




PURCHASING POLICY 27b

DATE: May 16, 2012 Revised (June 11, 2015)

TO: State Agencies Purchasers

FROM: Kent Allin, Director 

SUBJECT: Reward Card Incentive Programs (for Non-State Personnel Only)

POLICY OBJECTIVE

The objective of this policy is to provide guidelines to state agencies that have authority to procure and distribute reward cards to individuals who are not state employees. Examples of appropriate use of reward cards might include incentives for citizens to complete surveys or receive medical screenings.

State agencies have issued two purchasing policies regarding reward/gift cards. This policy deals exclusively with reward cards distributed to non-state employees. A second policy (Management and Budget's Policy 27a "Gift Cards for Employees") deals with gift cards distributed to state employees. MMB's policy generally discourages the use of gift cards for state employees and questions an agency's authority to use them. It goes on to explain the taxable income consequences if gift cards were to be used for employees.

POLICY

An agency head must first make a determination that it is within the department's authority to spend funds for reward card incentive programs. If such authority exists, the agency head must approve the purchase of reward cards and the implementation of a reward card program. The agency head must also ensure that proper procedures and controls are put in place for the appropriate use of reward cards. The agency head's approval must be obtained in writing and kept in the purchasing file.

If the agency head approves the use of reward cards to distribute to non-state personnel, the agency must use the established contract release, G-214(5). The agency must contact the Materials Management Division for assistance if the contract does not fully meet their needs. The procurement of reward cards must occur in accordance with all state laws, rules, policies and procedures.

State agencies that purchase reward cards for incentive programs must develop internal controls comparable to those utilized with cash. A process must be in place to document the purchase, receipt, storage, and distribution of reward cards to ensure state employees are in compliance with Minnesota laws, rules, and policies. Documentation must be kept on file for audit purposes and must be approved by the agency head.

Fraud. Pursuant to Minn. Stat. § 609.456 subd. 2, any suspected theft, embezzlement, or unlawful use of reward cards must be reported via a memo to the Office of the Legislative Auditor (OLA).

This policy is made a part of the Department of Administration, Materials Management Division ALP Manual, Appendix N. Contact Luke Jannett at 651.201.2446 or Luke.Jannett@state.mn.us if you have questions regarding this policy.