**ORA Guidance for Allocating the Cost of Gift Cards Used for Incentive Payments for Human Subjects on Federally Funded Awards**

**Gift Cards on Sponsored Award Accounts**

Gifts are an unallowable cost on federally funded awards, but gift cards utilized as incentive payments for human subjects (IU object code 4061) are an allowable expense. Because gift cards are purchased in advance of their actual use and often in bulk, the timing of the allocation of the cost to the grant award is also a critical component of allowability. The charging of gift cards used for human subject incentive payments to federal or federal pass-through sponsored awards must follow the same guidelines for allocability, allowability, reasonableness, and consistency as other items of cost, but additional guidelines are required.

**Purchasing Gift Cards**

Gift card purchases which will not be distributed to study participants within a month of the date of purchase must be purchased on a departmental account. If the gift cards will be distributed within a month of purchase, the cost may be directly allocated to the grant account.

Expenses may be moved from the departmental account to the grant account after the gift cards are distributed to subjects. Department administrators should use a General Accounting Adjustment (GAA) or Distribution of Income and Expense (DI) in the Kuali Financial System (KFS) to move charges from the departmental account to the grant account at least quarterly. The cost transfer document should include all of the elements outlined in the [IU Policy on Cost Transfers](https://policies.iu.edu/policies/spa-11-003-cost-transfers-cost-reimbursable-grants-contracts/index.html). The gift card log file (see definition below) must be available to document the gift card allocation.

The initial purchase of the gift cards is not subject to the [ORA Cost Transfer Policy](https://policies.iu.edu/policies/spa-11-003-cost-transfers-cost-reimbursable-grants-contracts/index.html), however, the issuance of the cards to the participants must be recorded and charged to the grant account no less frequently than quarterly upon distribution to human subjects.

**Gift Card Logs**

Regardless of how the Gift Cards are purchased, the department must retain a gift card log with the following information:

* Gift card purchase date
* Sponsored project account
* Unique Gift Card Number
* Gift Card Amount
* Date gift card given to participant
* Recipient name (or de-identified identifier, if necessary)
* GAA or DI document number (if applicable)