Administrative Policy

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Subject: GIFT CARDS

1.0. PURPOSE

To establish the policy governing the purchasing and disbursement of gift cards.

2.0. ORGANIZATIONS AFFECTED

All organizational units of the university. See section 4.1. Scope for additional details.

3.0. REFERENCES

3.1. Delegation of Authority, Cal State LA Administrative Policy P010

3.2. Procurement Card Manual, Cal State LA Procurement and Contracts

3.3. Fringe Benefit Guide, Internal Revenue Code Section 132

3.4. Gift Cards, Cal State LA How to Purchase and Pay

4.0. POLICY

4.1. Scope

The use of gift cards must comply with the mission of Cal State LA and adhere to all policies and procedures. The following are guidelines and procedures for purchasing and distributing gift cards using university and auxiliary funds. See section 5.0. Gift Card Policy Matrix for a summary of allowable gift card purchases.

4.2. Gift Card Purchasing

Under Internal Revenue Code (IRC) Section 132, cash and cash equivalent fringe benefits, no matter how little, are never excludable as a de minimis benefit (see Reference 3.3.). Examples of these benefits include gift certificates, gift cards, and the use of a charge card or credit card.

Gift cards can only be used as incentives. Gift cards for employees, including student assistants, are considered cash equivalents and, therefore, taxable income regardless of the gift card value. The additional tax will be deducted from the employee's paycheck when the gift card is issued.

Gift cards can be purchased to incentivize student participation in a valid university-approved activity. Gift cards provided to students are required to be reported to the Financial Aid Office. For this policy, the student is defined as an individual currently enrolled at Cal State LA with a valid Campus Identification Number (CIN).

Gift cards may **NOT** be purchased under the following circumstances:

- Personal reasons
- Holiday, birthday or other gifts to employees or students
- To pay suppliers and consultants for goods and/or services received
- Gifts for graduating students
- Student assistants may not be given gift cards for work-related activities (e.g., bonuses, rewards, etc.)
- Payment to volunteers

4.3. Gift Card Purchases, Maintenance and Disbursement, and Tracking

4.3.1. Purchases

Gift card purchases are required to be (1) purchased using a Procurement Card (ProCard) and (2) documented in the Gift Card Purchase and Disbursement Log (see Appendix 7.1.). Gift cards should be disbursed as soon as possible and within 30 days of the date of purchase, except gift card purchases for approved research activities (see Appendix 7.4.).

Gift card purchases are to be expensed to account 660833 – Gift Cards.

Gift card values cannot exceed $25.00 per card. See below for details:

- The divisional vice president must approve gift cards with values of more than $25.00 (except for grants and contracts, as applicable).
- Gift cards for grants and contracts must be in accordance with the grant and contract agreement, budget, and guidelines. A greater amount may be approved in accordance with grant and contract award terms and conditions (see Appendix 7.4).

The number of gift cards purchased at one time should not exceed 20 gift cards for a total of $500.00 unless the purpose is for a grant award, as noted above. The total amount of gift cards purchased cannot exceed $2,500.00 per fiscal year (i.e., 100 gift cards purchased per fiscal year).

The divisional vice president must approve a purchase that exceeds limits, as described above, when:

- More than 20 gift cards will be purchased at one time
- Total amount will exceed the per fiscal year limit

4.3.2. Maintenance and Disbursement

Gift cards should only be purchased as needed and must be secured at all times (i.e., for physical gift cards, in a safe, locked cabinet, locked drawer, or other secure location; for e-gift cards, in a password-protected network/online account) until disbursed. Access should be limited to designated/authorized staff and appropriate segregation of duties should be maintained.

Any unused gift cards must either be returned to the original funding source or, with the responsible department's approval, rolled over to another event/activity that is supported by the same funding source.

The department is responsible for the cost of any missing gift cards. The Department should immediately report to the Director of the Department, sponsored programs administration, and University Police if applicable. An incident report must be completed.

Gift cards must be disbursed within 30 days of purchase, except gift card purchases for approved research activities (see Appendix 7.4.).

The disbursement of gift cards must be documented in the Gift Card Purchase and Disbursement Log, and each payment must be uniquely identified in order to document the appropriate use of the card for auditing purposes. Information to be collected for each card is as follows and must be submitted within 30 days of purchase (See Appendix 7.4 for guidelines specific to gift cards for approved research.).

- Recipient's name and CIN
    - For employees, include their CIN
    - For students, include their CIN
    - For research participants, see Appendix 7.4.
- Confirmation of receipt of gift card (signature/initials; email acknowledging receipt may suffice for gift card delivered electronically)
- Date gift card was disbursed
- Purpose for gift card purchase
- Payment amount
- Type of gift card
- Gift card number

4.3.3. Tracking

It is the responsibility of the department to track gift card purchases and disbursement per recipient through the Gift Card Purchase and Disbursement Log (see Appendix 7.1.). On a monthly basis, departments must submit their logs to Accounts Payable, who will reconcile the activity and review transactions in compliance with this policy.

In June of the fiscal year, Accounts Payable will request an inventory of the remaining gift cards that have not been disbursed. Accounts Payable will work with departments to reconcile gift card inventories against disbursement logs.

In the event a cumulative total of $600.00 or more in gift cards has been disbursed in a calendar year to an individual (non-employee), the department must provide a completed Payee Data Record of the recipient, and the total dollar amount issued to the Accounts Payable department. The dollar amount issued will be reported to the recipient on a 1099-MISC or 1042 (for non-residents).

Gift cards issued to employees, including student assistants, are subject to taxation regardless of dollar amount. The additional tax will be deducted from the employee's paycheck when the gift card is disbursed. It is the responsibility of the issuing department to submit the Employee Gift Card Disbursement Log (see Appendix 7.3.) to the Payroll Office.

The Financial Aid Office reviews gift cards issued to students. It is the responsibility of the issuing department to complete the Student Gift Card Disbursement Log (see Appendix 7.2.) and then submit the log to the Financial Aid Office, who will determine if the gift card amount should be applied toward the student's overall financial aid award.

5.0. Gift Card Policy Matrix (for additional details, refer to Section 4.3.)

Gift Card Policy Matrix								
Category	**Definition**	**Allowed Purpose**	**Individual Gift Card Purchase Limit**	**# of Card Purchases Limit (Per Fiscal Year)**	**Aggregate Purchase Limit (Per Fiscal Year)**	**Required Reporting** *(specific to this policy)*	**Responsible Department**	**Note**
Students	Students (*confirmed* valid CIN)	Incentivize participants for a valid university-approved activity	$25.00	100	$2,500.00	Student Gift Card Disbursement Log (see Appendix 7.2.)	Department and Financial Aid Office	Amount greater than limit, approval by a VP is required.
Employees	Staff and student assistants employed by Cal State LA and/or associated auxiliaries	Incentive	$25.00	100	$2,500.00	Employee Gift Card Disbursement Log (see Appendix 7.3.)	Department and HRM/Payroll	Amount greater than limit, approval by a VP is required.
Grant Participants	Participating in research activities – funded by external funding sources	Incentive research participants	Subject to the external grant contract (usually $25.00)	Subject to the grant contract and budget	Subject to the external grant contract budget	Gift Card Purchase and Disbursement Log for Approved Research (see details in Appendix 7.5.)	UAS	A greater amount may be approved in accordance with grant and contract award terms and conditions.
Research Activities Participants	Participating in research activities – funded by university internal funding sources	Incentive research participants	Subject to the internal funding source (usually $25.00)	Subject to the grant contract and budget	Subject to the internal funding source	Gift Card Purchase and Disbursement Log for Approved Research (see details in Appendix 7.5.)	Department and Director of Fiscal Operations & Resource Planning	A greater amount may be approved in accordance with grant and contract award terms and conditions.
Non-Employees/ Students	Not employed or current student	Grants and contracts	Subject to the grant contract (usually $25.00)	Subject to the grant contract and budget	Subject to the grant contract budget	Calendar year event cumulative total 1099 applicable at $600.00	Grants Administrators	A greater amount may be approved in accordance with grant and contract award terms and conditions.

6.0. RESPONSIBILITIES (for additional information, refer to the context of the policy)

Department Responsibilities
Record gift card transactions to account 660833.
Complete the following (as applicable): - Gift Card Purchase and Disbursement Log (Appendix 7.1.) - Student Gift Card Disbursement Log (Appendix 7.2.) - Employee Gift Card Disbursement Log (Appendix 7.3.) - Gift Card Purchase and Disbursement Log for Approved Research (Appendix 7.5.)
Complete the monthly Procurement Card reconciliation (ProCard Reconciliation)
Disburse gift cards within policy (e.g., within 30 days of purchase except approved research activities).
Maintain appropriate internal controls and security over gift cards: - Secure physical gift cards in a safe, locked cabinet, locked drawer, or other secure location - Secure e-gift cards in a password-protected network/online account - Limit access to designated/authorized individuals and maintain appropriate segregation of duties, etc.
HRM/Payroll will process the gift card amount as taxable income.

One-Stop Accounts Payable Responsibilities
Reconcile monthly gift card purchases and disbursement.
Review logs for appropriate documentation and tracking: - Gift Card Purchase and Disbursement Log (Appendix 7.1.) - Student Gift Card Disbursement Log (Appendix 7.2.) - Employee Gift Card Disbursement Log (Appendix 7.3.) - Gift Card Purchase and Disbursement Log for Approved Research (Appendix 7.5.)
Complete monthly gift card inventory.
Complete year-end processes and journal entries related to gift cards.

7.0. APPENDICES

7.1. Gift Card Purchase and Disbursement Log
7.2. Student Gift Card Disbursement Log
7.3. Employee Gift Card Disbursement Log
7.4. Gift Card Guidelines for Approved Research
7.5. Gift Card Purchase and Disbursement Log for Approved Research
7.6. Gift Card Process Flow Chart