

# Gift Card Policy

## ROWAN UNIVERSITY POLICY

Title: *Gift Card Policy*

Subject: *Finance*

Policy No: *FIN:2020:01*

Applies: *University-wide*

Issuing Authority: *President*

Responsible Officer: *Senior Vice President for Finance and CFO*

Adopted: 10/01/2020

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### I. PURPOSE

To establish guidelines for the procurement, distribution, accounting, and reconciliation of gift cards to meet the needs of the University community while facilitating the University's tax compliance reporting and internal cash control requirements. The purchase and use of such items requires strict accountability – gift cards may only be used for prizes and awards or to compensate human subject research participants.

### II. ACCOUNTABILITY

Under the direction of the President, the Provost, Sr. Vice Presidents, Deans, Department Heads and Department Chairs are responsible for ensuring University implementation of this policy. The Vice Presidents, Deans, Department Managers and Supervisors shall ensure compliance with this policy.

### III. APPLICABILITY

This policy applies to all full-time, part-time, permanent and temporary employees, faculty, staff, officers, volunteers and students.

### IV. DEFINITIONS

1. *Gift Cards* – are considered cash equivalent. Throughout this policy the term “gift card” shall include gift certificates, electronic gift cards, virtual cards, store-value card, or a prepaid credit card except where specified otherwise.
2. *Custodian/Study Coordinator* – the person responsible for disbursing, collecting, reconciling and submitting the gift card supporting documentation to Accounts Payable.
3. *Institutional Review Board (IRB)* – the administrative body responsible for protecting the rights and welfare of human subjects participating in research activities conducted by the University.
4. *Tax Identification Number (TIN)* – A Taxpayer Identification Number (TIN) is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS.
5. *United States Person*– for the purpose of this policy is a citizen of the United States (U.S.), an entity or a resident alien for U.S. tax purposes.
6. *Non-U.S. Person* – for the purpose of this policy is a nonresident alien individual, a non-U.S. entity and any other person that is not a U.S. citizen. U.S. law treats U.S. persons and foreign persons (non-U.S. persons) differently for tax purposes. Therefore, it is important to be able to distinguish between a U.S. person and non-U.S. person.
7. *Principal Investigator* – the Rowan faculty or staff that is identified as the Principal Investigator, Project Director, or Co-Principal Investigator named in the award, agreement or contract that is the steward of

the sponsored project funds and overall responsibility for the financial and technical aspect of sponsored human subject research. This individual may be considered the Study Coordinator in the ClinCard system.

8. *Gift Card Request Form* – This form will be used to request pre-approval for all gift cards in accordance with the Gift Card Policy. The purchase and use of such items requires strict accountability – gift cards may only be used for prizes and awards or to compensate human subject research participants.

## V. REFERENCES

1. [Rowan University Office of Contracting and Procurement - Policies and Procedures](#)
2. [Rowan University Accounts Payable University Policies](#)
3. [State of New Jersey Uniform Ethics Code](#)
4. [IRS About 1099-MISC - Miscellaneous Income](#)
5. [IRS Employer's Tax Guide to Fringe Benefits - Publication 15-B](#)
6. [IRS De Minimis Fringe Benefits](#)

## VI. POLICY

### 1. General Requirements:

- a. The University pays business expenses by using appropriate Procurement methods (refer to the procurement and accounts payable policies listed in section V. *References*). Gift Cards may not be used to pay vendors or research collaborators for goods and/or services received and/or rendered or pay any type of wages for services rendered. For example gift cards *may not* be used to pay University suppliers, independent contractors, guest speakers, consultants, honorariums or stipends at any time. As such, gift cards should only be used as stated in this policy.
- b. Employees may not be reimbursed for out-of-pocket purchase of gift cards.
- c. University places strict restrictions concerning the purchase and distribution of gift cards. Therefore, gift cards may only be allowed in situations where it is determined that the expenditures are in the best interest of the University and promote the overall mission of the University. For example, gift cards may be utilized:
  - i. As an incentive to encourage participation in Rowan University research studies, as authorized by the IRB.
  - ii. Prizes or awards, with prior approval from the requestor's Dean or AVP.
- d. The determination of whether a gift card is an allowable prize or award is dependent upon the selection of the recipient, the reason for the distribution and the recipient's affiliation to Rowan University. For example:
  - i. Gift cards/gift certificates may not be purchased with university funds for the purpose of giving an employee or student worker compensation for work or education-related activities (e.g. gift, bonus, incentive, reward, expression of recognition, special occasion, social function or meals) outside of participation in IRB-sanctioned research.
  - ii. When the incentive to encourage participation involves enrolled students, the department should utilize the RowanCard system instead of a gift card when feasible.
- e. The University must comply with Internal Revenue Service (IRS) regulations as it pertains to gift cards and gift certificates at all times. Under Internal Revenue Code Section 132, a gift card, gift certificate, store-value card, or a prepaid credit card, collectively referred to as a gift card, is considered a cash or cash equivalent that is subject to taxes regardless of the face value. The value of gift cards given to non-employees is taxable and reportable income on IRS form 1099 if the value of gift cards plus any other non-W2 compensation received by an individual from the University as a whole aggregates to an amount of \$600.00 or more per calendar year. If an employee or student worker participates in IRB-sanctioned research, the value of the gift card distributed will be added to their W-2 for tax reporting purposes. As such, pertinent information must be collected from the recipient (recipient's full name, TIN, address) prior to distribution of the gift card. The [Gift Card Request](#) must be completed and submitted to [giftcards@rowan.edu](mailto:giftcards@rowan.edu).
- f. Any and all collection of an individual's social security number/TIN by the custodian/study coordinator is kept secure. Physical information is kept locked in a cabinet with access restricted

to the custodian/study coordinator. Electronic information is stored on a secured server and is not stored nor maintained on a local desktop, laptop or other electronic device.

- g. Principal Investigators are responsible for ensuring that human subject research participant payments are being processed through the ClinCard system and managed according to this policy.
- h. The authorized Gift Card Request Form must be submitted to [giftcards@rowan.edu](mailto:giftcards@rowan.edu) at least two weeks prior to the requested gift card delivery date.
- i. All gift cards are to be distributed within a reasonable time once received:
  - i. Gift cards procured as allowed by an IRB-sanctioned research study, unless pre-authorized by Finance.
  - ii. One month for gift cards procured for gifts or awards outside of the IRB approval process.
- j. Failure to follow this policy and procedure and to maintain appropriate supporting documentation can result in the suspension of the privilege to procure and distribute gift cards.
- k. Rowan University may terminate the use of gift cards at any time. Termination of the use of gift cards may result from, but is not limited to: abuse, failure to follow the policy and guidelines, use of gift card funds for personal reasons, or lack of funding.

## 2. Tax Limitations for Gift Cards:

In order to ensure University compliance with the laws and regulations requiring tax reporting for certain payments to individuals, the following rules must be followed when distributing gift cards:

- a. If the employee or student worker participates in IRB-sanctioned research, the value of the gift card will be added to their W-2 for tax reporting purposes.
- b. The value of gift cards given to non-employees is taxable and reportable income on IRS form 1099 if the value of gift cards plus any other non-W2 compensation received by an individual from the University as a whole aggregates to an amount of \$600.00 or more per calendar year.
- c. Gift cards, regardless of value, may not be given to anyone considered a non-U.S. person for tax purposes.
- d. A waiver of tax compliance obligations (collecting names, TINS, and addresses) may be pre-authorized by General Counsel with a formal request made only from Finance in rare instances where the study is based on populations in which there is no reasonable collectability of this required information – i.e., homeless populations, undocumented immigrants, adults with severe intellectual disabilities. This waiver authorization is dependent on the targeted population of the study, the limited dollar amount of the compensation associated with the study, the ability to exclude University employees or students, and must be requested four weeks in advance to allow for multiple levels of review and authorization. This waiver will not be granted retroactively.

## 3. Authorized Method for Purchasing Gift Cards:

Only the following gift card purchasing option is available upon approval of the Gift Card Request Form. ClinCard is the University's preferred method of purchasing gift cards. All other gift card purchasing methods will be reviewed to determine if ClinCard is more suitable.

- a. ClinCard
  - i. ClinCard – The University has partnered with ClinCard in order to facilitate a secure electronic method of collecting participant information and distributing payments. The ClinCard payment mechanism provides prompt and efficient payment to individuals once approved by Finance. Approved payment can be immediately accessed by the recipient to be used as a pre-loaded electronic (virtual) Visa card or Visa card (physical). By centralizing the recipient payment through ClinCard, the University can streamline its processes in order to operate in compliance with Internal Revenue Service (IRS) reporting regulations. Additionally, the ClinCard system will increase security and decrease liability to both the University community and recipients by eliminating the use of the paper-based process. Furthermore, ClinCard is the University's preferred method of purchasing gift cards.  
**Note:** See Attachment 2 for procedures.
- b. Please note, the required authorization on the gift card request form is as follows:
  - i. IRB sanctioned studies will require documentation of the IRB sanctioned study noting the approval of the study.
  - ii. Gift cards purchased with external grants will require authorization from the Grants and Contracts Accounting Director noting the allowability of the expense against the grant funds.

- iii. Gift cards purchased outside of external grants require the authorization of the requestor's Dean or AVP.
  - iv. The Gift Card Request Form will require final authorization by the Finance Division.
4. Non-Allowable Gift Card Purchases:

The following gift card expenditures are *prohibited*:

- a. Gift cards/gift certificates may not be purchased with university funds for the purpose of giving an employee or student worker compensation for work or education-related activities (e.g. gift, bonus, incentive, reward, expression of recognition, special occasion, social function or meals).
- b. Gift cards may not be used to incentivize participants in human subject research studies unless pre-authorized by the IRB.
- c. Gift Cards may not be purchased through the University's Barnes and Noble account.
- d. Gift cards may not be purchased using the University's Procurement Card system.
- e. Employees may not be reimbursed for out-of-pocket purchase of gift cards. Reimbursement for out-of-pocket gift card purchases may be denied if proper justification and approval by one of the following: Provost, Sr. Vice President and CFO, Sr. Vice President or appropriate Divisional Vice President were not obtained in advance.
- f. Gift Cards may not be used to pay vendors for goods and/or services received and/or rendered or pay any type of wages for services rendered. For example, gift cards may not be used to pay University suppliers, independent contractors, guest speakers, consultants, honorariums or stipends at any time.
- g. Gift cards may not be purchased as gifts to graduating students.
- h. Gift cards may not be used to compensate collaborators in a research study.

## VII. ATTACHMENTS

- 1. Custodian/Study Coordinator Requirements and Responsibilities
- 2. ClinCard Overview & Procedures
- 3. [Gift Card Forms](#)

### Attachment 1 Custodian/Study Coordinator Requirements and Responsibilities

Upon approval of the Gift Card Request Form, the cards will be issued to the Custodian/Study Coordinator listed on the Gift Card Request Form. The Custodian/Study Coordinator is responsible for safeguarding, disbursing and tracking the distribution of their gift cards in accordance with the University policies and procedures. Custodians/Study Coordinators agree to perform the following:

- 1. Disburse the gift cards for the purpose, nature, method and dollar amount noted on the Gift Card Request Form.
- 2. Budgeting within the related costs associated with participant payments, including any fees associated with the payment mechanism, and the payment amount associated with the study milestone. For example, ClinCard charges a fee per card and a fee to load each participant payment.
- 3. Maintain gift cards in a secure and locked location – within the department or at the site of the related activity – accessible only to the designated gift card Custodian/Study Coordinator. Gift cards are not allowed to be stored at off campus property.
- 4. Prevent the co-mingling of gift cards purchased for different projects or purposes.
- 5. Maintain documentation of the distribution of gift cards as per Internal Revenue Code Section 132. As such, pertinent information must be collected from the recipient prior to distribution of the gift card. The [Gift Card Request Form](#) must be completed and submitted to [giftcards@rowan.edu](mailto:giftcards@rowan.edu):
- 6. Ensure that all gift cards are reconciled at least monthly and at the end of each event. All gift cards held are subject to periodic unannounced audits by Accounting Services to ensure proper control is maintained.
- 7. Surrender un-issued gift cards to Finance for a return to the University's bank account. If additional time is required to distribute, written authorization is required from the Custodian/Study Coordinator prior to the end of the study.

8. Notify [giftcards@rowan.edu](mailto:giftcards@rowan.edu) of department status, i.e., transfer, resignation, or termination, and provide the name of the new Custodian/Study Coordinator who will continue the event/study/program.
9. Retain all related documents in accordance with governing laws and regulations.
10. Purchase the minimum number of gift cards per event to prevent an excessive amount of unused gift cards.
11. Acknowledge the University may terminate the use of gift cards at any time. Termination of the use of gift cards may result from, but is not limited to: abuse, failure to follow the policy and guidelines, use of funds for personal reasons, or lack of funding.
12. Submit all supporting documentation of distribution to Accounts Payable within 30 days of distributing the gift cards (but no later than January 5<sup>th</sup> for all gift cards distributed in the month of December, due to the timing of IRS Form 1099 reporting).

## **Attachment 2**

### **ClinCard Overview & Procedure**

The University has partnered with Greenphire, ClinCard to provide a convenient method to make payments for prizes and awards or to compensate human subject research participants. ClinCard is a pre-loaded electronic (virtual) Visa card or Visa card (physical), which works like any credit/debit card. ClinCard can be used for purchases online or at stores, as well as to get cash from an ATM or a cash advance from a bank. ClinCard can also be used internationally. For your convenience the Gift Card Recipient Log and the Gift Card Payment Acknowledgment Form may be utilized to assist with the tracking, distribution, payment and certification of the gift cards.

#### **Benefits:**

1. Centralizing subject payment mechanism so the university can be in compliance with IRS reporting regulations and provide greater security.
2. ClinCards are re-loadable cards when participants participate in multiple studies under the same Study Coordinator.
3. Participant's funds are secure against loss or theft. If lost, ClinCards can be replaced and the money remaining at the time of replacement can be transferred to the new card.
4. The university will have less exposure for loss since ClinCards have zero dollars loaded initially. If cards are lost or stolen, the university would only be out the cost of the card(s).
5. The ClinCard system allows the study site to automatically push messages (text, email, and voice) to participants that include payment, balance, and appointment reminders. These tools have demonstrated an increase in study participant satisfaction and retention.
6. Once payment has been approved, the full amount of payment can be accessed by the participant immediately through the ClinCard portal.

#### **Steps for ClinCard Pre-Approval, Distribution & Reconciliation**

1. Gift Card Request Form
  - a. Study Coordinator completes request form
  - b. One form must be completed per study
  - c. All sections of the form must be completed
  - d. Ensure funding is available and all ClinCard fees are included. For example, ClinCard charges a fee per card and a fee to load each participant payment
  - e. All approvals are required. Each approver is certifying that they are in agreement with the request, knowledgeable and compliant with university policies and regulations
  - f. Attach IRB documentation and authorization to the request form
  - g. Email the request form and all documentation to [giftcards@rowan.edu](mailto:giftcards@rowan.edu)
2. ClinCard Administrator
  - a. Creating the study
  - b. Maintaining Milestone Payment Schedule
  - c. Add User (Study Coordinator)
  - d. Add Study Coordinator to the new study

- e. Send User (Study Coordinator) logins
  - a. The Administrator is responsible for managing the ClinCard portal which will include managing the ClinCard system access and establishing all new studies within the ClinCard system. The Administrator will also maintain, track, and safe-guard an inventory of Visa cards (ClinCards).
  - b. Monitor the gift card inbox and review the requests
  - c. Audit Gift Card Request Form, documentation and ensure all documentation is in compliance with the gift card policy and guidelines
  - d. If request is approved, the Administrator will provide access to ClinCard by:
  - e. Administrator contacts Study Coordinator via email for electronic or physical gift card distribution.
  - f. Final authorization is completed upon the Study Coordinator acceptance of the gift cards from the Administrator.
3. Study Coordinator
- a. Access the ClinCard system using SSO, [go.rowan.edu/clincard](http://go.rowan.edu/clincard)
  - b. Verify the approved study and additional Study Coordinator is in the system
  - c. Search the system for existing participants, if participant is not available;
  - d. Register the study participant's information into the system
  - e. Monitor the research study
  - f. Assign a ClinCard to study participants
  - g. Can utilize the Gift Card Payment Acknowledgment Form when distributing ClinCards
  - h. Disburse payments to a participant by requesting a milestone payment according to the research schedule
  - i. Continue to disburse payment to research participant based on study guidelines
  - j. Informing the participant on usage and access of the ClinCard and its portal
  - a. Study Coordinator is the individual responsible for safeguarding, disbursing and tracking the distribution of their gift cards in accordance with the University policies and procedures.
  - b. Once the Administrator provides access to ClinCard and the requested gift cards, the Study Coordinator can now begin the research:
  - c. Study Coordinator will reconcile the gift cards against the study. The Gift Card Recipient Log may be used to assist with the reconciliation of cards issued versus un-issued cards.
  - d. When a study has been completed, the Study Coordinator must notify the ClinCard Administrator via email at [giftcards@rowan.edu](mailto:giftcards@rowan.edu). The notification should indicate the remaining balance of ClinCards on hand at the end of the study and confirm no additional cards will be issued.
  - e. Return un-issued ClinCards to ClinCard Administrator by emailing [giftcards@rowan.edu](mailto:giftcards@rowan.edu), include the number of un-issued cards, total remaining balance and attach a copy of the approved Gift Card Request Form.
4. ClinCard Administrator
- a. Administrator will coordinate the returning of un-issued cards.
  - b. Provide the information to Accounting Services to facilitate a credit back into the funding account specified on the Gift Card Request Form.
  - c. Responsible for downloading the payment data from the ClinCard portal, assist with providing corresponding ledger entries in Banner, and maintaining a sufficient balance within the ClinCard pre-paid balance sheet account to accommodate the collective outflow of participant payments.
  - d. Responsible for the issuance of IRS Form 1099-MISC to participants when their total compensation is \$600.00 or more per calendar year.
  - e. Employees and student workers who participated in a study and qualify for a gift card will have the value added to their W-2 through the Payroll department.

### **Attachment 3 Gift Card Forms**

These forms will be used to request pre-approval, log recipients, and acknowledge distribution for all gift cards. The purchase and use of such items requires strict accountability – gift cards may only be used for prizes and awards or to compensate human subject research participants.

#### **1. [Gift Card Request Form](#)**

- a. This form will be used to request pre-approval for all gift cards in accordance with the Gift Card Policy. The purchase and use of such items requires strict accountability – gift cards may only be used for prizes and awards or to compensate human subject research participants. This form is to be used for all gift card requests.