Purchasing Gift Cards, Incentives, and Prizes

I. Purpose:
Define and properly document the purchase, distribution, and management of gift cards and gift certificates purchased using any University approved funds.

II. Definitions/Guidelines:
- The purchase of gift cards, gift certificates, incentives, and/or prizes must have prior approval via a completed Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes form.
- Gift cards/gift certificates, etc may be allowable as prizes for students participating in a University sponsored event or an incentive research participation as allowed by the appropriate funding authority. Non-monetary incentives may also be allowable in these cases.
- At no time may the Principle Investigator for sponsored projects or any ECU employee use a gift card or incentive for personal use.
- Gift cards/gift certificates must be treated like cash and administered with a high level of security.
- The maximum value allowed for a single gift card cannot exceed $100.
- The preferred method of purchase is via ProCard or PORT requisition.
- Stockpiles of gift cards are prohibited. If large quantities of cards are expected to be disbursed over several months, one request can be made so long as the department purchases the cards in small quantities on an as-needed basis until the total quantity approved is met. This minimizes the risk of having unused cards at the end of the project that can’t be returned to the vendor. Often gift cards depreciate in face-value after a certain time and could result in loss of funds for a department.
- When gift cards are being purchased with grant funds, the following criteria must be met: (1) the gift card is for research participant incentive payments only, and (2) costs for such incentives are included in the grant’s budget and are allowable by the terms and conditions of the specific grant.
- Gift cards normally cannot be distributed to employees for participant incentives. Payments to employees must be made via a supplemental payroll process.
- Gift cards normally should not be purchased by or approved by someone with a family relationship to the participant. Whenever there is a family relationship for the participant, that should be declared and an arm’s length, unrelated approval process should be implemented. Contact OGC or Materials Management for any questions about distributions involving family relationships.
- Participants should not receive more than $600 in incentives in a calendar/tax year. If it is anticipated that payments will exceed $600, then gift cards should not be processed for that participant. The participant should be paid by check, even if the individual payment is for a small amount.
- A distribution log for any type of incentive or prize is required. Logs for gift cards should include the number of cards purchased, the number of cards distributed, and
the number of cards on hand. This log should be maintained current at all times. The log is subject to random audit at any time.

- Distribution logs deemed confidential should be maintained in accordance with the Office of Grants and Contracts Policy and Procedures titled Payment to Research Participant (Human Subjects).

**Human Subjects/Research Participants**

- The Division of Research and Graduate Studies, Office of Grants and Contracts Policy and Procedure titled Payments to Research Participants (Human Subjects) applies and may be viewed at [http://www.ecu.edu/cs-acad/grants/upload/Subject-Payments-Incentives.pdf](http://www.ecu.edu/cs-acad/grants/upload/Subject-Payments-Incentives.pdf) regardless of funding source when human subjects are involved.
- UMCRIB approval must be obtained prior to human subject payment of any type.
- A final distribution log should be submitted to the appropriate funding office (i.e. Grants, Student Affairs, and Financial Services) at the end of the project and prior to the end of each calendar/payroll year. December 15 is the deadline for distribution log submissions for the calendar/payroll year in order to allow for proper inclusion for 1099 tax reporting purposes and regulations.

**Student Prizes/Incentives**

- Special Funds/Student Affairs will verify the appropriateness of the request and sign the authorization form prior to being sent to Materials Management.
- Each student recipient of an award/prize/incentive should sign a Prize Form that includes:
  - Student’s Name
  - Banner ID
  - The Event Name
  - The Event Date
  - Value of Prize
  - The following notification statement to student:
    
    I understand and agree that per guidance from the U.S. Department of Education “a monetary award or prize provided by or through the school to a student must be treated as estimated financial assistance” under 34 CFR 673.5, 682.200 or 682.102, and as a result, my receipt of this non-cash prize will be reported to ECU’s Financial Aid Office. (If you have questions regarding how this would affect your financial aid, please contact the Student Financial Services Call Center at 252-737-6886.)
    
    - Student’s signature and date verifying they understand the notification statement and received the non-cash prize or award
    - Authorized employee’s signature and date
- All distribution logs for student awarded prizes should contain the following information:
  - Student’s name
• Banner ID
• Description and value of prize
• Date prize was given

- All distribution logs (excel document) and copies of the prize forms (.pdf document) should be sent electronically to Kelly Reed, Accountant, at reedk@ecu.edu.
- Distribution logs and prize forms for student awarded prizes must be submitted monthly by the 5th day of the following month. In December, the deadline is December 15th in order to allow for proper inclusion in tax reporting in the proper Calendar year.

III. Instructions:
Prior Authorization

A signed Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes form is required PRIOR to the purchase of any gift card/gift certificate or other non-monetary incentive or prize. Authorizations are reviewed on a case-by-case basis and are provided for a single intended business purpose (i.e. research study or campus event) as specified in the detailed description and business purpose section of the form. A new authorization is required for an additional project, student, or new event. If the original intended purpose or intended vendor changes, a new authorization form is required.

All authorizations require the requestors/principal investigator’s signature, the Dean or Department Head of the requesting department’s approval, and that of the funding office.

Materials Management has final approval and can only consider authorizations that are complete and have been funneled through the appropriate channels and signed accordingly.

Funding Source Requirements

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Department</th>
<th>Contact</th>
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</thead>
<tbody>
<tr>
<td>Grant-21xxxx</td>
<td>Grants and Contracts</td>
<td>Kathie Hall</td>
</tr>
<tr>
<td>State-1111xx, 112xxx</td>
<td>Materials Management</td>
<td>Stacey Schley</td>
</tr>
<tr>
<td>Student Affairs-31xx</td>
<td>Student Affairs</td>
<td>Kelly Reed</td>
</tr>
<tr>
<td>Special Funds-12xxx, 14xxxx</td>
<td>Institutional Trust Funds</td>
<td>Stephanie Mele, Sharon Cullipher</td>
</tr>
<tr>
<td>Foundation-Exxxxx</td>
<td>Foundations</td>
<td>Gwen Peaden</td>
</tr>
</tbody>
</table>

For state funds, the Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes form will come directly to Materials Management. All other funds should be sent to the contacts listed in the above table prior to being sent to Materials Management.

Authorization

Once the Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes has been approved, Materials Management will notify the requestor via email and
will return the form to the department so it may be submitted with the payment method (ProCard statement, etc).

Materials Management will send one copy of the Authorization for the Purchases of Gift Cards/Gift Certificates, Incentives, or Prizes to the Grant’s Office, if applicable, and one copy to Kelly Harding, Accountant, for University tracking purposes.

Wilco-Hess
Wilco-Hess cards are the ONLY authorized gas gift cards available. These must be procured through the PORT system. Once Authorization for the Purchases of Gift Cards/Gift Certificates, Incentives, or Prizes is approved, the user must obtain a pro forma invoice from Wilco-Hess, enter a check-attached requisition into PORT, and attach the authorization and pro forma invoice. Once the requisition is approved, Accounts Payable will cut a check and notify the user that the check is ready. The user will pick up the check and take it to Wilco-Hess to purchase the gift cards.

Documentation
Departments and Principle Investigators are responsible for accurate record keeping including disbursement logs and other documentation that may be required by the funding agency if using grant funds.

- Proof of original purchase is required (i.e. priced, itemized receipt) and should be submitted with the appropriate form of payment. A copy should be kept on file with the department.
- The completed Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes must be submitted with the appropriate form of payment. A copy should be kept on file with the department.
- At all times the total of the undistributed gift cards/gift certificates, etc. and disbursement log must equal the total of all gift cards/gift certificates purchased.
- Departments should be prepared at all times to provide a packet of information documenting the authorization, purchase, disbursement, and number of cards or incentives on hand when requested for audit.

Undisbursed Gift Cards/Gift Certificates, Incentives, or Prizes
If at the end of the project period a department has any remaining gift cards, prizes, etc., these must be surrendered to Materials Management.

A completed Surrendered Gift Cards memo on University letterhead, copy of the original Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes form, copy of distribution log, and remaining gift cards must be hand delivered to Materials Management. The final distribution log must be sent to the appropriate funding source.

Forms
Authorization for the Purchase of Gift Cards/Gift Certificates, Incentives, or Prizes
Surrendered Gift Cards memo