

College of Public Health

Gift Certificates, including Gift Cards, Guidelines

Gift certificates (including gift cards) are considered cash equivalents by the IRS and therefore, their purchase should be **limited** and **approved in advance** by your Departmental Administrator.

Business Purpose: As with all purchases, a clear University business purpose must be documented (e.g. research subject compensation; poster contest). Please note: Gift certificate/card purchases made with a UI procurement card without prior approval will be considered unallowable and payroll deducted from the cardholder.

Research Subject Compensation -

- Gift cards are allowable only if payment is less than \$100 **and** the research subject is not expected to receive cumulative payments in excess of \$600 for the calendar year (unless prior approval for an exception has been granted through the Chief HR Officer & Associate VP, Human Resources).
- **Prior** to purchase:
 - Cash handling procedures ([template](#)) must be completed and submitted to your Departmental Administrator for approval. Once approved at the departmental level, the procedures will be sent to UI Accounting & Financial Reporting for review/approval.
 - Documentation of approved procedures must be included with HawkIRB application.
 - Departmental Administrator must ensure that employees have completed cash handling training.
- Disbursement **must** be made in accordance with approved IRB protocol and cash handling procedures.
- The PI and their department is responsible for maintaining all IRB required cash handling documentation including; gift card #, value, issue date, recipient's name and address. Documentation should also be provided to CPH University Shared Services (USS).
- Applicable policies, procedures and FAQs:
 - [University Guidelines for Cash Awards & Gift Certificates](#)
 - [Research Subject Cash Handling Policies & Procedures](#)
 - [Research Subject Compensation Policy and Procedures](#)
 - [IRB Research Subject FAQ](#)

Other Purposes -

- **Prior** to purchase, a signed CPH Gift Card Authorization form is **required**.
- Certificates/cards are **not** to reward performance or employees' personal events such as births, weddings, birthdays or holidays. Units should contact their HR Unit rep if they wish to explore ways to recognize employee performance (e.g. SPOT awards, Exceptional Performance awards, Faculty Award).
- Certificates/Cards given to **students** –
 - All gift certificates/cards given to University students (whether employed or not) are considered awards and as such, may impact students who are receiving need-based federal financial aid. ([Student Awards, Prizes and Other similar forms of Payment](#))
 - The employee responsible for disbursement **must e-mail** the Office of Student Financial Aid (financial-aid@uiowa.edu) and CPH USS with the gift card #, value, issue date, recipient's name and address.

Cash Handling:

- Gift Cards or certificates purchased for any valid University business purpose must be covered by the department approved Cash Handling Policy or Research Subject Cash Handling Policy.

- If the department does not have a separate cash handling policy that covers non-research subject gift cards – for their protection, they must coordinate with CPH central cash handling to ensure proper segregation of duties are documented. This will require the following:
 - Purchaser of actual gift cards or certificates will deliver them to the CPH Cash Collection Cashier who will enter the relevant information into the CPH Cash Handling Log including Gift Card #(s), Card value(s), Issue Date(s),
 - The cards will be maintained in the CPH safe until they are disbursed (at which time the recipient’s name, employment/student/other status, address will be entered in the cash handling log and signed by the individual disbursing the card(s).
 - The reconciler will ensure that all gift cards purchased have been logged and will confirm cards on hand.
 - For questions regarding the CPH central cash handling process and the individuals serving in the various roles, please contact Chuck Hession (charles-hession@uiowa.edu).
- Electronic Gift Cards are preferred and do not require the same cash handling process. However, departments should still ensure there are proper segregation of duties – (i.e. Department initiator should contact CPH-USS; CPH-USS will make the purchase via their pcard; Department staff will reconcile purchase on their MFK to ensure the correct person was sent the e-card).

Compliance:

Given gift cards/certificates are considered cash payments, it is important that the guidelines and policies are followed to ensure compliance with UI policies and applicable federal and state laws. ([University Guidelines for Cash Awards and Gift Certificates](#))

- Per the UI Tax Manager and UI Payroll, as long as gift cards aren’t employment related, it is not considered W-2 reportable income and therefore does not need to be reported to HR. However, the amounts should be reported to CPH USS (who will notify UI Accounts Payable) for potential 1099 reporting in the event these individuals are receiving other sources of non-employee compensation and the amounts in total exceed \$600.
- Departmental Administrators can request that those employees involved with research subject cash handling be added to the UI Compliance system by their HR Unit representative. This system will track training requirements and automatically notify when training is required. If utilized, HR will provide a list to the department annually in January to ensure those listed are still valid.
- Departmental Executive Officers and Departmental Administrators are responsible for monitoring compliance of these guidelines & policy.

Policy became effective in March 2018 – approved by Departmental Administrators, Human Resource Director, Finance Director, Associate Dean for Administration, UI Payroll (T. Hein) and UI Tax Manager (T. Peifer).