

PURCHASE OF GIFTS FOR EMPLOYEES

Authority:	Vice Chancellor of Business Affairs
History:	Effective March 14, 2000; updated February 26, 2007; supersedes former Administration Policy No. PUR1.70, "Purchase of Gifts for Employees"; Updated June 30, 2015; October 31, 2017
Source of Authority:	IRS Code, Office of State Budget and Management
Related Links:	Discretionary Trust Funds Spending Policy
Responsible Office:	Purchasing Controller

I. Purpose

Establishes consistent, campus-wide policies and procedures governing items purchased by the university and given as gifts to employees, including gifts given to employees or their family members as expressions of sympathy.

The intent of this policy is to:

- A. Ensure consistent treatment of employees across divisions.
- B. Ensure compliance with university funding restrictions, state purchasing guidelines, and other applicable regulations. This is particularly important because, as a public agency, the University of North Carolina at Wilmington is subject to public scrutiny regarding its use of public funds.
- C. Ensure compliance with IRS regulations regarding the taxability of gifts to employees.

II. Scope

This policy applies to all university departments and activities.

Items governed by this policy are limited to items purchased by the university and given as gifts for employees.

Exclusions to this policy:

For information regarding gifts or awards presented by university-sponsored Employee Awards or Recognition Programs, (*see policy statement A*), contact Human Resources.

III. Policy

A. General Policy

The University of North Carolina Wilmington recognizes that its success in providing quality education and effective, efficient services is dependent largely upon the efforts made by competent and dedicated employees. As such, the university has established several campus-wide programs as an official means of showing appreciation to its valued employees:

1. Employee Award Programs
Examples: Faculty Teaching Excellence Award, Staff Excellence Award
2. Employee Recognition Programs
Examples: Employee Service Awards, Seahawk Kudos

Additional gifts to employees (outside of the university-sponsored Employee Awards or Recognition Programs) are allowed only for certain work-related events and for expressions of sympathy as specified in Policy statement B.

University departments or divisions that wish to present employees with such gifts must comply with the guidelines in this policy, with the purchasing provisions of the State of North Carolina, and with any other applicable state or federal laws and regulations.

B. Types of Allowable Gifts

University policy generally prohibits the university from giving gifts to individual employees from any source of funds or for any purpose, except for service recognition gifts and sympathy gifts. Gifts may be given to groups of employees to recognize team performance or for their participation in university events or activities. General funds cannot be used for the purchase of gifts.

1. Gifts for Length of Service

Departments or divisions may give recognition gifts to employees for length of service, subject to the following restrictions:

- a) Gifts must be given as a part of a meaningful ceremony.
- b) The employee must have completed at least five years of service and must not have received a similar gift in any of the prior four years.

- c) Gifts are generally of nominal value but may not exceed \$400.

2. Gifts for Retiring or Separating Employees

- a) Such gifts must be given as a part of a meaningful ceremony, such as in conjunction with a retirement or separation reception.
- b) The value of the gift may depend upon the length of service but may not exceed \$400.

3. Gifts for Team Performance

- a) Gifts may be given to groups of employees to show appreciation for their team efforts and performance and are normally one of a number of identical items.
- b) Gifts must be given as a part of a meaningful ceremony. Team sponsors typically give these gifts in conjunction with the Seahawk *Kudos* program or similar divisional recognition program.
- c) Gifts are typically of nominal value and typically do not exceed \$25.

4. Gifts for Participants

- a) Gifts of this type are typically one of a number of identical items widely distributed to a group of employees for their participation in university-sponsored events or other university activities.
- b) Gifts must be of nominal value and may not exceed \$25.
- c) If the primary purpose of the purchased item(s) is to benefit the university-sponsored event or activity but the item(s) typically become an employee's personal property after such use, such items are subject to guidelines in Procedure 05.158 and are not considered "gifts." (*Example: Shirts customized with a UNCW logo may be provided for employees to wear while assisting in student orientation activities.*)

5. Sympathy Gifts

- a) Departments may send appropriate traditional commemorations (tangible personal property such as flowers, fruit baskets, etc., generally under \$100) for the serious illness or death of an employee or family member of an employee. Such commemorations are allowable in recognition of the value of employees to the university and

the extent to which work relationships form much of the social fabric of employees' lives.

- b) Monetary contributions to bona fide charitable organizations in lieu of traditional commemorations may be given, consistent with the amount a department would normally spend on traditional commemorations.

6. Gift Cards/Certificates

- a) Per IRS guidelines, gift cards/certificates of any amount are not considered de minimis and thus are taxable to the recipient and included in the employee's paycheck.
- b) There are no exceptions to these IRS guidelines for separating or retiring employees. Payroll must be notified of the gift before the employee receives his/her final paycheck. If this doesn't happen before the employee receives their last check, then the gifting department can pay the tax on behalf of the employee.
- c) A department may elect to pay the tax for the employee with trust funds.

C. Unallowable Gifts

1. Cash

Gifts to employees in the form of cash are not allowable.

2. Compensation for Services Performed

Gifts must be given under conditions and circumstances that do not create the likelihood that the gift will be perceived as compensation for a service performed. Payments for services provided by employees are processed through the payroll system and are subject to FICA, state and federal taxes, and state retirement withholding.

D. Frequency of Gifts

Gifts should be infrequent to comply with IRS regulations.

E. Allowable Funding Sources

Gifts to employees may be paid from the following funding sources:

1. Agency funds.
2. Unrestricted endowment income, such as discretionary accounts established for the chancellor or vice chancellors.
3. Other unrestricted trust funds, such as unrestricted gifts, and income available for general program enhancement.
4. Enterprise funds whose revenue is derived primarily from sources other than university departments (such as Bookstore, Housing, Food Services, and Parking).
5. Gifts, grants, or contracts that specifically provide for the purchase of such gifts.

Special notes regarding funding from contracts and grant funds:

- a. Prior approval from Sponsored Programs and Research Compliance is always required.
- b. Sympathy gifts may not be purchased from any contract and grant funds, regardless of the recipient.

F. Unallowable Funding Sources

Gifts to employees are strictly prohibited from the following funding sources:

1. General funds (state appropriations).
2. Gifts, grants, or contracts that do not specifically provide for the purchase of such gifts.
3. Federal indirect costs.
4. Enterprise funds, if the sales or service is directed primarily to university departments (such as Central Stores, Printing Services, and Telecommunications).
5. Student Fees

G. Required Written Approvals

Written approval from the following is required for all purchases of gifts for employees:

1. Chancellor, respective vice chancellor, or academic dean.
2. The budget authority for the fund to be charged, if the budget authority is not the approving official.
3. Director of Sponsored Programs and Research Compliance (only if purchased from contract and grant funds).

Exception: Sympathy gifts that fall in the category of traditional commemorations (flowers, fruit baskets, etc.) do not require additional approval other than approval of the budget authority.

H. Required Documentation

The following documentation is required to support all purchases of gifts for employees. Transactions that are not accompanied by the required documentation will be declined for payment and/or reimbursement.

1. Original paid receipts.
2. Documentation to adequately justify the purpose and reasonableness of the gift.
3. Written approvals as indicated above.

I. Exchange of Personal Gifts Among Employees

This policy does not prohibit the exchange of gifts from one employee (or group of employees) to another employee for occasions such as baby showers, holiday gift exchanges, birthdays, employees leaving university employment, etc., subject to the following conditions:

1. No university officer may solicit or compel individual contributions to such a gift, and
2. No university funds from any source may be contributed to such a gift.