



Gifts Presented to Non-Employees on Behalf of the University

Responsible Officer: Executive Vice President—Chief Financial Officer

Responsible Office: Financial Management

Effective Date: October 18, 2011

Date of Last Review: January 1, 2002

Who is Covered: 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.

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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.

II. POLICY DEFINITIONS

Scope: The policy and regulations contained in 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.

III. POLICY TEXT

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:

Recipient	Purpose
A visiting dignitary or scholar	to express appreciation (e.g. a distinguished lecturer)
An elected or appointed official	to express appreciation or to promote goodwill
A donor or potential donor	to acknowledge a contribution, to recognize service, to promote the University's programs, or to promote goodwill
A volunteer, including a University retiree	to acknowledge the contribution of time or other resources or for participation a University-sponsored activity
A student	to recognize a meritorious academic achievement
A student or volunteer	for participation in a research study, completion of a survey or questionnaire, or for participation in another University-sponsored event
A civic or cultural organization or a member of the local community	to promote goodwill
A client	to promote good customer relations.

This policy does not permit:

- A gift to a University employee [see 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

Type	Examples	Per calendar year
Promotional Items	A t-shirt, cap, pennant, mug, pen or similar item that bears the logo of the University or a campus	<=\$75 per individual
Appreciation, Recognition, or Incentive	<p>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).¹</p> <p>Student awards for a noteworthy academic achievement or for participation in a University-sponsored activity.</p> <p>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.</p>	<\$600 per individual ²
Sympathy	<p>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.</p> <p>Alternatively, this policy allows for a cash contribution to a charity in lieu of a gift of tangible personal property. Such contributions must be accompanied by a transmittal letter on official University letterhead which states that the donation was made on behalf of the University</p>	<=\$200 per individual

¹ 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 [BUS-79](#). In addition, employee meal reimbursement and reimbursement for paying for meals for other individuals is subject to the limitations set forth in [BUS-79](#).

² 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.

IV. COMPLIANCE / RESPONSIBILITIES

Function	Responsibilities
Executive Vice President—Chief Financial Officer	Establishing and updating the policies set forth in this Bulletin.
Department Heads	<ul style="list-style-type: none"> 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.

Payment Approval Authority	Exceptions Permitted	Exceptions Approval Authority	Comments
Department Head	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.	Approval by Chancellor designee (If formally designated in writing).	Exceptions approved for gifts of \$600 or more will be reported by the University to the IRS on Form 1099.
Chancellor		Approval of any request for non-cash gifts presented to an elected or appointed official.	Form U242 or an equivalent electronic signature authorization or cancellation form must be on file for employees who have been delegated the authority to approve gift expenses. ³

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

³ For information on the signature authorization documentation required in an electronic processing environment, see Accounting Manual Chapter [D-224-17](#), Delegation of Authority—Signature Authorization.

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.D.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.

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.

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 [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 G-41](#), 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 BUS-79](#), Expenditures for Business Meetings, Entertainment, and Other Occasions.
 - [For non-cash gifts by employees during University travel, see G-28](#), Policy and Regulations Governing Travel.
 - [A-253-27, Administrative Fund Payments - Non-cash gifts and cash](#) contributions made on behalf of the University by recipients of Administrative Funds.
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VII. FREQUENTLY ASKED QUESTIONS N/A

VIII. REVISION HISTORY

- This policy was originally published on December 21, 1999.
- Revised January 1, 2002 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.