

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

County Counsel: Cal-Card Audit



Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector

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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.

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County Counsel: Cal-Card Audit

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April 24, 2019

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SUBJECT: CAL-CARD AUDIT

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 County Counsel Department's Cal-Cards for the period of January 1, 2018 through September 30, 2018. The objectives of the audit were to determine whether the internal controls over the Department's Cal-Cards are adequate to effectively safeguard department resources and to determine whether Cal-Cards are being used in accordance with the Procurement Card Program Procedures Manual and department policies. 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 procedure and practice that could be improved. We have listed this area for improvement in the Audit Finding and Recommendation section of this report.

We sent a draft report to the Department on March 20, 2019 and discussed our observations with management on March 25, 2019. The Department's response to our recommendations is included in this report.

We would like to express our appreciation to the personnel at County Counsel who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

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Date Report Distributed: April 24, 2019

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Summary of Audit Results

Our finding and recommendation is provided to assist management in improving internal controls and procedures relating to the Department's Cal-Cards.

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

| Finding and Recommendations | Page No. |
|---|----------|
| Controls over the usage of Cal-Cards could be improved. We recommend that management monitor for potential violations of Procurement Card Program policies and procedures listed in the Cal-Card Manual including the sharing of Cal-Cards. We also recommend management consider issuing Cal-Cards to employees with job duties that require routinely making purchases with Cal-Cards. | 6 |



The Department

County Counsel (Department) serves and protects the County, its treasury, and its governing body, by providing timely and accurate legal services and aggressively representing the County in litigation. Legal services are performed maintaining the highest professional and ethical standards while fostering high morale and productivity in the work place through collaborative efforts dedicated to continuous improvement. County Counsel provides legal services to the Board of Supervisors, the County Administrative Office, County departments, commissions, special districts and school districts. County Counsel also provides legal services to various joint power authorities and represents the courts and judges on certain matters.

Cal-Cards

The Procurement Card Program is intended to streamline the purchasing process of small dollar purchases, enable vendors to be paid more quickly, and eliminate individual payments to vendors. In addition, the Procurement Card is used to make utility payments, replace assigned travel and airline credit cards; replace the Low Value purchasing process; and reduce the use of petty cash. The Procurement Card Program is managed by the County's Purchasing Department. The unique VISA card is received from U.S. Bank, and has the cardholder's name embossed on it. The cardholder is the only authorized user of the card, and is to be exclusively used for official business-related purchases.

A number of unique controls have been developed for this Procurement Card Program that do not exist in a traditional credit card environment. These controls help ensure that the card is only used for specific purchases and within specific dollar limits. In addition, certification of all purchases is required by each cardholder with verification performed by the Approving Official, and with final oversight by the Auditor-Controller/Treasurer/Tax Collector.



Scope and Objectives

Our audit examined County Counsel's Cal-Cards for the period of January 1, 2018 through September 30, 2018.

The objectives of our audit were to:

- Determine whether the internal controls over the Department's Cal-Cards are adequate to effectively safeguard department resources.
- Determine whether Cal-Cards are being used in accordance with the Procurement Card Program Procedures Manual and Department policies.

Methodology

In achieving the audit objectives, the following audit procedures were performed, including but not limited to:

- Review of policies and procedures
- Interview of Department staff
- Walk-through of activity
- Examination of original source documents



Finding: Controls over the usage of Cal-Cards could be improved.

The County Procurement Card Manual "Violations" Section on page 5 states that allowing another person to use your card is not allowed. The "Program Information" Section on page 1 also states that the cardholder is the only one authorized to use the card. No other staff member, family member, supervisor, or anyone else may use this card.

A cardholder allowed staff to use her Cal-Card to make purchases on a regular basis.

When program guidelines are not followed, this can result in the suspension of Cal-Cards or other disciplinary actions.

Recommendation:

We recommend that management monitor for potential violations of Procurement Card Program policies and procedures listed in the Cal-Card Manual including the sharing of Cal-Cards. We also recommend management consider issuing Cal-Cards to employees with job duties that require routinely making purchases with Cal-Cards.

Management's Response:

During the invoice approval process, the Chief of County Counsel's Administration has on occasion permitted her staff to pay an invoice using her Cal Card. All such purchases, usually for office supplies, are reviewed and approved by the Chief of Administration prior to using the Cal Card, and again reviewed once the charge was made and reviewed again as part of the approval of the Cal Card payment, usually by the Chief Assistant County Counsel. In light of this finding, County Counsel is reviewing the needs of the office and will issue Cal Cards to fiscal staff as deemed appropriate to comply with this policy.

Auditor's Response:

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