

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
August 22, 2017  
“Communications Received and Filed” Item

To: Board of Supervisors  
From: Department of Finance  
Subject: Procurement Card Program’s Compliance Review Of The Department Of  
Community Development, For The Period Of March 1, 2016, To April 30, 2017  
Supervisory District(s): All  
Contact: Joyce Renison, Assistant Auditor-Controller, 874-7248

---

**RECOMMENDATION**

Receive and file the attached agreed upon procedures report, *Procurement Card Program’s Compliance Review of the Department of Community Development, for the Period of March 1, 2016, to April 30, 2017*

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachment

ATT 1 - Procurement Card Program’s Compliance Review of the Department of Community  
Development, for the Period of March 1, 2016, to April 30, 2017

**Department of Finance**

Ben Lamera,  
Director



Agenda Date: August 22, 2017

ATT 1  
Auditor-Controller Division

Joyce Renison,  
Assistant Auditor-Controller

**County of Sacramento**

---

July 25, 2017

To: Mike Penrose, Interim Director  
Department of Community Development

From: Ben Lamera  
Director of Finance

By: Alan A. Matré  
Chief of Audits

A handwritten signature in blue ink, appearing to read "Alan A. Matré".

Subject: **PROCUREMENT CARD REVIEW FOR THE PERIOD OF  
MARCH 1, 2016 TO APRIL 30, 2017**

In accordance with the County of Sacramento Procurement Card Program (program) Guidelines and Procedures Manual, County of Sacramento Procurement Card Program Policy, and County of Sacramento Travel Policy, we have performed the procedures enumerated below to the County of Sacramento, Department of Community Development's (Community Development) participation in the program for the period of March 1, 2016 to April 30, 2017. Community Development's management is responsible for establishing and maintaining effective internal controls, and compliance with the program's guidelines, policy, and procedures, and all other applicable laws, regulations, and statutory requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to procedures referred below and is not intended to pertain to any of Community Development's other operations, procedures, or compliance with laws and regulations.

The procedures we performed are summarized as follows:

- We reviewed Community Development's records to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We noted issues related to the Deputy Auditor-Controller's pre-audit review and signature, County Travel Requests, and US Bank payment deadline. See Attachment II, *Current Findings and Recommendations*.

- We reviewed purchases for the period of July 1, 2015 to March 31, 2017 to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We did not note any exceptions as a result of our procedures.

- We determine the current status or prior findings and recommendations reported on Community Development's Procurement Card review report for the period March 1, 2015 to February 29, 2016, Dated May 24, 2016.

Finding: The current status of prior findings and recommendations for Community Development is at Attachment I, *Current Status of Prior Findings and Recommendations*.

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on Community Development's accounting records, compliance, or results of our procedures referred above. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the results of our procedures referred to above, and does not extend to Community Development's operations as a whole.

Community Development's responses to the findings identified during our engagement are described in Attachment II, *Current Findings and Recommendations*. We did not perform procedures to validate Community Development's responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

This report is intended solely for the information and use by the Sacramento County Board of Supervisors, Department of Finance, Department of General Services, and Community Development's management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this restriction is not intended to limit distribution of this report, which is a matter of public record.

#### Attachments

Attachment I, *Current Status of Prior Findings and Recommendations*

Attachment II, *Current Findings and Recommendations*

cc: Belinda Wekesa-Batts, Accounting Manager, Community Development

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report  
Dated May 24, 2016 for the period March 1, 2015 to February 29, 2016)**

**1. Missing Approving Officials' Signatures on Monthly Statement**

Comment

During our review of the Department of Community Development, we noted a missing signature from the Approving Official on a Cardholders' statement. Per the County of Sacramento Procurement Card Program (program) Guidelines and Procedures Manual, "*THE APPROVING OFFICIAL will sign and date each CARDHOLDER STATEMENT...in order to ensure that all purchases are appropriate, based on local ordinance and/or State and federal regulations*". Therefore, the Department of Community Development was not in compliance with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

We recommend the Department of Community Development comply with County of Sacramento Procurement Card Program Guidelines and Procedures Manual and have Approving Officials sign the Cardholders' monthly statements attesting the charges are appropriate within the program. We further recommend the Department of Community Development review the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and implement procedures to ensure the Department of Community Development is in compliance with the program.

Management Response

Department of Community Development will ensure that all cardholder statements are properly signed by the cardholder and the approving official per the established procedures.

Current Status

During our review, we did not note any issues regarding the Approving Officials' signature.

**2. Missing Cardholders' Statement**

Comment

During our review, we noted Department of Community Development did not retain a Cardholders' monthly statement with supporting documentation (reconciliation packet) for the month of March 23, 2015. Per the County of Sacramento Procurement Card Program Guideline and Procedures Manual, "*Purchasing Documents (eg. Reconciliation packets) are retained for the current Fiscal Year plus five (5) years.*" Since reconciliation packet was not

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report  
Dated May 24, 2016 for the period March 1, 2015 to February 29, 2016)  
(Continued)**

retained for a Cardholder, the Department of Community Development was not in compliance with the County of Sacramento Procurement Card Program and Procedures Manual.

Recommendation

We recommend the Department of Community Development comply with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and maintain Cardholders' reconciliation packets for all procurement Cardholders for the current fiscal year plus five years.

Management Response

Department of Community Development will retain all purchasing documents for the required duration per the procurement card program guideline and procedures manual.

Current Status

During our review, we did not note any missing Cardholders' statements.

**3. Sales/Internet Use Tax**

Comment

During our purchases' review, we noted one internet purchase where the internet merchant charged the Department of Community Development the incorrect tax rate, resulting in an underpayment of sales tax. We noted four internet purchases where the merchant did not charge sales tax, and the Department of Community Development did not accrue the internet use tax in COMPASS. Per California Law and the program's guidelines and procedures, if the merchant does not charge sales tax, sales/internet use tax must be paid by the purchaser when items are purchased on the internet or out of state with the intent to be used in California.

Recommendation

We recommend the Department of Community Development confirm California sales tax charged by the merchant is for the correct amount. If California sales tax charged by the merchant is incorrect and the difference is due to an under charge or over charge of California sales tax, the Department of Community Development needs to accrue the difference in COMPASS, or resolve the difference with the merchant, respectively.

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report  
Dated May 24, 2016 for the period March 1, 2015 to February 29, 2016)  
(Continued)**

Management Response

Department of Community Development will review sales/internet use tax procedures and make adjustments per the audit recommendations.

Current Status

During our review, we did not note any issues regarding sales/internet use tax.

**4. Proper Internal Controls**

Comment

Department of Community Development requires Cardholders to complete a requisition form and obtain approval from management for Procurement Card transactions. During our purchases' review, we noted missing signatures on three requisition forms indicating proper approval was not obtained. Since requisition forms were not signed by management indicating approval, proper internal controls were not followed and misappropriation could occur.

Also, Department of Community Development does not have proper internal controls in place to detect overpayment to employees (travelers). See Finding #5 for more details.

Recommendation

We recommend the Department of Community Development establish proper internal controls to detect overpayment to travelers and require staff follow all procedures and controls.

Management Response

Department of Community Development has updated Pcard procedures to include travelers reimbursement. The department will also ensure all approved requisition forms are signed by management.

Current Status

During our review, we did not note any issues regarding internal controls.

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report  
Dated May 24, 2016 for the period March 1, 2015 to February 29, 2016)  
(Continued)**

**5. Travel Reimbursement**

Comment

Department of Community Development on occasion makes travel arrangements for its employees and reserves the first night hotel reservation with the Travel Procurement Card. During our purchases' review, we noted one instance where the Department of Community Development paid in advance for the first night hotel reservation and reimbursed the traveler the full amount of lodging expenses, including the first night hotel reservation paid in advance by the Department of Community Development. Since the first night hotel reservation was paid in advance, the traveler claimed and received an overpayment of the lodging expenses submitted on the Travel Reimbursement packet.

Recommendation

We recommend Department of Community Development reimburse travelers for expenses paid by the travelers. We also recommend Department of Community Development request a reimbursement from the traveler who claimed and received the overpayment.

As mentioned in Finding #4, we further recommend Department of Community Development place proper internal controls to detect overpayment to travelers.

Management Response

The travel overpayment was resolved. The employee has already reimbursed the county for the overpayment.

Current Status

During our review, we did not note any issues regarding the travel reimbursements.

**6. Repeat Findings**

Comment

We noted that findings #1, 2, and 3 of this attachment are repeat findings from the prior procurement card program review report, see Attachment I, *Current Status of Prior Findings and Recommendations*. Proper internal controls dictate that these findings be resolved in a timely manner.

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report  
Dated May 24, 2016 for the period March 1, 2015 to February 29, 2016)  
(Continued)**

Recommendation

We recommend Department of Community Development implement all recommendations that are noted in this attachment.

Management Response

All audit recommendations have been implemented.

Current Status

During our review, we noted findings #1, 2, and 3 of this attachment have been resolved.



COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

**1. Deputy Auditor-Controller's (A-C) Pre-Audit Review and Signature**

Comment

During our review of the Department of Community Development (Community Development), we noted the Deputy A-C did not sign the Deputy A-C Certification Form for the monthly statements of September 22, 2016 and October 24, 2016. Per the County of Sacramento Procurement Card Program and Procedures Manual (Program Guidelines), the Deputy A-C is required to perform a pre-audit review of all invoices prior to payment. Since the Deputy A-C did not sign the Deputy A-C Certification Form indicating they performed the pre-audit review, it cannot be determined if the Deputy A-C performed the pre-audit review of all invoices prior to US Bank payment. Therefore, Community Development is not in compliance with the Program Guidelines.

Recommendation

We recommend Community Development to comply with the Program Guidelines and have its Deputy A-C sign the required documentation to indicate they have performed the pre-audit review for all invoices prior to US Bank Payment.

Management Response

We agree with the findings, and we're working on correcting procedural oversights. The department will follow the internal auditors recommendations to ensure all Deputy A-C Certification forms are signed after the pre-audit review; payments are made within 45 days and all pre-travel approvals are documented and kept.

**2. Payment Deadline**

Comment

During our review, we noted Community Development did not make US Bank Payments on time for two months. Per the Program Guidelines, "US Bank must receive payment of the departmental Procurement Card billings no later than 45 days from the date of billing statement" and "the County loses money when all statements are not paid within 45 days of the billing date. Departments must establish procedures and meet the 45 day deadline." Since Community Development did not make US bank Payment within 45 days of the billing date for two months, Community Development is not in compliance with the Program Guidelines.

COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS

PERIOD OF MARCH 1, 2016 TO APRIL 30, 2017

Recommendation

We recommend Community Development comply with the Program Guidelines and make US Bank payment within 45 days of the billing date.

Management Response

We agree with the findings, and we're working on correcting procedural oversights. The department will follow the internal auditors recommendations to ensure all Deputy A-C Certification forms are signed after the pre-audit review; payments are made within 45 days and all pre-travel approvals are documented and kept.

**3. Missing Approved County Travel Request**

Comment

During our review, we noted Community Development did not obtain an approved County Travel Request for three transactions, in the amount of \$231.74 (each), made with the Travel Procurement Card in the monthly statement of April 24, 2017. County of Sacramento Travel Guidelines and Procedures state that "Cardholders may not book airline tickets or hotel reservations without having an approved County Travel Request." Since Community Development did not obtain an approved County Travel Request for the transactions mentioned above, Community Development is not in compliance with County of Sacramento Travel Guidelines and Procedures.

Recommendation

We recommend Community Development comply with County of Sacramento Travel Guidelines and Procedures and obtain and retain approved County Travel Request for all transactions made with the Travel Procurement Card.

Management Response

We agree with the findings, and we're working on correcting procedural oversights. The department will follow the internal auditors recommendations to ensure all Deputy A-C Certification forms are signed after the pre-audit review; payments are made within 45 days and all pre-travel approvals are documented and kept.