University of California – Policy G-42

Gifts Presented to Non-Employees on Behalf of the University

I. POLICY SUMMARY

The University’s policy aligns with IRS regulations. Therefore, the gift’s purpose must further a University business purpose, and gift limits must be in line with IRS regulations.

Contact: John Barrett
Title: Tax Manager
Email: John.Barrett@ucop.edu
Phone #: (510) 987-0903

Scope: This Bulletin shall apply to non-employees, students, and outside organizations who receive a non-cash gift on behalf of the University or the Lawrence Berkeley National Laboratory (LBNL).

II. DEFINITIONS

III. POLICY TEXT

IV. COMPLIANCE / RESPONSIBILITIES

V. PROCEDURES

VI. RELATED INFORMATION

VII. FREQUENTLY ASKED QUESTIONS

VIII. REVISION HISTORY

1 of 9
II. DEFINITIONS

Not applicable.

III. POLICY STATEMENT

A. Basis for Allowed Gifts

Moderately-priced gifts made on behalf of the University to non-employees, students, or outside organizations are allowed when the gift benefits the University, is in furtherance of a University business purpose, and is clearly necessary to the University’s fulfillment of its role as a good community citizen. The business reason for making the gift or the nature of the business benefit the University derives or expects to derive must be documented in writing. In most cases, the promotion of goodwill in the University community is an acceptable business purpose. The cost of such gifts must be reasonable in relation to the actual or expected benefits.

To avoid any appearance of favoritism or a conflict of interest, no officer or employee should present a gift on behalf of the University if it appears that the gift is being offered because of the position held by the recipient.

Other than a donation to a charitable organization in memory of or in support of an individual or cause, this policy does not permit cash gifts.

Campuses may establish more restrictive gift policies and procedures and dollar limits than those set forth in this policy.

B. Eligible and Ineligible Gift Recipients

The University permits giving gifts as warranted by tradition, commonly accepted institutional practice, or social custom. To prevent the appearance of favoritism, the University prohibits frequent gifts (as based on objective criteria) to any particular individuals or entities.

Examples of individuals and organizations that may be presented with a gift on behalf of the University include, but are not limited to, the following:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>A visiting dignitary or scholar</td>
<td>to express appreciation (e.g. a distinguished lecturer)</td>
</tr>
<tr>
<td>An elected or appointed official</td>
<td>to express appreciation or to promote goodwill</td>
</tr>
</tbody>
</table>
University of California – Policy G-42
Gifts Presented to Non-Employees on Behalf of the University

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>A donor or potential donor</td>
<td>to acknowledge a contribution, to recognize service, to promote the University's programs, or to promote goodwill</td>
</tr>
<tr>
<td>A volunteer, including a University retiree</td>
<td>to acknowledge the contribution of time or other resources or for participation in a University-sponsored activity</td>
</tr>
<tr>
<td>A student</td>
<td>to recognize a meritorious academic achievement</td>
</tr>
<tr>
<td>A student or volunteer</td>
<td>for participation in a research study, completion of a survey or questionnaire, or for participation in another University-sponsored event</td>
</tr>
<tr>
<td>A civic or cultural organization or a member of the local community</td>
<td>to promote goodwill</td>
</tr>
<tr>
<td>A client</td>
<td>to promote good customer relations.</td>
</tr>
</tbody>
</table>

This policy does not permit:

- A gift to a University employee [see Business and Finance Bulletin (BFB) G-41]. However, an employee may receive a token gift for volunteer service (e.g., as a research subject);
- A gift to a near relative of a University employee;
- A gift to any elected official, candidate for public office, organization, or committee, when the gift is a contribution to a political campaign or referendum; or
- A gift to any person with whom a presenter has an outside business relationship (i.e., where any conflict of interest exists).
### C. Gift Value and Frequency

<table>
<thead>
<tr>
<th>Type</th>
<th>Examples</th>
<th>Per calendar year limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Items</td>
<td>A t-shirt, cap, pennant, mug, pen or similar item that bears the logo of the University or a campus</td>
<td>$\leq$75 per individual</td>
</tr>
<tr>
<td>Appreciation, Recognition, or Incentive</td>
<td>Items of more than minimal value. (e.g., a plaque, watch, logo item, book, non-negotiable gift certificate, tickets to a sporting, theatrical, or musical event, or a meal provided to an individual in appreciation or recognition).&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$&lt;600$ per individual&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Student awards for a noteworthy academic achievement or for participation in a University-sponsored activity.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gifts to students / volunteers for participation in a research study or as an incentive to complete a survey or questionnaire. Door prizes and other gifts provided to non-employees to encourage participation a University-sponsored event are also included in this category.</td>
<td></td>
</tr>
<tr>
<td>Sympathy</td>
<td>Flowers, candy, or a book, presented as an expression of sympathy in the event of the death or major illness of an individual associated with the University or a member of the individual's family or household.</td>
<td>$\leq$200 per individual</td>
</tr>
<tr>
<td></td>
<td>Alternatively, this policy allows for a cash contribution to a charity in lieu of a gift of tangible personal property. Such</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> If the employee providing the tickets accompanies the recipient to the event, then the cost of the employee’s ticket must be reimbursed as an entertainment expense under [BFB BUS-79](http://example.com/BFB-BUS-79). In addition, employee meal reimbursement and reimbursement for paying for meals for other individuals is subject to the limitations set forth in [BFB BUS-79](http://example.com/BFB-BUS-79).

<sup>2</sup> The incentive gift limit would not apply if an outside party (e.g., a vendor) selects and distributes the prize, award, gift certificate, or other item directly to the individual without any direction or decision making on the part of the University. The outside party would be responsible for any tax reporting related to such gifts.
contributions must be accompanied by a transmittal letter on official University letterhead which states that the donation was made on behalf of the University.

IV. COMPLIANCE / RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Function</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Vice President—Chief Financial Officer</td>
<td>• Establishing and updating the policies set forth in this Bulletin.</td>
</tr>
</tbody>
</table>
| Department Heads                  | • Ensuring that any gifts made to non-University individuals or organizations on behalf of the University conform to the requirements of this Bulletin.  
• Ensure that claims submitted for payment or reimbursement includes the appropriate documentation. |
| Campus and Lab Controller’s Offices | • Ensure that payments or reimbursement requests submitted by departments for gift expenditures are made in accordance with the procedures set forth in this Bulletin. |
| Office of the General Counsel     | • Provide legal advice on legal questions regarding the presentation of gifts. |

<table>
<thead>
<tr>
<th>Payment Approval Authority</th>
<th>Exceptions Permitted</th>
<th>Exceptions Approval Authority</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Head</td>
<td>Yes: requests must include written justification for any deviation from policy necessary to achieve a University business purpose. The request must specify the type of gift, purpose, special circumstances, and gift recipient.</td>
<td>Approval by Chancellor designee (if formally designated in writing).</td>
<td>Exceptions approved for gifts of $600 or more will be reported by the University to the IRS on Form 1099.</td>
</tr>
<tr>
<td>Chancellor</td>
<td>Approval of any request for non-cash gifts presented to an elected or appointed official.</td>
<td>Form U242 or an equivalent electronic signature authorization or cancellation form must be on file for employees who have been delegated the</td>
<td></td>
</tr>
</tbody>
</table>
University of California – Policy G-42
Gifts Presented to Non-Employees on Behalf of the University

*An employee may never approve his or her own request for reimbursement.

V. PROCEDURES

A. Exception Requests

Requests for exceptions must be submitted for approval to the Chancellor, or his or her designee. Each request for an exception must include a written justification as to why the higher cost or other deviation from policy is necessary to achieve a University business purpose. Such requests must specify the type of gift, the purpose of the gift, the special circumstances that require an exception and the name of the individual or organization on whose behalf the exception is sought. Exceptions approved for gifts of $600 or more will be reported by the University to the IRS on Form 1099 (see Section V.CD.3. below).

B. Funding Restrictions

Each location is responsible for funding the gifts authorized under this policy subject to the following requirements:

1. **State Funds**
   
   Expenditures for gifts may **not** be charged to State Funds except for a gift awarded to a student for an academic achievement.

2. **Contract and Grant Funds**
   
   Federal, local government, and private contract and grant funds may **not** be used to purchase gifts, unless such expenses are specifically authorized in the contract or grant and only to the extent and for the purpose(s) so authorized.

3. **Non-State Funds**
   
   Various non-State funds controlled by the University (e.g., endowments, gifts, etc.) **may** be used to purchase gifts, in accordance with this policy and subject to any restrictions on those funds. In the event of a conflict between the terms of the funding source and University policy, the more restrictive policy shall apply.

---

3 For information on the signature authorization documentation required in an electronic processing environment, see Accounting Manual Chapter D-22A.37, *Delegation of Authority—Signature Authorization* (this is being rescinded).

4 State funds have been identified by the system-wide budget office as encompassing all State General Funds and State Special Fund appropriations to a campus. This includes all of the 199XX funds except those that are classified as UC General Funds (i.e.; 199331, 19933, 19934, 19940, 19941, and 19942).
C. **Payment or Reimbursement Procedures**

1. **General**

   Requests for payment or reimbursement of non-cash gift expenditures must be submitted on a Form U5, Check Request or an equivalent electronic form. Each request must include a description of the gift and original receipts documenting the expense. Electronic receipts are acceptable provided that the receipt contains the same information as a paper receipt such as the name of the payee, the amount of the charge, the transaction date, and the form of payment.

2. **Documentation of Business Purpose**

   University policy requires that the business purpose for making a gift be documented. To establish the existence of a business relationship, the name, title, and occupation of the gift recipient(s) must be included with the request for payment or reimbursement. In addition, except for promotional gifts of nominal value (e.g. T-shirts, etc.), the gift should be accompanied by a transmittal letter on official University letterhead, which states that the gift was made on behalf of the University. (A card containing the same information may be substituted.)

   With respect to gifts to elected or appointed officials, the letter must also specify the fair market value of the gift, including meals and gifts of minimal value, and advise the recipient that California officials must report gifts aggregating $50 or more in a calendar year from a single source. In addition, the letter should advise the recipient that additional Federal and State requirements may govern the acceptance of gifts by elected or appointed officials. A copy of the letter (or card) should be attached to the request for payment or reimbursement.

3. **Tax Reporting**

   Under Internal Revenue Service regulations, the University will report any gift or award with a value of $600 or more provided to a non-employee on a Form 1099. If a gift recipient is both a student and an employee, a determination must be made as to whether the receipt of the gift is dependent on the individual’s employment relationship with the University. If the gift is not dependent in any fashion on the fact that the student was also employed by University (e.g., a student prize for outstanding course work), the gift will be treated as a non-employee transaction.

---

Departments should collect a Form W-9, Request for Taxpayer Identification Number and Certification, at events where cash prizes and awards will be distributed. For payments made to volunteers who participate in human subject research studies, campuses can develop local practices regarding the collection of information if the amount paid is below the IRS reporting threshold, campuses can develop local practices to protect the confidentiality of the
Gifts Presented to Non-Employees on Behalf of the University

participants and their participation in the study, such as SSN, name and address of study participant.

- See the Frequently Asked Questions for when this data is collected for human subject participants.

If the gift relates to the employee’s employment with the University, the gift will be subject to the tax reporting rules set forth in Business and Finance Bulletin BFB G-41. A taxable gift made to a foreign individual is subject to the reporting rules contained in Accounting Manual Chapter T-182-27, Taxes: Federal Taxation of Aliens.

VI. RELATED INFORMATION

For information on employee gifts, see BFB G-41 G-41, Employee Non-Cash Awards and Other Gifts Employee Non-Cash Awards – (e.g., recognition, length of service, retirement, sympathy).

For cash contributions associated with an employee’s attendance at a community or charitable fundraising event, see BFB BUS-79, Expenditures for Business Meetings, Entertainment, and Other Occasions.

For non-cash gifts by employees during University travel, see BFB G-28, Policy and Regulations Governing Travel Travel Regulations.

Accounting Manual Chapter A-253-27, Administrative Fund Payments - Non-cash gifts and cash contributions made on behalf of the University by recipients of Administrative Funds.

VII. FREQUENTLY ASKED QUESTIONS

VII. Not Applicable.

Not applicable. Tax Reporting Associated with Human Subject Trial Participant Gifts

If the value of a gift to a human subject participant is clearly inconsequential then campuses can develop local practices to address the necessity of gathering data such as SSN, name and address of study participant.

IX. VIII. REVISION HISTORY

12/21/99: First Published

Revised:
University of California – Policy G-42
Gifts Presented to Non-Employees on Behalf of the University

1/1/02: Revised to allow the presentation of gifts to an elected or appointed official when the gift is not a contribution to a political campaign or referendum.

10/17/11: Reformatted policy to new template.

7/3/10: Reformatted policy to new the revised template, updated hyperlinks, and made other minor technical revisions. Added footnote to define “State Funds”. Clarified that campuses can develop local practices regarding the collection of data needed for tax reporting purposes when there is a human subject trial participant.