

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Office of Integrity and Oversight

November 6, 2019

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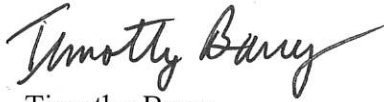
Dear Mr. Turnage and Ms. Moore:

This report summarizes the results of the Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO)'s Audit of the Internal Controls over the Gift Cards Program at Selected Agencies of the Human Support Services Cluster. The Phase 2 of this engagement consisted our audit of the Child and Family Services Agency (CFSA), Department of Health (DOH) and the Department of Human Services (DHS). The objectives of the audit were to (1) determine if recommendations were implemented from our report issued in November 2015; and (2) determine if selected agencies complied with applicable laws and regulations.

OIO provided eleven (11) recommendations to address the three findings cited in the report. The agencies' management concurred with ten (10) recommendations and provided an alternative action for one (1) recommendation. The corrective and alternative actions planned and taken are responsive and meet the intent of the recommendations.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this audit. Should you have any questions related to the report, please contact me at (202) 442-6433; or Tisha Edwards, Director of Internal Audit, at (202) 442-6446.

Sincerely,



Timothy Barry
Executive Director

Attachment

cc: Jeffrey DeWitt, Chief Financial Officer, Government of the District of Columbia
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Office of Integrity & Oversight

**Government of the District
of Columbia, Office of the
Chief Financial Officer**

November 6, 2019

**AUDIT OF INTERNAL
CONTROLS OVER THE
GIFT CARDS
PROGRAM AT
SELECTED AGENCIES
OF THE HUMAN
SUPPORT SERVICES
CLUSTER (HSSC)
PHASE 2**



Highlights

Highlights of Report 18-01-01b HSSC, a report to the Human Support Services Cluster's (HSSC) Associate Chief Financial Officer

Why OIO Did This Audit

The Office of Integrity and Oversight (OIO) performed this audit of internal controls of the Gift Cards Program at HSSC's Child and Family Services Agency (CFSA), Department of Health (DOH) and Department of Human Services (DHS) to: (1) determine if recommendations were implemented from our report issued in November 2015 and (2) determine if selected agencies complied with applicable policies and procedures. This audit was included in the OIO FY 2018 Audit Plan at the request of the HSSC Associate Chief Financial Officer.

What OIO Recommends

We provided the Associate Chief Financial Officer, HSSC, and the Deputy Mayor of the Health and Human Services with eleven (11) recommendations for corrective action. Our recommendations centered on:

- Updating program policies and procedures to include all aspects of the DOH gift card program.
- Ensuring that adequate monitoring is maintained by the AFO at DOH.
- Revising the CFSA quarterly audit procedures to ensure proper reconciliation with Custodial receipts.
- Reinforcing the monitoring and oversight requirements outlined in the existing DHS/OCFO procedures.

November 6, 2019

AUDIT OF INTERNAL CONTROLS OVER THE GIFT CARDS PROGRAM AT SELECTED AGENCIES OF THE HUMAN SUPPORT SERVICES CLUSTER (PHASE 2)

What Did OIO Find

Phase 2 (of 2) of this audit, covered gift card programs at DOH and CFSA for the period (October 1, 2016 to February 28, 2018) and DHS from October 1, 2016 to March 31, 2019. DOH, CFSA and DHS developed processes and controls that are documented and in place to ensure compliance with the Office of the Chief Financial Officer's (OCFO) gift card policies and procedures; however, we observed internal control weaknesses surrounding the administration of the gift card programs, as well as opportunities to strengthen monitoring control over the gift card programs. Addressing the deficiencies identified in this report will enhance the control structure and comply with the OCFO policy and ensure compliance with agencies' standard operating procedures.

Inadequate Oversight of the Gift Card Programs at DOH. DOH and DOH/OCFO are not providing adequate oversight over its Gift Card Programs and custodians are unaware of their requirements. As a result of these deficiencies for the audit period OIO could not verify the completeness and accuracy of the gift card inventory reports. Additionally, the DOH/OCFO did not provide effective monitoring to ensure compliance with the program guidelines.

Gift Card Distribution at CFSA requires improvement.

CFSA requires improvement of the oversight over its Gift Cards Programs, as a result, we noted variance in inventory (records) totaling \$21,325. While the CFSA/OCFO provides some oversight, improvement is needed. As a result, opportunities exist to improve the management and oversight of the program to ensure compliance with policies and procedures.

Gift Card Distribution at DHS requires improvement.

OIO noted variances in the distribution records maintained and non-compliance in the maintenance of supporting documentation to support gift card distributions. Therefore, opportunities exist to improve the overall management of the program to ensure compliance with policies and procedures.

Table of Contents

Background	1
Prior Audits	3
Objectives, Scope, and Methodology	4
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Finding 1: Inadequate Management and Oversight of the DOH Gift Card Program	5
Recommendations	8
Finding 2: Management Over Gift Card Distribution at CFSA Requires Improvement	10
Recommendations	12
Finding 3: Management Over Gift Card Distributions at DHS Requires Improvement	14
Recommendation	<hr/> 17
<hr/>	
Exhibit A: Summary of Recommendations and Benefits	19
Exhibit B: Status of Prior Audit Recommendations	21
Exhibit C: Audit Methodology	23
Appendix 1: HSSC Management Response – OCFO and Programs	25
Appendix 2: DHS Management Response	28

Abbreviations and Acronyms

ACFO	Associate Chief Financial Officer
AFO	Agency Fiscal Officer
CFO	Chief Financial Officer
CFSA	Child and Family Services Agency
CHA	Community Health Administration
DCFO	Deputy Chief Financial Officer
DHS	Department of Human Services
DOH	Department of Health
ESA	Economic Services Administration
FSA	Family Services Administration
HEPRA	Health Emergency Preparedness and Response Administration
HSSC	Human Support Services Cluster
MOU	Memorandum of Understanding
OCFO	Office of the Chief Financial Officer
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
POC	Payment Operations Center
SOP	Standard Operating Procedure
SNAP-Ed	Supplementary Nutrition Assistance Program Education

Background

The Human Support Services Cluster (HSSC) offers health and related services to individuals in the District. HSSC is comprised of several agencies/departments which focus on the most basic needs of communities, including the health and well-being of individuals and families, and assistance with social services as needed.

HSSC uses gift cards as an alternative method of disbursing program services, which may include, but is not limited to retail store cards, and Metro Smart-trip cards (WMATA). The gift cards are used by the HSSC agencies in the delivery of specific program services such as: transportation for unemployed job seekers, providing emergency food and clothing to displaced parents or low-income eligible citizens as well as incentives for youth and families participating in rehabilitation programs.

In December 2014, the District's Chief Financial Officer (CFO) and City Administrator issued a joint Directive requiring all District agencies to establish a Memorandum of Understanding (MOU) with the OCFO's Office of Finance and Treasury (OFT), and to refrain from procuring cards or placing card orders directly with any vendor independent of the Office of the Chief Financial Officer (OCFO).

The OCFO has awarded a contract to a card distribution vendor who provides a variety of gift cards to the District agencies upon request. The OCFO developed policies and procedures that establish the responsibilities of program participants and also outlines internal controls that govern the use/distribution of gift cards and the administration of the program.

To request gift cards an Agency completes an order request form which is submitted to OFT. Gift card requests originate from the agency Program Officer who administers the Gift Card Program. The request is submitted to the Agency Fiscal Officer for review and approval.

Following the complete review and approval process, the gift cards are shipped from the vendor to HSSC. The gift cards are picked up from HSSC by the agency's OCFO staff for distribution to the program custodians¹.

¹ In the Child and Family Services gift card program, the CFSA/OCFO acts as the Custodian and program staff is referred to as the Distributor.

Each agency's program is responsible for the implementation of the gift card program within their agency and has established policies and procedures to provide guidance to program staff on the safeguarding and distribution of gift cards. This includes designating personnel who are authorized to receive gift cards and act as the gift card Custodian(s). The OCFO has oversight responsibility and helps to enforce policies and procedures of the program, reviews and approves agency's requests for gift cards and monitors the inventory through periodic reviews and counts.

This phase of our audit specifically focused on three (3) HSSC agencies that provide gift cards: Child and Family Services Agency (CFSA), Department of Health (DOH), and the Department of Human Services (DHS). All the agencies being audited have individual Standard Operating Policies and Procedures for the use of gift cards. The agencies' gift card policies and procedures were written to comply with the City Administrator's MOU.

Child and Family Services Agency (CFSA)

The CFSA is the public child welfare agency in the District of Columbia responsible for protecting child victims and those at risk of abuse and neglect and assisting their families. CFSA uses gift cards for disbursing services and incentives to clients for eight (8) agency programs and four (4) collaboratives which support the agency's mission.

In the CFSA gift card program, the CFSA/OCFO is the Custodian and is responsible for maintaining and distributing cards to the agency program staff who are the Distributors. The Distributors are responsible for distributing the gift cards to other program staff and clients. The CFSA/OCFO has overall monitoring responsibility and performs monthly reviews of inventory and quarterly audits with the program Distributors.

Department of Health (DOH)

DOH uses gift cards for disbursing program services and incentives to clients for the following programs:

- Community Health Administration (CHA) – Supplemental Nutrition Assistance Program Education and Obesity Prevention (SNAP-Ed)
- Community Health Administration (CHA) – Maternal and

Child Health Incentives Program

- Health Emergency Preparedness and Response Administration (HEPRA)

Each gift card program within DOH is responsible for developing its own gift cards policies and procedures to outline the responsibilities and requirements for the gift card program. The DOH/OCFO has the duty of performing periodic inventory counts and monthly reviews of the inventory reports maintained by the program

Department of Human Services (DHS)

The Department of Human Services (DHS) provides opportunities, economic assistance and supportive services to District residents. DHS consists of two (2) administrations: 1) Family Services Administration (FSA); and 2) Economic Security Administration (ESA).

Gift cards are distributed at the following FSA programs:

- Strong Families (SF),
- Homeless Services (HS),
- Adult Protective Services (APS),
- Youth Division
- Virginia Williams Family Resource Center (VWFRC)

The ESA provides food stamp, employment and training services to District residents. Gift cards are distributed at the following ESA programs: Office of Work Opportunity; Food Stamp Employment and Training and Program Operations. Five Service Centers provide the services and are located in neighborhoods throughout the city.

Gift card distributions at DHS begin with the DHS/OCFO who distributes to a designated Custodian for each administration (FSA and ESA) of the agency. In turn, the Custodians disburse gift cards to program and service center Distributors within their administration. Ultimately, Distributors disburse gift cards (as requested) to applicable staff who ultimately issues the card(s) to DHS clients.

Prior Audit

OIO previously conducted an Audit of Internal Controls over the Gift Card Program at Selected Agencies of the HSSC. The report was issued on November 12, 2015 (OIO: 15-01-10 HSSC) and provided six recommendations to the ACFO of the HSSC, directors of DYRS, CFSA, DHS, and the DCFO, OFT. There were two (2) recommendations (Recommendation No's. 2 and 3) directed to CFSA and DHS. Both CFSA and DHS agreed with the two recommendations and developed corrective actions plans to address the recommendations.

During the course of this audit, we conducted a follow-up on the status of the recommendations and determined that although the recommendations were adopted, there is still inadequate monitoring and oversight of the gift card program. See Exhibit B for the detailed status of the recommendations.

Objectives, Scope, and Methodology

The objectives of the audit were to: (1) determine if recommendations were implemented from our report issued in November 2015; and (2) determine if selected agencies complied with applicable laws and regulations.

Phase II of this audit focused on the DOH, CFSA and DHS gift card programs for the period October 1, 2016 through February 28, 2018. However, during interviews with the Department of Human Services (DHS) personnel, OIO noted several process and procedure changes were implemented subsequent to February 28, 2018. Therefore, OIO expanded the scope, for DHS through March 31, 2019. This expanded scope allowed OIO to verify the changes implemented have improved the controls over the gift card process at the DHS. For our detailed methodology, see Exhibit C.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finding 1: Inadequate Management and Oversight of the DOH Gift Card Programs

DOH and DOH/OCFO did not adequately manage and/or monitor the gift card program. OIO identified inconsistencies in the administration of the program, inventory maintenance, monitoring and oversight. The Community Health Administration (CHA) programs Gift Card Policy and Procedures and the OCFO Financial Policies and Procedures Manual established the responsibilities of the Custodians to administer the program and provides guidance to the OCFO staff for the monitoring of the program. During our walkthroughs, however, we found that some of the responsibilities highlighted in the CHA SNAP-Ed program policies and procedures were not practiced by the gift card Custodians of the CHA SNAP-Ed program and HEPRAs did not have any policies and procedures for its gift card program. Additionally, the gift card programs were not adequately monitored by DOH/OCFO staff. As a result of these deficiencies, management and oversight of the gift programs are inadequate.

Gift Card Program Operations

To determine whether the DOH Gift Card program was operating in compliance with policies and procedures, OIO reviewed the following programs:

- Community Health Administration (CHA)- Maternal and Child Health Incentives (Individual Program Policies and Procedures)
- Community Health Administration (CHA)- SNAP-Ed (Individual Program Policies and Procedures)
- Health Emergency Preparedness and Response Administration (HEPRA) (No Individual Program Policies and Procedures)

Community Health Administration (CHA)- Maternal and Child Health Incentives

The DOH's CHA Maternal and Child Health Incentives Program policy effective June 27, 2012 and updated January 28, 2018, outlines the requirements that all personnel must observe for issuing, recording, and utilizing Safeway gift cards to further the mission of the program. Additionally, the OCFO Financial Policies and Procedures 1125005.40 (2) requires each agency to forward a copy of the Payment/Gift Card Tracking Log to the AFO at the end of each fiscal month.

OIO conducted a walkthrough, requested the inventory records for the periods of October 1, 2016 – February 28, 2018, and conducted an inventory observation with the program staff to ensure compliance with the policy. Based on our walkthrough, review of records, and inventory count observation, we noted no exceptions.

However, the program did not submit the tracking logs to the AFO as required. See the DOH/OCFO Oversight section for further discussion.

Community Health Administration (CHA)- SNAP-Ed

The DOH's Community Health Administration (CHA)- SNAP-Ed Gift Card Policy and Procedure effective February 13, 2018, Section titled: Procedure/Guidelines II; Part A, Number 7, requires that, the following items must be scanned and saved into the L: Drive within five (5) business days after using the gift card(s):

- Back of the gift card(s),
- Store receipt(s), and the
- Recipe (for cooking demonstrations)

The Custodian of the CHA SNAP-Ed was unable to provide the OIO with any supporting documentation for the distributed gift cards. As a result, gift card recipients' signatures were not retained as evidence of distribution to the intended beneficiaries of the program. Additionally, used cards with a balance were re-issued and entered in the tracking log as a new issue, resulting in gift cards with the same serial numbers appearing twice in the Distribution Log. During fieldwork, OIO recommended to the Custodians that used gift cards with a balance should be accounted for on a separate log to prevent double counting.

Health Emergency Preparedness and Response Administration (HEPRA)

HEPRA does not have program specific policies and procedures for the administration of the gift card program. The Custodian of the gift cards for the HEPRA program, took over the program in May 2017 without any formal transition and is not aware of the existence of any policies and procedures.

Per the GAO Standards for Internal Control in the Federal Government², best internal control practice requires a (formal/written) procedure in place to govern the proper transition from the preceding Custodian to the new designated Custodian.

DOH/OCFO Monitoring/Oversight

The OCFO/OFOS Policy Sections 11250005.30 Policies and 11250005.40 Responsibility requires the OCFO, in part to:

- Verify that the Agency establishes and maintains a payment gift card tracking log that includes the names of the recipients and dates distributed;
- Conduct periodic reviews and counts of the payment/gift card inventory.
- Review the agency's payment gift card tracking logs and prepare an Agency Payment/Gift Card Inventory Report.
- Monitor an agency's payment gift card inventory to ensure that the inventory level does not exceed what is needed to operate within a three-month period.

² GAO 14-704G issued September 2014, <http://www.gao.gov/assets/670/665712.pdf>

To determine whether the DOH/OCFO was operating in compliance with policies and procedures, OIO requested a list of DOH designated Custodians/Distributors and the inventory records for all periodic reviews conducted at DOH for the gift cards for the periods of October 1, 2016 – February 28, 2018. Based on our review, we determined the DOH/OCFO was non-compliant with procedures for each program as identified below.

Community Health Administration (CHA)- Maternal and Child Health Incentives

The DOH/OCFO did not comply with periodic count requirements as required by the policy and did not enforce the requirement for tracking logs from the program. The DOH/OCFO performed one physical inventory count for the 18-month period under audit in January 2018 and performed a second physical inventory count during our walkthrough on October 4 and 5, 2018. The DOH/OCFO physical count was performed by OCFO staff without referencing to prior quarter physical inventory count results as well as the addition of new cards issued by OCFO to the Custodian. If the prior inventory count is not referenced as part of the count, DOH increases the risk that any variances will not be detected.

Community Health Administration (CHA)- SNAP-Ed

The DOH/OCFO did not perform a periodic inventory count for this program during the audit period, October 1, 2016 – February 28, 2018 and the monthly tracking logs were not submitted by the agency as required. According to DOH staff, the quarterly inventory counts had not been performed since October 1, 2016 because the program received Safeway cards with a \$0 value due to a distribution error by the vendor. The cards were returned for reimbursement in June 2018.

Health Emergency Preparedness and Response Administration (HEPRA)

OIO reviewed the records and there were no distributions made in the HEPRA program since the new Custodian took over in May 2017; therefore, there was no change in the number of cards and the amounts on hand. We noted that the DOH/OCFO did not perform quarterly counts and the program did not submit the tracking logs. The DOH/OCFO policy requires the DOH/OCFO to monitor the program and card usage. Therefore, the inactivity in the program should have been brought to DOH management's attention.

Overall, the DOH/OCFO could not promptly provide a listing of all gift card custodians; did not enforce the requirement for DOH program custodians to submit a monthly Gift Cards inventory report as required by the OCFO policy, and only performed one of eight Quarterly inventory reconciliation reports for the period October 1, 2016 through February 28, 2018.

Recommendations

We recommend the Executive Director, DOH:

1. Consolidate and update the agency gift card policies and procedures to incorporate OCFO reporting requirements.
2. Communicate and train the gift card Custodians on the policies and procedures of the gift card program.

We recommend the Associate Chief Financial Officer, HSSC:

3. Develop comprehensive procedures to provide guidelines on maintenance and monitoring the gift card program.
4. Ensure that adequate monitoring is maintained by the AFO (or designee) as outlined in the OCFO/DOH Gift Card policies.

MANAGEMENT RESPONSE AND OIO COMMENTS

Management Response (Recommendation 1):

DOH agreed with the recommendation and stated that on October 7, 2019, the Chief Operating Officer sent an email to all DC Health administrations instructing all that the OCFO Gift card policy is applicable to all Administrations within DC Health and that there should be no other gift card policy in effect.

OIO Comment:

The corrective action taken is responsive and meets the intent of the recommendation.

Management Response (Recommendation 2):

The Agency agreed with the recommendation and stated that on October 7, 2019, the Chief Operating Officer sent an email to all DC Health administrations instructing all that the OCFO Gift card policy is applicable to all Administrations within DC Health and that there should be no other gift card policy in effect. Each administration was informed to familiarize themselves with the policy.

OIO Comment:

The corrective action taken is responsive and meets the intent of the recommendation.

Management Response (Recommendation 3):

DOH/OCFO agreed with the recommendation and stated that on September 12, 2019, The AFO of the Department of Health met with the OCFO Accounting Officer, Budget Officer, and Accountants responsible for gift card monitoring. During the meeting, the audit was discussed in detail as well as the recommendations. After meeting, the AFO sent an email to program with a reminder that per OCFO policy, program gift card custodians are to submit a monthly Gift Card Inventory report to the OCFO. These reports will be due to OCFO no later than the 5th business day of the following month and shall include 1) Copy of your payment/gift card tracking log and 2) Completion of the Gift Card Inventory Sheet. In addition, the program was reminded that OCFO will conduct quarterly mandatory physical inventory counts

OIO Comment:

The corrective action taken is responsive and meets the intent of the recommendation.

Management Response (Recommendation 4):

DOH/OCFO agreed with the recommendation and stated that as part of the outcome of the September 12, 2019 meeting noted in the recommendation 3 above, the AFO has scheduled monthly follow ups with the Accounting team to ensure adequate monitoring is maintained.

OIO Comment:

The planned corrective action is responsive and meets the intent of the recommendation.

Finding 2: Management Over Gift Card Distributions at CFSA Requires Improvement

CFSA and CFSA/OCFO's recording and monitoring of distributed gift cards requires improvement. While CFSA/OCFO completed their quarterly audit requirements as required, a deficiency was noted in their verification of the inventory amounts reported by Distributors when compared to Custodians receipts. Due to the methodology used to verify inventory amounts, variances between amounts reported by Custodians and Distributors were not detected. The deficiencies identified could lead to misappropriation in the gift card program.

OCFO Monitoring & Oversight

The CFSA/OCFO acts as the Custodian in the CFSA gift card program and maintains a central inventory bank for CFSA. CFSA/OCFO fulfills order requests and replenishes program inventory to each Programs' Designated Distributor during the quarter. CFSA/OCFO retains receipts as gift cards are issued from their central inventory to the Program Distributor. The receipts contain the gift card type, denomination and the Distributor. The Program Distributors then issue the cards to other program staff and clients. On a monthly basis, the CFSA/OCFO, as Custodian, prepares a monthly inventory report based on the receipts of cards issued to Program Distributors.

Per the CFSA Gift Card Policy & Procedures, CFSA/OCFO is required on a quarterly basis, to conduct an audit of each Distributor's inventory supply, documentation and area in which the cards are being kept. A Quarterly Reconciliation Report is generated to document the physical count and reconcile each programs' beginning inventory amount, additions to inventory (from CFSA/OCFO) and disbursements (to CFSA clients). A review of records indicates the CFSA/OCFO's conducted 53 of the 55 (or 96%) required quarterly audits for the audit period.

OIO observed the quarterly audit process and noted adequate controls were in place to verify the beginning balance and the disbursements to clients; however, the amount received by the Distributors were not properly verified. To verify the cards received, the CFSA/OCFO asked the Distributor the number of cards received for the quarter or reviewed the Distributor's log to determine the amount received. Based on this observation, OIO compared the Custodian maintained receipts to the CFSA Quarterly Reconciliation Reports for selected vendors to determine the accuracy of inventory (records). Based on our comparison, we noted the following variances in Table 1:

Table 1: Variance Analysis

#	Card Type ³	CFSA Monthly Receipts	CFSA Quarterly Reconciliation Report	Total Variance
1	WMATA	\$6,220	\$6,045	\$175
2	Giant	\$72,905	\$65,880	\$7,025
3	Burlington	\$181,875	\$167,750	\$14,125
	Total	\$265,975	\$239,675	\$21,325

Source: OIO/CFSA

The variances identified were due to the method used to prepare the Quarterly Reconciliation Report. Based on our observation, the Quarterly Reconciliation report is prepared based on the physical count, discussion with the Distributor and review of the Distributor’s records. The CFSA/OCFO does not reconcile the Distributor records to the distribution receipts. As a result, these variances were not identified. To ensure accurate accounting of gift cards, it is imperative that the reported inventory amounts are verified to ensure accurate accounting of all cards.

Distribution & Tracking of Clothing Gift Cards

Per CFSA policy requirements for gift cards, all requests for Burlington Gift Cards-which are used for clothing, must be fulfilled by the designated supervisory project liaison (Distributor). Additionally, CFSA policy allows a maximum request per child per fiscal year. CFSA has designated one primary program employee for the distribution of all Burlington Gift Cards within the Agency who tracks the issuance of the cards in an Access database.

Although there are limits imposed, the CFSA program Distributor did not consistently use a unique identifier for clients for the recording of distribution; therefore, we could not determine compliance with the policy.

In addition to the lack of data in the tracking log, the designated Distributor expressed that she is currently the only staff member trained within her division on the procedures of gift card tracking and distribution. Without additional trained staff, there could be difficulty in maintaining the program in the event the program employee leaves.

³ There are 9 vendors; however, the vendors listed were specifically reviewed by OIO.

Recommendations

We recommend the Executive Director, CFSA:

5. Reinforce the importance of including the unique identifier in the tracking database to comply with requirements.
6. Train an alternate employee to maintain the Burlington clothing gift card program.

We recommend the Associate Chief Financial Officer, HSSC:

7. Resolve the gift card variances identified.
 8. Revise the CFSA/OCFO quarterly audit procedures to ensure proper reconciliation with Custodial receipts.
-

MANAGEMENT RESPONSE AND OIO COMMENTS

Management Response (Recommendation 5):

CFSA did not concur with the recommendation and offered an alternative solution for the unique identifier in the tracking database. Currently, the distributor uses FACES Client Identification Number to identify each client; however, if the FACES Client Identification Number does not exist, the client's birth date or other identifying information will be used.

OIO Comment:

The agency's alternative solution is responsive and meets the intent of the recommendation.

Management Response (Recommendation 6):

CFSA program leadership is currently assessing staffing options that ensure the gift cards functions currently assigned to the identified individual continue to be carried out once the individual retires.

OIO Comment:

The planned corrective action is responsive and meets the intent of the recommendation.

Management Response (Recommendation 7 and 8):

CFSA OCFO agreed with the recommendations and noted that gift cards variances were due to CFSA/OCFO accounting staff not having documentations to support gift cards distributed to program at the time of the quarterly review. A correction in procedure has been made. As of 4th quarter of 2019, CFSA/OCFO accounting staff is presenting documentation at each review.

Any variances between the monthly reconciliation and quarterly review will be supported by documentation. The OCFO accounting team will utilize electronic documentation to support all distribution. The documentation will be maintained on a share drive for accounting staff to access have readily available for review.

OIO Comment:

The corrective actions taken and/or planned are responsive and meet the intent of the recommendations.

Finding 3: Management and Oversight over Gift Card Programs and Service Centers at DHS Requires Improvement

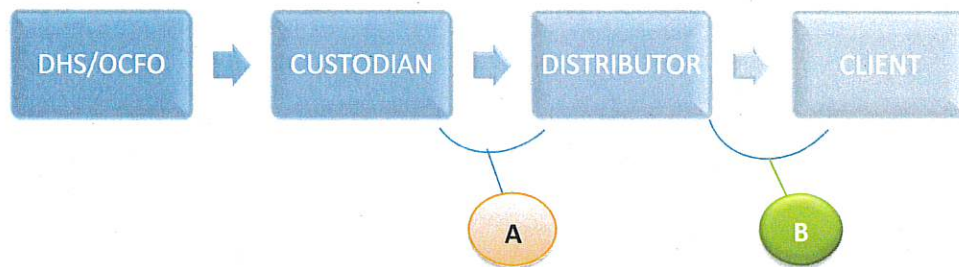
DHS has made marginal improvement in their gift card program, however, internal controls over the distribution, tracking and monitoring of gift cards require improvement. Specifically, we identified variances in Custodian and Distributor records and a lack of supporting documentation and signatures to support distribution of gift cards.

These deficiencies were due to the lack of adequate oversight of gift cards distributions. While the DHS/OCFO provides some oversight, improvement is needed. The deficiencies identified, and the lack of sufficient oversight/monitoring could expose the District to misappropriation of gift cards.

Reporting & Tracking of Gift Card Distribution

The DHS has a standard process in place for the issuance of gift cards across the agency. There are multiple points of distribution, beginning with DHS/OCFO through distribution to the DHS Client. There is a designated Custodian for each division (FSA and ESA) of the agency. These designated Custodians order/receive cards from DHS/OCFO. The Custodians disburse gift cards to program and service center Distributors within their division. The Distributors then disburse gift cards (as requested) to applicable staff who then issues the card(s) to DHS clients. Process depicted in Figure 1 below.

Figure 1: DHS Gift Card Distribution Process



ESA and FSA gift card policies require submission of monthly reconciliation reports to the Custodian(s). In addition, gift card policies and procedures require the Custodian(s) to submit monthly inventory reconciliation reports to the DHS/OCFO for review. OIO conducted analysis and sample testing at two points of the distribution process: Point A: Custodian to Distributor and Point B: Distributor to Client.

Custodian to Distributor Distribution Records (Point A)

OIO compared the monthly inventory records maintained by Custodians and Distributors for selected gift card types and noted the following variances in FSA and ESA card reporting:

Table 2: FSA-General Services (GS)

Card Type⁴	Amounts Reported by Custodian	Amount Reported by Distributor	Total Variance
Chipotle	200	109	91
Giant	510	310	200
Walmart	587	276	311
Target	520	240	280
Total	1,833	963	870

Source: OIO/DHS; FSA variance analysis included quarters 1 and 2 of FY19

Table 3: ESA-Program Operations (PO)

Card Type	Amounts Reported by Custodian	Amounts Reported by Distributor	Total Variance
Giant	2,510	1,993	517
Walmart	285	206	79
Total	2,795	2,199	596

Source: OIO/DHS; ESA variance analysis included all 6 quarters.

Per the monthly inventory records, the total amounts picked up by program distributors for the audit period compared to the total amount distributed by gift card custodians contained a total variance of 1,466. This variance indicates that cards were not properly accounted for by the FSA or ESA program distributors (per records received).

The Custodians are responsible for reviewing the Distributor reports on a monthly basis; however, the errors were not identified by the Custodians. Considering DHS has multiple points of distribution of the gift cards, it is imperative all Custodians and Distributors properly record any distributions and/or additions to inventory in order to ensure proper accounting of all cards.

Distributor to Client Distribution

FSA Gift Card Policies and Procedures Section G.2. and G.3., requires distributors to maintain the original receipt with the client’s signature for tracking and monthly reporting. Per ESA Gift Card Policies and Procedures, Gift Card receipts must be filled in and signed by the customer or the customer’s authorized designee, with a copy of the client’s Photo ID attached. Distributors must

⁴ There are 15 vendors; however, the vendors listed were specifically reviewed by OIO.

obtain the proper signatures and maintain supporting documentation for each distribution in order to ensure compliance with the gift card policies and procedures.

OIO conducted testing at the Strong Families, Adult Protective Services Programs, H Street and Congress Heights Service Centers and tested to ensure distributor records were maintained in compliance with documentation requirements which requires a receipt form/ receipt of goods purchased; and signature of the recipient. Our testing revealed the following:

Table 4: Program/Service Center Distribution Results

Program/ Service Center	Sample Size	Missing Signature	Exception Rate	Missing Supporting Documentation	Exception Rate
Strong Families	43	16	37%	0	0%
Adult Protective Services	40	n/a	n/a	3	8%
H Street Service Center	14	1	7%	6	43%
Congress Heights	3	3	0%	0	0%

OIO discussed the exceptions with program staff and they stated that they rely on social workers to obtain the required signatures and receipts. In some instances, the staff does not always obtain the required documentation and signatures, and there is no follow up conducted by the Distributor.

OCFO Monitoring and Oversight

In addition to quarterly counts, per the OCFO Gift Card Policy, DHS/OCFO staff are required to collect monthly reports and perform periodic inventory counts including conducting *quarterly audits* with agency designee(s). Prior to February 2018, DHS did not conduct the quarterly counts and monitoring activities as required. For the period February 2018- March 2019, DHS/OCFO was able to provide evidence that monthly reconciliation reports were collected for 28 of the 42 (or 66%) of the monthly reconciliation reports required for ESA for the audit period. For FSA, DHS/OCFO collected 24 of the 56 (or 43%) of the monthly reconciliation reports required for the audit period. Additionally, DHS/OCFO provided evidence of periodic counts conducted during the audit period.

During observations, OIO noted one control deficiency; DHS/OCFO conducted a physical count, however, no reconciliation was performed to ensure the counted inventory amounts were accurate. DHS/OCFO informed OIO that a reconciliation is performed following the physical count and provided evidence of a reconciliation which was completed at a later date.

Best practices indicate that quarterly audits should at a minimum consist of ensuring distribution logs are maintained; cards are properly safeguarded; and the reconciliation of the DHS/OCFO physical inventory count to the agency reconciliation reports. DHS/OCFO must enhance internal

controls and monitoring surrounding gift card programs to ensure that staff is in compliance with Gift Card Program policies and procedures. Without these components, the risk exists for misappropriation.

Other Matter

During the audit, OIO was contacted by the OFT regarding the receipt/return of expired and active cards with low balances for destruction. Preliminary count by OFT revealed there were 242 gift cards with a returned value of at least \$3,078.94. DHS/OCFO stated the returned cards represented a combination of expired cards and small balances used by Department of Youth Rehabilitative Services and DHS. To give the agencies a fresh start, it was necessary to destroy the cards that were deemed inoperable by the Merchants and/or had small balances. The DHS/OCFO stated this was a one-time occurrence that probably would not happen again.

Recommendations

We recommend the Executive Director of the DHS:

9. Reinforce gift card policies related to monthly reconciliation reports submission and verification.

We recommend the Associate Chief Financial Officer, HSSC:

10. Reinforce the monitoring and oversight requirements outlined in the existing procedures.
11. Research variances identified between Custodian and Distributor reporting.

MANAGEMENT RESPONSE AND OIO COMMENTS

Management Response (Recommendation 9):

DHS agrees that opportunities exist to strengthen the enforcement of gift card distribution policies and procedures and that this area requires improvement. To ensure compliance, DHS has implemented measures in FY 2019 and will implement additional enforcement of internal controls in FY 2020:

- FY 2019 - Quarterly audits were conducted by DHS/OCFO with all ESA and FSA agency designee(s) and monthly reconciliation reports are consistently being collected. Where variances or discrepancies were identified within programs, gift card custodians have been required to submit signed Memorandums to acknowledge any missing or unaccounted

cards, and to acknowledge that monthly and quarterly counts will be performed to mitigate issues moving forward.

- FY 2020 - Beginning in the second quarter of FY 2020 all gift card custodians and distributors will be required to meet at least quarterly with the DHS AFO team and with a representative from the DHS Office of Program Review, Monitoring and Investigation (OPRMI) to ensure gift card custodians are fully aware of responsibilities with respect to policies and procedures, monthly reporting, and quarterly reporting as participants in the gift card program.

OIO Comment:

The agency's corrective actions taken and planned are responsive and meet the intent of the recommendations.

Management Response (Recommendation 10 and 11):

DHS OCFO agreed with the recommendations and noted that the following measures have been taken to address those concerns:

- Effective with the quarter ending June 30, 2018, the OCFO identified specific staff dedicated to performing the quarterly gift cards counts and the accompanying reconciliations for the Economic Security Administration (ESA) and Family Services Administration (FSA).
- Due to the numerous programs and varying locations throughout the city, it is not feasible to perform the actual reconciliation at the time of the count. The Accountant will observe to ensure that logs are maintained and that the cards are properly safeguarded. Upon completion of the count for each program, the Accountants will review the monthly reconciliations submitted from the program for the quarter and compare to the actual count. Any discrepancies noted will be discussed with the program to determine the cause of the variance. In most cases, these discrepancies are resolved. If there is no resolve, then the program will be required to submit an incident report and the appropriate changes will be made to the reconciliation. Reconciliation is performed and retained for every program within the Department of Human Services that maintains an inventory of gift cards.
- Effective in FY 2020, the OCFO has committed to meeting with the gift cards custodians and distributors on a quarterly basis to ensure staff are aware of the responsibilities with regards to administering, accounting and reporting on gift card inventory.

OIO Comment:

The planned corrective actions are responsive and meet the intent of the recommendations.

Exhibit A: Summary of Recommendations and Benefits

No.	Recommendation	Type of Benefit	Agency Reported Estimated Completion Date	Status ⁵
1	Consolidate and update the agency gift card policies and procedures to incorporate OCFO reporting requirements.	Internal Control & Process Improvement	10/7/2019	Closed
2	Communicate and train the gift card Custodians on the policies and procedures of the gift card program.	Internal Control & Process Improvement	10/7/2019	Closed
3	Develop comprehensive procedures to provide guidelines on maintenance and monitoring the gift card program.	Internal Control & Process Improvement	09/12/2019	Closed
4	Ensure that adequate monitoring is maintained by the AFO (or designee) as outlined in the OCFO/DOH Gift Card policies.	Internal Control	09/12/2019	Open
5	Reinforce the importance of including the unique identifier in the tracking database to comply with requirements.	Internal Control & Process Improvement	10/29/2019	Closed
6	Train an alternate Custodian to maintain the clothing gift card program.	Internal Control & Process Improvement	TBD	Open
7	Resolve the gift card variances identified.	Internal Control	09/30/2019	Closed

⁵ This column provides the status of the recommendation as of the report date. For final reports “Open” means management and the OIO are in agreement on the action to be taken, but the action is not complete. “Closed” means that management advised that the action taken needed to correct the condition 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 take the recommended action nor proposed satisfactory alternative actions to correct the condition.

No.	Recommendation	Type of Benefit	Agency Reported Estimated Completion Date	Status ⁶
8	Revise the CFSA/OCFO quarterly audit procedures to ensure proper reconciliation with Custodial receipts.	Internal Control	09/30/2019	Open
9	Reinforce gift card policies related to monthly reconciliation reports submission and verification.	Internal Control	03/31/2020	Open
10	Reinforce the monitoring and oversight requirements outlined in the existing procedures.	Internal Control	03/31/2020	Open
11	Research variances identified between Custodian and Distributor reporting.	Internal Control	03/31/2020	Open

⁶ This column provides the status of the recommendation as of the report date. For final reports “**Open**” means management and the OIO are in agreement on the action to be taken, but the action is not complete. “**Closed**” means that management advised that the action taken needed to correct the condition 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 take the recommended action nor proposed satisfactory alternative actions to correct the condition.

Exhibit B

Status of Prior Audit Recommendations

I. Management Actions were Responsive, Implemented and Partially Functioning as Designed				
No	Recommendations	CFSA and DHS Management Comments November 2, 2015	Management Comments April 11, 2019	OIO Evaluation
1	2. Establish a complete and accurate gift cards inventory records that show the beginning balance, cards received and distributed, and the ending balance.	<p>CFSA: CFSA stated that all responsible program staff designated to maintain and account for the distribution will undergo mandatory refresher training and the procedures on maintaining, distribution, and accounting for all gift cards within their respective program administration. CFSA also stated that as part of the 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.</p>	<p>CFSA: CFSA’s OCFO has provided individual training to each program Distributor by explaining the concept of accounting in performing the quarterly reviews and maintaining an accurate and updated inventory records.</p> <p>During Quarterly reviews, CFSA’s Accounting staff continues to reinforce the methods of improving record keeping and tracking of gift cards. Card Distributors have shown a marked improvement in record keeping and gift card management.</p>	Implemented.
1		<p>DHS: DHS 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 aforementioned policies.</p>	<p>DHS: DHS noted OPRMI has completed the FY 2016 internal audit of the DHS gift card records for compliance with the OCFO Gift Card policies.</p> <p>The review of FSA gift card procedures found out that most of the DHS divisions failed to adhere to the Agency’s gift card policies and procedures. Particularly, failure to secure the gift cards in the Safe and not utilizing the Distribution Logs to monitor the cards. As a result of these deficiencies, the DHS’ Chief Accountability Officer and OPRMI Staff met with FSA’s Card Distributors to reinforce the DHS’ gift cards policies and procedures. Necessary upgrades were made; e.g., where there are no Safe new ones were bought.</p> <p>Beginning FY 2016, DHS has been conducting regularly, monthly inventory reconciliation reports to ensure completeness and accuracy.</p>	Implemented.

I. Management Actions were Responsive, Implemented and Partially Functioning as Designed				
No	Recommendations	CFSA and DHS Management Comments November 2, 2015	Management Comments April 11, 2019	OIO Evaluation
			From FY 2019, the DHS OCFO staff have begun an extensive review of ESA and FSA gift card programs, including reinforcing of policies and procedures; meeting with gift card custodians, reviewing monthly counts, reconciliation sheets and incident reports and accounting for missing or stolen cards.	
2	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.	<p>DHS: DHS 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 effectively controls of the gift cards by the end of FY 2016.</p> <p>Additionally, DHS FSA is presently developing a QuickBase database that will track gift card disbursements for all of its program 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.</p> <p>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.</p>	<p>DHS: DHS confirmed that FSA has finalized the gift card policy with the incorporation of the MOU requirements between the CFO and the City Administrator. DHS confirmed that the Policy is still under review and remains to be finalized.</p> <p>DHS FSA is presently using the QuickBase database to track gift card disbursements. Some technical issues were noted to OIO auditors during their reviews of the DHS divisions conducted in 2019, which the DHS Office of Information Systems (OIS) was working to address. Separately, DHS ESA Deputy for Program Operations (ESA/DPO) division is working with the DHS Office of Information Systems to develop a QuickBase application to track their gift card disbursements.</p> <p>Due to personnel changes at ESA F, OCFO Staff does not have any information concerning the collaboration between FSA and ESA regarding their Peer review.</p>	<p>Partially Implemented.</p> <p>OIO noted exceptions as it relates to proper documentation and signatures. See finding 2.</p> <p>We also noted that DHS has implemented the QuickBase System, but technical issues were noted, and ESA is still in the process of implementing.</p> <p>OCFO staff does not have information on the status of the perceived peer review between ESA and FSA.</p>

Exhibit C

Audit Methodology

To accomplish our objectives, we reviewed OCFO Financial Policies and Procedures Manual for the Gift Card Program; as well as DOH's, CFSA's and DHS's Policies and Procedures for their respective gift card programs. We met with and conducted interviews with the OCFO's AFO and Program Staffs including Gift Cards Custodians on different occasions to gain an understanding of the agency's Gift Cards operations; and requested audit documentation (for the audit period) from the gift card custodian including the periodic inventory reports, monthly inventory reconciliation reports, distribution logs for selected programs, and supporting documentation for sampled transactions.

Additionally, at CFSA and DHS (programs and service centers) - we obtained and examined records of gift cards distributed and their related supporting documentation, conducted analysis of inventory records received and observed the count of the physical inventory.

CFSA Distribution Analysis

A Variance analysis was conducted which reviewed and compared supporting documentation for cards distributed from the Custodian to the Distributor to identify any discrepancies and to ensure that all gift cards were properly reported and accounted for.

Clothing Gift Card Distribution & Tracking Analysis

Met with the designated Custodian for Burlington gift cards and obtained data for the audit period for review.

DHS Distributions Analysis & Testing

OIO conducted analysis and sample testing at two points of the distribution process to ensure accuracy of inventory records and compliance with gift card policies and procedures. OIO reviewed records for distributions made from the Custodian to Distributor & the Distributor to Client.

Custodian to Distributor

OIO analyzed the inventory records to review distributions made from the (ESA & FSA) Custodians to (Program & Service Center) Distributors. The objective of this analysis was to determine if inventory (records) were accurately recorded based on select

quarters within the audit period. The Analysis compared the total amount of cards picked up and issued per the (programs' Distributor) inventory records vs. the (Custodians') inventory records maintained by DHS/OCFO to look for any noticeable discrepancies.

Distributions from Distributor to Client

OIO reviewed distributions made from the Distributor to the Client at select DHS Programs and Service Center locations to ensure supporting documentation was maintained and the gift cards were distributed in compliance with gift card policies and procedures.

Appendix 1

HSSC Management Response- OCFO and Program

OCFO Human Support Services Cluster Responses OIO Gift Card Audit

Department of Health

Recommendations for the Executive Director, DOH:

1. Consolidate and update the agency gift card policies and procedures to incorporate OCFO reporting requirements.

On October 7, 2019, the Chief Operating Officer sent an email to all DC Health administrations instructing all that the OCFO Gift card policy is applicable to all Administrations within DC Health and that there should be no other gift card policy in effect.

2. Communicate and train the gift card Custodians on the policies and procedures of the gift card program.

On October 7, 2019, the Chief Operating Officer sent an email to all DC Health administrations instructing all that the OCFO Gift card policy is applicable to all Administrations within DC Health and that there should be no other gift card policy in effect. Each administration was informed to familiarize themselves with the policy.

Recommendations for the Associate Chief Financial Officer, HSSC:

1. Develop comprehensive procedures to provide guidelines on maintenance and monitoring the gift card program.

On September 12, 2019, The AFO of the Department of Health met with the OCFO Accounting Officer, Budget Officer, and Accountants responsible for gift card monitoring. During the meeting, the audit was discussed in detail as well as the recommendations. After meeting, the AFO sent an email to program with a reminder that per OCFO policy, program gift card custodians are to submit a monthly Gift Card Inventory report to the OCFO. These reports will be due to OCFO no later than the 5th business day of the following month and shall include 1) Copy of your payment/gift card tracking log and 2) Completion of the Gift Card Inventory Sheet. In addition, the program was reminded that OCFO will conduct quarterly mandatory physical inventory counts.

2. Ensure that adequate monitoring is maintained by the AFO (or designee) as outlined in the OCFO/DOH Gift Card policies.

On September 12, 2019, The AFO of the Department of Health met with the OCFO Accounting Officer, Budget Officer, and Accountants responsible for gift card monitoring. During the meeting, the audit was discussed in detail as well as the recommendations. The AFO has scheduled monthly follow ups with the Accounting team to ensure adequate monitoring is maintained.

OCFO Human Support Services Cluster Responses OIO Gift Card Audit

Department of Human Services

Recommendations for the Associate Chief Financial Officer, HSSC:

The Department of Human Services, Office of the Chief Financial Officer, concurs with the recommendations of the Office of Integrity Oversight and agree that opportunities exist to strengthen and adhere with the policies and procedures. The following are measures that have been taken to address those concerns:

- Effective with the quarter ending June 30, 2018, the OCFO identified specific staff dedicated to performing the quarterly gift cards counts and the accompanying reconciliations for the Economic Security Administration (ESA) and Family Services Administration (FSA).
- The current process starts with a monthly email reminder to all gift card custodians providing a date by which the monthly reconciliations should be submitted to the OCFO. The OCFO confirms that a monthly reconciliation has been received from each program retaining gift card inventories. The monthly reports will be reviewed and utilized to perform the quarterly reconciliation. Due to the numerous programs and varying locations throughout the city, it is not feasible to perform the actual reconciliation at the time of the count. The Accountant will observe to ensure that logs are maintained and that the cards are properly safeguarded. Upon completion of the count for each program, the Accountants will review the monthly reconciliations submitted from the program for the quarter and compare to the actual count. Any discrepancies noted will be discussed with the program to determine the cause of the variance. In most cases, these discrepancies are resolved. If there is no resolve, then the program will be required to submit an incident report and the appropriate changes will be made to the reconciliation. Reconciliation is performed and retained for every program within the Department of Human Services that maintains an inventory of gift cards.
- Effective in FY20, the OCFO has committed to meeting with the gift cards custodians and distributors on a quarterly basis to ensure staff are aware of the responsibilities with regards to administering, accounting and reporting on gift card inventory.

The OCFO is committed to continuously working with the program to ensure that the policies are consistent across the agency and that we update the policy as often as necessary to comply with new changes that may be required based on agency and/or programmatic needs.

Recommendations for the Executive Director, DHS:

See attached

OCFO Human Support Services Cluster Responses OIO Gift Card Audit

Child and Family Services Administration

CFSA comments to the draft recommendations on page 11 of the report as follows:

Recommendations for the Executive Director, CFSA

Item 5: The distributor uses FACES Client Identification Number to identify each client. If the FACES Client Identification Number does not exist, the client's birth date or other identifying information will be is used.

Item 6: CFSA program leadership is currently assessing staffing options that ensure the gift cards functions currently assigned to the identified individual continue to be carried out once the individual retires.

Recommendations for the Associate Chief Financial Officer, HSSC:

Item 7/8: Gift cards variances were due to CFSA/OCFO accounting staff not having documentations to support gift cards distributed to program at the time of the quarterly review. A correction in procedure has been made. As of 4th quarter of 2019, CFSA/OCFO accounting staff is presenting documentation at each review.

Any variances between the monthly reconciliation and quarterly review will be supported by documentation. The OCFO accounting team will utilize electronic documentation to support all distribution. The documentation will be maintained on a share drive for accounting staff to access have readily available for review.

Appendix 2:

DHS Management Response

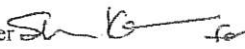


**Government of the District of Columbia
Department of Human Services**

DHS Response to OIO Report No. 18-01-01b HSSC

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 21, 2019

SUBJECT: Response to OIO Report No. 18-01-01b HSSC

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) Phase 2 (OIO Report No. 18-01-01b HSSC). This memorandum constitutes the official response of senior management at DHS to the findings of your office.

DHS began implementing improvements in FY19 and has a strong plan in place to continue to improve internal controls over its gift card program. DHS agrees that opportunities exist to strengthen the enforcement of gift card distribution policies and procedures and that this area requires improvement. In FY19, to improve the overall management of the program to ensure full compliance, the following measures were implemented to strengthen policy enforcement:

1. Quarterly audits were conducted by DHS/OCFO with all ESA and FSA agency designee(s) and monthly reconciliation reports are consistently being collected. The goal of DHS ESA and FSA program staff is to ensure 100% of monthly reconciliation reports are provided moving forward and established internal control reviews have been implemented to meet this goal.

Beginning in FY19, where variances or discrepancies were identified within programs, gift card custodians have been required to submit signed Memorandums to acknowledge any missing or unaccounted cards, and to acknowledge that monthly and quarterly counts will be performed to mitigate issues moving forward.

Changes in FY20 with respect to the gift card program are noted below:

1. As of October 1, 2019 (the beginning of FY20), Adult Protective Services (APS) is no longer a part of DHS. APS has transferred to the Department of Aging and Community Living (DACL) effective October 1, 2019, and all gift cards in possession of APS were submitted to the DHS / AFO team September 30, 2019.
2. The DHS AFO and DHS Accounting Officer are updating policies and procedures to strengthen the enforcement of the gift card program for ESA and FSA. Beginning in the second quarter of FY20, all gift card custodians and distributors will be required to meet at least quarterly with the DHS AFO team and with a representative from the DHS Office of Program Review, Monitoring and Investigation (OPRMI) to ensure gift card custodians are fully aware of responsibilities with respect to policies and procedures, monthly reporting, and quarterly reporting as participants in the gift card program. These regular DHS gift card custodian and distributor meetings will also be an opportunity to voice concerns with respect to implementing policies and procedures (in case clarifications or updates are needed in internal policies) and to ensure that transition of gift card custodians is effective, so new custodians understand all of their responsibilities and no cards are unaccounted for.
3. All gift card policies and procedures will be placed on the DHS intranet, so that custodians and distributors can easily access them, including new employees.

Individual Responsible for Implementation

If you have questions or need additional information, please contact Barbara Roberson, DHS Accounting Officer, at 202-671-4231, or Christa Phillips, DHS Chief Accountability Officer, at 202-671-4460. The DHS Office of Program Review, Monitoring and Investigation will work with the DHS AFO team to ensure every program's division is participating in regular custodian and distributor meetings beginning in FY20. Monthly and Quarterly Reporting enforcement will be done through the DHS AFO team.