



City and County of San Francisco

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*Policy & Procedure Detail**

Policy & Procedure Title: DPH Policy for Procurement and Use of Gift Cards	
Category: Fiscal	
Effective Date: 5/1/18	Last Reissue/Revision Date: n/a
DPH Unit of Origin: Fiscal	
Policy Contact - Employee Name and Title; and/or DPH Division: Anne Okubo, Deputy Financial Officer	
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Distribution: DPH-wide <input checked="" type="checkbox"/>	If not DPH-wide, other distribution:

**All sections in table required.*

The City and County of San Francisco (City) restricts the purchase of gift cards to purposes defined by specific departmental programs. Gift card purchases outside the scope of these authorized programs are generally prohibited.

Gift cards are considered equivalent to cash and petty cash funds. Therefore, strict protocols and controls must be developed and implemented to a) maintain accountability for all gift cards purchased and distributed, and b) avoid mishandling, misuse, abuse, and theft of gift cards. City employees may not be gift card recipients.

I. Eligibility to Receive Gift Cards

A. Program Eligibility Requirements for Clients and Patients

1. Clients and patients must be eligible for the program that distributes gift cards as incentives.
2. Clients and patients receiving gift cards that are purchased with city funds cannot be City employees, contractors or other staff working on behalf of DPH. If a City employee were to receive a gift card from a City-funded program, this will have tax implications for the employee/recipient and may pose serious concerns regarding possible conflicts of interest.

B. Goals Clients and Patients Must Meet to Be Eligible Must Be Set in Advance

1. Program managers must establish in advance the goals clients and patients must achieve for them to qualify to receive gift cards. Goals may serve as incentives to encourage clients and patients to meet health goals (e.g. mental health wellness and recovery goals), assist DPH (e.g. outreach and client engagement activities), or other health purpose.
2. The program's pre-set goals must be established within specific areas of client and patient achievement and within a specified timeframe.

3. Clients and patients must present—and program managers must verify—sufficient and appropriate proof that they met the program goals that entitle them to receive gift cards

II. Gift Card Purchases by City Departments

A. Authorization to Purchase

1. The Health Commission must approve the department's general use and purchase of gift cards as incentives to departmental program clients and patients.
2. The director for the program requesting gift cards and the DPH CFO or their designee must approve each purchase of gift cards for the program.

B. Funding Source

1. Gift cards must be purchased with designated funds from the department.
2. In cases where gift cards are purchased with specified funds the use of which is restricted, the use of the gift cards must be subject to the same restrictions as the use of the specified funds.
3. Gift card purchases must be listed as an approved use of the specified funds.

C. Actual Purchase

1. Gift cards must be purchased through the department's contracts and accounting units, in coordination with the Office of Contract Administration (OCA).
2. Gift cards must be purchased from City-approved vendors.
3. The value of each gift card purchased for a program may not exceed \$50 per card.
4. The number of gift cards purchased for a program may not exceed the anticipated 12 month quantity.
5. Gift cards may not be purchased using departmental procurement cards (P-Cards).
6. Employees may not purchase gift cards as a reimbursable expense.

D. Inventory Receipt

1. Documentation of inventory receipt and distribution must include the name and signature of the receiving staff and corresponding date.
2. Staff must verify the gift card types and quantities by type and in total from the gift card shipments against the packing slips of the shipments.
3. Staff must review, sign, and date packing slips of the gift card shipments.
4. Staff must promptly record the received gift card shipments and returns, if any, in the inventory records.

III. Separation of Duties

A. Stages of Handling and Transfer of Gift Cards

1. Departments must have a different person responsible at each stage in the handling and transfer of gift cards:
 - a. Request the order of gift cards
 - b. Approve the order of gift cards
 - c. Purchase the gift cards
 - d. Receive the gift cards
 - e. Distribute the gift cards
 - f. Monitor usage of the gift cards
 - g. Periodically inventory the gift cards

B. Staff Handling Gift Cards Cannot Use Them

1. Under no circumstances may a City employee involved in any stage of handling or transferring gift cards issue or use a gift card for his or herself or family member.

IV. Gift Card Inventory

A. Inventory Records. Offices that store gift cards must use the following internal controls:

1. Maintain complete and accurate inventory records by gift card, gift card type, and in total, including the gift card vendor and serial number, the beginning balance, gift cards received and distributed and corresponding dates, and the ending balance.
2. Restrict access to gift card inventory records to authorized employees. Ensure access rights are immediately terminated once the employees no longer need access.
3. Conduct periodic (weekly, monthly, or quarterly), as determined by determined by the department for the subject program, physical inventory counts, and match results to inventory records.
4. Report to management any discrepancies in the quantities and amounts between the physical inventory counts and inventory records.
5. Investigate significant discrepancies between the physical inventory counts and inventory records, and document the reasons for discrepancy.
6. Review and approve any adjustments to inventory records. This must be done by management.

B. Inventory Storage and Security

1. Store all gift card inventories in a locked cabinet or safe and restrict access to its key or combination.
2. Keep the locked cabinet or safe in a room with restricted lock access.
3. Maintain a log or install electronic keys documenting who has had access to the room and when (each entry and exit).

4. Exercise dual custody controls at all times during each stage of handling and transferring gift cards.
5. Using performance measurement systems, hold appropriate personnel accountable for accomplishing consistent, accurate physical inventory counts.
6. Hold no more than one month supply of gift cards at the program site.
7. Transfer to the department's fiscal office any gift card inventory in excess of one month supply.

V. Gift Card Distribution

1. Review and approve all eligibility documentation for each client or patient upon each round of gift card distribution. This should be done by the program manager and/or their designee.
2. Maintain complete and accurate distribution records by gift card, gift card type, and in total, including the gift card vendor and serial number, client name(s), and date on which the gift card was distributed. The program manager and/or their designee and the fiscal office must review and approve such records before each round of gift card distribution.
3. Maintain a log for clients and patients to sign upon receiving their gift cards in person. If client or patient names are confidential, then the client or patient alias and the signature of the DPH employee distributing gift cards are required. Confidential information that includes client and patient names must be available for audit purposes.
4. Return to the fiscal office any gift card not distributed to a client or patient and properly record the card in the inventory records.

VI. Gift Card Usage by Recipients

1. Gift cards must be provided only to clients and patients only as incentives for participating in the program.
2. Gift cards must be used only for the purposes stated and determined by the department for the program.
3. The value of gift cards distributed to each client or patient must not exceed the per-person limit determined by the department for the program.
4. Gift cards cannot be used to purchase prohibited items, including program materials, as specified by the program.
5. Any instance of loss, theft, fraudulent use, or abuse of gift cards must be immediately reported to the department's fiscal office. The fiscal office should investigate instances of reported loss, theft, fraudulent use, or abuse of gift cards, as it deems necessary.
6. The fiscal office must monitor and audit the usage of distributed gift cards no less frequently than annually. The department must determine and state in writing the required frequency of the audit, and the frequency may vary by program.

VII. Record Retention

1. For audit purposes, retain all documentation for no less than five years.

Reference Material: City policies and procedures on the acceptance of gifts.