



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 10 – Special Expense 11.0	EFFECTIVE DATE: 03/01/2006
TITLE: Honorarium	REVISION DATE: 08/22/2016
AUTHORIZED BY: Director, Bureau of Fiscal Services	

BACKGROUND

State Procurement Policy PRO-D-2 defines “Honorarium” as a gift or gratuitous payment to an individual or group of individuals for performing services on an occasional basis for which fees are not required, legally or traditionally. The Department, not the individual or group, determines the size of the honorarium. The honorarium includes the allowance for expenses incurred in providing the service, such as meals, travel, and lodging.

If the individual or group prescribes the fee, an honorarium situation does not exist; rather, a contract for service situation exists. Honorarium does **not** include payment of a fee to an individual or group of individuals providing services where they are available regularly to provide that service or where a substantial portion of the person’s income is derived from providing that service. Since an honorarium is a payment of a gratuitous nature, bidding is not required and no purchase order or contract should exist.

POLICY

NOTE: The Department of Health Services (DHS) expects that honorariums will only be used or proposed on a limited basis and under special circumstances.

Payment of an honorarium in accordance with the above guidelines will be limited to reasonable and necessary expenses, the total of which for short-term services rendered will not exceed \$10,000. (Limited by DOA Procurement Policy) Reimbursements for travel, meals, and lodging will not be authorized as an additional payment since, by definition, such reimbursement is part of the honorarium.

Examples of services for which an honorarium may be appropriate include:

- Speeches or presentations at DHS-sponsored conferences.
- Time spent on a one-time or relatively short-term project that involves significant scope and personal time commitment, such as a panel member or an evaluator for a major Request for Proposal.
- Service as a subject matter expert providing one-time or short-term consultation to Department program managers.

Examples of services for which an honorarium may **not** be given include:

- Payments to members of advisory bodies are prohibited by law, Wis. Stat. § 15.04 (1) (c).
- Services provided by a vendor who regularly charges a fee for such services.
- Services provided on a regular, ongoing, and continuous basis.

PROCEDURES

A proposed honorarium that meets the above standards may be given as a direct payment in accordance with the following guidelines:

1. Any proposed honorarium (between \$0 and \$10,000) requires a review by the division administrator or institution purchasing manager to assure that it is not subject to state procurement and contract requirements. It must be reviewed and approved by the deputy secretary or designee.
2. In all cases where an honorarium is planned, the division or institution shall assure that there is sufficient funding prior to offering the honorarium.
3. A purchase requisition or brief memo shall be kept on file in the program division to document the amount, funding source, date, and justification for the honorarium.

REFERENCES

State Procurement Manual [PRO-D-2](#) – Honorarium (see below)

[Wis. Stat. § 15.04 \(1\) \(c\)](#)

Directions to Procurement Manual

To view the policies and procedures of the State Procurement Manual, click on <http://vendornet.state.wi.us/> and click on [General Procurement in the tool bar, click on State Procurement Manual in the tool bar and open the Procurement Manual link.](#)

CONTACTS

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