

A. Purpose

A QSI is an additional within-grade increase to base pay given to recognize high performance during a rating period. It is directly linked to how well an employee performs and is also linked to their official rating of record.

B. Award Amount

QSIs are an increase in an employee's rate of basic pay from one step to the next higher step.

(See Appendices C and D)

C. Recommending and Approving Officials

Nominations for QSIs are generally recommended by the immediate supervisor and approved by second-line supervisor and the Office Director.

D. Eligible Employees

Bargaining Unit, and Non-Bargaining Unit employees are eligible for QSIs. QSIs may be granted only to an employee who has received an outstanding annual summary rating of record for the current appraisal cycle.

Note: Under EPPES, both QSIs and Performance Awards are linked directly to the employees rating. (When both QSIs and Performance Awards are offered for Outstanding ratings, the employee's immediate supervisor makes the final determination of which type of monetary recognition the employee will be granted.)

Under no circumstances can an employee receive both a QSI and a lump sum performance award for the same appraisal cycle.

E. Award Criteria

QSIs are granted only when the employee's most recent performance rating of record is Outstanding. The recommending official must certify that the employee's performance was at a high level of performance during the rating period. The recommending official must also expect the employee's performance during the next performance period to continue at the same high level of performance. The cover sheet of form HUD-8054.1, Performance Appraisal, is

submitted to the servicing HR Specialist (generally through the Administrative Officer) to process the SF-52 for payment.

F. Award Funds

Funds for Monetary Awards are allocated to each Program Office at the beginning of the fiscal year. However, each year the Deputy Secretary, or his/her designee, will determine whether QSIs will be granted. The decision to grant such recognition will be based on funds available in the Department's existing appropriations. If funds are available, the Chief Financial Officer will distribute appropriate funds according to the number of eligible employees in each Program Office.

G. Restrictions

The employee must not have:

1. Received a QSI within the proceeding 52 weeks;
2. Reached the maximum step of the grade; or
3. Changed grade since the rating of record was given.

**DETERMINING AWARDS BASED ON INTANGIBLE BENEFITS
(SUGGESTED GUIDELINES)**

VALUE OF BENEFIT	EXTENT OF APPLICATION			
	LIMITED	EXTENDED	BROAD	GENERAL
	<i>Affects one office or organization</i>	<i>Affects several offices or organizations</i>	<i>Affects an entire area (HQS, Field)</i>	<i>Affects several areas or an entire department or is in the public interest throughout the Nation or beyond</i>
Moderate: Change or modification that has moderate value sufficient to meet the minimum standard for cash award – an improvement of rather limited value.	\$50 - \$125	\$125 - \$325	\$325 - \$650	\$650 - \$1,300
Substantial: Substantial change or modification of an operating principle or procedure – an important improvement to the value of a product, activity, program, or service to the public.	\$125 - \$325	\$325 - \$650	\$650 - \$1,300	\$1,300 - \$3,150
High: Complete revision of a basic principle or procedure – a highly significant improvement to the value of a product, major activity, program, or service to the public	\$325 - \$650	\$650 - \$1,300	\$1,300 - \$3,150	\$3,150 - \$6,300
Exceptional: Initiation of a new principle or major procedure – a superior improvement to the quality of a critical product, activity, program, or service to the public.	\$650 - \$1,300	\$1,300 - \$3,150	\$3,150 - \$6,300	\$6,300 - \$10,000

Note: This scale is a recommendation only.

APPENDIX A TIME-OFF AWARD WORK SCHEDULE CHART

WORKDAY STATUS	APPROVAL LEVELS REQUIRED	MAXIMUM NUMBER OF HOURS
1 Workday		
8 Hours	Immediate Supervisor	8 Hours
9 Hours (5-4/9 CWS)	Immediate Supervisor	9 Hours
10 Hours (4-10 CWS)	Immediate Supervisor	10 Hours
2 Workdays		
8 Hours	First and Second-Level Approval Required	16 Hours
9 Hours (5-4/9 CWS)	First and Second-Level Approval Required	18 Hours
10 Hours (4-10 CWS)	First and Second-Level Approval Required	20 Hours
3 Workdays		
8 Hours	First and Second-Level Approval Required	24 Hours
9 Hours (5-4/9 CWS)	First and Second-Level Approval Required	27 Hours
10 Hours (4-10 CWS)	First and Second-Level Approval Required	30 Hours
4 Workdays		
8 Hours	First and Second-Level Approval Required	32 Hours
9 Hours (5-4/9 CWS)	First and Second-Level Approval Required	36 Hours
10 Hours (4-10 CWS)	First and Second-Level Approval Required	40 Hours (Max)
5 Workdays		

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WORKDAY STATUS	APPROVAL LEVELS REQUIRED	MAXIMUM NUMBER OF HOURS
8 Hours	First and Second-Level Approval Required	40 Hours
9 Hours (5-4/9 CWS)	First and Second-Level Approval Required	40 Hours (Max)
10 Hours (4-10 CWS)	First and Second-Level Approval Required	40 Hours (Max)

APPENDIX B MATRIX OF AWARDS UNDER LDRS

RECOGNITION FOR SUSTAINED ACHIEVEMENTS

Award	Eligible Recipients	Purpose	Nominators	Amount	Approving Officials
Honorary	SES Managers Supervisors	Symbolic recognition of significant contribution or organizational hero	All Supervisors/Managers	Nominal Value (Not to exceed \$100)	Assistant Secretaries/RD's
Performance Awards	Managers Supervisors	High-quality performance for the performance period for Outstanding or Excellent	Supervisor	Lump Sum based on minimum payment amounts determined annually	Assistant Secretaries* RD's*
Supervisor/Manager of the Year (Field and HQ)	Managers Supervisors	Excellence in supervisory/managerial skills	Subordinates, peers, immediate supervisor, higher level managers	\$3,000	Secretary**
Leadership Award	SES Managers Supervisors	Unique Contributions to HUD's goals	Subordinates, peers, immediate supervisor, higher level managers	\$300-\$10,000	Secretary**
Quality Step Increase	Managers Supervisors	Sustained high quality performance significantly above "successful level" Employee must have a rating of record Outstanding	Immediate Supervisor	An increase to base-pay from one step to next higher step.	Assistant Secretaries* RD's*
Performance Award	Career SES	Unusual competence or exceptional accomplishment during Fiscal Year	Assistant Secretaries	5-20 percent of base pay	Secretary***
Meritorious Rank	Career SES	Sustained accomplishment	Secretary	20 percent increase to	President***

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Award				base pay	
Distinguished Rank Award	Career SES	Sustained, extraordinary accomplishment	Secretary	35 percent increase to base pay	President***

Note: Award recommendation in excess of \$5,000 will require the review of the Secretary prior to processing/payment

*Requires review/recommendation by Program Awards Committees.

**Requires review/recommendation by Departmental Awards Committee.

*** Requires review/approval by Office of Personnel Management.

RECOGNITION FOR SHORT-TERM/NON-RECURRING ACHIEVEMENTS

Award	Eligible Recipients	Purpose	Nominators	Amount	Approving Officials
Informal Spot Award	SES Managers Supervisors	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor, higher level managers	Nominal value (Not to exceed \$25)	Assistant Secretaries/RD's
Monetary Spot Award	SES Managers Supervisors	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor, higher level managers	\$50 - \$250	Immediate Supervisor
				\$251-\$500	Second-Level Supervisor
Time Off Award	SES Managers Supervisors	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor, higher level managers	Minimum: 2 workdays	Immediate Supervisor
				More than two work day <i>(Max. Per Award: 40 Hrs.)</i> <i>(Max. Per FY - 80 Hrs.)</i>	Higher Level Supervisor
Special Act or Service Award	SES Managers Supervisors	Extraordinary one-time contributions to efficiency,	Peers, immediate supervisor, higher level	\$250 - \$1,000	Second-Level Supervisor

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RECOGNITION FOR SHORT-TERM/NON-RECURRING ACHIEVEMENTS

Award	Eligible Recipients	Purpose	Nominators	Amount	Approving Officials
		economy, or other improvement of operations	managers	\$1,001 - 3 percent of base pay grade (including locality pay)	Assistant Secretaries/RD's
				In Excess of 3 percent of base pay	Assistant Secretaries/RD's **
Supervisor/Manager of the Month (Field and HQ)	SES Managers Supervisors	Excellence in supervisory/managerial skills	Subordinates, peers, immediate supervisor, higher level managers	\$1,000	Assistant Secretaries/RD's

Note: Award recommendation in excess of \$5,000 will require the review of the Secretary prior to processing/payment

*Requires review/recommendation by Program Awards Committees.

**Requires review/recommendation by Departmental Awards Committee.

*** Requires review/approval by Office of Personnel Management.

APPENDIX C MATRIX OF AWARDS UNDER EPPES (Non-Supervisory)

RECOGNITION FOR SHORT-TERM/NON-RECURRING ACHIEVEMENTS

Award	Eligible Recipients	Purpose	Nominators	Amount	Approving Officials
Honorary	Non-supervisory Personnel	Symbolic recognition of significant contributions of organized heroes	All supervisors/managers	Nominal value <i>(Not to exceed \$100)</i>	Assistant Secretary/RD
Informal Spot Award	Non-supervisory Personnel	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor, higher level managers	Nominal value <i>(Not to exceed \$25)</i>	Assistant Secretary/RD
Monetary Spot Award	Non-supervisory Personnel	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor Higher Level Managers	\$50-\$300 <i>(\$25 Increments only; Group Award maximum is \$5,000)</i>	Immediate Supervisor Second-Level Supervisor
Time Off Award	Non-supervisory Personnel	Noteworthy accomplishment related to job responsibilities. Short-term improvements in performance	Immediate supervisor Higher Level Managers	Minimum: Two work days	Immediate Supervisor
				More than two work day <i>(Max. Per Award: 40 Hrs.) (Maximum Per FY - 80 Hrs.)</i>	Higher Level Manager
Special Act or Service Award	Non-supervisory Personnel	Extraordinary one-time contributions to efficiency, economy, or other improvement of operations	Immediate supervisor or Higher Level Managers	\$50 - \$1,000	Assistant Secretary/RD
				\$1,001 - \$10,000	Assistant Secretary/RD**
				\$10,001 - \$25,000	OPM**
				\$25,001 - Above	President***

RECOGNITION FOR SHORT-TERM/NON-RECURRING ACHIEVEMENTS

Award	Eligible Recipients	Purpose	Nominators	Amount	Approving Officials
Performance Awards	Non-Supervisory employees	High-quality performance for the performance period for Outstanding or Highly Successful Rating	Immediate supervisor	Up to 3 percent of the base pay of the entry level salary for each grade (including locality pay) <i>(lump-sum payment)</i>	Second-line supervisor and the Office Director
Quality Step Increase	Non-Supervisory employees	Sustained high-quality performance for an Outstanding Rating Only	Immediate supervisor	An increase of base pay from one step to the next higher step	Assistant Secretary/RD

Note: Award recommendation in excess of \$5,000 will require the review of the Secretary prior to processing/payment
 *Requires review/recommendation by Program Awards Committees.
 **Requires review/recommendation by Departmental Awards Committee.
 *** Requires review/approval by Office of Personnel Management.

APPENDIX D GUIDELINES FOR PROGRAM AWARDS COMMITTEES UNDER THE LDRS

E-1 Background

Starting with the FY 2000 Appraisal Cycle, the Department implemented a new performance appraisal system, the Performance Accountability and Communication System (PACS), **and** a new awards system, the Leadership Development and Recognition System (LDRS) for executives, managers, and supervisors. Unlike the former system, which directly linked awards to performance ratings, the PACS and LDRS systems **are not directly linked**. Awards under LDRS may be given to executives, managers, and supervisors at any time of the year.

The LDRS policy guide provides more detailed information on the new awards system. The purpose of these guidelines is to assist Assistant Secretaries/Heads of Organizations in administering LDRS and establishing Program Awards Committees.

E-2 Criteria for Establishing the Program Awards Committee

Each **Assistant Secretary/Head of Organization** shall appoint a Program Awards Committee according to the following criteria:

- A. The Program Awards Committee shall consist of at least five executives, managers, and supervisors. The membership may be larger if appropriate for the individual organization.
- B. The Committee must include both Field and Headquarters employees.
- C. The Committee shall consist of a diverse group of individuals--i.e., male and female, different ethnic groups, varied levels of managers and supervisors, and representatives from all major components of the organization.
- D. The Committee shall elect a Chair and Vice-Chair. The Chair of the Program Awards Committee shall serve on the Departmental Awards Committee.
- E. Initially, three members of the Program Awards Committee shall serve for three consecutive years. The remaining two members shall serve for two years. Following the initial establishment of the Program Awards Committee, all members shall serve two consecutive years. At the end of the member's term, he/she shall rotate off the committee and may not serve on the committee for another two years. If an employee does not complete his/her term, another employee will be appointed to fulfill the member's term.

E-3 Responsibilities

The **Program Awards Committee** is responsible for:

- A. Providing advice and consultation on implementation of LDRS in the Program Office. This may include recommendations to the Assistant Secretary on issues such as allocation of the awards budget between Field and Headquarters employees, allocation of award budget between types of awards, and delegation of award approval authority.
- B. Ensuring consistent criteria for awards between Field and Headquarters units and between different organizational components.
- C. Publicizing statistical information on awards at least annually. Offices are encouraged to use HUDweb to publicize both individual awards and award statistics.
- D. Assessing the operation of the office's awards program biannually, addressing issues such as distribution of funds, distribution of awards, and use of various types of awards to encourage a high performance organization. A report of the assessments and recommendations shall be forwarded to the Assistant Secretary/Head of Organization and to the Departmental Awards Committee for consideration and action.
- E. Reviewing all nominations for Exemplary Performance Awards and Quality Step Increases and recommending candidates and award amounts to the Assistant Secretary/Head of Organization. There must be a majority vote of the Committee members before a recommendation can be made to the Assistant Secretary. Members of the Program Awards Committee shall use the guidance in the LDRS policy guide in reviewing awards recommendations.
- F. Reviewing all nominations from the Program Office for Secretarial Awards.
- G. Consistent with the intent of LDRS to involve peers in the awards decision making process and to provide as much flexibility as fiscally prudent to approve awards at the lowest supervisory level, the Assistant Secretary may choose to expand the responsibilities of the Program Awards Committee.

The **Departmental Performance Review Board** is responsible for:

- A. Reviewing nominations for Senior Executive Service (SES) performance awards and recommending candidates and award amounts to the Secretary (or designee) for approval.
- B. Recommending nominees for Presidential Rank Awards to the Secretary (or designee).

E-4 Funding for Awards

Starting October 1, 2000, and each fiscal year thereafter, the Departmental Office of Budget will allocate to each Program Office an awards budget for awards to executives, managers, and supervisors under LDRS. The allocation will also cover awards to bargaining and non-bargaining unit employees. The Program Office is expected to spend the entire amount of money designated for awards and may not reprogram the funds for any other purpose. Any portion of the awards budget that remains unused at the end of the fiscal year will be withdrawn and deposited back into the Departmental Salaries and Expenses budget account.

E-5 Reports

Once a quarter, the Assistant Secretary/Head of Organization shall report to the Deputy Secretary the awards approved for executives, managers, and supervisors in his/her Program Office during the quarter. The report shall consist of the names of award recipients; their position, series and grade; whether the employee is a Field or Headquarters employee; the type of award; and the award amount. The report shall be addressed to the Deputy Secretary through the Assistant Secretary for the Office of Administration/Chief Information Officer.

E-6 For Further Guidance

The Office of Human Resources, Deputy Assistant Secretary for Human Resource Management, in the Office of Administration is responsible for administering LDRS. For more information on these guidelines, please contact your servicing Human Resources Office.