

Cash Handling: Gift Cards

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

Gift certificates, including gift cards, gift vouchers, etc., are considered the equivalent of cash unless they meet a narrowly tailored list of exceptions. If your gift card is **NOT** a cash equivalent (meaning you do not have to officially track/monitor it), it must meet **ALL** of the following exceptions. Meeting 3 out of 4 exceptions still makes the gift card purchase a cash equivalent and you must then adhere to the policy and procedures below:

1. The award amount must be \$50 or less.
2. It must limit the purchase of items to one vendor (i.e. you must buy from Meijer or Starbucks not both).
3. It must **not** be transferable to another individual (Recipient's name on the card).
4. It must **not** be redeemed for cash (the fine print on the card will tell you this).

Gift Card Process

Whether you are requesting gift cards to be purchased, if you are the one who purchases gift cards, or even if you are the one who hands gift cards out to recipients (distributor), you must adhere to the following procedures.

Purchasing/Approving

- In the School of Music, Theatre & Dance (SMTD) gift cards may be used for the following reasons:
 - Employee or student recognition and awards
 - prizes for competitions
 - participation incentives
- UM policy mandates that only the exact number of gift cards that will be used during a 30 day billing cycle be ordered within that month.
- The **requester** will determine the number of gift cards needed for a 30 day cycle and will identify the purpose and specific occasions for the distribution of the gift cards.
- The **purchaser** will buy gift cards using PCard, out of pocket reimbursement through Concur, or using a shortcode at UM strategic suppliers.
- The **approver** will review the planned gift card purchase to ensure it was appropriate and valid. (Note: individuals should not be approving their own requests/purchases of gift cards).

Distributing/Tracking

- The **purchaser(s), requester(s) and gift card distributor(s)** must complete, one-time only, the cash handling training course offered by the Treasury Department at MyLINC [TME103 Treasury Management - Cash Handling](#).

- You are required to take this course only once and it is approximately 30 minutes or less.
- Gift cards must be secured in a locked drawer.
- To ensure all gift cards are accounted for, they must be recorded/logged using a SMTD Tracking Log to identify all purchases, distribution, recipients and timing.
- A gift card tracking log must be completed for each gift card purchase. The form may be found at <http://www.finance.umich.edu/controls/gctools>. Click [here](#) for a sample log template.
- Gift cards must be distributed in a secure manner.
- Evidence of distribution such as signatures is available and maintained from all recipients to validate actual and proper distribution.
- A copy of all logs must be maintained in a central gift card file in the department.
- Monthly, the log must be emailed to the Financial Manager at mstaaum@umich.edu.
- Unused gift cards with no intended future use must be returned to the vendor, if possible.
- Unused cards may be transferred to other units and documented through journal entries.

Accounting & Reconciliation

- Gift cards are charged to account code 502300 for employees (and student temps) and account 614573 for non-employees and are identified as “X” class.
 - Gift cards should be flagged “X” class unless offered to ALL employees of the University on an equitable basis, e.g. University Human Resources’ Employee Service Awards.
- Gift cards for awards, prizes and gifts are reported through [PeoplePay](#) where appropriate.
 - For guidance in determining whether gifts cards should be reported through PeoplePay and what account they should be charged to, see [Prizes, Gifts and Awards Decision Process](#).
- A list of recipients (i.e. list of signatures or copies of submitted PeoplePay forms) and the purpose of the gift cards is provided as part of the reconciliation process to the Financial Manager monthly.
- For tax purposes, name of the gift card vendor (i.e. Meijer, Target, etc.) must be included in the description on PeoplePay forms.
 - For additional information on tax guidelines see: [Policy on Taxation of Gifts, Prizes & Awards to Employees](#).
- Students or employees may not receive gift cards for the calendar year, in the aggregate, in excess of \$50. If the threshold is exceeded, the entire amount must be taxed and reported through PeoplePay.
- Financial Manager will ensure that all recorded gift cards do not meet all four exceptions:
 - Award amount of \$50 or less.
 - Card limits the purchase of items to one vendor.
 - Card is not be transferable to another individual.
 - It cannot be redeemed for cash. Non-transferable requires either that the name of the recipient be included on the certificate or that the unit abides by a policy that requires the employee to use the certificate.

- Financial Manager will ensure that distribution and reporting of gift cards is consistent with applicable tax requirements. Tax treatment of gift cards for employees and non-employees is consistent with [SPG 501.12](#).

Monitoring & Oversight

The person that performs the inventory is not the person maintain the log.

- The *CMB Treasurer's Office Certification Courses Report* in Business Objects will periodically be reviewed by the Financial Manager to ensure proper individuals have taken the cash handling training course.
- A periodic inventory check will be performed by the Financial Manager who will:
 - Count inventory and compare it to the log.
 - Ensure all purchases from the General Ledger are correctly reflected in the log.
- Any discrepancies will be resolved in a timely basis.