

When to use the Documentation of PCard Purchases Form (updated 10/2021)

If you have received approval to purchase an item(s) not generally allowed, complete a 'Documentation of PCard Purchase' form and include it behind the receipt in the Reconciliation Report. *The form is a good tool for use to provide additional documentation for purchases that may be questioned by an auditor.*

If there is any question regarding the ability to make a purchase, please contact the Controller's Office, the PCard Office or follow the instructions for requesting prior approval located at the end of this document.

LISTED POLICY EXCERPTS FROM APPALACHIAN STATE UNIVERSITY Account Manual & Spending Guidelines (<https://controller.appstate.edu/manuals>)

Items listed below as not allowable on State Funds may be allowable purchases using Non-State Funds (Foundation Funds).

Membership Dues

Membership dues may not be paid for individual employees or for the benefit of an individual employee. Membership dues paid from State funds must be for the benefit of the University and not the individual. If the University is to benefit from an individual's membership in an organization, that benefit should derive not because of the individual, but because of the individual's position with the University, regardless of who is in the position. Although a membership may be in the name of an individual, his/her membership terminates at the same time he/she terminates employment with the University or moves to another department.

Personal Mobile Communication Devices

A personal mobile communication device is defined as a "smart phone", cellular phones, or their devices that allow one person to communicate directly with another. The University does not provide reimbursements or allowances for personally owned devices.

Employees whose job duties require them to utilize a personal mobile communication device may be issued a University owned device from an approved State contract vendor.

Purchases of Applications, eBooks, and Other Electronic Media

For the purposes of this section Mobile Communication Devices (MCDs) include cellular (cell or mobile) telephones (including cell phones with two-way "push-to-talk" communication capability), smartphone devices (e.g., iPhone, Samsung Galaxy Tab), tablets (e.g., iPad, Samsung Galaxy Tab), e-book readers, PDAs, pagers, wireless cards, and any other device that enables mobile electronic communication and has associated service plan costs.

All apps and related usage on University-owned MCDs must comply with the University's policies related to use of computing and electronic resources.

All app and e-book purchases shall have proper approval prior to the purchase and the reimbursements must follow the University Accountable Plan rules.

Purchases Using Departmental Account (e.g., app store account, Amazon account):

1. Employees are encouraged to purchase any mobile "apps" or e-books for use on a University owned MCD using the departmental purchasing card ("p-card") and the associated departmental account that was setup using the departmental email address (e.g., controller@appstate.edu).
2. App purchases paid with personal funds can be reimbursed if the departmental account was used (Note: It is the employee's responsibility to safeguard your personal financial information). The following documents must be submitted to the controller's Office:
 - The completed Request for Direct Payment form with all approvals
 - A letter stating the business purposes related to the employee's job at the University and that the app is used on a University owned MCD
 - The proof of the payment

Purchases Using Personal Account:

1. Reimbursement requests for mobile app or e-book purchases using a personal account, including an account that was setup using the University email address, are generally discouraged, since the ownership of a purchased app or e-book remains with the user and is tied to his/her account. However, reimbursement for the purchase of a business-use mobile app or e-book will be considered if all of the following conditions are met:
 - The app or e-book is used for business purposes related to the employee's job at the University;
 - The app or e-book is used on a University owned MCD; and
 - The amount of the reimbursement request is \$10 or greater per person.
2. If a personal account was set up using the University email address, employees can use the departmental purchasing card ("p-card") for purchases less than \$10. These purchases will be considered de minimis fringe benefit to the employees and it is not taxable.
3. P-card cannot be used for any app purchases using a personal account that was setup using the non-university email address.

Payments to Students

These procedures clarify the types of payments that may be made to both undergraduate and graduate students. Such payments include scholarships, fellowships, prizes and awards, student refunds, compensation for services, and reimbursements. Processing payments made to students requires an additional level of review so that the University can remain compliant with all related Federal and State laws in addition to University policies.

Definitions

Qualified Scholarship/ Fellowship - Account credits or payments to students in a degree program that cover qualified tuition and related educational expenses (limited to tuition and required fees including books, supplies or equipment) and do not exceed stated tuition and fees amounts. Qualified scholarships and fellowships are not taxable income to the student, however they are reported on IRS form 1098-T.

Non-Qualified Scholarship/ Fellowship - account credits or payments to students for expenses that are not qualified tuition and fees. (For example, amounts used to pay for optional fees, room, board, travel, and personal expenses) All non-qualified scholarship or fellowship payments are potentially subject to income tax withholding and reporting on IRS form 1098-T or IRS form 1042-S for nonresident foreign nationals.

Student Prizes and Awards - payments received as a result of entering a drawing, participation in an event, are received as the result of entering a contest, or payments in recognition of charitable, scientific, educational, artistic, literary, civic achievement. Prizes and awards are always taxable and may be monetary in nature or in the form of a tangible item. If IRS thresholds are met the University will report the prize or award to the IRS and the student on IRS form 1099-MISC. Prizes and awards received by nonresident foreign nationals may be subject to reporting on IRS form 1042-S and may be subject to tax withholdings.

Taxable scholarship and fellowship payments may include, but are not limited to, payments for room (housing), board (meals), medical expenses, thesis support, travel, non-required fees, books, supplies, or equipment, and other personal expenses. Additionally, funding provided for a student to attend a conference, engage in a job search or interview or to conduct research is considered a taxable scholarship or fellowship grant (unless such expenses primarily benefit the University)

The University's Office of Student Financial Aid must be consulted before any non-qualified scholarship or fellowship award is offered or made to a student. Departments that have established continuous award programs with the support of Financial Aid will not need to consult with Financial Aid for each disbursement to a student provided no significant changes to the program have been made.

Prizes and Awards provided to Students

For U.S. Citizens and nonresident foreign nationals, the total of all prizes, awards, and other income reportable on form 1099-MISC made to students during the year that exceed \$600.00 must be reported by the University to the student and the IRS. It is the responsibility of the student to report the amount of all prizes and awards on their personal tax returns regardless of amount.

If the prize or award is only available to students the payment is considered a scholarship and must be included on the student's Financial Aid award record and may affect the student's Financial Aid package. Students should consult with their Financial Aid counselor to determine the effect of accepting the prize or award.

Campus Department Responsibilities

Payments to students are identified at the departmental level. Departments are also responsible to obtain necessary information from the faculty, staff and students involved and determine if the student payment form is required. If the form is required, complete the form, attach it to the pay packet and submit it to the Tax Compliance Office.

If the P-Card is used and the Form is required, please send the Form, a COPY of P-Card transaction and a COPY of the supporting documents for cardholder monthly reconciliation to the Tax Compliance Office before the P-Card reconciliation deadline for that month.

If the payments are made from a grant fund, additional review and approval from Special Funds Accounting is required.

When the tax review is completed, Tax Compliance will send the entire packet back to the department to file with the PCard Reconciliation. Departments must include a copy of the 1098-T and Financial Aid Reporting Form approved by Tax Compliance in the P-Card reconciliation submitted to the P-Card Office.

When to Complete the Student Payment Form

The Form needs to be completed each time when you make a payment to or on behalf of the students for the cost of attendance items outside of the scholarship portal. If you need assistance to determine if the payment is for cost of attendance items, please contact Tax Compliance at (828)-262-8977 or harrismk@appstate.edu.

Failure to Report

Departments who fail to properly report payments for cost of attendance items made to or on behalf of students cause the University to be out of compliance with State and Federal laws and could subject the University to fines and penalties. Departments that are non-compliant will be responsible for the potential penalties and other liabilities. If cost of attendance items are purchased on the p-card without authorization or proper reporting the card may be revoked.

Payments to Individuals and Vendors for Goods and Services

All goods must be received and services must be completed before payment is made for expenditures including but not limited to those made by University purchase order, direct payment, contracts for personal/ professional services, guest speaker, and entertainment contracts. Once goods have been received or services have been provided, payments to vendors for University obligations generally should be made within 30 days of an invoice date. The University will take advantage of all available discounts and will monitor due dates to avoid premature payments.

Payments to Foreign Vendors

Payment Types - Payments to or on behalf of foreign Nationals including but not limited to:

Services

- Goods
- Honorariums
- Scholarships
- Prizes and awards
- Travel reimbursements/payments
- Other non-wage payments

The following forms and documents must be submitted to the Controller's Office before a foreign entity arrives in the U.S. to provide services. The Tax and Immigration laws governing payments to foreign individuals or vendors are very complex. Not consulting with the Controller's Office or the Office of International Education and Development can create significant delays in payment (or no payment) and may jeopardize a visitor's immigration status.

Documentation

All foreign vendors who will be receiving a U.S. sourced payment must provide the following forms and documentation before they arrive and/or before payments are made and/or services begin.

- Foreign Visitor Information Form via FNIS (please contact Controller's Office at zhouya@appstate.edu for guest access)
- Copy of Passport
- Copy of Visa
- Copy of I-94 record
- Copy of Social Security Card or ITIN (if claiming treaty benefits)
- Copy of I-20 (for F1, F2, M1, and M2 visas)
- Copy of IAP66/ DS2019 (for J1 visas)
- IRS Form W8-BEN form
- IRS Form 8233, if claiming treaty benefits (Controller's Office will fill out the form upon request, recipient's signature is required)

Payments for services performed outside the United States.

The following forms will need to be submitted before services are rendered and a check or wire transfer can be processed.

- Certification of Work Performed Outside the U.S.
- W-8BEN for individuals
- Substitute W-BEN-E for entities
- Standard Contract for Independent Personal Services (Now in YoMart Total Contract Manager)
- Independent Contractor vs. Employee checklist for individuals and flow-through entities

If the Controller's Office has a W8 on file for a vendor a new form does not need to be obtained unless the IRS W8 forms, individual citizenship, business organization, or residency status of a vendor changes. The Controller's Office reserves the right to request an updated form W8 at any time to maintain accurate records.

These forms are used to establish foreign status for IRS audit purposes. Other forms in the W8 series may be applicable. If you have a situation where it is unclear as to which form is to be completed by the vendor, please call the Controller's Office at 828-262-6426.

Prepayments

Early payments should not be made because they result in added costs to the State and the University through the loss of interest on deposited funds. Pre-payments are acceptable in certain cases where the business reason is documented and justified as being required to ensure future services are received or to obtain significant price reductions. Avoiding year-end reversion is not an acceptable business reason for a prepayment.

Pre-Payment authorizations should be obtained when a vendor does not accept a Purchase Order from the University or a justifiable business reason requiring prepayment can be documented. By requesting a prepayment, the requesting department acknowledges and assumes all risks of loss or non-performance by the vendor or contractor. The prepayment authorization must be included with the documents submitted for payment processing. Review and approval will be made based on procedures established by the Finance and Administration division of Business Affairs.

Prepayments may be made in the following circumstances without prior approval:

- Expenditures for employees travelling on official State business are governed by State and University Travel policies and are not covered under this policy. Please review the University's Travel Policies in advance of the anticipated travel.
- License fees, subscriptions and memberships can be paid in advance. Multi-year license fees, subscriptions, and memberships may be allowed with approval if a significant savings to the State can be documented or as required by contract. Payments for memberships must be made in accordance with the requirements outlined in the State Budget Manual.
 - For licenses, subscriptions and memberships, the service dates should begin prior to June 30th with only one annual payment or twelve-monthly payments per fiscal year unless significant savings to the State can be documented or as required by contract.
 - A subscription/membership that begins in the current fiscal year can be paid from current year funds.
 - A subscription/membership that begins in the next fiscal year but has a payment due date in the current fiscal year, can be paid from current year funds.
 - A subscription/membership that begins in the next fiscal year and has a due date in the next fiscal year will not be paid from current year funds unless a significant savings to the State in excess of the current Short Term Investment Fund (STIF) interest rate can be documented.

Promotional Items

A promotional item is an item purchased for advertising purposes to be given to an employee or non-employee. Normally, the item would have the name of a department or program printed on it with a message or telephone number.

Promotional items paid from State funds should be of minimal value and should be charged to the advertising account code. In the cases of office supplies which may have the name of a department printed on them at nominal cost, these items would be coded to the supplies account code. Examples of appropriate purchases of promotional items from State funds are as follows:

Health/safety related - example, purchase of small refrigerator type magnets or pencils with the University's emergency telephone number on them, it being in the best interests of the University and the State to ensure that the emergency number is readily available.

Mission and program related - example, purchases of pencils with North Carolina State's name and admissions number on the pencils by the University's Admission's department.

Office supplies with the name of a department or workshop printed on the materials so long as the cost of the printing is not excessive

Internal conferences – Low cost conference items that are intended to promote employee recognition, improve morale or appreciation, communicate agency contact information when compared to more expensive pay and salary adjustments, are permissible as long as they are infrequent, prudent, and reasonable in their scope.

Examples of inappropriate purchases of promotional items from State funds would be the purchase of t-shirts, coffee cups, coolers, non-disposable lunch bags, or other items which would primarily be used for personal purposes and/or would have more than a nominal value. Articles of clothing generally fall in this category unless they are part of a required uniform (would not then be considered a promotional item).

Occasional Meals and Entertainment for Employees (IRS Publication 15-B)

The University may provide occasional meals if the cost is of so little value that accounting for it would be unreasonable or administratively impractical. Meals and entertainment cannot be provided on a regular basis. The exclusion applies, for example, to the following items:

- Coffee, doughnuts, pastries, snacks, and drinks provided at monthly, semester, or annual staff meetings.
- Occasional events for employees and their guests like holiday parties or picnics.

Expenses related to these types of events or similar cannot be provided by or reimbursed by the General Fund or Institutional Trust funds. They can only be paid from unrestricted discretionary funds and should be approved in advance by the appropriate Vice Chancellor or their designee.

Other Meals provided by the University to Employees (IRS Publication 15-B)

Meals can be given to employees when they are provided on campus and are for the benefit or convenience of the University. For the benefit or convenience of the University means the meals are furnished to employees for a substantial business reason other than to provide the employee with additional pay. A written statement that the meals are for the benefit or convenience of the University is not sufficient. Additional documentation must be provided. Meals under this standard cannot be provided or reimbursed by the General Fund.

Examples:

Food Service Employees – Meals can be provided to Food Service employees during or immediately before or after the employee's shift. For example, if the employee's shift covers the breakfast and lunch periods you can provide 2 meals.

Short meal periods – Meals can be provided if the nature of the department’s business (not merely a preference) restricts an employee to a short meal period (30 minutes) and the employee cannot be expected to eat elsewhere is such a short time and that the short meal period does not allow the employee to leave earlier in the day.

Conferences, Seminars, Workshops, Training Sessions, Retreats and Other University Events

External Conference Definition (OSBM 5.8.1) – External conferences are those that involve the attendance of persons other than the employees the University. Payment for meals is allowable if included in the registration fee, but such fee must not consist exclusively of meals or it will not be allowable unless meeting overnight travel criteria. The registration fee is typically made for defraying the cost of speakers, building (room) use, handout materials, breaks and lunches at conferences and conventions. The University may require itemization and/or documentation of expenses. Conferences sponsored or co-sponsored by a State department are authorized when they meet the limitations and requirements listed below.

Exception Regarding Conference Meals (OSBM 5.8.2) – Pursuant to G.S. 138-6(a)(3), the University cannot use funds to pay for conference meals for employees at which a conference fee was not charged, unless the following conditions are met:

Federal grants, other grants, state, or institutional trust funds (as defined in G.S. 116-36.1) may be used for meals if allowed by the fund authority for a conference. If this is the case, then meals may be provided to employees even if a registration fee was not charged. The employee may not request reimbursement for the meal.

Requirements and Limitations for External Conferences (OSBM 5.8.3)

- The conference is planned in detail in advance, with a formal agenda or curriculum.
- There is a written invitation to participants, setting forth the calendar of events, the social activities, if any, and the detailed schedule of costs.
- Assemblies should be held in State facilities; however, non-state facilities can be rented, and the cost charged to a State agency without allocation to participants' daily subsistence allowances.
- The sponsoring department may charge registration fees to participants for costs of external conferences.

Registration fees may not include costs of entertainment, alcoholic beverages, setups, flowers and/or promotional (gift) items. Registration fees collected and not used to defray expenses of the conference may not be used for other programs and must revert to the general or highway fund as applicable (G.S. 138-6(a)(4)).

Sponsoring departments may provide refreshments provided there are twenty or more participants and the costs do not exceed five dollars (\$5.00) per participant per day.

When assemblies are to be held under the sponsorship of the University in which the funding for all participants is budgeted, lump-sum payments to a conference center or an organization may be made upon written authorization from the department head or his or her designee. The authorization must provide the following:

- The number of persons expected to attend;
- The purpose and duration of the conference;
- The specific meals to be served at the conference (law prohibits lunches being provided to state employees unless registration fees are charged to all attendees);
- The approximate daily subsistence cost per person;
- The name of the conference center, hotel, caterer, or other organization providing the service.

It is the responsibility of the departments to ensure that reimbursement for meals included in the lump-sum payment is not also included in reimbursement payments made to state employees who are conference participants.

Informal Meetings with Guests of the University (OSBM 5.9.1)

An informal meeting is a meeting consisting of the Chancellor or their designee and non-state employees during which official State business is discussed for most of the meeting. **Informal meetings are one-time occurrences and are not held on a regular or routine basis.**

Requirements and Limitations for Informal Meetings (OSBM 5.9.2)

The Chancellor or their designees, when given prior written approval for a specific event, may be reimbursed from State funds for actual costs of meals for themselves and individuals who are not state employees who are their guests, when accompanying them in the course of conducting official State business. Cost of meals and other expenses for family members of University Officials cannot be reimbursed from State funds but may be reimbursed from discretionary funds provided there is a bona fide business purpose for the family member to attend the event.

Internal Conferences

Internal Conference Definition (OSBM 5.8.4) – Internal conferences are those that involve the attendance of employees within the University only.

A routine staff meeting is not an internal conference.

Requirements and Limitations for Internal Conferences (OSBM 5.8.5)

- All fund sources:
 - The conference is planned in detail in advance, with a formal agenda or curriculum and list of attendees.
 - Should be held in state facilities when available.
 - A department cannot use University funds to support or underwrite a meeting, assembly, conference, seminar, or similar function by whatever name that promotes any cause or purpose other than the mission and objective of the department.
 - Low cost conference items that are intended to promote employee recognition, improve morale or appreciation, communicate agency contact information when compared to more expensive pay and salary adjustments, are permissible as long as they are infrequent, prudent, and reasonable in their scope.
 - **Costs for meals provided should be reasonable and subject to the spending limitations for Business Meals unless spending exceptions are approved by the Chancellor, Chancellor's Cabinet member, or their designee (For State funds no payment for meals is allowable unless overnight travel criteria are met.)**
 - Expenses related to a reception for employees and guests in conjunction with a management retreat may be paid from discretionary or Foundation funds (subject to restrictions) due to the occasional nature of management retreats.
- State funds (General fund) requirements:
 - There is a written invitation to participants, setting forth the calendar of events and the detailed schedule of costs.
 - No excess travel subsistence may be granted for internal departmental meetings, conferences, seminars, etc., and such meetings must be held in state facilities when available. No registration fee may be charged.
 - **Sponsoring departments may provide refreshments when there are 10 or more participants and costs do not exceed five dollars (\$5.00) per participant per day.**
 - **No payment for meals is allowable unless overnight travel criteria are met.**

Management Retreats

Management Retreat Definition (OSBM 5.8.8) – *A management retreat is a meeting or series of meetings consisting of a department or division head and his or her top assistants and coworkers. Retreats are sometimes held at a site other than the usual workplace and are held no greater than once a year.*

Requirements and Limitations for Management Retreats (OSBM 5.8.9)

The Chancellor or their designees may authorize an annual management retreat. Expenditures are permissible in a manner as if it were an internal conference.

Requirements and Limitations for Training Sessions (OSBM 5.8.7)

- Fees for training courses that provide training in specific areas are charged in the accounting system to "Employee Training" under "Other Services."
- Departments sponsoring training sessions may provide refreshments provided there are twenty or more participants and costs do not exceed five dollars (\$5.00) per participant per day.
- Departments may reimburse employees for training books and materials related to training sessions, provided those books are required to participate in the training sessions. These books are considered property of the department and not the personal property of the employee.

**Missing or Incomplete Receipts:*

**Does not apply to the University Purchasing Card Program*

Taxation of Gifts Prizes and Awards

One of the ways in which the University seeks to reward employee service and achievement is through State sponsored recognition programs. Gifts, prizes, and awards are given to employees under certain circumstances in recognition of their efforts. This policy provides guidance on the taxability of these forms of recognition. When gifts, prizes or awards are given to University employees and are deemed to be taxable, they shall be reported to Payroll and included on the employee's Form W-2 or may be reported on form 1099-MISC or 1042-S for non-resident aliens depending on the individual circumstances.

There are also occasions when the University may provide a gift, award, or prize to a non-employee. These gifts, prizes or awards will be processed in accordance with the criteria outlined further below.

These standards apply to all faculty, staff, students, campus divisions, departments, and units.

Definitions related to the Taxation of Gifts Prizes and Awards

- **Cash or Cash Equivalent** – means any form of payment including, but not limited to, cash, checks, gift cards, or gift certificates.
- **De Minimis Fringe Benefits** means a product or service that would be unreasonable or administratively impractical to account for due to its small amount.
- **Disguised Pay** – means an award made at the time of annual salary adjustments, as a substitute for a bonus program, or where the presentation of awards discriminates in favor of highly compensated employees.
- **University** – means Appalachian State University.

General Provisions Regarding Gifts, Prizes and Awards

The University should provide gifts, prizes, and awards to employees and non-employees on an infrequent basis. Gifts of cash and cash equivalents (Gift Cards/ Certificates) should not be given to permanent University employees as they would be considered an unauthorized bonus given to a State employee. Cash and cash equivalent gifts and awards given to employees must be provided only as a part of a University or State approved program. All other gifts, prizes and awards must be authorized in advance or administered through University or State approved programs.

The purchase of gifts, prizes, and awards shall only be permitted from discretionary fund sources or other unrestricted funds as allowed by the University's spending guidelines.

Taxability of gifts, prizes, and awards

Any gift, prize, or award is taxable income to an employee recipient unless an exclusion applies. Gifts, prizes, and awards made in the form of cash or cash equivalents are always taxable regardless of dollar amount.

Traditional retirement gifts of tangible personal property with a value of \$400 or less are excluded from taxation if they meet the length of service award criteria.

A promotional item of tangible personal property may be given to an employee. Examples include but are not limited to Appalachian State logo items (pens, hats, t-shirts, pennants, mugs). The total value of any tangible personal property shall not exceed \$25. Amounts received in excess of \$25 given to the same employee during the calendar year are reportable to Tax Compliance and may be reported through payroll unless an exclusion applies.

The University may reward an employee's noteworthy, work-related accomplishments by presenting an item of tangible personal property without tax consequences provided the value of the item does not exceed \$25.

Incentives given in the form of tangible personal property made to employees to encourage participation in an event or as an incentive to complete a survey or questionnaire may be excluded from income provided the cost or value of the item does not exceed \$25. Amounts received in excess of \$25 given to the same employee during the calendar year are reportable to Tax Compliance and may be reported through payroll unless an exclusion applies.

Prizes and awards given through a drawing, contest, or other event must be included in income and are taxable through payroll regardless of amount. Prizes and awards in the form of tangible personal property or services are included in income at fair market value.

Sympathy flowers may be presented in the event of hospitalization or death of an employee or a member of the employee's immediate family. The cost of sympathy flowers shall not exceed \$200 per administrative unit (i.e. Department, Deans Office, etc.) Purchases for other occasions or events are not permitted. In lieu of flowers, memorial contributions may be made in a deceased name to any Appalachian State University fund. Any exception to these provisions must be approved in advance by the appropriate Vice Chancellor or their designee.

Non-Employee Gifts, Prizes and Awards

Tangible personal property given to recipients such as donors, visiting dignitaries, visiting scholars, volunteers, community members, students, and others with a significant relationship with the University may include the following: gifts presented as a token of appreciation for, or in recognition of service to the University, gifts presented for meritorious academic achievement, incentive gifts, prizes, or awards for completion of a survey, or for participation in a University sponsored event, and gifts offered as an expression of sympathy.

Any program, event, or activity that includes Cash or Cash Equivalent gifts, prizes or awards given to a non-employee or student must be reviewed in advance by the University Controller's Office for tax compliance.

Non-employee prizes, and awards are generally considered taxable income. Prizes and awards combined with other payments made to non-employees that equal or exceed \$600 per year are reportable to the Internal Revenue Service on form 1099-MISC.

Prizes and awards given in a drawing, contest, or other event are taxable regardless of amount and shall be included in income at fair market value. If the cumulative total given to an individual equals or exceeds \$600, the value of the award must be reported on IRS Form 1099-MISC.

A promotional item of tangible personal property, including, but not limited to, Appalachian State logo items (pens, hats, t-shirts, pennants, or mugs) may be given to a non-employee. The total amount received by any one individual should not exceed \$75.

Incentives may be given to non-employees, but such incentives shall always be taxable income. This category includes door prizes and other gifts to encourage participation in a University sponsored event, or other occasions of recognition. If the cumulative total given to an individual equals or exceeds \$600, the value of the award must be reported on IRS Form 1099-MISC.

Gifts of tangible property given to volunteers for participation in a University sponsored event must be reasonable and comply with all Federal Department of Labor regulations. Gifts of tangible property that meet these requirements are nontaxable as long as the tangible property is not a substitute for compensation or tied to productivity. Cash or cash equivalent gifts to volunteers are always taxable and reportable.

Gifts given to a donor in exchange for their charitable contribution is not taxable. If a donor receives a benefit because of making a contribution, the donor may deduct the amount of the contribution that exceeds the value of the benefit received. When an acknowledgment is sent to the donor for the contribution, the value of goods and services provided must be stated. In most cases, an acknowledgement will not be sent to the donor for goods and services provided for stewardship purposes related to the donor's cumulative giving.

All gifts, prizes and awards (cash, cash equivalents, and tangible items) given to an individual who is not a U.S. Citizen (non-resident alien) regardless of dollar amount may be subject to special tax withholding and reporting requirements. The University Controller's Office must approve any such gift, prize, or award to a non-resident alien in advance.

Unallowable Purchases from the General Fund

There are some purchases that are specifically not allowable from general and appropriated funds. Listed below is information about unallowable purchases:

1. The purchase of alcoholic beverages and “setups” is prohibited from State funds.
2. The purchase of items for personal use is prohibited.
3. The purchase of food, coffee, tea, drinks, candy, snacks, break refreshments, etc. for consumption by employees or guests is prohibited from State operating funds under all circumstances other than those provided for under University and State travel regulations. The travel regulations provide specific guidance as to allowable reimbursable expenses for meals when in travel status. State budget regulations do provide for the purchase of refreshments for coffee breaks not to exceed \$5/person for meetings/conferences which are planned in detail in advance, with a formal agenda or curriculum, where there is a formal written invitation to participants setting forth the calendar of events and the detailed schedule of costs, and there are twenty (20) or more participants per day. Purchases of food, flowers, and plants are permissible when purchased for use in research, education, or for consumption by research animals rather than for decorative or personal use.
4. The purchase of medications (pain relievers, aspirin, etc.) and/or medical supplies for staff/employees other than as may be required by federal or State regulations or for emergency first aid is not allowable.
5. The purchase of microwave ovens, coffee pots, refrigerators, or related items for personal office use is not allowable. This prohibition does not extend to equipment or supplies utilized for educational or research purposes or for equipment purchased for all employees’ use in the outfitting of a building.
6. The purchase of plants or flowers (live or artificial) for decorative use in an office is prohibited except purchases by the Facilities Division as part of campus maintenance.
7. The purchase or framing of pictures, art, diplomas, etc. for use in a personal office for decorative purposes is not allowed. Exceptions include the purchase/framing of motivational or informational wall hangings which are functional rather than decorative in nature and are intended for departmental use rather than for one individual’s office.
8. The purchase of party items or other decorative items to decorate an office for a holiday or party or general decorative use including the purchase of balloons and other like items is not allowable.
9. The purchase of picnic tables for a department other than by the Facilities Division as part of the campus maintenance function is not allowable.
10. The purchase of picnic items (paper plates, cups, napkins, forks, spoons, etc.) for office/employee use is not allowable.
11. The rental of portable water dispensers and the purchase of bottled water from State funds is not normally (see exceptions below) allowable and is considered a personal expense. If the quality of the water in a campus building is in question, the department should call the appropriate facilities or environmental safety office to have the water tested. The Facilities Division may be contacted to determine if additional water fountains are needed in a campus building. A portable water dispenser can be rented, or bottled water purchased from State appropriated or overhead funds only if there is a health/safety reason for the purchase. Examples would be if a temporary condition existed where water quality in a facility was below State standards or when University personnel (for example, Facilities’ personnel or farm personnel) are working under weather or other conditions where water is not available otherwise.
12. The purchase of gifts or flowers for an employee or non-employee is considered a personal expense and is not allowable.
13. The purchase of get-well cards, sympathy cards, birthday cards, Christmas cards, or other holiday cards is considered a personal expense and is not allowable.
14. The purchase of personal clothing items or t-shirts which are not part of required uniforms, safety related, or program related (for example, use in textile research) is not allowable.
15. The purchase of carbon offsets or similar are not allowed to be purchased from the General Fund.

PROCESS FOR REQUESTING PRIOR APPROVAL FOR PURCHASES REQUIRING PRIOR APPROVAL PER UNIVERSITY POLICY & PROCEDURES

To request prior approval, please complete the "Gifts, Awards and Prizes" electronic form which can be found on the University Controller's webpage (<https://controller.appstate.edu/forms/all-forms>).

Please review the Procedures for the Tax Reporting Threshold when completing the form.

When you complete the form it will be forwarded to Special Funds and The Tax Compliance Office.

You will receive an email approving or denying your request from either your Special Funds representative or, if a state fund will be used to make the purchase, your Vice Chancellor.

If your request is approved, you will receive an email from a Tax Compliance Office representative either approving your request or providing details of additional documentation required for the purchase.

Once approval is received from the Tax Compliance Office, if you have indicated the PCard will be used to make the purchase, you will receive an email from a PCard Office representative indicating whether the PCard is approved for use for the purchase or if another payment method is required.

**VERY IMPORTANT: IF APPROVAL IS GIVEN TO USE THE PCARD INCLUDE ALL
APPROVAL EMAILS IN YOUR RECONCILIATION REPORT, LOCATED DIRECTLY BEHIND
RECEIPT FOR THE PURCHASE.**