

## **GIFT CARDS FOR SPONSORED PROJECTS**

### **General**

Incentive gift cards should be used solely for the payment of incentives or to cover or reimburse participant costs in sponsored programs (in XX5XXXXXX departments) conducted under the direction of the University of Oklahoma, Norman Campus. Incentive gift cards are administered through the Office of Research Services (ORS) and Outreach Sponsored Programs (OSP).

### **Limitation/Justification**

Incentive gift card purchases should not exceed \$5,000 at any one time. Purchases in excess of that amount must be supported by clear and extensive justification and must be approved by an executive officer of ORS or OSP, as applicable.

### **Request for Incentive Gift Cards**

An advance request for the purchase of gift cards from the duly authorized designee must be submitted in CrimsonCorner on the GIFT CARDS PRE-APPROVAL SPONSORED form. The CrimsonCorner form must include (as an attachment) a signed PROCEDURES FOR ADVANCE APPROVAL FOR THE PURCHASE OF GIFT CARDS FUNDED BY SPONSORED PROJECTS form (available by clicking [here](#) or on the Financial Services policy website).

The request must contain the following information:

1. Sponsored program (department number) to be used as the source of funding.
2. IRB number, if applicable (this will be verified with the IRB Office).
3. Justification or reason(s) for the incentive gift cards.
4. The number of cards requested, the denomination, and the vendor.
5. The methodology used in determining the amount requested.
6. Name of the person buying the incentive gift cards.
7. Name of the person responsible (custodian) for managing and safeguarding the incentive gift cards.

ORS or OSP, as applicable, will determine (1) if expenditure for incentive gift cards is allowable per the terms of the related sponsored project, (2) determine whether funds are available, and (3) ensure that the principal investigator (PI) has a current Institutional Review Board (IRB) number on file, if applicable. ORS or OSP will notify the requester of their determination.

In order to ensure University compliance with the laws and regulations requiring tax reporting for certain payments to individuals, OSP and ORS must report to FS, at the end of each calendar year, the issuance of incentive gift cards with a value in excess of \$100 or multiple cards issued totaling \$100 or more. Incentive gift cards, regardless of value, given to non-US persons must be reported to ORS or OSP and FS immediately and the department will be charged the required 30% tax on the grossed-up value. Separate but related, OSP and ORS must report to Payroll any incentive gift cards given to employees. Reported information must include each recipient's (1) name, (2) employee id number, and (4) incentive gift card amount.

### **Authorized Methods for Purchasing Incentive Gift Cards**

Once approval to purchase gift cards has been obtained from ORS or OSP, three options are available for the purchase of the cards:

- You may purchase them on a departmental Pcard. The approval to purchase the cards must be maintained in the department to be available to the Pcard team during their audit.
- You may purchase them on a payment request form in CrimsonCorner. A copy of the approval you receive to purchase the cards must be attached to the payment request form.
- You may order them on a multi-purpose order form in CrimsonCorner. A copy of the approval you receive to purchase the cards must be attached to the requisition.

### **Departmental Policies and Controls for Handling and Custody of Incentive Gift Cards**

Departments that use incentive gift cards must establish and maintain documented procedures and controls for handling and custody. They must be maintained on file with Internal Audit. They should address:

1. Retaining documentation of incentive gift card requests.
2. Obtaining account sponsor approval for incentive gift card purchases.
3. Retaining documentation of any Pcard exceptions requested and/or granted.
4. Maintaining documentation of departmental receipt of incentive gift cards (i.e., number, type, denomination, date).
5. Maintaining incentive gift cards in a secure location – within the department or at the site of the related activity – accessible only to the designated incentive gift card custodian.
6. Preventing the co-mingling of incentive gift cards purchased for different projects or purposes.
7. Maintaining documentation of the distribution of incentive gift cards. Recommended is a list bearing
  - a. Participant Name (legibly printed)
  - b. Participant Signature (If obtaining a direct signature is not possible, the reason must be clearly and fully explained; alternative controls must be duly approved and documented)
  - c. Card Number
  - d. Card Amount
  - e. Date Received /Mailed
8. Ensuring that all incentive gift cards are reconciled at least monthly and at the end of each event.
9. Returning or re-purposing, at the end of the project period, any remaining incentive gift cards, accounting for and documenting such in detail.
10. Retention of all related documents in accordance with governing laws and regulations.
11. Purchasing the minimum number of gift cards per event to prevent an excessive amount of unused gift cards.

### **Intangible (e.g., Online) Incentive Gift Awards**

The policies and procedures set forth above substantially deal with tangible incentive gift cards. The conferring of intangible (typically, online) incentive gift cards is also possible. In such instances, departments must clearly identify them as such and must devise, document, carry out, and enforce **all necessary additional compensating controls and procedures** and must maintain them on file with Internal Audit.

### **Non-US Person**

U.S. law treats U.S. persons and foreign persons (non-U.S. persons) differently for tax purposes. Therefore, it is important to be able to distinguish between these two types of taxpayers.

The term "United States person" means:

- A citizen of the United States
- A U.S. entity (non-individual)
- A resident alien for U.S. tax purposes

A foreign (non-U.S.) person includes:

- A nonresident alien individual
- A non-U.S. entity (non-individual)
- Any other person that is not a U.S. person

To be taken to the gift card procedures for sponsored programs, click [here](#).