



FULTON COUNTY

FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Treasury Gift Card Audit
March 31, 2016

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INTRODUCTION

The Office of the County Auditor performed an audit of the VISA gift cards issued by the Office of Treasury in the Finance Department. The quarterly audit was conducted as required by the Treasury Gift Card Standard Operating Procedures. Treasury is currently responsible for safeguarding, procuring and distributing the gift cards to the appropriate agencies of Fulton County. The gift cards were issued to the following departments: Arts & Culture; Personnel; Health and Human Services (HHS); Water Resources and the Office of Communications.

BACKGROUND

The Gift Card Program has several facets and encompasses many departments. The departments reviewed were the Department of Arts & Culture, the Personnel Department, the Health and Human Services Department, the Office of Communication and the Department of Water Resources.

The Department of Arts & Culture provides gift cards as juried awards for participation in the annual National Arts Program (NAP). The program is designed to give all artists, at all skill levels, an uninhibited opportunity to exhibit their work in a professional 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 cards are distributed as reflected below:

- **Youth 12 & Under:** First Place - \$75; Second Place - \$50; Third Place - \$25
- **Teen 13 – 18:** First Place - \$75; Second Place - \$50; Third Place - \$25
- **Amateur:** First Place - \$300; Second Place - \$200; Third Place - \$100
- **Intermediate:** First Place - \$300; Second Place - \$200; Third Place - \$100
- **Professional:** First Place - \$300; Second Place - \$200; Third Place - \$100
- **People's Choice (Best of Show):** \$300

The Personnel Department provides gift cards as employee prizes to be distributed at the annual Employee Appreciation Carnival. The prizes include a \$50, \$100 and \$200 gift card.

Health and Human Services Teen DADs' Program provides gift cards as incentives to encourage attendance, participation and responsibility from young fathers. The program provides parenting classes to young fathers 19 years and younger who live in the poorest neighborhoods, demonstrate the highest level of poor behavioral decisions, lack education, financial support and jobs. These young fathers are most likely to be imprisoned, collect welfare or commit crimes. The Teen DADS program is used to offset negative behaviors and to encourage young fathers to be Determined, Active, Dedicated and Supportive in their children lives. The gift cards are used to obtain items for their children and the participants receive \$25, \$50, \$75, and \$100 gift cards on a monthly basis.

The Office of Communications 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 of 10 possible categories. The award categories are listed below:

- Above & Beyond
- Community Service
- Cross-Departmental Collaboration
- Innovation and Ideas
- Customer Service
- Heroism
- Leadership
- Professional Excellence
- Safety and Security
- Green Champion

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.

As part of the **Department of Water Resources’** ongoing public education and outreach, the department sponsors the Water Art Calendar Contest. The contest is open to all students of Fulton County schools grades K-12 attending public, private, charter or home school. The students are invited to create art work promoting better water quality and water conservation practices to serve as a daily reminder of the importance of water in our everyday lives. In 2015, from the submitted entries, 26 drawings (1-cover, 12-monthly and 13-honorable mentions) were selected and were featured in the 2016 Art Calendar. The Grand Prize Winner received a \$100 gift card and the monthly winners received a \$50 gift card. The honorable mentions, along with the teacher of the Grand prize winner and the school with the most submissions, received \$25.00 gift cards. In addition, the department hosts a reception for all the winners, prior to the BOC meeting where they are recognized.

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 October – December of 2015.

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
- Wells Fargo Gift Card Order Requests
- Sun Trust Gift Card Order Requests
- Gift Card Requisitions Forms (GCRF)
- Gift Card Reconciliation Packages
- Gift Card Inventory Log
- Gift Card Rosters
- On-Hand Gift Card Inventory

FINDINGS AND RECOMMENDATIONS

Finding 1 – Non-Compliance with Standard Operating Procedures

According to the Standard Operating Procedures for the Water Resources Division,

“The purchase of gift cards shall be limited to incentives for participation in the Water Resources Division’s contest, unless prior approval is granted by the Director. The roster for non-incentive gift cards given to clients should be marked with a “Y” in the purchase receipt column to indicate the receipts have been approved and copies of the receipts to verify that all purchases were made within the programmatic guidelines should be attached.”

During our review of the reconciliation packages provided by the Office of Treasury, we discovered that personnel from the Department of Water Resources utilized gift cards to purchase hospitality items for a reception hosted for the winners of the Art Calendar Contest held at the Government Center. Management informed us that the hospitality items were purchased on gift cards because purchases could no longer be made with the purchasing card in December, 2015 as the cut-off date for purchasing card use was in November, 2015. The utilization of gift cards to purchase hospitality items without supporting documentation of prior approval gives the appearance of non-compliance with written operating procedures. Additionally, the County incurs the expense of purchasing the gift cards and purchases made with the gift cards are charged sales taxes.

Recommendation

We recommend the department ensures adherence to established guidelines in reference to the utilization of gift cards. If the utilization of the gift cards to purchase the hospitality items for the reception is approved as an alternative method, the department should amend their

current standard operating procedures to reflect this action. Additionally, the department should provide supporting documentation that denotes approval by the applicable departments and management of the respective departments.

CONCLUSION

Our audit of the gift cards identified one weakness in reference to non-compliance with standard operating procedures. This finding should be addressed and corrected to avoid future compliance issues. The Office of the County Auditor will continue to monitor and audit the gift cards on a quarterly basis.

Please provide a written response to this audit within 30 days. You may email your written response to the County Manager and Brigitte Bailey, Audit Coordinator in the Office of the County Auditor at Brigitte.Bailey@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.