

**CITY OF WAYNE**  
**County of Wayne, State of Michigan**

**Gift Card Policy**

**Introduction and Purpose:**

The City of Wayne, County of Wayne, State of Michigan (the “City”) has adopted the guidelines set forth in this document titled “Gift Card Policy” (the “Policy”). The purpose of creating this Policy is to establish guidelines for the purchase and issuance of gift cards to ensure proper management and compliance. This Policy aims to safeguard public funds, uphold transparency, and mitigate risks associated with the misuse of gift cards.

**1.0 Policy:**

Gift cards may be an allowable purchase under certain grant programs within the city and are primarily used as incentives for participants in specific program activities or upon completion of programs.

As cash-equivalent instruments, gift cards are governed by tax rules and internal control requirements. Gift cards may not be issued to employees as they are considered taxable income and subject to withholding. For non-employees, a Form 1099 will be issued if the cumulative amount issued to the recipient throughout the year meets or exceeds the IRS threshold.

The Finance Director / Treasurer will establish procedures for gift cards. Department Heads that have a program that allows the purchase of gift cards in their department may establish their own gift card procedure for their department if it complies with this policy and is approved by the Finance Director/Treasurer.

**2.0 Authority:**

Gift cards will only be purchased if allowed by a program funding source and included in the City of Wayne’s approved budget. No gift cards will be purchased without prior authorization.

**3.0 Approval:**

All purchases of gift cards will be approved by the City Manager or their designee in accordance with the City of Wayne charter, policies and procedures.

**4.0 Responsibility:**

Department Heads are responsible for the safekeeping of gift card purchases made for their department programs.

- Gift cards must be kept in a locked box or safe.
- A current list of gift cards on hand must be maintained.
- A gift card log must be maintained that includes:
  - Date of issuance.
  - The name or client number of the person receiving the gift card.
  - Purpose of the gift card.
  - Amount of the gift card.
  - Name or identifier of the staff member authorizing distribution.

## **5.0 Internal Accounting Controls:**

Internal reconciliations by the department should be conducted at least monthly and verified by the Department Head. The Finance Director/Treasurer or designee may complete random internal audits of gift cards throughout the year. Departments should maintain reconciliation records in an organized, secure manner to facilitate the audit process.

A year-end internal reconciliation by the department must be conducted at the end of each fiscal year and verified by the Department Head. A copy of the final year-end reconciliation, current gift card logs, and a list of gift cards on hand must be submitted to the Finance Director/Treasurer within 10 business days after the end of the fiscal year.

## **6.0 Exemptions:**

Programs with significant safeguards and external reporting requirements for the use of gift cards may be exempted from this policy by the City Manager.