

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

Economic Development Agency: Cal-Card Follow-Up Audit



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Auditor-Controller/Treasurer/Tax Collector

Mission Statement

This 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 judgement, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

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Economic Development Agency

Cal-Card Follow-up Audit

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Auditor-Controller/Treasurer/Tax Collector

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May 30, 2019

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SUBJECT: CAL-CARD FOLLOW-UP

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 a follow-up audit of the Economic Development Agency's (Agency) Cal-Cards. The objective of the audit was to determine if the recommendation for the finding in the Economic Development Agency Cal-Card Audit issued on June 13, 2018 have been implemented. 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 have provided a status of the audit finding identified in the original audit report issued on June 13, 2018. The Agency has not implemented the recommendation from the original audit report.

We sent a draft report to the Agency on April 29, 2019 and discussed our observation with management on April 30, 2019. The Agency's response to the current status of our recommendation is included in this report.

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

Respectfully submitted,

Ensen Mason CPA, CFA
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By

Denise Mejico
Chief Deputy Auditor

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Date Report Distributed: May 30, 2019

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Scope and Objective

Our audit examined the Agency's internal controls over Cal-Cards for the period of June 18, 2018 through January 31, 2019.

The objective of this follow-up audit was to determine whether the Agency implemented the recommendation contained in the prior audit report, *Economic Development Agency Cal-Card Audit*, issued on June 13, 2018.

Methodology

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

- Interviews of Economic Development Agency staff
- Examination of original source documents



Prior Finding 1: Cal-Card procurement processes could be improved.

County Policy 11-04 – Procurement of Good, Supplies, Equipment and Services, page 3, states that “Documentation demonstrating that a competitive process was used must be provided to the Purchasing Agent for all purchases of \$5,000 or more. Documentation for all purchases in an amount less than \$5,000, including purchases using procurement cards, must be maintained by the agency, department or Board-governed Special District. Purchases under \$1,000 do not require a competitive process.”

There was a transaction for \$7,084.28 for which there was no supporting documentation of quotes or documentation of justification for non-competitive procurement.

The department was not able to obtain the quotes due to the need to find a vendor in a short time frame. The County may not obtain the best value for each dollar expended when Purchasing policies are not followed.

Recommendation:

We recommend that management ensure staff follow the Procurement Card Program Procedures Manual by obtaining three quotes for Cal-Card purchases over \$1000 or maintaining documentation of justification for non-competitive procurement.

Current Status: Not Implemented

There was no supporting documentation of quotes or documentation of justification for non-competitive procurement for 6 out of 20 Cal-Card transactions tested.

Management’s Response:

The 6 items out of the 20 Cal-Card transactions tested were all related to professional membership and program support. These items were sole source in nature. To comply with the County Policy 11-04, the department will maintain an additional non-competitive justification to all sole source purchases over \$1000 including membership and program support. This policy will be implemented by both The Department of Economic Development and The Department of Workforce Development on July 1, 2019.

Auditor’s Response:

The Agency’s planned actions will correct the deficiency noted in the finding.