

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

**PROACTIVE INTEGRITY SURVEY OF THE  
DISTRICT'S GIFT CARD PROGRAM**

**OFFICE OF INTEGRITY AND OVERSIGHT**



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



**Office of Integrity and Oversight**

September 20, 2012

Saul Levin, Interim Director  
Department of Health  
899 North Capitol Street, N.E.  
Washington, D.C. 20002

Jesus Aguirre, Director  
Department of Parks and Recreation  
1250 U Street, N.W.  
Washington, D.C. 2009

Brenda Donald, Director  
Child and Family Services Agency  
400 6<sup>th</sup> Street, S.W.  
Washington, D.C. 20024

Wayne Turnage, Director  
Department of Health Care Finance  
899 North Capitol Street, N.E.  
Washington, D.C. 20002

Delicia Moore, Acting Associate Chief Financial Officer  
Human Support Services Cluster  
64 New York Avenue, N.E.  
Washington, D.C. 20002

Dear Dr. Levin, Mr. Aguirre, Ms. Donald, Mr. Turnage, and Ms. Moore:

Attached is our final report summarizing the results of the Proactive Integrity Survey of the District's Gift Card Program. The proactive integrity survey is designed to identify management issues and internal control deficiencies that may require immediate management corrective actions or further audit or investigation.

The survey focused on selected agencies within the Human Support Services Cluster to include: Department of Health (DOH), Department of Parks and Recreation (DPR), Child and Family Services Agency (CSFA), and Department of Health Care Finance (DHCF).

As a result of the survey, we directed five recommendations to management for necessary actions to correct the noted deficiencies. We received written responses from the respective agencies outlining corrective actions that we consider to be sufficient and reasonable.

We appreciate the assistance and cooperation that you and your staff provided OIO during this survey. Should you have any questions or need additional information, please call me at (202) 442-6445, or your staff may contact Mohamad Yusuff, Director, Internal Audit at (202) 442-8240.

Sincerely,



William J. DiVello, Executive Director  
Office of Integrity and Oversight

**Attachments**

cc: The Honorable Vincent C. Gray, Mayor, District of Columbia  
Allen Lew, City Administrator, OCA  
Natwar M. Gandhi, Chief Financial Officer, Government of the District of Columbia  
Warren Graves, Chief of Staff, OCA  
Angell Jacobs, Chief of Staff, OCFO  
Kathy Crader, Chief Risk Officer, OCFO  
Jeffrey Barnette, Acting Deputy CFO/Treasurer  
Morris Thorpe, Controller, Human Support Services Cluster  
Sandra Robinson, Chief Operating Officer, DOH

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**PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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**PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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**ACRONYMS**

ACFO	Associate Chief Financial Officer
AFO	Agency Fiscal Officer
APRA	Addiction Prevention and Recovery Administration
ATR	Access to Recovery
CFSA	Child and Family Services Agency
DHCF	Department of Health Care Finance
DOH	Department of Health
DPR	Department of Parks and Recreation
GPRA	Government Performance and Results Act
MFP	Money Follows the Person
OCFO	Office of the Chief Financial Officer
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
OYE	Office of Youth Empowerment
WMATA	Washington Metropolitan Area Transit Authority

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## **PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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### **ABSTRACT**

The Office of Integrity and Oversight (OIO), Office of the Chief Financial Officer (OCFO), has completed a proactive integrity survey of the District's gift card program. The survey reviewed gift card/ticket programs for the Fiscal Year (FY) 2011 at selected agencies within the Human Support Services Cluster. The survey was initiated based on concerns expressed by the Office of Finance and Treasury (OFT) relative to internal controls over the gift card program.

The survey identified management issues that require immediate corrective actions. These management issues center on the need for:

- a) proper documentations of gift cards/tickets received and distributed;
- b) complete and accurate inventory records that reflect beginning balance, gift cards/tickets purchased and distributed, and ending balance;
- c) management supervisory review;
- d) reconciliation between the actual gift cards/tickets balance and the supporting documentation of distribution; and
- e) reliable verification process to ensure that gift cards/tickets are given to the intended recipients.

These identified management issues are considered fraud risk factors and require immediate corrective actions from agency directors to prevent misappropriation of District's assets.

### **PURPOSE**

The proactive integrity survey (the survey) is designed to identify management issues and internal control deficiencies that may require immediate management corrective actions or further audit or investigation. The survey is based primarily on inquiries, physical counting, examining inventory records, reviewing documents, and analytical procedures.

The objectives of the survey were to determine whether District's agencies that participated in the Gift Card Program complied with applicable laws and regulations and implemented effective internal control procedures to safeguard assets from fraud, waste and abuse.

### **SCOPE AND METHODOLOGY**

For FY 2011, the District's gift card program expenditures were about \$1 million. The survey focused on selected agencies within the Human Support Services Cluster to include: Department of Health (DOH), Department of Parks and Recreation (DPR), Child and Family Services Agency (CSFA), and Department of Health Care Finance (DHCF).

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## **PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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We reviewed internal control policies and procedures regarding gift cards/tickets programs and examined inventory records and documents supporting gift cards/tickets purchased and distributed. We performed physical counting of gift cards/tickets on hand at certain programs.

We interviewed the Agency Fiscal Officers (AFO) for DOH, DPR, CFSA, and DHCF. We also interviewed the Deputy Director of Operations of the Addiction Prevention and Recovery Administration (APRA) at DOH, the Chief of Program Support Services at the Community Health Administration at DOH, the Roving Leaders Program manager at DPR, the Coordinator of the Teen Program at DPR, the Recreation Services Program manager at DPR, the Administrator of the Office of Youth Empowerment (OYE) at CFSA, the manager of the Money Follow the Person (MFP) Program at DHCF, and the Program Director of the Division of Long-Term Care at DHCF. In addition, we met with the Acting Associate Chief Financial Officer (ACFO) and the Controller for Human Support Services Cluster.

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**PROACTIVE INTEGRITY SURVEY OF THE DISTRICT’S GIFT CARD PROGRAM**

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**MANAGEMENT ISSUES**

**Department of Health (DOH)**

*Addiction Prevention and Recovery Administration (APRA)*

APRA utilizes gift cards as incentives for clients to engage in the six-month follow-up interview process, a part of the Government Performance and Results Act (GPRA), to determine their level of progress in recovery, as required by the Access to Recovery (ATR) federal grant agreement.

For the FY 2011, APRA purchased 2,000 gift cards at \$20 each for Giant Food Inc. The Deputy Director of Operations stated that these gift cards are delivered to ATR clients, who participate in six-month follow-up interview, either in person at APRA office, through a home visit, or by mail. APRA management maintains a standardized tracking log to track gift card purchases and their distributions. The tracking log includes the date of delivery, name of the client, client ID number, amount on the card, serial number of the card, and client signature. When the gift cards are mailed to clients, APRA employees mark the gift card in the tracking log as “mailed.”

We found that there are no internal controls in place at DOH to ensure that gift cards are mailed to intended recipients. Lack of supporting documents of mailed gift cards and lack of management’s review and oversight are considered risk factors regarding the susceptibility of APRA gift cards to fraud and abuse.

Additionally, we requested APRA management to provide statistics on gift cards distributed by mail, in person at APRA’s office, or through a home visit. APRA management provided the following table:

<b>FY</b>	<b>No. of Cards Mailed</b>	<b>No. of Cards picked up in person</b>	<b>Total No. of Cards Issued</b>	<b>% of Cards Mailed</b>
FY 2011	719	8	727	99%
FY 2012 (up to Feb. 16)	696	68	764	91%

As shown in the table, the percentages of mailed gift cards are high for both FYs 2011 and 2012, especially with no internal controls in place to ensure that the cards are delivered to the intended ATR clients. APRA personnel agreed with this finding and acknowledged that the current system of delivering the gift cards to ATR clients is unacceptable and susceptible to fraud and abuse.



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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### *Community Health Administration*

The Community Health Administration manages the "D.C. Eat Smart and Move More" Program (the Program). The Program promotes nutrition and physical fitness through classroom sessions presented to students and senior citizens. The DOH nutrition staff provides USDA funded and approved lessons and activities to promote a healthy lifestyle and help prevent obesity.

In FY 2009, the Program purchased 500 gift cards at \$20 each from Safeway Inc. The gift cards are given to DOH nutrition staff to buy food and beverages necessary for food demonstration, taste testing, and nutrition related games presented in the classroom.

We found that there are no internal controls over gift cards used in this program. The inventory records are incomplete, inaccurate, and do not provide any information about the gift cards beginning balance, gift cards used, or the ending balance. In addition, we found that the nutrition staff transfers gift cards to each other without any documentation, and the safe keeper of the gift cards does not confirm any remaining balances on the cards. Furthermore, we found no evidence that the Community Health Administration ever performed any reviews or physical counts of gift cards on hand, or conducted any reconciliation between the actual gift card balance and the recorded one.

Lack of effective internal controls, incomplete and inaccurate inventory records, and lack of management's review and oversight are considered fraud risk factors that require immediate corrective actions from DOH management to prevent misappropriation of the District's asset.

### **Department of Parks and Recreation (DPR)**

#### *Roving Leaders Program*

The mission of the Roving Leaders Program (the Program) is to prevent, neutralize, and control hostile behavior in youth and youth groups through the development of positive relationships between teens/youth and outreach workers. The Program uses tickets to movies, games, and trips to achieve its objectives. These trips include Six Flags, AMF Bowling, Washington Mystics, Dave & Buster's, and Spirit of Washington.

The Program manager prepares Tickets Provided Reports to include number of tickets received and distributed, date and description of event, and names of participants. We found that these reports are not signed, kept by the manager who prepares them, and never presented to anyone to review or reconcile the unused tickets on hand with the tickets purchased and distributed.

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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For FY 2011, the Program purchased 1,500 movie tickets. The Program manager stated that it is not safe to keep any tickets in the Anacostia Community Center, therefore the inventory of the movie tickets is kept by a Procurement Specialist at Columbia Heights Community Center.

We counted the names in the rosters, which are used for ticket distribution and compared them with the actual ticket balance kept by the Procurement Specialist, and found 19 tickets were missing. In addition, we found that there were no supporting documents of receiving and delivering the tickets between the Program manager and the Procurement Specialist.

Furthermore, we found missing tickets for certain events: Washington Wizard (15 tickets missing), and Spirit of Washington (22 tickets missing). The Program manager confirmed that some of the missing tickets were given to DPR employees who chaperoned the children during these trips, and the Program does not maintain any supporting document reflecting the names and number of the chaperones.

### ***Teen Program***

The Teen Program offers a variety of activities specifically designed to keep teens engaged throughout the year and help youth build and develop positive relationships with one another through cultural and social enrichment activities. Teen programs include Teen Night Out, Supreme Teen Clubs, Youth Council, community service projects, sports, leadership development and other recreational events.

The Program uses tickets for movies and Six Flags Amusement Park to achieve its objectives. For FY 2011, the Program purchased 232 tickets to Six Flags for the amount of \$6,972 (all of them were used in one trip), and 1,300 movie tickets for the amount of \$9,759. We counted the names of teens in the rosters and compared them with the actual remaining tickets on hand and found that the ending inventory was overstated by 7 tickets. In addition, we found that DPR staff writes the teens' names in the roster to request a number of tickets and the Program manager provides the tickets to DPR staff without any verification to ensure that no fictitious names were added to the rosters. Furthermore, we found the Teen Program management does not keep any inventory records to show beginning balance, number of tickets purchased and used, and the ending balance.

The Coordinator of the Teen Program stated that, for the last 10 years, DPR never had any review or physical counting of tickets inventory, or any reconciliation between tickets received, used, and ending inventory balance.

### ***Recreation Services Program***

Recreation Services Program (the Program) provides a variety of athletic and educational activities to children and teens in 68 Community Recreation Centers in the District. The program is designed to help children and teens to develop physically, emotionally, and socially through a broad range of fun and challenging activities.

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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For FY 2011, the Program ordered, for the first time, 1,000 movie tickets for the amount of \$7,509. For a given event, DPR's responsible employee presents to the Program manager a signed roster for the number of movie tickets needed and names of children and teens. The Program manager stated that for one event (2011 Just Read), 100 movie tickets were placed in gift bags and distributed without rosters or any supporting documents.

We performed a physical count of movie tickets on hand and compared them with the number of names written in the rosters. We found that the actual ending balance is overstated by 46 tickets. The Program manager could not present any explanation for these extra tickets. Additionally, we examined the inventory of Washington Metropolitan Area Transit Authority (WMATA) tokens on hand and found that there were some WMATA tokens received from a former employee without any supporting documents, and the Program manager could not remember how many tokens were received. Lack of information about the WMATA tokens beginning balance does not allow any possible reconciliation between the ending inventory and the actual WMATA tokens used.

Lack of effective internal controls such as: lack of management supervisory review, incomplete and inaccurate inventory records, lack of a reliable verification process, and lack of supporting documents are considered fraud risk factors. DPR management needs to take immediate corrective actions to establish effective internal controls to prevent fraud, waste and abuse of the District's assets.

### **Child and Family Services Agency (CFSA)**

#### ***Independent Living Program/ Transition Package***

The Office of Youth Empowerment (OYE) provides assistance to CFSA youths with their transition to independent living. The youths who participate in transition receives transitional care packages up to \$500 to assist them with start up expenses in preparation for emancipation. These care packages are distributed in the form of gift cards.

For FY 2011, CFSA purchased gift cards in the amount of \$31,500 from Wal-Mart Inc., Target Inc., Safeway Inc., and Burlington Coat Factory Inc. OYE keeps the gift cards in a safe with inventory records that show the number of gift cards on hand at a given date, the dollar amounts, and the number of gift cards distributed.

We found no evidence that OYE management performs any physical count of the gift card inventory, nor any reconciliation between gift cards distributed and the ending balance.

OYE management agreed with this finding, and stated that corrective actions will be taken, and independent reviews and reconciliations will be performed.

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### Department of Health Care Finance (DHCF)

#### *Money Follows the Person Program (MFP)*

Money Follows the Person (MFP) is a federal demonstration project intended to assist persons living in institutions (nursing homes) transition back into the community. The MFP program targets elderly and persons with physical disabilities to assist them with setting-up essential household furnishings and moving expenses. The program provides a one-time \$400 gift card to assist participants with the purchase of household items and food.

For FY 2011, MFP management used Purchase Orders to purchase 22 gift cards at \$400 each from K-Mart Inc., and the Purchase Card to purchase 4 gift cards at \$400 each from Target Inc. MFP Transition Coordinator completes Household Start-Up Checklist with MFP participant in nursing home or hospital for their move to a home in the community. The Transition Coordinator receives the gift card from the program management, buys the household items and delivers them to MFP participant's new home.

We found that MFP management does not review or reconcile the receipts provided by the Transition Coordinators for items purchased with the Household Start-Up Checklist to ensure that items purchased were listed in the Checklist and there were no items purchased for personal use. Furthermore, we found no evidence to support that household items purchased were all delivered to MFP participants.

Additionally, we found the gift card inventory was transferred from MFP Management Assistant to MFP Project Manager without any signed documents to ensure responsibility and accountability of the gift card inventory.

MFP management agreed with these findings and stated that corrective actions will be taken to ensure proper documentations and effective reviews and reconciliations will be put in place.

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### CORRECTIVE ACTIONS NEEDED

We recommend that the Directors of DOH, DPR, CFSA, DHCF, and the ACFO take actions to:

1. Establish complete and accurate inventory records for gift cards/ tickets to include information about beginning balance, gift cards/tickets purchased and distributed, and the ending balance.
2. Establish proper documentations for gift cards/tickets distributed to include tickets given to agency's employees who supervise and chaperon events and activities.
3. Establish reliable verification processes to ensure that gift cards/tickets are given to the intended users.
4. Enforce management review and oversight of gift cards/tickets programs to ensure that programs' objectives are achieved efficiently and effectively.
5. Establish effective physical counting and reconciliation processes to ensure that, at any given date, the actual gift cards/tickets inventory matches with the recorded one.

### MANAGEMENT'S RESPONSES AND OIO COMMENT

#### Management's Responses

Management concurred with the recommendations and provided the following corrective actions planned and taken (full texts of agencies' responses are presented in Exhibit A – E):

- Agency program staff is no longer directly purchasing cards from vendor using SOAR checks. All requests supported by prepayments are purchased and inventoried by OFT.
- The agencies' program staff are providing monthly reconciliation of cards purchased and inventoried by OFT to the OCFO staff that are subsequently forwarded to OFT for review.
- The OCFO staff is in the process of inventorying all cards held by Human Support Services Cluster agencies.
- The ACFO for Human Support Services Cluster is finalizing policies and procedures for receipt and distribution of cards that will be distributed to the agencies' program staff.

## **PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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- DPR will use a disbursement log reflecting the type of ticket issued, ticket sequence, ticket value, quantity issued, total value of ticket issued, recipient's name, ID number and signature, the disbursing agent's name, and the date the tickets were issued.
- DHCF stated that, as of March 20, 2012, MFP management reviewed and reconciled the receipts provided by Transition Coordinators for items purchased with the Household Start-Up Checklist. MFP Transition Coordinators and program participants signed and dated a Proof of Receipt of Household Form upon delivery of purchased household items.

### **OIO Comment**

Based on its review of the agencies' responses, OIO has concluded that agencies' planned and taken corrective actions are sufficient and reasonable.

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**PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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**AGENCIES' RESPONSES**

**EXHIBIT A: DEPARTMENT OF HEALTH CARE FINANCE'S (DHCF) RESPONSE**

**EXHIBIT B: CHILD AND FAMILY SERVICE AGENCY'S (CFSA) RESPONSE**

**EXHIBIT C: DEPARTMENT OF HEALTH'S (DOH) RESPONSE**

**EXHIBIT D: DEPARTMENT OF PARKS AND RECREATION'S (DPR) RESPONSE**

**EXHIBIT E: HUMAN SUPPORT SERVICES CLUSTER'S RESPONSE**

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### EXHIBIT A: DEPARTMENT OF HEALTH CARE FINANCE'S (DHCF) RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health Care Finance



Office of the Director

August 13, 2012

William J. DiVello  
Executive Director  
DC Office of Integrity and Oversight  
Office of the Chief Financial Officer  
100 4<sup>th</sup> Street S.W.  
Suite 750  
Washington, D.C. 20024

RE: Response to the Draft Proactive Integrity Survey of the District's Gift Card Program OIO  
Report No. 12-02-05 OFT

Dear Mr. DiVello:

Thank you for the opportunity to review the July 13, 2012, draft of the Office of Integrity and Oversight's Report Number 12-02-05 OFT, *Proactive Integrity Survey of the District's Gift Card Program*. Upon reviewing the report with program and financial staff who administer the Department of Health Care Finance gift card acquisition and distribution through the District's Money Follows the Person Demonstration Project, I offer the following update on Actions Taken since the March 19, 2012, meeting between these staff members and OIO investigators. Actions taken are organized by DHCF-Specific Findings and Corrective Actions, and General Corrective Actions recommended for all agencies.

#### ACTIONS TAKEN

##### DHCF-MFP Findings and Corrective Actions

###### ***DHCF-MFP Finding 1***

MFP management does not review or reconcile the receipts provided by the Transition Coordinators for items purchased with the Household Start-Up Checklist to ensure that items purchased were listed in the Checklist and there were no items purchased for personal use.

###### ***Corrective Action-1***

As of March 20, 2012, MFP management reviews and reconciles the receipts provided by Transition Coordinators for items purchased with the Household Start-Up Checklist.

###### ***DHCF-MFP Finding 2***



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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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There is no evidence to support that household items purchased were all delivered to MFP participants.

*Corrective Action-2*

As of March 20, 2012, MFP Transition Coordinators and program participants sign and date the attached Proof of Receipt of Household Goods form (Attachment I) upon delivery of purchased household items.

***DHCF-MFP Finding 3***

Gift card inventory was transferred from MFP Management Assistant to MFP Project Assistant without any signed documents to ensure responsibility and accountability for the gift card inventory.

*Corrective Action-3*

As of March 20, 2012, once additional gift cards are acquired, a printed log sheet with Division of LTC Management Assistant and MFP Project Assistant signatures will reflect the transfer of responsibility and accountability for the gift card inventory. Note: No new gift cards have been acquired since the March 19, 2012, meeting with OIO investigators.

**General Recommended Corrective Actions**

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**Recommendation 1**

Establish complete and accurate inventory records for gift cards to include information about beginning balance, gift cards purchased and distributed, and the ending balance.

*Response 1*

At the time of the OIO investigators' March 19, 2012, meeting with DHCF staff, the agency was maintaining a complete and accurate inventory for gift cards. The agency will continue this practice.

**Recommendation 2**

Establish proper documentation for gift cards/tickets distributed to include tickets given to agency's employees who supervise and chaperone events and activities.

*Response 2*

At the time of the OIO investigators' March 19, 2012, meeting with DHCF staff, the agency was maintaining documentation of gift cards distributed. The agency will continue this practice.

**Recommendation 3**

Establish reliable verification processes to ensure that gift cards are given to the intended users.

*Response 3*

As indicated above in *DHCF-MFP Corrective Action-2*, as of March 20, 2012, DHCF is using the Proof of Receipt of Household Goods form (Attachment I) to verify that gift cards/household items are given to the intended users.

**Recommendation 4**

Enforce management review and oversight of gift card programs to ensure that programs' objectives are achieved efficiently and effectively.

*Response 4*

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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Beginning September 1, 2012, the DHCF Division of Long Term Care Program Manager will provide a report on the utilization and administration of gift cards through the Money Follows the Person Demonstration Project to the Health Care Delivery Management Administration Director. Data for this report will be provided by the MFP Project Manager.

Utilization data and key administration issues will subsequently be shared by the Director of the Health Care Delivery Management Administration at the standing weekly DHCF Senior Management Meeting.

If corrective action is required, the Director of the Health Care Delivery Management Administration, working in collaboration with pertinent DHCF staff, the Division of Long Term Care Program Manager, and the MFP Project Manager, will develop a plan and implement it. Following any corrective action, an update on progress will be reported through the mechanisms described above.

### **Recommendation 5**

Establish effective physical counting and reconciliation processes to ensure that, at any given data, the actual gift card inventory matches with the recorded one.

### *Response 5*

At the time of the OIO investigators' March 19, 2012, meeting with DHCF staff, the agency was implementing policies and procedures to ensure that the actual gift card inventory matches with the recorded one. The agency will continue this practice. *DHCF-MFP Corrective Actions 1-3* above will strengthen these practices.

In addition, the Human Support Services Cluster Office of the Chief Financial Officer plans to issue Policies and Procedures relating to ordering, storing, issuing, and inventorying gift cards that will assist in strengthening the safeguards already in place.

DHCF is committed to continuing the corrective actions that have been implemented or will be implemented. Please feel free to contact me with any additional comments or concerns. We look forward to receiving the final report.

Sincerely,



Wayne Turnage  
Director

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### EXHIBIT B: CHILD AND FAMILY SERVICE AGENCY'S (CFSA) RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Child and Family Services Agency



August 20, 2012

William J. DiVello  
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. DiVello,

Thank you for the opportunity to review and provide comments on the draft report, "Proactive Integrity Survey of the District's Gift Card Program". I appreciate your office's diligence in completing this report and providing guidance to the Child and Family Services Agency (CFSA) in managing its gift card program. My comments are confined to the gift card program managed by the Office of Youth Empowerment (OYE) which is the administration subject to your report and findings.

**Summary of Report Findings and Recommendations**

With regard to the gift card program managed by OYE, the draft report found no evidence that OYE management performs any physical count of the gift card inventory, nor any reconciliation between gift cards distributed and the ending balance. Also, the draft report recommended five corrective actions that CFSA and the other District agencies should undertake to strengthen its gift card programs. They are:

1. Establish complete and accurate inventory records for gift cards/tickets to include information about beginning balance, gift cards/tickets purchased and distributed, and the ending balance.
2. Establish proper documentations for gift cards/tickets distributed to include tickets given to agency's employees who supervise and chaperon (sic) events and activities.
3. Establish reliable verification processes to ensure gift cards/tickets are given the (sic) intended users.
4. Enforce management review and oversight of gift cards/tickets programs to ensure that programs' objective are achieved efficiently and effectively.
5. Establish effective physical counting and reconciliation processes to ensure that, at any given date, the actual gift cards/tickets inventory matches the recorded one.

**CFSA Response**

Headquarters: 400 6<sup>th</sup> Street, SW • Washington, D.C. 20024-2753 • 202-442-6100  
[www.cfsa.dc.gov](http://www.cfsa.dc.gov) • <http://dc.mandatedreporter.org> • [www.adopnckids.org](http://www.adopnckids.org)

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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**CPSA Response**

In response to specific findings regarding the OYE gift card program, OYE management agreed with the findings. In response to these findings and in concert with the overall five recommendations, OYE management developed procedures addressing the concerns and ensuring proper management of its gift card program. These procedures are attached.

Again, thank you for the opportunity to respond to this draft report. If you have any questions or concerns regarding this response or the attached procedures, please contact Debra Porchia-Usher, Principal Deputy Director (202 727-6006).

Sincerely,

  
Brenda Donald  
Director

cc: Debra Porchia-Usher  
Delicia Moore  
Morris Thorpe  
Justin Kopca

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### EXHIBIT C: DEPARTMENT OF HEALTH'S (DOH) RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF HEALTH



Office of the Director

August 21, 2012

Mr. Mohamad Yusuff  
Internal Audit 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. Yusuff:

The Department of Health (DOH) is in receipt of and has thoroughly reviewed the "Proactive Integrity Survey of the District's Gift Card Program" and fully supports its findings and recommended corrective actions.

As early as June 2010, DOH began a review of the Gift Card program being operated by its Addiction Prevention and Recovery Administration (APRA). That review resulted in the creation of specific policies and procedures for all APRA programs. Recognizing that other programs were utilizing similar program incentives, the Office of the Director subsequently expanded the review to include five (5) of DOH's six administrations. Lead by our Agency Financial Officer, Keith Fletcher, a team consisting of Operations Managers from each of our six administrations, looked at all programs that purchased cash value instruments. These instruments included: METRO Fare cards and tokens; parking vouchers; American Express gift cards; Safeway and Giant gift certificates and crib vouchers. While no fraud or misuse was detected, we were sufficiently concerned that the potential existed. Consequently, by January 2011 we suspended the purchase of all such instruments by individual administrations until the review team completed its work, written policies and procedures were in place and staff training completed. As an interim measure all instruments are now purchased and tracked by the AFO's office.

Concurrently the Human Service Cluster AFOs began development of a policies and procedures document and forms that will be used by all agencies within that cluster. While these policies have not yet been finalized, we are implementing them in principle to minimize potential risk to the District. I have attached a copy of the working drafts and forms for your reference.

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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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Should you have any questions, or require additional information, please contact: Keith Fletcher, Agency Financial Officer at 202-442-9231 or [keith.fletcher@dc.gov](mailto:keith.fletcher@dc.gov) or Sandra Robinson, Chief Operating Officer, at 202-442-5863 or [sandra.robinson@dc.gov](mailto:sandra.robinson@dc.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Saul Levin".

Saul Levin, MD, MPA  
Interim Director

## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

### EXHIBIT D: DEPARTMENT OF PARKS AND RECREATION'S (DPR) RESPONSE



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Parks and Recreation

Office of the Director



August 29, 2012

William J. DeVello  
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. DeVello,

The Department of Parks and Recreation concurs with the findings as reflected in the Proactive Integrity Survey of the District's gift card program conducted by the Office of Integrity and Oversight as it relates to the Roving Leader's Program, the Teen Program and the Recreation Services Program.

The following corrective actions have been implemented for all programs within the Department of Parks and Recreation involving event tickets, movie passes, metro cards and tokens:

- The Agency Fiscal Officer receives a copy of purchase orders issued for the procurement of all event tickets, amusement park tickets, movie passes, bowling gift cards, metro card and tokens. These requests are made once annually at the onset of the summer enrichment programming activities.
- Upon receipt of the tickets, cards and tokens at the Department of Parks and Recreation, Office of the Chief Financial Officer (OCFO) headquarters located at 1250 U Street, NW, the items are inventoried and reconciled to the invoice by an OCFO staff and the program manager responsible for the distribution and inventory of the tickets. Under the Office of Finance and Treasury's (OFT) draft policies and procedures, the agency will no longer procure these services. All future requests for these items will be purchased and inventoried by OFT.
- A disbursement log reflecting the type of ticket issued, the ticket sequence, ticket value, quantity issued, total value of tickets issued, recipient's name, recipient's ID number, recipient's signature, the disbursing agent's name, and the date the tickets were issued is prepared and filed within the Office of the Chief Financial Officer and the program manager's Office. (See Attachment A)
- The remaining metro cards and tokens are issued upon the receipt of a tickets provided report which will reflect the number and type of tickets/tokens requested, and a roster of the participants that will ultimately receive the ticket/token. The tickets provided report is signed by the disbursing agent, the receiving agent and the designee for the Agency head. (See Attachment B)

Move • Grow • Be Green 

1250 U Street, NW, Washington, D.C. 20009 | P: (202) 673-7647 | F: (202) 673-2087  
[www.DPR.DC.gov](http://www.DPR.DC.gov) |   @DPRDC

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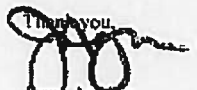
## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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- Tickets for all events will be issued to the program manager with the exception of metro cards and tokens which will be housed in the safe located at the DPR headquarters and disbursed upon request. Safes have been installed at all locations to ensure adequate safekeeping of tickets until redemption.
- The program staff will be responsible for selecting a custodian – person designated to issue, track, safeguard and inventory tickets, cards, and tokens and a distributor(s) – person authorized to distribute tickets, cards, and tokens to program participants.
- The distributor will be responsible for submitting rosters for the tickets, cards, and tokens issued to participants that reconcile to the number of tickets, cards and tokens issued.
- The custodian will be responsible for submitting a monthly reconciliation form for all tickets, card and tokens on a monthly basis to the OCFO.
- The OCFO will conduct an audit of each custodian and distributor's supply, documentation and the safe where the tickets, cards and tokens are kept immediately after the camping season, and on a monthly basis thereafter for tickets remaining at the end of the summer enrichment programs. The audit will encompass ensuring that the distributor and the custodian are maintaining logs of distributed cards and that the remaining fare cards, tokens, and logs are maintained in a safe and secure location.
- Upon approval of the policies and procedure issued by OFT, as it relates to payment cards inventory, disbursement, and reconciliation policy, DPR will modify and incorporate into a final document to be implemented for all programs within the agency.

If there are any questions or additional information required, please contact Barbara Ruberson, Agency Fiscal Officer at 673-2032 or [barbara.ruberson@dc.gov](mailto:barbara.ruberson@dc.gov).

Thank you,  
  
Jesus Aguirre

Director, Department of Parks and Recreation

cc: Attachment A  
Attachment B



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## PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM

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### EXHIBIT E: HUMAN SUPPORT SERVICES CLUSTER'S RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HUMAN SUPPORT SERVICES CLUSTER



OFFICE OF THE ASSOCIATE CHIEF FINANCIAL OFFICER

August 22, 2012

William J. DiVello  
Executive Director  
Office of Integrity and Oversight  
Office of the Chief Financial Officer  
1100 4th Street, S.W., Suite 750  
Washington, DC 20024

Dear Mr. DiVello,

The Office of the Associate Chief Financial Office for the Human Support Services Cluster (HSSC) has reviewed the "Proactive Integrity Survey of the District's Gift Card Program" and offers the following responses to recommendations presented in the 'corrective actions needed' related to the OCFO responsibilities.

#### OCFO Responses

1. In conjunction with the Office of Finance and Treasury (OFT) and the draft policies and procedures presented by OFT, HSSC OCFO staff are retrieving cards requested by agency programs directly from OFT and distributing them to the appropriate agency program staff. No longer are agency program staff directly purchasing cards from vendors using SOAR checks. All requests supported by prepayments are purchased and inventoried by OFT.
2. The agencies' program staff are providing monthly reconciliations of cards purchased and inventoried by OFT to the OCFO staff that are subsequently forwarded to OFT for review. These reconciliations include beginning balances, purchases, distributions, defects and ending balances.
3. The OCFO staff is in the process of inventorying all cards held by cluster agencies. To date, the three programs sited at the Department of Parks and Recreation (DPR) and three majors programs at the Department of Human Services (DHS) have been inventoried. Additional inventories are scheduled for the week of August 20th for the Department of Health (DOH) and the Department of Youth Rehabilitation Services (DYRS). All agency inventories will be conducted prior to fiscal year end 2012.
4. The OCFO for HSSC is finalizing policies and procedures for receipt and distribution of cards that will be distributed to the agencies' program staff.

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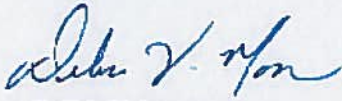
**PROACTIVE INTEGRITY SURVEY OF THE DISTRICT'S GIFT CARD PROGRAM**

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August 23, 2012  
HSSC Response to: "Proactive Integrity Survey of the District's Gift Card Program"

If there are any questions or additional information required, please contact Morris Thorne, Controller at 671-4466 or [morris.thorne@dc.gov](mailto:morris.thorne@dc.gov).

Thank you,



Delicia V. Moore  
Acting Associate Chief Financial Officer