



City and County of San Francisco
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San Francisco Department of Public Health
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San Francisco Department of Public Health Policy and Procedure

Policy and Procedure Title: DPH Policy for Procurement and Use of Gift Cards	
Category: Fiscal	
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DPH Unit of Origin: Finance	
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The City and County of San Francisco (City) restricts the purchase of gift cards to purposes defined by specific Department of Public Health (DPH) 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.

For policy and procedure related to reloadable and non-reloadable prepaid gift cards, please refer to “DPH Policy for VISA and Mastercard Prepaid Gift Cards”.

I. PROGRAMS

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.
3. 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.

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

1. DPH 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 DPH 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 DPH 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

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 DPH Program Director or Manager 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. DPH Program 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. DPH Program staff must review, sign, and date packing slips of the gift card shipments. The designated DPH Program Card Custodian will provide copy of the acknowledged packing slips to DPH Fiscal Unit for their inventory tracking/monitoring.
4. DPH Program staff must promptly record the received gift card shipments and returns, if any, in the inventory records.

III. SEPARATION OF DUTIES

There must be a different person responsible at each stage in the handling and transfer of gift cards. In cases of inadequate staffing, the DPH program will provide explanation on their gift card certification requesting that the DPH Program card custodian will also handle other functions. DPH Fiscal Unit and Controller’s Office will review and may grant exemption on a case-to-case basis. Any exemption granted is subject to annual review.

<i>Function</i>	<i>To be handled by</i>
a. Requesting the order of gift cards	*Assigned DPH Program Staff #1
b. Approving the order of gift cards	authorized signatory from DPH Program
c. Purchasing the gift cards	DPH Fiscal Unit and completed by OCA/CON
d. Receiving the gift cards	*Assigned DPH Program Staff #2
e. Distributing the gift cards	*Assigned DPH Program Staff #3
f. Monitoring the usage of the gift cards	DPH Program Manager and <u>Program Card Custodian</u>
g. Conducting periodic inventory of the gift cards	*Assigned DPH Program Staff #4 and DPH Fiscal Unit

- a) *Custodianship function* – The DPH Program Card Custodian is in-charged of monitoring of gift cards. This function includes storing the gift cards in a safe place after receipt, ensuring that only authorized personnel have access to the cards, maintaining the inventory and distribution records and reconciling the cards with the records. DPH Program Card Custodian(s) must be ready for an on-site audit.

- b) *Administrative function* – The DPH Program Director or Manager must ensure that this policy is being followed by the program. S/he will establish procedures to ensure eligibility requirements are observed. S/he will approve all the purchase order (PO) requests.
- c) *Fiscal function* – the DPH Fiscal Unit’s procurement team will review all relevant documentations and process the PO requests in PeopleSoft. The DPH Fiscal Unit will also maintain a separate inventory record documenting the store name, card value, number of cards ordered and received by (issued to) the DPH Programs. This inventory record will be used as a basis of auditing the DPH Programs. DPH Fiscal Unit will issue the “Gift Card Acknowledgement Receipt” form to document the DPH Program’s receipt of gift cards.
- d) *Purchasing function* – The Office of Contracts Administration (OCA) and Controller’s Office will approve the PO requests initiated by the DPH Fiscal Unit. OCA will dispatch PO copies to appropriate DPH unit for their record.
- e) **Other functions* – DPH program to assign staff
 - 1) *Requesting orders* - DPH Program to assign Staff #1 to handle this function.
 - 2) *Receiving orders* - DPH Program to assign Staff #2 to handle this function. Once the orders are received, Staff #2 will provide a copy of the properly acknowledged packing slips to DPH Fiscal Unit.
 - 3) *Distribution* - DPH Program to assign Staff #3 to handle this function.
 - 4) *Inventory* - DPH Program to assign Staff #4 to handle this function.

IV. GIFT CARD INVENTORY

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

1. DPH Program(s) should 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 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.

7. DPH Fiscal Unit should also maintain a separate inventory record using Quicken or other software applications. For tracking and monitoring, this inventory should record the orders received showing the store name, store value, number of orders, purchase order number and all subsequent issuances to the DPH Program.
8. DPH Fiscal Unit should use the "Gift Card Acknowledgement Receipt" form to document the DPH Program's receipt of gift cards.

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.

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 DPH Program Manager and/or their designee.
2. DPH Program must 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 DPH Program Manager and/or their designee and the DPH Fiscal Office must review and approve such records before each round of gift card distribution.
3. DPH Program must 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/initial/code and the signature of the DPH Program employee distributing gift cards are required. Confidential information that includes client and patient names must be available for audit purposes.
4. Return to the DPH Fiscal Office any gift card not distributed to a client or patient and properly record the card in the inventory records.

5. If gift cards are to be distributed via mail, the assigned DPH program staff will indicate on the gift card issuance logbook the address of the recipient and the reason why the physical distribution is not possible. In recruiting for client participants in the group, the incentive for receiving gift cards for participation is part of the announcement (e.g., communicated in the recruitment flyer). Clients are always notified of gift cards in advance. The gift cards are then discussed in more detail during the client assessment (i.e., when we assess for client's fit to join the group), and in the first session. Gift cards are tied to attendance and to achievement of therapy goals. This is communicated in every group session. Clients receive gift cards at the end of the group. On the last session, it will be communicated that gift cards are mailed to them. The person/staff designated to distribute the gift cards is in-charge of mailing them. Programs may set up to have a mailing system facilitated by program staff (e.g. clinic's administrative assistant). Mailing with tracking will be used to ensure delivery of gift cards to the clients. Mail with tracking capability should ensure mail does not get lost. In the event of loss, gift card will be replaced and recorded appropriately. Mailing costs will be paid by the program's funding source and should be included on the purchase order (PO) request.

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 as defined by the City's Admin Code (e.g., sweetened, and alcoholic beverages, etc.), 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 DPH 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.

VIII. GIFT CARD CERTIFICATION

1. DPH programs using gift cards must have a policy describing their gift card program.

The policy must be consistent with the guidelines of the DPH gift card policy.

2. DPH programs requesting gift cards must certify details of their gift card program including the purpose of the gift card program, method to store gift cards, method of reconciling and accounting for gift card inventory.
3. DPH programs must resubmit the certification to DPH Finance when personnel assigned to gift card tasks are changed.

Reference Material:

City policies and procedures on the acceptance of gifts.

Gift Card Acknowledgement Receipt form

