

SUBJECT: Gift Cards – Process Documentation
APPLIES TO: Purchasing, securing, and disbursing of gift cards

Gift Card Overview

The objective of the gift card process is to ensure all gift cards are obtained, tracked, and distributed consistent with University guidelines.

NOTE: If using gift cards for human subjects, refer to the [Human Subject Incentives written procedure template](#).

Gift Card Process

Activity	Responsibility	Reference/Comments
PURCHASING/APPROVING		
Gift cards may be used for the following reason(s)/situation(s):		
<ul style="list-style-type: none"> Employee recognition/appreciation 		
Determine the number of gift cards needed for a specific event.	Department Designated Staff (See <i>Appendix A</i>)	Unit should only purchase the exact number of gift cards that will be used within 30 days.
Purchase gift cards using either a P-card or reimbursed through Concur.	Department Designated Staff (<i>Appendix A</i>)	
Review the gift card purchase to ensure it was appropriate and valid.	Department Higher Administrative Authority (See <i>Appendix A</i>)	Individuals should not be approving their own requests / purchases of gift cards.
DISTRIBUTING/TRACKING		
Individuals handling/distributing gift cards should complete the cash handling training course offered by the Treasury Department.	Department Higher Administrative Authority (<i>Appendix A</i>)	The MyLINC course number for the Cash Handling Course is TME103.
Secure gift cards by placing them in a secure locked drawer/cabinet.	Department Higher Administrative Authority (<i>Appendix A</i>)	Only authorized personnel should have access to the safe or drawer.
Gift cards are recorded/logged by Department's Higher Administrative Authority to identify all purchases, distribution, recipients, and timing to ensure all cards are accounted for, and determine the amount that may be considered taxable income to the recipient.	Department Higher Administrative Authority (<i>Appendix A</i>)	Click here for a sample log/evidence template.
NOTE: The unit is responsible for ensuring that, in the aggregate, the employee has not received gift cards for the calendar year in excess of \$50. If the threshold is exceeded, the entire amount must be taxed and reported through PeoplePay.		

<p>Distribute gifts cards in a secure manner. Present each gift card to the intended awardee of the gift.</p>	<p>Department Higher Administrative Authority <i>(Appendix A)</i></p>	
<p>Evidence of distribution is collected and maintained as follows: employees who are awarded a gift card will have their name added to the list of recipients and employee should sign as an acknowledgment of receipt.</p> <p>Evidence should be available and maintained from all recipients to validate actual and proper distribution.</p>	<p>Department Higher Administrative Authority <i>(Appendix A)</i></p>	<p>A list of recipients (i.e., list of signatures or copies of submitted PeoplePay forms) and the purpose of the gift cards should be provided as part of the reconciliation process (e.g. reconciling the transaction in Concur).</p> <p>NOTE: For tax purposes, name of gift card vendor (i.e. Meijer, VISA, etc.) must be included in the description on PeoplePay forms.</p> <p>Click here for a sample log/evidence template.</p>
<p>Return any unused gift cards (with no intended future use) to the vendor.</p>	<p>Department Higher Administrative Authority <i>(Appendix A)</i></p>	
ACCOUNTING & RECONCILIATION		
<p>The Department’s Higher Administrative Authority will contact FBS in order to report gift card usage through PeoplePay when appropriate for taxation purposes.</p> <p>NOTE: Units must review the Policy on Taxation and Gifts, Prizes, and Awards to Employees to ensure tax implications are understood and policy is followed.</p>	<p>Department Higher Administrative Authority <i>(Appendix A)</i></p>	<p>SPG 501.12 Awards, Gifts, and Prizes</p> <p>For additional info on tax guidelines, see: Policy on Taxation of Gifts, Prizes & Awards to Employees.</p> <p>For guidance in determining whether gift cards should be reported through PeoplePay and what account they should be charged to, see: Prizes, Gifts and Awards Decision Process or Reporting Prizes, Gifts, & Awards.</p>

<p>FBS will access PeoplePay in order for appropriate taxation of gift.</p>	<p>FBS</p>	<p>For additional info on tax guidelines, see: Policy on Taxation of Gifts, Prizes & Awards to Employees.</p> <p>For guidance in determining whether gift cards should be reported through PeoplePay and what account they should be charged to, see: Prizes, Gifts and Awards Decision Process.</p>
<p>Gift cards for employees are charged to account 502300 and gift cards for non-employees are charged to account 614573.</p> <p>Gift cards are flagged as “X” class when appropriate.</p>	<p>FBS Administrative Assistant Intermeidate</p>	<p>Gift cards should be flagged “X” class <i>unless</i> offered to ALL employees of the University on an equitable basis, e.g. University Human Resources’ Employee Service Awards.</p> <p>For additional info on Indirect Costs, see: https://www.finance.umich.edu/programs/indirectcosts</p>
<p>Reconcile all gift card purchases, credits and departmental tax charges to SOA and ensure usage is consistent with log records. Maintain proper evidence of reconciliation.</p> <p>Ensure discrepancies are resolved in a timely manner.</p>	<p>FBS Senior Budget Analyst</p>	<p>Ideally, person performing the reconciliation should be someone who is independent of the gift card process.</p>
MONITORING & OVERSIGHT		
<p>Review the CMB Treasurer’s Office Certification Courses Report in Business Objects to monitor individuals who have taken the TME103 course.</p> <p>FBS will provide CMB Treasurer's Office Certification Courses Report, upon request.</p>	<p>Department Higher Administrative Authority (Appendix A)</p>	<p>Report can be accessed through Business Objects at:</p> <p>UM-Maintained → Financials → FN03 Journal Detail</p>
<p>Client is to inventory gift cards semi-annually and compare to log and purchasing/ credit documentation. Discrepancies should be resolved in a timely basis.</p>	<p>Department Higher Administrative Authority (Appendix A)</p>	
<p>An inventory of gift cards is conducted semi-annually and compared to log and purchasing/ credit documentation. Discrepancies should be resolved in a timely basis.</p>	<p>Department Higher Administrative Authority (Appendix A)</p>	<p>Person performing inventory should not be person maintaining log.</p>

Other related information:

Key Contacts:

- For general questions related to gift cards, contact giftstoemployees@umich.edu.
- Contact the Tax Department at taxreporting@umich.edu for questions pertaining to tax treatment of gift cards.
- Contact the Payroll Office at (734) 615-2000 (option 2) or Payroll@umich.edu for questions related to PeoplePay.
- Contact Procurement Services Customer Solution at (734) 764-8212, Option 2, or procurement.services@umich.edu for questions related to PeoplePay for non-employees.
- Contact the Office of Financial Aid at (734) 763-4303 or sfps@umich.edu for questions related to payments to students.

Related Standard Practice Guides:

- See [SPG 501.12 – Awards, Gifts, and Prizes](#)

Record of Revisions:

Date of Issue	Description of Change	Page(s) Affected	Approved By
2/11/2010	Original template created	All	
12/21/2010	Updated to include SPG number (still under development as of Dec 2010)	2&3	
12/20/2011	Minor updates for FY2012	2&3	
12/5/2012	1 minor update for FY2013	2	
2/25/13	Updated to include review of report to monitor who has taken training	3	
9/15/16	Updated URL to Indirect Costs info and Key Contacts list.	3-4	
08/2018	Updated to include Policy on Taxation of Gifts, Prizes, and Awards references.	2	

Document Owner: Fleming Business Services (FBS) supported departments and FBS

Administrative Owner: FBS