

STEPHEN F. AUSTIN
STATE UNIVERSITY

Office of the General Counsel

POLICY SUMMARY FORM

Policy Name: Gifts, Prizes and Awards

Policy Number: 3.18

Is this policy new, being reviewed/revised, or deleted? Review/Revise

Date of last revision, if applicable: 4/25/2017

Unit(s) Responsible for Policy Implementation: Vice President for Finance and Administration

Purpose of Policy (what does it do): This policy provides guidance regarding gifts, prizes and awards that can be given, the manner in which they can be given, and reporting requirements.

Reason for the addition, revision, or deletion (check all that apply):

- Scheduled Review Change in law Response to audit finding
 Internal Review Other, please explain:

Please complete the appropriate section:

Specific rationale for new policy:

Specific rationale for each substantive revision: Discrepancy was identified between this policy and Guidelines for Expenditures from University Funds concerning clothing purchases for employees. This change corrects that discrepancy.

Specific rationale for deletion of policy:

Additional Comments:

Reviewers:

Dora Fuselier, Controller
Danny Gallant, Vice President for Finance and Administration
Damon Derrick, General Counsel

Gifts, Prizes and Awards

Original Implementation: April 22, 2008

Last Revision: ~~April 25, 2017~~ October 23, 2017

This policy provides guidance regarding gifts, prizes and awards that can be given, the manner in which they can be given, and reporting requirements. State and federal regulations restrict the use of university funds to provide gifts, prizes and awards to employees, students and others in the university community. In addition, the Internal Revenue Service (IRS) has requirements for the federal reporting of gifts, prizes and awards given to employees versus non-employees.

Exclusions

Financial aid awards and grants are not considered gifts, prizes or awards for purposes of this policy. Most awards to students that are related to academic performance are considered financial aid, and as such are not subject to the provisions of this policy. Prizes given in conjunction with raffles that include the purchase of a chance or ticket are not subject to this policy and are governed by university policy, Solicitation on Campus (16.25), and state law. Agency funds are not subject to this policy since they are not considered university funds.

Funds and Definitions

All definitions and reporting requirements of this policy apply to any university funds, and remain the same even if the funds originate as a gift to the university from a third party.

No gifts, prizes or awards of any kind should be charged to state appropriated funds, designated accounts funded by student fees, auxiliary funds associated with mandatory fees, or restricted funds as outlined below.

Use of restricted federal and state funds: Funds from federal and state grants, contracts, or other sponsored agreements cannot be used to pay for items that are or appear to be gifts or marketing or promotional items such as t-shirts, key chains, tote bags, caps, and other souvenirs or memorabilia, unless specifically provided for in a grant, contract or sponsored agreement. Use of these funds to pay for awards for participation in grant-funded activities is generally allowable when both reasonable in cost and necessary to accomplish program objectives. Acceptable participation awards include plaques, small trophies, ribbons, certificates, pens/pencils and similar items.

For purposes of this policy the following definitions apply:

Employee: An individual receiving compensation as a full-time or part-time employee, including casual employees, student employees and graduate assistants.

Non-Employee: An individual receiving no employment compensation of any kind or in any amount, including students who are not employed by any department of the university.

Gifts: A voluntary conveyance of something of value as a gesture of good will or appreciation. Marketing and promotional items are excluded as gifts as noted below. Plants and flowers sent as a gesture of sympathy or support are not considered gifts if they have a valid business purpose; however, they are subject to specific rules. See Guidelines for Expenditures from University Funds.

Award: Something of value conveyed as a result of competition, merit or in recognition of service to the university on the part of the recipient.

Prize: Something of value conveyed as a result of chance, generally for promotional purposes, to one or more participants in an event sponsored by a university department or organization.

Nominal Value: A prize, gift or award valued at \$50 or less.

Organization: Any university department or student group using university funds for a gift, prize or award. Agency funds are not considered university funds.

EMPLOYEE as the Recipient of a Gift, Prize or Award

Gifts

Gifts of cash, including gift cards and gift certificates to employees, are not allowed. Gifts other than cash, gift cards, or gift certificates are allowed only when such gifts have a business purpose and are approved in advance by the president, vice president, dean, or the authorized approver for Board of Regents purchases (Board of Regents purchases only), and are within IRS guidelines. The gift must be of nominal value, as defined above, unless a larger amount is approved by the president or vice president, or the authorized approver for Board of Regents purchases (Board of Regents purchases only). For any gift greater than nominal value, the department must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the gift.

With the exception of the Offices of the President and the Board of Regents, personal gifts using university funds for birthdays, weddings, showers, retirements, get well, funerals, and other personal occasions, are not allowed. These are considered personal expenses, to be paid by the person(s) giving the gift.

Non-cash gifts for employees of nominal value, such as t-shirts, cups, mugs, etc. can be purchased with discretionary funds. For limitations on purchases of clothing, see Guidelines for Expenditures from University Funds on the controller's office website.

Marketing and promotional items bearing the SFA name or logo are not considered gifts when they are of nominal value, ~~or of larger value if approved by the president or vice president~~. An example of a marketing or promotional item is a ~~shirt~~ coffee cup with an SFA department name provided to an SFA employee or representative. In addition, tickets provided to a representative of SFA for sporting events, fine arts events, recognition banquets, etc. are not considered gifts when

attendance at the event is to promote the university in the representative's official capacity.

Prizes and Awards

Monetary awards may be given to employees for meritorious performance or other reasons connected with employment, but only as part of an established campus-wide program or a program within a college approved by the dean and the provost and vice president for academic affairs. See University Awards Programs (12.20). Such monetary awards cannot be given in the form of gift certificates or gifts cards, but must be paid through payroll and submitted on a stipend authorization form.

Non-cash awards given to employees as length of service awards are acceptable as long as they are valued at less than \$400 per year per employee. These awards may only be administered by the Department of Human Resources or in a ceremony approved by the Department of Human Resources and the appropriate vice president.

Any non-cash award given for meritorious performance or other reasons connected with employment must be of nominal value, as defined above.

An employee may accept a monetary or non-cash prize or award of any amount where the individual's employment is incidental to the basis on which the prize or award is given. For example, a university employee would be eligible to win a door prize given at random or an essay-writing contest.

For any prize or award greater than nominal value, the department or organization sponsoring the contest, game of chance, etc., without the purchase of a chance or ticket must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the prize or award.

NON-EMPLOYEE as the Recipient of a Gift, Prize or Award

Gifts

Gifts of cash to non-employees are not allowed. Gift certificates, gift cards, or tangible commodities are allowed as long as the gift is given for a valid business reason.

For any gift greater than nominal value, as defined above, the department must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the gift.

Development Gifts to individuals to promote development interests or alumni relations, using university funds, cannot exceed nominal value, as defined above, unless approved by the president. For any gift greater than nominal value, the department must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the gift.

Institutional Gifts – When university officials are hosting visitors, appropriate university funds may be used to give such visitors a gift of nominal value, as defined above, as a sign of appreciation or recognition. Any gift greater than nominal value must be approved by the president. Marketing and promotional items with the SFA name or logo are not considered gifts as discussed above. For any gift greater than nominal value, the department must report the following information to the controller’s office for tax purposes: recipient name, social security number, address, and purpose and value of the gift.

Gifts to Public Officials – Federal and state laws severely restrict the nature and value of gifts that may be made to public officials, and those restrictions may vary depending on the type of gift as well as the office held by the official. Gifts to municipal officials may also be restricted. In general, university policy prohibits all gifts to public officials, with the exception of token gifts of nominal value, as defined above, as long as they are not provided in exchange for his/her decision, opinion, recommendation, vote, or other exercise of discretion as a public official. Any exception to this limit must be discussed in advance with general counsel to ensure it is allowed under the specific governing conditions. There may be restrictions on paying honoraria to public officials and questions should be directed to the general counsel.

Prizes and Awards

Cash, gift certificates, gift cards or non-cash items may be given as prizes and awards as long as they are reported as required herein. Prizes and awards to non-employees must be for a valid business reason, which may include a contest, door prize, etc. without the purchase of a chance or ticket.

Monetary prizes and awards must be processed using the online purchase requisition system and substitute Form W-9 must be submitted to accounts payable.

For any prize or award greater than nominal value, as defined above, the department must submit the following information to the controller’s office for tax purposes: recipient name, social security number, address, and purpose and value of the prize or award.

NON-RESIDENT ALIENS as the Recipient of a Gift, Prize or Award

Cash and non-cash gifts, prizes and awards to non-resident aliens are generally subject to 30% withholding and reported on an IRS Form 1042-S. The department or organization must contact the controller’s office before making gifts, prizes and awards to person who are not US citizens or legal permanent residents, regardless of the value of the gift, prize or award.

Cross Reference: IRS Regulations; Tex. Penal Code Ch. 36; Solicitation on Campus (16.25); University Awards Programs (12.20); Guidelines for Expenditures from University Funds.

Responsible for Implementation: Vice President for Finance and Administration

Contact for Revision: Controller; Director of Procurement and Property Services/HUB Coordinator

Forms: None

Board Committee Assignment: Finance and Audit