

University of North Texas Procedures for Purchase of Gift cards

Policy Logistics

Associated Policy:	10.006 – Cash Handling Controls
Date:	April 6, 2022
Policy Owner:	Walter Itoman, Assoc VP for Budget and Analytics
Primary Contact(s):	
Department(s) Involved:	Budget, Compliance and Ethics

Process Specifications

The following procedures outline the internal controls for the purchase, tracking and reporting of gift cards for: (1) employees of UNT, (2), Participants in studies and (3) UNT students. The following best practices have been identified and establish minimum requirements to be followed in the purchase, distribution and safe keeping of gift cards.

I. General:

- a. Generally, gift cards should not be used for payments, gifts, or any other purposes.
- b. In the event that gift cards are the only efficient method available for the purpose proposed, the cards must be treated as if they are cash money and individuals requesting gift cards must follow the procedures in this document.
- c. Regardless of the payment amount or method used, payment to university faculty and staff participating as research subjects represents taxable income to the recipient and are taxable on employee paychecks and subject to taxes.
- d. Departments utilizing sponsored project funds for research payments are encouraged to coordinate with their post-award office for the best method to request funds in compliance with grant terms.
- e. Payments of \$600 or more in one calendar year to a non-employee requires UNT System to issue a Form 1099 at the end of the calendar year. Therefore, custodians must submit the following information about the participants by sending an encrypted email to UNT System Tax at tax@untsystem.edu after

each event or disbursement date:

- i. participant name,
- ii. address,
- iii. social security number, and
- iv. the amount paid.

These requirements also apply to research participants payments administered through third party service providers.

- f. Payments to nonresident aliens (individuals who are not US citizens, permanent resident aliens, or resident aliens for tax purposes), regardless of the amount, are subject to 30 percent federal income tax withholding. 30 percent federal tax withholding must be deducted from the amount of the payment. Failure to withhold or report taxes withheld in a timely manner could result in IRS penalties assessed in the case of an audit finding. Any penalties assessed by the IRS due to non-compliance will be charged to the respective department conducting the research/study. If a research study intends to involve nonresident aliens, the PI should contact the Research Compliance Office to assist with planning.

II. Approval Process:

- a. University gift cards may be used to incentivize employees and students in the course of research or studies. Gift card use for other reasons is discouraged by UNTS Procurement Guidelines. Purchase of gift cards for research purposes must be approved by the Division of Research and Innovation.
- b. UNT purchasing cards (p-cards) should not be used for the purchase of gift cards. Any purchase of gift cards using a p-card must be approved by University Compliance and Ethics.
- c. Departments purchasing gift cards through the ePro requisition process must include the following information in the justification:
 - i. State the name and telephone extension of the individual designated as custodian of the gift cards.
 - ii. The custodian must be a full-time benefits eligible employee who will be designated as the responsible party for custody of the cards at all times and is required to maintain a Participant Disbursement Log (see section IV below).

III. Purchase and Storage:

- a. All employees involved in distribution of cards must complete [cash handling training](#).
- b. Log the gift card information (card number and dollar amount) into a tracking

- sheet immediately upon receipt and store in safe that is attached to building.
- c. Perform a reconciliation of gift cards:
 - i. Reconciliation must be performed every 60 days
 - ii. Reconciler should be independent and not involved in receipt or disbursement of the cards
 - iii. Validate recipients who signed for gift cards to the official participant/winner list
 - iv. Validate gift cards disbursed plus remaining gift cards reconciled to the original total number and amount of gift cards purchased
 - v. Supervisor reviews and verifies the reconciliation.
 - d. Conduct periodic review of remaining gift cards to ensure the amount disbursed plus the amount in the safe reconciles to the total amount purchased by Procurement.
 - e. Change safe combination when a staff member with knowledge of the safe combination leaves employment

IV. Distribution and Reporting:

- a. Maintain a separate Participant Disbursement Log for each program and note the PI / Sponsor if research related
- b. Log the following for each person who receives a gift card:
 - i. Last 4 digits of gift card number and amount of gift card (do not record PIN in the log)
 - ii. Name, address, social security number and e-mail or phone number. **Note:** **Social Security number is required for gift cards of \$100 or more.**
 - iii. If the gift card is less than \$100:
 - UNT Employees participating in **confidential research studies** may provide an Employee ID number in lieu of the information in (ii).
 - the study ID associated with that individual may be used for non-UNT employees however the participant must acknowledge on the consent form that they will not collect more than \$600 annually from UNT.
 - iv. Date gift card was disbursed to participant and disburser's name
- c. Maintain supporting documentation (e.g. procurement emails, copies of e-mails sent to/received from employee/participant).
- d. All Participant Disbursement Logs that contain social security numbers should be kept in a password protected file or in the safe with the gift cards as it is considered

Category 1 data and must be safe guarded by the university.

- e. An independent reconciler should validate the following:
 - i. Information on log (amount, gift card number) corresponds to the original e-mail received from Procurement and amount of the gift card corresponds to the study/award document.
 - ii. Recipient e-mail address corresponds to e-mail address on distribution e-mail
 - iii. Recipient name, e-mail address and phone number are listed on the official participant list
 - iv. Request gift card recipients confirm by e-mail they have received the gift card (embed copy of e-mail from recipient in Excel log)
- f. Send log via encrypted email after each event or disbursement date:
 - i. For gift cards given to Faculty or Staff – UNTS Procurement at BSC-GA@Untsystem.edu
 - ii. For gift cards given to Student, Volunteers, Individuals & Groups - UNT System Tax at tax@untsystem.edu
 - iii. For gift cards given to Research Study Participants – UNT System Tax at tax@untsystem.edu

V. Compliance

- a. It is the Organization Department Holder or Project Holder’s responsibility to track and resolve noncompliance issues.
- b. Departments will adhere to their specific written procedures on how this is handled.

VI. Records Retention:

- a. It is the Organization Department Holder or Project Holder’s responsibility to track and maintain records for the department.
- b. Departments will adhere to their specific written procedures on how this is handled.
- c. Contact the [Office of Records Management](#) for additional, specific instruction.

