

# County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section**

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## **Transitional Assistance Department: Prepaid Cards Follow-Up Audit**



**Oscar Valdez**

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# Auditor-Controller/Treasurer/Tax Collector

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# **Transitional Assistance Department: Prepaid Cards Follow-up Audit**

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**December 10, 2018**

**Gilbert Ramos, Director**  
Transitional Assistance Department  
860 E. Brier Drive  
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## **SUBJECT: PREPAID CARDS FOLLOW-UP AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the Transitional Assistance Department Prepaid Cards. The objective of the audit was to determine if the recommendation for the finding in the Transitional Assistance Department Prepaid Cards Audit dated January 9, 2018 was implemented. 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 have provided a status of the audit finding identified in the original audit report issued on January 9, 2018. The Department has implemented the recommendation from the original audit report.

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

Respectfully submitted,

**Oscar Valdez**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:



**Denise Mejico**

Chief Deputy Auditor

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## Scope and Objective

Our audit examined the Department's internal controls over prepaid cards as of November 6, 2018.

The objective of this follow-up audit was to determine whether the Department implemented the recommendation contained in the prior audit report, *Prepaid Cards Audit*, issued on January 9, 2018.

## Methodology

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

- Interviews of TAD staff
- Walk-through of activity
- Review of policies and procedures
- Examination of original source documents
- Review of last audit or permanent file
- Review of pertinent documents



### **Prior Finding: Unauthorized card custodians are maintaining custody of prepaid cards.**

Chapter 19 of the Internal Controls and Cash Manual (ICCM) states that every department that distributes prepaid cards must designate an employee to be the custodian in charge of these cards. At all times, the card custodian must also be able to account for the specific physical location(s) of all cards. The ICCM further states that the Department must submit a "Signature/Fund Custodian Authorization" form for each card custodian and complete a "Questionnaire for Prepaid Debit and Gift Cards" form for each location the prepaid cards are stored. These forms are to be submitted to the Auditor-Controller/Treasurer/Tax Collector's Internal Audits Section for each fiscal year that the Department maintains and distributes prepaid cards.

The employees with access to the safes were acting as card custodians, but had not completed a Signature Fund Custodian Authorization Form or the Questionnaire for Prepaid Debit and Gift Cards.

The Department was not familiar with the card custodian requirements in the ICCM. The potential of misappropriation of the prepaid cards increases when they are not maintained by an authorized card custodian.

### **Recommendation:**

We recommend that both Management and staff familiarize themselves with the County's ICCM. The Department should establish prepaid card custodians at each location where cards are stored. Each card custodian should complete a Signature Fund Custodian Authorization Form and a Questionnaire for Prepaid Debit and Gift Cards should be completed for each location where prepaid cards are stored.



### **Current Status: Implemented**

The Department has established and implemented written policies and procedures in the TAD Office Procedures Handbook that outline the County's ICCM. The Department also established prepaid card custodians at each location where cards are stored. Each location had a Questionnaire for Prepaid Debit and Gift Cards completed, along with a Signature Fund Custodian Authorization form for each card custodian.