

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Office of the Public Defender: Audit of CalCard Processes



Larry Walker

Auditor-Controller/Treasurer/Tax Collector

222 West Hospitality Lane
San Bernardino, CA 92415-0018
(909) 386-8821

Website: www.sbcounty.gov/atc

Fraud, Waste & Abuse Hotline: (800) 547-9540

Auditor-Controller/Treasurer/Tax Collector

Mission Statement

The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

Audit Team

Denise Mejico

Chief Deputy Auditor

Mary Barber, CPA

Internal Audits Manager

Denise Lassiter

Internal Auditor III

Deborah Buckingham, CPA

Internal Auditor III



- 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
- 172 West Third Street, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

October 30, 2014

Phyllis Morris-Green, Public Defender

Office of the Public Defender
303 W. Third Street, Ground Floor
San Bernardino, CA 92415-0008

SUBJECT: Audit of the Public Defender's CalCard Processes

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of the Office of the Public Defender's (Department) CalCard processes for the period of July 1, 2012 through May 31, 2013. The primary objective of the audit was to verify that CalCard purchases exceeding \$200 were supported by at least three quotes as required by the Procurement Card Program Procedures Manual, or that justification for noncompetitive procurement was maintained by the Department. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We identified a process that could be improved. We have discussed this area for improvement in the Audit Finding and Recommendation section of this report.

We sent a draft report to the Department on May 12, 2014 and discussed our observations with management on May 27, 2014. The Department's response to our recommendation is included in this report.

We would like to express our appreciation to the personnel at the Office of the Public Defender who assisted and cooperated with us during this engagement.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

Denise Mejico

Chief Deputy Auditor

Enclosure

Distribution of Audit Report:

Robert Lovingood, 1st District Supervisor
Janice Rutherford, Chair, 2nd District Supervisor
James Ramos, 3rd District Supervisor
Gary Ovitt, Vice Chair, 4th District Supervisor
Josie Gonzales, 5th District Supervisor
Gregory C. Devereaux, County Executive Officer
Grand Jury, Foreperson (2)
Auditor-Controller Audit Committee

Date Report Distributed: 10.31.14

LDW:DLM:DML:



Office of the Public Defender:

Audit of CalCard Processes

Executive Summary	1
Audit Background, Scope, Objectives, and Methodology	2
Audit Finding and Recommendation	3



Summary of Audit Results

The Department should improve documentation to support the competitive process.

The table below summarizes the audit finding and recommendation for this audit engagement. For further discussion, refer to our *Audit Finding and Recommendation* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Finding: Procurement processes when using CalCards should be improved. The Department did not maintain either documentation to show a competitive process was used or justification for non-competitive procurement.	3
	Recommendation: The Department should document three quotes for CalCard purchases, as appropriate, or maintain justification for non-competitive procurement.	



Background

The Public Defender's Office (Department) plays a key role in the administration of justice by providing constitutionally mandated legal services to indigent clients in misdemeanor, felony, juvenile delinquency, and mental health civil commitment cases. Services provided by the Department include performing legal research, writing briefs and writs, counseling clients regarding their legal rights and applicable procedures, investigating the underlying facts and circumstances of each case, negotiating with prosecuting authorities, filing and litigating pre-trial motions, and conducting bench and jury trials.

The Department uses the CalCard primarily to pay reoccurring utility charges, to purchase office supplies and for travel expenses. The Department's informal policy is to obtain three quotes for CalCard purchases that exceed \$200.

Scope and Objectives

Our overall objective was to verify that CalCard purchases exceeding \$200 were supported by at least three quotes as required by the Procurement Card Program Procedures Manual (Procurement Card Manual), or that justification for noncompetitive procurement was maintained by the Department. We reviewed the Department's documentation for CalCard charges made from July 2012 to May 2013. Total expenditures on CalCards for the Department during this time period totaled \$227,036.

Methodology

Our audit included interviewing Department staff directly involved in the CalCard purchasing process to gain an understanding of how CalCards are used and a review of documentation kept at the Department.



Finding 1: Procurement processes when using CalCards should be improved.

The Procurement Card Manual, dated October 2009, states on page 2, "As with any purchase, at least three (3) competitive quotes should be obtained. A record of the quotes should be maintained by the department." The Procurement Manual states that if quotes are not obtained due to a purchase being non-competitive, departments should maintain documentation of justification to provide upon request.

We reviewed 32 transactions that exceeded the \$200 threshold established by the Department. The Department was unable to provide any documentation of the quote or documentation of justification for non-competitive procurement for fourteen purchases, though they were able to give verbal justification for non-competitive procurement for ten of the fourteen purchases. The Department assumed that the cardholder kept either quotes or justifications for non-competitive procurement and did not monitor staff to ensure adherence to policies. The County risks not obtaining the best value for each dollar expended when Purchasing policies are not followed.

Recommendation:

Management should ensure staff is aware of and follows the Procurement Manual and Procurement Card Manual, specifically by obtaining three quotes for CalCard purchases, as appropriate, or maintaining documentation of justification for non-competitive procurement. In addition, management must monitor staff to ensure continued adherence to these procurement policies and procedures.

Management's Response:

The Public Defender agrees with the audit finding and has amended its procedures to ensure compliance with procurement policy. The Fiscal Unit, under the Public Defender's Chief of Administration, provided written and verbal direction clarifying procurement policies to all department procurement card holders. The Fiscal Unit is in the process of updating written internal procedures for distribution to appropriate staff. Additionally, the Fiscal Unit reviews procurement activity on a regular basis and will conduct regular audits to ensure that non-competitive procurement policies is properly documented.

The Public Defender acknowledges that there was a deficiency in documenting non-competitive procurement. Staff responsible for procurement will receive formal training and written direction by October 31, 2014. The Chief of Administration will ensure that new and existing staff receive appropriate training



and written direction and that there is appropriate review of all procurement activity to ensure compliance with County procurement policies on an ongoing basis.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.