

To: AmeriCorps State and National Grantees
From: Sonali Nijhawan, AmeriCorps State and National
Jill Graham, Office of Grant Administration
Re: Gift card policy
Date: August 16, 2024

This guidance identifies the limited circumstances for which AmeriCorps State and National funds may be used to acquire gift and pre-paid cards and the minimum administrative requirements to incur such costs on an award.

Background

A gift or pre-paid card (hereafter, gift card) is a type of card with a specific monetary value. Some gift cards may be used at specific businesses and others may be redeemed widely. 2 CFR Part 200 does not prohibit the use of gift cards. However, gift cards must be used in a very limited and judicious manner, and recipients must have adequate internal controls to manage their purchase and use.

AmeriCorps State and National limits the allowability of gift cards to defray participant support costs that do not include the AmeriCorps living allowance. In some circumstances, gift cards can be easier to distribute than issuing cash or vouchers. Because of the challenges with tracking and monitoring their use, there is a high risk of fraud, waste, and abuse associated with gift cards.

When used appropriately, gift cards can help to remove socioeconomic or other barriers that may otherwise prevent participants from accessing and benefiting from federally assisted projects or programs.

Policy

Gift cards may be an allowable award cost under very limited circumstances. Gift cards may not be used to cover costs such as those related to AmeriCorps State and National member living allowances, employees, consultants, contractors, and honorariums. Those costs may be allowable under the grant but are not allowable to be paid using gift cards. Nor may gift cards be used for unallowable costs, such as alcohol (see 2 CFR §200.423).

There is a risk of fraud, waste, and abuse when converting grant funds into gift cards because of the difficulty in tracking and monitoring their use. Use of gift cards for grant award costs must be carefully controlled and there must be strong oversight of gift card use through written policies and internal controls.

Limitations on use of gift cards

- Grantees should have a gift card policy in place that describes the circumstances under which gift cards can be purchased. This could be included in the member agreement.
- Gift card purchasing and approval duties should be segregated (the purchaser should not be the authorizer).



- Gift cards should be issued in limited quantities based on the number of cards that are necessary at that time.
- AmeriCorps State and National recommends that the value of individual cards not exceed \$100.

Internal Controls

Recipients must have a written gift card policy to prevent fraud, waste, and abuse. The policy must:

- describe the circumstances under which the gift cards can be purchased;
- ensure purchasing and approval duties are segregated (the purchaser should not be the authorizer);
- document the purchase of gift cards in the general ledger;
- ensure that gift cards are stored securely, as if they were cash;
- require a log of distribution of gift cards that includes the recipient's name and amount of gift card; and
- require notification to the participant of the purpose of the gift card.

Gift cards should not be purchased in excess of immediate needs. AmeriCorps State and National award funds cannot be used to cover the cost of undistributed or expired gift cards. Undistributed or expired gift cards may not be charged to the AmeriCorps State and National award.

Gift Card Purchase Policy Recommendations

- Outline the circumstances under which gift cards may be purchased including the purchase approval process (typically the entity's procurement process);
- Ensure purchases made with gift cards are consistent with what costs are allowable under the grant award;
- Address common questions in your organization's policy regarding allowable/unallowable costs. For example, purchases with gift card by individuals and online purchases may be permitted if the cost is allowable; and
- Place limits on the maximum amount of gift cards that can be in possession at any given time.

Gift Card Storage and Custody Policy Recommendations

- Designate a gift card custodian and back-up custodian. The custodian is responsible for gift card purchasing, security, dispensing to entity staff, tracking (serial numbers and denominations) and replenishing; and
- Store gift cards in a secure location such as a locked file cabinet with controlled access to the key and limit access to the gift card custodians.

Gift Card Issuance Policy Recommendations

- Requests should include the reason for using a gift card instead of in-kind supplies or services;



- Describe what costs are typically allowable and under what circumstances. For example, medicine, baby supplies, clothing, food, transportation, gasoline, car repairs, household expenses and other urgent and short-term needs;
- Describe what costs are typically unallowable. For example, cigarettes, alcohol, resale or cashing out; and
- Maintain a record for each authorization.

Gift Card Accounting Policy Recommendations

- Determine the process for reconciling gift card documents. For example, how is the client acknowledgement form matched to the appropriate paperwork approving the gift card; and
- Provide guidance for how to handle lost or stolen gift cards.

Gift Card Use Policy Recommendations

- Require that the gift card recipient signs a document describing the dollar value of each gift card received, and acknowledging they understand and will abide by the allowable and unallowable cost guidance received.

AmeriCorps State and National encourages policies that support gift card recipient empowerment and self-sufficiency and does not require AmeriCorps State and National-funded organizations to have gift card recipient submit itemized receipts. A gift card recipient's written acknowledgement of the gift card's allowable uses is sufficient in most cases; and

- Ensure documentation with any personally identifying information (PII) is treated in accordance with the entity's policies protecting confidentiality.