

**COUNTY OF SACRAMENTO  
INTERNAL SERVICES  
DEPARTMENT OF FINANCE  
AUDITOR-CONTROLLER**

*Inter-Departmental Correspondence*

April 14, 2015

To: Fern Laethem, Executive Director  
Department of Conflict Criminal Defenders

From: Julie Valverde  
Director of Finance

By: Alan A. Matré  
Chief of Audits



Subject: **ANNUAL REVIEW OF PROCUREMENT CARD USAGE**

In accordance with the County of Sacramento Procurement Card Program (program) Guidelines and Procedures Manual and County of Sacramento Procurement Card Program Policy, we have performed the procedures enumerated below to the County of Sacramento, Department of Conflict Criminal Defenders' (Conflict Criminal Defenders) participation in the program for the period of July 1, 2012 to February 28, 2015. The criteria for reviewing compliance with the program were based on the County of Sacramento Procurement Card Program Guidelines and Procedures Manual and County of Sacramento Procurement Card Program Policy.

The procedures we performed are summarized as follows:

- We reviewed Conflict Criminal Defenders' records to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We noted missing "Out of State/Internet Tax Logs." See Attachment I, *Current Findings and Recommendations*.

- We reviewed purchases for the period of July 1, 2012 to February 28, 2015, to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We noted several issues related to missing receipt, sales/internet use tax, and safeguarding the purchasing card account information. See Attachment I, *Current Findings and Recommendations*.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. Had we made an examination in accordance with generally accepted

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auditing standards other matters may have come to our attention that would have been reported to you.

This report relates only to Conflict Criminal Defenders' participation in the program and does not extend to any financial statements of Conflict Criminal Defenders as a whole.

Conflict Criminal Defenders' response to the findings identified during our engagement is described in Attachment I, *Current Findings and Recommendations*. We did not perform procedures to validate Conflict Criminal Defenders' response to the findings and, accordingly, we do not express opinions on the response to the findings.

Our report is intended solely for the use by Sacramento County Board of Supervisors, Department of Finance, Department of General Services, and Conflict Criminal Defenders' management, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

COUNTY OF SACRAMENTO  
DEPARTMENT OF CONFLICT CRIMINAL DEFENDERS  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS

PERIOD OF JULY 1, 2012 TO FEBRUARY 28, 2015

**1. Out of State/Internet Tax Logs**

Comment

During our records' review of the Department of Conflict Criminal Defenders (Conflict Criminal Defenders), we noted Out of State/Internet Tax Logs were not completed and retained with the Cardholder's monthly reconciliation packets. Per the program's guidelines and procedures "*CARDHOLDERS must complete an Out-of-State/Internet Sales Tax Log for any purchases from merchants located outside the state of California or on the Internet in which the merchant does not charge California sales tax. Attach this log to the monthly STATEMENTS along with the other documentation and forward it to your APPROVING OFFICIAL.*"

Recommendation

We recommend Conflict Criminal Defenders comply with County of Sacramento Procurement Card Program Guidelines and Procedures Manual and have its Cardholder complete the Out of State/Internet Tax Log monthly for out of state or internet purchases where sales tax was not paid. We further recommend Conflict Criminal Defenders retain the Out of State/Internet Tax Logs with the Cardholder's monthly reconciliation packets.

Management Response

Out of State/Internet Tax Logs are now being completed and attached to monthly statements.

**2. Missing Receipts**

Comment

During our purchases' review of Conflict Criminal Defenders, we noted a purchase that did not have its sales receipt support. Per the County of Sacramento Procurement Card Program Guidelines and Procedures Manual, "*CARDHOLDERS must obtain an itemized listing of all items purchased at the time of purchase.*" Therefore, Conflict Criminal Defenders was not in compliance with County of Sacramento Procurement Card Program Guidelines and Procedures Manual.

Recommendation

We recommend Conflict Criminal Defenders comply with County of Sacramento Procurement Card Program Guidelines and Procedures Manual and confirm that its cardholder maintain supporting documentation for all purchases. If merchant does not automatically provide an itemized receipt, the cardholder should request itemized receipt from the merchant.

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**CURRENT FINDINGS AND RECOMMENDATIONS**  
**(Continued)**

Management Response

Procedures have been reviewed to assure supporting documentation for all purchases are retained.

**3. Sales/Internet Use Tax**

Comment

During our purchases' review of Conflict Criminal Defenders, we noted 1 internet purchase where the internet merchant charged Conflict Criminal Defenders the incorrect tax rate, resulting in an underpayment of sales tax. We further noted 2 internet purchases where the internet merchant charged Conflict Criminal Defenders the incorrect tax rate, resulting in an overpayment of sales tax. We noted 3 internet purchases where the merchant did not charge sales tax, and Conflict Criminal Defenders did not accrue the internet use tax in COMPASS. Per California law and the program's guidelines and procedures, if the merchant does not charge sales tax, sales/internet use tax must be paid by the purchaser when items are purchased on the internet or out of state with the intent to be used in California.

Recommendation

We recommend Conflict Criminal Defenders to confirm California sales tax charged by the merchant is for the correct amount. If California sales tax charged by the merchant is incorrect and the difference is due to an under charge or over charge of California sales tax, Conflict Criminal Defenders needs to pay the difference in COMPASS, or resolve the difference with the merchant, respectively.

Management Response

Sales/Internet tax guidelines have been reviewed, and Conflict Criminal Defender will review and confirm sales tax charged is correct and take appropriate action if it is incorrect.

**4. Purchasing Card Security**

Comment

We noted Conflict Criminal Defenders stored procurement card information on an online account. Per the County of Sacramento Procurement Card Program Guidelines and

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**CURRENT FINDINGS AND RECOMMENDATIONS**  
**(Continued)**

Procedures Manual, *“It is the CARDHOLDER'S responsibility to safeguard the PURCHASING CARD records and PURCHASING CARD account number at all times.”* Since the Cardholder's purchasing card information was stored on an online account, the purchasing card could be subject to theft or misuse by someone other than the Cardholder.

Recommendation

We recommend Conflict Criminal Defenders comply with County of Sacramento Procurement Card Program Guidelines and Procedures Manual and have its Cardholders safeguard their purchasing cards account information at all times by not storing the account information online. We further recommend Conflict Criminal Defenders has its Cardholders not provide their account information to any merchants, where the account information is not encrypted and could be subject to theft.

Management Response

Card information will not be stored.