The County of San Bernardino
Department of Behavioral Health

Prepaid Cards Policy

Effective Date 03/18/10
Approved Date 03/18/10

Allan Rawland, Director

Policy

It is the policy of the Department of Behavioral Health (DBH) to comply with the County Auditor/Controller-Recorder (ACR) Internal Controls and Cash Manual procedures and guidelines to purchase and issue Prepaid Cards, as defined, for DBH programs and functions.

Definitions

Prepaid Cards are a cash equivalent requiring Cash Control procedures. They provide public assistance to clients meeting program or function requirements. Prepaid Cards include the following:

- Prepaid Debit Cards
- Gift Cards
- Gift Certificates
- Vouchers
- Coupons
- Bus Passes

ACR Internal Controls and Cash Manual is a document that provides instruction to safeguard county assets and for reliable financial record keeping. Chapter Twenty (20) provides complete information regarding Prepaid Cards. Chapter Three (3), Cash Controls, describes appropriate procedures to Safeguard Cash (3-3).

Annual Inventory Report is a count of Prepaid Cards on hand completed on June 30 of each fiscal year or on the last business day prior to June 30 if that date falls on a weekend or holiday. An inventory reporting form will be provided to each Fund Custodian for completion for those cost center(s)/location(s) for which the Fund Custodian is responsible. The Fund Custodian may not conduct the Monthly Inventory, per Segregation of Duties as defined. The inventory is to be completed by "employees other than the card custodian" and an "employee of a higher-ranking job code reviews and signs off on it."

Annual Reconciliation is conducted on June 30 of each fiscal year or the last business day prior to June 30 if that date falls on a weekend or holiday. It is conduct in the same manner as a Monthly Reconciliation.

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Prepaid Cards Policy, Continued

Definitions (continued)

Chain of Custody describes maintaining a continuous written log documenting the following:
- Card receipts
- Distributions and handling Prepaid Cards
- Intradepartmental movement of Prepaid Cards

Fund Custodian is a staff member designated by the Program Manager for the Cost Centers/Locations using prepaid cards. In some cases, a Fund Custodian may be the custodian of Prepaid Cards for more than one Cost Center. Each Fund Custodian has a Signature/Fund Custodian Authorization form on file with DBH and ACR.

Intradepartmental Movement is a term to describe Prepaid Cards for a single program which are distributed to multiple locations.

Monthly Inventory is a count made on the last day of each month (or the last business day of the month if the last day of the month falls on a weekend or holiday) of Prepaid Cards on hand at those Cost Center(s)/Location(s) for which the Fund Custodian is responsible. The Fund Custodian may not conduct the Monthly Inventory, per Segregation of Duties. The inventory is to be completed by "employees other than the card custodian" and an "employee of a higher-ranking job code reviews and signs off on it."

Planning Activities include:
- Facilitating or co-facilitating focus groups
- Attending trainings
- Recruiting clients/family members and other stakeholder participants
- Implementing outreach activities which will facilitate stakeholder input
- Assisting with coordination

Prepaid Cards Inventory Sheet (BOP025) is a document used to record a Monthly Inventory and lists:
- The Merchant
- Card account number or ID
- Card denomination
- Quantity
- Total per merchant and card denomination
- Grand total of number of cards and cash value on hand

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Definitions (continued)

Prepaid Cards Reconciliation Sheet (BOP027) is a one-month, two-page continuous written log documenting all Prepaid Card transactions, such as:
- Card receipts
- Card distributions
- Intradepartmental card movement

Monthly Reconciliation is conducted to ensure the amount of cards on hand, per inventory records, is the proper amount based on purchases and distributions, and that no cards are missing. It reconciles the Prepaid Cards on hand as of the last day each month, or the last business day prior to the end of the month if that day falls on a weekend or holiday. It is completed on a Prepaid Cards Reconciliation Sheet. A separate reconciliation is completed for each Cost Center/Location for which the Fund Custodian is responsible. A staff member other than the Fund Custodian and of a higher-ranking job code completes the fund reconciliation. The Fund Custodian may conduct the reconciliation if it is reviewed and signed by a staff member of a higher-ranking job code.

Request to Distribute Prepaid Cards (BOP026) is the document a staff member completes to request all forms of Prepaid Cards for a client or other authorized recipient. See the Bus Pass Policy for a list of authorized recipients for Bus Passes.

Segregation of Duties is to ensure all Prepaid Card duties are not assigned to one individual who has access/responsibility to the entire Prepaid Card process. Each of the following functions must be segregated:
- Purchasing
- Receipting
- Distributing
- Inventorying
- Reconciling
- Reporting

Standard Procedure Manual BOP3030-1: **Prepaid Cards Procedure** provides instructions for purchasing and issuing Prepaid Cards. They may differ or be more stringent than those contained in the Internal Controls and Cash Manual. In those instances, DBH procedures must be followed.

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Prepaid Cards Policy, Continued

Roles and Responsibilities

DBH Staff involved with the purchase and issue of Prepaid Cards are identified and their duties appropriately segregated as described below:

Role	Responsibilities
Fund Custodian	• Controls and tracks the purchase and issuance of Prepaid Cards • Reads and becomes familiar with the DBH Prepaid Card Policy and these procedures • Reads and becomes familiar with Chapters 20 and 3.3 of the ACR Internal Controls and Cash Manual • Maintains the fund continuous written log of transactions • May conduct the Monthly or Annual Reconciliation, as defined, on the Prepaid Cards Reconciliation Sheet
Program Manager	• Designates Fund Custodians and changes of Fund Custodians • Assigns responsibility for Monthly and Annual Inventory to a staff member other than the Fund Custodian • Assigns responsibility for Monthly and Annual Reconciliations to a staff member if they are not conducted by the Fund Custodian • Reviews and signs off on documents, or designates the duty to a staff member other than the Fund Custodian and of a higher-ranking job code than the staff member completing the document, as follows: o Monthly Inventory o Monthly Reconciliation o Annual Inventory Report o Annual Reconciliation

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Prepaid Cards Policy, Continued

Roles and Responsibilities (continued)

Role	Responsibilities
DBH Administrative Supervisor I – General Accounting	• Processes new Signature/Fund Custodian Authorization forms for signatures • Submits Signature/Fund Custodian Authorization forms to ACR • Processes requests: o Request to Distribute Prepaid Cards o For increases to the amount of Prepaid Cards for a Cost Center o To decrease the amount of inventory of Prepaid Cards for a Cost Center o To discontinue Prepaid Card distribution for a Cost Center

Use Limitations

The following limitations/prohibitions apply to the use of Prepaid Cards. Prepaid Cards may **NOT** be:

- Distributed to recipients through the mail
- Approved for distribution by Fund Custodians, nor may the Fund Custodians sign requests to distribute Prepaid Cards
- Used for County procurement purposes under any circumstances
- Used to circumvent County Policy and/or DBH Policy, such as using a Prepaid Card to purchase office supplies
- Used to purchase alcohol, drugs or tobacco products
- Distributed for staff expense reimbursement
- Used as compensation for hours worked
- Used as a prize, even if the prize is part of a planned activity
- Purchased with petty cash
- Given to any County staff as incentive to participate in any function or event
- Used as an incentive to contribute to any type of DBH or County sponsored fundraising event, as it would be a gift of public funds, which is prohibited

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Prepaid Cards Policy, Continued

Comingling Funds

Prepaid Cards may not be comingled, as follows:

- Prepaid Cards may not be comingled with other County cash funds or staff personal funds, as they are considered to be cash, or funds
- Prepaid Cards associated with one program function may not be comingled within DBH with those associated with other DBH programs or functions
- The Request to Distribute Prepaid Cards form must be completed by any DBH Cost Center/Program to give prepaid cards to another Cost Center/Program
- Any DBH Cost Center/Program receiving cards must account for the Prepaid Cards by entering them on their own Prepaid Cards Reconciliation Sheet in the Received Cards section

Authorized Prepaid Card Use

The intent for using Prepaid Cards is to provide public assistance to clients that meet the requirements of a given program or function. Prepaid cards may be used as an incentive *ONLY* when the cards are to be used as stipends for the client, family members and/or indigenous outreach workers to participate in Planning Activities, as defined.

Note: Please refer to the Bus Pass Policy and the Children's Voucher Guidelines for authorized use.

Prepaid Card Security

The following actions are required to secure Prepaid Cards, as part of the Safeguarding Cash procedures:

- Must be safely secured in a locked box or safe with access limited to only authorized staff; general staff must not have access
- Must be stored separately for different Cost Centers/Programs
- Must be separated by vendor and dollar amount

Any breach of these security measures must be *IMMEDIATELY REPORTED*. Security breaches include **Shortages**, *suspected incidents* of **Fraud**, **Embezzlement** or **Theft**. Breaches will be reported as follows:

- Program Manager
- Deputy Director
- DBH -- Admin./Fiscal Services General Accounting Administrative Supervisor, *who will issue further instructions*

Related Policy or Procedure

County Auditor/Controller-Recorder (ACR): ACR Internal Controls and Cash Manual

DBH Standard Practice Manual

- BOP3030-1: Prepaid Cards Procedure
- CLP0832: Bus Pass Policy
- CHD0315: Children's Voucher Guidelines