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| BEREA COLLEGE Employee Gift Policy | Document No | FIN029 |
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1.0 Purpose

Establishes consistent, campus-wide policies and procedures governing items purchased by the College and given as gifts to employees, including gifts given to employees or their family members as expressions of sympathy.

Guidelines set forth in this policy also apply to students, with the exception of personal items purchased to carry out a College programmatic function.

The intent of this policy is to:

- A. Ensure consistent treatment of employees across departments.
- B. Ensure compliance with college funding restrictions and other applicable regulations.
- C. Ensure compliance with IRS regulations regarding the taxability of gifts to employees.

2.0 Scope

This policy applies to all college departments and activities.

Items governed by this policy are limited to items purchased by the College and given as gifts for employees.

3.0 Policy

A. General Policy

Berea College recognizes that its success in providing quality education and effective, efficient services is dependent largely upon the efforts made by competent and dedicated employees. As such, the College has established several campus-wide programs as an official means of showing appreciation to its valued employees:

1. Employee Award Programs
Examples: Seabury Award for Excellence in Teaching
2. Employee Recognition Programs
Examples: Employee Service Awards, etc.

Additional gifts to employees are allowed only for certain work-related events and for expressions of sympathy as specified in Section B of this policy.

College departments or divisions that wish to present employees with such gifts must comply with the guidelines in this policy and with any other applicable state or federal tax laws and regulations.

B. Types of Allowable Gifts

College policy generally prohibits the College from giving gifts to individual employees from any source of funds or for any purpose, except for service recognition gifts (see 1, 2 and 3 below) and sympathy gifts (see 7 below). Gifts may be given to groups of employees to recognize team performance (see 6 below) or for their participation in college events or activities (see 4 below).

For exceptions, contact the Vice President for Finance or Controller.

1. Gifts for Length of Service

The President's Office or Human Resources may give recognition gifts to employees for length of service, subject to the following restrictions:

- a) Gifts must be given as a part of a meaningful ceremony.
- b) The employee must have completed at least five years of service, and must not have received a similar gift in any of the prior four years.
- c) Gifts are generally of nominal value but may not exceed \$400, which is the IRS threshold for taxability.

2. Gifts for Retiring Employees

Human Resources may give recognition gifts to employees for retirement, subject to the following restrictions:

- a) Such gifts must be given as a part of a meaningful ceremony, such as in conjunction with a retirement reception.
- b) The value of the gift may depend upon the length of service but may not exceed \$400, which is the IRS threshold for taxability.

3. Employee Recognition

An item of tangible personal property may be awarded to an employee in recognition of his or her noteworthy work-related accomplishments above and beyond normal job functions, subject to the following restrictions:

- a) Such awards should be of nominal value and may not exceed \$25. Examples include, but are not limited to, flowers, fruit, a book, a plaque, or similar item.
- b) Employee recognition awards are meant to be occasional and therefore must be presented to an employee on an infrequent basis. An employee should not

receive more than three such awards in a calendar year. Awards presented to an employee on a regular or routine basis do not meet the IRS test for exemption and are not allowable.

4. Gifts for Contest Prizes and Incentives

- a) Gifts may be given to employees to show appreciation for their efforts and performance associated with contest participation.
- b) Gifts are typically of nominal value and typically do not exceed \$25.

5. Safety Awards

- a) Such gifts must be given as a part of a meaningful ceremony
- b) The value of the gift may not exceed \$400, which is the IRS threshold for taxability.
- c) An award will not qualify as a safety achievement award if either of the following applies:
 - 1. It is given to a manager, administrator, clerical employee, or other professional employee.
 - 2. During the tax year, more than 10% of the employees, excluding those listed in (1), have already received a safety achievement award. Eligible employees must have worked full-time for a minimum of one year prior to the award.

6. Gifts for Participants

- a) Gifts of this type are typically one of a number of identical items widely distributed to a group of employees for their participation in College-sponsored events or other College activities.
- b) Gifts must be of nominal value and may not exceed \$25.
- c) If the primary purpose of the purchased item(s) is to benefit the College-sponsored event or activity but the item(s) typically become an employee's personal property after such use, such items are not considered "gifts". (Example: Shirts customized with the BC logo may be provided for employees to wear while assisting in student orientation activities.)

7. Sympathy Gifts

- a) Flowers may be sent during the serious illness or upon death of an employee/retiree or immediate family member (spouse/partner, child, other person residing in the home, mother/father of employee or their spouse/partner) of an employee or retiree. For additional details on the use of College funds for flowers, please see the Use of College Funds Policy.
- b) Monetary contributions to bona fide charitable organizations in lieu of traditional commemorations may be given, consistent with the amount a department would normally spend on traditional commemorations.

C. Unallowable Gifts

1. Cash or Cash Equivalent Gifts

Gifts to employees in the form of cash, gift certificates or gift cards, or a similar item (regardless of the amount or value) are not allowable. Gifts must be in the form of tangible personal property.

2. Gifts Outside IRS Monetary Limits

In order that a gift may not inadvertently result in taxable income to the employee, the value of the gift should be within IRS monetary limits. For exceptions, contact the Vice President for Finance or Controller to ensure that any taxable income to the employee is handled properly.

3. Compensation for Services Performed

Gifts must be given under conditions and circumstances that do not create the likelihood that the gift will be perceived as compensation for a service performed. Payments for services provided by employees are processed through the College payroll system and are subject to FICA, federal, state and local taxes.

For additional information concerning gifts, contact the Office of Financial Affairs.

D. Frequency of Gifts

Gifts are meant to be occasional and must be presented to an employee on an infrequent basis in order to comply with IRS regulations.

E. Allowable Funding Sources

Gifts to employees may be paid from the following funding sources:

1. Agency funds.
2. Unrestricted endowment income, such as discretionary accounts established for the President or Vice Presidents.
3. Other unrestricted trust funds, such as unrestricted gifts, student fees, and income available for general program enhancement.
4. Donor contributions, grants, or contracts that specifically provide for the purchase of such gifts.

Special notes regarding funding from contracts and grant funds:

1. Prior approval of Partners for Education is always required.
2. Sympathy gifts may not be purchased from any contract and grant funds, regardless of the recipient.

F. Unallowable Funding Sources

Gifts to employees are strictly prohibited from the following funding sources: donor contributions, grants or contracts that do not specifically provide for the purchase of such gifts.

Written approval and recipient documentation must be maintained by the Department for a minimum of three years.

G. Required Documentation

The following documentation is required to support all purchases of gifts for employees. Transactions that are not accompanied by the required documentation will be declined for payment and/or reimbursement.

1. Original receipts.
2. Documentation to adequately justify the purpose and reasonableness of the gift.
3. Documentation must be maintained by the Department for a minimum of three years.

H. Review and Approval

Vice Presidents and Associate Vice Presidents are responsible for ensuring departmental procedures are in place for review and consideration of the appropriateness for all employee gifts purchased with College funds.

I. Exchange of Personal Gifts Among Employees

This policy does not prohibit the exchange of gifts from one employee (or group of employees) to another employee for occasions such as baby showers, holiday gift exchanges, birthdays, employees leaving college employment, etc., subject to the following conditions:

1. College employees should not compel individual contributions to such a gift, and
2. No College funds from any source may be contributed to such a gift.