

GIFT CARD BEST PRACTICES
FOR OFFICE FOR VICTIMS OF CRIME (OVC)-FUNDED VICTIM SERVICE PROVIDERS
(GRANTEES AND SUBGRANTEES)

Victim service organizations often need to provide for urgent and short-term victim needs. Limited and controlled use of gift cards to meet these needs is allowable with most OVC victim service funding (subject to the terms and conditions of the specific award or subaward). However, there is inherent risk in converting grant funds into gift cards, which can be difficult to track and monitor. Lack of administrative oversight and inadequate internal controls¹ over gift cards, can lead to these costs being questioned in audits. As a result, OVC recommends that organizations using OVC funding for urgent and short-term victim needs, provide in-kind supplies and services (e.g., food, clothing) to victims, instead of gift cards, whenever possible.

Gift cards should be used only when reasonably necessary. OVC-funded organizations using gift cards should have a written gift card policy and internal controls over the purchase, storage/custody, use of, and accounting for, gift cards. The following are recommendations for such policies and controls.

Purchase of Gift Cards

- Describe in the policy the circumstances under which gift cards may be purchased, and the purchase approval process (typically, the organization's normal procurement process).
- Address limits on the quantity and range of denominations for individual cards. OVC suggests not exceeding \$100 per card, and limiting quantities to the fewest cards necessary at a time.
- Ensure adequate segregation of duties (*i.e.*, the purchaser should not be the authorizer) of those with access to the gift cards.
- Document who requested the purchase and who authorized it; the purpose of the card(s), and receipts or like documentation substantiating the amount of funds used for the purchase; and who made the purchase including where and when.

Storage and Custody of Gift Cards

- Designate a gift card custodian. The custodian is responsible for the purchase, security, dispensing to organization staff, tracking, and replenishing of gift cards. (Ideally, this should be one person or position, though in larger organizations, several people may occupy this role, in which case roles and responsibilities should be clearly delineated.)
- Require that the custodian track the inventory of gift cards (noting serial numbers and denominations) upon purchase and the receiving employee upon disbursement.
- Require the custodian to store gift cards in a secure location (e.g., locked file cabinet) with access limited to the custodian(s).

Accounting for Gift Cards

- Typically, gift card purchases should be recorded in the organization's general ledger.

¹ *Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and (c) Compliance with applicable laws and regulations. See 2 C.F.R. § 200.1 (definition of "Internal controls").

- Gift cards purchased with OVC funds that are not used for victim support by the end of the project must be accounted for as award-funded property (see 2 C.F.R. § 200.314, addressing supplies acquired under a federal award), and may require the return of the value of the unused cards to OVC or the pass-through entity.

Issuance of Gift Cards

- Requests to use a gift card should describe the reason for using a gift card instead of in-kind supplies or services.
- Describe in the policy the costs that are typically allowable, and under what circumstances. For example, many victim service programs allow use of cards for food, baby supplies, medicine, clothing, transportation, gasoline, household expenses, and other urgent and short-term needs.
- Describe in the policy the costs that are typically unallowable: For example, cards should not be used for alcohol, cigarettes, entertainment, unnecessary expenses, resale or “cashing out” of cards, or as an incentive for participation in services².
- Require authorization of each request to use a gift card. The authorizer should be a person other than the staff member requesting the card (e.g., staff member submits request, manager signs authorization). Maintain a record of each authorization.

Use of Gift Cards

- Require the client to sign a document describing the number and dollar value of each gift card received, and acknowledging that the client understands and will abide by restrictions on the use of the gift card.
- OVC encourages policies that support victim empowerment and self-sufficiency. Consequently, OVC does not require OVC-funded organizations to have clients submit itemized receipts detailing the use of the gift card to the organization. A client’s written acknowledgement of gift card allowable uses will suffice in normal cases. (VOCA Victim Assistance subrecipients should follow any applicable State Administering Agency requirements.)
- Ensure documentation with a client’s personal identifying information (PII) is treated in accordance with the organization’s policies on protecting PII and client confidentiality.

Internal Controls

- Ensure adequate segregation of duties between employees requesting the card for a client, the manager reviewer/approver of gift card use and purchase, and the gift card custodian.
- Require client acknowledgment of allowable and unallowable uses of card. (Where required by organization, require maintenance of receipts to substantiate purchases with card.)
- Maintain supporting documentation substantiating client eligibility, the purpose for which the gift card was issued, the authorization to disburse the card (including who made and authorized the request and when), and the client’s acknowledgment of receipt of the card.
- Store cards securely in physically secure location and limited access to the gift card custodian(s).
- Maintain written tracking logs (or receipts) showing purchases (including amount, purchaser, and where and when purchased), inventory, and disbursement of cards. OVC recommends auditing these regularly.

² Gift cards sometimes are used for as incentives for participation in research. Incentives may be allowed for purposes of research and evaluation (though note that OVC typically does not fund these activities), but there are separate restrictions on these, and they must have prior approval from the Office of Justice Programs and the research organization’s Institutional Review Board.