

## Los Rios Community College District

### GIFT CARD PROCEDURES

The procedure to be utilized for gift card purchases and distributions is dependent on one, or both, of the following considerations:

1. Who is receiving the gift card
2. The purpose for giving the gift card.

**Employees** – The value of any gift card provided to an employee (including student employees if the gift card is related to their employment) is required to be reported to District payroll for inclusion on the employee's W-2.

#### **Non-Employees:**

##### Students:

##### Financial Aid Related

If the gift cards are provided to students, without any non-academic requirements, to defray their cost of attendance (e.g. gas cards, grocery store gift cards, College bookstore gift cards), the gift cards are considered financial aid and must be reported to the College's financial aid department.

##### Non-Financial Aid Related

Gift cards provided to students for a non-financial aid related purpose (e.g. completing surveys, attending an event, participating in a focus group) are classified as income to the recipient, and are subject to IRS reporting via an IRS Form 1099-MISC if the total combined dollar value of all gift cards received (from District sources) during a calendar year meets or exceeds \$600. This must be reported to District AP.

Non-Students – Gift cards provided to non-students (e.g. volunteers) are classified as income to the recipient and are subject to IRS reporting via an IRS Form 1099-MISC if the total combined dollar value of all gift cards received (from District sources) during a calendar year meets or exceeds \$600. This must be reported to District AP.

#### **PROCEDURE FOR GIFT CARDS GIVEN TO EMPLOYEES, NON-EMPLOYEES, AND TO STUDENTS FOR NON-FINANCIAL AID PURPOSES:**

Staff must utilize three forms to track the purchase and distribution of gift cards

BS\_219 – Authorization Form for The Purchase of Gift Cards and Gift Certificates

BS\_220 - Gift Card Recipient Agreement

BS\_221 – Gift Card Disbursement Log.

Step 1: Form BS\_219 must be completed as part of the purchase authorization process.

Step 2: Before the gift cards are distributed, recipients need to complete Form BS\_220.

Step 3: Form BS\_221 should be completed based on steps 1 and 2 and then submitted to payroll for gift cards provided to employees and/or to AP for gift cards provided to non-employees (including students).

Each form includes instructions for completion. For audit purposes, the issuing department must retain copies of all forms above in accordance with District document retention guidelines contained in Los Rios Board Policy and Regulation 8381.

### **PROCEDURE FOR GIFT CARDS GIVEN TO STUDENTS FOR FINANCIAL AID PURPOSES:**

Departments purchasing gift cards will maintain a log that includes a listing of all gift cards purchased, and includes the name and student ID for each individual receiving a card.

#### **In-Person Distribution**

If the cards are distributed in-person, the receiving student must sign the log indicating that they received the card. A separate employee must reconcile the log to the total gift card purchase amount to ensure that all cards are appropriately accounted for.

#### **Email Distribution**

If electronic gift cards are distributed via email, the email with the gift card code should be sent to the student recipient's Los Rios Gmail account. Emails sent to students should be maintained as audit evidence and reconciled to the distribution log by a separate employee. See detailed processes below:

1. Department requests purchase of eCards through normal purchasing processes in conjunction with Business Services Office.
2. Vendor emails list of eCard codes to requesting department contact.
3. Department contact creates/saves log of eCards received to include identifying codes, amounts, and purchase order number.
4. Department is responsible for distribution process to students as follows:
  - a. Department will send an email to students identified for funding at their Los Rios Gmail. This will authenticate the student identity.
  - b. Email will notify student that they have been selected to receive X dollars from eCard for food and basic necessities and will include an explanation of their financial aid reporting requirements.
  - c. Student will be instructed to reply to email, saying they understand, agree, and would like to receive the card.
  - d. Department saves email confirmation from student and maintains repository of these emails as backup for audit purposes.
  - e. Department emails student the eCard code which will allow student to download and save/print their e-card. Email should request a reply confirmation of receipt from student which should be retained a backup for audit purposes.
5. Department is responsible for maintaining log of eCards and their distribution:
  - a. Department logs WID, email address, and date of email distribution on log (see #3) for each eCard distributed.
  - b. At end of distribution process and/or fiscal year-end, Department emails copy of distribution log to Business Services.

## **Postal Mail Distribution**

As gift cards are cash equivalents and may be used by anyone in possession of the gift card, it is not advised to mail gift cards to students. See detailed processes below:

1. We recommend maintaining the emails sent to the students as audit evidence to show that the students should be expecting a gift card.
2. Another employee (e.g. Employee B) should reconcile the emails sent to the students back to the master distribution list.
3. We recommend creating a mark to put on all the envelopes to allow for better tracking of any gift cards that are returned to sender. The mailroom should be informed of the marking, so they can set those envelopes aside.
4. Instruct the mailroom to maintain the returned envelopes in a secure location.
5. The mailroom should maintain a list of all returned gift cards (e.g. a spreadsheet with the students' names).
6. Once the names have been noted on the mailroom return spreadsheet, the mailroom can send the returned mail to distributing department/individual for redistribution.
7. The mailroom should email the return spreadsheet directly to Employee B.
8. When an email is sent to a new student for redistribution, that new student should be added to the master distribution list.
9. For redistributions, Employee B should ensure that all of the returned mail listed on the mailroom spreadsheet is supported by an email to a new student. In addition, they should verify that the new student has been added to the master distribution list. If it's the same student with a different mailing address, that should be noted as well.

Once the gift cards have been distributed to students, the completed log must be sent to the respective College financial aid department.