



SARA SILVERIA
DIRECTOR OF FINANCE

1.13 PURCHASES OF GIFT CARDS PROHIBITED

Purpose

The purpose of this policy is to establish clear guidelines that prohibit the purchase, issuance, or distribution of gift cards by any municipal department. This ensures compliance with municipal finance laws, promotes internal controls, mitigates the risk of misuse, and safeguards public funds.

Scope

This prohibition applies to all funding sources, including but not limited to:

- General fund
- Special revenue funds
- Grants (state, federal, or private)
- Trust funds
- Revolving funds
- Capital funds

Policy

Municipal funds shall not be utilized to purchase gift cards, gift certificates, prepaid debit cards, stored-value cards, or any similar instruments, regardless of their intended purpose or recipient.

1. Rationale

- A. Gift cards present significant financial and internal control risks, including:
 1. Lack of itemized documentation regarding fund expenditure
 2. Susceptibility to fraud, loss, or theft
 3. Inability to verify that purchases serve a municipal purpose
 4. Audit findings for improper or non-compliant expenditures
- B. Prohibiting the use of gift cards helps ensure accountability and transparency in the utilization of public funds.

2. Exceptions

- A. Exceptions are permitted only if expressly approved in writing by the Finance Director, the City Controller, and the City Treasurer.
- B. Exceptions may be issued only when:
 1. Required by a grant or specific program regulation (e.g., emergency assistance under state-approved guidelines), and
 2. Pre-approved in writing by the Finance Director, City Controller, and City Treasurer, with documentation of:
 1. Legal authority
 2. Program guidelines
 3. Internal controls for distribution
 4. Reconciliation and reporting requirements
 3. No exception is valid without written authorization.



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3. Prohibited Actions

Strictly Prohibited

- A. Purchasing gift cards for employees, elected officials, volunteers, or the public for any reason, including but not limited to:
 1. Employee recognition, incentives, or awards
 2. Holiday gifts
 3. Thank-you gestures
 4. Program participation incentives
 5. Emergency assistance (unless allowed by specific program regulations)
 6. Distributing gift cards obtained through municipal funds or received as donations without proper accounting and approval.
 7. Using municipal credit cards or procurement cards to purchase gift cards.

4. Responsibilities

A. Department Heads

1. Department Heads are responsible for ensuring compliance with this policy, including training staff and monitoring departmental purchasing.
2. Finance Department
The Finance Department shall:
 1. Review all purchase transactions for prohibited items
 2. Reject or deny reimbursement for gift card purchases
 3. Report violations to the appropriate authority (e.g., Mayor/Administration, The Department of People and Culture, Internal Auditor)

B. Employees

1. Employees who violate this policy may be subject to:
 1. Denied reimbursement
 2. Disciplinary action, up to and including termination
 3. Reporting to external auditors or oversight bodies, if required

Related Policies:

Ethics Guide
Theft and Misappropriation Policy
Discipline Policy
Code of Conduct
Gift Policy

Other Related Information:

Rhode Island Code of Ethics
Providence Code of Ethics