

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

Gift Card Guidelines and Procedures

University faculty and staff occasionally want to use gift cards or gift certificates to compensate individuals such as event volunteers or research study participants. As cash-equivalent instruments, gift cards are governed by tax rules and internal control requirements. These rules and requirements must be followed and communicated to those involved before purchase or distribution of any gift cards. When gift cards are distributed, they must be distributed in accordance with the guidelines set forth in this policy.

Gift Card purchases are allowed to the extent they are governed by an established program and the expense is reasonable and necessary to carry out the mission of the University and the Foundation. This policy outlines the processes to ensure appropriate controls are implemented to ensure appropriate authorization, documentation, and physical security over gift cards are maintained.

Definitions:

Awards: given in recognition of an accomplishment, achievement or activity that does not require the performance of a service as well as for other valid business reasons.

Gift Card: Includes gift cards and gift certificates redeemable for a stated dollar value at a retailer or bank.

Program Administrator: Individual responsible for overseeing a gift card granting program at the department-level. Responsible for authorizing transactions (purchases and distributions of cards) within program guidelines. Administrator must be separate from Custodian and Record Keeper.

Custodian: Individual responsible for the safekeeping of the gift cards. Ensures gift cards are appropriately stored and distributed to proper individuals. Custodian must be separate from Administrator and Record Keeper.

Prizes: Cash or items of value received as a result of a game of chance, drawing or contests of skill, either with or without the purchase of a chance or ticket.

Record Keeper: Individual responsible for maintaining records of card purchases, inventory, and distributions in compliance with this policy. Record keeper must be separate from Administrator and Custodian.

GIFT CARD PROGRAMS

Gift Cards may only be purchased, received, and distributed through an established program:

- **Employee Awards:** Faculty and staff, whether employed by the University or a recognized auxiliary, may not be the recipient of a gift card without the pre-approval of the Division Vice President. The use of a gift card will be treated as compensation to the employee and applicable state and federal taxes will have to be paid by the employee and the program.
- **Student Awards:** Gift cards presented as awards to students must comply with the University policies related to both compensation and scholarships. The use of a gift card may require reporting to the Office of Financial Aid.

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- Payments to Research Subjects: Gift cards are an allowable form of payment for research subject incentives. The payment must be allowable from the funding source. Proof of Institutional Review Board/Human Subjects (IRB) approval must be submitted with the check request.
- Awards and Prizes: Gift cards can be utilized as awards and prizes provided University and Foundation policies are followed. Gift cards may be utilized as part of an approved fundraising event or campaign as defined by University Policy 850-20.

The use of gift cards does not alleviate the tax reporting responsibilities of the University or the Foundation. The receipt of gift cards will be tracked by the Foundation, and necessary information communicated to the appropriate University departments and tax agencies. As a reminder, an individual who receives in excess of \$600 in nonemployee compensation will receive a 1099-MISC at the end of the calendar year.

The use of gift cards outside of the above-mentioned programs is prohibited unless approved by the Division Vice President responsible for the Foundation Fund to be utilized.

GIFT CARD PURCHASES

Gift Card purchases must be approved by the appropriate signatory authorities for the Foundation Fund. The requisition for gift cards must have the following information, which represents the purchase plan: a) the use of the gift cards, b) identify the custodian and record keeper, c) the number and dollar amount of the gift cards, and d) timeline for use. Each program may maintain a maximum gift card inventory sufficient to fund a 60 day cycle of payments or \$500, whichever is greater.

GIFT CARDS RECEIVED AS GIFTS-IN-KIND

Gift cards received and accepted through the University's Gift in Kind process will follow the same procedure for safekeeping, recording keeping, and reconciliation. They will be treated "as if" they were purchased. The use of the Gift Card Log is required

SAFE KEEPING

Each program maintaining cards should designate a gift card custodian responsible for the card's safekeeping. Upon receipt of the gift cards, the custodian will create a log with the following information:

- Date Received or Purchased
- Vendor
- Amount of Card
- Card Serial Number or Other Identifying Number

The log should be verified by the program administrator and then forwarded to the designated record keeper. The receipt for the purchase of the gift cards should be forwarded to the Foundation office with a copy of the log at this point as well.

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Cards should be treated as cash and kept in a locked and secure location, similar to cash and other equivalents. The custodian should only distribute cards upon request of the program administrator within the guidelines established for the applicable program.

Required Records

A separate person from the program administrator and card custodian will serve as the Record Keeper. For purposes of this policy, the Record Keeper will be the Manager of Academic Resources or designee for each college or the division finance manager or designee for other University divisions. The custodian will forward the log to the record keeper upon completion.

If the gift cards are mailed to the recipient, the record keeper and custodian (separate individuals) should verify the card is mailed to the proper address for the recipient.

Upon distribution, the following information should be logged for each recipient:

- Tax ID number or CSUN Campus ID
- Name of Recipient
- Date of Distribution

The Gift Card Log & Receipts Form can be used to assist with the documentation requirements. All logs should follow University security policy related to retention of Tax ID number and other private information. On a monthly or more frequent basis, the list of gift cards given to employees should be sent to the payroll office so the appropriate earnings and payroll taxes can be recorded. On a quarterly or more frequent basis, the gift cards given to non-employees should be provided to the AP Shared Services.

RECONCILIATION

At a minimum of a monthly basis, an individual separate from the record keeper and card custodian must perform an inventory of the current cards on hand and compare to the log. At least once per year, a surprise review of the log and inventory must be performed by the Program Administrator or the CSUN Foundation Chief Financial Officer or designee. Any discrepancies between the log and actual card inventory must be resolved with the Program Administrator. This reconciliation should follow the purchase of the cards to the distribution, and ensure the completeness and accuracy of the log and the current card inventory. The reviewer must sign or otherwise authenticate the log as evidence of review.

LOST CARDS

If gift cards are discovered missing, the program administrator must notify the Division Vice President and the CSUN Foundation Chief Financial Officer immediately.

The Division Vice President and CSUN Foundation CFO will consult with appropriate representatives from the Office of the Vice President for Administration and Finance to determine appropriate next steps.