

COUNTY OF SACRAMENTO

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

INTERNAL AUDITS REPORT

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

AGREED-UPON PROCEDURES PROCUREMENT CARD REVIEW

DEPARTMENT OF FINANCE

FEBRUARY 1, 2018 THROUGH JANUARY 31, 2020



Audit Committee Submittal Date: 06/19/2020

SUMMARY

Background

The Sacramento Metropolitan Cable Television Commission (Cable TV Commission) is responsible for: administering State-issued franchises for cable video service, resolving cable customer complaints, operating the Metro Cable 14 channel for Sacramento County governmental entities, and various oversight duties for cable television licensees operating in Sacramento County. The Cable TV Commission participates in the County of Sacramento's Procurement Card and Travel Programs. The agreed-upon procedures review for the Cable TV Commission's compliance with the County of Sacramento's Procurement Card and Travel Programs covers the period of February 1, 2018 to January 31, 2020.

Audit Objective

The purpose of the agreed-upon procedures procurement card review is to determine the Cable TV Commission's compliance with: the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, County of Sacramento Procurement Card Program Policy, County of Sacramento Travel Policy, and the County of Sacramento Travel Guidelines and Procedures as it relates to its participation in the County of Sacramento's Procurement Card Program and Travel Program for the period of February 1, 2018 to January 31, 2020.

Summary

There were two (2) exceptions noted after reviewing the Cable TV Commission's internal controls and procurement card transactions for the period of February 1, 2018 to January 31, 2020. The first exception was for altering an official procurement card document without a Deputy Auditor-Controller initialing the alteration's approval. The second exception was for the lack of dual custody related to access to official procurement card records.



County of Sacramento

Inter-Departmental Memorandum

May 28, 2020

To: Robert A. Davison
Executive Director, Sacramento Metropolitan Cable Television Commission

From: Ben Lamera
Director of Finance

By: Hong Lun (Andy) Yu
Audit Manager

A handwritten signature in blue ink, appearing to be "A" or "AL", next to the name Hong Lun (Andy) Yu.

Subject: **INDEPENDENT ACCOUNTANT'S REPORT
PROCUREMENT CARD AGREED-UPON PROCEDURES FOR THE PERIOD
OF FEBRUARY 1, 2018 TO JANUARY 31, 2020**

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 the County of Sacramento Travel Guidelines and Procedures, we have performed the procedures enumerated below related to Sacramento Metropolitan Cable Television Commission's (Cable TV Commission) participation in the Program for the period February 1, 2018 to January 31, 2020. Cable TV Commission's management is responsible for establishing and maintaining effective internal controls, and compliance with the Program and Travel's guidelines, policies and procedures, and all other applicable laws, regulations, and statutory requirements. The sufficiency of the procedures is solely the responsibility of the Cable TV Commission. Consequently, we make no representation regarding the sufficiency of the procedures described below, and on the following page, either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to the procedures referred below, and on the following page, and is not intended to pertain to any of the Cable TV Commission's other operations, procedures, or compliance with laws and regulations.

Our procedures and findings are as follows below and on the following page:

- We inspected the Cable TV Commission's records to identify any non-compliance with the above cited guidelines, policies, and procedures.

Finding: We noted two exceptions regarding to hand editing an official document and locked drawer access. Attachment I, *Current Findings and Recommendations*.

- We tested procurement card purchases for the period of February 1, 2018 to January 31, 2020 to identify any non-compliance with the previously cited guidelines, policies, and procedures.

Finding: We did not note any non-compliance with the above cited guidelines, policies, and procedures.

- We determined the current status of prior findings and recommendations reported on the Cable TV Commission's procurement card agreed-upon procedures report for the period of October 1, 2015 to January 31, 2018, dated April 6, 2018.

Finding: The current status of prior findings and recommendations for the Cable TV Commission is at Attachment II, *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 the Cable TV Commission'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 on the previous page, and does not extend to the Cable TV Commission'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 the Cable TV Commission'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*

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

cc: Dianna Baird, Procurement Card Program Administrator, General Services
Karen Liu, Administrative Services Officer III, Cable TV Commission

COUNTY OF SACRAMENTO
SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
PROCUREMENT CARD PROGRAM
CURRENT FINDING AND RECOMMENDATION

PERIOD OF FEBRUARY 1, 2018 TO JANUARY 31, 2020

CURRENT FINDINGS AND RECOMMENDATIONS

1. Altered Review Form

Comment

The Sacramento Metropolitan Cable Television Commission (Cable TV Commission) hand adjusted its March 2018 Procurement Summary statement with white-out. The adjustment was for a credit received for internet security software. The Procurement Summary statement was returned to Cable TV Commission staff after review and official authorized signatures were added by the deputy auditor-controller to the Procurement Summary statement. The Procurement Summary statement is an official document containing authorized signatures acknowledging and approving procurement card purchases for the Cable TV Commission. Any adjustments to an official document should be initialed by the Deputy Auditor-Controller acknowledging and approving the edits. Because the adjustment was not initialed by the Deputy Auditor-Controller, we could not determine if the correction to the Procurement Summary statement was authorized or whether the correction occurred before or after the Deputy Auditor-Controller performed the procurement card purchase review.

Recommendation

The Cable TV Commission should initial any hand adjustments, or edits, to official documents acknowledging and authorizing the adjustment's approval. Without an approving initial, unauthorized adjustments could not be detected.

Management Response

Moving forward – staff will not white-out any information on the P-card statement(s) nor any in-house or County documents related to P-card purchases.

2. Locked Drawer Access

Comment

We noted that the Cable TV Commission's procurement card packages, that includes Procurement Summary statements and procurement card transaction backup documents, are all kept in a locked drawer. However, the locked drawer is inside a procurement cardholder's office and only this cardholder has access to the locked drawer and the office. For internal control and accountability purposes, the cardholder should not be the sole person who has access to the procurement card packages. In addition, in the event the cardholder is not available, the Cable TV Commission does not have access to its procurement card packages.

COUNTY OF SACRAMENTO
SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
PROCUREMENT CARD PROGRAM
CURRENT FINDING AND RECOMMENDATION

PERIOD OF FEBRUARY 1, 2018 TO JANUARY 31, 2020

Recommendation

We recommend the Cable TV Commission store the procurement card packages in a locked drawer in a secured area other than procurement cardholders' office. In addition, we recommend at least 2 authorized people have access to the locked drawer.

Management Response

A new fire-proof 4-tier file cabinet has been ordered and is currently housed in the main Administration office – for all Commission staff to access on an as-needed basis. That file cabinet is locked 24/7.

COUNTY OF SACRAMENTO
SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
PROCUREMENT CARD PROGRAM
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD OF FEBRUARY 1, 2018 TO JANUARY 31, 2020

CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

1. Accounts Payable Parked Invoice Transmittal

Prior Recommendation

We recommended the Sacramento Metropolitan Cable Television Commission's (Cable TV Commission) have another individual, with proper authorization and other than the Cardholder, review and sign the Transmittals to indicate proper review and authorization was obtained.

Current Status

It appears that the recommendation has been implemented. However, we noted a Procurement Summary statement was altered without written approval. See current year Finding No. 1, Attachment I, *Current Findings and Recommendations*.

2. Missing Documentation

Prior Recommendation

We recommended the Cable TV Commission obtain written approval for all transactions made under the Employee Recognition Policy to indicate that proper approval was obtained.

Current Status

It appears that the recommendation has been implemented.