Procedure Title: Promotional Giveaways Procedure

Policy Purpose Statement:
Giveaways provide the college with a means for student promotions and a mechanism to entice or incent students to take surveys, participate in or attend events.

Definitions:
The following is a list of key terms and its definition:

**Giveaways**- Giveaways consist of two varieties. Cash equivalents are items such as gift cards, bus passes, parking vouchers, gas cards, gift certificates or any type of certificate that is an equivalent to cash or redeemable for merchandise. Non-cash equivalents are items such as general merchandise, college logo clothing and merchandise, or items that are not redeemable for other merchandise. Purchases of giveaways must be pre-approved.

**Giveaways to Students**- Students may receive giveaways as long as it is done as a defined grant distribution, random drawing giveaway or for a promotional purpose. Giveaways may also be used to entice students into taking surveys or attending events. Information on students receiving giveaways must be documented on the Promotional Giveaway Reconciliation Form and the M State Substitute W-9 Form, signed by the student recipient and submitted to CAP. Information provided on the forms will be submitted by CAP to Minnesota State Tax Services office and may result in the student receiving a 1099 tax form and incurring a tax liability.

**Giveaways to employees**- Cash equivalents are not allowable for employees as they are considered income. Giveaways may never be used as a means of compensation for a service or work performed by state employees or students.

**Giveaways to speakers, presenters or volunteers**- Because the IRS views giving a guest speaker or volunteer a cash equivalent as a means for avoiding income taxes, it is not allowed. Non-Cash Equivalent giveaways to speakers, presenters or volunteers must be preapproved and are allowable when they are college specific logo items of nominal value (less than $25). Any cost of such giveaways shall be incurred by the program or function.

**Delegation of Authority**- Written authority to obligate the College through financial transactions up to a maximum amount. This delegation requires ongoing compliance with applicable statutes, rules, and board policies.
**Request for Approval of Special Expense Form**- Special expenses are extraordinary expenses incurred in connection with work-related responsibilities or official functions not generally supported with public funds of the Minnesota State Colleges and Universities or assigned duties of system employees, which are not reimbursable through the regular expense regulations. The form must be completed and approved prior to purchasing giveaways.

**Promotional Giveaway Reconciliation Form**- All cash equivalent prizes of any amount, and/or all non-cash equivalent prizes valued at $25 or greater, require the completion of this form in detail. Recipients must provide their phone number, student id number and then sign and date the form. Recipients are subject to possible tax obligations and follow up contact by Business Services staff to verify receipt of giveaways. Note that it is not a requirement to record individual items on this form when the event involves “throwing non-cash equivalent prizes of nominal value randomly into a crowd” at an event where the public attends.

**M State Substitute W-9 Form**- This form is required to be completed by employees, and signed by the student recipient, to report any cash and/or non-cash prizes or awards valued at $25 or greater to the System Office, Tax Services. Note that this form is not required to be completed when the event involves “throwing prizes of nominal value randomly into a crowd” at an event where the public attends.

CAP-Central Accounts Payable Office.

CFO-Chief Financial Officer.

**Procedure:**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Who</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Employee</td>
<td>Request permission from supervisor to purchase giveaways using the Request for Approval of Special Expense Form.</td>
</tr>
<tr>
<td>2</td>
<td>Supervisor</td>
<td>Review the Request for Approval of Special Expense form. If approved, sign and return to the employee. If rejected, contact employee and discuss rationale.</td>
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</table>
| 3     | Employee  | Upon receiving approved Request for Approval of Request to Incur Special Expense Form from supervisor:  
  - Create requisition/purchase order and record the PO number on the form. Or;  
  - Purchase the giveaways with their procurement card and check as method of payment on the form. Or;  
  - Purchase giveaways from a campus bookstore. |
| 4     | Employee  | • Complete the Promotional Giveaway Reconciliation Form and M State Substitute W-9 Forms for the giveaway event, recording information for each item in detail. |
• Student recipient provides phone number and student ID number and signs and dates both forms.
• Employee forwards the completed forms and receipt for the giveaway purchase to the CAP Office within one week of the completion of the event.

| 5 | CAP Office Staff | Receives the completed Promotional Giveaway Reconciliation Form and M State Substitute W-9 Forms:
|   |               | • Reviews the Promotional Giveaway Reconciliation Form and special expense form comparing it to the invoice(s) or receipt(s).
|   |               | • Reviews and remits the M State Substitute W-9 forms via MoveItSecurely to Minnesota State Tax Services office.
|   |               | • File documentation and/or pay invoices and file for audit.

Supporting references

- 7.3 Financial Administration MnSCU Board Policy
- 7.3.3 Purchasing Cards MnSCU System Procedure
- 5.14 Contracts and Procurements
- Promotional Giveaway Reconciliation Form
- M State Substitute W-9 Form
- Request for Approval of Special Expense Request Form

Procedure History:
Procedure Author: Wayne Wolden
Date of Implementation: 2/7/2018
Date and Subject of Revision: none