

## CITY OF ALLENTOWN

### GIFT CARD COUNT

April 01, 2022

#### Prior Year Audit Issue Status

In 2017, the Controller's Office identified misappropriation of gift cards which were maintained by HR. A subsequent audit of gift card controls was performed in 2020. Below is the status of the issues identified during the 2020 audit.

Original Issue	Controller's Recommendation	Administration's Response	Status
Weaknesses in the Gift Card Log Process	<p>Before storing gift cards in the Treasury vault, Treasury personnel should ensure the gift cards agree to the logs.</p> <p>Gift cards should be periodically counted and compared to the logs created.</p> <p>To ensure proper transfer of responsibility, when gift cards are distributed by Treasury, the individual should be properly identified, and signatures should be obtained as proof of transfer of responsibility of the gift cards. Individuals should not be using other employee's names when receiving gift cards.</p> <p>Prior to awarding the recipient a gift card, HR should have the recipient sign the gift card log.</p>	<p><u>HR</u> - HR is developing an updated policy and process flow chart. We are creating a new log, that will be reviewed prior to submitting the cards to Treasury. The new process will include a dual review, where Treasury and HR will validate the cards and numbers and both employees will sign off. When cards are distributed by Treasury, the individual will be properly identified, and signatures will be obtained as proof of transfer of responsibility of the gift cards. Individuals will not be using other employee's names when receiving gift cards, and any attempt to use a different person's name will be considered a violation and will be subject to discipline. Prior to awarding the recipient a gift card, HR will have the recipient sign the gift card log.</p> <p><u>Treasury</u> – Treasury will also do a process whereby we will verify who is signing for the cards. If they don't know the person, they will request ID and make sure that the person signing is signing their name in addition to making sure that the signature on the log is legible.</p>	<p>Partially complete; gift card recipient is not signing the log.</p> <p>Additionally the old forms were not revised and the same errors identified in 2017 and 2020 remain.</p>
Potential Obsolescence of Gift Cards	<p>To decrease risk of loss or obsolescence, issuance of the gift cards should be done in first in, first out method or a system should be developed to ensure the older gift cards are awarded first.</p>	<p>Gift cards will be assigned a number in order of receipt and will distributed in FIFO (first in first out) order.</p>	<p>Not implemented as identified in Point #6.</p>

Gift Card Log Weaknesses	The log should be revised to allow for enough space to identify the person who is awarded the gift card. To facilitate assignment and identification of the gift cards, the physical gift cards should be tagged with a sticker that matches the log to easily identify the gift card.	The log will be revised to allow for enough space to identify the person who is awarded the gift card. To facilitate assignment and identification of the gift cards, the physical gift cards will be tagged with a sticker that matches the log to easily identify the gift card.	Not implemented.
Reporting of Gift Cards thru Payroll	HR should have employees receiving gift cards, or any wellness incentive complete the Payroll form before receiving their gift card.	Each gift card will be stored with the Payroll Form. When an employee receives the gift card, he or she will be required to sign the Payroll Form and submit it to HR immediately.	Not implemented.
Use of Employee Wellness Incentive Gift Cards	Gift Cards purchased with Capital Blue money for Employee Wellness Incentives should not be used as employee bonuses for outstanding work performance.	HR will purchase some additional gift cards outside of Wellness Incentive funds that will be used as employee incentives and job fair incentives. Gift Cards purchased with Capital Blue funds will not be used for anything other than wellness incentives.	Implemented.