

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## Preschool Services: Cal-Card Audit



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# Auditor-Controller/Treasurer/Tax Collector

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## **Preschool Services: Cal-Card Audit**

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**May 13, 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 Preschool Services Department's Cal-Cards for the period of July 1, 2017 through June 30, 2018. The primary 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 procedures and practices that could be improved. We have listed the area for improvement in the Audit Finding and Recommendations section of this report.

We sent a draft report to the Department on March 26, 2019 and discussed our observations with management on April 8, 2019. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at Preschool Services 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: May 14, 2019

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## Summary of Audit Results

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.
Procurement Card Payment Packages were not submitted timely. We recommend that the Department ensure that employees submit Cal-Card packages to the Approving Official for review and to the Auditor-Controller/Treasurer/Tax Collector's Accounts Payable Section in accordance with the Cal-Card Manual.	6



## CAL-CARD AUDIT

### The Department

The Preschool Services Department (Department) administers the Federal Head Start, Early Head Start, and Early Head Start-Child Care Partnership programs, the California Department of Education State Preschool program, as well as the Child and Adult Care Food Program in 71 locations throughout the County of San Bernardino. All programs are fully funded from federal and state sources with no local cost.

Preschool Services serves approximately 6,000 low income and disadvantage families with children from birth to five years of age and pregnant women. The Department's priority population includes children in foster care, those who are homeless and children with special needs and/or disabilities. In addition, the Department offers comprehensive child development and family support services to all enrolled children and families which include physical and mental health services and nutrition to strengthen each child's capacity to participate successfully in school.

### Cal-Cards

The Procurement Card Program (Cal-Cards) has been competitively negotiated by the State of California with U.S. Bank Government Services. The card is a uniquely designed VISA card to appear different from personal charge or credit cards. They should be used for official business-related purchases only.

The Department uses Cal-Cards to streamline the purchasing process of small dollar purchases, enables vendors to be paid more quickly, and eliminates individual payments to vendors. Purchases made with Cal-Cards include utilities, maintenance, travel, meetings, and food services. In addition, the Cal-Cards reduce the use of petty cash purchases.



## Scope and Objectives

Our audit examined the controls over Cal-Cards for the period of July 1, 2017 through June 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:

- Interview of Department staff
- Review of Department's policies and procedures
- Sampling of Cal-Cards transactions
- Examination of original source documents



### **Finding: Procurement Card Payment Packages were not submitted timely.**

The Cal-Card Manual "Reconciliation and Review" section for Cardholder Responsibilities on Page 19 indicates that the Procurement Card Payment Package Sheet and necessary documentation should be forwarded to the Approving Official by the fifth day of the month following the billing cycle. Furthermore, Page 22 of the manual states that the Procurement Card Payment Package should be sent to the Office of the Auditor-Controller/Treasurer/Tax Collector's (ATC) Accounts Payable (A/P) Section by the 20th of each month following the billing cycle.

The following conditions were noted during our review of 25 packages:

- 4 were not submitted timely to the Approving Official for review.
- 2 were not submitted timely to the ATC's A/P Section.

Cardholders are not always submitting their packages to the Approving Official on time. When Cal-Card Packages are not submitted by the due date, unauthorized purchases may not be identified in a timely manner.

### **Recommendation:**

We recommend that the Department ensure that employees submit the packages to their Approving Official and ATC's A/P Section by the deadlines noted in the Cal-Card Manual.

### **Management's Response:**

Preschool Services Department staff thoroughly review Cal-Card transactions to ensure related purchases are allowable and authorized. This review is completed before the packages are sent to the ATC's A/P Section. All cardholders and their supervisors have been reminded that Cal-Card packages are due to the Reviewing Official by the 5<sup>th</sup> of each month. In addition, Finance staff will track the receipt of these packages in-house and ensure reviews, follow-up, and submission to the ATC's A/P Section are completed by the 20<sup>th</sup>.

### **Auditor's Response:**

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