

Item Arising This Year

04-1 Gift Card Policy

_____ issues gift cards and gift certificates for various purposes. As allowed by grants, these may include such things as:

- Payments to individuals for services performed, such as when individuals are hired or volunteers solicited to review grant proposals and awards.
- Purchase of supplies or payment for meals when traveling that would ordinarily be out-of-pocket and reimbursable.
- Incentives for individuals to participate in _____'s grant programs and studies.
- Temporary assistance to individuals.

Schedule 1 ***(Continued)***

Page 26

_____ currently has some policies regarding the use of gift cards and gift certificates, but these policies are not consistently followed nor are the policies all-inclusive. For example, the current policy requires prior supervisor approval and receipts to be submitted when employees use gift cards for supplies or meals when traveling. This policy is not always followed. Although _____'s policies provide that individuals receiving gift cards or gift certificates as a form of temporary assistance are limited to receiving such assistance only once every three years, _____ makes no attempt to ensure that the goods or services on which the request was based were actually received.

For gift cards provided as payment or incentive to volunteers and participants, a list naming the specific recipients is not always maintained. Finally, _____ has not monitored gift card payments for possible Internal Revenue Service income reporting purposes.

We recommend _____ strengthen its policies relative to the use of gift cards and gift certificates and that these policies be strictly and consistently enforced. Whenever possible, receipts should be returned to the office manager to support the expenditure.

Records maintained for gift cards should include specific identification of who received the gift card, the reason the gift card was issued, and whether the user was notified the value received was for payment of services rendered and should be considered income by the user. _____ should comply with Internal Revenue Service regulations where an individual who earns more than \$600 is required to receive a Form 1099.