



POLICY

Title:	Use of Gift Cards and Gift Certificates
Effective Date:	July 1, 2021
Approved By:	President's Council
Responsibility Party:	Vice President for Finance
History:	N/A
Related Documents	Corporate Credit Card Policy; Gift Acceptance Policy;

I. PURPOSE:

To define and adequately document the purchase and distribution of gift cards and gift certificates purchased using university or grant funds.

Gift cards, regardless of the value, are considered cash equivalents by the Internal Revenue Service and are subject to tax reporting. Departments purchasing and distributing gift cards are responsible for compliance with IRS regulations and University policies.

II. DEFINITION:

Gift Card - . For purposes of this policy, "gift card" is defined as a stored-value or similar instrument issued in lieu of cash or check including, without limitation, a gift certificate. As a cash-equivalent instrument, gift cards are governed by tax rules and internal control requirements.

III. POLICY:

The purpose and purchase of gift cards must be pre-approved by the Vice President of Finance or his/her designee due to the fact gift cards are the equivalent to cash and have income tax implications. Normally, the value of an individual gift card shall not exceed \$75.00 per card.

Examples of Appropriate Uses for gift card purchases are:

- Event volunteers
- Sponsored project participants
- Door prizes
- Survey participants

Gifts and gift cards/certificates may not be distributed in lieu of cash compensation. For example, gifts and gift cards/certificates may not be used in any of the following situations:

- to compensate speakers (e.g. honorarium);
- to express appreciation to faculty, staff, students or volunteers;
- to compensate any individual performing a service for the University.

Use of gift cards for sponsored project participants

The use of gift cards as incentives or awards of externally-funded sponsored project participants must be described in the grant proposal. If the gift card was not described in the grant proposal, the purchase of a gift card on a sponsored project requires prior written approval from the sponsor. If prior approval is not obtained, the gift card purchase is not allowable on the grant.

Purchasing

Gift cards may be purchased by using:

- a Salus University credit card;
- a purchase order; or
- the purchaser may be reimbursed using an expense report following established approval processes.

If a holder of an authorized University credit card is found to have violated this Policy, the employee may lose their card privileges.

Distribution/Tracking

Until disbursed, gift cards should be maintained in a secure, locked area. Gift card activity shall be documented by the department so that the physical number and value of cards in the custodian's possession matches the balance of gift cards documented on a log, receipt book, or equivalent method of documentation.

The method of tracking gift cards should record the following information:

- i. Recipient name or in the case of confidential human subject participants, the participant ID number

- ii. Date of distribution
- iii. Signature of Principal Investigator or department head authorizing disbursement to recipients
- iv. Purpose of payment
- v. Serial number of the gift card
- vi. Amount of gift card
- vii. Signature or initials of study participant or recipient, if available

For mailed and electronic gift cards, the department must maintain a reconciliation of the number of cards given equaling the number of surveys or participants. This reconciliation must be approved by the supervisor of the person disbursing the cards.

Tax Reporting:

The department must submit a copy of the Log, together with a copy of related Authorization Forms and Acceptance Agreements monthly. For the month ending December 31, the Log must be submitted by December 15th. No gifts or gift cards/certificates should be given to employees after December 15th of each year. If it is determined that in any calendar year a non-employee has received an amount of \$599.00 or more, the issuing department will be responsible for obtaining an IRS Form W-9 (Request for Taxpayer Identification Number and Certification) from the recipient. If gifts or gift cards/certificates have been distributed to nonresident aliens, the Department issuing the gifts or gift cards must report such to the Finance Office at the time of the distribution, and it will be responsible for all applicable taxes.