

## Gift Card Procedure

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### I. Title

Gift Card Procedure

### II. Objective

This procedure supports TXWES Expense *Policy* and provides steps for requesting and issuing Gift Cards.

### III. Scope

This procedure is applicable to the purchase and disbursement of Gift Cards by TXWES employees for occasional business needs.

### IV. Procedure

#### A. Gift Card Authorization Request

1. Prior to purchase, regardless of the dollar amount of the Gift Card, a Gift Card Purchase Authorization Request Form must be submitted to the office of Finance and Administration via e-mail. Cards that require a convenience fee are not allowed to be purchased (i.e. Visa). The **Subject Line** should be *Gift Cards Purchase Authorization Request*. Each request must include the following:

- a. Purpose of the Gift Card;
  - b. Dollar value of each Gift Card and quantity of cards;
  - c. Merchant from whom the Gift Card will be purchased from;
  - d. Recipient's name, if known; and
  - e. Requester, Supervisor, and Division VP name and signature.
2. A separate request must be completed for each program or activity (i.e. a specific event, etc.) and must be specified in the "Purpose" section of the request.
  3. Departments are cautioned to purchase only the number of Gift Cards needed for the near term (e.g., only the number of Gift Cards planned for distribution in the next two weeks or month). This is to keep inventory for what is necessary and reduce the likelihood of unused Gift Cards after completion of the event.
  4. The requesting department should attach documentation to support the request, as applicable.
  5. Upon approval of the Gift Card Purchase Authorization Request, the Purchasing Department may purchase the Gift Cards and distribute to the applicable department.

**B. Distribution and Reconciliation**

1. Prior to distribution, the Custodian has the primary responsibility of keeping the Gift Cards in a secure location.
2. All Gift Cards must be distributed within thirty calendar days of approval unless an extension has been approved via the Gift Card Purchase Authorization Request Form.
3. The Custodian must have the recipient of the Gift Card affirm/acknowledge receipt by completing the *TXWES Gift Card Expense Form* as required for Internal Revenue Service (IRS) tax reporting purposes. The form must be completed within ten working days of distribution.
4. A reconciliation of Gift Cards should be conducted whenever Gift Cards are purchased, or at least monthly. This reconciliation should consist of verifying that the number of Gift Cards purchased, minus the number of Gift Cards disbursed, agrees with the number of Gift Cards on hand. In addition, the value of the Gift Cards purchased must agree with the amount recorded on the Gift Card Purchase

Authorization Request Form. The inventory must be performed by an employee other than the Custodian - preferably by the department approver; the Custodian must be present during the reconciliation.

**C. Internal Controls**

1. The Custodian has primary responsibility for the safekeeping, maintenance, and proper usage of Gift Cards and for advising faculty, staff or students who handle Gift Cards that they must follow this Procedure.
2. Gift Cards must be safeguarded at all times and accounted for as if they were cash.

**3. The following controls are required at a minimum:**

**a. Custody**

The Custodian has safekeeping over the Gift Cards and should always know the Gift Cards location. Custody may be transferred temporarily from the Custodian to other departmental personnel for disbursement purposes, but the Custodian still holds primary responsibility for security of the Gift Cards.

**b. Physical Access**

- i. Gift Cards must be secured at all times (e.g. in a locked box, in a locked cabinet, or locked drawer) with limited access.
- ii. Business Services is responsible for safeguarding any Gift Cards related tax documentation and must keep these records secured with limited access at all times.

**c. Tracking**

Gift Card disbursements must be documented on the TXWES *Gift Card Expense Form*, which is designed to uniquely identify each Gift Card disbursement in order to document the use of the Gift Card for audit and tax purposes. Because of IRS requirements, a recipient cannot receive the Gift Card if s/he refuses to provide the requested information. If the Custodian disburses the card without obtaining this information, s/he may be personally responsible for funding

the Gift Card purchase. Due to the nature of the data collected on TXWES *Gift Card Expense Form*, the details must be treated as confidential information.

**D. Tax Reporting**

1. The IRS considers Gift Cards as taxable income regardless of the face amount of the Gift Card. The value of all Gift Cards to an individual in an aggregate amount of \$600 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation.
2. It is the Custodian's duty to make the recipient aware of the tax implications of the Gift Card.

**E. Lost or Damaged Cards**

1. The Custodian may be held responsible for any Gift Cards in their possession that are lost or misplaced. Any shortage must be reported immediately to the Business Services Office.
2. Business Services, in conjunction with the Vice President of Finance and Administration, TXWES Security, and the Office of Risk Management, may investigate the circumstances surrounding the loss. If the investigation findings demonstrate the Custodian did not use adequate internal controls, as defined by this Procedure, s/he cannot be the Custodian for any future Gift Card disbursements and may be asked to reimburse the shortfall with personal funds.
3. If the investigation indicates there might have been an intentional misappropriation of Gift Cards, the Vice President of Finance and Administration will consult with Legal and the Human Resources Director (for employees), the Provost or the Office of Student Affairs (for students), on the appropriate next steps. Consequences may include termination of employment, suspension/expulsion, and referral of the matter to a law enforcement agency.

**F. Voids/Cancellations**

1. It is generally difficult to obtain a refund for unused Gift Cards. The department is therefore cautioned to only purchase Gift Card as they are ready to issue them.
  - a. Unused Gift Cards that ARE RETURNED to the supplier:  
  
All refunds received from the supplier must be credited/deposited immediately to the appropriate general ledger account number initially used for the purchase.

- b. Unused Gift Cards that cannot be returned to the supplier, and were expensed with department funds:

The department must notify the Purchasing Department immediately.

## V. Definitions

**Custodian:** The faculty or staff member in the department disbursing the Gift Cards that is responsible for the documentation, internal control, and other requirements of this policy.

**Gift Card:** A stored-value or similar instrument issued in lieu of cash or check. For purposes of this Policy, "gift card" includes anywhere/anytime cash such as Visa, American Express or money-orders; store gift certificates or cards that are redeemable for a large variety of commodities, such as Target or grocery store gift cards; gift cards or gift certificates to restaurants; and virtual gift cards such as Amazon.

**Gift Card Expense Form:** A form to record Gift Card information required by the Business Services Office to be able to issue Form 1099 to the recipient, if required.

**Gift Card Purchase Authorization Request Form:** A form to request the purchase of Gift Cards required by the Office of Finance and Administration.

## VI. Relevant Federal and State Statutes

[Internal Revenue Code \(I.R.C.\) § 102\(c\)](#)

## VII. Relevant TXWES Policies, Procedures, and Forms

*TXWES Expense Policy*

*TXWES Gift Card Expense Form*

*TXWES Gift Card Purchase Authorization Request Form*

## VIII. Who Should Know

All employees purchasing or dispersing Gift Cards.

## IX. TXWES Office(s) Responsible for Procedure

**Responsible Officer:** Vice President of Finance and Administration

**Sponsoring Department:** Business Services

**X. Dates Approved or Amended**

March 5, 2025

**XI. Contact Information**

All questions regarding this procedure should be directed to Office of Finance & Administration: [oofa@txwes.edu](mailto:oofa@txwes.edu)