

FINANCE DEPARTMENT

INTEROFFICE MEMORANDUM



TO: Anthony Nicks, County Auditor
FROM: Hakeem Oshikoya, Finance Director *HKO*
DATE: March 26, 2021
SUBJECT: Response to Findings on Gift Cards Audit

Amid the current pandemic, we acknowledge the many adjustments made to complete this and last year's Gift Card Audit. We thank you and your staff for their professionalism.

In 2020 Treasury made specific accommodations to assist the External Affairs Department. For much of the pandemic, External Affairs has been teleworking. The F.O.C.U.S. awards themselves were held virtually. Treasury intended to be as flexible and reasonable as possible considering the circumstances. The accommodations made included holding cards for individual pickup and allowing staff to distribute the cards in the way they distribute checks. Unfortunately, the concessions made by Treasury have created some issues, as highlighted by this audit. We acknowledge the shortcomings of the Treasury's efforts and have made corrections to address them in the future. For a direct response to audit conclusions, I offer the following information.

Finding 1 – Non-compliance with Standard Operating Procedures

Response: The Standard Operating Procedures were written such that departments were expected to pick up entire gift card orders at one time and return any unused cards to the Treasury. The Treasury Unit operates in a secure room that has window-only access. With the Covid-19 pandemic and emergency orders to alter our procedures, we began holding gift cards for individual pickup, thus allowing for socially distanced distribution. However, this practice is outside of Standard Operating Procedure.

We believed the intention of the word inventory in the S.O.P. related to surplus cards held as stock. The cards held for individual pickup were not, in our opinion, surplus and did not require regular inventory checks of cards "on hand."

Finding 2 – Failure to Safeguard Assets Properly

Response: Typically, the Treasury team keeps gift cards in a separate safe to which only the Revenue Administrator and Investment Officer have access. The act of keeping the F.O.C.U.S.

AWARD gift cards in the safe during the day seemed to create a potential delay for recipients. Therefore, Treasury adjusted to the convenience of those recipients. The Gift cards held by Treasury for individual pickup or the aforementioned "gift cards ... kept outside of the safe" were available at the Treasury window during a typical business day. We want to note that only authorized Treasury staff would have had access to these cards even still. Surplus cards were kept in the safe as per the standard procedure.

Concern 1 – Incomplete Supporting Documentation

Response: Per our discussion, this concern was raised to the cards held for individual pick up and not about surplus inventory. Each gift card comes in a separate envelope, and each envelope had been labeled for the intended party. The distribution of these cards turned out to be very inefficient and sporadic. Individuals would frequently arrive unannounced and at random to pick up their assigned cards.

Actions Taken

The remaining Gift cards for the 2020 FOCUS Awards have been moved to the safe and will only be distributed by the Investment Officer and Revenue Administrator. As we move forward, should a similar accommodation be necessary, we expect to require appointments for pickup. In the meantime, moving all cards' locations to the safe will have the added benefit of mitigating the risk of Non-compliance with Standard Operating Procedure as the Investment Officer and Revenue Administrator will regularly recount this inventory, maintaining this count separately. Finally, incomplete documentation will be addressed as only the Investment Officer and Revenue Administrator will have access. Therefore, the responsibility will be directly limited to two individuals to ensure that documentation is complete.

Please contact me with any questions on this matter.

CC: Ray Turner, Deputy Finance Director
Sabrinna McTier, Controller
Bryce Riddle, Investment Officer
Philip Harden, Revenue Administrator