



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Treasury Gift Card Audit
March 15, 2019**

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INTRODUCTION

The Office of the County Auditor performed an audit of the Treasury Gift Card Program administered by the Finance Department's Office of Treasury. This audit was conducted as required by the *Treasury Gift Card Procedures*.

BACKGROUND

The Finance Department's Office of Treasury manages the Treasury Gift Card Program which consists of procuring, safeguarding, and distributing prepaid gift cards to all Fulton County programs. The Treasury Gift Card Program allows departments within Fulton County to obtain prepaid VISA gift cards in denominations of \$25, \$50, \$75, \$100, and \$200. Departments provide the gift cards as incentives to participants in various County programs and/or activities. Gift cards are also provided as prizes for contests offered throughout the County and/or monetary awards to recognize employee achievements. During the scope of the audit, we noted that gift cards were issued to the following departments:

The **Department of Arts & Culture** provides gift cards for participation in the annual National Arts Program (NAP). The program is designed to give all artists, at all skill levels, a unique opportunity to exhibit their work in a talented manner and to compete for prizes. The exhibits are judged by professional artists and visual art professionals in Amateur, Intermediate, Professional and Youth classifications. The gift card awards range from \$25 - \$300 in the following categories: Youth 12 & under, Teen 13 – 18, Amateur, Intermediate, Professional, and People's Choice.

The **Department of Public Works' Water Resources Division** sponsors a Model Water Tower Competition. This competition requires students to design and build a water tower to meet certain size requirements. The models are judged on three (3) categories including: hydraulic and structural efficiency, as well as, ingenuity and interview presentation. The participants are enrolled in grades 6-8 and reside in Fulton County. The prizes encompassed the following awards: \$150, \$50, and \$25 gift cards.

In an effort to continue public outreach and education, the **Department of Public Works' Water Resources Division** sponsors the Water Art Calendar Contest. Fulton County students in grades K-12 are encouraged to participate in the contest. The students are invited to create art work promoting better water quality and water conservation practices to assist in positive environmental awareness. The gift card awards range from \$25 - \$100. The art from the contest is featured in the 2018 Water Art Calendar.

The Personnel Department provides gift cards to encourage stellar customer service efforts by County employees for the greater good of Fulton County citizens. The customer service legend star employee awardee is issued a gift card in the amount \$50 for their commendable customer service efforts.

External Affairs provides gift cards for the “Fulton-One County United in Service” (F.O.C.U.S) awards. The F.O.C.U.S. program recognizes employees of Fulton County Government for their exemplary service. Any employee of Fulton County may nominate another employee for recognition in one (1) of the ten (10) possible categories. The awards categories are as follows:

- Customer Service
- Efficiency
- Heroism
- All People are Healthy
- Impact
- All People Trust Government and are Fiscally Sound
- All People Have Economic Opportunities
- All People Are Culturally and Recreationally Enriched
- All People Are Self Sufficient
- All People are Safe

Nominations may include individual employees or teams of employees working together. The award amounts for individual and group awards are \$50 and \$150, respectively. Nominations are reviewed by a countywide Nomination Review Committee. The committee evaluates nominations based on award criteria.

The **Department of Housing and Community Development** conducts a count of the homeless population located in Fulton County as mandated by the U.S. Department of Housing and Urban Development. The department coordinates and trains a group of volunteers to collect information from homeless Fulton County residents within certain assigned geographic areas. Each volunteer receives a \$50 gift card for his/her participation.

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of the existing policies and procedures related to the procurement and distribution of gift cards and to determine the adequacy of controls over the departmental operating procedures to ensure compliance with the *Treasury Gift Card Procedures*.

SCOPE

The scope of this audit was from January 1, 2018 through December 31, 2018.

METHODOLOGY

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient,

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

To achieve our audit objectives, we reviewed the following documentation:

- Treasury Gift Card Standard Operating Procedures;
- Departmental Gift Card Standard Operating Procedures;
- Wells Fargo Gift Card Order Requests;
- Gift Card Inventory Management Log;
- Gift Card Requisition Forms;
- Gift Card Inventory Listings;
- Gift Card Reconciliations;
- Gift Card Rosters; and
- Asset Management System (AMS) General Ledger.

In addition to reviewing the information listed above, we conducted interviews, performed a physical count of the gift card inventory, and ensured the gift cards were properly safeguarded. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Gift Card Purpose Not Stated

The *Treasury Gift Card Procedures* states “the gift card request form must be completely filled out with detail description of the program purpose.” During our review, we noted instances where the requesting departments failed to state the purpose of the gift card on the requisition form, as required. This may have occurred as a result of inadequate reviews of the gift card requisition forms, during the approval process. Not stating the gift card purpose compromises the internal controls within the approval process. Failure to disclose the gift card purpose could result in misuse of gift cards and risk of fraudulent activity.

Recommendation

The Office of the County Auditor recommends that in order to prevent misuse of the gift cards, the departments comply with the *Treasury Gift Card Procedures*, ensuring gift card requisition purpose is defined prior to approving the gift card issuance.

AUDIT CONCERN 1 - Best Practice Not Implemented in Procedures

According to the *Treasury Gift Card Procedures*, gift cards may be used to purchase hospitality items only if the purchasing cards are not available for use and if the event was previously identified in the County Manager's Approved Hospitality Expenditure Request for the current budget year. Our review of the gift cards revealed an occurrence where multiple gift cards were requested to satisfy payments to obtain various items for an award ceremony. Although, the award event was an approved County event, best practice dictates that gift cards should be limited to incentives for participation in award/reward ceremonies. This may have occurred as a result of lack of planning of the department. Consequently, this increases the risk of fraud, waste and abuse, and increases the risk that the gift cards could be used for unauthorized purposes.

CONCLUSION

Our audit of the Treasury Gift Cards identified weaknesses that have resulted in one (1) finding related to the purpose of the gift cards and one (1) audit concern related to best practices. We recommend the Treasury department's staff give immediate attention to the above finding and audit concern.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Robbie Bishop-Monroe, Audit Coordinator, in the Office of the County Auditor at Robbie.Bishop-Monroe@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.