

## What is a gift card?

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

## Grant Financial Management Requirement

If allowed under the terms and conditions of grant awards, the Office for Victims of Crime (OVC) requires careful control and oversight of gift card usage for grant award costs through written policies and internal controls.

## Important Information to Know

### When is using gift cards allowable?

OVC-funded victim service organizations should provide in-kind supplies and services (e.g., food, clothing) instead of gift cards to meet victims' urgent and short-term needs, whenever possible. Gift cards should only be used when reasonably necessary.

### Why is gift card usage limited and tightly controlled?

Converting grant funds into gift cards can result in fraud, waste, and abuse because tracking and monitoring gift cards is difficult. Due to the lack of strong administrative oversight, costs could be questioned in an audit.

### What are the limitations of using gift cards?

Victim service organizations should:

- ▶ Have a gift card policy that describes the circumstances under which gift cards can be purchased.
- ▶ Separate gift card purchasing and approval duties (e.g., the purchaser should not be the authorizer).
- ▶ Limit how many gift cards are issued based on the number of necessary cards.
- ▶ Provide gift cards with a value of \$100 or less.
- ▶ Document, track, monitor, and keep receipts of gift card approval, purchases, and use.

## How This Applies to Grants

An entity must have gift card policies and internal controls if using gift cards to provide for victims' urgent and short-term needs.



### What are the benefits of a gift card policy?

A gift card policy allows an entity to define and properly 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 and limits
- ▶ Purchasing processes
- ▶ Documentation
- ▶ Tracking forms
- ▶ Internal controls
- ▶ Storage and custody
- ▶ Tax reporting
- ▶ Treatment of lost, stolen, or missing cards

Administrative oversight and internal controls over gift cards can lead to fewer costs being questioned during audits.

### What should be included in a gift card policy?

Gift card policies for OVC-awarded programs should align with the U.S. Department of Justice's requirements. Additionally, victim service organizations can review their funders' rules and incorporate those rules into policy, where appropriate.

The below recommendations are based on OVC guidance and best practices for OVC-funded victim service providers (e.g., grantees and subgrantees).

#### Policy Recommendations: Purchases

Outline the circumstances under which gift cards may be purchased, including the purchase approval process (typically the victim service organization's procurement process).

Ensure purchases made with gift cards are consistent with the allowable costs under the grant award.

Address common policy questions regarding allowable and unallowable costs. For example, note that individual and online purchases by gift cards may be permitted if the cost is allowable but not if the cost is unallowable (e.g., using gift cards as raffle prizes).

Only purchase gift cards necessary for emergencies and not in bulk.

Include which programs can use gift cards and who can receive gift cards (e.g., employees, volunteers, clients).

Separate duties adequately (e.g., the purchaser should not be the authorizer).

Document the purpose of the cards, approvals, and receipts to confirm the purchase amount, who made the purchase, and when and where.

Limit the amount of gift cards that someone can possess at once.



### Policy Recommendations: Storage and Custody

Appoint a gift card custodian and backup custodian responsible for gift card purchasing, security, dispensing to staff, tracking (e.g., 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 limited access to gift card custodians.

### Policy Recommendations: Issuance

Require requestors to include the reason for using a gift card, especially if other than for in-kind supplies or services.

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

Describe what costs are typically unallowable (e.g., cigarettes, alcohol, entertainment, resale, or cashing out).

Require approval for each request to use a gift card. The approver should not be the staff member requesting the card.

Maintain a record of each approval.

### Policy Recommendations: Accounting

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

Determine the process for reconciling gift card documents. For example, determine how the client acknowledgment form aligns with the gift card approval paperwork and how to track and store documents.

Provide guidance for handling 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 CFR 200.314) and may require returning the value of the unused cards.

### Policy Recommendations: Usage

Require clients to sign a document describing each gift card's dollar value and ensure they acknowledge and will follow the allowable and unallowable cost guidance. **OVC encourages policies that support victim empowerment and self-sufficiency and does not require OVC-funded organizations to have clients submit itemized receipts. In most cases, a client's written acknowledgment of the gift card's allowable uses is enough.**

Handle documentation with personally identifying information appropriately to protect client confidentiality.



**Note:** Gift cards are sometimes used as incentives for participation in research. Incentives may be allowed for research/evaluation purposes (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 and the research organization’s institutional review board.

### What are some strong internal controls to implement for gift cards?

- ▶ Separate duties between employees, like requesting cards for a client, and reviewing and approving uses and purchases.
- ▶ Require the client to acknowledge allowable and unallowable card uses.
- ▶ Maintain all supporting documentation regarding:
  - ▶ Client eligibility
  - ▶ Reason for gift card purchase
  - ▶ Who can issue cards
  - ▶ Clients’ acknowledgment of receiving gift cards
- ▶ Store cards securely and limit access
- ▶ Keep written tracking logs (or receipts) for:
  - ▶ Purchases (e.g., amount, purchaser, and where and when purchased)
  - ▶ Inventory
  - ▶ Card issuance
- ▶ Audit logs regularly

## Resources

- ▶ Code of Federal Regulations: [2 CFR 200.314 Supplies](#)
- ▶ [DOJ Grants Financial Guide—III. Postaward Requirements](#)

The **Office for Victims of Crime Financial Management Resource Center (OVC FMRC)** offers culturally humble, trauma-informed training and technical assistance to support OVC human trafficking and discretionary grantees. OVC FMRC services focus on enhancing financial management capacity.

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