



HUMAN SERVICES DEPARTMENT

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MEMORANDUM

TO: Evan A. Lukic, County Auditor
Office of the County Auditor

THROUGH: Pamela D. Brangaccio, County Administrator *J. G. P.B.*
Broward County

FROM: Marlene A. Wilson, Director *M.A.W.*
Human Services Department

DATE: December 20, 2006

RE: Compliance Review of Human Services Department's Gift Card Inventory Process, Report 07-02 dated May 12, 2006

This Memorandum is in response to Compliance Review of Human Services Department's Gift Card Inventory Process, Report 07-02 dated May 12, 2006, although not received by the Department until November 29, 2006.

I. Overview

The County Auditor conducted a review of the Gift Card Inventory Process for the period April 22, 2004 through April 27, 2005 for the following agencies within the Human Services Department: Children's Services Administration Division (CSA), Family Success Administration Division (FSA), and the Homeless Initiative Partnership (HIP). The County Auditor states that its Review was based on County policy which states that "[Gift cards] should be under safekeeping, with an inventory list maintained by the employee responsible for their safekeeping."

II. RESPONSE TO FINDINGS

As the findings are based on the separate agencies within the Department, the Department will respond to each agency individually.

Finding 1: HIP had established adequate procedures and could account for all gift cards. Its procedures and practices included maintaining documentation for chain of custody and eligible recipient for each card. For the items tested, HIP complied with County policy and its own internal practices.

Response: Agree, the Department is glad to acknowledge full compliance by HIP.

Finding 2: CSA had established adequate procedures but did not document the eligible recipient for all cards. Its procedures include maintaining documentation and eligible recipient for each card. CSA provided us with documentation (inventory logs) to show chain of custody for all 1,984 cards purchased. However, it could not provide required documentation evidencing the eligible recipient for 10 of a sample of 35 cards we selected from the logs.

Response: Agree. As indicated in the Report, the Gift Card Program administered by CSA included transferring cards to staff of the School Board of Broward County. The Program was set up in this manner as the population targeted for assistance was eligible children. The transfer of the cards also required that school board staff have the Gift Card Receipt Form signed (this is the form that documents eligibility.) Although County staff asked for the proper execution and return of these forms, it was not completely successful. Additionally, as other agencies provide this service to the community, CSA discontinued the program two years ago. As a result, the Auditor's findings related to this program are moot.

Finding 3: FSA did not have adequate procedures and did not account for all gift cards. Its procedures do not include maintaining documentation or eligible recipient for each card. It did not maintain documentation to show chain of custody for 28 of 200 cards purchased nor could it provide documentation evidencing the eligible recipient for 28.

Response: Agree in part. The 200 gift cards sampled were administered by the Community Action Agency (CAA). As CAA already maintains procedures for eligibility and as CAA distributed these cards to CAA clients, it did maintain procedures for documentation or eligible recipient for each card. FSA has also accounted for 20 of the 28 gift cards in terms of maintaining documentation evidencing eligible recipients. However, it is acknowledged that CAA needed a procedure to show chain of custody which it is now actively developing and expects to implement by January 31, 2007.

RESPONSE TO RECOMMENDATIONS

The Report recommended to the Board of County Commissioners that various actions be taken by the County Administrator. The following lists the Reports recommendations and the Department's responses.

- 1. Ensure all entities that distribute gift cards establish and implement written policies and procedures to account for gift card inventories. These should include controls over receiving, storing, and distributing gift cards. They should also include chain of custody and eligible recipient documentation.**

Response: As previously indicated all agencies maintain procedures for receiving, storing, distributing gift cards, and eligible recipient documentation. Other than FSA, all agencies also maintained procedures on chain of custody, which FSA is now actively developing and expects to implement by January 31, 2007.

- 2. Monitor compliance with written policies and procedures including periodic reviews of gift card logs and eligible recipient documentation.**

Response: Any recommendation to add administrative responsibility should be weighed against the value to be gained. In this case, HIP was determined to be in full compliance. CSA was also in full compliance other than its ability to obtain documentation of eligibility. As stated, CSA had already discontinued its program as it already knew and determined that enforcing receiving documentation evidencing eligible recipients from other governmental agencies was not feasible. Notably monitoring compliance would not have altered this result. With respect to FSA, only 8 of 200 gift cards (or 4%) audited could not be verified as maintaining the documentation evidencing eligible recipients. The Department believes that the better approach is to add those procedures recommended by the County Auditor not currently in place, ensure staff is educated on these procedures, and ensure proper supervision.

CONCLUSION

Again, the Department is glad to acknowledge full compliance by HIP. With respect to CSA, the Department understands that it is important to receive eligible recipient documentation for this program. However, when part of the program inherently gives control of this requirement to another agency, the Department must balance the desire to serve clients in need against the difficulty in enforcing the need to receive documentation. In this case, the Department determined that enforcement was too difficult and, thus, discontinued the program. In any audit of compliance, the benefit to the community should be included as part of the evaluation of the requirement being enforced. In terms of the FSA programs, as the Department takes the Auditors Report seriously, FSA has already implemented procedures to show chain of custody.