

Subject: Incentive and Supportive Service Distribution and Inventory Tracking	Effective Date: July 2012
Responsibility: Accounting	Revision Date: July 1, 2018
To: Program Managers	SOP No.: ACC-007

**Purpose:**

To define the tracking and monthly reporting requirements for programs that issue consumable or cash-equivalent cards or other serialized items (e.g. Laptops) to participants, where allowable, as an Incentive or Supportive Service (ISS) during the course of operations. This SOP ensures that an ISS cost is charged to a program only *after* they have been issued to customers, and distribution has been documented appropriately. Consumable or cash-equivalent cards purchased for customer distribution are to be issued to customers, as appropriate, and *not* to be used for any other purpose.

Nothing in this SOP should be construed to alter the Program Manager's responsibility to ensure that any use of consumable or cash-equivalent cards, or other ISS items, is consistent with the terms and conditions of their contract, the client's operating rules and procedures, and/or regulations pertaining to the program's state and/or federal funding source.

**Procedure:****Security**

It is the responsibility of all Program Managers to safeguard consumable or cash-equivalent cards. They are required to be kept under restricted access. Where possible, they should be kept in a fireproof safe secured with a key or lock combination. It is understood that it is not feasible to keep some ISS products, such as laptops, in a fireproof safe but no less care should be taken to ensure their security. Only authorized personnel may have access to the inventory.

**Purchases for Immediate Use**

In any instances where the customer/participant is already known, the expense can be recorded directly to the appropriate charge code. This applies to all instances where the person is known and the incentive or supportive service will be distributed in the same month that the ISS was purchased. In any situation where it is possible that this is not the case, Program Managers are required to follow the "Purchases for Future Use" procedure below. Regardless of the immediate or future circumstance, all backup documentation must be recorded and submitted within the guidelines, below.

**Purchases for Future Use**

Requests to purchase ISS items for future use must be submitted as a standard AP Request, Check Request, or Credit/Charge Card Purchase. All such purchase requests must indicate the

following charge code: 0130-002-00-00, Prepaid Expenses. Also, the description entered on the purchase request, or AvidXchange submission, must begin with the 4-digit project number that will be utilizing the items, (e.g. 2727 - Walmart Gift Cards) for Walmart cards that will be issued to customers under Project No. 2727. For programs with multiple project numbers, either number is acceptable.

### **First-In-First-Out (FIFO)**

It is the policy of KRA to ensure that ISS products are distributed in FIFO manner. This means that an order placed in a given month is distributed fully before an order placed at a later time begins distribution. This is essential to maintaining effective management of ISS resources companywide.

### **Distribution Log(s)**

As soon as the order (e.g. Walmart Cards, Bus Passes, etc.) is received, a spreadsheet log (Attachment A) must be created *before* any items are distributed. Substitute formats may be used, but only with prior approval from the Corporate Quality Assurance Manager.

The required elements of the log header are:

1. A description of the purchase that includes:
  - a. The type of consumable or cash equivalent (e.g. Walmart Cards, Bus Passes, etc.)
  - b. The method of purchase (e.g. AMEX, Check Request, etc.)
  - c. The total amount of the purchase listed on the log (*Note: if you purchase \$1,000 worth of Walmart cards and \$700 of them are \$20 cards and \$300 of them are \$10 cards, treat them as two separate purchases and create two separate logs, one for the \$20 cards and one for the \$10 cards. This applies to all consumables that have different values.*)
  - d. Date of purchase
2. The body of the log must have the following data points:
  - a. A count of the number of cards on the log
  - b. A listing of the serial numbers
  - c. The dollar value for each consumable or cash equivalent
3. Upon distribution, the following information must be recorded:
  - a. Customer's full name
  - b. Program/funding source (e.g. Adult, Dislocated Worker, etc.)
  - c. Date of issue
  - d. Location of issue
  - e. Staff responsible for the distribution
4. At the bottom of the log, indicate the amount distributed during the reporting month and the amount remaining on-hand.

Complete the log(s) as consumables or cash-equivalent items are distributed throughout the month. The log(s) will be used to populate the Monthly ISS Inventory and as a check-and-balance against the backup documentation when it is under review.

### **Incentive or Supportive Service Inventory Report**

Unless otherwise dictated by client policy and procedure, on the first (1<sup>st</sup>) business day of every month, the Program Manager must submit to Accounting, or a designee, a *Monthly ISS Inventory Report* (Attachment B) along with the supporting distribution log(s). This report/spreadsheet details the value of the ISS issuances (1) in inventory at the beginning of the month, (2) purchased during the month, (3) issued during the reporting month, and (4) in inventory at the end of the month, broken down by each individual purchase.

On the top of the *Monthly ISS Inventory Report*, the Program Manager must complete:

1. Month and Year of Report
2. Program Name
3. Project Number(s)
4. Program Manager's Name

The main body of the report must include:

1. **Purchase Date:** The date of the AP Request, Check Request, or Credit/Debit Charge via your assigned corporate credit card, that resulted in the purchase. A separate row must be completed for each purchase that the program still holds in inventory through the end of the month in which the cards are reported and documented as being fully distributed. Once the ISS issuance, acquired through a particular purchase, has been reported and documented as fully distributed, the line may be removed from the report on the following month. There is no reason to maintain a running log of all purchases through the program year.
2. **Description:** The type of ISS associated with the purchase (e.g. Walmart Cards, Laptops)
3. **Purchase Method:** Indicate whether the gift cards were purchased by Check Request, AP Request, Visa, or American Express.
4. **Beginning Balance:** The dollar value of inventory on-hand at the beginning of the month, by purchase. For purchases made *during* the reporting month, the beginning balance would be zero.
5. **Amount Purchased:** The dollar value of gift cards purchased during the reporting month, by purchase. For purchases processed *before* the reporting month, the amount purchased would be zero.

6. **Amount Issued by Charge No:** The total dollar value of ISS issuances *during* the reporting month. Many programs have multiple charge codes to allocate the cost of distributed items, by customer type (e.g. Adult, Dislocated Worker, etc.) or location. The related charge code(s) must be entered on top of the appropriate issuance column.
7. **Total Issued and Ending Balance:** The total value of cards issued during the month, and the ending balance or inventory on-hand will be calculated by the spreadsheet. The formulas in these cells must not be altered in any way. If you have to insert rows into the spreadsheet for additional purchases, the formulas may be copied and pasted into the appropriate cells. Information for any purchase with an ending balance greater than zero can be copied onto a report shell for the next reporting month.
8. **Voucher Number:** For Accounting use only.

It is important to note that there must be one tab, and *only* one tab, at the bottom of the ISS Inventory Report for each month of the program year. Once the current reporting month has been submitted, audited, and approved, the remaining balance will be carried over to the following month, and the report will be returned to the Program Manager, ready to populate as detailed above, for the subsequent month.

It is required that each program submit a certification that the inventory remaining on hand is confirmed, and approved by a manager or supervisor at the end of each month. This certification can be submitted via email, along with the ISS inventory report. On site, the person conducting the inventory must sign the “on Site Inventory Log (attachment E) on a monthly basis, for audit purposes. The log must be maintained with the inventory in the locked, secure location described above.

### **Back-up Documentation**

Along with the spreadsheet and log(s), documentation of each ISS issuance must be provided and include:

1. Date of issue
2. Type of ISS
3. Serial number
4. Value of the ISS
5. The reason for issuing the ISS
6. Printed name and signature of the issuing staff member
7. Printed name and signature of the participant receiving the card
8. Printed name and signature of staff person verifying the distribution

See Attachments C and D for standard KRA documentation forms. Substitute formats may be

KRA reserves the right to continually evaluate, amend, modify, or terminate any policy at any time. This policy is in effect on the date of publication and supersedes any previously released policy. Individual sites/contracts may have more restrictive policies. This policy does not alter the at-will status of any employee. Use or disclosure of this information is restricted; contact Human Resources for additional information.

used, but only with prior approval from the Corporate Quality Assurance Manager.

The report, and supporting documentation, must be e-mailed to Accounting, or a designee, by COB on the first (1<sup>st</sup>) business day of each month. If the backup documentation is too large, or contains any form of Personally Identifiable Information, the backup must be posted directly to KRA's secure E-Cabinet under the Gift Card Documentation folder, located under the Invoice folder for each program.

Direct questions related to this SOP to Accounting or the Corporate Quality Assurance Manager.

Attachment A: Distribution Log Spreadsheet

Attachment B: Monthly Incentive or Supportive Service Inventory Report Spreadsheet

Attachment C: Supportive Service Request Form

Attachment D: Incentive Request Form

Attachment E: On Site Inventory Log

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