



Administrative Policy No.: 19.40.30

Subject: Gift Cards

Contact: Office of Accounting Services
Chief, (360) 664-5716

Authorizing Source: OFM, State administration & accounting manual (SAAM) section [40.30](#) Disbursement of electronic funds/benefits by state agencies

Effective Date: August 15, 2017

Revised: May 8, 2025

Approved By: Original approved by Richard Pannkuk
Assistant Secretary / Chief Financial Officer

Purpose

The purpose of this policy is to establish guidelines regarding the procurement, storage, and disbursement of gift cards.

Scope

This policy applies to all Department of Social and Health Services (DSHS) administrations that use gift cards as part of their program. This policy does not apply to gift cards for employee recognition awards

Additional guidance

DSHS [administrative policies](#):

13.08 Operational (purchased) goods and services

19.70.13 Employee recognition awards

19.05.01 Protected health information & HIPAA compliance in financial documents

18.91 Use of resources

18.64 Standards of ethical conduct for employees

DSHS forms

[Approval of gift card process](#), 02-757

Definitions

Administration means the affected DSHS programs, including the division, office, or staff

designated by the assistant secretary or division director as being responsible for compliance with this policy.

Board members are those individuals who serve on a board, commission, or committee in either an advisory, coordinating or planning capacity, or a rule making capacity.

Client is a person who receives services offered by DSHS based on their individual or family need.

Community compensation participant is an agency partner who is a part of historically excluded communities who have been disproportionately impacted by government decisions. The community compensation participant provides their lived experience perspective—their personal, direct experience related to the subject matter—to agency events and workgroups where activities, policies, processes and systems are being addressed. A community compensation participant is not a volunteer. They may be compensated for their work with a stipend and reimbursed for expenses, where applicable, in accordance with 2SSB 5793 and the office of equity and DSHS community compensation guidelines.

Dependent is an individual(s) tied to an employee as defined by Internal Revenue Service (IRS) rule (Publications 501 and 929).

Gift card is a prepaid card usually issued by a retailer to be used as an alternative to cash equivalent for purchases within a particular store or retail business or a prepaid debit card. A gift card is not associated with a bank account. A gift card can be either a physical card or an electronic card.

Gift card manager oversees the administration of gift cards, including training staff on policies, enforcing procedures, conducting monthly inventories, and reporting lost or stolen cards to internal audit and consultation teams.

Gift card custodians are responsible for the secure storage, tracking, and distribution of gift cards. They maintain a detailed log of card information and ensure compliance with policies, including reporting any discrepancies and handling cards for client use and third-party distribution.

Provider is any person, business, non-profit, or government entity who provides goods/services to DSHS or its clients.

Volunteer is a person, other than an emergency services worker as described by chapter 38.52 RCW, who, of their own free choice, performs any assigned or authorized duties for the state or any agency thereof. A volunteer receives no wages and is registered and accepted as a volunteer by the state or any agency thereof, for the purpose of engaging in authorized volunteer service. This is not a community compensation participant who offers their time to

share their lived experiences and is compensated by administrations.

Policy

A. Gift cards can only be used to provide the following:

1. Incentives and compensation for volunteers, board members, providers, clients, or community compensation participant for taking part in work groups, focus groups, surveys, committees, etc.
2. Incidental costs for clients. Example: Purchasing gasoline for clients to travel to training.

B. Prior to implementation, administrations using gift cards must, in this order:

1. Ensure procedures are established to address procurement, safeguarding and storage, issuing, and voiding missing gift cards.
2. Complete [application](#) (form 02-757) with the following steps:
 - a. Obtain written approval from their DSHS administration accounting staff to implement a gift card program;
 - b. Obtain written approval from their DSHS assistant secretary or designee to implement a gift card program;
 - c. Obtain written approval from the DSHS chief financial officer to implement a gift card program; and
 - d. All procedures must be reviewed and signed approved by the office of accounting services (OAS) chief via the [DSHS tax desk](#) (taxinfo@dshs.wa.gov) prior to implementing a gift card program.

C. Administrations will develop and implement written procedures to include the procedure for safekeeping of these cards prior to obtaining approval.

1. Administrations must have written procedures that provide directions to staff on how the gift cards are managed. Areas addressed in procedures must include:
 - a. Separation of duties;
 - i. For example, gift cards may not be reviewed/audited by the gift card custodian since they are performing the online account reconciliation and are the person(s) handing out gift cards.
 - b. Purchasing responsibilities include dollar limits on the cards, maximum number of cards allowed on-hand at program and office locations, and who will purchase the cards;
 - c. Establish a log for the purchase and issuance of gift cards;
 - d. Establish procedures for the safeguarding and storage of gift cards;

- e. Inventory management to include monthly physical counts and online account reconciliation;
 - f. The recipient must complete a W9 form to the administration issuing the gift card; and
 - g. Report tax information and W9 for gift cards issued, to the [DSHS tax desk](#) using the quarterly schedule below in procedures policy point B for required due dates. An example of an approved payment tracking template is listed on the [OAS SharePoint](#).
2. Administrations must designate a gift card manager who must:
- a. Provide training regarding policy and procedures on the management of gift cards within the administration;
 - b. Enforce program procedures and oversee monthly inventory of the gift cards; and
 - c. If there are lost or stolen gift cards, managers will:
 - i. Report any lost or stolen gift cards immediately to [internal audit and consultation](#).
 - ii. Complete and submit a [17-169](#) loss of public funds, assets, or illegal activity report.
3. Administrations must designate gift card custodians who must:
- a. Maintain custody of the gift cards at assigned locations and keep the cards in a secure and locked location with limited access.
 - b. Maintain a tracking log, that at a minimum:
 - i. Details items to include date of purchase, card number, card value, and the type of card (e.g. Fred Meyer, McDonald's).
 - ii. Details the date the card was issued and to whom it was issued.
 - A In the event the gift cards are being used for health surveys the name and signature of the supervisor should replace any patient name see [AP 19.05.01](#) protected health information& HIPAA compliance in financial documents.
 - c. For cards issued to DSHS staff for use on behalf of clients, staff must:
 - i. Ensure receipts are received.
 - ii. Ensure cards with unused balances are returned.
 - iii. Record the date the card was returned, the unused amount, and that a receipt was received for any amounts spent.
 - d. For cards issued to DSHS staff for third party distribution (e.g., focus group members, survey participants, community compensation participants) documentation must be provided that identifies actual recipients and the return of any cards that were not distributed.
 - i. In the event the gift cards are being used for health surveys the name and signature of the supervisor should replace any patient name see

[AP 19.05.01](#) protected health information & HIPAA compliance in financial documents

- e. Report any inventory discrepancies immediately to the gift card manager.

D. OAS will perform annual audit of administrations in June each year.

- 1. Audit will cover internal procedures, gift card inventory count, purchase and issuance logs, and monthly physical counts and online account reconciliation.

Policy operational requirements

A. During card counting, two people should be present when conducting the counts whenever possible.

B. All payments made via gift card must be tracked, along with completed W9, and reported to the [DSHS tax desk](#) on a quarterly basis. If the due date is on the weekend or holiday, due date will be the first business day that follows.

- 1. 1st quarter, Jan 1-March 31, due to [DSHS tax desk](#) by April 5th
- 2. 2nd quarter, April 1-June 30, due to [DSHS tax desk](#) by July 5th
- 3. 3rd quarter, July 1-Sept 30, due to [DSHS tax desk](#) by Oct 5th
- 4. 4th quarter, Oct 1-Dec 31, due to [DSHS tax desk](#) by Jan 5th

C. All payments must be reported to the [DSHS tax desk](#) using the payment tracking template, regardless of the amount issued, or the expected issuance of additional payments.

D. The payment tracking template will need to be stored in a secure location within the administration since protected data is contained in the [template](#).

E. On or before the due date to report to the facilities, finance, and analytics administration (FFA) team, the [payment tracking template](#) will be sent via managed file transfer (MFT) to the FFA team to process.

**Administrations will need to identify who will be responsible for submitting the tracking information to the tax desk, as it is that individual that will be granted access to the MFT and will be provided instructions on how to access. This information is not to be shared.