

Policy Number: ~~Gift Cards and Alternative Payment Methods~~ Accounting Policy and Procedures

Date Created/Revised: July 01, 2023 ~~[TBD]~~

Functional Responsibility: Controller

Reviewed by: Policy Manager: Controller

XXXX.1 Purpose Policy Statement

Gift Cards (as defined below) present unique issues in terms of internal controls and accountability. It is the Policy of Wright State University to regulate the acquisition, usage, and issuance of Gift Cards in accordance with this Policy. The purpose is to establish accounting policies and procedures related to gifts, gift cards, WrightOne Card deposits, and bearer checks. This policy is to be used in conjunction with policies and procedures established by the Offices of Research and Sponsored Programs and Procurement and Contract Services (IRB Payment Guidance).

Units that choose to utilize Gift Cards are Distributing departments are responsible for ensuring that recipients are eligible to receive payment in accordance with the US Tax and Immigration laws. applicable tax and immigration-related authorities.

Improper procurement, authorization, usage, and/or distribution of Gift Cards may result in personal financial responsibility to University-affiliated sponsoring individual. Sponsors are encouraged to read this Policy carefully.

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XXXX.2 Applicability

Policies-This Policy and procedures herein are applicable to applies to:

- All Faculty, Staff, Student Organizations, and all members of the campus community using sponsor or internal funding and utilizing the University's accounting processes, procurement card, and/or university systems.
- All University funds including, but not limited to, Education & General, unrestricted, restricted, research, foundation, auxiliary, and agency/fiduciary funds.
- As used in this Policy, the term "Gift Card" refers to any of the following: Plastic-plastic gift cards (restaurant or store), paper gift certificates, virtual/electronic gift cards, on-campus gift cards or WrightOne Card deposits, and/or commercial (e.g.) Visa, Mastercard, American Express gift cards, money-orders, purchased gifts, and Bearer-bearer checks (formerly known as "Mr. and Mrs. checks").

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XXXX.3 Policy

The purchase and use of gift-Gift cardsCards, WrightOne Card deposits, or Bearer checks is strictly limited to the following activities (in furtherance of official University business), and requires prior

~~written authorization from the Controller to approved business activities. With approval by the Office of the Controller or their delegate, such activities are limited to the following:~~

- ~~• Payments to compensate Human Research research Subjects (subject to IRB protocols and applicable policies) policies set forth by the Office of Research and Sponsored Programs;~~
- ~~• Prizes or drawings for attendees at events or programs sponsored by the University or University-affiliated student or employee organizations. Prizes or drawings for university or student events in which the card is not purchased for a specific person.~~
- ~~• Deposits on Faculty, Staff, or Student WrightOne Card for participation in a university event or as a prize or drawing for university or student events.~~
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~~Gifts may only be purchased in accordance with applicable University Policies, including but not limited to Policy No. 9130.7 (Expenditure Guidelines; Disallowable Expenditures).~~

~~Gift purchases are discouraged and are only allowed with explicit approval in accordance with Policy 9130.7. Gift card purchases must be made through the appropriate punchout in the University's Wright Buy system, and paid for using Amazon punchout using a University issued Procard for payment. Bearer checks must be requested through Wright Buy. Reimbursements for gift cards Cards purchased with personal funds are is prohibited.~~

~~Users are responsible for complying with all applicable federal and state guidance regarding the taxability and reporting of Gift Cards. (See procedures.)~~

~~As of May, 2025, regulatory guidance generally establishes the following. Guidance may change over time, and users are responsible for verifying that the following information remains current. Bearer checks, WrightOne Card deposits, and gift cards,~~

- ~~— Gift Cards, regardless of value, are considered by the IRS to be cash payments by the IRS, and are taxable.~~
- ~~— The value of all gifts, gift cards, and bearer checks in an aggregate amount of \$600.00 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation.~~
- ~~— Finally, all cash and cash equivalents equivalent payments to nonresident aliens are subject to federal tax and are reported on Form 1042-S. Payments to nonresident aliens are to be made using on Bearer bearer checks. (Users must notify — departments should inform Accounts Payable so that payments can be adjusted to cover withhold tax, where appropriate. Users and/or sponsoring units for which the department will be fiscally responsible accountable for any failure to withhold taxes that results from the omission of notice to Accounts Payable, unless an exception applies.~~

~~Gift cards Cards must not be ordered in excess of the known distribution count for the approved study or event. If gift-unissued Gift cards Cards do remain at the end of a the project approved study or event, the cost will be transferred to the project department sponsoring unit, and and they become department unit property.~~

Sponsors are responsible for the physical security of unissued Gift Cards.

XXXX.4 Accountability, Liability, and Violations

A Principal Investigator, Chair, and/or Unit Leader who approves the acquisition, issuance, or usage of Gift Cards agrees to be personally and financially responsible for any expenditures that violate this Policy or related procedures, including in the University's discretion through payroll deduction.

Additionally, violations of this Policy or related procedures may result in disciplinary action up to and including dismissal (for students) or termination of employment (for employees), and could result in referral to external authorities in appropriate circumstances.

XXXX.5 Procedures Authorized

The Controller is authorized to develop and enforce procedures to discharge their responsibilities under this Policy, and to enforce it. Procedures shall be consistent with the provisions of this Policy, and linked in the "Resources" section below.

Gift Card Procedures

The following procedures are established pursuant to Policy No. XXXX-6 (Gift Cards and Alternative Payment Methods).

Tax Matters

As of May, 2025, regulatory guidance generally establishes the following. Guidance may change over time, and users are responsible for verifying that the following information remains current.

- Gift Cards, regardless of value, are considered by the IRS to be cash payments, and taxable.
- The value of all gifts, gift cards, and bearer checks in an aggregate amount of \$600.00 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation.
- Cash and cash equivalent payments to nonresident aliens are subject to federal tax and are reported on Form 1042-S. Payments to nonresident aliens are to be made using on bearer checks. (Users must notify Accounts Payable so that payments can be adjusted to withhold tax, where appropriate. Users and/or sponsoring units will be fiscally accountable for any failure to withhold taxes that results from the omission of notice to Accounts Payable.

Purchase Logistics

Procedures Gift ~~card-card~~ purchases must be made through the Wright Buy Amazon punchout using a University Procard for payment. Internal comments must include **IRB Number and date of IRB approval along with acknowledgement of policy and tracking requirements**. Account Code 717305 for IRB Human Subjects or either 751400 or 773200 for approved prizes and Activity Code GCARD are required for these purchases.

Bearer checks require a PO issued through Wright Buy using Account Code 717305 for IRB Human Subjects and Activity Code GCARD. Internal comments must include **IRB Number and date of IRB**

approval along with acknowledgement of policy and tracking requirements. A release email to accounts_payable@wright.edu is also required to print needed Bearer checks.

~~Gifts, Gift Cards, and Bearer Checks are considered to be cash. Adequate security must be maintained and includes being locked in a cabinet within a locked office. A locked office alone is not adequate. Inventory records must be maintained utilizing the Distribution Log provided in Appendix A (also available on the Controller's website in xlsx format) and should be reconciled monthly to ensure available gift cards or bearer checks plus those distributed equal the authorized purchase. Logs should only include social security numbers for non-resident alien participants where reporting is required for amounts over \$0.01. Participants with an aggregate amount of \$600 or more will be contacted for required tax information when identified. Participant signed Human Subject Payment Receipts are also required per IRB Payment Guidance.~~

Audit

Purchases described by this policy are subject to unannounced physical counts or audit by the Office of Audit, Risk Management, and Compliance.

~~Reporting A Distribution Log must be completed for the distribution of gifts, gift cards, and bearer checks. It is the responsibility of the distributing unit to understand and follow all policies and procedures.~~

~~Annually on or before~~ By December 15, the sponsoring unit will securely submit electronic logs to Accounts Payable and the Payroll Department to be consolidated and reviewed for annual tax reporting on IRS Form 1099 or 1042-S.

Inventory records must be maintained utilizing the attached Distribution Log (also available on the Controller's website in xlsx format) and must be reconciled monthly (or at other appropriate shorter intervals) to ensure unissued Gift Cards plus those distributed equal the authorized purchase. Logs should only include social security numbers for non-resident alien participants where reporting is required for amounts over \$0.01. Participants with an aggregate amount of \$600 or more will be contacted for required tax information when identified. Human Subject Payment Receipts, signed by each recipient, is generally required per IRB Payment Guidance.

~~Security Accountability Expenditures that violate university policies will require the Principal Investigator, Chair, and/or Unit Director to reimburse the university for the unauthorized expenditure and will be grounds for disciplinary action.~~

Unissued Gift Cards are considered equivalent to cash for physical security purposes. Unissued inventories of Gift Cards must be stored securely. Minimally-acceptable security measures involve storage in a locked cabinet within a locked office; storage in a locked office alone is inadequate.

Questions

Questions may be directed to:

Appendix A

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