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Awards to Faculty and Staff Using Foundation Funds

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I. REASON FOR THIS POLICY

Establishes the policy and procedures related to non-cash awards presented on behalf of the University to its academic and staff employees using funds from the University of South Dakota (USD) Foundation. Departments have the option to establish more restrictive procedures with respect to these awards and gifts.

II. STATEMENT OF POLICY

This policy is applicable whether the Foundation is asked to reimburse an individual for a purchase or to pay a vendor directly.

Allowable Awards

Retirement and Length of Service Awards

Retirement and length of service awards for employees can be purchased with Foundation funds under the following circumstances:

1. The Foundation fund being used allows the purchase
2. The award is tangible personal property and not cash or other equivalent item. Under these rules, a gift certificate or card will qualify if it is inscribed with the

recipient's name, not transferable, and cannot be redeemed for cash or used to reduce the balance due on the recipient's account with the merchant.

3. The cost of the award is not more than \$400
4. The individual has been an employee at USD for at least 5 years and has not received a similar gift award in the previous 4 years
5. The award is given as part of a meaningful presentation under conditions and circumstances that do not create a significant likelihood of it being disguised pay.

All retirement awards and gifts must be approved by the USD Accounting department prior to purchase. Requests can be sent via email to the Comptroller or Assistant Comptroller.

Salary Awards

No salary or cash awards can be paid to faculty or staff by the USD Foundation directly. Instead, these must be paid through USD payroll with reimbursement from the USD Foundation in order to withhold the correct amount of payroll taxes. It is the responsibility of the department to ensure there are sufficient, available funds at the Foundation to fund these payments.

Other Gifts and Acknowledgements

Foundation funds can be used for purchasing gifts, including food, flowers, and decorations, for individuals other than faculty and staff. Gifts of tangible personal property, such as flowers, may be presented as an expression of sympathy in the event of the death or major illness of an employee or a member of the employee's immediate family. An immediate family member includes a spouse, child, or parent.

Unallowable Awards

Purchases of gifts for faculty and staff using Foundation funds are generally prohibited except as noted above. Examples of prohibited purchases include:

- Gifts of cash
- Negotiable gift certificates and cards
- Gift certificates and cards for services
- Recreation memberships
- Gifts provided to employees in connection with birthdays, weddings, anniversaries, holidays, and other occasions of a personal nature
- Parking permits at South Dakota Board of Regents institutions

III. DEFINITIONS

SALARY AWARD: Money awarded to faculty and staff representing supplemental pay that is above the individuals base salary.

V. PROCEDURES

Retirement and Length of Service Awards

Requests for payment should be submitted to the USD Foundation using the Current Funds Voucher. Evidence of approval by the USD Accounting department must be attached to the request.

Salary Awards

In order to process a salary award through payroll, the department must complete an Electronic Personnel Action Notice (EPAF) through the South Dakota Board of Regents SNAP portal. When determining the amount of the award, it must be decided whether the Foundation or the department will be responsible for paying the payroll taxes related to the award. If the amount that will be received from the Foundation will be the net amount, the amount to be paid via payroll should be the net amount plus the payroll deductions.

Index code 23F063 should be used when filling out the EPAF. If additional information is needed on entering an EPAF, please contact USD Human Resources.

When reimbursement for the award is received from the USD Foundation, index 23F063 and account code 500915 should be used for the deposit.

Other Gifts and Acknowledgements

Requests for payment should be submitted to the USD Foundation using the Current Funds Voucher.

VI. RELATED DOCUMENTS, FORMS AND TOOLS

IRS Publication 525 – Employee Achievement Awards
(<http://www.irs.gov/publications/p525/ar02.html>)

USD Foundation Current Funds Voucher