

Appendix A

Gift Card Purchasing and Distribution Reporting Guidelines

Issuing gift cards is a convenient and highly acceptable practice in today's economic environment. However, because gift cards are a "cash equivalent", there are risks associated with purchasing such cards. Consequently, the purpose of these guidelines is to help ensure that gift cards are used properly for business purposes and that the cards are properly safeguarded and accounted for. In addition, all gift cards regardless of the dollar value are considered taxable to the recipient per the IRS and this sets forth the tax reporting procedures after cards are given to recipients.

I. Gift Card Restrictions

1. Cards may not be purchased with the intent that they will be used to purchase goods or services including the hosting of meals or other College sponsored events/activities. Other College payment tools such as the P-card, College checks and LCD checks are the payment methods for purchasing goods and services.
2. Cards may not be purchased at the end of one fiscal year with leftover funds as a way to bank money or carry over funds to be used in the next year. The general rule is that gift cards should be used within the same fiscal year as purchased. However, this does not prohibit departments from holding cards at yearend that could not be distributed for some reason if the intent, at time of purchase, was that the cards would be used/distributed before year end.
3. Gift Cards should not be given in recognition of personal life events or for profession-specific observance days. There should be a valid business purpose associated (documented) with all distributed cards.

II. Accounting for and Safeguarding Gift Cards

1. Gift Card Inventory / Recipient Form
All purchased gift cards (including those from the SLCC Bookstore, Food Service or other College entities) and their disposition must be properly accounted for on the "Gift Card Inventory / Recipient Form" (Appendix A-1). As cards are purchased, they should immediately be listed on the form with the card description and value to first account for them as inventory on-hand. The department keeps this form and as cards are given to recipients the form is updated with the purpose, date given, recipient name, employee/student S# (or just the name and phone # if the recipient is not an employee or student).
2. Buying Gift Cards
If a P-card was used to buy gift cards, a copy of the Gift Card Inventory / Recipient Form listing all cards purchased together with the vendor's purchase receipt should be remitted with the monthly P-card packet sent to the P-Card program administrator. If an employee

is reimbursed for purchasing gift cards, a copy of the form should be attached to the Expense Reimbursement that is submitted as a Payment Request in SLCCBuy. If College gift cards/certificates are purchased (i.e. from the Bookstore or Food Services), the purchasing department is responsible to maintain a copy of the inventory/recipient form in their files as supporting backup to the IDB charge.

Purchases of restaurant or SLCC Food Service gift cards do not require a Hosting Authorization Form.

3. Maintaining and Safeguarding Cards

Because gift cards are cash equivalents, unissued cards must be securely maintained. In addition, a person other than the BCM/purchase approver should be assigned responsibility for the inventory and safeguarding of undistributed cards. The BCM acts as the independent reviewer to ensure that purchased cards and their ultimate distribution are properly handled according to these guidelines. The approver signs the inventory/recipient form when cards are purchased to establish the inventory, and signs after the total group of cards are distributed signifying approval of the disposition or use of the cards. The original completed inventory/recipient form is maintained by the departments.

4. Reporting for Distributed Cards

If cards are given to employees, the department submits a copy of the inventory/recipient form to the Payroll Office in the same pay period the card was given. If cards are given to non-employees, a copy of the form is submitted to Accounts Payable within 10 days of giving the cards. When submitting a copy of this form, any cards on the form that were previously reported to Accounts Payable or Payroll should be lined out or the newly issued cards highlighted so it is clear which cards were given out in the current reporting time period.

When gift cards are issued to a non-employee, the College must obtain certain information about the recipient for IRS tax reporting purposes. Please use the “Gifts, Prizes or Awards Recipient Information Form” (Appendix A-2) to collect this information and attach it to the copy of the Gift Card Inventory/Recipient Form submitted to Accounts Payable. The recipient information form can be used if a gift card is given or if a tangible merchandise gift is given as a prize or gift. However, only tangible merchandise gifts valued at \$50 or more are considered taxable. Merchandise gifts valued at less than \$50 do not need to be reported or captured on this form. If a check is to be given to a non-employee as an award, prize, gift or honorarium complete the “Agreement to Pay Individual (Non-Employee) for Award Form” (Appendix A-3) and submit it as a Payment Request in SLCCBuy to process the check. This Agreement to Pay Individual Form also collects the necessary recipient information for IRS tax reporting purposes.