GIFT CARDS, INCENTIVES, AWARDS, AND PRIZES

Office of Disbursements

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Gift Cards, Incentives, Awards and Prizes

The distribution of Gift Cards, Incentives, Awards, and Prizes requires strong internal controls to prevent, detect, or correct loss or misappropriation of assets, especially those readily convertible to personal use. These strong internal controls are essential to sound stewardship.

Consistent, complete, and timely documentation of the distribution of gift cards and other incentives helps reduce the likelihood that they will be lost or misappropriated. Buying incentives only in required quantities close to the date needed can also reduce such risk.

**Generally, gift cards and incentives are offered for participation in grant funded projects.** Therefore, approval for the use of gift cards and incentives should be obtained, in writing, from the Office of Research Financial Services, Project Accountant, in advance of the purchase.

Programs which issue gift cards and incentives for project participation must obtain signed receipts and maintain distribution logs for all participant incentives. The receiver should provide acknowledgement of the distribution, by signature. **The distributor must provide details for each distribution to the Office of Disbursements.**

The University P-Card may **not** be used for the purchase of Gift Cards, Incentives, Awards or Prizes.

Employees of GSU should not receive gift cards, incentives, awards, or prizes. Such distributions should be processed through Payroll.

Awards and Prizes to **students** (excludes scholarships and fellowships) for participation in student activities is allowable.

**Gifts to non-employees or organizations are prohibited.** Contact the GSU Foundation for payment consideration for gifts to non-employees.

Gift Cards, incentives, awards, and prizes are reportable to the IRS. The majority of these transactions are de minimus (generally less than $25 per transaction). Current IRS regulations require reporting of earnings of $600 or more received from a single source within a calendar year. The vast majority of these transactions distributed to a single individual, from GSU, will never reach that threshold. However, if the total per person exceeds the $600 threshold, within the calendar year, Disbursements will need to be notified so that a 1099 is created.
1. Gift Cards/Incentives

To obtain approval for payment in the form of gift cards or incentives for participants of grant funded projects contact your Project’s Accountant in Research Financial Services.

*Employees may not receive gift cards or incentive payments. Such distributions should be processed through Payroll.*

1.1 Incentive Payment to an Individual

- Payment of an incentive directly to the participant (recommended) requires the submission of a Payment Request Form.
  - Code the expenditure to 783120 (Sponsored Project Participant Support).
- A detailed memo explaining the purpose for the incentive must be attached to the Payment Request Form. The memo should state:
  1. purpose/reason for the incentive payment
  2. date(s) of involvement
  3. name of payee (name of person receiving the payment). When multiple individuals are receiving payment for the same purpose, it is acceptable to list all recipients (alphabetically) in one memo. List the amount of payment for each recipient. Attach the memo to the back of each payment request form.
  4. payment amount
  5. signature of the individual ultimately responsible for the distribution
    - The department will enter a voucher into Spectrum for the payment.
    - Disbursements will distribute the payment.
1.2 Purchase of the Gift Cards/Incentives

**Mandatory Documentation (Submission to Disbursements):** Attach a *Gift Card, Incentives, Awards and Prizes Control Log* to the payment to detail important information for each recipient.

*We understand that the Gift Card Control Log may not be available at the time of payment to the vendor for the supply of gift cards/incentives, or when reimbursing an individual for the purchase, however, logs should be submitted to Disbursements within a reasonable period of time, thereafter (generally 30-45 days).*

**Mandatory Documentation (Department to retain on file):** The department must retain separate records for detailed information for each recipient. The recipient should sign signifying receipt of the gift card or incentive. These records must be retained within the department for seven years.

1.3 Payment to a Vendor

(*Supplier of the Gift Cards/Incentives*)

- Submit the vendor’s invoice for payment. (For Example: Kroger may invoice GSU for the purchase of x number of gift cards).
  - Code the expenditure to 727139
- A detailed memo explaining the purpose/reason for the Gift Cards/Incentives should be attached to the vendor’s invoice. The memo should provide sufficient detail to support the expenditure and should be signed by the individual ultimately responsible for the distribution/s (or info may be written directly on the invoice).
  - The department will enter a voucher into Spectrum for payment to the Gift Cards / Incentives Supplier.
  - Disbursements will distribute the payment.

**IMPORTANT: See 1.2 Mandatory Documentation**
1.4 Reimbursement for the Purchase of Gift Cards/Incentives

A department representative may purchase the gift cards/incentives using their personal funds, then seek reimbursement.

- A Payment Request Form must be completed by the requesting department for reimbursement to the purchaser of the Gift Cards/Incentives.
  - Code the expenditure to 727139.
- A receipt (itemized receipt, including method of payment) must be attached to the request for reimbursement.
- A detailed memo explaining the purpose/reason for the purchase, and the dates of the occurrence should be attached to the Payment Request Form. The memo should provide sufficient detail to support the expenditure and should be signed by the individual ultimately responsible for the distribution/s.
  - The department will enter a voucher into Spectrum for reimbursement to the individual who purchased the Gift Cards/Incentives.
  - Disbursements will distribute the payment.

**IMPORTANT: See 1.2 Mandatory Documentation**
2. Awards/Prizes

Contact Disbursements at finjmp@langate.gsu.edu to discuss, if necessary.

Awards/Prizes to students (excludes scholarships or fellowships) “may” be processed through Disbursements.

Awards or prizes to non-employees for academic contests “may” be paid through Disbursements.

Generally, awards/prizes to non-employees or groups should be submitted to the GSU Foundation for payment consideration.

Award/Prize payments to employees must be processed through Payroll.

Awards /Prizes represent reportable income.

2.1 Direct Payments to Students for Awards/Prizes

(Recommended)

- A Payment Request Form should be completed by the requesting department to have an award / prize paid directly to a student or non-employee (if related to academics), with prior approval.
  - Code the payment to 727700, Taxable Awards and Prizes.
- A detailed memo explaining the purpose/ circumstance for the award/prize must be attached to the Payment Request Form. The memo should list: (1) the name of the person receiving the award; (2) purpose/reason for the payment (e.g. 1st Prize for Essay Contest); (3) date(s) of the occurrence; (4) amount of the payment (5) signature of the individual ultimately responsible for the distributions.
  - The department will enter a voucher into Spectrum for the payment.
  - Disbursements will distribute the payment.
2.2 Purchase of the Awards/Prizes

**Mandatory:** Attach a [Gift Card, Incentives, Awards, Prizes Control Log](#) to detail important information for each recipient.

2.3 Payment to a Vendor (Supplier of the Awards/Prizes)

- Submit the vendor’s invoice for payment.
  - Code the expenditure to 727139
- A detailed memo explaining the purpose of the award/prize should be attached to the vendor’s invoice. The memo should list: (1) reason/purpose for the payment (e.g. 1st Prize for Essay Contest); (2) date(s) of the occurrence (3) sufficient detail to support the expenditure signed by the individual ultimately responsible for the distribution/s (or info may be written directly on the invoice).
  - The department will enter a voucher into Spectrum for payment to the Award Supplier.
  - Disbursements will distribute the payment.

  **IMPORTANT:** See 1.2 [Mandatory Documentation](#)

2.4 Reimbursement for the Purchase of Awards/Prizes

A department representative may purchase awards/prizes using their personal funds, then seek reimbursement.

- A Payment Request Form must be completed by the requesting department for reimbursement to the purchaser of the Gift Cards/Incentives.
  - Code the expenditure to 727139.
- A receipt (itemized receipt, including method of payment) must be attached to the request for reimbursement.
• **A detailed memo** explaining the purpose/reason for the purchase, and the dates of the occurrence, should be attached to the Payment Request Form. The memo should provide sufficient detail to support the expenditure and be signed by the individual ultimately responsible for the distribution.
  
  o The department will enter a voucher into Spectrum for reimbursement to the individual who purchased the Award/Prize.
  
  o Disbursements will distribute the payment.

  **IMPORTANT:** See 1.2 [Mandatory Documentation](#)
3. Reference

Click this link to download/view Gift Card, Incentives, Awards, Prizes Control Log.