

Administrative Policy No.: 19.40.30

Subject: Gift Cards

Contact: Office of Accounting Services
Chief, (360) 664-5716

Authorizing Source: OFM, State administration & accounting manual (SAAM) section [40.30](#) Disbursement of electronic funds/benefits by state agencies

Effective Date: August 15, 2017

Revised: May 28, 2024

Approved By: Original signed by Richard Pannkuk
Assistant Secretary / Chief Financial Officer

Purpose

The purpose of this policy is to establish guidelines regarding the procurement, storage, and disbursement of gift cards.

Scope

This policy applies to all Department of Social and Health Services (DSHS) administrations that use gift cards as part of their program. This policy does not apply to gift cards for employee recognition awards.

Additional guidance

DSHS administrative policies

[13.08](#) Operational (purchased) goods and services

[19.70.13](#) Employee recognition awards

[19.05.01](#) Protected health information & HIPAA compliance in financial documents

[18.91](#) Use of resources

[18.64](#) Standards of ethical conduct for employees

Definitions

Administration means the affected DSHS programs, including the division, office, or staff designated by the assistant secretary or division director as being responsible for compliance

with this policy.

Gift card is a prepaid card usually issued by a retailer to be used as an alternative to cash equivalent for purchases within a particular store or retail business or a prepaid debit card. A gift card is not associated with a bank account. A gift card can be either a physical card or an electronic card.

Provider is any person, business, non-profit, or government entity who provides goods/services to DSHS or its clients.

Policy

A. Gift cards can only be used to provide the following:

1. Incentives and compensation for volunteers, board members, providers, clients, or community members for participating in focus groups, surveys, committees, etc.
2. Incidental costs for clients. Example: Purchasing gasoline for clients to travel to training.

B. Prior to implementation, administrations using gift cards must:

1. Obtain written approval from their DSHS assistant secretary or designee to implement a gift card program.
2. Ensure procedures are established to address procurement, safeguarding and storage, issuing, and voiding missing gift cards. All procedures must be reviewed and approved by the Office of Accounting Services (OAS) chief via the [DSHS tax desk](#) prior to implementing a gift card program.

C. Administrations will develop and implement written procedures to include the procedure for safekeeping of these cards prior to obtaining approval.

1. Administrations must have written procedures that provide directions to staff on how the gift cards are managed. Areas addressed in procedures must include:
 - a. Separation of duties.
 - b. Purchasing responsibilities including dollar limits on the cards, maximum number of cards allowed on-hand at program and office locations, and who will purchase the cards.
 - c. Establish a log for the purchase and issuance of gift cards.
 - d. Establish procedures for the safeguarding and storage of gift cards.
 - e. Inventory management to include monthly physical counts and online

- account reconciliation.
 - f. Report tax information for gift cards to the [DSHS tax desk](#) by January 10th each year. An example of an approved payment tracking template is listed on the [OAS SharePoint](#).
 - i. See procedures for quarterly due dates for tax reporting.
 - 2. Administrations must designate a gift card manager who must:
 - a. Provide training regarding policy and procedures on the management of gift cards within the administration.
 - b. Enforce program procedures and oversee monthly inventory of the gift cards.
 - c. Report any lost or stolen gift cards immediately to [internal audit and consultation](#).
 - 3. Administrations must designate gift card custodians who must:
 - a. Maintain custody of the gift cards at assigned locations and keep the cards in a secure and locked location with limited access.
 - b. Maintain a tracking log, that at a minimum:
 - i. Details items to include date of purchase, card number, card value, and the type of card (e.g. Fred Meyer, McDonald's).
 - ii. Details the date the card was issued and to whom it was issued.
 - A In the event the gift cards are being used for health surveys the name and signature of the supervisor should replace any patient name see [AP 19.05.01](#) protected health information & HIPAA compliance in financial documents.
 - c. For cards issued to DSHS staff for use on behalf of clients:
 - i. Must ensure receipts are received.
 - ii. Must ensure cards with unused balances are returned.
 - iii. Must record the date the card was returned, the unused amount, and that a receipt was received for any amounts spent.
 - d. For cards issued to DSHS staff for third party distribution (for example, focus group members, survey participants, community members) documentation must be provided that identifies actual recipients and the return of any non-distributed cards.
 - i. In the event the gift cards are being used for health surveys the name and signature of the supervisor should replace any patient name see [AP 19.05.01](#) Protected Health Information & HIPAA compliance in financial documents
 - e. Report any inventory discrepancies immediately to the gift card manager.
- D. Annual audit of administrations will be performed by OAS in June of each year.**
- 1. Audit will cover internal procedures, gift card inventory count, purchase and

issuance logs, and monthly physical counts and online account reconciliation.

Procedure

- A. During card counting, two people should be present when conducting the counts whenever possible.
- B. All payments made via gift card must be tracked and reported to the [DSHS tax desk](#) on a quarterly basis. If the due date is on the weekend or holiday, due date will be the first business day that follows.
 - 1. 1st quarter, January 1-March 31, due to [DSHS tax desk](#) by April 5th
 - 2. 2nd quarter, April 1-June 30, due to [DSHS tax desk](#) by July 5th
 - 3. 3rd quarter, July 1-September 30, due to [DSHS tax desk](#) by October 5th
 - 4. 4th quarter, October 1-December 31, due to [DSHS tax desk](#) by January 5th
- C. All payments must be reported to the [DSHS tax desk](#) using the payment tracking template, regardless of the amount issued, or the expected issuance of additional payments.
- D. Payment tracking template will need to be stored in a secure location within the administration as it has protected data contained in the [template](#).
- E. On or before the due date to report to the Facilities, Finance, and Analytics Administration(FFA) team, the [payment tracking template](#) will be sent via Managed File Transfer (MFT) to the FFA team to process.

**Administrations will need to identify who will be responsible for submitting the tracking information to the tax desk, as it is that individual that will be granted access to the MFT and will be provided instructions on how to access. This information is not to be shared.