



London Breed, Mayor

Department of Human Services  
 Department of Aging and Adult Services  
 Office of Early Care and Education

Trent Rhorer, Executive Director

MEMORANDUM

TO: HUMAN SERVICES COMMISSION

THROUGH: TRENT RHORER, EXECUTIVE DIRECTOR

FROM: DAN KAPLAN, DEPUTY DIRECTOR  
 JOHN TSUTAKAWA, DIRECTOR OF CONTRACTS *Ja*

DATE: JUNE 21, 2019

SUBJECT: REQUESTING DEPARTMENT AUTHORIZATION TO PURCHASE AND DISTRIBUTE GIFT CARDS AS INCENTIVES

EFFECTIVE TERM: 7/01/2019 – 06/30/2021

AMOUNT:	New	Contingency	Total
	\$238,000		\$238,000

ANNUAL AMOUNT:	FY 19/20	FY 20/21
	\$119,000	\$119,000

Funding Source	<u>County</u>	<u>State</u>	<u>Federal</u>	<u>Contingency</u>	<u>Total</u>
FUNDING:	\$178,500	\$30,940	\$28,560		\$238,000
PERCENTAGE:	75%	13%	12%		100%

The Department of Human Services (DHS) requests authorization to purchase gift cards for distribution to HSA clients for the period of July 1, 2019 to June 20, 2021, in the total amount of \$238,000. The purpose of this action is to purchase and distribute gift cards for use as client incentives and for other limited uses.

**Background**

The Department primarily uses gift cards to incentivize clients to participate in programs and meet case goals. In 2017, the San Francisco Office of Contract Administration (OCA) mandated the approval of the HSA commission prior to expending City funds for gift cards. OCA also required that HSA establish formal, uniform procedures on the purchase and distribution of these items. In December of 2018, the Controller’s Office released a new city policy regarding the purchasing of gift cards by City departments.

### **Uses of Gift Cards**

- Program incentives for clients of HSA's various programs, including the Office of Economic Support and Self-Sufficiency (ESSS), Family and Children's Services (FCS), Department of Aging and Adult Services (DAAS), and the Office of Early Care and Education (OECE).
- Incentives for foster parents, In-Home Supportive Service (IHSS) providers, childcare providers, and other caregivers for training, survey response, and other program incentives.
- Incentives for community members to participate in trainings, evaluations, and surveys, either through program or HSA's Planning or Communication Offices.
- Gift cards may not be distributed to employees, their immediate family, to contractors, or other staff working on behalf of the City.

### **HSA Gift Card Procedures**

In consultation with the San Francisco Controller's Office and the City Attorney's Office, HSA has developed protocols for the purchase and handling of gift cards. The handling of gift cards will involve the combined oversight of program, fiscal, contracts staff, and management from the point of order requests to the final issuance of gift cards to their recipients. The current attached policy has been revised to be in compliance with the new citywide policies from the Controller's Office.

Gift cards will be stored in a secure location, and released only when anticipated gift card use/exchange will take place within five business days. Documentation will be maintained at each point of gift card transfer, and to verify the recipient's eligibility to receive the gift card. Regular monitoring of gift card distribution will take place every three months by an HSA manager. This monitoring will involve inspection of receipts and records of gift card transactions, ensuring their accuracy and appropriateness.

### **Funding**

Funding for gift card purchases will be provided by Federal, State, and Local funds.

### **ATTACHMENTS**

HSA Policy & Procedure on Gift Cards as Program Incentives

## Human Services Agency Policy & Procedure on Purchasing of Gift Cards

The Department of Human Services Agency (HSA) is establishing a policy on gift cards used as program incentives for clients and community partners. Gift cards are quasi-cash and must be handled in a similar manner to petty cash funds. There must be standardized procedures and internal controls in place to avoid the mishandling or misuse of gift cards. Gift cards must be purchased through the HSA Office of Contracts Management (OCM).

- I. Appropriate authorization to purchase gift cards.
  - a. The general use and purchase of gift cards must be approved by the Department of Human Services Commission.
  - b. The specific purchase of gift cards for the program must be approved by the Deputy Director of the program and the Director of Finance and Administration. The approval must specify the purpose and amount of the gift cards.
  
- II. Use of gift cards.
  - a. Gift cards must serve a legitimate, programmatic purpose and cannot be used for personal gain by staff procuring or handling the gift cards.
  - b. Gift cards must be purchased and used for a specific and identified purpose. Allowable uses for gift cards include the following:
    - i. Incentives for current and former clients for participation in a program, meeting case plan goals, and participating in surveys/evaluations. County Adult Assistance Programs with maximum monthly amounts of aid to which recipients are entitled will account for clients' eligibility for gift card incentives before disbursing.
    - ii. Incentives for foster parents, child care providers, In-Home Supportive Service (IHSS) providers, and other caregivers for participation in training survey responses, and programs.
    - iii. Incentives for community members who participate in surveys, evaluations, and training.
  - c. Gift cards may not be distributed to employees, an employee's immediate family members, contractors, or other staff working on behalf of the City and County of San Francisco.
  - d. Gift cards should not be used to purchase program materials.
  
- III. Separation of Duties.
  - a. This serves partly as an internal control so there is oversight of having a different person designated at each stage in the handling or transfer of gift cards.
    - i. Requesting the order of gift cards (program staff)
    - ii. Approving order of gift cards (program and admin deputy director)
    - iii. Purchasing the gift cards (contracts staff)
    - iv. Receiving the gift cards (designated fiscal staff)
    - v. Distributing the gift cards (line staff)
    - vi. Monitoring gift cards usage (supervisor)
  - b. Under no circumstance may staff involved in this process issue or use a gift card for him or herself, or any immediate family

- IV. Purchasing of gift cards.
- a. Gift cards must be purchased through the HSA Office of Contracts Management in coordination with the Office of Contract Administration (OCA) and the Office of the Controller.
  - b. OCM will only be able to purchase gift cards from Suppliers available through the city procurement process.
  - c. The quantity of gift cards must be no more than anticipated for use in a 12-month period.
  - d. Individual gift cards should not exceed \$25 in denomination. The amount should be appropriate to the use.
- V. Ordering of Safeway gift cards by Program staff.
- a. Written quote – Obtain a written quote from Safeway. Quotes are to be requested from Safeway (Northern California Division) representative Barbara Benge (Barbara.Benge@safeway.com or 925-467-2181).
  - b. Submit request into Procurement and Contract Tracking (PACT) system.
  - c. PACT request should include: (a) description; (b) business justification for purchase of gift cards; (c) quantity; (d) estimated cost; (e) expected due date; (f) an attached copy of the quote; (g) index and sub codes (chartfields) and (h) supervisor approval.
  - d. Complete Gift Card Questionnaire and 12B Compliance Justification forms provided by the assigned purchaser after the PACT request has been approved.
  - e. Obtain approvals from supervisor and appropriate director/deputy director, the director of administration and finance, and budget staff.
  - f. Fill out Form 4028 and send a scanned copy (with written quote) via email to Contracts/Purchasing. *Note: Gift card requestor will need to separately submit Form 4028 to Accounting with PO # added.*
  - g. Submit Form 4028 to Accounting – Fill out Form 4028 (check request form) and include PO#. Send to Accounting per form's instructions.
  - h. There have been some issues with these cards. Please discuss with the Contracts Director prior to using Safeway.
- VI. Ordering of Target gift cards by Program staff.
- a. Submit request into Procurement and Contract Tracking (PACT) system.
  - b. PACT request should include: (a) description; (b) business justification for purchase of gift cards; (c) quantity; (d) estimated cost; (e) expected due date; (f) any special delivery notes, such as the type of gift card design desired; (g) index and sub codes (chartfields) and (h) supervisor approval.
  - c. Complete Gift Card Questionnaire and 12B Compliance Justification forms provided by the assigned purchaser after the PACT request has been approved.
  - d. Obtain approvals from supervisor and appropriate director/deputy director, the director of administration and finance, and budget staff.
  - e. Fill out Form 4028 and send a scanned copy (with written quote) via email to Contracts/Purchasing. *Note: Gift card requestor will need to separately submit Form 4028 to Accounting with PO # added.*

- f. Submit Form 4028 to Accounting – Fill out Form 4028 (check request form) and include PO#. Send to Accounting per form’s instructions.
- VII. Ordering of Visa gift cards by Program staff.
- a. Submit request into Procurement and Contract Tracking (PACT) system.
  - b. PACT request should include: (a) description; (b) business justification for purchase of gift cards; (c) quantity; (d) estimated cost; (e) expected due date; (f) any special delivery notes, such as the type of gift card design desired; and (g) supervisor approval.
  - c. Complete Gift Card Questionnaire provided by the assigned purchaser after the PACT request has been approved.
  - d. Obtain approvals from supervisor and appropriate director/deputy director, the director of administration and finance, and budget staff.
  - e. This process will follow the policy set forth by the Office of the Treasurer in order to obtain the gift cards once the initial request has been submitted into PACT.
  - f. Keep in mind there is a \$2.50 per card activation fee and this is charged in addition to the dollar value loaded into the card.
- VIII. Ordering from other vendors
- a. It may be possible to order from other vendors.
  - b. There are administrative steps that must be taken in order to use other vendors.
  - c. Contact the Purchasing Supervisor regarding the use of other vendors.
- IX. Secure and safe holding.
- a. Similar to cash, gift cards must be secured to prevent theft or loss.
  - b. Gift cards should be delivered and/or received by HSA’s Fiscal office.
  - c. Gift cards must be held in a locked safe/box and in a locked fiscal office with controlled public access. Program must maintain a log that tracks access to the safe separate from tracking transactions.
  - d. Program should hold no more than 5 business days of anticipated use of gift cards. Cards in excess of 5 days anticipated use should be held by the Fiscal office.
  - e. When Program receives additional cards from Fiscal, Program must submit to Fiscal documentation (see Section IX(b) for Documentation) verifying distribution of disbursed cards to recipients.
- X. Documentation of the holding, distribution, and disbursement of gift cards, and amounts.
- a. There must be documentation at each stage of exchange in handling the cards:
    - i. Delivery/receipt of cards
    - ii. Fiscal safe holding
    - iii. Picking up cards by Program from Fiscal
    - iv. Staff taking gift cards from program holding
    - v. Staff handing cards to client or other recipient, client eligibility
    - vi. Any other exchange of cards within this disbursement
  - b. Tracking – Documentation must include:

- i. Standardized forms – staff must use standardized inventory logs that clearly identify the vendor, program / project, quantity and amounts/denominations, serial numbers, dates of transaction or monitoring, name/title and signatures of persons the cards were transferred from/to.
- ii. Fiscal should maintain a master inventory log and Program should maintain a separate project inventory log.
- iii. Access to inventory logs should be restricted to authorized employees. Access should be revoked for staff when no longer needed.

XI. Disbursement of gift cards to the final recipient.

a. Eligibility

- i. Gift cards can only be given to people who meet the requirements or eligibility standards identified for the cards.

b. Handling

- i. Gift cards should be disbursed in person in a safe location.
- ii. If the client or recipient does not receive the gift card immediately, it should be put in a secure location if not over a limited period of time (48 hours or less), or returned to the program holder if longer.
- iii. Disbursing cards by mail or otherwise not in hand must have management approval and measures must be taken to ensure receipt by the recipient.

c. Documentation

- i. Disbursement to the recipient must include acknowledgement of receipt. In most cases, the worker should make a copy of the gift card that also shows the serial number. After the recipient signs, the worker should make a PDF of the signed copy and keep with program documentation.
- ii. Documentation should note that recipient met the requirement/eligibility to receive the card.
- iii. This documentation should be kept in a standardized location, at the point of disbursement, and in a case file when given to clients.
- iv. Documentation should track the amount given over time.

d. Actual Disbursement to client.

- i. In-person disbursement: At the time of disbursement, recipients are asked to sign and date the gift card photocopy page to confirm that they received the card.

Use the signatures on the photocopies to update the project log with client name and date disbursed.

- ii. In-person disbursement via colleague: In some projects, the SFHSA employee managing gift card documentation works with another worker who directly disburses the gift card to a client/community member. In these situations, the second worker is responsible for sending back the recipient signature documentation.

In these situations, the following information should be added to the Project Disbursement Log: name of secondary worker and date gift card given/sent to secondary worker.

Use the signatures on the photocopies to update the project log with client name and date disbursed.

- iii. Postal mail disbursement: Gift cards are sent via mail for projects involving phone interviews. During the interview, clients should be informed that they will receive a photocopy of the gift card and will need to sign and return this page. When the gift card is sent to the interviewee, the letter accompanying the gift card should include instructions to return the photocopy page using a pre-addressed, postage-paid HSA envelope (included in the mailing).

Prior to mailing, add the recipient name and date mailed to the Project Log. Also include a field for date signature returned and then document the date that the signed photocopy is received.

XII. Regular monitoring of the distribution and use of gift cards.

- a. For program documentation, records and cards must be audited once every six months by fiscal staff. For fiscal office documentation, records and cards must be audited once every six months by contracts staff. This is to ensure monitoring is conducted by independent groups.
- b. The monitoring of gift cards must include a check for secure keeping, limited handling, accuracy in records, and match in quantities and value.
- c. Monitoring should include spot checking receipt and documentation of actual cards in the chain of distribution to the client or other recipient.
- d. Any discrepancies in quantities and the amount must be reported to the Fiscal Director and Director of Investigations. Significant discrepancies must be investigated and addressed.
- e. In addition to accuracy, the monitoring must also review for potential of fraud, theft, and abuse. Any instances that may involve theft, fraud, or abuse must be reported to the Deputy Director of Administration and Finance, Director of Investigations, and Fiscal Director, as appropriate.
- f. Documentation should be copied and sent to Fiscal on a quarterly basis.
- g. Any adjustments to inventory logs must be reviewed and approved by management.

X. Record retention

- a. All documentation must be maintained for no less than five years for auditing purposes.