

**AP 6301 FISCAL MANAGEMENT – CASH EQUIVALENT AID**

**References:**

- Government Code Section 8314
- California Constitution, Article 16
- Federal Rules of Civil Procedure, 12 CFR 205.2
- Albright v. City of South San Francisco 44 Cal.App.3d 866 (1975)
- Paramount Unified Sch. Dist. v. Tchrs. Assn. of Paramount 20 Cal.App.4th 1371 (1994)

Purpose/Background

The purpose of this policy is to set forth the guidelines and procedures for the purchase, security, use, and distribution of gift cards/certificates, meal and book cards/vouchers, tablets, access codes, etc, hereinafter collectively called cash equivalent aid. This policy is not applicable to cash equivalent aid purchased with personal funds and provided to the District.

Gift of public funds are prohibited under the California Constitution and cannot be used for office holiday parties, CSEA week, and all other private purposes. However, there may be an exception for specific programs where cash equivalent aid is within the program plan, and is an allowable expenditure in line with the program spending guidelines. All purchases of cash equivalent aid, regardless of the funding source, must be reasonable, justifiable, and for a public purpose.

Tax Impact

According to Internal Revenue Service (IRS) guidelines, in general, de minimis benefits include any property or service, the value of which is so small in relation to the frequency with which it is provided, that accounting for it is unreasonable or administratively impracticable. De minimis benefits are by their very nature, not wages, and are occasional or unusual in frequency.

Cash and cash equivalents, have a readily ascertainable cash value and are redeemable for general merchandise, are not a de minimis fringe benefit, and are considered taxable income to the recipient.

For employees, the value of cash equivalent aid is considered compensation subject to federal and state tax withholding, and reporting on IRS Form W-2.

For non-employees, the value of cash equivalent aid in an aggregate amount of \$600 or more per calendar year must be reported to the IRS on Form 1099-MISC as “other compensation.” Cash equivalent aid given to nonresident aliens are subject to federal tax withholding, of which the departmental budget shall be responsible. A record must be kept for such non-employees,

and an IRS W-9 Form requested at the time of cash equivalent aid award if there is any indication that an individual might receive \$600 or more during the calendar year.

### Financial Aid Impact

Cash equivalent aid has an impact on student financial aid and must be tracked and reported to the Financial Aid Office. This is required to remain in compliance with Title IV and State of California guidelines, and to ensure the student's financial aid eligibility is not exceeded.

Additionally, this assistance must be included in the MIS data reporting to the California Community Colleges Chancellor's Office.

### Process to Purchase Cash Equivalent Aid

1. An Authorization to Purchase Cash Equivalent Aid (Authorization) form must be completed PRIOR to purchasing cash equivalent aid. The form requires identification of the program administrator and the approval signature of the area Vice President and the Vice President of Business Services, and is for a single intended purpose, which must be clearly identified on the form.
2. Route a purchase requisition through approvals and submit a copy of the approved Authorization indicating the requisition number to the Purchasing office. Requisitions for the cash equivalent aid submitted without a properly completed Authorization form will not be converted until the Authorization is received. See sample forms in Appendix A below.
  - a. The delivery department on the requisition must be the college Business Services office.
3. Cash equivalent aid must be in the name of a specific vendor (example, Subway and NOT Visa), cannot be redeemed for cash, and are non-transferable to another individual. Non-transferable requires either that the name of the recipient be included on the cash equivalent aid, or that the recipient abides by the Recipient Cash Equivalent Aid Acceptance Agreement whereby the recipient is the only authorized user of the cash equivalent aid.
4. Cash equivalent aid must be purchased in modest denominations (\$50.00 or less), and the number of items purchased at one time must be limited so that the cash equivalent aid is fully disbursed within the same fiscal year in which they were purchased.
5. The Purchasing office will provide a copy of the purchase order along with the Cash Equivalent Aid Reconciliation Log (Log) to the Business Services office for reconciliation.
6. Upon receipt of the cash equivalent aid order, the Business Services office shall confirm the number/type ordered, log the identification numbers, and notify the program administrator. Order discrepancies must be identified and resolved with the vendor as soon as possible. The Business Services office shall ensure the gift cards are securely stored.

## Security

Cash equivalent aid shall be treated as cash and must be handled accordingly to safeguard, store, and prevent loss. Until disbursed, cash equivalent aid shall be securely maintained in a safe in the Cashier's office, as approved by the Vice President of Business Services.

## Prohibited Use

- Cash equivalent aid may not be distributed to volunteers as appreciation for volunteer work, regardless of whether the volunteer is a student, employee, or third party.
- Cash equivalent aid may not be distributed as compensation for services performed (i.e. by students, employees, or independent contractors).
- Student workers may not be given cash equivalent aid for work-related activities, or for any reason related to their employment with RCCD.
- Cash equivalent aid may not be given to an employee as a gift or reward.
- Cash equivalent aid may not be given to an organization or business.
- Cash equivalent aid may not be used to purchase prohibited items such as alcohol or tobacco.

## Distribution

The program administrator may award the cash equivalent aid to a recipient meeting the requirements of the program by filling out the bottom portion of the Recipient Cash Equivalent Aid Acceptance Agreement (Agreement), and maintaining a record of awards. The recipient must sign the Agreement acknowledging the terms and conditions of accepting the cash equivalent aid. A copy of the Agreement shall be retained by the program administrator and a copy sent to the Financial Aid Office if the recipient is a student. The original Agreement must be submitted by the recipient to Admissions or Cashiers (distributor) as applicable, in order to receive the cash equivalent aid.

The distributor will receive the Agreement, provide the appropriate cash equivalent aid, and have the recipient sign indicating receipt of the cash equivalent aid. The distributor will also record the appropriate information on the Log. Remaining cash equivalent aid and signed Agreements must balance back to the initial purchase on the Log. Cash equivalent aid will not be replaced if lost or stolen.

Once all of the cash equivalent aid for a specific purchase order is disbursed and the Log reconciled, a copy of the Log and Agreements shall be sent to the program administrator. The original Log and supporting original Agreements shall be sent to the Accounts Payable office to file with the original payment. It is recommended a copy of the Log and Agreements be maintained by the distributor.

Office of Primary Responsibility: Vice Chancellor, Business and Financial Services

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Administrative Approval:  
September 24, 2018

Forms

All forms are subject to audit.

Authorization for the Purchase of Cash Equivalent Aid



**Authorization for the Purchase of Cash Equivalent Aid**

This form must be completed by the program administrator (the administrator responsible for the monitoring and oversight of the program purchasing the cash equivalent aid) and submitted to the purchasing office before a purchase order of cash equivalent aid will be approved.

- 1. Program Administrator Name \_\_\_\_\_
- 2. Program Administrator Email \_\_\_\_\_
- 3. Program Administrator Phone \_\_\_\_\_
- 4. Vendor Name (entity from which cash equivalent aid is to be purchased) \_\_\_\_\_  
\_\_\_\_\_
- 5. Requisition Number \_\_\_\_\_
- 6. Budget Code \_\_\_\_\_
- 7. Amount of Purchase \_\_\_\_\_
- 8. Name of the Event or Program \_\_\_\_\_
- 9. Description (type of item (example, Arco gift card), face value, number to purchase, etc.)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 10. Description of Intended Use \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 11. Month/Year Cash Equivalent Aid is to be Distributed \_\_\_\_\_

I, the undersigned, certify that this is an allowable expense for the funding source identified above, and understand that the cash equivalent aid must be distributed to recipients by the end of the fiscal year in which it is purchased.

Program Administrator Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ 6/8/2018

# Recipient Cash Equivalent Aid Acceptance Agreement



## Recipient Cash Equivalent Aid Acceptance Agreement

This form must be completed by the program administrator (the administrator responsible for the monitoring and oversight of the program purchasing the cash equivalent aid). The original shall be provided to the recipient, a copy provided to the applicable financial aid office, and a copy maintained by the program administrator.

Recipient Name \_\_\_\_\_

Student ID \_\_\_\_\_

**Terms and Conditions**

I understand and agree to the following terms and conditions:

- Cash equivalent aid may only be used by the recipient identified above
- Cash equivalent aid must be used for its intended purpose
- Cash equivalent aid cannot be used to purchase prohibited items such as alcohol or tobacco
- Lost or stolen cash equivalent aid will not be replaced
- The financial aid office will be notified of my acceptance of the cash equivalent aid, which may impact my student financial aid
- If the value of all cash equivalent aid I receive in a calendar year totals \$600 or more, the value will be reported to the IRS on Form 1099-MISC as "other compensation"

Recipient Name \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

*To be filled out by the program administrator:*

Vendor Name on Cash Equivalent Aid (example, Arco) \_\_\_\_\_

Face Value of Cash Equivalent Aid \_\_\_\_\_ Purchase Order Number \_\_\_\_\_

Name of Program Administrator \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

*To be filled out by the distributor:*

Cash Equivalent Aid Identification Number \_\_\_\_\_ Face Value \_\_\_\_\_

Distributed by (Name) \_\_\_\_\_ Initials \_\_\_\_\_ Date \_\_\_\_\_

Received by (Student signature) \_\_\_\_\_ Date \_\_\_\_\_

6/8/2018

# Cash Equivalent Aid Reconciliation Log



## Cash Equivalent Aid Reconciliation Log

Page \_\_ of \_\_ Pages

This form must be completed by the distributor (as approved by the Vice President of Business Services) to record the distribution of all cash equivalent aid. The Recipient Agreement for each item distributed must be attached. The items on hand plus the amounts distributed must balance back to the original purchase order amount. Once the purchase of cash equivalent aid is fully distributed, send the original Reconciliation Log and Recipient Agreements to Accounts Payable. Maintain one copy and send a copy to the program administrator.

Purchase Order Number \_\_\_\_\_ Vendor Name \_\_\_\_\_

Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_ | Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_

Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_ | Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_

Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_ | Count of Items \_\_\_\_\_ Individual Value \_\_\_\_\_ Total \_\_\_\_\_

Total Purchase Order \_\_\_\_\_

Date Distributed	Recipient Name	Student ID	Vendor Name (ex. Subway gift card or Follett book voucher)	Amount	Cash Equivalent Aid Identification Number	Distributor Initials	Check if non-resident