

Policies

Subject Gift Card/Certificate Policy
Section Finance and Regulatory Services
Approved by Brian Kennedy, Chief Financial Officer
Approved on December 15, 2020

Policy Purpose: The purpose of this Policy is to set forth the guidelines and procedures for the purchase, use, distribution, and secured storage of gift cards and/or gift certificates, both physical and electronic, purchased with Metro funds, and to ensure compliance with Metro's tax withholding and reporting obligations

Applicable to

All Metro employees, volunteers, community members, and third parties. This policy applies to the purchase, use, and distribution of gift cards/certificates that are purchased using Metro funds.

Definitions

Gift Card/Certificate – Any stored value card, certificate, voucher, or code for either cash or store credit. This includes both physical and electronic mediums.

Guidelines

Prohibited Uses

Distribution of gift cards within the scope of this policy is prohibited in the following circumstances:

1. Gift cards may not be distributed to volunteers as appreciation for volunteer work, regardless of whether the volunteer is a student, employee, or third-party.
2. Gift cards may not be distributed as compensation for services performed (i.e. by interns, employees, or independent contractors).

Tax Treatment

1. Gift card recipients will be required to acknowledge the potential tax implications of accepting the gift cards.
2. Gift cards distributed to employees, regardless of value, are subject to federal, state, and employment tax withholding, and will be reported as wages on the employee's Form W-2.
3. If the total value of gift cards provided to non-employees in a calendar year exceeds \$600, the individual will receive a Form 1099-MISC.

Procedures

Metro employees are only permitted to distribute gift cards covered by this policy if they follow the procedures detailed below:

1. Any employee who wishes to purchase gift cards must submit an Authorization to Purchase and Use Gift Cards/Certificates Form (Appendix A) for approval to the appropriate manager, based on funding, before making the purchase and/or distributing the gift cards

2. Individual gift cards may not exceed \$100 in value and a total gift card purchase may not exceed \$2,000. Exceptions must be approved by the Department Director.
3. An employee who has obtained the appropriate approval for purchase and use of gift cards must maintain a Gift Card/Certificate Disbursement Log (Appendix B) to record the disbursement of the gift cards. The employee distributing the gift cards will be responsible for updating the log each time a gift card is disbursed.
4. A copy of the complete Disbursement Log and Authorization Form must be maintained by the department according to the Records Retention Policy (currently 3 years).
5. The department must notify Accounts Payable if a single individual is disbursed in excess of \$600 in any one calendar year.
6. No department will be permitted to purchase gift cards if the department has outstanding issues with prior gift card purchases (e.g. missing gift card documentation from prior years) until those issues are resolved with Metro Accounts Payable.
7. All gift cards should be treated as cash and must be secured at all times by the department. A list of employees with access to gift card inventory must be maintained.
8. Gift card purchases and related logs and documentation will be subject to periodic audits by Finance and Regulatory Services, the elected Metro Auditor, and the public accounting firm retained for the annual audit of Metro's financial statements.
9. Missing gift cards must be reported immediately to Metro Accounts Payable.

Responsibilities

Employees:

- Follow established policy and procedures for gift card purchase and disbursements.
- Maintain appropriate records.
- Report individuals who receive gift cards in excess of \$600 annually to Finance and Regulatory Services.
- Obtain necessary tax information from gift card recipients, as required.

Supervisors:

- Approve gift card purchase requests in accordance with the Gift Card Policy.
- Implement corrective actions to any identified policy violation immediately.

Department director:

- Ensure departmental compliance with the Gift Card Policy.
- Approve exceptions as detailed in the procedures above.

Finance and Regulatory Services:

- Maintain appropriate records, including tax forms.
- Periodically audit departmental records and procedures.
- Monitor and address policy or procedure violations with departmental management.

Appendix

- Appendix A – Gift Card Authorization Form
- Appendix B – Gift Card Disbursement Log