

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
May 9, 2017
“*Communications Received and Filed*”

To: Board of Supervisors
From: Department of Finance
Subject: Procurement Card Program’s Annual Compliance Review For The Office Of The Public Defender, For The Period Of July 1, 2015, To August 31, 2016
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 Annual Compliance Review for the Office of the Public Defender, for the Period of July 1, 2015, to August 31, 2016*

Respectively submitted,

Ben Lamera
Director of Finance

Attachments

ATT 1 - Procurement Card Program’s Annual Compliance Review for the Office of the Public Defender, for the Period of July 1, 2015, to August 31, 2016

COUNTY OF SACRAMENTO
INTERNAL SERVICES
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER

Inter-Departmental Correspondence

April 6, 2017

To: Paulino Duran, Public Defender
Office of the Public Defender

From: Ben Lamera
Director of Finance

By: Alan A. Matré, C.P.A.
Chief of Audits



Subject: **ANNUAL REVIEW OF PROCUREMENT CARD USAGE**

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 review the County of Sacramento, Office of the Public Defender's (Public Defender) participation in the program for the period of July 1, 2015 to August 31, 2016. The Public Defender'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 the 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 to below and is not intended to pertain to any of the Public Defender's other operations, procedures, or compliance with laws and regulations.

The procedures we performed are summarized as follows:

1. We reviewed procurement card purchases to verify purchases were valid and within authorized purchase spending limits.

Finding: We noted one exception regarding a prohibited transaction. See Attachment I, *Current Findings and Recommendations*.

2. We inspected procurement card receipts for all information required by the program policy.

Finding: We noted one exception regarding sales/use tax. See Attachment I, *Current Findings and Recommendations*.

3. We verified procurement card purchases agreed to monthly procurement card statements.

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

4. We reviewed monthly procurement card statements for evidence of review and proper Cardholder and Approving Official signatures.

Finding: We noted two exceptions regarding the Approving Official's signature, one exception regarding the Deputy Auditor-Controller (A-C) pre-audit review, and one exception regarding the Unit Billing Office Contact. See Attachment I, *Current Findings and Recommendations*.

5. We reviewed the Public Defender's "Deputy Auditor-Controller Certification Forms" to ensure they were signed by the Deputy Auditor-Controller and the Approving Official.

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

6. We reviewed the security over procurement card account information.

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

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of opinions on the 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 the Public Defender procurement card program as a whole.

The Public Defender's responses to the findings identified during our engagement are described in Attachment I, *Current Findings and Recommendations*. We did not perform procedures to validate the Public Defender's responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Department of Finance, Department of General Services, and the Public Defender'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 Findings and Recommendations*

COUNTY OF SACRAMENTO
OFFICE OF THE PUBLIC DEFENDER
PROCUREMENT CARD PROGRAM REVIEW
FINDINGS AND RECOMMENDATIONS

PERIOD OF JULY 1, 2015 TO AUGUST 31, 2016

1. Unit Billing Office Contact

Comment

During our review of the Office of the Public Defender (Public Defender), we noted that the Unit Billing Office Contact was also a Cardholder. According to the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, "*Appendix E, Unit Billing Office Contact ... a Cardholder may not be appointed to this position.*" Therefore, the Public Defender was not in compliance with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

We recommend the Public Defender comply with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and assign another individual, who is not a Cardholder, as the Unit Billing Office Contact.

Management's Response

The Public Defender worked out a solution with Department of General Services on March 17, 2017 where we provided instructions for Purchasing to remove the Unit Billing Office Contact as a Travel Card holder and process the application for our ASO I to be issued the Travel Card.

2. Deputy Auditor-Controller Pre-Audit Review

Comment

During our review, we noted the Deputy Auditor-Controller (A-C) used the monthly Cardholder's statement, instead of the Managing Account Statement (master statement), for the month of February 22, 2016 when the Deputy A-C conducted the pre-audit review. Per the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, "*The Deputy-Auditor Controller will use the Managing Account Statement to ensure that all Cardholder transactions have been accounted for.*" In addition, the master statement was not retained with the Cardholder's statements for the month mentioned above. Since the Public Defender did not use the master statements when conducting the pre-audit review, the Public Defender was not in compliance with County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

We recommend the Public Defender to comply with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and have their Deputy A-C use the master

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statements when conducting the pre-audit review to ensure all Cardholder transactions are accounted. We further recommend the Public Defender to retain all master statements with Cardholder's statements.

Management's Response

The Deputy Auditor-Controller will comply with the guidelines and use the "master statements" when conducting the pre-audit review to ensure all Cardholder transactions are accounted correctly. Further, the Office of the Public Defender will retain all master statements with Cardholder's statements.

3. Missing Approving Official's Signature on Monthly Statements

Comment

During our review, we noted missing signatures from the Approving Official on two Cardholder Statements for the month of February 22, 2016 and April 22, 2016. Per the County of Sacramento Procurement Card 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.*" Since the Approving Official did not sign the Cardholder Statements, the Public Defender was not in compliance with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

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

Management's Response

The Approving Official will audit and sign all Cardholder's monthly statements attesting the charges are appropriate and within the program's guidelines. The Public Defender will review the County of Sacramento Procurement Card Program Guidelines and Procedures Manual periodically to ensure that the Office of the Public Defender remains in compliance.

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4. Sales/Internet Use Tax

Comment

During our purchases' review, we noted one transaction where sales/use tax was not accrued on shipping and handling. Per California law and the program's guidelines and procedures, if the merchant does not charge the correct tax, correct sales/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. In addition, if the merchant does not separate shipping and handling charges, but the shipping and handling charges are combined as one charge, the combined shipping and handling charge is subject to the internet use tax. Since the Public Defender did not accrue tax on the shipping and handling combined charge, the Public Defender was not in compliance.

Recommendation

We recommend that the Public Defender to accrue the correct sales/use tax in COMPASS. Specifically, we recommend the Public Defender to accrue tax on shipping and handling combined charges.

Management's Response

The Office of the Public Defender will accrue tax on shipping and handling combined charges.

5. Prohibited Transaction

Comment

During our review, we noted the Public Defender used a Procurement Card for a deposit for equipment rental in the amount of \$500. Per the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, deposits are prohibited transactions and are not authorized to be charged on the Procurement Card. Therefore, the Public Defender was not in compliance with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

We recommend the Public Defender comply with County of Sacramento Procurement Card Program Guidelines and Procedures Manual and use a Purchase Order, as instructed on the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, to make deposits. We further recommend the Public Defender review the County of

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Sacramento Procurement Card Program Guidelines and Procedures Manual and implement procedures to ensure the Public Defender is in compliance with the program.

Management's Response

The Office of the Public Defender will comply with the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and not incur any equipment rental deposits in the future.