

**SAN BERNARDINO COUNTY**  
**AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR**  
**INTERNAL AUDITS DIVISION**

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**HUMAN RESOURCES DEPARTMENT:**  
**CAL CARD AUDIT**

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*This office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.*

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**Rayhan Rahman**

Senior Accountant/Auditor

# **Human Resources:**

## **Human Resources - Cal Card Audit**

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## San Bernardino County



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July 31, 2024

Michael Bowers, Director  
Human Resources  
175 West 5<sup>th</sup> Street, First Floor  
San Bernardino, CA 92415-0440

RE: Human Resources - Cal Card Audit

We have completed an audit of the Human Resources Department's (Department) Cal Cards for the period of January 1, 2023, through August 31, 2023. The primary objectives of the audit were to determine whether the internal controls over the Department's Cal Cards were adequate to effectively safeguard Department resources and to determine whether Cal Cards were being used in accordance with the Procurement Card Program Procedures Manual, County policies, and Department policies. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We identified several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.


We sent a draft report to the Department on June 28, 2024, and discussed our observations with management on July 15, 2024. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Department who assisted and cooperated with us during this engagement.



Respectfully submitted,

Ensen Mason CPA, CFA  
Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:   
Denise Mejico, CFE  
Chief Deputy Auditor

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San Bernardino County Audit Committee

Date Report Distributed: July 31, 2024

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### Summary of Audit Results

Our findings and recommendations are provided to assist management in improving procedures relating to Cal Cards.

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Procurement payment packets were not submitted timely.	6
	We recommend Approving Officials ensure their staff submit their procurement card payment packets by the fifth day of the month following the billing cycle, in accordance with the Procurement/Travel Card Program Procedures Manual.	
2	A Cal Card purchase did not have at least three competitive quotes.	7
	We recommend that the Department ensure all purchases are authorized in accordance with the Procurement/Travel Program Procedures Manual and their internal Cal Card processing guidelines. We further recommend the Department ensure at least three competitive quotes are obtained for all purchases over the low value threshold.	

### **Human Resources - Cal Card Audit**

#### **The Department**

The Human Resources Department (Department) provides a wide range of human capital services, including, but not limited to, benefits administration, recruitment services, wellness programs, labor negotiations, employee relations, occupational health services, classification and equity studies, and PeopleSoft support. The Department also supports the Labor Relations Department during labor negotiations.

The Department administers County human resources and people programs to meet the needs of the County departments. Responsibilities include strategic staffing; reemployment assessment; certification of eligible candidates; management of County employee classification and compensation systems including program administration for the Employee Management and Compensation System (EMACS); and the Equal Employment Opportunity Office. ( Additionally, the department is responsible for the management of the Western Region Item Bank (WRIB), a cooperative, computer-based test question bank used by 55 public agencies to develop employment tests.

#### **Procurement Card Program**

The Procurement Card (Cal Card) program is designed to streamline the purchasing process for small dollar transactions, allowing for quicker vendor payments and reducing the need for individual Accounts Payable payments to vendors. Managed by the Purchasing Department, these cards are issued by U.S Bank and are specifically tailored for County use. Each Procurement VISA Card is personalized with the cardholder's name and is distinguishable from personal credit or charge cards, ensuring they are used exclusively for official County business-related purchases. The Department primarily uses Cal Cards to pay for administrative expenses and utility payments.

### Scope and Objectives

Our audit examined the Department's controls over their Cal Cards for the period of January 1, 2023, through August 31, 2023.

The objectives of our audit were to:

- Determine whether the internal controls over the Department's Cal Cards were adequate to effectively safeguard Department resources.
- Determine whether Cal Cards were being used in accordance with the Procurement Card Program Procedures Manual, County policies, and Department policies.

### Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Interviews of Department staff regarding Cal Card management
- Reviews of policies and procedures
- Sampling of Cal Card transactions
- Examination and review of original source documents



### **Finding 1: Procurement card payment packets were not submitted timely.**

The Procurement/Travel Card Program Procedures Manual “Reconciliation and Review - Procurement Card: Cardholder Responsibilities” section on page 18 indicates that the cardholder procurement card payment packet cover sheet and necessary documentation should be forwarded to the Approving Official by the fifth day of each month following the billing cycle.

When we tested 7 payment packets, 3 packets (or 43%) were not forwarded to the Approving Official by the fifth day of the month following the statement date.

Statement preparation was delayed due to packets requiring information from various individuals in order to allocate expenses correctly. This caused subsequent delays in the review by officials and the accounting department. Late submittals of payment packets can lead to delayed detection of errors or unauthorized charges and inefficiencies in operations.

### **Recommendation:**

We recommend Approving Officials ensure their staff submit their procurement card payment packets by the fifth day of the month following the billing cycle, in accordance with the Procurement/Travel Card Program Procedures Manual.

### **Management’s Response:**

The Department conducted its Annual Department Cal Card Training on April 30, 2024. Cardholders were required to attend, and their approving officials were invited as well. All attendees received an overview of cardholder responsibilities including deadlines for submitting Cal Card packets for monthly responsibilities including deadlines for submitting Cal Card packets for monthly reconciliation to the authorized approver by the fifth day of every month. Furthermore, the Department will send out reminders on the 1<sup>st</sup>, 5<sup>th</sup>, and 10<sup>th</sup>, day of each month to all cardholders and on the 1<sup>st</sup> and 5<sup>th</sup> day of each month to authorized approvers for review and signature to ensure critical deadlines are met.

### **Auditor’s Response:**

The Department’s actions and planned actions will correct the deficiency noted in the finding.

**Finding 2: A Cal Card purchase did not have at least three competitive quotes.**

The Procurement/Travel Program Procedures Manual "Use Policies" on page 4 states that at least three (3) competitive quotes should be obtained for any purchase. A limit of when quotes shall be obtained may be set by the authorized department and a record of quotes should be maintained by the department. In addition, the Department's internal Cal Card processing guidelines state that any purchase over \$1,000 must have an approved Low-Value Purchase Quote Form showing three bids were solicited and approval was obtained before the purchase was made.

When we tested 62 transactions, one transaction did not have three competitive quotes.

Competitive bids were not solicited due to the purchase being an auto-renewal of a subscription. When competitive quotes are not obtained, this can lead to a higher likelihood of overpaying for goods and services, as well as non-compliance with County procurement policies and procedures.

**Recommendation:**

We recommend that the Department ensure all purchases are authorized in accordance with the Procurement/Travel Program Procedures Manual and their internal Cal Card processing guidelines. We further recommend the Department ensure at least three competitive quotes are obtained for all purchases over the low value threshold.

**Management's Response:**

The Department conducted its Annual Department Cal Card Training on April 30, 2024. Cardholders were reminded that competitive bids are required for purchases exceeding department internal Cal Card guidelines. The Department will conduct annual trainings to ensure cardholders are aware of all policies.

**Auditor's Response:**

The Department's actions and planned actions will correct the deficiency noted in the finding.