

County of Santa Clara

Finance Agency Controller-Treasurer Department



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January 2, 2013

To: Board of Supervisors
Jeffrey V. Smith, County Executive
Gary Graves, Chief Operating Officer
Lori E. Pegg, Acting County Counsel
Vinod K. Sharma, Director, Finance Agency
Irene Lui, Controller- Treasurer
Jenti Vandertuig, Director of Procurement

Subject: Audit of Procurement Card (P-Card) Transactions of Supervisor Dave Cortese (District 3) for the period, January 2011 through September 2012

We have completed the audit of Procurement Card (P-Card) transactions of District 3 for the 21-month period of January 2011 through September 2012 as attached. We thank the District staff for their cooperation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Manju Beher".

Manju Beher, C.P.A.
Internal Audit Division

Board of Supervisors: Mike Wasserman, George Shirakawa, Dave Cortese, Ken Yeager, Liz Kniss
County Executive: Jeffrey V. Smith

COUNTY OF SANTA CLARA

CONTROLLER-TREASURER DEPARTMENT

INTERNAL AUDIT REPORT

**Audit of Procurement Card (P-Card) Transactions
Supervisor Dave Cortese (District 3)
For the Period, January 2011 through September 2012**



January 2, 2013

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Executive Summary

We conducted the review of Procurement Card (P-Card) Transactions of Supervisor Dave Cortese, Office of the Board of Supervisors District 3 (District 3) for the period, January 2011 through September 2012. During this 21 month period, the District spent \$31,562 on 130 transactions charged to one P-Card issued to the District. As the following table shows, this District used its P-Card primarily for office expenses and to pay for various community or public events.

No.	Transaction Type	P-Card	
		Number of Transactions	Amount
1	Travel Expenses (3 Trips)	12	\$ 2,334
2	Non Travel (Local Meals)	3	179
3	Office Expenses	30	15,433
4	Professional and Other Services	1	1,058
5	Public Event Related Expenditures (see note * below)	11	11,800
6	Miscellaneous	73	758
Total		130	\$ 31,562

* The District routinely raises funds from private donations/contributions to subsidize cost of various community events sponsored by the District. The public event related expenditure of \$11,800 in the above table was primarily funded by these third party donations.

Other than the minor findings noted below, we did not find any major irregularities in the District's use of the P-Card. Based on our review, we believe the District generally used its P-Card in conformity with the County's P-Card and other related policies.

Project Objective, Scope and Methodology

The objective of this audit of P-Card transactions is to evaluate the appropriateness of P-Card charges and review their compliance with the County's P-Card and other applicable policies and regulations. We also reviewed the current policies governing transactions for elected officials and Board appointees and identified best practices and/or policy changes to avoid conflicting or confusing regulations.

The scope of our work includes: (a) review of pertinent laws, policies and procedures, regulations, and ordinance related specifically to the P-Card program, (b) examination of P-Card transaction logs, supporting documents (receipts, memos, agendas, travel authorizations, and travel expense

vouchers, etc.) and credit card statements, and (c) analysis of P-Card data for the period and review of additional documentation as needed.

The following County policies and ordinances were used as references for our analysis:

- County of Santa Clara P-Card Policy (Rev. July 1, 2011)
- County of Santa Clara P-Card Policy (Rev. December 18, 2012)
- County of Santa Clara P-Card Policy (Feb 15, 2008 Edition)
- County of Santa Clara Business Meal Policy (Non-Travel) (Effective Date Dec. 5, 2007)
- County of Santa Clara Ordinance Div. A31
- County of Santa Clara Travel Policy (Rev. June 8, 2010)
- County of Santa Clara Charter Section 710

Background

On October 30, 2012, the Board of Supervisors (Board) asked the Controller-Treasurer to conduct an audit of the P-Card transactions of all elected officials and Board appointees. The County has established P-Card policies and guidelines, but the oversight of the program has been decentralized with a limited post-audit function in place.

Minor Findings:

Our review did not reveal any instances of major reportable irregularities in the District's use of the County issued P-Card. Some minor findings noted during our review are presented below:

- a) Sales Tax Accrual: We noted five instances where the District did not accrue use tax, and in another three instances the accrued use tax calculation was incorrect. The total use tax to be accrued as the result of audit is \$370. The Controller-Treasurer Department will make adjustment for this amount in the next quarterly sales and use tax return and provide training to the District staff on sales and use tax accrual.
- b) Airline Ticket: We noted two instances totaling \$1,296 where the District purchased airline tickets with the P-Card which were restricted purchases under the July 2011 P-Card Policy. However, the December 2012 revised P-Card Policy has removed airline ticket purchase from the list of "Restricted Purchases."

DAVE CORTESE
COUNTY OF SANTA CLARA SUPERVISOR, DISTRICT THREE


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Memorandum

Date: January 2, 2013

To: Vinod Sharma
Finance Agency Director

From: Supervisor Dave Cortese 
District Three

Subject: **Subject: Audit of Procurement Card (P-Card) Transactions of Supervisor Dave Cortese (District 3) for the period, January 2011 through September 2012**

District three agrees with the internal audit report for the period of January 2011 through September 2012.