



Edwin M. Lee, Mayor

Trent Rhorer, Executive Director

MEMORANDUM

TO: HUMAN SERVICES COMMISSION

THROUGH: TRENT RHORER, EXECUTIVE DIRECTOR

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

DATE: NOVEMBER 10, 2017

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

TERM: 11/1/17 – 6/30/19

AMOUNT:	<u>New</u>		<u>Total</u>
	\$160,200		\$160,200
ANNUAL AMOUNT:	<u>FY 17/18</u>	<u>FY 18/19</u>	
	\$80,100	\$80,100	
Funding Source	<u>County</u>	<u>State</u>	<u>Federal</u>
FUNDING:	\$120,150	\$20,826	\$19,224
PERCENTAGE:	75%	13%	12%
			<u>Total</u>
			\$160,200
			100%

The Department of Human Services (DHS) requests authorization to purchase gift cards for distribution to HSA clients for the period of November 1, 2017 to June 30, 2019, in the total amount of \$160,200. The purpose of this action is to purchase and distribute gift cards for use as client incentives and other limited uses.

Background

The Department has historically used gift cards to serve municipal purposes such as to incentivize the accomplishment of tasks pertaining to client case goals. Because of HSA’s volume of gift card purchasing, the San Francisco Office of Contract Administration (OCA) recently 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.

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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), for accomplishing tasks and meeting case goals. 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.
- 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.

HSA Gift Card Procedures

In consultation with the San Francisco Controller's Office and City Attorney, HSA has developed uniform protocols for the purchase and handling of gift cards. This 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.

Gift cards will be stored in a secure location, and released only when anticipated gift card use/exchange will take place within two months. 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

Department of Human Services Agency
Policy & Procedure on Gift Cards as Program Incentives

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 and CBO staff who participate in surveys, evaluations, and training.
 - c. 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 a staff involved in this process issue or use a gift card for his or herself.

- 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).
- 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 \$50 in denomination. The amount should be appropriate to the use.

V. Ordering of gift cards by Program staff.

- a. Written quote – Obtain a written quote from vendor. SFHSA typically purchases gift cards from Barbara Benge of Safeway, Inc., (Barbara.Benge@safeway.com or 925-467-2181)
- b. Request Purchase Order Number (PO#) from Contracts/Purchasing – The following items are needed to request a PO# from Contracts/Purchasing: (a) written quote from vendor; (b) index and sub-codes (chartfields) to fund purchase; and (c) supervisor approval.
- c. 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.*
- d. Obtain approvals from the supervisor and appropriate director/deputy director, the director of administration and finance, and budget staff. Submit these approvals as part of request.
- e. Submit Form 4028 to Accounting – Fill out Form 4028 (check request form) and include PO#. Send to Accounting per form's instructions.

VI. 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 one to two months anticipated use of gift cards. Cards in excess of two months 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 VII(b) for Documentation) verifying distribution of disbursed cards to recipients.

VII. 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.

VIII. 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.

IX. 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.

