

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

621



FROM: County Auditor-Controller

SUBMITTAL DATE:
April 27, 2005

SUBJECT: Follow-up on Internal Auditor's Report #2004-003 – Procurement Card Program

RECOMMENDED MOTION: Receive and file the Internal Auditor's Report.

BACKGROUND: The Auditor-Controller completed a follow-up audit of the procurement card program. Our purpose was to determine if management took corrective action in response to the findings and recommendations resulting from the prior audit.

Based upon the results of our audit, we determined the Purchasing Department took corrective action in response to the findings and recommendations resulting from the prior audit thereby improving the internal controls over the procurement card program.

Departmental Concurrence

Robert E. Byrd

Robert E. Byrd
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **RECEIVE & FILE**

County Executive Office Signature *Dennis C. Ward*

- Dept't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

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OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Ivan Chand, CGFM
ASSISTANT AUDITOR-CONTROLLER

April 27, 2005

Mr. Robert Howdysshell
2980 Washington Street
Riverside, CA 92504

Subject: Follow-Up Review of Internal Auditor's Report #2004-003 – Procurement Card Pilot Program

Dear Mr. Howdysshell:

We have completed a follow-up review of the audit noted above. The purpose of the review was to determine if management implemented corrective action in response to the findings and recommendations resulting from the prior audit:

Our review consisted of interviews with applicable Procurement Card Program personnel; and the evaluation of pertinent forms and procedures. The results of our review are as follows:

- ❖ During our initial audit we determined invoices were not consistently paid in a timely manner. As a result we recommended each department forward invoices directly to the Auditor-Controller for payment, eliminating the approval of the County Coordinator. In response to our recommendation, the invoice approval process was revised to eliminate unnecessary steps. After review by the cardholders and designated billing officials, user departments will be required to submit their invoice packages directly to the Auditor-Controller for review and payment, rather than the County Coordinator for additional review. It is noted that the County Coordinator will review invoice packages for departments only during their first three months of participation in the program.
- ❖ During our prior audit, we recommended departments participating in the P-Card program be required to develop and implement written internal procedures for processing P-Card invoices in a timely manner. In response, the Procurement Card Coordinator, in conjunction with the Purchasing Department staff, has implemented a policy requiring user departments to develop written internal procedures for processing P-Card invoices in a timely manner. On December 7, 2004, existing user departments were notified by memo of the new requirement. New user departments will be required to develop written procedures prior to the issuance of new cards.
- ❖ Previously, we determined interest penalties were not paid according to the Master Services Agreement. In addition, the P-Card manual did not include procedures for the treatment of

late payment penalties. Our recommendation to the Purchasing Department was to develop P-Card procedures requiring interest penalties be paid in accordance with the Master Services Agreement. As a result, the Purchasing Department has developed procedures for monitoring interest penalties to ensure they are paid in accordance with the Master Services Agreement.

Based upon the results of our review, we determined the Purchasing staff has taken the necessary steps to implement the recommendations made during the prior audit.

Should you have any questions regarding the above, we would be pleased to discuss them with you at your convenience.

Robert E. Byrd
County Auditor-Controller



By: Michael G. Alexander, MBA, CIA
Chief Internal Auditor

Cc: Board of Supervisors
County Counsel
District Attorney
Grand Jury
Executive Office, Denise Harden