

Procedure P3-100D Gift Card Purchases and Requirements.

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I. Purpose and Scope

A. Purpose

This procedure provides guidance for procuring gift cards and controls for safeguarding gift cards, maintaining accountability, and compliance with law. Gift cards are a cash equivalent and as such are a high-risk item, so their purchase requires a process of accountability to prevent misuse or theft and to comply with external reporting requirements.

B. Scope

This procedure applies to all academic and administrative units of the University, and for use by all members of the University community, including all faculty, staff, students, and participants in University programs, or activities, or research. This procedure applies to all University gift card purchases, including University of Utah Hospitals and Clinics (UUHC), regardless of funding source used.

II. Definitions

The definitions provided in Policy 3-100 apply for this procedure. In addition, the terms below apply for the limited purpose of this procedure.

- A. "Administrative Approval" means approval by a director, department chair, or higher level or the equivalent within University of Utah Hospitals and Clinics ("UUHC").
- B. "Gift Card Custodian" means a University employee responsible for maintaining gift cards and logs.
- C. "Human Research Participant" has the same meaning as that term is defined in Guideline G3-011A: Payments to Human Research Participants.
- D. "Purchaser" means a University employee responsible for ordering or purchasing gift cards.
- E. "Reconciler" means a University employee who is assigned to reconcile gift cards purchased, distributed and currently in inventory with the gift card logs.

- F. “Secondary Custodian” means a University employee other than the Gift Card Custodian who requires custody of cards from a gift card fund in order to fulfill the business purpose of the fund.

III. Procedure

A. Authorization, Approval, and Purchase of Gift Cards

1. All gift card purchases require prior approval by authorized individuals on the appropriate forms and following the authorization requirements for the procurement method used.
 - a. A Purchaser may use the following procurement methods to purchase gift cards:
 - i. For gift card purchases below the Single Procurement Threshold (see Rule R3-100D) a Purchaser may use their PCard provided it has a current gift card exemption. Purchases using a PCard may not be split to circumvent the Single Procurement Threshold. Purchasers may also use UShop or Lawson ERP (UUHC only), if they prefer.
 - ii. For gift card purchases over the Single Procurement Threshold, a Purchaser may only use UShop or Lawson ERP. The purchasing department may require additional approvals and documentation for these purchases and a buyer will be assigned to oversee the purchase.
 - iii. Gift cards may be purchased from vendors who have been awarded a contract through a competitive solicitation process to provide gift cards to the University.
 - b. Gift cards may not be purchased using personal funds or petty cash.
2. A Purchaser should submit a request to purchase gift cards in UShop or Lawson with a minimum notice of at least ten (10) days prior to the purchase

of the gift cards as the purchasing process may take more time than expected especially at times of peak demand. A Purchaser should start the process early to avoid delays in the approval or purchasing processes.

3. A Purchaser shall have physical gift cards shipped to a University address. EGift cards are sent directly by the card provider to the electronic address submitted to purchasing by the department.
4. A Purchaser may only purchase gift cards with a funding source that allows for the purchase of gift cards.
 - a. A Purchaser must obtain Administrative Approval prior to using state funds to purchase gift cards.
 - b. A Purchaser must obtain Administrative Approval prior to purchasing bank gift cards, i.e. VISA, MasterCard, American Express, etc.

B. Physical Custody of Gift Cards

1. The Gift Card Custodian shall safely secure all physical gift cards in a locked space.
 - a. Only the Gift Card Custodian and/or the Secondary Custodian should have access to physical gift cards.
 - b. The Gift Card Custodian should maintain physical gift cards separately and not comingled with other gift cards purchased from separate funds or for different purposes.

C. Gift Cards for University Employees

1. An organizational unit shall obtain Administrative Approval prior to purchasing and giving gift cards to University employees, subject to the following:

- a. Gift cards given to a director, department chair, or higher level or the equivalent within University of Utah Hospitals and Clinics must be approved by their supervisor.
- b. Administrative approval is not required when a gift card is provided to an employee in their capacity as a Human Research Participant, which is governed by G3-011A.

D. Controls and Reconciliation of Gift Cards

1. The Reconciler shall inventory an organizational unit's purchased gift cards at least monthly in the presence of the Gift Card Custodian.
 - a. The Reconciler may not be a direct report to the Gift Card Custodian.
 - b. The Reconciler shall document and maintain a record of the inventory and attach it to the monthly reconciliation as described below.
2. A reconciliation of gift cards shall be performed monthly including beginning balance, purchases, issuances, and ending balance. Ending balance shall be confirmed by a physical count. The Reconciler shall retain documentation of the reconciliation for review by internal and/or external auditors for a period of three years.
3. Gift card controls and transactions are subject to review by internal and/or external auditors.
4. An organizational unit may not deviate from these controls without the approval of the director of purchasing.

E. Tax Compliance

1. Employees: Gift cards provided to employees, regardless of value, are reported to Tax Services so that appropriate tax reporting can occur.
2. Non-Employees: Gift cards provided to non-employees in an aggregate amount per the IRS 1099 reporting threshold or more per calendar year

(January 1 through December 31) must be reported to Tax Services to ensure appropriate tax reporting.

3. Human Research Participants: Gift cards awarded to Human Research Participants, whether the recipient is an employee or non-employee, should comply with reporting procedures provided in G3-011A.
4. Reports to Tax Services: To ensure compliance with tax reporting obligations, gift cards provided to University employees or nonresident aliens within the calendar year (January 1 through December 31) must be reported to Tax Services by the first Friday in December of the calendar year in which the gift card has been or will be provided.

F. Documentation

1. At a minimum, documentation shall include the following listed on the gift card log(s):
 - a. Requisition number, if applicable
 - b. Business purpose
 - c. Number of gift cards purchased
 - d. Dollar value of each gift card
 - e. Total dollar amount of gift cards purchased
 - f. Vendor
 - g. Type of recipient
 - h. Last four numbers of each gift card
 - i. Date purchased
 - j. Date given

- k. Study or event name
 - l. Recipient name or study ID, subject to grant requirements
- 2. An organizational unit should use a gift card transfer log when gift cards are transferred to a Secondary Custodian. Organizational units should require the following information on the form:
 - a. Requisition number, if applicable
 - b. Business purpose
 - c. Number of gift cards purchased
 - d. Vendor
 - e. Gift Card Custodian
 - f. Date of transfer
 - g. Number of gift cards transferred
 - h. Dollar value of each gift card transferred
 - i. Total dollar value of gift cards transferred
 - j. Signature and UID of secondary custodian

IV—VII Regulations Resource Information.

User Note: Parts IV-VII of this Regulation (and all other University Regulations) are Regulations Resource Information – the contents of which are not approved by the Academic Senate or Board of Trustees, and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.

IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources

A. Policies.

1. Policy 3-100: University Procurement
- B. Procedures, Guidelines, and Forms.
 1. Guideline G3-010A: Payments to Human Research Participants
- C. Other Related Resources. [*reserved*]

V. References

- A. [*reserved*]

VI. Contacts

The designated contact officials for this Regulation are

- A. Policy Owner (primary contact person for questions and advice): Director of Procurement
- B. Policy Officers: Chief Financial Officer

See University Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VII. History

Renumbering: Not Applicable

Revision History.

- A. Current version. Revision 0.