



December 2024

Finance Department

**Audit of DeKalb County COVID-19
Vaccination Incentive
Gift Card Program**

FINAL REPORT



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**FINANCE DEPARTMENT
AUDIT OF COVID-19 VACCINATION
INCENTIVE GIFT CARD PROGRAM
AUDIT REPORT NO. IA-2023-150-FN
FINAL REPORT**

HIGHLIGHT SUMMARY

Why We Performed the Audit

In accordance with the Office of Independent Internal Audit (OIIA) annual audit plan, we conducted a performance audit of DeKalb County’s vaccination incentive gift card program. The objective of this audit was to determine if internal controls over the County’s incentive gift card program were adequately designed and operated as intended.

How We Performed the Audit

Our audit focused on incentive gift card program management, processes, and procedures during the audit period of July 1, 2021, through December 31, 2023.

Our methodology included, but was not limited to:

- Interviewed relevant County personnel.
- Reviewed current processes, procedures, and best practices.
- Tested a sample of transactions for compliance.

Background

In July 2021, the U.S. Department of the Treasury approved using the State and Local Fiscal Recovery Fund (SLFRF) for individual vaccine incentives to respond to the public health emergency of the Coronavirus (COVID-19) pandemic.

From July 2021 through December 2023, the County used the grant funds received to purchase approximately 44,435 gift cards at a total cost of \$4,458,684 (excluding processing and activation fees for cards purchased on County purchasing cards). The cards were to be distributed to eligible recipients to encourage individuals to receive the lifesaving COVID-19 vaccination and/or for other non-vaccination events that were authorized by the federal grant.

What We Found

The COVID-19 pandemic created an unprecedented public health emergency, requiring the County to respond expeditiously. However, federal regulations require that when exercising emergency-related flexibilities, the County must continue to prioritize standard best practices to prudently balance the need for expediency with adequate internal controls to mitigate the risk of fraud, waste, and abuse. Our audit determined that while the County had procedures in place for managing the incentive gift card program, when the program was actively distributing cards, we also identified internal control deficiencies and lessons learned as follows:

Audit Findings
1: Lack of Documented Evidence to Support the Distribution of Gift Cards to Eligible Recipients in Some Cases.
2: Incentive Gift Card Purchases Were Made Without Adherence to Current Purchasing Policy.
3: Inadequate Written Documentation and Controls Over Gift Card Inventory and Distribution of Cards at Covid-19 Vaccination Events.
4: Improvements Were Needed in Safeguarding Monetary Gift Cards.
5: Segregation of Duties Needed to be Strengthened in the Gift Card Program Management.
6: The County Needs a Written Policy for Gift Card Management.

What we Recommend

We recommend that Finance Department management:

- Locate any further signature logs and work with the vendor to determine the specific card numbers that are not accounted for. If possible, recover funds IF it is determined that eligible recipients did not receive them.
- Obtain BOC ratification of multiple gift card purchases from a single vendor totaling over \$100,000.
- Segregate key functions within the incentive gift card management process.
- Establish and document a Countywide gift card management policy and procedures to address this report's findings and help ensure the County is better prepared for future emergency events or other gift card procurement and distribution programs.



TABLE OF CONTENTS

HIGHLIGHT SUMMARY	2
BACKGROUND AND INTRODUCTION	4
OBJECTIVES, SCOPE, AND METHODOLOGY	5
AUDIT RESULTS	6
FINDING 1: Lack of Documented Evidence to Support the Distribution of Gift Cards to Eligible Recipients in Some Cases.	6
FINDING 2: Incentive Gift Card Purchases Were Made Without Adherence to Current Purchasing Policy.	10
FINDING 3: Inadequate Written Documentation and Controls Over Gift Card Inventory and Distribution of Cards at Covid-19 Vaccination Events.	11
FINDING 4: Improvements Were Needed in Safeguarding Monetary Gift Cards.	14
FINDING 5: Segregation of Duties Needed to Be Strengthened in the Gift Card Program Management.	15
FINDING 6: The County Needs a Written Policy for Gift Card Management.	15
APPENDICES	18
Appendix I – Objective, Scope, and Methodology	18
Appendix II – Recommendations for a County Gift Card Policy	19
Appendix III – Management Response	22
DISTRIBUTION	25
PROJECT TEAM	26
STATEMENT OF ACCORDANCE	27



BACKGROUND AND INTRODUCTION

The American Rescue Plan Act (ARP), which established the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), was signed into law by President Biden in March 2021 to help state, territorial, and local governments respond to the Coronavirus (COVID-19) pandemic and its negative economic and health impacts. In July 2021, the U.S. Department of the Treasury approved using the SLFRF for individual vaccine incentives to respond to the public health emergency of the COVID-19 pandemic. The County Board of Commissioners (BOC) approved the appropriation of American Rescue Plan Act Funding to Eligible Programs and Operating Expenses in 2021¹.

In response to the national COVID-19 pandemic, DeKalb County's CEO, Michael Thurman, declared a countywide state of emergency. He also approved using ARP funding for county sponsorship of COVID-19 vaccination events, incentivized with gift cards, to boost the number of vaccinated citizens and reduce the spread of COVID-19 infections.

Exhibit 1: DeKalb County Citizen receiving a COVID-19 vaccination at a County-sponsored gift card incentive event, Lou Walker Senior Center, in January 2021.



Source: <https://www.dekalbcountyga.gov/human-development/year-review>

The County purchased the gift cards using the State and Local Fiscal Recovery Fund (SLFRF) and partnered with several DeKalb County Commissioners to hold incentive gift card vaccination events. The Capital and Grants Division of Finance (Grants) was responsible for administering the SLFRF charges and primarily managing the county's gift card incentive program, which included safeguarding, inventorying, monitoring, and distributing the monetary gift cards. From July 2021 through December 2023, the County purchased approximately 44,435 gift cards at a total cost of \$4,377,000 (excluding gift card shipping and activation fees).

From July 2021 through July 2023, the County sponsored over 300 COVID-19 vaccination events throughout DeKalb County. More than 38,000 individuals received MasterCard or Visa gift card(s) as an incentive to receive the vaccine. Less than 4,000 additional cards were distributed for non-vaccination-related reasons, such as housing and food, to help mitigate the economic impact of the COVID-19 pandemic.

¹ Agenda item 2021-2878



Exhibit 2: A DeKalb County Vaccination Event, August 2021



Source: DeKalb County COVID-19 vaccine gift card incentive event held at the Gallery at South DeKalb on Aug. 14, 2021. Obtained from DeKalb County Board of Health posted on <https://www.fox5atlanta.com/news/large-crowd-turns-out-for-dekalb-county-vaccination-event>

Exhibit 3: Sample gift card.



Source: Ai-generated image of a Visa gift card.

The COVID-19 vaccination incentive gift card program ended in 2023.

OBJECTIVES, SCOPE, AND METHODOLOGY

Given the high inherent risks of misappropriating cash equivalents such as monetary gift cards, this audit focused on assessing the adequacy of internal controls over the incentive gift card management program, including the gift cards' procurement, distribution, safeguarding, and inventory tracking. Our audit samples included activities from July 1, 2021, through December 31, 2023. The key control areas tested included but were not limited to:

Figure 2: Gift Card Management Key Internal Control Areas





AUDIT RESULTS

Our audit noted that the County had some procedures in place to manage the incentive gift card program, which ended in 2023. However, we identified opportunities and recommendations for improvements of internal controls, which, if addressed before any future gift card distribution programs, would help mitigate the risks associated with monetary gift cards.

FINDING 1: Lack of Documented Evidence to Support the Distribution of Gift Cards to Eligible Recipients in Some Cases.

From discussions with Grants personnel, we determined that the County’s procedure was to maintain gift card distribution logs indicating the name of the event, the location, the date of distribution, the last four digits of the gift card provided, and **the signature of the individual who received the gift card**. Eligibility to receive a card was based on either receiving the COVID-19 vaccine or qualifying for non-vaccine reasons, such as assistance with housing, transportation, food, etc. OIIA did not verify the eligibility of recipients.

We determined that documented evidence (e.g., the signatures of recipients) was **not** provided to support the distribution or otherwise account for approximately **1,953 gift cards with an estimated value of \$192,377**.

To make our determination, we obtained and analyzed the following information:

1) Gift cards purchased

- County financial records, including vendor invoices and Purchasing Card (P-Card) transaction records, indicated that **44,435 gift cards were purchased** from July 2021 through December 2023, including about 850 cards purchased by WorkSource for their Summer Employment Program.

2) Gift cards distributed

- Recipient signature logs provided by the Grants division and other County agencies indicated that **42,231 gift cards were distributed** from July 2021 through January 2024.
 - 38,554 (91%) cards were primarily distributed at COVID-19 vaccination events by Grants personnel.
 - 3,677 (9%) cards were distributed for **non-vaccination** reasons by other county agencies, such as shown in Figure 1 below:

Figure 1:

DEPARTMENT NON-VACCINATION EVENT	NO. OF CARDS
Human Services Department Events	641.00
DeKalb County Employee Events	379.00
WorkSource Events	1,725.00
Community Development Events	932.00
Total Cards Distributed	3,677.00

² The value of gift cards purchased ranged from \$25, \$50, and \$75, and the majority \$100. It is unknown which card denominations are unaccounted for, therefore, a weighted average value of \$98.50 per card was calculated and used to approximate the total value of unaccounted gift cards.



3) Expired Cards

251 cards were verified as expired, including 247 expired cards in the custody of WorkSource at the time of the audit, which were not returned to the vendor for a refund before expiration. The expired cards were valued at **\$25,100**.

The results of our analysis of purchased gift cards against documented distribution are summarized in the following chart (figure 2):

Figure 2:

SUMMARY OF GIFT CARD ACTIVITY	
A. Purchases:	
Gift Cards Purchased from a Vendor	39,720
Gift Cards Purchased Using County Purchasing Cards	4,715
Total Gift Cards Purchased	44,435
B. Distributions:	
Gift Cards Distributed at Vaccination Events	38,554
Gift Cards Distributed for Non-Vaccination Events	3,677
Total Cards Distributed	42,231
C. Undistributed Gift Cards (Expired)	251
Total Gift Cards with no documented evidence of Distribution [A -(B+C)]	1,953
Estimated Value of Gift Cards Unaccounted For	\$ 192,377

Source: County records and audit analysis

Approximately 100(5%) of the 1,953 cards without evidence of distribution or expiration were provided to WorkSource for distribution.

It is important to note that the Grants Division held responsibility for allocating gift card-related expenses to the federal American Rescue Plan (ARP)–SLFRF, regardless of which County agency facilitated the purchase or distribution of the gift cards. Compliance with ARP Fund requirements mandates that sufficient documentary evidence be maintained to demonstrate that the gift cards were distributed to eligible recipients before charging the associated costs to the federal fund.

Our verification revealed that, despite the absence of adequate documentation supporting the approved use and distribution of some cards, the total cost of all purchased gift cards, amounting to \$4,377,000 (excluding gift card shipping and activation fees). was charged to the ARP–SLFRF.

Internal control deficiencies noted in findings 3 and 5 of this report may have contributed to the lack of documentary evidence distribution or otherwise accounting for all gift cards:

- Incomplete inventory tracking and reconciliation of gift cards (see Finding 3).
- Some conflicting duties/tasks were not segregated (see Finding 5).

Not being able to account for and confirm that all gift cards went to eligible receipts exposes the County to the risks of:



- Non-compliance with federal grant award requirements requiring possible repayment of grant funding received.
- Fines and or penalties imposed by the federal government.
- Possible withholding of federal grant funds for future programs.

Recommendations:

We recommend that Finance management:

- Address the recommendations detailed in findings 3 through 6 of this audit report before future gift card distribution programs.
- Locate any additional signature logs and work with the vendor to determine the specific card numbers that are not accounted for. If possible, recover funds **IF** it is determined that eligible recipients did not receive the cards.
- Work with the vendor to determine if a refund or vendor credit can be provided for expired gift cards. This process also includes storing and eventually disposing of cards that cannot be returned.

Finance Management’s Response:

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input checked="" type="checkbox"/> Disagree	A. Management will address findings #3 through #6 before future gift card distribution programs. B. The Capital and Grants Division will continue to search for additional signature logs. C. The department will contact the vendor again and try to negotiate a partial refund. The new procedures will highlight the responsibility for monitoring the expiration dates and vest that responsibility with the department holding the cards.	A. Management plans to develop and document those procedures during 2025. B. Management currently plans to wrap up this process by June 30, 2025. C. Management will attempt to renegotiate a refund by March 31, 2025
<p>Reason For Disagreement:</p> <p>A. The County undertook a COVID vaccination program in compliance with the federal regulations for the use of COVID funds. At the beginning of the COVID pandemic vaccination events, the County implemented an emergency process to obtain recipient signatures for gift cards distributed, understanding that there may be instances where signatures may not be possible or feasible due to emergency nature of the distribution program. These events were put together quickly with the goal of getting as many individuals as possible vaccinated against COVID-19 as fast as possible. While the audit looked only for recipient signatures as documentation for the gift card distribution, in its review and analysis of the audit’s findings, the County has verified documentation of 1,576 of the 1,953 cards identified in the audit results. See table below.</p>		



Gift Cards with No Recipient Signature	1,953
Vaccines Delivered with No Signature	(1,408)
Gift Cards Mailed to 2022 Summer Youth Participant	(100)
Gift Cards Distributed to Nonprofits for Distribution	(58)
Gift Cards at a Job Fair with No Signatures	(10)
Gift Cards Distributed without Validation (Senior Citizens, Drivers, Volunteers, Etc.)	377

- B. As the table above reflects, a comparison of signatures from those receiving cards and the County’s vaccination records reflected 1,408 more vaccines had been Administered than the number of signatures provided. As no one was excluded from receiving a gift card when they were vaccinated, it is the Administration’s contention that all these people received gift cards. Additionally, 168 gift cards were distributed for non-vaccination incentives and did not result in individual signatures. These 168 cards include: 100 cards distributed to summer 2022 youth programs participants that were mailed; 58 cards that were distributed to nonprofit organizations for individual distribution so that the signatures provided were from the individual nonprofit organizations only, not from the individual recipients; and 10 cards that were distributed at a job fair without recipient signatures. When taking this evidence into account, the number of gift cards without documented evidence of their distribution is reduced from the 1,953 reflected in the audit to 377, a difference of only 0.8% of the total cards purchased. Records of the Administration coordinated events include signatures for each of the 10,101 gift cards distributed at those events. It is important to note that the Board of Commissioners events were not required to comply with the procedures established by the County's administration, so they had the ability and did distribute cards to certain other recipients, including senior citizens and volunteers working their events, without requiring signatures.
- C. The County expected all gift cards to be distributed within a few days of distribution of each event. As the vaccination events were winding down, the County had a supply of gift cards not expected to be used for vaccinations. These cards could not be returned to the vendor without penalty. As a result, the County searched for other programs within the County that could effectively utilize the remaining cards. During the gift card program, of the cards provided to WorkSource, 247 were appropriately retained for a future gift card event but they were unaware of the cards' expiration date thus 247 cards expired prior to being distributed. While the Department of Finance was aware of the expiration date, they were unaware that cards were being held. This communication gap will be addressed in any future program through written procedures.



FINDING 2: Incentive Gift Card Purchases Were Made Without Adherence to Current Purchasing Policy.

We determined that the purchase of some gift cards did not comply with the County Purchasing Policy.

- **Approximately \$4 million worth of Gift card purchases were made from a single vendor without ratification by the County Board of Commissioners (BOC)**, as required by the County’s Purchasing Policy. Per the DeKalb County Purchasing Policy, a user department director shall be able to purchase commodities and services where an emergency is an “imminent threat to public health or safety or the loss of an essential government service.” Where purchases exceed \$100,000, written documentation explaining the nature of the emergency should be prepared and submitted to the Purchasing and Contracting Department in addition to ratification by official action of the Governing Authority (BOC). **Our audit determined that 13 of 15 invoices for gift card purchases, were valued at more than \$100,000 each, but the Governing Authority did not ratify them³ (BOC) as of November 2024**, even though the gift card incentive program has ended, there is no longer an imminent threat to public health, safety or the loss of essential government services.
- **Vendor invoices for gift card purchases were issued before purchase orders were created in the County’s financial system (Oracle)**, and some invoices were paid without purchase orders created in Oracle. All 15 vendor invoices for gift card purchases totaling \$3,972,000 (excluding shipping and activation fees) were dated before related purchase orders were recorded in the Oracle. We noted that for 9 of 15 (56%), the purchase orders were created in Oracle *before* the vendor was paid. The late purchase order creation was likely due to the urgent health needs presented by COVID-19. We observed that 7 of 15 (46%) remaining invoices were fully paid; **however, purchase orders were never created/recorded in the County Financial System.**

Issuing and recording a purchase order in the official County financial system (Oracle) prior to vendor invoice and payment is important control for many reasons, including:

Financial Control and Budget Compliance:

- Helps prevent overspending by requiring approval before committing to a purchase in the County financial system.

Authorization and Accountability:

- Establishes a clear authorization process, ensuring only approved individuals can purchase.

Compliance and Risk Management:

- Helps comply with internal and external audit requirements by maintaining a systematic record of approved purchases.

³ This was verified by a search of the BOC meeting minutes ([DeKalb County Board Of Commissioners Meeting Agendas](#)) for the time frame of January 2020 through December 2024, for approval of Covid incentive gift card purchases over \$100,000 per the DeKalb County Purchasing Policy pages 21 – 22 ([DeKalb County Purchasing Policy](#)).



- Reduces risk by ensuring that purchases are reviewed and authorized before any financial commitment.
- Reduces the risk of duplicate payments or overpayments and unapproved purchases.

Efficiency in Invoice Matching:

- Simplifies the matching process between the purchase order, receipt of goods, and vendor invoice.

Recommendations:

We recommend that Finance management:

- Obtain ratification from the BOC for the more than \$4 million worth of gift cards purchased from the same vendor.
- Please refer to Finding 6 recommendations and Appendix II.

Finance Management’s Response:

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input checked="" type="checkbox"/> Disagree	The department will seek ratification of the gift card purchases.	The ratification should be achievable by June 30, 2025.

Reason For Disagreement:

The County's purchases of gift cards were made during a state of emergency when the federal government and the County suspended regular competitive bidding, as the urgency of the circumstances required immediate action. While initial purchases were made using pcard at individual retail stores and the fees were the same among all the stores, this approach was determined to be extremely inefficient when the volume and frequency of required purchases crystalized. As a result, and for competitive purposes, the County contacted three companies who sell gift cards. Only one vendor was able to meet the county's timing constraints. Fortunately, the fees for the purchase of the gift cards were the lowest from the one vendor who could meet our timing constraints, Blackhawk. The administration sought BOC approval prior to initiating the vaccination incentive program and received unanimous consent from the BOC. The County's plan has been to seek ratification of the gift card purchases at the same time as the wrap up of the program.

FINDING 3: Inadequate Written Documentation and Controls Over Gift Card Inventory and Distribution of Cards at Covid-19 Vaccination Events.

According to the U.S. Code of Federal Regulations, the President’s Office of Management and Budget, and the U.S. Department of Treasury, when exercising emergency-related flexibilities for administering the SLFRF grant, the County must continue to prioritize standard best practices to prudently balance the need for expediency with steps to mitigate the risk of fraud, waste, and abuse⁴. Additionally, the County:

⁴The U.S. President’s Office of Management and Budget (OMB) Memorandum (M) 20-21 for the Heads of Departments and Agencies, Implementation Guidance for SLFRF, Section II Expediency in Awarding Funds to Meet



- **Is responsible for the efficient and effective management** of the Federal award through the application of sound management practices, organizational skills, and necessary techniques to ensure its proper and efficient grant administration⁵.
- **Is required to establish and maintain effective internal controls** to ensure that all costs related to the federal awards are adequately documented, with thorough record-keeping allowing for clear tracing of expenditures⁶.

During the audit, we noted that while some controls were in place, gift card inventory and reconciliation, custody tracking, and event card distribution logs were not consistently completed. Specifically, we noted deficiencies in the following controls:

Gift card inventory and reconciliation logs

Grants management provided a gift card inventory and reconciliation log, which management indicated listed all County sponsored vaccination events it managed between July 2021 and December 31, 2022. The log included details of the events, such as event date, location, and the cards requested, distributed, and returned after each vaccination event. However, our audit noted that the log was incomplete for the following reasons:

- **The gift card inventory and reconciliation log did not capture all County sponsored events managed by Grants.** We identified additional County sponsored COVID-19 vaccination events between July 2021 and December 31, 2022, which were either **not** recorded on the inventory log **or** recorded as having no gift cards distributed. However, we observed other documentation (event card distribution logs) provided by Grants management that contained signatures of gift card recipients and gift card details indicating that these events occurred and cards were distributed.
- **Key information fields expected on an inventory and reconciliation log were not present,** including the name of the person who completed the inventory and who completed the reconciliation, evidence of any supervisory review or investigation of errors or discrepancies with inventory records, and the dates on which gift cards were added or removed from inventory.
- **Key information fields on the inventory and reconciliation log were not completed** on a sample of fifteen (15) COVID-19 incentive gift card events selected from the inventory and reconciliation logs for review. We observed that the number of gift cards that were requested, distributed, or returned to the inventory after each event was not consistently documented on the logs.

Crucial Needs ([OMB M-20-21 SLFRF Implementation Guidance](#)) and the U.S. Department of Treasury's SLFRF Compliance and Reporting Guidance, Section A, Key Principles, ([SLFRF Compliance and Reporting Guidance](#)).

⁵Title 2 Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Part 400 (a), Policy Guide ([Title 2 Code of Federal Regulation Part 200](#)).

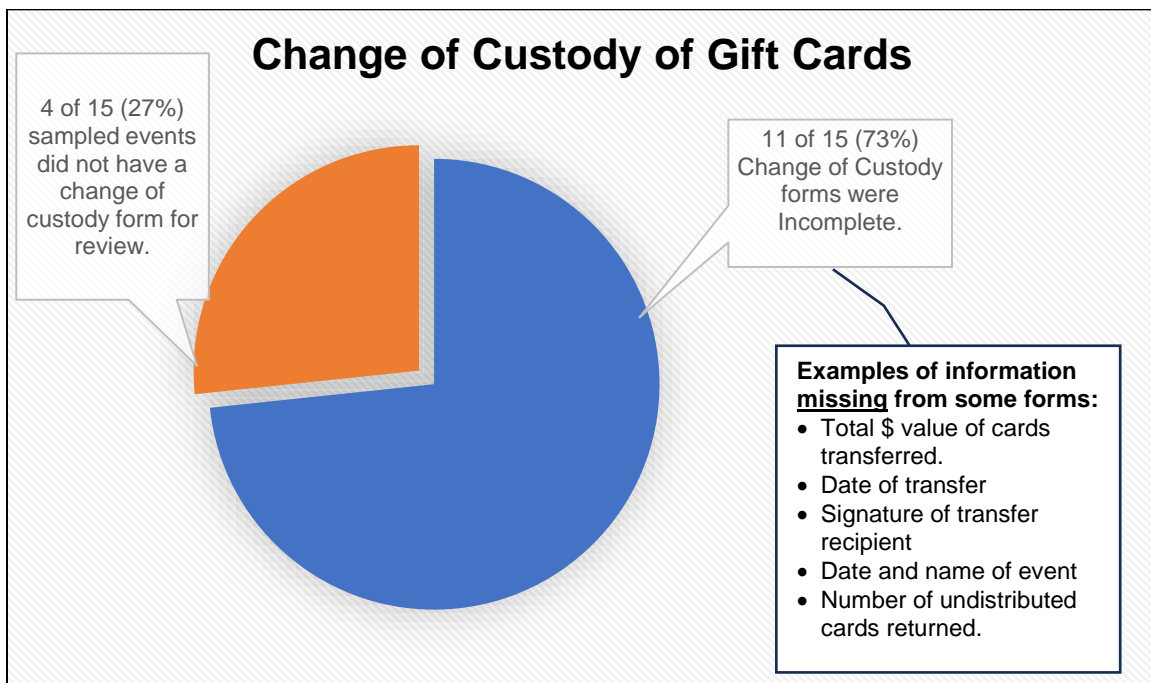
⁶Title 2 CFR 200.302 (a) Financial Management, 2 CFR200.303 (a) Internal Controls, and 2 CFR 200.403 (c, d, g) Allowable Costs ([Title 2 Code of Federal Regulation Part 200](#)).



We also selected the related change of custody forms and card distribution logs for the same sample of fifteen (15) vaccination events to determine whether they were adequately completed. We noted the following:

Change of custody (Gift Card Acknowledgement) forms were incomplete or unavailable for examination. The forms were used to record the transfer of cards from the Grants team to the individual responsible for distributing cards at a vaccination event. The custodian of the cards was responsible for collecting signatures from vaccinated gift card recipients and transferring undistributed cards back to the Maloof building security after the event.

We observed control deficiencies in the change of custody process, as shown in the following chart.



Source: Custody forms provided by Capital and Grants Division

In addition, the card counts on the custody form were sometimes different from the amounts recorded on the inventory and reconciliation logs for the same events.

Event Card Distribution Logs

Event Card Distribution logs were used to record the signature and card details of the cards given to vaccinated recipients. **We determined that our sample of event card distribution logs were not consistently completed.** One out of 15 event distribution logs we sampled were unavailable for testing. Among the 14 logs tested, one (1) did not include the event date, and 4 (29%) missed the initials or signatures of the county staff who distributed the cards. For 8 out of 14 (57%) logs, the number of cards shown as distributed on the event distribution logs was not the same as the number of cards documented on the inventory and reconciliation log.



Insufficient documentation and controls increased the risk of gift card loss or theft of gift cards and non-compliance with federal grant requirements. Additionally, inadequate documentation can result in a lack of transparency and difficulty auditing and verifying transactions.

Recommendations:

To mitigate the recurrence of the above issues, please refer to Finding 6 recommendations and Appendix II.

Note: See management responses to Finding 6.

FINDING 4: Improvements Were Needed in Safeguarding Monetary Gift Cards.

After purchase, gift cards were initially kept in a secure storage room on Capital and Grant's main floor. Gift cards, as needed, were then transferred from the Grants office location to the building security office before vaccination events. Undistributed cards were also returned to the security office. Per the building security officer and observation by OIIA, cards valued at hundreds of thousands of dollars were kept under a desk in the security office for several days at a time until they were picked up by a Grants team member the following week.

We determined that there were opportunities for improvement in safeguarding undistributed gift cards when they were transferred to the building security office. While the security office is under camera surveillance and has an armed security officer assigned, the cards were not secured by a safekeeping and fireproof device, and the armed security officer was not always present.

The best practices in government organizations⁷ indicate that all accountable officials are responsible for safeguarding public funds. In addition, these practices include storing monetary assets (e.g., gift cards) in:

- The most secure container, vault, or safe available.
- A fire-resistant vault with at least a three-position dial-type combination lock.
- A device that is fire-resistant for at least two hours.
- A device that is torch and tool resistant.

Not fully safeguarding the gift cards inside a protective (safe) device increases the risk of physical damage to cards (e.g., from a building fire) and loss or theft of cards.

Recommendations:

Please refer to Finding 6 recommendations and Appendix II.

Note: See management responses to Finding 6.

⁷ Department of Defense (DoD) (7000.14-R) Financial Management Regulation - Chapter 3: Obtaining and Safeguarding Public Funds [DoD Financial Management Regulation](#)



FINDING 5: Segregation of Duties Needed to Be Strengthened in the Gift Card Program Management.

We noted that good controls were in place to separate the role of purchasing the gift cards from those who performed the other gift card management duties. However, other key tasks, such as receiving, distributing, inventory tracking, and reconciliation, were not adequately separated and were sometimes performed by the same persons. Furthermore, there was no documented evidence of compensating controls, such as supervisory checks and reviews.

Grants management indicated they did not have adequate staffing to manage the vaccination incentive gift card program in addition to the Grants division's regular duties.



Source: AI generated image

According to the Government Accountability Office (GOA) Standards for Internal Control in the Federal Government 10.13 Segregation of duties⁸, management divides or segregates critical duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all critical aspects of a transaction or event.

Without appropriate checks and balances, individuals with access to multiple tasks may take advantage of weaknesses in the system for personal benefit. This could result in financial losses and non-compliance with county regulations.

Recommendations:

Please refer to Finding 6 recommendations and Appendix II.

Note: See management responses to Finding 6.

FINDING 6: The County Needs a Written Policy for Gift Card Management.

During the audit, it was observed that DeKalb County had some practices and procedures in place. However, as described in this report, the procedures, including management, distribution, inventory, and reconciliation of monetary gift cards, needed to be strengthened and were not documented.

According to the U.S. Government Accountability Office's Standards for Internal Controls (Green Book), 10.01⁸ and 10.02⁹, management should design and implement control activities to achieve

⁸ Government Accountability Office (GAO) The Green Book – Segregation of Duties <https://www.gao.gov/greenbook>.

⁹ Government Accountability Office (GAO) The Green Book – Design Controls Activities <https://www.gao.gov/greenbook>.



objectives and respond to risks. Control activities are the policies, procedures, techniques, and mechanisms that enforce management’s directives to achieve the entity’s objectives and address related risks.

The COVID-19 pandemic required swift responses, leading to the rapid implementation of the vaccine incentive program without sufficient time to develop and document formal policies and procedures.

The federal regulations¹⁰ for federal awards require that management demonstrate a balance between an expedient response and good controls, recognizing that without clearly documented policies and procedures, there is an increased likelihood of unaccounted-for gift cards. Additionally, documenting policies and procedures mitigates the risk of:

Operational Inefficiencies

- *Inconsistent Practices:* Without documented procedures, different team members might follow different methods, leading to inconsistencies in how gift cards are handled.
- *Training Difficulties:* New employees or those taking over the responsibilities may find it challenging to understand and perform tasks correctly without clear guidelines.

Increased Risk of Fraud and Theft

- **Lack of Accountability:** If procedures are not documented, it is harder to assign responsibility and hold individuals accountable for discrepancies or misuse.
- **Opportunity for Misuse:** The absence of standardized controls, such as segregation of duties, can allow fraudulent activities or theft to go undetected.

Compliance and Regulatory Risks

- **Regulatory Violations:** Procedures that are not properly documented can lead to non-compliance with financial management regulations and industry standards.
- **Legal Consequences:** If the organization fails to comply with relevant laws and regulations, it could face legal repercussions, including fines and penalties.

Recommendations:

We recommend that Finance management implement the following to be better prepared for any future incentive gift card programs managed by Finance or other departments that may procure gift cards for distribution:

- i. A comprehensive countywide policy and procedures for the management of gift cards:
 - Management should collaborate with relevant stakeholders to establish a comprehensive County policy and procedures addressing the purchase, safeguarding, distribution, inventory, and reconciliation of monetary gift cards.
 - The written policies should outline roles, responsibilities, and controls at each stage of the gift card lifecycle to address, at a minimum, the findings in this report. Review **Appendix II** for minimum recommended topics to include in the written policy and procedures.

¹⁰ M- 20-21 Expediency in Awarding Funds to Meet Crucial Needs ([OMB M-20-21 SLFRF Implementation Guidance](#)) and SLFRF Guidance, Section A, Key Principles, ([SLFRF Compliance and Reporting Guidance](#)).



- ii. Provide training to relevant employees on the implemented policy and procedures.

Finance Management’s Response:

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to implement Action Plan
<input checked="" type="checkbox"/> Agree <input checked="" type="checkbox"/> Disagree	A. The department will develop a comprehensive policy addressing the issues noted in your report and using the appendix you provided for guidance. B. The department will work with the training division of the human resources department to develop gift card training for employees.	A. The department will develop this policy by June 30, 2025. B. The department will strive to complete the training by December 31, 2025.

Reason For Disagreement:
 The County previously had no "gift card policy" because gift card purchases were not permitted. The state of emergency and the desperate need to vaccinate as many residents as possible, as quickly as possible, made the gift card vaccination program a necessity. The County initially attempted to provide vaccinations for a \$50 incentive with extremely poor response. The \$100 incentive boosted vaccinations by almost 40,000. The County received many calls from other jurisdictions asking for our processes because they couldn't figure out how to organize and execute a vaccination program. While the initial procedures may not have been perfect, they kept many DeKalb residents safe while DeKalb County employees, especially the employees of the County's projects and grants division of the department of finance, physically attended these events and put their own health at risk in order to vaccinate as many DeKalb residents as possible.



APPENDICES

Appendix I – Objective, Scope, and Methodology

Objective:

The objective of this audit was to determine if internal controls over the County’s incentive gift card program were adequately designed and operating as intended.

Scope

Our audit focused on Grant’s incentive gift card management practices. Our audit samples included activities from July 1, 2021, through December 31, 2023.

Methodology

Our methodology included, but was not limited to, the following:

- Interviewed relevant County personnel.
- Reviewed current processes and procedures.
- Researched related best practices.
- Tested a sample of transactions for compliance with current procedures.
- Reviewed supporting documentation.



Appendix II – Recommendations for a County Gift Card Policy

Below is a list of recommendations for a gift card policy that aligns with best practices.

Source: San Francisco Department of Public Health Policy and Procedure for Procurement and Use of Gift Cards.¹¹

Policy Area	Possible Internal Control Enhancements
I. PROGRAM ELIGIBILITY REQUIREMENTS FOR CLIENTS	<p>A. Require that clients must be eligible for the program that distributes gift cards as incentives.</p> <p>B. Specify whether County employees, contractors, or other staff working on behalf of the County are eligible for gift cards. Receiving a gift card from a county/federally funded program may have tax implications for the employee/recipient and may pose serious concerns regarding possible conflicts of interest.</p> <p>C. Exclude employees involved in any stage of handling or transferring gift card issues or using a gift card for himself or herself or a family member.</p>
II. GIFT CARD PURCHASES	<p>A. Authorization to Purchase</p> <p>B. Funding Source (allowable source of funding)</p> <p>C. Actual Purchase</p> <ul style="list-style-type: none"> • Use of approved vendors • Maximum value of gift cards • The number of gift cards purchased for a program may not exceed the anticipated quantity needed. • Gift cards may not be purchased using departmental procurement cards (P-Cards). <p>D. Inventory Receipt of purchases</p> <ul style="list-style-type: none"> • Documentation of inventory receipt and distribution must include the name and signature of the receiving staff and the corresponding date. • Staff must verify the gift card types and quantities by type and in total from the gift card shipments against the packing slips of the shipments. • Staff must promptly record the received gift card shipments and returns, if any, in the inventory records.
III. SEPARATION OF DUTIES	<p>There should be a different person responsible at each stage in the handling and transferring of gift cards.</p> <p>In cases of inadequate staffing. Key Functions to Segregate:</p> <ul style="list-style-type: none"> • Requesting the order of gift cards. • Approving the order of gift cards. • Purchasing the gift cards. • Receiving the gift cards.

¹¹ https://www.sfdph.org/dph/files/PoliciesProcedures/DPH_Gift_Card_Policy_amend_4.1.2022_FINAL.pdf



	<ul style="list-style-type: none"> • Distributing the gift cards. • Maintaining custody of the gift cards (custodian). • Conducting a periodic inventory of the gift cards.
<p>IV. GIFT CARD INVENTORY</p>	<p>A. Inventory Records</p> <ul style="list-style-type: none"> • Maintain complete and accurate inventory records by gift card, gift card type, and in total, including the gift card vendor and serial number, the beginning balance, gift cards received and distributed and corresponding dates, and the ending balance. • Restrict access to gift card inventory records to authorized employees. • Conduct periodic (weekly, monthly, or quarterly) review, as determined by the department for the subject program, of physical inventory counts, and match results to inventory records. • Report and investigate any discrepancies in the quantities and amounts between the physical inventory counts and inventory records to management. <p>B. Inventory Storage and Security</p> <ul style="list-style-type: none"> • Store all gift card inventories in a locked cabinet or safe and restrict access to its key or combination. • Keep the locked cabinet or safe in a room with restricted lock access. • Maintain a log or install electronic keys documenting who has had access to the locked cabinet or safe and when (each entry and exit). • Always exercise dual custody controls during each stage of handling and transferring gift cards.
<p>V. GIFT CARD DISTRIBUTION</p>	<p>A. Must maintain complete and accurate distribution records by gift card, gift card type, and in total, including the gift card vendor and serial number, client name(s), and date on which the gift card was distributed.</p> <p>B. Must maintain a log for clients to sign upon receiving their gift cards in person.</p> <p>C. Return any gift cards not distributed to clients and properly record the cards in the inventory records.</p>
<p>VI. GIFT CARD USAGE BY RECIPIENTS</p>	<p>A. Gift cards must be provided only to clients as incentives for participating in the program or otherwise for reasons compliant with the requirements of the source of funds.</p> <p>B. The value of gift cards distributed to each client should not exceed the per-person limit determined by the department for the program.</p>



	C. Audit the usage of distributed gift cards at least annually. The department must determine and state in writing the required audit frequency, which may vary by program.
VII. RECORD RETENTION	For audit purposes, retain all documentation for no less than five years.

Other Examples of Gift Card Management Policies:

**Georgia Public Health District 2: North Health District:
Policy for the procurement and use of gift cards**

<https://phdistrict2.org/wp-content/uploads/2021/07/191A-POLICY-FOR-PROCUREMENT-AND-USE-OF-GIFT-CARDS.pdf>



Appendix III – Management Response



Office of the Chief Executive Officer

Zachary L. Williams
Executive Assistant, Chief Operating Officer

December 19, 2024

Mr. Lavois Campbell
Chief Audit Executive
Office of Independent Internal Audit/DeKalb County, Ga
1300 Commerce Drive
Decatur, GA 30030

RE: Audit Report No. IA-2023-150-FN

Dear Mr. Campbell,

In March 2020, DeKalb County, like the rest of the nation and the world, was faced with an unprecedented crisis that had the potential to cause irreparable harm to the County. Both our workforce and the populations that we serve were overrepresented in the populations who were most at risk of serious illness or death from COVID-19. Initially, DeKalb County was challenged in providing basic Police, Fire, E-911, and Sanitation services due to COVID-19 illness and the associated quarantines. In the fall of 2020 when vaccines became available the County faced significant headwinds among residents and employees who refused to be vaccinated. Thus, after several unsuccessful vaccination events the Chief Executive Officer's Administration proposed the establishment of a vaccination incentive program to the Board of Commissioners (BOC). This program as initially proposed would have afforded each person who was vaccinated a \$50 gift certificate. Upon presentation to the BOC, a motion was made to increase the gift card amount to \$100 to better incentivize residents to become vaccinated. This amended proposal was unanimously approved by the BOC.

After BOC approval three distinct strategies were developed and implemented to vaccinate as many people as possible as possible. Those strategies were (1) Large Scale CEO-sponsored Drive- Up events; (2) mid-size BOC-contracted events, and (3) smaller events hosted by individual Commissioners. Each strategy was designed and implemented to reach their target audience most effectively. The large events allowed people to drive through or walk up to get their vaccination on the weekend. The mid-size events often targeted communities where English was a second language, and the smaller events were usually held in community centers, churches, and other locations very familiar to their members and/or the surrounding community.

This three-pronged strategy was tremendously successful in that it was directly responsible for vaccinating over 40,000 people and components of our strategy (Large-Scale CEO Drive-up events) was copied and used by other Counties and the State of Georgia. The Administration held nine vaccination events, distributing 10,101 cards with an average of 1,122 participants per event. The Board of Commissioners held 320 events and distributed 29,861

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Chief Executive Officer
Michael L. Thurmond

Board of Commissioners:

District 1
Robert Patrick

District 2
Michelle Long Spears

District 3
Nicole Massiah

District 4
Steve Bradshaw

District 5
Mereda D. Johnson

District 6
Ted Terry

District 7
Dr. LaDena Bolton



Audit Report No. IA-2023-150-FN
December 19, 2024
Page 2 of 2

cards with an average of 93 participants per event. The County's large-scale efforts were particularly notable because these vaccination efforts were coordinated and managed by staff who handled vaccination events while still performing their regular duties. Employees were asked to effectively implement these strategies with very little advance notice and to continue to perform many other responsibilities necessitated by COVID-19. It was within this context that the gift card programs were implemented.

It is inaccurate for the Audit to state that the Administration "partnered" with Commissioners to hold gift card vaccination events. As explained in individual audit findings, the Administration did not have the authority to control BOC or individual commissioner sponsored events but did provide initial training to BOC staff and vendors on the distribution process.

Respectfully,

Zachary L. Williams
Chief Operating Officer and Executive Assistant
DeKalb County, GA

cc: Michael L. Thurmond, CEO
Members, Board of Commissioners
Members, Audit Oversight Committee
Viviane H. Ernstes, County Attorney
La'Keitha Carlos, Chief of Staff, CEO
Dionne McKenzie, Interim Chief of Staff, BOC



Chief Financial Officer
Dianne McNabb

Michael L. Thurmond
Chief Executive Officer

Board of Commissioners

District 1
Robert Patrick

District 2
Michelle Long Spears

District 3
VACANT

District 4
Steve Bradshaw

District 5
Mereda Davis Johnson

District 6
Ted Terry

District 7
VACANT

December 19, 2024

Lavois Campbell
Chief Audit Executive
Office of Independent Internal Audit
1300 Commerce Drive, Suite 300
Decatur, Georgia 30030

RE: Management Response to "Audit of Vaccination Incentive Gift Card Program No. IA-2023-150-FN"

Dear Mr. Campbell:

In accordance with DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit, this is our response to the audit named above provided in this document. As required by the ordinance, our response includes 1) a statement regarding our agreement or disagreement along with reasons for any disagreement, 2) our plans for implementing solutions to issues identified, and 3) the timetable to complete such plans.

Ohnstad, Leonard (Len) M. (lmoynstad@dek

If you have any questions about this response, please contact me.

Sincerely,

Dianne McNabb
Chief Financial Officer



DISTRIBUTION

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Commissioner



PROJECT TEAM

This Report as Submitted by:

Lakesha Hall

12-20-24

Lakesha Hall, MaCC
Internal Auditor, Senior
Office of Independent Internal Audit

Date

This Report was Reviewed by:

Len Ohnstad

12-20-24

Len Ohnstad, CPA, CIA, MBA
Internal Audit Manager
Office of Independent Internal Audit

Date

This Report was Approved by:

Lavois Campbell

12-20.24

Lavois Campbell, CIA, CFE, CISA, CGA-CPA
Chief Audit Executive
Office of Independent Internal Audit

Date



STATEMENT OF ACCORDANCE

Statement of Accordance

The mission of DeKalb County is to make the priorities of the citizens of DeKalb County; the priorities of County government - by achieving a safer DeKalb, building stronger neighborhoods, creating a fiscally accountable and more efficient county government, and uniting the citizens of DeKalb County.

The mission of the Office of Independent Internal Audit is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs, and operations in promoting efficiency, effectiveness, and integrity in DeKalb County.

This performance audit was prepared pursuant to DeKalb County, Georgia – Code Ordinances/Organizational Act Section 10A- Independent Internal Audit. We conducted this performance audit 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.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Independent Internal Audit.

Please address inquiries regarding this report to the Office of Independent Internal Audit at 404-831-7946.