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## FINDING AND RECOMMENDATIONS

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An FSA official stated that there were no inventory records available to show the balance of the gift cards in the safe. Therefore, we could not perform physical inventory count to validate the gift cards inventory balance.

During the audit period, the SF and APS distributed a variety of gift cards for a total value of \$11,754. We selected a non-statistical sample of 29 gift cards distributed as follows:

- 7 Safeway gift cards for a total value of \$300.
- 7 Giant Food Stores gift cards for a total value of \$132.03.
- 15 Target gift cards for a total value of \$518.12.

For each card selected, we tested the following attributes:

1. Whether the recipient was a client recorded in the DHS System.
2. There was a signed and approved Gift Card Request.
3. There was a Store Receipt that showed the items purchased and the remaining balance on the gift card.

We found that:

- A recipient's name was missing on one Gift Card Request Form.
- There were no supporting documents for two \$25 Target gift cards.

### **Economic Security Administration: *Office of Work Opportunity "OWO"***

Office of Work Opportunity (OWO) helps head of households applying for TANF, to seek jobs while their applications are under review. OWO assists customers in choosing cost-effective and appropriate training that will lead to employment. OWO uses Metro Cards to support achieving the program's objectives.

An OWO official stated that there were no inventory records available to show the balance of Metro Cards in the safe. Therefore, we could not perform physical inventory count to validate the Metro Cards inventory balance.

We selected a non-statistical sample of 300 Metro Cards valued at \$2,600, distributed during the audit period (out of 5,500 Metro Cards for a total value of \$46,200). For each Metro Card, we tested whether the recipient signed for receiving the card and whether the recipient was a legitimate client in the DHS CATCH System.

We found missing information for 13 Metro Cards for a total value of \$148. A DHS official stated that maybe these Metro Cards are in the safe and not distributed. The sequence numbers of these cards are in the middle of the sequence numbers of cards that were already distributed. We concluded that these cards have been distributed and the information was missing and not recorded. Additionally, we found that 4 Metro Cards were distributed to 4 individuals who were

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## FINDING AND RECOMMENDATIONS

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not legitimate DHS's clients. A DHS official confirmed that these individuals' names and their case numbers were not found in the DHS Systems.

### **Economic Security Administration (ESA): *Food Stamp Employment and Training Program "FSET"***

The Food Stamp Employment and Training Program (FSET) is mandated by the U.S. Congress and administrated by the U.S. Department of Agriculture to provide employment and training opportunities for all Supplemental Nutrition Assistance Program (SNAP)/Food Stamp recipients as a condition of eligibility. Under the authority of DHS/ESA, the FSET administers this program in the District. FSET uses Metro Cards to assist in achieving the program's objectives.

On April 21, 2015, we performed a physical inventory count of Metro Cards in the safe, and found 6 Metro Cards for a total value of \$60. The inventory count matched with the inventory records and there was no discrepancy.

We selected a non-statistical sample of 50 Metro Cards (\$10 each), out of 1,090 (total value of \$18,500) Metro Cards received by FSET during the audit period. For each Metro Card selected, we tested the following attributes:

1. There was a recipient's signature.
2. The recipient's name and social security number are recorded on FSET Database.
3. A note in the system was written by the Vocational Development Specialist (VDS) to justify the Metro Card distribution.

We did not find any discrepancies. All the supporting documents for the Metro Cards distributed were sufficient and appropriate.

### **Office of Finance and Treasury "OFT"**

We obtained and reviewed copies of OFT's Monthly Gift Card Audit and Review Sheets (Review Sheets), for the period July 2014, to April 2015<sup>1</sup>. We tested these sheets against OFT's inventory files/binders. The purpose of this test was to ensure that supporting documents existed for gift cards received and distributed.

We found one instance where OFT did not provide documents to support a balance of 1,500 Metro Cards for \$10 each, reported in the Review Sheet.

OFT did not review the Monthly Inventory Reconciliation reports received from the agencies to ensure completeness of the reports and correctness of the calculations. We found that OFT had

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<sup>1</sup> OFT started performing these monthly gift card audits and reviews on July 2014.

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## FINDING AND RECOMMENDATIONS

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missing Monthly Inventory Reconciliation Reports for several months for CFSA's gift cards, such as; Burlington, Safeway, Metro Cards, Target, and McDonald's.

Additionally, we found one instance where the gift cards ending balance in one month inventory reconciliation report did not match the gift cards beginning balance of the following month. OFT officials did not follow up with the agencies regarding any missing monthly inventory reconciliation reports or on any discrepancies in these reports.

### RECOMMENDATIONS

We recommend that the ACFO for HSSC to:

1. Reinforce to the Cluster's accountants the importance of matching the results of the quarterly physical inventory count against the agency's inventory records to validate the results of the inventory counts.

We recommend the Directors of DYRS, CFSA, and DHS to:

2. Establish a complete and accurate gift cards inventory records that show the beginning balance, cards received and distributed, and the ending balance.

We recommend the Directors of DYRS and DHS to:

3. Establish adequate and proper documentation for the distribution of gift cards, to ensure justification and approval is obtained and that gift cards are distributed to individuals who are recorded in the agency's system.

We recommend the Director of DYRS to:

4. Update the DYRS FAM CARE System with the information regarding Visa Cards distributed to DYRS clients.
5. Reinforce to DYRS employees the importance of using the DYRS Form # 1509 "Request for Goods/Services" to ensure documentation of justification and approval of gift cards distributed.

We recommend the Deputy Chief Financial Officer (DCFO) and Treasurer, OFT, to:

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## FINDING AND RECOMMENDATIONS

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6. Reinforce to OFT employees the importance of reviewing the Monthly Inventory Reconciliation Reports received from the District agencies to ensure completeness of these reports and accuracy of recorded inventory balances.

### MANAGEMENT RESPONSES AND OIO COMMENTS

#### Management Response (Recommendation 1)

The HSSC management concurred with the recommendation and stated that the Cluster will adhere to the HSSC's Gift Card Policy and Procedures that align to the recommendation.

#### OIO Comment

HSSC's corrective actions are responsive and meet the intent of the recommendation.

#### Management Response (Recommendation 2)

DYRS management concurred with the recommendation and stated that, effective November 13, 2015, both the Agency Management and Youth and Family Programs, and any programs henceforth that may join the gift card or metro fare card program, will implement and use the Inventory Reconciliation Log.

CFSA management concurred with the recommendation and stated that all responsible program staff designated to maintain and account for the distribution will undergo mandatory refresher training on the procedures on maintaining, distribution and accounting for all gift cards within their respective program administrations. CFSA management also stated that as part of its quarterly review of the CFSA gift card program, CFSA accounting staff will emphasize the aspect of timely and accurate logging of gift card distribution on the inventory sheets.

DHS management concurred with the recommendation and stated that DHS' Office of Program Review, Monitoring, and Investigation (OPRMI) is presently performing an internal audit of the gift card records for compliance with the District gift card policies, which include: the Citywide Gift Card Memorandum of Understanding between the agencies and OFT, OCFO HSSC's draft gift card financial policies and procedures manual, and the draft FSA gift card procedures. This review is almost completed and further internal audits will be conducted by DHS throughout FY 2016 to ensure compliance with the aforementioned policies.

#### OIO Comment

The corrective actions taken by the agencies: DYRS, CFSA, and DHS are responsive and meet the intent of the recommendation.

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## FINDING AND RECOMMENDATIONS

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### **Management Response (Recommendation 3)**

DYRS management concurred with the recommendation and stated that DYRS has issued a memo to staff on the process that must be followed in order to appropriately utilize incentives. Further, DYRS is currently finalizing a more extensive agency procedures document that will add greater clarity and guidance to all practice related to the use of graduated rewards and incentive. DYRS anticipated that the document will be completed and issued to staff by November 16, 2015.

DHS management concurred with the recommendation and stated that FSA has improved its good stewardship of the cards, and is working to finalize its Food and Retail Gift Card/Voucher Procedures manual to ensure effective controls of the gift cards by the end of FY 2016. Additionally, DHS FSA is presently developing a QuickBase database that will track gift card disbursements for all of its programs that receive gift cards. The database will capture all information that is needed to ensure effective controls are in place to protect District assets from fraud, waste and abuse. The database will be fully rolled out by the end of FY 2016 Quarter 2. Furthermore, FSA has reached out to DHS ESA's Food Stamp Employment and Training Program, to initiate a peer-to-peer review of FSA's practices.

### **OIO Comment**

The corrective actions taken by DYRS and DHS are responsive and meet the intent of the recommendation.

### **Management Response (Recommendation 4)**

DYRS concurred with the recommendation and stated that, effective November 13, 2015, DYRS program staff will make a notation in the youth's FAM CARE case file when the youth receives a Visa gift card. DYRS program staff will also upload the approval document into the youth's FAM CARE case file to ensure that relevant documents are maintained in a centralized location.

### **OIO Comment**

DYRS' corrective actions are responsive and meet the intent of the recommendation.

### **Management Response (Recommendation 5)**

DYRS management stated that it is the agency opinion that the use of the DYRS 1509 Form is not the most useful document for tracking the approval, justification, and distribution of gift cards, or metro cards. DYRS will utilize the Distribution Logs to ensure adequate documentation exists regarding the distribution of cards throughout and within the agency.

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## FINDING AND RECOMMENDATIONS

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### **OIO Comment**

DYRS's corrective actions are responsive and meet the intent of the recommendation.

### **Management Response (Recommendation 6)**

OFT management concurred with the recommendation and stated that it has reiterated the importance and significant of reviewing the Monthly Inventory Reconciliation Reports submitted by HSSC to the Payment Operations Center. The OFT has also taken measures to add additional oversight to the reconciliation process by having the Disbursing Supervisor contact agencies when reconciliation reports are not received timely. The OFT will revise its current policy and procedure to require that the HSSC submit reconciliation reports upon submitting requests to purchase gift cards instead of monthly.

### **OIO Comment**

OFT's corrective actions are responsive and meet the intent of the recommendation.

**EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT**

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status <sup>2</sup>
1	Reinforce to the Cluster’s accountants the importance of matching the results of the quarterly physical inventory count against the agency’s inventory records to validate the results of the inventory counts.	Internal Control	November 4, 2015	Closed
2	Establish a complete and accurate gift cards inventory records that show the beginning balance, cards received and distributed, and the ending balance.	Internal Control	November 13, 2015	Open
3	Establish adequate and proper documentation for the distribution of gift cards, to ensure justification and approval is obtained and that gift cards are distributed to individuals who are recorded in the agency’s system.	Internal Control	November 16, 2015 and end of FY 2016	Open
4	Update the DYRS FAM CARE System with the information regarding Visa Cards distributed to DYRS clients.	Internal Control	November 13, 2015	Open
5	Reinforce to DYRS employees the importance of using the DYRS Form # 1509 “Request for Goods/Services” to ensure documentation of justification and approval of gift cards distributed.	Internal Control	November 2, 2015	Closed
6	Reinforce to OFT employees the importance of reviewing the Monthly Inventory Reconciliation Reports received from the District agencies to ensure completeness of these reports and accuracy of recorded inventory balances.	Internal Control	October 9, 2015	Closed

<sup>2</sup> This column provides the status of the recommendation as of the report date. For final reports “Open” means management and OIO are in agreement on the action to be taken, but the action is not complete. “Closed” means that management advised OIO that they took the action needed to correct the condition and that action is complete. If a completion date was not provided the date of management’s response was used. “Unresolved” means that management has neither agreed to the recommended action nor proposed a satisfactory alternative action to correct the condition.

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## APPENDIX 1: OFFICE OF FINANCE AND TREASURY'S RESPONSE

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



Office of Finance and Treasury

### MEMORANDUM

**TO:** Timothy Barry, Executive Director,  
Office of Integrity and Oversight (OIO)

**FROM:** Clarice Wood, Associate Treasurer,  
Office of Finance and Treasury (OFT) 

**DATE:** October 9, 2015

**SUBJECT:** Office of Finance and Treasury's (OFT) Response to Memorandum  
For Audit of Office of Finance and Treasury (OFT)'s Payment Operations Center,  
Internal Controls over the Gift Card Program **OIO No. 15-01-10 HSSC**

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This memo is in response to the OIO audit performed with the Office of Finance and Treasury's Payment Operations Center as a part of the audit of Internal Controls over the Gift Card Program at Selected Agencies of the Human Support Services Cluster. The audit report request is dated September 21, 2015. Below please find the OFT response.

**Recommendation 1: Reinforce to OFT employees the importance of reviewing the Monthly Inventory Reconciliation Reports received from the District agencies to ensure completeness of these reports and accuracy of recorded inventory balances.**

#### OFT Response:

OFT has reiterated the importance and significance of reviewing the Monthly Inventory Reconciliation Reports submitted by the Human Support Services Cluster (HSSC) to the Payment Operations Center. The OFT has also taken measures to add additional oversight to the reconciliations process by having the Disbursing Supervisor contact agencies when reconciliation reports are not received timely. The OFT will revise its current policy and procedure to require that the HSSC submit reconciliation reports upon submitting requests to purchase gift cards instead of monthly. Due to a limitation of human resources, OFT would ask that the OIO continue to assist with performing audits of the HSSC, and will revise its policy and procedure to reflect the change in process.

**Cc:** Jeffrey Barnette  
Janelle Edgar  
Joseph Cobb

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**APPENDIX 2: DEPARTMENT OF HUMAN SERVICES' RESPONSE**

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF HUMAN SERVICES



Office of the Director

**MEMORANDUM**

**TO:** Timothy Barry  
Executive Director, Office of Integrity and Oversight  
Office of the Chief Financial Officer

**FROM:** Laura Green Zeilinger   
Director  
Department of Human Services

**DATE:** October 30, 2015

**SUBJECT:** Response to OIO Job No. 15-01-10 HSSC

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Dear Mr. Barry,

Thank you for providing the Department of Human Services (DHS) with the opportunity to respond to the draft report of the Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO)'s Audit of Internal Controls over the Gift Card Program at Selected Agencies of the Human Support Services Cluster (HSSC) (OIO Job No. 15-01-10 HSSC). This memorandum constitutes the official response of senior management at DHS to the findings of your office.

We agree that internal controls over the gift card program can be improved and have taken active steps to address the concerns raised in the internal audit, which are detailed below:

**Family Services Administration (FSA) – Strong Families and Adult Protective Services Program Responses:**

**Finding #1**

At the Family Services Administration (FSA), Strong Families and Adult Protective Services Program, we found that there were no gift cards inventory records available to validate the gift cards balances in the safe. A DHS official stated that the inventory sheets received from OFT were shredded by a co-worker.

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## APPENDIX 2: DEPARTMENT OF HUMAN SERVICES' RESPONSE

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### Response

The program would like to discuss with the auditors the possibility of removing the language that "An FSA official also stated that a co-worker shredded the OFT's reports of the gift cards distributed to the agency," on the basis that, although we acknowledge the log was missing at the time of the audit, the assertion that these reports were shredded has not been substantiated. Further, other parties involved can substantiate the records through other backup documents, including records kept by the Family Services Administration's designated gift card Requestor, Mr. George Shepard, and inventory logs maintained by DHS' OCFO Accountants. FSA staff received inventory control and dispersal sheets from DHS OCFO Accountants with respect to the FSA programs audited. These records show the inventory beginning balance, cards received, cards distributed, and inventory ending values.

DHS' Office of Program Review, Monitoring, and Investigation (OPRMI) is presently performing an internal audit of the aforementioned gift card records for compliance with the District gift card policies, which include: the Citywide Gift Card Memorandum of Understanding between the agencies and Treasury, OCFO HSSC's draft gift card financial policies and procedures, Treasury's draft gift card financial policies and procedures manual, and the draft FSA gift card procedures. This review is almost completed and further internal audits will be conducted by DHS throughout FY16 to ensure compliance with the aforementioned policies.

### Finding #2

At the Family Services Administration (FSA), Strong Families and Adult Protective Services Program, we found that FSA did not maintain adequate and proper documentation for gift cards distributed. We found a recipient's name was missing on one Gift Card Request Form and there were no supporting documents for two \$25 Target gift cards.

### Response

Since the audit, FSA has further improved its good stewardship of the cards, and is working to finalize its *Food and Retail Gift Card/Voucher Procedures* manual to ensure effective controls of gift cards by the end of FY 2016. Additionally, DHS FSA is presently developing a QuickBase database that will track gift card disbursements for all of its programs that receive gift cards. The database will capture all information that is needed to ensure effective controls are in place to protect District assets from fraud, waste and abuse, and release one is more than 90% complete and will be fully rolled out by the end of FY 2016 Quarter 2. As an added measure, FSA has reached out to DHS Economic Security Administration's Food Stamp Employment and Training Program, to initiate a peer-to-peer review of FSA's practices.

### Individual Responsible for Implementation of Actions

The official individual responsible for the implementation of the FSA actions to resolve the issues identified above is Administrative Officer Cynthia Davenport, who may be reached at: (202) 698-4137.

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## APPENDIX 2: DEPARTMENT OF HUMAN SERVICES' RESPONSE

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### Economic Security Administration (ESA) – Office of Work Opportunity (OWO):

#### Finding #1

There were no inventory records available to validate the gift card balances in the safe.

#### Response

As of October 1st, 2015, all OWO sites maintain an inventory record to validate the gift card balances in their safes. In addition, the OWO main office, located at 2100 Martin Luther King, Ave., SE, maintains the collaborated inventory record for all OWO sites in its safe. This inventory record is updated monthly.

#### Finding #2

ESA did not maintain adequate and proper documentation for gift cards distributed. 13 Metro Cards, for a total value of \$148, did not have the adequate and proper documentation.

#### Response

As of August 1, 2015, office managers are now required to review the tracking form for missing information and work with identified supervisors to complete all required documentation. In addition, effective January 2016, the office managers will conduct quarterly reviews to ensure all documentation for fare cards and SmartTrip cards are comprehensive and legible.

#### Finding #3

4 Fare cards were distributed to 4 individuals who were not legitimate DHS Clients.

#### Response

The Office of Work Opportunity (OWO) recognizes that all customers who receive fare cards and SmartTrip cards must be eligible for Temporary Assistance for Needy Families (TANF). Effective November 2, 2015, for customers who come to OWO for an assessment, whose information is not in the Automated Client Eligibility Determination System (ACEDS) due to data entry delays, a note will be placed on the tracking form that the customer is not in ACEDS at the time of receipt of the FareCard and/or SmartTrip, but that OWO is in receipt of their OWO Assessment form.

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**APPENDIX 2: DEPARTMENT OF HUMAN SERVICES' RESPONSE**

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**Individual Responsible for Implementation**

The official individual responsible for the implementation of the ESA actions to resolve the issues identified above is DHS OWO Program Manager Tamitha M. Christian, who may be reached at: (202) 698-1714.

If you have questions or need additional information, please contact Christa Phillips, DHS Chief Accountability Officer. She can be reached at (202) 671-4461.

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## APPENDIX 3: CHILD AND FAMILY SERVICES AGENCY'S RESPONSE

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Child and Family Services Agency



October 30, 2015

Timothy Barry  
Executive Director  
Office of Integrity and Oversight  
Office of the Chief Financial Officer  
1100 4<sup>th</sup> Street, SW, Suite 750  
Washington DC 20024

Dear Mr. Barry,

Thank you for the opportunity to respond the draft findings and recommendations of the “Audit of Internal Controls Over the Gift Card Program at Selected Agencies of the Human Support Services Cluster” (OIO Job No. 15-01-10 HSSC), as they pertain to the Child and Family Services Agency (CFSA).

Specifically, there was one recommendation from the draft report that was directed to CFSA. Recommendation #2 stated that “... the Directors of DYRS, CFSA, and DHS ... [E]stablish a complete and accurate gift cards inventory that shows the beginning balance, cards received and distributed, and ending balances.” For CFSA, this recommendation is based on auditor findings pertaining to the administration and distribution of gift cards from the CFSA Permanency Administration. In summary, the findings were as follows:

- For Giant Gift Cards, the auditor found that the inventory reported was overstated by \$240 (of a total inventory of \$5,500 maintained by the Permanency Administration at the time of the audit);
- For Safeway Gift Cards, the auditor found that there was an inventory shortage of \$50 (of a total inventory of \$4,670 maintained by the Permanency Administration at the time of the audit);
- For McDonald’s Gift Cards, the auditor found that there was a missing \$5.00 gift card (of a total inventory of 90 maintained by the Permanency Administration at the time of the audit);
- For Metro Cards, the auditor found that there was a missing \$230 gift card (of a total inventory of \$500 maintained by the Permanency Administration at the time of the audit); and,
- With regard to the review of a sample of gift cards distributed (total value of \$3,075), the auditor found that all supporting documents for the gift cards distributed were sufficient and appropriate.

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## APPENDIX 3: CHILD AND FAMILY SERVICES AGENCY'S RESPONSE

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### CFSA Response to Findings and Recommendations

With regard to the findings and recommendations, the auditor selected two CFSA administrations for the audit- the Permanency Administration and the Office of Youth Empowerment (OYE). The auditor concluded that there no were findings during his review of OYE.

For the Permanency Administration, the agency concurs with the findings of the auditor. In reviewing the findings of the auditor, CFSA leadership found that the program staff designated to maintain and account for the distribution of the gift cards to families served by CFSA had not logged the distribution of these cards in their inventory sheets in a timely manner. In turn, the primary reason for not entering the distribution of the cards into the inventory sheets on a timely basis was because of delays in receiving the required forms from CFSA social workers and other CFSA staff working with CFSA families that documented the actual distribution of the cards to the families. As noted in the last finding above, all distributed cards to these families that were tested by the auditor were sufficiently documented.

To address these findings and the recommendation, CFSA will do the following:

1. All responsible program staff designated to maintain and account for the distribution will undergo mandatory refresher training on the procedures on maintaining, distributing and accounting for all gift cards within their respective program administrations. The training will emphasize the timely submission and receipt of required paperwork and subsequent timely and accurate logging of these gift card distributions into the inventory sheets.
2. As part of its quarterly review of the CFSA gift card program, CFSA accounting staff will emphasize this aspect of timely and accurate logging of gift card distributions on the inventory sheets.

### Conclusion

Again, thank you for the opportunity to review and respond to this draft report. If you have any follow-up questions or concerns with this response, please do not hesitate to contact Dr. Heather Stowe, Principal Deputy Director or Justin Kopca, Agency Fiscal Officer.

Sincerely,



Raymond Davidson  
Director  
Child and Family Services Agency

cc: Dr. Heather Stowe  
Justin Kopca  
Delicia Moore  
Clarice Wood

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**APPENDIX 4: DEPARTMENT OF YOUTH REHABILITATION SERVICES'  
RESPONSE**

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**MEMORANDUM**

**TO:** TIMOTHY BARRY  
Executive Director, OIO

**FROM:** CLINTON LACEY   
Director, Department of Youth Rehabilitation Services

**DATE:** November 2, 2015

**SUBJECT:** Agency Response to Recommendations from the Audit of Internal Controls over the Gift Card & Metro Card Programs of the Department of Youth Rehabilitation Services, OIG No. 15-01-10 HSSC

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The selected programs within the scope of the audit were Agency Management (Metro cards) and Youth & Family (Gift cards) Programs. Following the publication of audit findings by OIO, an internal meeting was held on October 4, 2015, with DYRS program staff to review the audit findings, discuss possible solutions, and develop action plans for all findings.

DYRS's responses to the specific recommendations as outlined in the memo dated September 21, 2015, are below.

**RECOMMENDATION 1:**

Establish complete and accurate gift cards inventory records that show the beginning balance, cards received and distributed, and the ending balance.

**AGENCY ACTION TAKEN:**

Effective November 13, 2015, both the Agency Management and Youth & Family Programs, and any programs henceforth that may join the gift card or metro fare card program, will implement and use an Inventory Reconciliation log. *Exhibit 1 attached.*

**RESPONSIBLE OFFICIALS:**

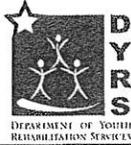
Name: Garine Dalce  
Title: Deputy Director for Youth and Family Programs  
Program: Youth & Family Programs  
Office: (202) 299-3923  
Email: Garine.Dalce@dc.gov



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## APPENDIX 4: DEPARTMENT OF YOUTH REHABILITATION SERVICES' RESPONSE

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Name: Krista Scalise  
Title: Chief Administrative Officer  
Program: Agency Management Program  
Office: (202) 299-5664  
Email: Krista.Scalise@dc.gov

**RECOMMENDATION 2:**

Establish adequate and proper documentation for the distribution of gift cards to ensure justification and approval is obtained and that gift cards are distributed to individuals who are recorded in the agency's system.

**AGENCY ACTION TAKEN:**

**Gift Cards:**

In order to ensure clarity and compliance with District policies and procedures related to the use of rewards and incentives, including gift cards, DYRS has issued a memo to staff on the process that must be followed in order to appropriately utilize incentives. *Exhibit 2 attached.* Further, DYRS is currently in the process of finalizing a more extensive agency procedure document that will add greater clarity and guidance to all practice related to the use of graduated rewards and incentives. DYRS anticipates that the document will be completed and issued to staff by November 16, 2015.

**Metro Cards:**

In order to ensure clarity and compliance with District policies and procedures related to the use of metro fare cards, DYRS has issued a memo to staff on the process that must be followed in order to appropriately utilize metro cards *Exhibit 3 attached.*

Effective November 13, 2015 both Programs will utilize distribution tracking logs similar to *Exhibit 4 attached* to ensure adequate and proper documentation for distribution are maintained.

DYRS has determined that only the approvals for youth incentive gift cards will be maintained in the FAMCare database.

**RESPONSIBLE OFFICIALS:**

Name: Garine Dalce  
Title: Deputy Director for Youth and Family Programs  
Program: Youth & Family Programs  
Office: (202) 299-3923  
Email: Garine.Dalce@dc.gov

Name: Krista Scalise  
Title: Chief Administrative Officer  
Program: Agency Management Program  
Office: (202) 299-5664  
Email: Krista.Scalise@dc.gov



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## APPENDIX 4: DEPARTMENT OF YOUTH REHABILITATION SERVICES' RESPONSE

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Name: Lindsey Appiah  
Title: Acting General Counsel  
Office: (202) 299-5673  
Email: Lindsey.Appiah@dc.gov

**RECOMMENDATION 3:**

Update the DYRS FAMcare System with the information regarding Visa cards distributed to DYRS clients.

**AGENCY ACTION TAKEN:**

Effective November 13, 2015, DYRS program staff will make a notation in a youth's FAMCare case file when the youth receives a Visa gift card. DYRS program staff will also upload the approval document into the youth's FAMCare case file to ensure that relevant documents are maintained in a centralized location.

**RESPONSIBLE OFFICIAL:**

Name: Garine Dalce  
Title: Deputy Director for Youth and Family Programs  
Program: Youth & Family Programs  
Office: (202) 299-3923  
Email: Garine.Dalce@dc.gov

**RECOMMENDATION 4:**

Reinforce to DYRS employees the importance of using the DYRS form #1509 "Request for Goods/Services" to ensure documentation of justification and approval of gift cards distributed.

**AGENCY ACTION TAKEN:**

It is the opinion of the Agency that the use of the DYRS 1509 Form is not the most useful document for tracking the approval, justification, and distribution of gift cards, or metro cards. As noted in response to Recommendation 3 above, the Agency will utilize the Distribution logs to ensure adequate documentation exists regarding the distribution of cards throughout and within the Agency.

**RESPONSIBLE OFFICIAL:**

Name: Krista Scalise  
Title: Chief Administrative Officer  
Program: Agency Management Program  
Office: (202) 299-5664  
Email: Krista.Scalise@dc.gov

Should you have any additional questions or concerns about the above-responses or any matters related to the Audit, please feel free to contact Garine Dalce at (202) 299-3923.



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## APPENDIX 5: HUMAN SUPPORT SERVICES CLUSTER'S RESPONSE

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HUMAN SUPPORT SERVICES CLUSTER



OFFICE OF THE ASSOCIATE CHIEF FINANCIAL OFFICER

November 4, 2015

Timothy Barry  
Executive Director  
Office of Integrity and Oversight  
Office of the Chief Financial Officer  
1100 4<sup>th</sup> Street, SW, Suite 750  
Washington, DC 20024

Dear Mr. Barry,

Thank you for the opportunity to respond to the draft findings and recommendations of the Audit of Internal Controls over the Gift Card Program of the Human Support Services Cluster (HSSC) agencies (OIO Job No. 15-01-10-HSSC), as they pertain to the Cluster's activities. This letter represents the official response of the ACFO regarding the findings related to the HSSC.

**Human Support Services Cluster Response:**

**Finding:**

The HSSC did not test the quarterly physical inventory count against the agencies' inventory records to validate the results of the inventory counts, and ensure completeness and accuracy of the agencies' inventory records.

**Response:**

We agree with the recommendation to the ACFO for the HSSC to: *Reinforce to the Cluster's accountants the importance of matching the results of the quarterly physical inventory count against the agency's inventory records to validate the results of the inventory counts.*

We will adhere to the Cluster's Gift Card policy and procedures that align to the above recommendation.

**Individual Responsible for Implementation:**

The official individual responsible for the implementation of the HSSC actions to resolve the issues identified above is, Morris Thorpe, HSSC Controller, who may be reached at (202) 671-4466.

If you are in need of additional information, please contact Delicia V. Moore, ACFO HSSC at (202) 671-4220.

Sincerely,

A handwritten signature in blue ink, appearing to read "Delicia Moore".

Delicia Moore  
ACFO  
Human Support Services Cluster