

# Non-Cash Gifts, Awards, and Incentive Policy

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<b>Procedures</b>	Vice President for Business and Finance
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<b>Revision History</b>	<b>Desmond Dair</b>
<b>Appendices</b>	Martha-Peugh Wade

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## POLICY STATEMENT

In some circumstances, the University may choose to give a gift or an award to an employee in recognition of an outstanding achievement or for length of service, including retirement from the University. A gift may be presented to a student in recognition of a significant academic accomplishment or as an incentive to participate in a University study or other activity. Promotional and appreciation gifts may also be presented to non-employees, including donors, visiting dignitaries, volunteers, and other individuals associated with the University. In addition, a gift may be presented as an expression of sympathy in the event of the death or major illness of an employee or a non-employee associated with the University.

All gifts and awards, whether given to an employee or a non-employee, are subject to the availability of funds and must be in furtherance of a University business purpose. Cash gifts and awards are not allowable under this Policy but may be allowable under another University policy. See **Additional Pay Policy** and **Student Employment Policy**.

Departments may establish more restrictive procedures, if desired.

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## REASON FOR POLICY

This Policy establishes the standards, allowable dollar limits, and the circumstances and occasions for the making of a gift or an award funded by the University. The Policy conforms to the Internal Revenue Code and applicable Treasury Regulations.

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## WHO SHOULD READ THIS POLICY

Any employee who incurs gift-related expenses on behalf of the University; the President, Vice Presidents, Vice Provosts, and Deans, as well as supervisors and Business Managers who supervise an employee incurring gift-related expenses charged to a University fund source.

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## POLICY TEXT

### Gifts to Employees

A gift or award may be presented to an employee to recognize contributions and achievements that are above and beyond the scope and expectations of his or her position. Length of service and retirement awards may also be presented to employees to recognize their service with the University. The following employee gifts and awards are allowable under this Policy:

- **Recognition** – A gift of tangible personal property may be given to an employee in recognition of a note-worthy individual accomplishment or as part of a team award for the successful completion of a project. Examples of such gifts include, but are not limited to, flowers, fruit, a book, a plaque, or similar item. In addition, a recognition gift may include a service such as a ticket to an athletic or cultural event (excluding a season ticket). Gifts and awards included under this category are meant to be presented only on an occasional or infrequent basis.
- **Length of Service or Retirement** – A gift of tangible personal property may be presented to an employee as a length of service or retirement award provided the employee has completed at least five years of service and has not received a similar award in any of the four prior years. Such gifts must be presented as part of a meaningful ceremony that is not determined based on an employee's classification. Under the Treasury Regulations, a gift of services (e.g., a ticket to an athletic event) is not allowable as a length of service or retirement award.

All employee length of service and retirement awards must be made as part of the University Service and Merit Awards program. **See HR Service and Merit Awards Information.**

### Faculty Awards

Gifts and awards presented to faculty are subject to the same rules applicable to other University employees. Such gifts and awards must be presented for a recognition, length of service, or retirement purpose. For faculty and staff cash awards, see **Additional Pay Policy**.

### Gifts to Non-Employees

Gifts or awards presented to non-employees may be made for promotional or goodwill purposes; as a token of appreciation for, or in recognition of, a service to the University; in recognition of an academic achievement; or for another University business purpose. Examples of individuals eligible to receive such gifts and awards include a Trustee, donor or potential donor, visiting dignitary or scholar, volunteer, speaker, civic leader, community partner, research subject, or other individuals having a business relationship with the University.

A "gift in lieu of lodging" may be provided to a host by an employee on travel status subject to the requirements included in the **Travel and Entertainment Policy**.

Allowable gifts and awards under this category may include both tangible personal property and services.

### Gifts to Students

A gift or award may be presented to a student to recognize an important academic achievement or similar accomplishment or to encourage participation in a University event or activity. See **Prizes and Other Gifts**.

Allowable gifts and awards under this category may include both tangible personal property and services.

### **Sympathy Gifts**

A gift of tangible personal property, such as flowers, may be presented as an expression of sympathy in the event of the death or major illness of an employee or non-employee associated with the University or a member of the individual's family or household.

As an alternative, a cash contribution may be made to a tax-exempt charitable organization in lieu of a gift of tangible personal property. Such contribution must be made on behalf of the University and may not be made to any political campaign, party, committee, or similar political group. See Unallowable Gifts.

### **Prizes and Other Gifts**

Raffle gifts and door prizes may be distributed by a department to encourage participation in a University event by employees, students, or other individuals. In addition, departments may provide gifts to employees and nonemployees as an incentive to complete a University survey or questionnaire or participate in a research study. Allowable gifts and awards under this category may include both tangible personal property and services.

### **Gift Limits**

The per-person gift and award limits are set forth in **Appendix A**. Departments should refrain from making gifts or awards in excess of the per-person limits in order to avoid any tax reporting and/or withholding consequences for the University and the recipient.

### **Unallowable Gifts**

Unallowable gifts and awards include, but are not limited to, the following items:

- Gifts of cash, except donations to a charity as an expression of sympathy.
  - Gift certificates or cards (including Amazon.com, Visa, Mastercard, American Express, or any other gift certificates or gift cards) other than gift certificates or gift cards issued by a University department (e.g., USF Bookstore, Koret Heath and Recreation Center, etc).
  - Gifts presented to the same individual on a frequent or regular basis.
  - Gifts provided to employees in connection with birthdays, weddings, anniversaries, holidays, graduations, and other occasions of a personal nature.
  - Gifts presented to an immediate family member (i.e., spouse, partner, parent, child, sibling, or in-law) of the University employee making the gift. See **Conflict of Interest Policy**.
  - Gifts to a political party, campaign, committee, or group engaged in any attempt to influence the general public with respect to legislative matters, elections, or referendums. See **Conflict of Interest Policy**.
  - Gifts to any person with whom an employee has an outside business relationship. See **Conflict of Interest Policy**.
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## **PROCEDURES**

### **General Procedures**

### **Methods of Payment**

### **Documentation**

### **Gift Cards and Certificates**

### **Quantity Purchases of Gifts**

### **Tax Reporting**

### **Violations**

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## **RELATED INFORMATION**

Type	Name
USF	<b>Additional Pay Policy</b>
USF	<b>Conflict of Interest Policy</b>
USF	<b>HR Merit and Service Awards Information</b>
USF	<b>Purchasing Card Policy</b>
USF	<b>Student Employment Policy</b>
USF	<b>Travel and Entertainment Policy</b>
External	<b>IRS Section 132(a)(4), De Minimis Fringe Benefits</b>
External	<b>IRS Section 274(j), Employee Achievement Awards</b>
External	<b>OMB Circular A-21, Cost Principles for Educational Institutions</b>

## DEFINITIONS

Term	Definition
Business Manager	A University employee, designated by the President, Vice President, Vice Provost, or Dean who is the financial manager for the University account(s) being used. This may include the President, Vice Presidents, Vice Provosts, or Deans.
Business Purpose	Travel, entertainment, and other business expenses that are in furtherance of the educational and research mission of the University.
<b>Concur Reporting System</b>	The University's on-line system for payment requests, expense reimbursements, cash advance requests, and reporting.
Purchasing Card	A bank-issued Visa card with a standard single transaction limit of \$1,000 and a monthly credit limit of \$2,500. The card may be used for small dollar, business-related purchases. Cards may be used for gift expenses when authorized by a Business Manager or supervisor.
Service	A meal, lodging, monthly parking pass, ticket to an athletic or theatrical event, or similar gift defined as a service under IRS regulations.
Tangible Personal Property	Any item of personal property; does not include cash or services.

## ADDITIONAL CONTACTS

Subject	Contact	Phone	Email/URL
Accounting and Business Services	Desmond Dair	415.422.6732	<a href="mailto:ddair@usfca.edu">ddair@usfca.edu</a>
Disbursement Services	Dennis Miller	415.422.2102	<a href="mailto:millerd@usfca.edu">millerd@usfca.edu</a>
Human Resources	Martha Peugh-Wade	415.422.2444	<a href="mailto:peugh@usfca.edu">peugh@usfca.edu</a>
Payment Request	Disbursement Services	415.422.2706	<a href="mailto:ap@usfca.edu">ap@usfca.edu</a>

Purchasing Card	Dennis Miller	415.422.2102	<a href="mailto:pcard@usfca.edu">pcard@usfca.edu</a>
Tax Compliance	Dominic Daher	415.422.5124	<a href="mailto:dldaher@usfca.edu">dldaher@usfca.edu</a>

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## FORMS

Form	Use	Location
<b>Gifts and Cash Incentives Distribution Log</b>	Used to record quantity purchases of gift items	ABS
<b>Payment Request</b>	Used to initiate payment requests in the Concur Reporting System	ABS
<b>Purchasing Card or Declining Balance Card Application</b>	Used to requests issuance of Purchasing Card	ABS

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## RESPONSIBILITIES

### Department/Business Manager

- Approves gift-related expenses in accordance with this Policy, other University policies, and the Concur Reporting System.
- Obtains documentation to substantiate gift expenses for submission to the Concur Reporting System.
- Reviews and certifies that all gift-related charges are correct.
- Ensures budgeted funds available for expenses.
- Reviews and approves charges in Concur Reporting System.
- Ensures all expenses are business-related and in compliance with this Policy.

### Office of Internal Audit and Tax Compliance

- Reviews questions regarding the taxability of gifts and awards.
- Determines correct tax reporting for any gifts and awards approved as an exception to this Policy.

### President, Vice Presidents, Vice Provosts, and Deans

- Approves any exceptions to this Policy for all employees in his or her division.
  - Ensures all employees in his or her division are in compliance with this Policy.
  - Reviews and approves charges in the Concur Reporting System for his or her direct reports.
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## FREQUENTLY ASKED QUESTIONS

### Non-Cash Gifts Awards, and Incentive Policy FAQ

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## REVISION HISTORY

- 05/29/2015 - Revised to clarify any cash award provided to an employee must be paid through the payroll system and to include hyperlinks and references to the Student Employee Policy.
  - 04/11/2013 - Revised to add FAQ on gifts provided to employees and students by a third party. See [FAQs](#)
  - 12/06/2012 - Revised to include reference to Gifts and Cash Incentives Distribution Log. See **Forms**
  - 05/01/2012 - First publication of Policy.
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## APPENDICES

- **Appendix A** - Non-Cash Gift, Award, and Incentive Per-Person Limits

## PROCEDURES

### General Procedures

### Methods of Payment

### Documentation

### Gift Cards and Certificates

### Quantity Purchases of Gifts

### Tax Reporting

### Violations

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#### *GENERAL PROCEDURES*

##### **Authorization**

Expenditures for gifts and awards must be authorized in advance by the Business Manager who is responsible for determining that budgeted funds are available for the gift or award expenses and that the expenses are in compliance with this Policy and other University policies.

##### **Sponsored Projects and Other Restricted Funds**

Sponsored project funds and other restricted funds may not be used for gift and award expenses unless specifically authorized in the contract or grant agreement or other document governing the use of the funds.

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#### *METHODS OF PAYMENT*

##### **Purchasing Card**

The preferred method of payment for gift and award expenses is the University Purchasing Card. This card is issued to certain employees for making business-related purchases on behalf of the University. Departments are responsible for reconciling all Purchasing Card charges made through the Concur Reporting System. See **Purchasing Card Policy**.

##### **Payment Request**

If a Purchasing Card is not an acceptable form of payment, the department should submit a **Payment Request** to Business Services via the **Concur Reporting System**. A payment will be issued within 10 business days after Business Services receives the properly approved Payment Request.

Employees should not use their personal funds to make gift purchases or request reimbursement on behalf of another individual. The Payment Request payee should be the merchant selling the goods or services purchased for distribution as a gift or award.

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#### *DOCUMENTATION*

Departments are responsible for providing sufficient documentary evidence to support the business purpose of all gift and award expenses. Documentation for both Purchasing Card and Payment Request transactions should be in the form of an original bill or receipt and should include the date, vendor name and location, description of the items purchased, and total dollar amount.

Receipts for Purchasing Card transactions should be faxed or scanned for submission to the Concur Reporting System. In addition, the name, title, and business relationship of the individual receiving the gift or award must be included with the request for payment. The gift or award category should also be clearly indicated, as well as the business reason for the gift or award.

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## *GIFT CARDS AND CERTIFICATES*

Gift cards and certificates may be presented to an employee, student, or non-employee if purchased from a University department (e.g., USF Bookstore, One Card Office, Koret Health and Recreation Center, etc.) for the purchase of tangible personal property and services sold on campus. Such gift cards and certificates are subject to the per-person dollar limits and other restrictions governing the gifts and awards allowable under this Policy. In addition, the gift card or certificate must:

- Be inscribed with the recipient's name,
- Not be transferable to another person, and
- Not be redeemable for cash or include a cash-back feature or be used to reduce the balance due on the recipient's account with the University.

If a gift card cannot be inscribed with the recipient's name, the department should inform the individual that the card should not be transferred to another individual.

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## *QUANTITY PURCHASES OF GIFTS*

Departments may purchase quantities of gifts to have on hand for employee recognition awards, to present to guests speakers, for distribution at an auction or raffle, or for other purposes allowable under this Policy. However, quantity purchases of 20 or more items require prior approval by the President or applicable Vice President.

The following controls should be established to safeguard such purchases:

- Departments should institute appropriate controls to ensure that all gift items are kept in a secure place and that a record documenting the distribution of the items is maintained. See [Forms](#).
- Departments should be careful to purchase only the number of gifts expected to be awarded during the current fiscal year.

These procedures also apply to quantity purchases of gift cards and certificates intended for use as gifts or awards.

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## *TAX REPORTING*

Gifts made in accordance with this Policy may be reportable to the Internal Revenue Service (IRS). Any cash award or bonus provided to an employee must be paid as taxable wages through the payroll system. A cash award paid to a student employee must also be paid through the payroll system unless the payment qualifies as financial aid.

Questions concerning the taxability of a gift or award should be referred to the Office Internal Audit and Tax Compliance.

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## *VIOLATIONS*

A violation of any portion of this Policy may result in disciplinary action, up to and including termination of employment and/or legal action. In addition, an employee may be personally liable for any amount expended in violation of this Policy.



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## Appendix A

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### PER-PERSON LIMITS

Recipient	Gift or Award Type	Per-Person Limit	Tax if Limit Exceeded (See Notes)
Employees	Recognition	Less than \$100	1
Employees	Length of service (tangible personal property only)	\$400	2
Employees	Retirement (tangible personal property only)	\$400	2
Employees	Raffle prizes and incentives	Less than \$100	1
Non-Employees	Appreciation, goodwill, recognition, etc.	\$250	3
Students	Academic achievement, raffle prizes, incentive, etc.	Less than \$600	3
All recipients	Sympathy—tangible personal property	Less than \$100	1 or 3
All recipients	Sympathy—contribution to a tax-exempt organization	\$250	4

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The gift and award limits do not include incidental costs such as the cost of engraving, packaging, insurance, sales tax, mailing, and the cost of gift wrapping that does not add substantial value to the gift.

#### Notes:

1. If the cost of the gift or award exceeds \$100, the entire amount would be reportable on the employee's IRS Form W-2 as additional wages subject to withholding.
2. If the cost of a length of service or retirement award exceeds \$400, only the amount in excess of \$400 is taxable to the employee as wages.
3. If the total cost of all gifts and awards provided to an individual in one calendar year were \$600 or more, the entire amount would be reportable to the IRS on Form 1099. In such cases, the department must obtain the name and campus-wide identification number of the recipient or social security number (on a Form W-9) if the recipient is not a University employee or student.
4. Since a contribution made to a charity must be made in the name of the University, there are no tax consequences if the limit is exceeded.

## Non-Cash Gifts, Awards and Incentives Policy FAQ

### **Our department does not have a Purchasing Card. What method of payment should be used for purchasing non-cash gifts or awards?**

Departments that regularly make business-related purchases should apply for a Purchasing Card, which is the most cost-effective method of payment. Alternatively, a department may process a Payment Request through the Concur Reporting System to pay the vendor. A payment will be issued within 10 business days after Business Services receives a properly completed Payment Request. Reimbursements to employees for gift purchases should be discouraged.

### **Does the University have a tax-reporting obligation if an outside party (e.g., a vendor) gives a raffle prize to a University employee or student?**

If an outside party selects and distributes the prize directly to a University employee or student without any direction or decision making on the part of the University, then the University is not required to report the prize or withhold tax. The third party, however, must report the value of the prize (and any other prizes or awards it may have given the individual during the calendar year) on a Form 1099 if the total amount is \$600 or more.