

## PROHIBITED USE OF GIFT CARDS

Effective July 1, 2018, University funds, including those held in agency accounts, may not be used to purchase gift cards to compensate individuals for work or services, for reimbursement of expenses, or as gifts to employees or relatives of employees, including student workers and/or graduate assistants.

This prohibition does not affect the use of gift cards used as prizes/awards or incentives for research participation, etc. These uses are still allowed, subject to following proper procedures regarding gift card purchases and use, which can be found on the Financial Accounting website<sup>1</sup>.

University funds may not be used to purchase gift cards for UCA employees or relatives for ANY reason. This restriction was previously in place. However, this does not apply to student workers and/or graduate assistants, who may still receive gift cards as allowed under the above guidelines.

All payments for work or services must be paid through Payroll or Accounts Payable, as applicable. It is important to note that an individual who has received payment for work or services through Accounts Payable may not be employed by UCA in the same calendar year, nor may an individual who has been employed by UCA receive a payment for work or services through Accounts Payable (other than for reimbursement of expenses) in the same calendar year. The IRS prohibits an entity from issuing a W2 and a Form 1099 to the same individual for the same calendar year.

Please consult with Pam Giblet in Accounts Payable if any one gift card awarded, or total gift cards awarded to one individual, for allowable uses will exceed a value of \$50. Depending on the amount, it may be necessary to set the recipient up as a separate vendor, to ensure compliance with IRS reporting requirements. Gift card(s) that exceed \$50 to an individual will be reviewed on a case-by-case basis.

In certain cases for gift cards given to student workers and/or graduate assistants, depending on prior payments or gift cards issued to those individuals, the value of the gift cards may need to run through Payroll for the recipient. This should not affect whether the gift card will be allowed or not.

*See the FAQ section below for answers to commonly asked questions.*

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<sup>1</sup> <http://uca.edu/financialaccounting/accountspayable/>

## FREQUENTLY ASKED QUESTIONS (FAQ)

*Can I use gift cards to thank volunteers at an event?*

No. These would be considered payments for work or services, and must be paid through Payroll or Accounts Payable, as applicable.

*Can employees still be reimbursed for purchasing gift cards?*

Yes, if the gift cards are purchased for allowed uses described above, an employee may be reimbursed for the purchase of gift cards by following the established Purchasing guidelines for reimbursement of expenses. A requisition must be submitted and purchase order issued prior to expenditure of funds, and all required procedures regarding gift card use must be followed.

*Can I just use my Foundation funds to buy gift cards for an employee?*

No, the UCA Foundation will follow the same guidelines established by the University.

*Can I still use my Foundation funds to buy gift cards for non-employees?*

Maybe. The UCA Foundation will follow the same guidelines established by the University, and will not allow gift cards to be paid for work or services. However, the Foundation may reimburse a department for expenses related to work or services from the department's Foundation funds. Please contact Kathy Carroll at the UCA Foundation for specific questions.

*The intended recipient of a gift card was previously employed at UCA, but works somewhere else now. Can I still give them a gift card?*

Maybe. If the recipient was employed by UCA during the current calendar year, this is considered a gift card to an employee, and is therefore prohibited. However, if the employee has NOT been employed during the current calendar year, this would be allowed, subject to proper procedures regarding gift card use.

*A donor has provided gift cards to our department, to be given to faculty as awards. Does this affect our ability to award those gift cards?*

Yes, gift cards received by a department are considered UCA/state property, and may not be awarded to UCA employees or relatives for any reason. Awards to employees must be processed via Payroll. Please work with Accounts Payable and/or the Controller to determine whether the gift cards may be used for other University purposes, in which case the equivalent funds may still be added to the budget and used by the department. These will be reviewed on a case-by-case basis. Please encourage donors to provide funds in cash, if possible (but don't turn them away!)

*Can I award a gift card to a student worker for outstanding services provided to our department?*

No. This would be a payment related to employment, therefore for work/services. The payment would need to be processed via Payroll.