



Department of Homelessness and Supportive Housing HSH Agreement Management Policy and Procedure

Gift Card Policy for Providers

Effective January 1, 2025

Purpose

The San Francisco Department of Homelessness and Supportive Housing (HSH) provides funding to nonprofit providers to administer services, resources, and connections to housing for people experiencing homelessness and to for-profit organizations to support the mission of the department (“providers”). Gift cards are considered equivalent to cash and petty cash funds. This policy outlines HSH expectations and common rules regarding the purchase and distribution of gift cards for participants when using HSH funds.

Scope

This policy covers all providers receiving HSH funding and use HSH funds to purchase and distribute gift cards. All programs and sites, regardless of funding source, are required to comply with this policy. In addition, all nonprofit providers that handle gift cards purchased with City funding are subject to the same guidelines and restrictions in the Controller’s Accounting Policies and Procedures¹, Section 3.9.1 Eligibility to Receive Gift Cards through Section 3.9.9 Gift Card Record Retention (as applicable). Providers should ensure that their internal policies, procedures, and workflows include these guidelines. Programs that do not comply with the guidelines set forth in this policy may be modified, suspended, or terminated at the discretion of the City.

Definitions

Participants: For the purpose of this policy, “participants” will refer to clients, guests, tenants, households or community members that may be a recipient of gifts cards through a HSH funded program, service, or activity. Purchasing gift cards for nonprofit employees or City employees is prohibited under this policy when using HSH funds.

Incentives: Incentives are provided to participants who establish and achieve a goal as part of the program, for participation in a program activity as defined by the program, or for participation in community engagement activities such as focus groups or surveys.

Financial Assistance: Financial assistance is provided to meet the urgent and short-term needs of program participants. HSH funded providers should administer supplies and services (e.g., food, clothing, discounted or free bus tokens) instead of gift cards whenever possible. The use of gift cards for

¹ Accounting Policies & Procedures (Section 3.9): Refer to Step 1 at <https://sf.gov/resource/2022/buying-gift-cards>



eligible expenses should only occur when reasonably necessary or for emergency or barrier removal purposes and should not be used as a method for ongoing payments or regular assistance.

Policy Description

Each program that issues gift cards is required to develop and implement a gift card policy that defines specific criteria for the purchase and distribution of gift cards to participants centered on diversity, equity, and inclusion, including, but is not limited to, the items below.

A. Eligibility to Receive Gift Cards

1. Participants must have been found eligible and continue to meet eligibility criteria for the program that distributes gift cards as incentives or financial assistance.
2. Participants receiving financial assistance or gift cards through a housing program must not be simultaneously served through another HSH funded housing program without authorization from HSH. Providers must verify participant enrollment in the ONE system.
3. Participants who become ineligible or inactive (e.g., program exit) for the program or its benefits must have their eligibility status immediately changed in the provider's participant tracking system in accordance with Online Navigation and Entry (ONE) System Continuous Data Quality Improvement (CDQI) process².
4. If Program staff (e.g., case manager) are distributing gift cards as incentives for meeting a goal, they must establish in advance the goals participants must achieve for them to qualify to receive gift cards.
 - a. The program's pre-set goals must be established within specific areas of participant achievement and within a specified timeframe.
 - b. Participants must present – and program staff must verify – sufficient and appropriate proof that they met the program goals that entitle them to receive gift cards.
5. Gift cards provided to participants may also include community members and non-HSH program participants as an incentive for participating in projects, such as a survey or focus group. Providers are required to outline specific criteria for distribution for these purposes and receive authorization from the assigned HSH Program Manager, or designee, to approve spending on gift cards.
6. Employees or program administrators (including provider staff or management) must not be recipients of gift cards purchased with City funds.

B. Gift Card Usage by Recipients

Gift cards must serve a programmatic purpose and can be provided for client support, emergency assistance, or for incentives as defined above. These may include the purchase of groceries or gas, or similar items. Gift cards provided as financial assistance are included in the financial assistance threshold provided to that participant.

1. Gift cards must be provided only to eligible participants following the pre-determined criteria for the program or specific activity and must be used only for the purposes stated.

² CDQI: <https://hsh.sfgov.org/get-information/one-system/>



2. Gift cards cannot be used to purchase prohibited items, including program materials or administered as holiday (or other occasion) presents, or as specified by the program and funding source³.
 - Prohibited items include: alcoholic beverages and tips/gratuities.
3. Providers' gift card policy should require participant acknowledgment of allowable and unallowable uses of the gift card per agreement funding source.

C. Internal Controls

Provider organizations should be able to identify the following elements in their internal systems, documents, or workflows for review during annual City program monitoring.

1. **Authorization to Purchase:** Specify which staff are allowed to approve the purchase of gift cards for the program, for example, the director of programs and finance director.
2. **Funding Source:** Gift card purchases must be listed as an approved use of the specified funds.
3. **Actual Purchase:** The value of gift cards distributed to each participant must not exceed the per-person limit determined by HSH for the program. The maximum value and number of gift cards will be determined based on the Appendix B, Budget line item.
 - a. Gift cards issued for financial assistance should be vendor specific.
 - b. Providers should only issue generic gift cards like Visa or Mastercard for incentives or when circumstances require a general gift card, for example, for gas purchases where one vendor may not be readily accessible.
4. **Separation of Duties:** Each program must have a different person responsible at each stage in the handling and transfer of gift cards.
5. **Gift Card Inventory:** Each program should include their process for internal controls of gift cards to include:
 - a. Inventory recordkeeping-validation of gift card receipt; and weekly, monthly, or quarterly physical inventory counts as determined by each provider; and
 - b. Inventory storage and security – secure and restricted access and reasonable quantity on hand per established criteria;
 - c. If gift cards are kept in a physical location, providers should develop and maintain gift card security protocols.
6. **Gift Card Distribution:** Providers are required to track distributed gift cards in a disbursement log for HSH in accordance with their Appendix C, Method of Payment documentation and record keeping guidelines. HSH will request and review supporting documentation as needed.
 - a. As part of gift card security protocol, all providers must keep an active log ("disbursement log") of gift cards that have been distributed which includes; Date Issued, Participant's Name, Participant ONE ID (if known), Type of Gift Card (i.e., electronic or physical), Gift Card Retailer/ Vendor, Amount, Tracking Number, Type of Assistance/Program Goal, Recipient Signature, Date Issued, Disbursed By.
 - b. The disbursement log must include eligible participants; have all sections completed; and be within the pre-determined criteria and gift card limits for the program.

³ Continuum of Care gift card eligibility: <https://www.hudexchange.info/faqs/programs/continuum-of-care-coc-program/program-requirements/eligible-costs/may-coc-program-funds-be-used-to-purchase-gift-cards/>



Any discrepancies or instance of loss, theft, fraudulent use, or abuse of gift cards must be immediately reported to the provider's fiscal office and Executive Director (or designee). The fiscal office and Executive Director (or designee) should investigate instances of reported loss, theft, fraudulent use, or abuse of gift cards, as it deems necessary. Significant discrepancies must be investigated and addressed to ensure compliance and accuracy of record keeping, inventory, storage, handling, distribution, and use of funds to prevent future incidents.

D. Request for Reimbursement from HSH

Gift cards should be invoiced to HSH when they are disbursed, not purchased, and in accordance with their Appendix C, Method of payment.

- a. Providers are required to submit gift card information in the form of a general ledger of gift card issuances, as part of their monthly invoice submission and to keep programmatic documentation in accordance with their Appendix C, Method of Payment.
- b. In this general ledger for expenditures the following should be included: 1) ONE ID (if known), 2) issue date, 3) amount issued, 4) gift card category (i.e., grocery, gas, incentive for participation, etc.), 5) payee initials (if available).

Reporting Requirements

All providers are required to track distributed gift cards in a disbursement log to be reviewed by HSH or other City staff during annual monitoring or as requested, also in accordance with their Appendix C, Method of Payment.

- Gift cards to participants are considered cash-equivalents and may be 1099 reportable as a gift, prize, and/or award. In some cases, gift cards to participants may be classified as a welfare or public assistance benefit. Providers should refer to [Publication 525 \(2021\), Taxable and Nontaxable Income](#) for additional guidance on whether their specific program would necessitate a 1099 filing.
- It is the provider's responsibility to track all gift card transactions and inform their fiscal office should the aggregate disbursed amount necessitate a 1099 filing (e.g., each person to whom you have paid during the year at least \$600 in applicable categories). For more information, please refer to the [IRS Form 1099 website](#).

Compliance

Oversight of this policy will be incorporated into the HSH fiscal/program monitoring and/or City audit process, to ensure compliance with this policy and in accordance with the grant agreement.

A. Gift Card Limits

Programs approved to purchase gift cards with City funds will be indicated in the eligible budget line item in the budget narrative of the Appendix B, Budget. Participant eligibility (as applicable) and criteria (value of each gift card/per person limit/maximum amount for the program) will be subject to budget funding availability if not already specified in other applicable HSH policies and procedures for the program.



Providers should contact the assigned HSH Program Manager to discuss any changes to these pre-determined criteria.

B. Monitoring

Programs will be monitored at least annually through Program Monitoring and the Citywide Nonprofit Monitoring and Capacity Building Program, to include a review of program eligibility (as applicable), gift card policy and controls, and gift card distribution. HSH or other City staff may also request to review the program's physical inventory and inventory records at any time. The frequency may vary by program. All documentation should be retained in accordance with the program agreement.

Additionally, programs with outstanding compliance issues as specified in any written form from HSH (e.g., Letter of Correction or Corrective Action Plan) may be subject to an on-site visit and may be recommended for technical assistance if the compliance issue is related to recordkeeping and/or proper accounting for funds to ensure the provider's compliance with this policy.

POLICY APPROVALS

Last Updated: December 5, 2024

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