

FINANCE DEPARTMENT

INTEROFFICE MEMORANDUM



TO: Anthony Nicks, County Auditor
FROM: Ray Turner, Finance Director
DATE: August 3, 2026
SUBJECT: Response to Findings on 2026 Gift Cards Audit

Thank you and your team for the review of the Treasury Gift Card Program. We appreciate the opportunity to respond to the findings and recommendations. Treasury remains committed to maintaining effective controls over the procurement, safeguarding, distribution, and reconciliation of gift cards while also ensuring that County departments can use the program efficiently and appropriately.

Treasury accepts the need to strengthen documentation, tracking, and follow-up procedures in several areas identified in the audit. While some of the findings are best understood as documentation, classification, or process-improvement matters, there are no indications of loss, misuse, or unauthorized activity. Our responses are provided below.

Response to Audit Finding 1 – Discrepancies in Gift Card Denomination Amounts

Treasury acknowledges the importance of ensuring that order confirmations, approved requests, payment documentation, and received inventory are reviewed for consistency. We believe the discrepancies noted were related to issues with U.S. Bank's confirmation system and related documentation. Treasury notes that the correct denominations were ultimately received.

Based on this finding, the Treasury Gift Card process below requires better documentation of order details and receipt of gift cards and their confirmations. The updated process will include validation that the quantities and denominations received match the approved order and payment documentation. Further, Treasury will switch to a shared login for the U.S. Bank portal which will reduce the likelihood of misplaced confirmations, as indicated in attached Procedures-Section 2, 2(a) and 3 regarding multi-factor authentication and "dual-authentication, as well as "dual-control requirements".

Response to Audit Finding 2 – Missing Departmental Reconciliation Forms

Treasury believes that departmental reconciliation forms were received for certain programs included in the audit period and has reviewed its records against the audit listing to identify any differences in documentation, timing, or filing location. Treasury agrees that reconciliation records should be readily available and consistently maintained.

Treasury recognizes that departmental reconciliation forms are an important control and that the follow-up process is now more formal and enforceable. Treasury has implemented a

centralized reconciliation tracking process that identifies the department, program, event date, cards issued, reconciliation due date, date received, and any outstanding items.

Departments with outstanding reconciliations will not be permitted to receive additional gift cards until prior reconciliation requirements are satisfied, unless a documented exception is approved by the County Manager, Chief Financial Officer, or Finance Director. Treasury will communicate this requirement to participating departments and will include the requirement in the attached and updated procedures in Section II (3).

Response to Audit Finding 3 – Expired Gift Cards Included in Active Inventory

Treasury acknowledges that expired gift cards should be separately documented and should not remain listed as active available inventory. However, Treasury does not agree that the presence of expired cards in the inventory listing should be characterized as a loss or misuse of resources. The cards in question were physically separated from active inventory and remained under Treasury control; however, they were not documented separately in the inventory records.

The cards remained under Treasury control, and Treasury has been working since August 2022 to determine whether any value may be recovered or reissued through the vendor. Actions taken by the Finance department based on this report yielded full reimbursement for the expired cards in July of 2026. The expired cards will be destroyed and removed from the inventory list.

Treasury has established a written procedure for identifying, physically segregating, documenting, and resolving expired gift cards. The procedure will also address when disposal is appropriate. Treasury believes expired cards should not be disposed of while a reasonable possibility of value recovery remains. The new procedure will include routine review of cards approaching expiration so Treasury can determine whether action may be taken before expiration, including possible vendor replacement, reissue, recovery, or other available resolution.

Response to Audit Finding 4 – Outdated Standard Operating Procedures

Treasury does not believe the process has materially changed since the last updating of the SOP. The audit seems to refer to a change in payment method to acquire gift cards. Payments are made electronically (ACH or Wire) and sent to the same ABA and account number for US Bank. However, to the extent the old procedures did not reflect all operational changes through 2026, including the payment process and any changes resulting from U.S. Bank's system updates, Treasury has made the appropriate revision.

Treasury has reviewed and updated the Gift Card SOPs to ensure they accurately reflect current practices for ordering, payment authorization, receipt verification, inventory tracking, reconciliation follow-up, expired card handling, and periodic review. Treasury will also communicate the updated procedures to appropriate staff to promote consistent application.

Treasury appreciates the audit team's review and will continue to work toward strengthening the Gift Card Program through clear procedures, improved documentation, and firmer enforcement of departmental responsibilities. Please contact us if additional clarification is needed.

CC:

Sabrinna McTier, Deputy Finance Director

Bryce Riddle, Investment Officer

Philip Harden, Revenue Administrator