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## Alameda-Contra Costa Transit District

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### Administrative Regulation No. 346A:

### Guidelines & Procedures for the Purchase and Distribution of Gift Cards

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**Issuing Officer:** General Manager  
**Date of Adoption:** 3/3/2020  
**Most Recent Amendment:** N/A  
**See Also:** N/A

**Subject Category:** Section 300, Finance  
**Subsection:** Financial Matters  
**Control Department(s):** Finance

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#### I. PURPOSE

The purpose of this Administrative Regulation is to set forth guidelines and procedures for the purchase and distribution of gift cards for employees, purchased by the District. This is necessary in order to ensure compliance with the District's tax withholding and reporting obligations.

#### II. PERSONS AFFECTED

All District employees.

#### III. DEFINITIONS

**"Gift Card"** means anywhere, anytime cash cards such as Visa, Mastercard or American Express; pre-loaded debit card that allows purchase of goods or services at select retailers.

**"Gift Card Log"** is the process to record gift information required by the Controller's Office to be able to issue information on W-2, or Form 1099 to the recipient, as required. The Log should include an inventory of total cards purchased and disbursed, gift card number, payee name and badge number.

#### IV. REGULATION

##### A. Gift Card Purchase

1. Unless otherwise approved by the General Manager, gift cards may not be purchased via the P-Card, check request or Amazon Business.
2. Unless otherwise approved by the General Manager, all gift card requests and purchases must be made through the District's Procurement and Materials Department.

##### B. Regulation

1. According to the rules of the Internal Revenue Service, because cash and cash equivalents, such as gift cards, have readily ascertainable value, they are considered taxable income regardless of the face amount of the gift card. For employees, the value of a gift card is considered compensation subject to federal and state tax withholding and reporting on

- Form W-2. For non-employees, the value of all gift cards 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. Any gift card purchased with District funds and given to an employee will be considered taxable income to the employee and added to their Form W-2 during the calendar year the gift card was received.
  3. Request for individual gift cards with a face value greater than \$100 must have prior written approval from the requesting Department's Chief or Executive Director.
    - a. A gift card may be purchased if it is not for a specific person, such as for an event or a District approved program. For example, a gift card may be purchased as a door prize. However, recipients must be identified using the Acceptance of Gift Card Form.
    - b. Disbursements of gift cards must be recorded in the Gift Card Log and include the recipient's name and employee badge number.
    - c. Gift cards will be purchased by the Procurement and Materials Department and distributed only by the Treasury Department.
  4. Gift card may not be purchased to pay suppliers or consultants for goods/services received.

### C. Procedures

1. Gift cards should be requested at least 10 business days in advance of event or program date from Procurement & Materials using the AC Transit Authorization to Purchase Gift Card Form. Approved forms should be sent by email to [contracts@actransit.org](mailto:contracts@actransit.org).
2. A separate AC Transit Authorization to Purchase Gift Card Form must be completed for each program or activity i.e. a specific program or activity must be specified in the "Description of Intended Use of Gift Cards" section on the form.
3. It is recommended to limit the number of gift cards purchased at one time so that the disbursement and reconciliation of those cards is more manageable.
4. Once Procurement & Materials receives the approved AC Transit Authorization to Purchase Gift Card Form, and the gift cards are issued, the Requesting Department will be responsible for filling out a Gift Card Disbursement Log. The form is required to record the disbursement of all gift cards purchased – even if only one card is purchased for one individual.
5. Gift cards shall be kept under lock and key at all times to ensure proper physical security and to protect from theft and loss. Physical inventory shall be maintained by Treasury Department.
6. The Treasury Department shall issue the requested Gift Card quantity and denomination using the Gift Card Disbursement Log.
7. The Gift Card Requester has the responsibility of issuing Gift Cards individually and recording issued gift cards in the Gift Card Disbursement Log.
8. Gift Card Disbursement Log must be returned to Treasury Department within 60 calendar days of Gift Card disbursement.
9. The Treasury Department shall maintain a rolling on-hand inventory of gift cards, dollar amount and the total number of gift cards issued per calendar year.

10. Treasury Department shall report monthly Gift Card activity to the Procurement and Payroll Departments.
  - a. Treasury will upload reports and Employee Acceptance Forms into the People Soft Payroll Support Ticketing System.
  - b. Payroll will upload on Payroll week.

**V. ATTACHMENTS**

- A. Authorization for the Purchase of Gift Card
- B. Gift Card Disbursement Log

Approved by:



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Michael A. Hursh, General Manager  
Alameda-Contra Costa Transit District



**AUTHORIZATION FOR THE PURCHASE OF GIFT CARDS**

This form must be completed and approved by the Department Approving Official, Executive Manager and Treasury PRIOR to purchasing gift cards/certificates. Each department must maintain this form along with the Gift Card/ Certificate Disbursement Log, Acceptance Agreements, , which will be subject to audit. Complete copies of all documentation should be submitted to the Treasury Department.

Date \_\_\_\_\_

Requester's Name & Badge # \_\_\_\_\_

Requester's Department \_\_\_\_\_

Gift Card Type \_\_\_\_\_

Number of Gift Cards Requested \_\_\_\_\_

Value of Each Gift Card \_\_\_\_\_

Total Value of Gift Cards \_\_\_\_\_

Intended Use of Cards (*Program*) \_\_\_\_\_

Recipients  Employee  Non- Employee \_\_\_\_\_

Department Code \_\_\_\_\_

Account Code \_\_\_\_\_

Budget Checked With \_\_\_\_\_

**Approved By:**

Department Manager (Name and Signature) \_\_\_\_\_

Executive Manager (Name and Signature) \_\_\_\_\_



**GIFT CARD DISBURSEMENT LOG**

This form must be completed to record the distribution of all gift cards/certificates purchased by a department. The Authorization Form, Acceptance Agreements, and this Disbursement Log must be kept on file by the department and will be subject to audit. A log must be completed for each approved Authorization Form. Once all gift cards/certificates on the Authorization Form have been distributed, a copy of the Authorization Form, Acceptance Agreements, and the Disbursement Log must be forwarded to the Treasury.

Requester Name & Badge #

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Requester Department

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Program

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Number/Amount of Gift Cards Authorized

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Number/Amount of Gift Cards Distributed

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Requester's Signature & Date

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Date	Recipient's Name	Recipient's Badge Number	Program	Gift Card Type	Gift Card Amount