

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT
COVID-19 EMERGENCY AUTHORIZATION
USAGE OF PROCUREMENT CARD
AGREED-UPON PROCEDURES

DEPARTMENT OF FINANCE
AND
DEPARTMENT OF GENERAL SERVICES



Audit Committee Submittal Date: 01/24/2022

SUMMARY

Background

The County established its Procurement Card Program (“Program”) in 1996 through the California State contract with US Bank to provide a convenient means with which to make purchases and, at the same time, reduce costs associated with initiating and paying for purchases. This Program is made available to all County Departments and Agencies.

On March 5, 2020, Sacramento County proclaimed a public health emergency and a local emergency in order to ensure appropriate resources and funding was available to the County in its response to the COVID-19 pandemic. During a declared emergency, the Program transaction limits for all cardholders participating in emergency operations were increased to allow cardholders supporting the emergency the ability to make necessary purchases as required to continue operations. Internal Audit Unit was requested by County of Sacramento Department of Finance (DOF) and Department of General Services (DGS) to perform this agreed-upon procedures on COVID-19 emergency authorization usage of procurement cards for the period March 15, 2020 to July 31, 2021.

Audit Objective

To assist DOF and DGS in monitoring the Program’s COVID-19 emergency authorization usage for the period March 15, 2020 to July 31, 2021.

Summary

Based on our procedures performed, we noted ambiguity in the Program’s Guidelines and Procedures Manual and issues concerning documentation of Emergency Operations Center (EOC) Procurement Card Change Form for Contract and Purchase Service Division staff and a prohibited transaction.

Department of Finance
Ben Lamera,
Director



Auditor-Controller Division
Joyce Renison,
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County of Sacramento

December 17, 2021

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From: Ben Lamera
Director of Finance

By: Ross McCarthy, CPA 
Senior Audit Manager

Subject: **AGREED-UPON PROCEDURES ON COVID-19 EMERGENCY
AUTHORIZATION USAGE OF PROCUREMENT CARD FOR THE
PERIOD MARCH 15, 2020 TO JULY 31, 2021**

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 assist County of Sacramento Department of Finance (DOF) and Department of General Services (DGS) in monitoring the Program's COVID-19 emergency authorization usage, for the period March 15, 2020 to July 31, 2021. DOF and DGS' managements are responsible for establishing and maintaining effective internal controls and compliance with the Program and Travel's guidelines, policy, procedures and all other applicable laws, regulations and statutory requirements. The sufficiency of the procedures is solely the responsibility of DOF and DGS. Consequently, we make no representation regarding the sufficiency of the procedures described as follows either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to procedures on COVID-19 emergency authorization usage of the Program and is not intended to pertain to any other DOF or DGS operations, procedures or compliance with laws and regulations.

The procedures that we performed and our findings were as follows:

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- We inspected County Departments' records to identify any non-compliance with the guidelines, policies and procedures cited on the previous page.

Finding: We noted a non-compliance concerning documentation of Emergency Operations Center (EOC) Procurement Card Change Form for Contract and Purchase Service Division staff. We also noted some ambiguity in the Program's Guidelines and Procedures Manual. See ATT 1 – *Current Findings and Recommendations*.

- We selected and tested a sample of 25 purchases for the period March 15, 2020 to July 31, 2021 to identify any non-compliance with the guidelines, policies and procedures cited on the previous page.

Finding: We noted an exception regarding prohibited transactions. See ATT 2 – *Current Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards contained in *Generally Accepted Government Auditing Standards* except for paragraph 3.56 in regard to our independence as described below.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair *Generally Accepted Government Auditing Standards'* independence standards. Specifically, auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the engagement. Although the Director of DOF oversees compliance of Procurement Card payment procedures and insures payments are processed timely, the staff that has the responsibility to perform this engagement within the Auditor-Controller Division have no responsibility regarding the compliance of payment procedures, the processing of payments, the accounts, reconciliations or records being inspected including approval or posting of financial transactions, which would, therefore, enable the reader of this report to rely on the information contained herein.

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 County Departments' 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 County Departments' operations as a whole.

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County Departments' responses to the findings identified during our procedures are described in ATT 1 – *Current Findings and Recommendations*. We did not perform procedures to validate County Departments' 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, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, Department of Finance, Department of General Services and County Departments' 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.

Attachment

ATT 1 – *Current Findings and Recommendations*

County of Sacramento
Department of Finance and Department of General Services
COVID-19 Emergency Authorization Usage of Procurement Card Program
Agreed-Upon Procedures
Current Findings and Recommendations

Period March 15, 2020 To July 31, 2021

1. Ambiguity in the Program's Guidelines and Procedures

Condition

Based on our review of County of Sacramento Procurement Card Program (Program)'s Guidelines and Procedures and inquiries to Department of General Services (DGS) staff, the transaction limits and the level of authority are different for Contract and Purchase Service Division (CAPSD) staff and select individuals as determined by the Logistics Chief or Emergency Operations Center Director from all other Emergency Operations Center (EOC) participants. However, the difference in transaction limits and the level of authority are not clearly identified in the Program's Guidelines and Procedures.

Criteria

Program's Guidelines and Procedures Manual should clearly identify the transaction limits and the level of authority for EOC participants in each category separately to prevent any ambiguity or confusion.

Effect

Ambiguity in Program's Guidelines and Procedures creates confusion and can lead to unintended and/or intended noncompliance with the Program.

Recommendation

We recommend the Program's Guidelines and Procedures be reviewed and updated to clearly identify the transaction limits and the level of authority for EOC participants in each category separately to prevent any ambiguity or confusion.

Department of General Services Management Response

The Program's Guidelines and Procedures and Emergency Operations Procedures documents are currently under review to better describe the level of authority for EOC participants. Changes are anticipated to be adopted in Q1 of 2022.

Department of Finance Management Response

We will review and update the procedures, working with CAPSD, to ensure transaction limits and the level of authority for EOC participants are clearly documented and followed during an emergency.

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2. EOC Procurement Card Change Form for CAPSD Staff

Condition

Only one Single Transaction Increase Request Form was completed for all DGS' CAPSD staff without listing the names of the individual cardholders.

Criteria

Per the Program's Guidelines and Procedures Manual, Section II-D, a completion of Single Transaction Increase Request Form is required for each cardholder.

Effect

CAPSD staff are not in compliance with the Program's Guidelines and Procedures Manual. In addition, a Single Transaction Increase Request Form not being filled out individually can weaken the accountability of the participating individual.

Recommendation

We recommend a Single Transaction Increase Request Form be completed individually for all DGS' CAPSD staff as proscribed in the Program's Guidelines and Procedures Manual.

Department of General Services Management Response

In the future, we will ensure a Single Transaction Increase Request Form is completed for all individuals. We are also considering changing the form (or creating a new Form) to list more than one individual.

3. Prohibited Transaction

Condition

During our testing of procurement card transactions, we noted a transaction made to pay for lodging expenses by a CAPSD staff. The CAPSD staff explained that CAPSD staff are issued procurement cards specifically for EOC events and the cards have higher limits and fewer restrictions in order to be able to obtain necessary products/services during an emergency. However, this was not addressed in the Program's Guidelines and Procedures Manual. Also, lodging expense purchases for emergency operations was not listed on the Exempted Purchases of the Program's Guidelines and Procedures Manual, Appendix D.

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Criteria

Per the Program's Guidelines and Procedures Manual, Section I-O, lodging is a prohibited purchase.

Effect

DGS' CAPSD is not in compliance with the Program's Guidelines and Procedures Manual.

Recommendation

We recommend either the Program's Guidelines and Procedures Manual be updated to reflect the fewer restrictions on CAPSD staff in regards to prohibited purchases and/or the purchase of the lodging for emergency operations to be included in the Exempted Purchases of the Program's Guidelines and Procedures Manual, Appendix D.

Department of General Services Management Response

The Program's Guidelines and Procedures and Emergency Operations Procedures documents are currently under review to reflect the need for more open merchant codes and fewer restrictions based on needs of a declared emergency. Changes are anticipated to be adopted in Q1 of 2022.