

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Human Resources Department: Cal-Card Follow-Up Audit



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Human Resources Department

Cal-Card Follow-up Audit

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County of San Bernardino



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June 5, 2019

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SUBJECT: CAL-CARD FOLLOW-UP

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 Human Resources Department's (Department) Cal-Cards. The objective of the audit was to determine if the recommendations for the findings in the Human Resources Department's Cal-Card Audit issued on June 13, 2018 have been 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 findings identified in the original audit report issued on June 13, 2018. Of the three recommendations from the original audit report, one has been implemented and two have not been implemented.

We sent a draft report to the Department on April 24, 2019 and discussed our observations with management on April 30, 2019. The Department's responses to the current status of our recommendations are included in this report.

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

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

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Date Report Distributed: June 5, 2019

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Scope and Objective

Our audit examined the controls over Cal-Cards for the period of July 1, 2018 through March 6, 2019.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Human Resources Department Cal-Card Audit*, issued on June 13, 2018.

Methodology

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

- Interviews of Department staff
- Sampling of Cal-Card transactions
- Examination and review of original source documents



Prior Finding 1: A restricted item was purchased using a Cal-Card.

The Cal-Card Manual "Program Information" Section on Page 3 states that the Procurement Card is intended to be used for small purchases and utility payments. The Procurement Card must not be used for general staff meetings, awards, and staff appreciation events.

We reviewed 115 Cal-Card transactions and found one transaction where an Employee Recognition Plaque and Name Plates were purchased using a Cal-Card.

The employee was unaware this item was included on the restricted uses list in the Cal-Card Manual. Any restricted items purchased with a Cal-Card could result in disallowed costs and the employee will be personally responsible for the charges.

Recommendation:

We recommend the Department review the Cal-Card Manual to ensure that items that are on the restricted list are not purchased with a Cal-Card.

Current Status: Not Implemented

We reviewed 92 Cal-Card transactions and found one transaction where 3 Mahogany Certificate Document Holders were purchased using a Cal-Card to be used for "Employee of the Quarter" presentations.

Management's Response:

The Department conducted its Annual Department Cal-Card Training on May 15, 2019. Card holders and their approving officials were required to attend. All attendees received an overview of card holder responsibilities including items on the Cal-Card restricted list and instructions on how to use alternate payment methods when necessary. Attendees were also reminded of the disciplinary actions outlined in the Procurement Card Program Procedures for failure to adhere to the program guidelines.

Auditor's Response:

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



Prior Finding 2: Controls over the usage of Cal-Cards could be improved.

The Cal-Card Manual "Violations" section on Page 5 states that allowing another person to use your card is not allowed. In addition, the "Canceling a Card" section on Page 13 states that, upon notification from the County Program Administrator that the card has been canceled, the Department should cut the Procurement Card in half and return it to the County Program Administrator, either in person or through interoffice mail.

The following conditions were identified:

- A Cal-Card holder allowed other employees to use their Cal-Card to make preapproved purchases.
- Two canceled Cal-Cards were shredded by the Department.

Department staff responsible for making purchases are not issued their own Cal-Cards. At the time of fieldwork, the Department was unaware that canceled Cal-Cards needed to be cut in half and sent to the County Program Administrator. When program guidelines are not followed, this could result in the suspension of Cal-Cards. When canceled cards are not sent to the County Program Administrator, the Purchasing Department is not able to maintain documentation of all canceled Cal-Cards.

Recommendation:

We recommend that management monitor for potential violations of Procurement Card Program Procedures listed in the Cal-Card Manual including the sharing of Cal-Cards. Management should also consider issuing Cal-Cards to employees with job duties that require making purchases with Cal-Cards. We also recommend that when a Cal-Card is canceled, the Department should cut the card in half and send it or deliver it by hand, to the County Program Administrator, as stated in the Cal-Card Manual.

Current Status: Implemented

Management has issued Cal-Cards to employees with job duties that require making purchases. Also, the Department has provided trainings to Cal-Card users. We reviewed all 3 canceled Cal-Cards and those cards were cut in half and hand delivered to the County Program Administrator or sent via interoffice mail.



Prior Finding 3: Procurement Card Payment Packages were not submitted timely.

The Cal-Card Manual "Reconciliation and Review" section for Cardholder Responsibilities on Page 19 indicates that the Procurement Card Payment Package Sheet and necessary documentation should be forwarded to the approving official by the fifth day of the month following the billing cycle.

Of the 10 Payment Packages tested, six were not prepared by the fifth day of the month following the statement date.

The Department does not enforce the due date for submitting Procurement Card Payment Packages to approving officials. Late submittals could delay payments and may result in late fees.

Recommendation:

We recommend Approving Officials ensure their staff submit Procurement Card Payment Packages by the fifth day of the month following the billing cycle in accordance with the Cal-Card Manual.

Current Status: Not Implemented

Of the 7 Procurement Card Packages tested, one was not prepared by the fifth day of the month following the statement date. The Department has not implemented the timely reconciliation and submission of Procurement Card Packages to approving officials in accordance with the Cal-Card Manual.

Management's Response:

The Department conducted its Annual Department Cal-Card Training on May 15, 2019. Card holders and their approving officials were required to attend. All attendees received an overview of card holder responsibilities including deadlines for submitting Cal-Card packets for monthly reconciliation to the Administrative Services Unit by the fifth day of every month. Attendees were also reminded of the disciplinary actions outlined in the Procurement Card Program Procedures for failure to adhere to the program guidelines. Furthermore, the Department will calendar this assignment for all cardholders to ensure critical deadlines are met.

Auditor's Response:

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