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| System-wide Policy: | |
| FI0313 - Gift Cards and Gift Certificates | |
| Version: 2 | Effective Date: 09/14/2018 |

FI0313 – Gift Cards and Gift Certificates

Topics:

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Objective:

To provide policies and procedures on the purchase, distribution, tracking and accounting for gift cards and gift certificates.

Policy:

Definition

1. Gift card/certificate is defined as a stored-value or similar instrument issued in lieu of cash or check. For purposes of this policy, “gift card” includes gift certificates. As a cash-equivalent instrument, gift cards are governed by tax rules and internal control requirements.

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Custody and Security

2. Gift cards require the same level of security as cash. As such, the process of protecting gift cards should comply with sections 4-7 of [FI0525 - Petty Cash](#).

Approval and Limits

3. The purpose and purchase of gift cards must be pre-approved by the Chief Business Officer (CBO) or his/her designee due to the fact gift cards are the equivalent to cash and can have income tax implications. Normally, the value of an individual gift card shall not exceed \$75.00 per card.

Examples of Appropriate Uses

4. Examples of appropriate requests for gift card purchases are:
 - a. Event volunteers
 - b. Sponsored projects participants
 - c. Outreach participants (i.e. 4-H participants)
 - d. Door prizes
 - e. Survey participants

Sponsored Projects

5. Use of gift cards for sponsored projects participants
 - a. 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. Additionally, when conducting human subjects research **the protocol must be submitted to and approved by the Institutional Review Board and informed consent of participants must be sought and documented.**

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- b. The use of gift cards as incentives for department research not funded by an outside entity should be described in a descriptive narrative, protocol or publication. **The document must specify gift cards to be used as incentives will be purchased in the appropriate dollar amounts from a specified vendor or vendors. When conducting human subjects research, this document must be submitted to and approved by the IRB and informed consent of participants must be sought and documented.**

Purchasing

6.
 - a. Gift cards may be purchased by an employee and reimbursed through petty cash (Miscellaneous reimbursement system) for valid purposes or uses.
 - b. Gift cards may be purchased through the campus bookstore.
 - c. Gift cards may be purchased with an invoice through the purchase order process. This is preferable when a large amount of gift cards are required.
 - d. Gift cards cannot be purchased with P cards.
 - e. All purchases of gift cards must use GL code 44678, except GL 443400 should be used for purchases of gift cards for sponsored projects.

Gift cards for students or employees

7.
 - a. Gift cards cannot be issued/given to UT students or employees unless prior approval from the CBO or designee is obtained. Due to federal regulations regarding student payments and IRS regulations for employees, prior approval is required to ensure these regulations are followed. Each campus/institute CBO must report those with tax implications to Payroll by the end of the calendar year via the Taxable Fringe Benefit Documentation Form. (Located at <http://policy.tennessee.edu/wp-content/uploads/2014/09/TaxableFringeBenefitDocumentationForm3.docx>).

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- b. Any gift cards given to UT students must comply with Fiscal Policy FIO535 – Student Payments (Non-employment Related) and any gift cards given to UT employees must comply with [FI0717 - Employee Gift Acceptance Policy](#).
- c. Financial aid and payroll reporting are not required when gift cards are given to participants for anonymous surveys.
- d. If the combined total of value of gift cards received and compensation for services rendered exceeds \$600 in any calendar year for a non-employee, a form 1099-MISC will be issued. If the gift recipient is a U.S. Citizen, he/she will be required to complete a Form W-9, and the department will forward the completed W-9 to Accounts Payable along with the amount of the gift card given. If the gift recipient is a foreign national or non-resident alien, he/she will be required to complete a form W-8BEN, and the department will forward the completed W-8BEN to Accounts Payable along with the amount of the gift card given.

Tracking

- 8.
 - a. 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.
 - b. The method of tracking gift cards should record the following information:
 - i. Recipient name or in the case of anonymous or confidential human subject participants, the participant ID number
 - ii. Date of distribution
 - iii. Signature of PI 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

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- c. Alternate method of record keeping for anonymous and confidential surveys – for anonymous surveys and confidential research participants, 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.
- d. Alternate method of record keeping for mailed and electronic gift cards – 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.

Distribution

- 9. The individual assigned the responsibility of distributing the gift cards should not also be assigned the responsibility of tracking and reconciling gift cards.

Lost or Stolen Cards

- 10. Lost or stolen cards need to be reported in accordance with [FI0131 - Cash Shortages and Property Losses](#).

Unused Inventory

- 11.
 - a. Physical inventory of gift cards must be performed at least monthly by the department. At the end of the fiscal year, the total number of unused cards and the total value of those cards must be reported to the campus CBO.
 - b. Unused inventory of gift cards must always be accounted for. It is not permissible to charge sponsored projects for gift cards that have not been used for the project.
 - c. When unused cards exist, the department should try to return the gift cards to the vendor and obtain a refund. The department may re-sale the gift cards to other departments who have approved business need for the cards. Sponsored

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projects must be reimbursed for the full cost of unused cards. The department purchasing the gift cards must have CBO approval in accordance with paragraph 3 of this policy.

PROCEDURES

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| Knoxville: | http://budget.utk.edu/fiscal-policy/ |
| Health Science Center: | https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f& |
| Institute of Agriculture: | https://ag.tennessee.edu/Pages/UTIApolicies.aspx |
| Martin: | http://www.utm.edu/departments/finadmin/procedures.php |
| Chattanooga: | http://www.utc.edu/business-financial-affairs/fiscalpolicies.php |

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