

SLFRF Incentive Guidance

In general, incentives are an allowable use of some federal funds. SLFRF specifically allows for incentives to be used for vaccine programs, employee retention, new hires, and in the form of rebates for green infrastructure. Cash and gift cards are two commonly used forms of incentives. If a recipient or subrecipient would like to provide incentives it must have strong internal controls in place in order to prevent waste, fraud, and abuse.

SLFRF requires that recipients and subrecipients provide an explanation to support the use of incentives. Although similar, the enumerated incentives within SLFRF use different processes to show that incentives are needed for program success. At minimum, recipients must document how the incentives are reasonable and proportional to the harm experienced or outcome the program seeks to address.

SLFRF Enumerated Use of Incentives

Incentives for vaccine programs, the recipient or subrecipient must provide an explanation that the incentive is reasonably expected to increase the number of vaccinated people.

Incentives for employee retention or newly hired employees, should be narrowly tailored and reasonably proportional to the need, not exceeding an amount traditionally offered. If seeking retention, it must be an addition to the employee current rate or salary, not to reduce or substitute for normal earnings.

Consumer Incentive programs may be used so long as the activities attached to these programs address and promote water conservation, source water protection, and efficiency related to infrastructure improvements. SLFRF specifically allows for rebates to install green infrastructure, such as rain barrels or to promote other water conservation activities.

Cash Incentive Process and Management

Incentives require additional processes outside of the required documentation to explain the reasons for their use. A cash log must be kept to provide documentation of cash provided to beneficiaries.

The log must contain:

1. Date the cash was distributed
2. Name of the participant receiving cash
3. Recipient's signature with an agreement to the following:
 - a. The intended use of the incentive
 - b. The incentive will only be used for its intended purpose
 - c. The incentive will not be used to purchase alcohol, tobacco, marijuana, or firearms
4. Witness signature (there must be a witness verifying the direct distribution of the cash to the recipient, or another internal control).



Internal Controls

Two individuals should be charged with the responsibility of managing the cash. One person is in charge of distributing the cash while the other reconciles the cash disbursements. Cash must be stored securely and locked up with frequent internal audits. Internal audits should inspect the location and storage of the cash, count the currency, compare the log versus the amount in hand, note any discrepancies, and require a signature.

Gift Card Incentives Process and Management

A gift card log must be kept to provide documentation of each gift card given to beneficiaries. The log must contain:

1. Date the gift card was distributed
2. Name of the participant receiving the card
3. Gift Card Identification Number (found on the back of the card)
4. Recipient's signature with an agreement to the following:
 - a. The intended use of the card
 - b. The gift card will only be used for its intended purpose
 - c. The gift card will not be used to purchase alcohol, tobacco, marijuana, or firearms
 - d. The participant will not transfer the gift card
 - e. The participant will not exchange the gift card for cash
 - f. Witness signature (there must be a witness verifying the direct distribution of the card to the recipient, or another internal control).

Internal Controls

Two individuals should be in charge of managing the gift cards. One for distributing the gift cards and the other for reconciling the inventorying the gift cards. Gift cards must be stored securely and locked-up with frequent internal auditing. Internal audits should inspect the location and storage of the gift cards, the total number of cards on hand reconciled with the number given out and the gift card log, note any discrepancies, and require a signature. Agencies must comply with the Office of the State Controller's Gift Card Policy.

