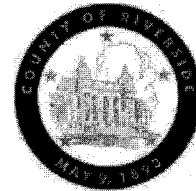


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
2.7
(ID # 3707)

MEETING DATE:

Tuesday, March 14, 2017

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2017-316: County Procurement Card, District Attorney's Office Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-316: County Procurement Card, District Attorney's Office Follow-up Audit

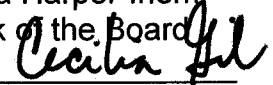
ACTION: Consent


Paul Angulo, Director of Auditor Controller 3/2/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: March 14, 2017
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

We have completed a follow-up audit of the County Procurement Card, District Attorney's Office. Our audit was limited to reviewing actions taken as of November 15, 2016, to correct the findings noted in our original audit report 2014-010 dated November 20, 2014.

The original audit report contained four recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that the four recommendations were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-010 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A. Internal Audit Report 2017-316: County Procurement Card, District Attorney's Office Follow-Up Audit



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

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(951) 955-3800
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**ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE**

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

January 13, 2017

Mike Hestrin
District Attorney
Riverside County District Attorney's Office
3960 Orange Street
Riverside, CA 92501

**Subject: Internal Audit Report 2017-316: County Procurement Cards, District
Attorney's Office Follow-Up Audit.**

Dear Mr. Hestrin:

We have completed a follow-up audit of the County Procurement Cards, District Attorney's Office. Our audit was limited to reviewing actions taken as of November 15, 2016, to correct the findings noted in our original audit report 2014-010 dated November 20, 2014.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our opinion.

The original audit report contained four recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that the four recommendations were implemented.

Details of the findings identified in the original audit and the status of the implementation of respective recommendations are provided in the body of this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-010 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

**Internal Audit Report 2017-316: County Procurement Cards – District Attorney's Office
Follow-up Audit**

We appreciate the cooperation and assistance extended to us by staff of the District Attorney's Office during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

**Internal Audit Report 2017-316: County Procurement Cards – District Attorney's Office
Follow-up Audit**

Procurement Cards

Finding 1: Monitoring Compliance with Procurement Policies

The District Attorney has not implemented a procedure to ensure procurement card (P-Card) usage is in compliance with purchasing policies. There were five (1.1%) out of 451 instances where the P-Card was utilized to make restricted purchases of computers and peripheral equipment. Our review of the three highest dollar value months of transactions reported to the Auditor-Controller's Office, disclosed that the District Attorney made restricted purchases totaling \$3,909 (2.5%) out of \$156,574 in expenditures reviewed. Although the amount is not significant in relation to the gross amount, when we consider the total expenditures for our review period, controls were not adequate to detect these types of purchases.

The purchases of restricted items occurred because the District Attorney was not following procurement procedures. Specifically, the appropriate officials were not reviewing the items prior to the P-Card purchase nor engaging in corrective action with the cardholder. As a result, P-Cards were utilized for purchasing restricted goods and services.

Recommendation 1.1

The District Attorney ensures all P-Card holders are aware of the county and department policies regarding P-Card usage.

Current Status 1.1: Implemented

All new procurement card holders attend the mandatory Low Value Purchase Authority and procurement card courses presented by the county purchasing department. All P-card holders are currently in compliance and are aware of the existing policies.

Recommendation 1.2

The District Attorney requires authorized approvers to document purchases that are out of compliance, notify the card holder and take appropriate corrective action.

Current Status 1.2: Implemented

The District Attorney's Office follows their internal procedures by having the approving manager review and sign-off on the need for any purchases prior to the order being placed. In addition, the approving manager, reviews the P-card expenses to ensure all purchases were in compliance with the department's policies.

**Internal Audit Report 2017-316: County Procurement Cards – District Attorney's Office
Follow-up Audit**

Finding 2: Cardholder Agreements

Three out of eleven (27%) cardholder agreements could not be located for the cardholders which had purchases during the months reviewed. Cardholder agreements document that issued cards were properly authorized and are used to verify the cardholder signature. The cardholder agreement indicates the following: cardholder and their approving official acknowledges the use of the card is for Official County Business only, the disciplinary actions that result for unauthorized charges, which includes a deduction from their paycheck, safekeeping of the card at all times, and the County has the right to cancel at any time. Once the agreements are signed, the document should be submitted and retained by the approving official to document compliance with P-Card policies. Missing or unavailable cardholder agreements impair the District Attorney's ability to monitor and enforce its policies.

Recommendation 2

The District Attorney ensures all P-Card holders have completed cardholder agreements and maintain them immediately.

Current Status 2: Implemented

During our follow-up review we noted all P-card card holders currently have completed agreements which are maintained by the department approver of P-Cards.

Finding 3: Physical Inventory of Assets purchased with Procurement Cards

The District Attorney purchased 24 Law books valued at \$1,085 with a P-Card but could not account for 18 of the purchased books. We conducted a physical inventory of the items purchased and were not able to clearly identify the books on the invoice. Department management does not maintain an inventory of these books or keep purchase related documentation showing that the books were received by a party independent of the person who purchased them. This is important since the books are distributed throughout the District Attorney's four offices. As a result, the items purchased are vulnerable to loss, misplacement or theft.

Recommendation 3

The District Attorney establishes procedures to ensure that purchases have been received and that the receipt of goods and supplies is documented.

Current Status 3: Implemented

District Attorney's Office established procedures to ensure that the receipt of goods and supplies is documented by the Administration Division. The goods and supplies are then tracked and monitored by the requesting unit supervisors.