



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Treasury Gift Card Audit
March 26, 2021**

TABLE OF CONTENTS

TABLE OF CONTENTS 1

INTRODUCTION 1

BACKGROUND 1

OBJECTIVE 2

SCOPE 2

METHODOLOGY 2

FINDINGS AND RECOMMENDATIONS 3

 Finding 1 – Non-compliance with Standard Operating Procedures 3

 Recommendation..... 3

 Finding 2 – Failure to Properly Safeguard Assets 3

 Recommendation..... 4

 Concern – Incomplete Supporting Documentation..... 4

 Recommendation..... 4

CONCLUSION..... 4

INTRODUCTION

In accordance with the 2021 approved Audit Plan, 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 Policies and 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 departments. 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. The purpose of the gift cards shall be for use as incentives for participation in award/reward ceremonies offered by the County. During our review, it was determined that, the following departments participated in the Treasury Gift Card Program:

The Department of 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
- Impact
- Efficiency
- All People are Healthy
- All People are Culturally Enriched
- All People Trust Government is Efficient, Effective and Fiscally Sound
- All People Have Economic Opportunities
- All People are Self Sufficient
- All People are Safe
- Heroism

Nominations may include individual employees or teams of employees working together. Nominations are reviewed by a countywide Nomination Review Committee. The Committee evaluates nominations based on award criteria. Selection for an F.O.C.U.S Award, indicates that an employee has made significant contributions during his or her tenure with Fulton County that has had a positive impact to citizens and operations.

Department of Behavioral Health and Development Disabilities provides gift cards as a part of the Minority AIDS Initiative Grant (MAI Grant). The MAI grant, is a federally funded program that focuses on African American and Latino males between ages 18 – 40, who are HIV positive or at high risk for being positive. The main goal of the grant is to reduce the spread of HIV and to

increase treatment for HIV and substance use and/or mental health disorders. The grant is a partnership between the Department of Behavioral Health and the Fulton County Board of Health. . Gift cards are provided as means to keep the participants engaged in the program and to assist with food, if they're in need. Gift cards are to be purchased in increments of \$20.00/card.

The Department of Public Works' provides gift cards as incentives for participation in award/rewards ceremonies offered by Public Works. Additionally, gift cards may be used to purchase hospitality items only if purchasing cards are not available for use and if the event was previously identified in the County Manager's Approved Hospitality Expenditure Requests for the current budget year. Gift Cards shall be purchased in the manner described herein and accountability shall be maintained at all levels. Reconciliations of cards to the purchase documents shall be required in all instances and records of reconciliations shall be maintained for five years.

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. Additionally, the adequacy of controls over the department's operating procedures will be evaluated to ensure compliance with the Treasury Gift Card Procedures.

SCOPE

The scope of this audit was from January 1, 2020 through December 31, 2020.

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 performed the following audit procedures:

- Conducted interviews with key staff, to determine the established processes and procedures related to cash handling, as well as, identify internal controls implemented;
- Performed walkthroughs to observe key processes related to gift card distribution and safeguarding
- Performed a hand count of all gift cards on hand within the Treasury office
- Reviewed the Treasury Gift Card Standard Operating Procedures
- Reviewed Fulton County Departmental Gift Card Standard Operating Procedures
- Reviewed the Wells Fargo Gift Card Order Requests
- Reviewed the US Bank Gift Card Order Requests
- Reviewed the Gift Card Inventory Management Log

- Reviewed the Gift Card Requisition Forms
- Reviewed the Gift Card Inventory Listings; and
- Reviewed the Gift Card Reconciliations

We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Non-compliance with Standard Operating Procedures

According to the *Treasury Gift Card Standard Operating Procedures*, “Treasury will periodically conduct an audit of the inventory on hand, compared to the balance sheet account to ensure they are in balance, which will be reviewed by separate ‘Authorized Personnel.’ Documentation will be kept on hand to support this audit/balance check.”

Upon conducting an internal control questionnaire, with Treasury staff, it was determined that from January 1, 2020 – December 31, 2020, the Treasury department did not conduct a departmental audit of all inventory maintained on hand. Pursuant to the department, “departmental audits are not conducted within Treasury because there are only (2) two people with approved access to the gift cards kept in the office.” The department further acknowledged that certain gift cards would not ordinarily be kept on hand by the Treasury department; therefore, these cards were not incorporated in the hand count conducted by the department. Failure to conduct an audit of the inventory on hand could increase the risk of inaccurate reporting. Additionally, lack of compliance with Standard Operating Procedures could increase the likelihood for the misuse of gift cards.

Recommendation

We recommend the Treasury Department continue to uphold the duties detailed in the Standard Operating Procedures for the Gift Card program by ensuring departmental audits are conducted on all inventory on hand.

Finding 2 – Failure to Properly Safeguard Assets

According to the *Treasury Gift Card Standard Operating Procedures*, “The gift cards and inventory list will be stored and maintained in the Treasury vault, only accessible by authorized personnel. The inventory list will be utilized as a log sheet in the process of distributing the cards to requesting agencies.”

During our review and observation of the Treasury vault, it was determined that the vault is not secured and is thereby accessible to everyone in the Treasury office. Furthermore, gift cards are kept outside of the safe within the vault as well. The gift cards that are not properly safeguarded

are left outside of the safe for accessibility purposes, as they are currently being distributed to clients on a daily basis. Failure to ensure gift cards are maintained in a secured location, with limited access, increases the risk of unauthorized use and potential misuse of gift cards.

Recommendation

We recommend the Treasury Department incorporate effective and efficient safeguarding mechanisms to ensure all gift cards are kept in a secured location, only accessible to limited staff.

Concern 1 – Incomplete Supporting Documentation

In accordance with the Treasury Gift Card Operating Procedures, the gift card log should be reviewed periodically under dual control to ensure accuracy. During our review, it was revealed that the gift card logs (Reconciliation Form) are not being reviewed for accuracy; such that, we identified gift card logs that did not include the gift card number for (3) three cards that were distributed. The gift card log was incomplete due to an oversight by the department. Failure to ensure the gift card logs are completed in its entirety could result in inaccurate record keeping.

Recommendation

We recommend the department ensure accurate and efficient management reviews are conducted for all gift card related documents. Furthermore, we recommend management verify all documents are completed in their entirety.

CONCLUSION

Based on the audit performed, the Treasury Gift Card Program appears to be operating effectively and efficiently. However, we identified the following two (2) findings and one (1) concern that require the attention of management:

- Non-compliance with Standard Operating Procedures;
- Failure to Properly Safeguard Assets; and
- Incomplete Supporting Documentation

The Office of the County Auditor will continue to monitor the *Treasury Gift Card Program* to determine the adequacy, effectiveness and timeliness of action taken by management on the reported findings and recommendations.

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 Joi Hargis, Audit Coordinator, in the Office of the County Auditor at joi.hargis@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.