Gifts and Celebratory Events

Policy Statement
HUIT may occasionally spend modest amounts from appropriate funding sources to recognize employees under certain circumstances. Prudent judgment must be used, and IRS rules followed when deciding on the type of a gift and the limits of how much can be spent using Harvard’s funds. All personal events or achievements unrelated to work activities are strictly prohibited. This policy outlines the guidelines and procedures circumstances using University funds is allowed for gifts and spending for work-related events.

Who Must Comply
All HUIT staff who are purchasing gifts for employees or planning a celebratory event must comply with this policy. Employees who are receiving the gift must also adhere to this policy.

General Guidelines and Procedures
Below are the general guidelines and procedures of this policy. See HUIT specific guidelines section below for additional policies that must be followed for these activities.

When to Recognize Employees
There are times when it may be appropriate to recognize employees. Examples of appropriate occasions to recognize employees include:

• Mark the achievement of a major departmental goal
• Recognize individual or team performance for a work-related achievement
• Mark the end of the fiscal year or following fall rush activities
• Honor an employee for a milestone achievement
• Honor an employee leaving the department, the University or retiring

Inappropriate Times to Recognize Employees
Celebratory events and gifts that honor individuals for non-work-related achievements or personal events other than sympathy are considered inappropriate occasions to recognize employees. Examples of inappropriate occasions to recognize employees include, but not limited to:

• Celebrations for birthdays, weddings, baby shower and holiday gifts
• Employee job promotion and anniversary date of hire
• Social events that are not due to work-related achievements (e.g. valentine’s day)

Any costs related to these types of occasions will not be reimbursed by Harvard.

Taxability of Gifts
The IRS governs the allowable amounts that can be used when purchasing a gift for an employee. An employee receiving a gift may have to record income and pay taxes (on all or a portion of the gift) if the IRS rules are not followed.

• Cash or gifts certificates of any amount are taxable.
• Tangible personal property greater than or equal to $100 (including sales tax, shipping, handling, and delivery costs) for performance and work-related achievements.
• Tangible personal property greater than $400 to recognize a long-service or retiring employee.
• A milestone gift that is received outside of the University-wide milestone program.
• The value of combined gifts to one employee in a calendar year that exceeds $400.
University-wide Milestone Gift Program
HUIT participates in the University-wide milestone gift program. This program provides employees a long-service gift each time they achieve a 5-year anniversary working at Harvard. HUIT managers should not purchase a separate departmental milestone gift for the employee.

HUIT Specific Guidelines and Procedures
Retiring Employees
HUIT managers should use the following thresholds for gifts of retiring or employees leaving the department or University. The gift value amounts are inclusive of tax and shipping.

- No gift for employees who have worked less than 5 years are allowed.
- Up to $200 for employees who have 5-15 years of service.
- Up to $400 for employees who have 16 years of service or more.

Some retirees have received a milestone gift or another celebratory gift during the calendar year. The total amount of the milestone gift and the retirement gift cannot exceed $400, otherwise the overage would be taxable to the individual.

Cash and Gift Cards
All cash and gift cards, regardless of the dollar amount, are taxable to the employee receiving the gift as extra compensation. HUIT managers should contact HUIT Human Resources who will purchase the gift card/certificate. HUIT Human Resources will also complete the extra compensation form which will be processed through payroll and recorded in the employees next paycheck.

Sympathy Gifts Death in the Family or Serious Illness)
The University allows departments to use Harvard funds to purchase a gift upon the death or serious illness of an employee or an immediate family member of the employee. Examples of gifts include flowers and fruit baskets, memorial and charitable donations in lieu of flowers.

All gifts/donations must be under the $100.00 threshold due to tax implications. The charges will be recorded to either 8450 or 8454 (for charitable donations).

Charitable Donations
There are required procedures that must be followed for making a charitable donation.
- HUIT Human Resources must be contacted prior to making the donation so that they can gather the required information (e.g. name of charity, name of deceased, address).
- HUIT Managing Director of Administration and Finance is required to sign a standard memo approving the donation and the amount.
- All sympathy and gift donations must be in the name of Harvard (not staff or department names)

Gifts to Non-employees
HUIT prohibits gifts made to those individuals that are not a University employee.

Gifts from Third Parties
Harvard employees must avoid a perceived conflict of interest when accepting gifts from third parties. Employees should notify their supervisor when they have been given a gift greater than nominal value (e.g. t-shirts, keychains, mugs etc. See the University’s Conflicts of Interest and Commitment policy for more information.
Celebratory Events

Department-Wide Events
HUIT holds department-wide events during the year to recognize work related achievements for the department. Some examples are summer barbeque, town hall meetings and annual meetings. VP pre-approval is required. The current dollar threshold for such events is $10 - $15 per person.

Department Events
HUIT acknowledges that from time to time, expenses associated with specific work-related achievement are allowable to be paid for by the organization. HUIT Finance Planning must be aware of the event and the estimated costs prior to incurring expenses so they can evaluate the reasonableness of the planned expenses.

Things to keep in mind when planning an event:
- Think holistically, for instance, if you are having a function to reward part-time employees, be sure to invite all such employees to this single event, rather than having multiple rewards for different groups or categories of staff.
- When planning specifics for your event, be sure to assess that no part of the event could be considered offensive to any staff (including decorations, themes, awards, or gifts.)
- This reward should not duplicate any department-wide functions already in place.
- No alcohol at lunches or any events that include students.
- The use of Harvard preferred vendors for catering is strongly encouraged.
- The current dollar threshold for such events is $10 - $15 per person.

Local Events

Retiring Employees
Such an event may include conference or rented room gatherings and may also be catered. In lieu of a larger gathering, managers may elect to have a smaller get-together (e.g. at a local restaurant) for employees who worked very closely with the honoree. HUIT Administration offers suggestions on cost effective ways of celebrating a retiring employ. See their policy here. HUIT Finance Planning must be aware of the event and the estimated costs prior to incurring expenses.

Employee Morale-Building Events
Employee morale-building events are excellent opportunities for local departments to provide opportunities for staff to network and share experiences with their colleagues. Examples of these events include:
- Completion of a significant project
- Achieving a project milestone
- Quarterly “break time” morale and networking gatherings
- A luncheon, dinner, or party in connection with a department or local activity (e.g. yearend or fall rush) or an established University-wide holiday

HUIT Finance Planning must be aware of the event and the estimated costs prior to incurring expenses.

Student Meals & Group Functions
Occasionally, HUIT staff host a function specifically for students to celebrate an event/achievement or to reward their efforts and hard work. Allowable student functions include:
Harvard University currently allows a maximum of $10-$15 per person for student functions, however, budget constraints may vary by business group. As a reminder, alcohol should never be served at any student function. HUIT Finance **must** be aware of the event and the estimated costs **prior** to incurring expenses so they can evaluate the reasonableness of the planned expenses.

### Student Employee Awards/Rewards

Awards and rewards are designed to formally recognize the achievements of an individual in association with a HUIT approved program. Similar to gifts, awards/rewards can be in the form of cash or a tangible item. Before distributing an award/reward, you must submit an award/reward consideration in writing to your group director and Financial Partner and have them sign off on it. Determinations and assessments for award/rewards must be based on a measurable standard and promote equity by including all employees or students within a given group.

### Proper Accounting of Gift and Celebratory Costs

Federal cost accounting standards require that the proper object code be used for gifts and celebratory events. These types of expenses are ineligible for federal reimbursement. Below are the guidelines for which object code should be used for these types of activities.

Object code 8450 should be used for the following expense types.
- Gifts and awards (both monetary and tangible property)
- All expenses incurred for a celebratory event
- Alcohol, including alcohol purchased with a meal

Object code 8454 should be used for charitable contributions.

Please refer to the University’s comprehensive list of ineligible expenses [here](#).

### Options to Pay for Expenses

Direct payment or reimbursement for approved gifts and celebratory events can be processed using one or more of the following methods. HUIT Human Resources must purchase gift cards.

- **B2P** for vendor invoice payments
- **Concur** for out of pocket expenses
- **Corporate Card**
- **PCard**
- Internal billing for University provided services (e.g. crimson catering)

Please refer to the individual policy for information on how to process these transactions.

### Who to Contact If You Still Have Questions

Please contact **Financial Accounting and Operations** if you have any questions regarding this policy.