

## CCS Administrative Procedure

### 5.30.05-E Gift Card Purchases and Use

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Implementing Board Policy [5.30.05](#)  
Contact: Director of Fiscal Services, 434-5210

#### 1.0 Purpose

To establish procedures for gift card purchases, allowable use, and internal controls for safeguarding purchased gift cards. Purchases of gift cards must follow applicable state law, CCS purchasing policies and procedures, and the provisions of this procedure.

#### 2.0 Limitations and Requirements

- 2.1 Gift card purchases require prior approval. A Gift Card Purchase Authorization form must be completed and approved by the appropriate administrator.
  - 2.1.1 The authorization form must be attached to the purchase requisition or internal requisition form.
  - 2.1.2 Purchase cards (P-Cards) may not be used to purchase gift cards.
- 2.2 All cards purchased must be controlled and tracked from the time of purchase until the cards are awarded to the recipient.

#### 3.0 Definitions

- 3.1 Gift Card - An instrument evidencing a promise by the seller or issuer in the form of a card, certificate or other physical medium containing a stored value primarily intended to be exchanged for consumer goods and services. (RCW 19.240.010)
- 3.2 "Stored-value" means the recognition of value or credit to the account of persons, when that value or credit is primarily intended to be redeemed for a limited universe of goods, intangibles, services, or other items provided by the issuer of the stored value, its affiliates, or others involved in transactions functionally related to the issuer or its affiliates. (RCW 19.230.010)
- 3.3 Gift - As an agency of the State, CCS is prohibited from gifting institutional resources; as such, gifts to employees and non-employees are generally unallowable. See paragraph 4.0 below for employee recognition award provisions and limits. Funds expended to carry out a fundamental government purpose do not constitute a gift.
- 3.4 Consideration required - Expenditures are allowable if given in exchange for consideration. Consideration includes the performance of duties, participation in an institution sponsored event or activity. Consideration must be documented to prove that institutional funds were not expended for a gift or with a donative intent.
- 3.5 Taxability - The IRS considers monetary awards, gift cards and gift certificate awards that are convertible to cash or used to purchase property or services as taxable income regardless of the dollar amount.
  - 3.5.1 Gifts not typically considered taxable income are actual "gifts-in-kind," such as trophies or clocks.
  - 3.5.2 Gifts-in-kind must be de minimis in value (\$50 or less).

#### 4.0 Gift Cards for Employees

Gift cards are allowable for employee recognition awards. (RCW 41.60.150)

- 4.1 Gift cards will be treated as taxable fringe benefits and included on the employee's W-2.
- 4.2 Volunteers are considered employees for the purposes of this procedure.
- 4.3 The maximum allowable employee recognition award is \$200 (RCW 41.60.150).

#### 5.0 Gift Cards for Non-Employees

- 5.1 Allowable uses:
  - 5.1.1 Payment for services or honorariums to a business or individual (non-CCS employees). Payment for services also requires a CCS Personal Services Contract. Refer to CCS purchasing guidelines for limitations and requirements of personal services contracting.
  - 5.1.2 Prizes awarded to students for participating in an institution sponsored event.
  - 5.1.3 As incentives for students participating in surveys or similar type of official college business.
- 5.2 A completed Form W-9 is required for issuance of gift cards valued at over \$50. The issuing department must:
  - 5.2.1 Collect a Form W-9 for each gift card recipient.
  - 5.2.2 Record the card serial number and card value on top of the W-9.
  - 5.2.3 Submit the completed W-9 to the Accounts Payable department, MS 1006.
- 5.3 Upon issuance of a gift card, acknowledgment of receipt must be provided by the recipient's signature on the gift card log, receipt (form) or W-9 (see 5.2, above).

#### 6.0 Gift Card Custodian

- 6.1 A disbursement log must be maintained by the department staff signing the Gift Card Purchase Authorization form as custodian. The log must include:
  - 6.1.1 Purchase order/requisition or internal requisition number.
  - 6.1.2 Vendor name.
  - 6.1.3 Gift card serial number.
  - 6.1.4 Dollar amount of card.
  - 6.1.5 Date issued to recipient.
  - 6.1.6 Name of recipient.
  - 6.1.7 SID (if student or employee) or address of recipient.
- 6.2 Completed logs must be sent to the Accounting/Internal Control office, MS 1006, or faxed to 434-5279.
- 6.3 The Accounting department will notify the Payroll department when an employee is listed on the log.
- 6.4 Gift card inventory must be maintained in a secure location.
- 6.5 Independent, unannounced physical counts of the gift card inventory will be performed on a periodic basis by CCS Business office representatives. .

**7.0 Related Information**

- 7.1 IRS Regulation, [Section 1.132-6](#)
- 7.2 RCWs [19.230.010](#), [19.240.010](#) and [41.60.150](#)
- 7.3 Gift Card/Certificate Purchase Authorization, [CCS 2147](#)
- 7.4 Gift Card Disbursement Log ([download Excel spreadsheet for use](#))

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