



Administrative Policy

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Subject: GIFT CARDS

1.0 PURPOSE:

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

2.0 ORGANIZATIONS AFFECTED:

2.1. 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 10 (P 010)

3.2. [Procurement Card Manual](#), Cal State LA Procurement Contracts and Support Services

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 Auxiliaries 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. 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, a 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.)
- Payments to volunteers

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

Purchases

Gift card purchases are required to be (1) purchased using a Procurement Card (ProCard) and (2) documented in the Gift Card Purchase and Distribution Log (Appendix 7.3). Gift cards should be disbursed as soon as possible and within 30 days of the date of purchase.

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

Gift card values cannot exceed \$25 per card. See below for details.

- The divisional vice president must approve gift cards with values of more than \$25. (except for Grants & 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.

The number of gift cards purchased **at one time** should not exceed 20 gift cards for a total of \$500 unless the purpose is for a grant award, as noted above. The total amount of gift cards purchased cannot exceed \$2,500 **per Fiscal Year** (i.e., 100 gift cards purchased per FY).

The divisional vice president must approve the purchase of more than 20 gift cards at one time or if it exceeds the per Fiscal Year limit as described above.

Maintaining and Distributing Gift Cards

Gift cards should only be purchased as needed and be secured at all times (i.e., in a safe, locked cabinet, locked drawer, or other secure location) until distributed. The department is responsible for the cost of any missing gift cards.

Gift cards must be distributed within 30 days of purchase.

The issuance of gift cards must be documented in the Gift Card Issuance 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:

- Recipient's name and CIN
 - For employees, include their CIN
 - For students, include their CIN
 - For grant participants, include the study subject ID number (the study subject ID is a number assigned by the school or department to identify the study participant (student) and protect confidentiality)
- Signature or initials confirming receipt of gift card (an email acknowledging receipt may suffice if the gift card was delivered electronically)
- Date the gift card was issued
- Purpose of the gift card purchase
- Payment amount
- Type of gift card
- Gift card number

Gift Card Tracking

It is the responsibility of the department to track gift card purchases and distribution per recipient through the Gift Card Purchase and Distribution Log (see Appendix 7.3). 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 or more in Gift Cards has been issued 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 issued. It is the responsibility of the issuing department to submit the Employee Gift Card Distribution Log (see Appendix 7.2), 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 Distribution Log (see Appendix 7.1) and then submit the log to the Financial Aid office). The Financial Aid office will determine if the gift card amount should be applied toward the student's overall financial aid award.

5.0 Gift Card Matrix: (for additional details, refer to section 4.3)

Gift Card Policy Matrix								
Category	Definitions	Allowed Purpose	Individual Gift Card Purchase Limits	# of Card Purchases Limit (Per Fiscal Year)	Aggregate Purchase Limit (Per Fiscal Year)	Required Reporting (specific to this policy)	Responsible Department	Note
Employees	Staff and Student workers employed by Cal State LA and/or associated Auxiliaries	Incentive	\$ 25.00	100	\$2,500.00	Employee Gift Card Distribution Log (see Appendix 7.2)	Department & HRM/Payroll	Greater than approval by a VP is required.
Students	Students (confirmed valid CIN)	Incentivize participants for a valid university-approved activity	\$ 25.00	100	\$2,500.00	Student Gift Card Distribution Log (see Appendix 7.1)	Department & Financial Aid Office	Greater than approval by a VP is required.
Grants Participants	Participating in grant research	Incentive research participants	Subject to the grant contract (usually \$25.00)	Subject to the grant contract and budget	Subject to the grant contract budget	N/A	UAS	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 & 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	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 (<u>as applicable</u>): <ul style="list-style-type: none">- Gift card purchase and disbursement log (Appendix 7.3)- Employee Gift Card Distribution log- (Appendix 7.2), and- Student Gift Card Distribution log (Appendix 7.1)
- Complete the Monthly Procurement Card Reconciliation (ProCard Reconciliation)
- Distribute gift cards within policy (e.g., within one month of purchase).
- Maintain appropriate internal controls and security over gift cards. (i.e., store in a safe, locked cabinet, and/or locked drawer with controlled access to the key/pin, limit access to designated/authorized individual(s), maintain appropriate separation 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 the gift card purchase and disbursement log (Appendix 7.3), employee gift card distribution log (Appendix 7.2), and student gift card distribution log (Appendix 7.1).
- Complete monthly gift card inventory.
- Complete year-end processes and journal entries related to gift cards.

7.0 APPENDICES

- 7.1. [Student Gift Card Distribution Log](#)
- 7.2. [Employee Gift Card Disbursement Log](#)
- 7.3. [Gift Card Purchase and Disbursement Log](#)