Gift Card/Certificate

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AVP Administration & Finance

Procedure Purpose: Provide an operational procedure for the procurement of gift cards/certificates and to outline the reporting requirements for the purchasing department.

Procedure Frequency: Each purchase and distribution of gift cards/certificates

Units involved in the procedure: Department of Procurement, Office of the Comptroller

Units affected by the procedure: All departments irrespective of the source of funding used.

Gift cards/certificates are considered as a cash equivalent, thereby presenting the University with an inherent fraud risk. Additionally, the IRS (TAM2004) requires gift cards/certificates purchased for employees, including student workers, regardless of the amount, to be included in the employee’s gross income on Form W-2. Therefore, the following policy must be followed to ensure the Office of the Comptroller and Department of Procurement are aware of all gift card/certificate purchases and can process in accordance with IRS regulations, University of Baltimore (UB), University System of Maryland (USM) and State of Maryland (SOM) policies.

Procedure

Purchases must be made via a purchase order using account 609830. Purchases may not be made with the UB Corporate Purchasing Card or through employee personal purchase and reimbursement (i.e. via travel reimbursement form). This procedure is necessary to ensure all gift cards/certificates purchases are identified to the Office of the Comptroller and reported to the IRS as required. Gift cards/certificates provided to a UB employee are considered taxable income.

Procedure for purchasing

The UB requesting units initiates a PeopleSoft purchase requisition which includes:

- a justification for purchasing of gift cards/certificates (versus some other disposable small dollar item)
- the intended gift card recipients (e.g. employees receiving service awards, survey participants, research subjects, etc). The number of gift cards/certificates purchased should be directly related to the intended # of recipients.
- the date of the event/project where gift cards/certificates will be distributed
- demonstrate approval from divisional leadership (SVP) or department head (a financial manager is not sufficient)
The purchase requisition will follow the normal routing and approval process and become a purchase order. The purchase order will follow all standard processes including the requestor physically obtaining the gift cards/certificates from the issuing vendor.

Requestors may only purchase the gift cards/certificates using a PeopleSoft generated purchase order and procure directly from a vendor whereby the vendor issues an invoice which is processed through Accounts Payable (in the Office of the Comptroller). When submitting a gift card invoice for payment, attach a copy of the purchase order.

**Procedure for distribution and reporting**

Upon receipt of the gift cards/certificates, the requestor must verify the purchase by listing the card/certificate name (e.g. Target), card amount and serial number, for each card/certificate purchased and received, on the gift card/certificate report form. If the cards/certificates are not numbered, number each row of the table so there will be one table row for each gift card/certificate. This review must be witnessed by a co-worker or supervisor (not a subordinate). A secondary verification of the purchase is required when PeopleSoft finance receiving report is completed and the department authorizes the vendor invoice for payment thru Accounts Payable.

When the gift card/certificates are distributed, acquire the PRINTED name, address, employee/student ID #. If the gift card value is $300 or more, and the recipient is not a UB student or employee, we must have the recipient’s Social Security number in order to issue a form 1099-Misc. Have the recipient sign and date the report to acknowledge receipt of the gift card/certificate. If the gift card/certificate is mailed to recipient, we will accept the US Mail return recipient signature, attached to the report, in lieu of a signature on the report. The report should be retained until all gift cards/certificates are disbursed. Within 30 days of the disbursement of the final gift card/certificate, the requesting/disbursing unit must submit the gift card/certificate report, to Accounts Payable (in the Office of the Comptroller). The unit should retain a copy of the report along with the original purchase order in their files.

Accounts Payable will:
- Match the report with the original vendor’s invoice and retain it for audit for a period of four (4) fiscal years or until audit occurs.
- Provide a copy of the report to Payroll to ensure any UB employee is appropriately taxed. Payroll will complete a “gift card fringe” form to CPB in the pay period following the submission of the gift card/certificate report to Accounts Payable.

If at the end of the fiscal year, the gift cards/certificates are not all distributed, the requesting unit must submit the report and note those gift cards/certificates not distributed. Over purchasing of gift cards/certificates should be avoided at all cost. The gift card/certificate report form can be accessed on the Office of the Comptroller’s web page under FORMS. Gift cards/certificates should be stored securely (in a locking drawer, cabinet or safe) and treated with the same amount of care as is required of cash. Theft/mishandling of gift cards/certificates should be promptly reported to the University of Baltimore Police at 410.837.5520 or on-campus x5520. A copy of the University Police report should be sent to the Office of the Comptroller.