



INTER-OFFICE MEMORANDUM

TO: Patrick O'Connor, Director of Finance
FROM: Anthony Nicks, Director of Internal Audit
DATE: April 28, 2011
SUBJECT: Treasury Gift Card Audit

The Office of Internal Audit has completed the quarterly audit of the gift cards issued by the Office of Treasury in the Finance Department. Attached is a copy of our findings and recommendations.

If you have any questions, please contact me.

cc: Tammy Goebeler, Finance Investment Officer
Troy White, Director of Human Services



FULTON COUNTY

FULTON COUNTY, GEORGIA

OFFICE OF INTERNAL AUDIT

FULTON COUNTY DEPARTMENT OF FINANCE

TREASURY GIFT CARD AUDIT

APRIL 27, 2011

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Introduction

The Office of Internal Audit performed an audit of the Visa gift cards issued by the Office of Treasury in the Finance Department. The audit was conducted as required by the Treasury Gift Card Standard Operating Procedures. The standard operating procedures were recently updated in December 2010 as a result of employees' misuse of gift cards. Treasury is currently responsible for the safeguarding, procurement and distribution of the gift cards to the appropriate agencies of Fulton County. The gift cards were issued to the Department of Health and Human Services (HHS) for their Teen Dads Program and to the Office of Communications for the quarterly F.O.C.U.S Awards.

Background

The Teen Dads Program provides support services to teen fathers who are 19 years of age or younger who are usually unemployed and/or homeless. The gift cards are used as incentives to encourage the teen fathers to support their children and will only be used to obtain items for the child. The participants receive \$25 gift cards on a monthly basis.

The Office of Communications recognizes outstanding employees on a quarterly basis and they receive an F.O.C.U.S Award. As a gift of appreciation, Fulton County rewards the employee with a \$50 gift card.

Objective

The objective of our audit was to evaluate the effectiveness of procuring the gift cards and determine if adequate controls are in place to prevent misuse.

Scope

The period covered by this audit is from implementation of the updated gift card standard operating procedures dated December 13, 2010 until the end of the first quarter of 2011.

Methodology

During our audit of the gift cards, we examined evidence to determine compliance with the standard operating procedures. The evidence we reviewed included:

- Treasury Gift Card Standard Operating Procedures
- HHS Gift Card Standard Operating Procedures
- Wachovia Gift Card Order Requests
- Gift Card Requisition Forms (GCRF)
- Wachovia Gift Card Inventory Log
- Gift Card Roster
- Remaining gift card inventory

Findings and Recommendations

Finding 1 – Program’s Failure to Properly Reconcile

The HHS Gift Card Standard Operating Procedures explains that the financial systems supervisor should reconcile the gift card roster to the GCRF and indicate the completion of the reconciliation by signing the GCRF. The GCRF should be submitted to Treasury along with the gift card roster by the financial systems supervisor. As of the audit date, an adequate reconciliation of the three gift card requisition forms for Teen Dads Program has not been submitted to Treasury. As a result of not submitting a sufficient reconciliation to Treasury, the Teen Dads Program will not be able to receive any additional gift cards and may lose gift card privileges.

Recommendation

The financial systems supervisor for the Teen Dads program should ensure that all GCRFs are properly reconciled and submitted to Treasury to guarantee the program is able to receive gift cards in the future to continue the purpose of the program.

Finding 2- Program Not Verifying Purchases Timely

The HHS Gift Card Standard Operating Procedures state that participants of the Teen Dads Program must return receipts to the program manager as proof that purchases were made to obtain items for their children. Participants’ receipts of the purchases made, using the gift cards, should be verified on the gift card roster. The completed gift card roster should be submitted to the financial systems supervisor by the program manager within three business days of the issuance of the last card on the roster. Based on the audit, there were still participants’ receipts that were not returned and outstanding balances remaining on the gift cards. Failure of participants to submit their receipts causes delays in the verification process and submission of completed gift card roster to the financial systems supervisor. As a result, the program is at risk of losing the use of gift cards.

Recommendations

The program manager should ensure that the participants of the Teen Dads Program return their receipts for completion and submission of the gift card roster to the financial systems supervisor in a timely manner.

Conclusion

We noted two weaknesses which included the Teen Dads Program’s failure to properly reconcile and not verify purchases timely. We would like to thank management and staff for their timely cooperation and assistance during the audit. The Office of Internal Audit will continue to monitor and audit the gift cards on a quarterly basis.