Best Practices and Guidelines for Purchasing Items as Promotions, Incentives, or Gifts

The following practices and guidelines are intended to provide direction in assuring consistency across Student Affairs and Enrollment Management utilizing items as promotions, incentives or gifts, and to assure compliance with respective University policy and procedures. **Promotional Items or Incentives** are allowable for external customers (includes students and student employees) when found to support the mission and purpose of the University, but are **NOT** allowable for current employees (including terminating or retiring employees).

These guidelines have been developed in consultation with the offices of Human Resources, General Counsel and Accounting. It is a living document and will most likely evolve over time, with periodic formal review to occur at least every five years.

**Definitions:**

**Promotional Item**: an item given away to promote a particular program, department, or organization or to influence behavior. Examples may include:
- NDSU t-shirts distributed to prospective students
- NDSU window clings given to Family Weekend attendees
- Drawstring bags given to current students to raise awareness of alcohol prevention campaign website

**Incentive**: something offered to or won by an external customer (including NDSU students and student employees) as an encouragement or award for participation in a program, event, or study. Examples may include:
- Gift card to NDSU Bookstore offered as a drawing prize for completion of a departmental or program survey
- Door prize offered for attendance and/or retention at a late-night, alcohol-free event

**Volunteer** (provided by NDSU General Counsel Office citing 29 U.S.C. § 203 (e)(4)(A) and 29 C.F.R. § 553.106): A volunteer is an individual who performs services with no expectation of compensation. These services are not the same type of service(s) an employee would perform, and may be provided periodically on a year round basis. Departments may provide a nominal token of appreciation (fee) for these services. The nominal token of appreciation is not considered a substitute for compensation and is not tied to productivity.

*The categories listed above are not mutually exclusive. In determining the category of the item, employees are encouraged to consider the intent of the expense and reference the guidelines and procedures listed below.*
Guidelines/Best Practices

Departmental use of promotional/incentive items:
- Consult NDSU accounting guidelines and relevant policies
- Review Student Financial Services “Guidelines for Prizes, Promotional Items and Travel Related and Educational Required Expenses” on the Student Affairs and Enrollment Management Forms webpage. Consider whether offering a prize or incentive adds or is essential to the success of the program (i.e., could funds be used more effectively in other ways to contribute to the success of the program?)
- A rationale for items purchased must meet the intent of the funds regardless of source.
- Departments should set individual limits for promotional and incentive expenses for programs, including a $500 limit on per item expenses.
- Accurately track and obtain signatures from incentive recipients for accounting purposes and attach tracking information to the payment after each event. For promotional/incentive items over $100, recipient must complete a W-9 form before receiving item.
- Set a deadline for the prize to be claimed. If it is not claimed, document on the tracking form.
- Annually submit the excel spreadsheet with all events to the Accounting Office no later than December 31st for 1099 reporting.

Student Governed Organization use of promotional/incentive items:
- Consult NDSU accounting guidelines and relevant policies
- Review Student Financial Services “Guidelines for Prizes, Promotional Items and Travel Related and Educational Required Expenses” on the Student Affairs and Enrollment Management Forms webpage
- As student leaders on campus, it is important for all decisions to be made with the mindset of being good stewards of student funding. In keeping with this mindset, all student fees spent must adhere to the approval process outlined by the respective organizations’ operating guidelines.
- A $500 limit on single item purchases.
- Accurately track and obtain signatures from incentive recipients for accounting purposes, attach tracking information and attach any other documentation to show approval (i.e. meeting minutes). For promotional/incentive items over $100, recipient must complete a W-9 form before receiving item.
- Set a deadline for the prize to be claimed. If it is not claimed, document on the tracking form.
- Annually submit the excel spreadsheet with all events to the Accounting Office no later than December 31st for 1099 reporting.
Guidelines for Departments Regarding Volunteers

Since Student Affairs and Enrollment Management units and their respective activities have differing needs and requirements, it is recommended that each instance for using volunteers be evaluated with the supervisor and, if needed, the Office of Human Resources and/or General Counsel.

Factors to consider when utilizing volunteers include:

- Does the dollar amount vary as the particular individual spends more or less time engaged in volunteer activities? (If the payment varies depending on the amount of time spent volunteering, it is likely to be determined that it is in lieu of wages and/or tied to productivity)
- Is the amount paid nominal? (If similar to what you would pay to hire someone to complete the work, or amount paid is 20% or more of what would be paid an employee for completing the same services, it is likely to be determined an employee not a volunteer)
- Is the distance traveled, and time and effort expended, minimal?
- How is availability determined - specified time periods, around the clock, as needed, or throughout the year, etc.?

Relevant NDSU Purchasing Procedures:
(each heading links to NDSU accounting guidelines and are current as of January, 2013)

Promotional Expenses

- Allowable for external customers (includes students and student employees) when found to support the mission and purpose of the University
- Reason for purchasing promotional items must be well documented, including the item description, the intended recipient, and the reason for the purchase
- Examples include small gifts, sponsorship, or an event or activity
- NOT allowable for current employees (including terminating or retiring employees)

Paying Research Study Participants:
Research study includes departmental assessment of programs, services and learning outcomes See:
NDSU Accounting Office guidelines: Purchasing gift cards with University funds

Allowable ONLY for external parties, including students and student employee