

Prepaid/Debit/Gift Cards Procedure

420.1 PURPOSE:

To establish a procedure for the Probation Department's purchasing, handling, accounting and distributing of prepaid debit or gift cards, bringing departmental procedures into compliance with County standards established by the San Bernardino County Internal Controls and Cash Manual.

This procedure will include aspects for the purchasing, handling and distributing of debit cards including:

- Maintaining a chain of custody with adequate security and documentation
- Maintaining a continuous written log, documenting card receipts, distributions, intradepartmental movement (for prepaid cards in a single program that are distributed to multiple locations) and related documentation
- Monthly inventory of cards on hand
- Monthly reconciliation of cards on hand
- Annual inventory report to the County Auditor/Controller-Recorder (ACR)

Additionally, because debit cards are considered a cash equivalent, distribution and accounting of debit cards will be conducted pursuant to all applicable procedures in the "Safeguarding Cash" section of Chapter 3 of the County's Internal Controls and Cash Manual.

420.2 DEFINITIONS:

Administrative Supervisor I/Division Director I: The Probation Department designates Administrative Supervisor I/Division Director I or higher to approve and sign any debit card requests presented. The person authorizing the distribution must be of a higher-ranking position than the requestor, and it must be an individual other than the Card Custodian.

Card Custodian: The Probation Department designates the position of Purchasing Supervisor as the Card Custodian or custodian in charge of debit or prepaid cards. This designation will be given to any position at a Supervising Fiscal Specialist or above, and is selected by the Administrative Manager or above.

Fiscal Assistant: The Probation Department designates the position of Fiscal Assistant or above to make all purchases related to departmental debit card programs.

Responsibilities and Segregation of Duties:

No one individual shall have access to the entire debit card process. The following functions shall be segregated among different employees:

- Purchasing debit cards (designated to Fiscal Assistant)
- Receipting (designated to Fiscal Assistant)
- Distributing (designated to Card Custodian)

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- Inventorying (designated to Fiscal Assistant)
- Reconciling (designated to Card Custodian)
- Reporting (designated to Card Custodian)

420.3 GUIDELINES:

- A. Distribution of prepaid cards will be strictly controlled. Debit cards will not be mailed to recipients, and they will only be distributed in a manner as described in these policies and procedures.
- B. ACR and/or Fiscal Services can perform surprise audits of prepaid card inventories.

Initial (Or Subsequent) Request To Distribute Prepaid Cards:

- A. The Probation Department shall obtain authorization from ACR before the purchase or distribution of any debit card program.

Purchasing Pre-paid cards:

- A. Debit cards may only be purchased for Authorized debit card programs. If this is a new program or subsequent program, authorization must be received by ACR, and with Board Approval if the request is over \$2,500 for the Fiscal Year. (See Section 2 above regarding the approval process).
- B. When purchasing debit cards, the Department will follow the Purchasing Department's Procurement Manual procedures to determine the appropriate method for purchase.
- C. Purchases can be made up to the authorized amount as notified by ACR or the Board as stated in the notification Memo.
- D. Follow Purchasing Department's procedures and using the prepaid cards "object code" of 3206.
- E. The Department need not purchase entire amount of cards at one time provided that any partial purchase does not violate any Purchasing Department procedures.
- F. To avoid loss in cash refunds, prepaid cards should be purchased in denominations of \$10 minimum or more.
- G. Purchases should be made as close to the distribution date as possible to minimize risk of loss.
- H. When choosing a debit card vendor, the Department shall choose a large, well-known vendor that has no known likelihood of ceasing operations, and with the following requirements:
 - 1. Accepts unused returned cards at no fee or with a small or nominal fee
 - 2. No expiration dates
 - 3. Statistic reporting ability to review card activation, usage, status, balance, values
 - 4. Provide prepaid cards with no cash remuneration capability for the entire or partial card value

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- I. The Department must submit each payment document for the purchase of prepaid cards to ACR's IAS, regardless of the number of purchases made.

Commingling of Funds:

- A. Debit cards shall not be commingled with other County funds or employee personal funds. Also, debit cards shall not be commingled between cards associated with one program or function with those cards associated with other programs or functions.

Limitations:

- A. Prepaid cards represent a significant risk exposure to the County due to their widespread distribution and convertibility. They are subject to the following limitations:
 1. County Procurement: Prepaid cards are not to be used for County procurement purposes under any circumstances. The intent for using prepaid cards is to provide public assistance to clients that meet the requirements of a given program or function.
 2. Employee Reimbursement: Do not distribute prepaid cards for employee expense reimbursement.
 3. Never commingle prepaid cards with other County cash funds or employee personal funds. Do not commingle prepaid cards associated with one program or function within a department with those associated with other programs or functions within the same department.
 4. Petty Cash: Do not use petty cash to purchase prepaid cards.

Inventory:

- A. There must be a monthly inventory and one annual inventory on June 30th, or the last business day prior to June 30th if that date falls on a weekend. If prepaid cards for a single program or function are maintained in multiple locations, the inventory information for each location must be consolidated into a single report. The specific steps for conducting an inventory of prepaid debit or gift cards are as follows:
 1. Employees other than the Card Custodian must complete the inventory, and an employee of a higher-ranking job code reviews and signs the inventory report.
 2. The inventory report shall be on the "Prepaid Debit/Gift Card Inventory Sheet" (see Attachment D).
 3. Two employees other than the Card Custodian will conduct the inventory: one to record and one to verify cards on hand. The inventory will be observed by the Card Custodian.
 4. The Inventory report shall include:
 - (a) Merchant
 - (b) Card account number or ID (gift card number)
 - (c) Card denomination
 - (d) Quantity

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- (e) Total per merchant and card denomination
 - (f) Grand total of number of cards and cash value on hand
- B. If there are any differences between the physical inventory and the Department's recorded inventory on the written log, the Card Custodian will research and resolve any disparity and refer to the "Shortages" section of this policy for procedures to handle any inventory discrepancies.

Reconciliation of Inventory:

- A. A reconciliation must be conducted once per month and also one annual reconciliation on June 30th, or the last business day prior to June 30th if that date falls on a weekend. The reconciliation differs from the inventory in that it ensures that the amount of cards on hand, per inventory records, is the proper amount based on prior purchases and distributions, and reconciles that there are no missing cards.
- B. A higher ranking employee other than the Card Custodian is preferred to perform the reconciliation. However, the Card Custodian may complete the reconciliation if it is reviewed and signed by Administrative Supervisor I/Division Director I or above.
- C. Process for reconciliation of prepaid debit or gift cards is as follows:
 - 1. The reconciliation shall be recorded on the "Prepaid Debit/Gift Card Reconciliation Sheet" (see Attachment E).
 - 2. Determine the total amount of cards on hand from the last two monthly inventories. Use the total amount from the older inventory as the beginning amount. Use the total amount from the more recent inventory as the ending amount.
 - 3. Determine from the written log maintained by the Department the total new cards that were received during the period between the two inventories in Step B.
 - 4. Determine from the written log maintained by the Department the total cards that were distributed during the period between the two inventories in Step B. These cards are no longer in the possession of the Department. They have either been transferred to a sub-grantee or contractor for further distribution, or have reached their final intended user/recipient.
 - 5. Take the beginning amount from Step B, add the receipts from Step C, and subtract the distributions from Step D. The resulting amount must equal the ending amount from Step A.
 - 6. Research and resolve any differences. Refer to the "Shortages" section of this policy for procedures on how to handle any reconciliation discrepancies.

Shortages:

- A. All shortages in the Department's inventory of prepaid debit or gift cards must be reported to the ACR's IAS department, using the "Request for Relief from Liability" form for the amount of Shortage. Refer to the County's Internal Controls and Cash Manual, Chapter 5 in regards to a "Shortage \$200 or Less" or "Shortage Exceeds \$200" for additional reporting procedures.

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- B. A department's cash shortage fund must never be used to reimburse shortages in prepaid card inventories.
- C. ACR will review any shortages report and determine whether an audit should be conducted. If the Department conducts an internal investigation or audit of prepaid debit/gift card shortages, any copy or copies of the internal reports and work papers must be provided to ACR's IAS department.

Shortages Due to Fraud, Embezzlement, or Theft:

- A. Immediately report prepaid card losses due to fraud, embezzlement, or theft. Refer to Chapter 5 of the County's Internal Controls and Cash Manual for "Cash Shortages and Losses" in the "Shortage due to Fraud, Embezzlement or Theft" section for procedures.

For Federal and State funded programs:

- A. For cost claim reporting to federal or state funded programs, purchase of cards must be approved as part of the program expenditure.

Payment Processing:

- A. Department cannot use petty cash for the payment of debit/gift cards.

420.4 RESPONSIBILITIES:

- I. Card Custodian:
 - A. Shall be able to account for all prepaid cards, including: cards on-hand, distributed cards, and cards on order from any vendor.
 - B. Shall account for the physical location of all cards, including the location of cards in the possession of a sub-grantee or contractor, who might ultimately distribute the cards to an end-recipient.
 - C. Upon demand by ACR or the Board of Supervisors, shall provide an accounting of all debit cards.
 - D. Shall prepare the necessary memo based on the documentation provided, and present it to the Administrative /Division Director or above for approval.
 - E. The payment document, using object code 3206 (see guidelines "Purchasing Pre-Paid Cards", must be prepared by the Card Custodian and approved and signed by the Department Head or authorized designee.
 - F. The Card Custodian will prepare a completed FAS payment document. Card Custodian will attach the vendor's invoice and a copy of ACR's Authorization for Departmental Distribution of Prepaid Cards.
 - G. Forward completed payment documents to ACR's IAS department. For each partial order, each payment document must be submitted to ACR's IAS department. Note: Payment requests above that exceed the amount initially authorized will be denied and returned.

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- H. When prepaid/debit cards are received from the vendor, the Card Custodian will verify that the cards ordered match in quantity and value/denomination as the actual cards received.
 - I. The Card Custodian will distribute the appropriate card(s) and update the written log.
 - J. In addition, the Department will follow any documentation requirements that any particular prepaid debit or gift card program requires that are specific to that program or function.
 - K. After verifying the distribution or return of requested cards and reconciling the transferred cards to the RP, the Card Custodian will return any unused cards back into inventory and adjust the written log accordingly.
- II. Requesting Party (RP):
- A. To distribute any prepaid/debit cards, a Requesting Party (RP) (Probation Department employee, volunteer, temporary employee, or affiliated individual working under the scope of the Probation Department) must complete a "Staff Green Request" form in permanent ink, stating the date, card merchant, purpose, intended recipient, and the amount to be distributed. This form is located in Probation Tools in the Forms Templates Section.
 - B. The request must specify the quantity of each denomination, and the employee must sign and date the request.
 - C. Upon approval, the requesting employee presents the Debit Card Request to the Card Custodian.
 - D. The RP shall sign the written log to document and acknowledge his or her physical possession of the prepaid/debit card(s). The written log will be held and maintained at the Card Custodian's work station.
 - E. The RP distributes the cards to the appropriate recipients. The RP will obtain the recipient's name, signature, and date on the Prepaid Card Request to document and acknowledge that the recipient has received the prepaid card(s).
 - F. The RP shall return the Request Form, signed by the card recipient, and any undistributed cards to the Card Custodian in person, not via inter-office mail.
- III. Division Director or designee:
- A. Shall provide specific documentation of the need for purchase or distribution of prepaid cards for specific programs, as outlined below.
 - B. Designation Form: When authorization to distribute debit cards is established or the Card Custodian changes, the Probation Department will submit a new "Signature/Fund Custodian Authorization" form. (sample as Attachment A: form available on the Countyline at <http://countyline/acr/fas.asp>)
 - C. The Probation Department will also report to ACR's Internal Audits Section (IAS) when the physical holding location of any debit card changes.

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- D. The initiation to purchase prepaid cards must be made to the Division Director. Cards may be purchased upon the request and approving signatures of the Division Director (or above).

Authorization will only be given after completion of the following steps:

- A. Submit "Memo Request to Distribute Prepaid Cards" (sample attached as Attachment B.) This form requires two signatures: the signature of the designated Card Custodian and Department Head or designee.
- B. Memo must include the department's estimated total dollar amount for each debit card program for the fiscal year. (For example: Probation Department estimates it will distribute \$10,000 in debit cards for client transportation assistance and \$5,000 in debit cards for juvenile incentive program.)
- C. Memo must state the purpose and justification of a special need that can only be addressed through the distribution of prepaid/debit cards.
- D. For federal or state funded programs, the memo must include a statement that the debit cards are an authorized expenditure under the grant, including supporting documentation for the assertion.
- E. If the amount for the Fiscal Year exceeds \$2,500, the department will submit notification to the ACR's IAS and prepare a Board Agenda Item (BAI), requesting Board Approval to distribute prepaid/debit cards. Any BAI will be sent to ACR's IAS for review before going to the Board, and the listed reviewers must include the ACR's Chief Deputy Auditor.
- F. If the amount is less than \$2,500 for the Fiscal Year, then the notification is sent only to ACR's IAS for authorization.
- G. Attachments to the Memo shall include:
 - 1. A copy of any BAI, requesting approval to distribute cards (if applicable)
 - 2. Completed "Questionnaire for Prepaid Debit and Gift Cards" form (Sample attached as Attachment C, also available on the Countyline at: <http://countyline/acr/ACRforms.asp>). This questionnaire is required for each location if prepaid cards are maintained at multiple locations. If the multiple locations are within a single address, document the specific locations on one questionnaire.
 - 3. Completed "Signature/Fund Custodian Authorization" form.(See Attachment A above, also available on the Countyline at: <http://countyline/acr/fas.asp>)

420.5 ATTACHMENTS:

See attachment: [Prepaid Debit-Gift Cards Attachment A \(Lexipol 11-5-10\).pdf](#)

See attachment: [Prepaid Debit-Gift Cards Attachment B \(Lexipol 11-5-10\).pdf](#)

See attachment: [Prepaid Debit-Gift Cards Attachment C -\(Lexipol 11-5-10\).pdf](#)

See attachment: [Prepaid Debit-Gift Cards Attachment D \(Lexipol 11-5-10\).pdf](#)

See attachment: [Prepaid Debit-Gift Cards Attachments E \(Lexipol 11-5-10\).pdf](#)

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Attachments

Prepaid Debit-Gift Cards Attachment A (Lexipol 11-5-10).pdf



County of San Bernardino
SIGNATURE/FUND CUSTODIAN AUTHORIZATION

Submit this form to each applicable department
shown below when authorizing or canceling signatures.

Check appropriate boxes: ☐ Authorization ☐ Cancellation ☐ Revised* Effective Date: FY:
☐ Cash Fund Custodian – List Type of Cash Fund: _____

Authorized Department Codes**

**For Department Interface, please include the two (2) digit interface code

Department Name	Last Name, First Name	Employee ID

AUTHORIZED FORMS

The employee whose name and signature appear above is authorized to sign the following forms:

AUDITOR-CONTROLLER

- ☐ All Forms
- ☐ Payment Voucher
- ☐ Time and Labor Claims
- ☐ Payroll Adjustments
- ☐ Leave Cash-out/Conversion Form
- ☐ Employee Reimbursement Form
- ☐ Request for Travel Expense Advance
- ☐ Travel Request
- ☐ Request for Transfer
- ☐ Auditor's Deposit Permit
- ☐ Request to Draw Warrants
- ☐ Request for Partial Payments
- ☐ Purchase Order Release - Blue Copy
- ☐ County Visa Credit Card Request
- ☐ Temporary Credit Card Issuance Record
- ☐ Request for Payment
- ☐ Transfer Appropriation
- ☐ Budget Transfer
- ☐ Board Approved Unencumbered Contracts
- ☐ FAS Access
- ☐ Bank Deposit Acknowledgement & Deposit Distribution
- ☐ Manual Warrant

CAO-PERSONNEL

- ☐ All Forms
- ☐ Work Performance and Evaluation Forms
- ☐ Personnel Requisition and Certification
- ☐ Separation Report
- ☐ Salary Step Advancement Authorization
- ☐ Probation Period Progress Report
- ☐ Request for Extended Sick and Special Leave
- ☐ Education Assistance Proposal
- ☐ Voluntary Time Off Request
- ☐ Employee Status Notification
- ☐ Time and Labor Reports
- ☐ HR Forms req Payroll Clerk auth and/or verification

PURCHASING AGENT

- ☐ All Forms
- ☐ Purchasing Requisition (13-81-000)
- ☐ Postage Stock Requisition (13-16489-000)
- ☐ Printing Request (16-20522-000)
- ☐ Purchasing Card (CAL Card)

FUND	DEPT

FUND	DEPT

FUND	DEPT

Exhibit 20-B (Page 1 of 2)

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Revised 7/2009

ATTACHMENT A to Probation Policy #09-10-xxxx

PREPAID/DEBIT/GIFT CARDS PROCEDURE

FUND	DEPT	FUND	DEPT	FUND	DEPT

I am the official responsible (Appointing Authority) for the department's administration; I am duly authorized to delegate signature authority and will do so at the appropriate level. Authority delegated for signature of the listed documents and their representation thereon, shall be an accurate and complete transactional record; By affixing signatures to the listed documents, I or my delegate(s) will be certifying, under penalty of perjury that the provisions of Article 4 of Chapter 1 of Division 4 of Title 1 (beginning with section 1090) of the California Government Code have not been violated.

TO BE COMPLETED BY DEPARTMENT HEAD/APPOINTING AUTHORITY:

 PRINT NAME SIGNATURE Title Date Signed

 Prepared by (Print Name) Telephone IO Code

TO BE COMPLETED BY DELEGATE:

By affixing signatures to the listed documents, my delegates or I will be certifying that as the department's requisitioning, inspecting, or receiving officer, that articles or services for which payment is being sought have been received, furnished, or contracted for pursuant to California Government Code 29749.

 PRINT NAME SIGNATURE Title Date Signed

DISTRIBUTION: Original – ACR Copy – Purchasing
**Revisions will replace existing authorizations*
 Rev. 06/09

Restricted Use For Internal Distribution Only

Prepaid Debit-Gift Cards Attachment B (Lexipol 11-5-10).pdf

REQUEST TO DISTRIBUTE PREPAID CARDS

INTEROFFICE MEMO

- SAMPLE -

DATE:

PHONE:

FROM: REQUESTING DEPARTMENT

TO: AUDITOR/CONTROLLER-RECORDER
ACR-INTERNAL AUDITS SECTION—MAIL CODE #0018

SUBJECT: REQUEST TO DISTRIBUTE PREPAID CARDS

We need to distribute a pre-determined amount of prepaid cards in fiscal year _____ as noted below. This is / is not our first request for this fiscal year.

Program/Function	Purpose	Federal-State Grant Funds? (Y/N)	Card Vendor	Dollar Amount per Card	Quantity of Cards	Total Dollar Amount
Totals						

If any federal or state grant funds will be used to purchase these cards, please complete this table.

Grant Name	CFDA #	Grant Period	Authorized Expenditure Under Grant?	
			Yes	No

Please find the following items attached:

- Board Agenda Item (if total dollar amount in this fiscal year exceeds \$2,500)
- Completed Questionnaire for Prepaid Debits and Gift Cards form
- Completed Signature/Fund Custodian Authorization form

Card Custodian _____

Department Head _____

For AUDITOR/CONTROLLER-RECORDER use only

The department appears to have sufficient internal controls in place to properly safeguard its prepaid cards. It is therefore authorized to purchase and distribute prepaid cards not to exceed those described above.

LARRY WALKER

AUDITOR/CONTROLLER-RECORDER

BY _____, Deputy

Date: _____

Department Notified on: _____

Data Input: _____

Prepaid Debit-Gift Cards Attachment C -(Lexipol 11-5-10).pdf

QUESTIONNAIRE FOR PREPAID DEBIT AND GIFT CARDS

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QUESTIONNAIRE FOR PREPAID DEBIT AND GIFT CARDS	
Date of Request:	
Requesting Department: (Group/Department/Division/Unit/Location)	
Questionnaire Form Completed by:	
Amount of request:	

Does Department have existing prepaid debit and gift cards?	YES NO (circle one)
Number of existing prepaid debit and gift card in stock:	
Total value of existing prepaid debit and gift cards:	
Is Board approval required for the request?	YES NO (circle one)
Is the department requesting authorization for the purchase of new prepaid debit and gift cards, or increasing or decreasing existing stock?	NEW INCREASE DECREASE (circle one)
What will the cards be used for?	
What will be the average card amount distributed?	
Does the card custodian have a copy of the County's Internal Controls and Cash Manual?	YES NO (circle one)
What written standards will be used to determine the appropriateness of card distributions? (Obtain Copy)	_____ _____ _____

Reviews:

	Date
ACR Approval	
BOS Approval	
FAS Voucher	

Title	Initials	Date
Auditor		
IAS Manager		
Other		

QUESTIONNAIRE FOR PREPAID DEBIT AND GIFT CARDS

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CARDS ON HAND:

Address of the location where cards will be kept	_____ _____ _____
Where will the cards be stored? (Be specific, i.e. safe on 4 th floor northeast corner. If additional space is required attach additional sheets.)	_____ _____
Who knows the combination or has keys?	_____
How often is the combination changed or lock rekeyed?	_____
How will the approval of card distributions be documented?	_____ _____
How often will the cards be inventoried and reconciled?	_____

Segregation of Duties

Who will be the named card custodian? (Name, Title, and Phone Number)	_____
Who will be the physical custodian of the cards? (Name, Title, and Phone Number)	_____
Who reviews and approves card distributions? (Name, Title, and Phone Number)	_____
Who inventories and reconciles the cards? (Name, Title, and Phone Number)	_____
Who reviews and approves the inventory and reconciliation? (Name, Title, and Phone Number)	_____
Who reviews and approves FAS payment documents related to prepaid cards? (Name, Title, and Phone Number)	_____
Mark the box if the person who reconciles the prepaid debit and gift cards performs any of the following?	<input type="checkbox"/> <u>Receipt cards?</u> <input type="checkbox"/> <u>Record distributions?</u> <input type="checkbox"/> <u>Approve or authorize distributions?</u>

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Added 5/2009

Prepaid Debit-Gift Cards Attachment D (Lexipol 11-5-10).pdf

Prepaid Debit-Gift Cards Attachments E (Lexipol 11-5-10).pdf

COUNTY OF SAN BERNARDINO
PREPAID DEBIT/GIFT CARD RECONCILIATION SHEET

Department/Location	
Card Custodian	
Beginning Amount	\$0.00
Ending Amount	\$0.00

[illegible][illegible]

Difference between Total Cards on Hand and Ending Amount	\$0.00
(Research and Resolve any Difference)	

Review Date