

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION - INTERNAL AUDIT UNIT

INTERNAL AUDIT REPORT
PROCUREMENT CARD AGREED-UPON
PROCEDURES
OFFICE OF THE PUBLIC DEFENDER



Submitted to Audit Committee on 07/18/2018

SUMMARY

Background

In order to assist with carrying out their core objectives, County of Sacramento Departments (Departments) participate in the County's Procurement Card Program (Program). Some of the objectives of the Program include streamlining small dollar purchases, improving departmental efficiency related to purchases, and assisting Departments with their core mission of delivering governmental services to County citizens. As part of their participation in the Program, Departments are subject to regular procurement card audits to ensure compliance with the Program's guidelines and procedures.

Audit Objective

To confirm Office of the Public Defender's (Public Defender) purchases and records are in compliance with the Program's guidelines and procedures.

Summary

We did not note any issues related to Public Defender's participation in the Program.



County of Sacramento

Inter-Departmental Memorandum

May 22, 2018

To: Steven M. Garrett
Acting Public Defender, Office of the Public Defender

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 AGREED-UPON PROCEDURES FOR THE PERIOD OF SEPTEMBER 1, 2016 TO APRIL 30, 2018**

In accordance with the County of Sacramento Procurement Card Program (program) Guidelines and Procedures Manual, County of Sacramento Procurement Card Program Policy, County of Sacramento Travel (travel) Policy, and County of Sacramento Travel Guidelines and Procedures, we have performed the procedures enumerated below to the County of Sacramento, Office of the Public Defender's (Public Defender) participation in the program for the period of September 1, 2016 to April 30, 2018. Public Defender's management is responsible for establishing and maintaining effective internal controls, and compliance with the program and travel's guidelines, policy, and procedures, and all other applicable laws, regulations, and statutory requirements. The sufficiency of the procedures is solely the responsibility of Public Defender. 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 Public Defender's other operations, procedures, or compliance with laws and regulations.

The procedures and associate findings are as follows below and on the next page:

- We inspected Public Defender's records 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 tested purchases for the period of September 1, 2016 to April 30, 2018 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 determined the current status of prior findings and recommendations reported on Public Defender's procurement card agreed-upon procedures report for the period of July 1, 2015 to August 31, 2016, dated April 6, 2017.

Finding: From our testing performed, it appears that the Public Defender implemented all recommendations to prior findings. See Attachment I, *Current Status of Prior Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on Public Defender's accounting records, compliance, or results of our procedures referred above. Accordingly, we do not express such an opinion or conclusion. 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 Public Defender's operations as a whole.

This report is intended solely for the information and use by the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Department of Finance, Department of General Services, and 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 Status of Prior Findings and Recommendations*

cc: Members, Board of Supervisors
Sacramento County Audit Committee
Nancy Newton, Assistant County Executive
David Villanueva, Deputy County Executive, Administrative Services
Britt Ferguson, Chief Fiscal Officer, Office of Budget and Debt Management
Dianna Baird, Procurement Card Program Administrator, General Services
Stephan R. Cheek, Administrative Services Officer III, Office of the Public Defender

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

PERIOD OF SEPTEMBER 1, 2016 TO APRIL 30, 2018

**CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS (Report
Dated April 6, 2017 for the period 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.

Current Status

It appears that the recommendation has been implemented.

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

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April 6, 2017 for the period July 1, 2015 to August 31, 2016)**

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 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.

Current Status

It appears that the recommendation has been implemented.

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

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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.

Current Status

It appears that the recommendation has been implemented.

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.

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Management's Response

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

Current Status

It appears that the recommendation has been implemented.

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 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.

Current Status

It appears that the recommendation has been implemented.