

Policy

Policy Title:	Stored Value Cards				
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Approved for DHS by *Jim Scherzinger, Chief Operating Officer*

February 1, 2012

Approved for OHA by *Suzanne Hoffman, Chief Operating Officer*

February 13, 2012

Overview:

Purpose/rationale: The purpose of this policy is to increase accountability and provide direction to ensure that the purchase and use of Stored Value cards conforms to applicable state and federal laws, rules and regulations. Purchasing cards is no different than any other agency expenditure that is linked to the agency's budget, accounting functions and inventory controls.

Effectively monitoring the purchase, distribution, and inventory of the cards require strict controls and close management to strengthen regulatory compliance and increase the chances of detecting error, fraud, waste or abuse.

Applicability: This policy is applicable to all employees directly or indirectly responsible for authorizing card purchases, documenting the financial transactions, distributing the cards, or ensuring the cards are safeguarded

Failure to comply: Employees may be liable under ORS 291.990 for the improper use of public funds. Employees who order, authorize or cause to be made any expenditure or obligation in violation of state statutes, policies or procedures can be:

- Subject to fines and penalties,
- Held personally financially liable for the inappropriate expenditure, and
- Subject to disciplinary action up to and including dismissal.

Failure to comply with this policy may result in disciplinary action, up to and including dismissal from state service in accordance with agency policies and applicable state laws, rules and regulations.

Policy:

This policy establishes uniform accountability standards, strengthens internal controls, establishes responsibility and provides equitable uniform business practices governing Stored Value cards.

Managers who authorize the purchase of cards must ensure that the expenditure is for authorized purposes and reflects prudent, economical and fiscal stewardship of public resources. Public funds must currently be available to the agency through appropriation, limitation, or other legislative authority.

Stored Value card purchases may not result in the direct or indirect personal gain of an employee, volunteer, or other ineligible individual and must be able to withstand audit review and public scrutiny.

Managers shall ensure they and their employees conform to this policy.

1. Authority

Stored Value cards are cards from specific vendors that allow the purchase of the value of the cards for goods or services from the vendor. Although the card may be labeled or embossed as a “gift” card, it is not considered a gift card unless the purpose of the card is a gift. Purchasing any type of gift with public funds is strictly prohibited. Managers shall ensure:

- The purchase of the cards is for a lawful purpose and complies with the provisions of the grant or contract requirements and any related state and federal rules or regulations;
- The purchase is supported by the appropriate documentation that is signature-approved and dated by a manager or designee who has the appropriate expenditure decision authority;
- The purchase is a responsible and appropriate use of agency or client funds, and supports the agency’s mission to help clients become independent, healthy and safe;
- Proper internal controls are established to account for and safeguard the cards;
- Separation of duties is sufficient to mitigate risk and/or loss of the cards, e.g., the duties of purchasing the cards, recording the cards in an inventory log, or distributing the cards are performed by different employees. In those cases where staffing limitations may prohibit or restrict the appropriate segregation of duties, the manager shall exercise more active oversight of operations as compensating controls. (For example, a person with access to the secure card location does not have authority to release the card to the recipient).

The manager shall be accountable for any illegal, improper or unauthorized use of the cards.

2. Purchasing Stored Value Cards

The manager or designee with delegated expenditure authority shall review the request to purchase the cards for accuracy and appropriateness prior to signing signature approval. The purchase request must include documentation supporting:

- The purpose for the request;
- The dates of events or the approximate time period when the cards will be distributed;

- The estimated number of cards that will be distributed during the event(s) or within a specific period of time.
- The name(s) of the vendor(s) where the cards will be purchased;
- The total amount of the purchase;
- Detail by vendor itemizing the value of each card and total number cards to be purchased;
- The agency program, funding source and appropriate accounting codes;
- The printed and signed name of the employee submitting the purchase request.

The manager shall ensure the number of cards is limited to a 90-day supply and the total value of the cards does not exceed \$5,000. The agency's Controller or designee may authorize an exception based on the manager's written statement that demonstrates a justifiable business reason for the request.

3. Safeguarding Stored Value Cards

Stored Value cards are negotiable instruments equivalent to cash. Managers shall ensure the cards are:

- Properly verified and recorded in the inventory log, DHS 0249 or similar log, within one business day, and
- Immediately secured in a safe, vault, locking cabinet or other secured location until distributed. When available, cards will be stored in a central cash receipting office where other negotiable items are secured.

4. Inventory Control

a. Newly Purchased Cards

All Stored Value cards, including cards purchased for immediate distribution, shall immediately be recorded on an inventory log upon purchase. The manager has discretion over the format of the inventory control log or may require his/her employee(s) to use DHS 0249, *Stock Control Log*. Use of either log must sequentially identify:

- The date of purchase;
- Card number or series of card numbers, and denomination. When the cards are not pre-numbered, the log must show the number and cash value of the cards by denomination;
- Total quantity and cash value of all cards;
- The name of the manager or designee and agency program that authorized the purchase;
- The reason or intended use of the cards

Note that an inventory log is not required for a single card purchase.

b. Required Inventory

The manager shall ensure that two employees conduct an inventory, at least quarterly, of the cards in inventory. The employees will:

- Complete a dual count of the number of cards purchased by denomination(s)
- Verify the card numbers, denominations, total number and value of cards matches the inventory control log;
- Sign and date the inventory control log, noting any discrepancies in the card numbering sequence, denomination, or other difference in the inventory.

The manager or designee shall review, initial and date the inventory control log and initiate appropriate actions to investigate and remedy any discrepancies and to

strengthen internal controls. The manager or designee shall ensure a copy of the completed inventory control log is retained in a secured location.

5. Distributing Stored Value Cards

a. Obtaining Cards from Inventory

The manager or designee shall provide written notification to the inventory control employee not less than one business day prior to date of removal for offices with a central cash receipting office. The written notification shall include:

- The cards that will be removed from inventory;
- The date of removal;
- The name of the employee who will receive the cards from the inventory control employee;
- Name of the event or the purpose for which the cards will be distributed;
- Date of the event/purpose;
- Estimated number of clients/participants;
- Methodology used to distribute the cards;
- Total number of cards, by denomination and total value, that will be distributed;
- Recipient identifier, e.g., client case number or other generic description to support the reason or purpose for distributing the cards.

The inventory control employee shall complete form DHS 5512, *Daily Issuance Control Log*, or similar log.

The employee receiving the cards for distribution shall:

- Confirm the accuracy of the issuance log, e.g, the card numbers, denominations, total number and value of cards that will be received and distributed;
- Sign and date the issuance log upon verification and receipt of the cards.

A copy of the issuance log shall be retained by the receiving employee for his/her records. The original signed log will be retained as documentation to support the inventory log. Corrections to the log may not be made with white-out or correction tape.

b. Returning Undistributed Cards to Inventory

The employee assigned to distribute the cards shall return all undistributed cards to the inventory control employee immediately but no later than within one business day of the non-distribution. The inventory control employee shall verify the returned cards to the issuance log and update the inventory control log. Both employees shall sign and date the updated inventory control log.

6. Auditing Inventory Control of Cards

Managers are responsible for ensuring all documentation supporting the purchase of cards is retained in accordance with State Archives Retention requirements. Managers shall ensure the documentation is available for periodic announced and unannounced audits by internal or external auditors. The manager shall provide the supporting documentation upon request. The supporting documentation may include, but is not limited to:

- The signed and dated purchase request;
- Inventory control log;
- Issuance log;
- Other documentation requested by the auditor or agency Controller or designee.

7. Retention

Inventory and Issuance logs will be maintained based on State retention rules.

8. Electronic Stored Value Cards

Programs that would like to procure electronic Stored Value cards must submit a request in writing to the Controller. This request must document that the appropriate internal controls are in place to mitigate the risk of loss or abuse. The Controller will review and make a decision whether or not to approve the request based on the documentation provided.

Policies that apply:

DHS-020-001: [Public Contracting Authority and Overview for Supplies and Services Contracts](#)

DHS-040-010: [Delegated Expenditure Authority](#)

DHS-040-019: [Small Purchase Order Transaction System \(SPOTS\) Card](#)

DHS-060-002: [Conflict of Interest](#)

DHS-060-004: [Discipline and Discharge: Classified, Un-Represented](#)

DHS-060-005: [Discipline and Discharge: Management Service](#)

Procedures that apply:

DHS-040-010-02: [Inappropriate Actions](#)

DHS-040-019-01: [SPOTS Card Program Authority Procedure](#)

DHS-040-019-02: [SPOTS Card Application and Issuance Procedure](#)

DHS-040-019-03: [SPOTS Card Security Procedure](#)

DHS-040-019-04: [SPOTS Card Purchases Procedure](#)

DHS-040-019-05: [SPOTS Card Documentation and Reconciliation Requirements Procedure](#)

DHS-040-019-06: [SPOTS Card Abuse or Misuse Procedure](#)

DHS-040-019-07: [SPOTS Card Training Procedure](#)

DHS-040-019-08: [SPOTS Card Program Review and Audit Procedure](#)

Forms that apply:

DHS 0114: Contracts and Procurement Purchase Requisition [WORD](#)

DHS 0249: Stock Control Log [WORD](#) [PDF](#)

DHS 5512: Daily Issuance Log [WORD](#) [PDF](#)

OSH STK10657: Oregon State Hospital Request for Purchase

Definitions:

See [Common Terms](#) for all Finance policies

See [Common Terms](#) for all Administrative Services Division policies

References:

Oregon Revised Statutes 291.990

Oregon Administrative Rules (OAR)

Chapter 166: Oregon State Archives

Division 300: State Agency General Records Retention Schedules

Oregon Accounting Manual (OAM)

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