

How are gift cards defined?

A gift card is the equivalent of a specific amount of cash in the form of a prepaid debit card used for purchasing goods and services and includes gift cards for stores, restaurants, and local and online merchants.

Grant Financial Management Requirement

If allowed under the terms and conditions of your grant award, the Office for Victims of Crime (OVC) requires that the use of gift cards for grant award costs be carefully controlled and that there is strong oversight of gift card use through written policies and internal controls.

Important Information to Know

When are the use of gift cards allowable?

OVC funded victim service organizations should provide in-kind supplies and services (i.e., food, clothing) instead of gift cards to meet the urgent and short-term needs of victims, whenever possible. The use of gift cards should only occur when reasonably necessary.

Why are the use of gift cards limited and tightly controlled?

There is a risk of fraud, waste, and abuse when converting grant funds into gift cards because of the difficulty in tracking and monitoring their use. Lack of strong administrative oversight can result in these costs being questioned in an audit.

What are the limitations on use of gift cards?

- ◆ Victim service organizations should have a gift card policy in place that describes the circumstances under which gift cards can be purchased.
- ◆ Gift card purchasing and approval duties should be segregated (the purchaser should not be the authorizer).
- ◆ Gift cards should be issued in limited quantities based on the number of cards that are necessary at that time.
- ◆ OVC recommends that the value of individual cards not exceed \$100.
- ◆ Approval, purchase, and use of gift cards should be documented, tracked, monitored, and substantiated with receipts.

How This Applies to Your Grant

If your entity has a circumstance, where it is reasonably necessary to utilize gift cards to provide for the urgent and short-term needs of victims, you need to implement gift card policies and internal controls.

What are benefits of having gift card policies?

A gift card policy allows an entity to define and adequately document the purchase of gift cards with grant funds. The policy sets internal controls to protect against fraud and embezzlement. An effective policy will include information about allowable use, approvals, limits, purchasing processes, documentation, tracking forms, internal controls, storage and custody, tax reporting, and the treatment of lost/stolen/missing cards. Strong administrative oversight and adequate internal controls over gift cards, can lead to fewer costs questioned during audits.

What should be included in a gift card policy?

Review your funders' rules and incorporate them into your policy where appropriate. Written gift card policies for OVC awarded programs should align with DOJ requirements.

The below recommendations were compiled based on OVC guidance and best practices for OVC funded victim service providers (grantees and subgrantees):

Gift Card Purchase Policy Recommendations
Outline the circumstances under which gift cards may be purchased including the purchase approval process (typically the entity's procurement process).
Ensure purchases made with gift cards are consistent with what costs are allowable under your grant award.
Address common questions in your policy regarding allowable/unallowable costs. For example, purchases with gift card by individuals and online purchases may be permitted if the cost is allowable. Use of gift cards as raffle prizes is <u>not</u> allowable.
Gift cards should <u>not</u> be purchased in bulk – only the smallest number of cards necessary to deal with emergencies should be kept at any given time.
Include which programs are authorized to use gift cards and who is authorized to receive gift cards (employees, volunteers, clients).
Determine adequate segregation of duties (i.e., the purchaser should not be the authorizer).
Document the purpose of the cards, authorizations, receipts substantiating the purchase amount and who made the purchase (when and where).
Place limits on the maximum amount of gift cards that can be in possession at any given time.
Gift Card Storage and Custody Policy Recommendations
Designate a gift card custodian and back-up custodian. The custodian is responsible for gift card purchasing, security, dispensing to entity staff, tracking (serial numbers and denominations) and replenishing.
Store gift cards in a secure location such as a locked file cabinet with controlled access to the key and limit access to the gift card custodians.

Gift Card Issuance Policy Recommendations

Requests should include the reason for using a gift card instead of in-kind supplies or services.

Describe what costs are typically allowable and under what circumstances. *For example, medicine, baby supplies, clothing, food, transportation, gasoline, car repairs, household expenses and other urgent and short-term needs.*

Describe what costs are typically unallowable. *For example, cigarettes, alcohol, entertainment, resale or cashing out.*

Require authorization for each request to use a gift card. The authorizer is different from the staff member requesting the card.

Maintain a record for each authorization.

Gift Card Accounting Policy Recommendations

Record gift card purchases in the entity's general ledger.

Determine the process for reconciling gift card documents. For example, how is the client acknowledgement form matched to the appropriate paperwork approving the gift card and how is that tracked and stored?

Provide guidance for how to handle lost or stolen gift cards.

Gift cards purchased with grant funds not used for victim support by the end of the project must be accounted for as award-funded property ([2 C.F.R. 200.314](#)), and may require the return of the value of the unused cards.

Gift Card Use Policy Recommendations

Require that the client signs a document describing the dollar value of each gift card received, and acknowledging they understand and will abide by the allowable and unallowable cost guidance received. *OVC encourages policies that support victim empowerment and self-sufficiency and does not require OVC-funded organizations to have clients submit itemized receipts. A client's written acknowledgement of the gift card's allowable uses is sufficient in most cases.*

Ensure documentation with any personally identifying information (PII) is treated in accordance with the entity's policies protecting client confidentiality.

Note: *Gift cards are sometimes used as incentives for participation in research. Incentives may be allowed for purposes of research/evaluation (though OVC does not typically fund these activities), however there are separate restrictions, and grantees must have prior approval from the Office of Justice Programs as well as the research organization's Institutional Review Board.*

Strong internal controls include:

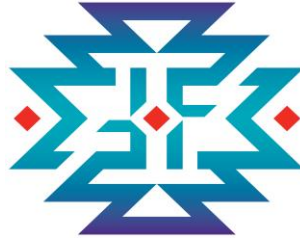
- ◆ Ensuring adequate segregation of duties between employees requesting the cards for a client, manager review/approval of use and purchase, and the designated gift card custodian.
- ◆ Requiring client acknowledgement of allowable and unallowable uses of the card.
- ◆ Maintaining all supporting documentation documenting client eligibility, purpose for which the gift card was issued, authorization to disburse the card and the client's acknowledgement of receipt.
- ◆ Storing cards securely and limiting access.
- ◆ Keeping written tracking logs (or receipts) showing purchases (amount, purchaser, where and when purchased), inventory and card issuance. OVC recommends auditing logs regularly.

Resources◆ **OJP Grants Financial Guide**

<https://www.ojp.gov/funding/financialguideojp/iii-postaward-requirements>

◆ **OMB Uniform Guidance 2 C.F.R. 200.314**

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.314>



The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to TFMC@OVCTFMC.org or call 703.462.6900.** Visit OVCTFMC.org for additional resources and information.

Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to Evaluation@OVCTFMC.org.

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