

Procedure for the University of North Texas at Dallas	<b>Associated Policy</b>
<b>Procedures for Purchase of Gift Cards</b>	10.009 – Cash Handling Controls

**Purpose and Scope.** These procedures establish best practice internal controls for the purchase, distribution, tracking, and reporting of gift cards used for: (1) UNT Dallas employees, (2) participants in research studies or grant activities, and (3) UNT Dallas students. Gift cards are considered cash equivalents under constitutional and federal tax law and must be handled with the same level of security and accountability. Please see *UNT Dallas Policy 10.009 Cash Handling Controls* for additional information related to fiscal management.

**General Requirements.**

1. Gift cards should not be used unless they are the only efficient and appropriate method available. When used, they must be treated as cash and follow the procedures in this document.
2. Gift cards are prohibited from being issued or presented as gifts. Gift cards may only be purchased or issued if their use serves a legitimate public purpose, as required by Texas law.
3. Gift cards may only be purchased for immediate distribution. Stockpiling or maintaining an inventory of unused gift cards is prohibited.
4. Regardless of the payment amount or method, all payments to UNT Dallas faculty or staff constitute taxable income and are subject to taxes on employee paychecks. If unavoidable, the full value must be processed through payroll, regardless of amount.
5. Departments using sponsored project funding for research participants or grant-related activities must coordinate with Sponsored Projects Accounting to ensure compliance with the grant terms.
6. Payments totaling **\$600 or more in a calendar year**, to a non-employee, will require UNT System to issue a Form 1099 to the non-employee. After each disbursement event, the custodian must send an encrypted email to UNT System Tax containing:
  - a. Participant Name
  - b. Address
  - c. Social Security Number

- d. Amount Paid
- e. Date of payment

These requirements also apply to research participant payments administered through third-party service providers.

- 7. Payments to nonresident individuals for tax purposes are subject to **30% federal tax withholding** regardless of the amount. Departments must contact the Office of Sponsored Projects before involving nonresident individuals to ensure proper tax processing. Any IRS penalties, due to noncompliance, will be charged to the department.

### **Approval Process.**

- 1. Allowable Uses: Gift cards may be used to incentivize participants in research studies or grant-related activities. Use for other purposes is discouraged by UNT System Procurement Guidelines. Approval of gift card use, and legitimate public purpose served should gain approval from Office of General Counsel before purchasing gift cards. Research-related gift-card purchases must be approved and documented by Sponsored Projects Accounting.
- 2. All gift card purchases must be made through a requisition. Requisitions must include a complete Custodial Agreement and have the following information in the justification:
  - a. Name and phone number of the designated custodian.
  - b. Confirmation that the custodian is a full-time benefits-eligible employee responsible for safeguarding and tracking the gift cards through a Participant Disbursement Log.
- 3. Purchase of gift cards using a university issued Purchasing Card (pCard) is prohibited.
- 4. Purchase of gift cards using state funds is prohibited.
- 5. Each gift card distribution requires a written public purpose justification with administrative approval.

### **Custody, Storage and Reconciliation.**

- 1. Employees distributing gift cards must complete UNT Dallas Online Cash Handling Training and must renew or take a refresher course on cash handling every two years.

2. Upon receipt, card numbers and dollar amounts must be recorded immediately on the department's tracking sheet. See Distribution and Reporting section below for data elements to include in the tracking sheet.
3. Gift cards must be stored in a safe or under lock and key.
4. A documented reconciliation of gift cards must occur every **60 days**. The reconciler must be independent of the purchasing and distribution process. Reconciliation must verify:
  - a. Card numbers and amounts match procurement records and grant terms (where applicable).
  - b. Cards distributed plus cards on hand equal the total purchased.
  - c. Recipient name and email listed match official participant lists.
  - d. That the gift card recipients confirm by email or other documented methods that they have received the gift card.
5. Safe combinations must be changed immediately when an employee with access separates from the department. If gift cards are stored under lock and key, a new lock and key must be installed.

### **Distribution and Reporting.**

1. A separate Participant Distribution Log is required for each program when using grant funding. Logs must indicate the PI, Sponsoring Agency, or Funding Agency. A single tracking sheet is allowable for logs not supported by grant funding.
2. For each gift card distributed, record in the tracking sheet/distribution log:
  - a. Last 4 digits of the card number and the card value. Do not record PINs in logs.
  - b. Recipient name, address, email, or phone number.
  - c. Social Security Numbers (SSN) are required for gift cards of \$150 or more.
  - d. Date of disbursement and name of the employee distributing the card.
3. For gift cards less than \$150:
  - a. Employees participating in confidential research may provide an Employee ID instead of full personal information above.
  - b. Non-employee research participants may use a study ID but must acknowledge they will not receive more than \$600 annually from UNT.

4. Supporting documentation (e.g., procurement emails, participant communications) must be maintained.
5. Logs containing SSNs are considered Category 1 data and must be stored in a password-protected file, in the secured safe, or locked container with the gift cards. Log transmissions including SSNs must be encrypted.
6. After each event or distribution:
  - a. Employees - send log to UNTS Procurement ([BSC-GA@untsystem.edu](mailto:BSC-GA@untsystem.edu)).
  - b. Students, volunteers, individuals, groups - Send log to UNT System Tax ([tax@untsystem.edu](mailto:tax@untsystem.edu)).
  - c. Research participants - Send log to UNT System Tax ([tax@untsystem.edu](mailto:tax@untsystem.edu)). All transmissions containing SSNs must be encrypted.

#### **Compliance and Records Retention.**

1. The Organization Department Holder or Project Holder is responsible for identifying and resolving any noncompliance issues.
2. Departments must maintain records in accordance with the UNT System Records Retention Schedule. Sensitive records must be stored securely for the full retention period. For specific retention guidance, contact the Records Management Representative for the organizing department or the Office of Compliance and Integrity.

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