

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT

AGREED-UPON PROCEDURES FOR PROCUREMENT CARD PROGRAM

CARMICHAEL RECREATION & PARKS DISTRICT

FOR THE PERIOD APRIL 1, 2017 TO
NOVEMBER 30, 2021



Audit Committee Submittal Date: 09/15/2022

SUMMARY

Background

The Carmichael Recreation & Parks District (District) is a dependent special district of the County of Sacramento and was established in 1945. The District provides a wide range of facilities and opportunities to enrich the quality of life for the community. The District is chartered by the County of Sacramento to manage park land and provide recreation opportunities to Carmichael and Sacramento County area residents.

The District participates in the Sacramento County Procurement Card Program (Program) to improve efficiency related to its purchasing functions. As part of the District's participation in the Program, the District is subject to regular procurement card audits to ensure compliance with the Program's guidelines, policy, and procedures. The Department of Finance, Internal Audit Unit, randomly selected the District's procurement card Program for agreed-upon procedures.

Audit Objective

To review the District's procurement card Program's compliance with Sacramento County Procurement Card Program guidelines, policy, and procedures for the period April 1, 2017 to November 30, 2021.

Summary

We noted four (4) exceptions related to the District's procurement card Program's key contact form, Procurement Card Summary and missing cardholder's signature, Quarterly Report, and repeat findings.



County of Sacramento

July 13, 2022

To: Mike Blondino, District Administrator
Carmichael Recreation & Parks District

From: Ben Lamera
Director of Finance

By: Hong Lun (Andy) Yu, CPA
Chief of Audits

A handwritten signature in blue ink, appearing to be "H. Yu", is placed to the right of the "By:" line.

Subject: **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES – CARMICHAEL RECREATION & PARKS DISTRICT PROCUREMENT CARD PROGRAM FOR PERIOD APRIL 1, 2017 TO NOVEMBER 30, 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 Carmichael Recreation & Parks District's (District) participation in the Program for period April 1, 2017 to November 30, 2021. The District's management is responsible for establishing and maintaining effective internal controls and compliance with the Program and Travel's guidelines, policy, and procedures, and all other applicable laws, regulations, and statutory requirements. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to procedures referred below and is not intended to pertain to any of District's other operations, procedures, or compliance with laws and regulations.

The procedures and associated findings are as follows:

- We inspected the District's records to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We noted issues related to key contact form, procurement card summaries, and quarterly report. See ATT 1 - *Current Findings and Recommendations*.

- We selected and tested 60 procurement card purchases to identify any non-compliance with the above cited guidelines, policy, and procedures.

Finding: We noted several issues related to key contact form, procurement card summaries, and missing cardholder's signatures. Please see ATT 1 - *Current Findings and Recommendations* and ATT 2 - *Current Status of Prior Findings and Recommendations*.

- We determined the current status of prior findings and recommendations reported on District's procurement card agreed-upon procedures report for the period March 1, 2014 to February 28, 2017, dated July 27, 2017.

Finding: The current status of prior findings and recommendations for District is at ATT 2 - *Current Status of Prior Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards contained in *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the District's 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 the District's operations as a whole.

The District's response to the finding identified during our procedures is described in ATT 1 – *Current Finding and Recommendation*. We did not perform procedures to validate the District's response to the finding and, accordingly, we do not express an opinion on the response to the finding.

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, Department of Finance, Department of General Services' Contract and Purchasing Services Division, and District's 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.

Attachments:

ATT 1 - *Current Findings and Recommendations*

ATT 2 - *Current Status of Prior Findings and Recommendations*

COUNTY OF SACRAMENTO
CARMICHAEL RECREATION AND PARKS DISTRICT
PROCUREMENT CARD PROGRAM REVIEW
CURRENT FINDINGS AND RECOMMENDATIONS

PERIOD APRIL 1, 2017 TO NOVEMBER 30, 2021

1. Key Contact Form

Condition

We noted Carmichael Recreation & Parks District (District) Procurement Program's key contact form had inconsistencies of records for two (2) of the cardholders' updated spending limits and the related effective dates. In addition, the key contact form was not updated reflecting the changes.

Criteria

The key contact form should be consistent and updated when there are changes within the cardholder's spending limits.

Effect

Since the key contact form is inconsistent and not updated, the Approving Official and the Deputy Auditor-Controller could approve the transactions without knowing that the Cardholder may have exceeded their spending limits.

Recommendation

The District should be consistent with the records of the key contact form and timely update the key contact form when there are changes.

Management Response

Past training regarding the purpose/use of the Key Contact Form was not clear. Our understanding was to submit to the Administrator initially with Application for a Procurement Card; thereafter when new/replaced and/or new Approving Official. Status definition has been updated verbally to reflect single transaction limit/monthly limit too. We will submit card limit changes on form in the future.

2. Procurement Card Summary

Condition

We noted 17 Procurement Card Summaries that were not signed by the Cardholders for the months of May 2020, June 2020, June 2021, and November 2021. In addition, we noted the District was not using the most current procurement card summary form.

Criteria

Per the Procurement Guidelines and Procedures Manual, *"Cardholders must sign and date the monthly statement and procurement summary form attesting to the*

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accuracy and validity of charges incurred and forward the statement with all supporting documentation to their Approving Official for review.”

Effect

Since the Cardholders did not sign the Procurement Card Summaries we cannot determine if the Cardholders have reviewed the summaries. The District was not in compliance with Procurement Guidelines and Procedures Manual.

Recommendation

The District should comply with the Procurement Guidelines and Procedures Manual and have its Cardholders sign and date their procurement card summary forms. We further recommend the District to retrieve and utilize the most current Procurement Card Summary form from Department of General Services' intranet.

Management Response

Condition related to the old version of the Procurement Summary Form which did not require the Cardholder's signature. CRPD was not notified of the new form, even months after staff received training using the old form. The Cardholder was still responsible for reviewing/reconciling/preparing and signing the coversheet w/receipts. Since February 2022, CRPD is using the new Procurement Summary (rev 7/2021).

3. Quarterly Report

Condition

We noted that the District purchased event tickets and food via its procurement card but did not submit the required Quarterly reports to the Department of Finance and Department of General Services (Departments).

Criteria

The District is authorized to purchase event tickets and food with its Procurement Card. As part of the authorized exempted purchases, the District must submit Quarterly reports to the Departments.

Effect

The District was not in compliance with Procurement Guidelines and Procedures Manual for not submitting the required Quarterly reports to the Departments.

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Recommendation

District should comply with the Procurement Guidelines and Procedures Manual and submit Quarterly reports of purchased event tickets and food to the Departments.

Management Response

To date, even after multiple inquires to GS & DOF Staff since joining the Program we haven't received a requested format for such a report. Most of CRPD's P-Card use is related to exempted purchases. Please provide a format. We will be happy to comply with the reporting requirement.

4. Repeat Finding

Condition:

We noted that the current Findings #2 and #3 of this attachment, ATT 1, are repeat findings from the prior Procurement Card program review report, see ATT 2 - *Current Status of Prior Findings and Recommendations*. Proper internal controls dictate that this finding be resolved in a timely manner.

Recommendation

The District should implement all recommendations on current Findings #2 and #3 of this attachment, ATT 1, and initiate corrective action plans to resolve the issues in a timely manner.

Management Response

See above.

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CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

PERIOD APRIL 1, 2017 TO NOVEMBER 30, 2021

Report dated July 27, 2017 for the period March 1, 2014 to February 28, 2017

1. Purchasing Account Information

Prior Recommendation

We recommended the District comply with the Program Guidelines and redact the purchasing card account numbers before they send them to the Department of Finance.

Current Status

It appears as the recommendation has been implemented.

2. Splitting Purchases and Management Oversight

Prior Recommendation

We recommended the District comply with the County of Sacramento Code Section 2.56.260 and Program Guidelines and have their Cardholder's stop splitting transactions to avoid the Cardholder's transaction limits. We also recommended the District have the Cardholder's review County of Sacramento Code Section 2.56.260 and Program Guidelines and review the sections regarding split transactions. We further recommended the District to have its Deputy Auditor-Controller write-up the Cardholders for Procurement Card violations and notify the Director of Finance, Assistant Auditor-Controller, Chief of Audits, and the Program Administrator.

Current Status

It appears as the recommendation has been implemented.

3. Incomplete Itemized Receipt and Missing Receipts

Prior Recommendation

We recommended the District comply with the Program Guidelines and attach a description of the items purchased when an incomplete itemized receipt is obtained and obtain itemized receipt/credit slips for all transactions on the Cardholder's statement.

Current Status

It appears as the recommendation has been implemented.

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Report dated July 27, 2017 for the period March 1, 2014 to February 28, 2017

4. Prohibited Transactions

Prior Recommendation

We recommended the District comply with the Program Guidelines and stop making prohibited transactions that are not authorized with the Procurement Card. We also recommended the District to review the list of prohibited transactions that are listed in the Program Guidelines. We further recommended the District to use a Travel Procurement Card for travel expenses and use a Purchase Order for deposits.

Current Status

It appears as the recommendation has been implemented.

5. Missing Documentation

Prior Recommendation

We recommended the District to comply and submit quarterly reports of event tickets and food transactions to the Departments.

Current Status

The recommendation has not been implemented. See Finding #3 in ATT 1 - *Current Findings and Recommendations*.

6. Sales/Internet Use Tax

Prior Recommendation

We recommended the District comply with California law and the Program Guidelines and review the invoices/receipts and accrue sales/use tax in COMPASS when the merchant does not charge tax.

Current Status

It appears as the recommendation has been implemented.

7. Missing Cardholder's Signature on Monthly Statement

Prior Recommendation

We recommended the District comply with the Program Guidelines and have the Cardholders sign their statement. Furthermore, if the Cardholder anticipates a leave

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of absence, the Cardholder should sign their statement before they take the leave of absence. Cardholder's statements are delivered to the District by mail and if they do not receive it by the 5th of the following month, they could be obtained on the US Bank Website.

Current Status

It appears as the recommendation has been implemented. However, we noted that the cardholders did not consistently sign their Procurement Card Summaries. See Finding #2 in ATT 1 - *Current Findings and Recommendations*.