

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Honorable Geoff Dean, Sheriff

Date: September 13, 2016

From: Jeffery S. Burgh 

**Subject: AUDIT OF THE USE AND CONTROL OF PROCUREMENT AND TRAVEL CREDIT CARDS
FOR THE VENTURA COUNTY SHERIFF'S OFFICE**

We have completed our audit of the use and control of procurement and travel credit cards for the Ventura County Sheriff's Office ("Sheriff's Office" or "Sheriff"). The results of our audit are summarized below.

BACKGROUND

The General Services Agency provides requesting departments with procurement credit cards issued by U.S. Bank to facilitate operational efficiency and to reduce the number of requisitions and purchase orders associated with small dollar purchases. Each procurement credit card is assigned a maximum dollar limit (e.g., \$3,500 for a single purchase) and is subject to certain purchase restrictions (e.g., no services due to income reporting requirements).

The Auditor-Controller's Office provides departments with travel credit cards issued by the Ventura County Credit Union ("VCCU") to streamline travel arrangements and to eliminate the paperwork associated with travel advances and reimbursements. The travel credit card may be used only for airfare, lodging, ground transportation, meals, conferences, and other incidental travel expenses.

The procurement and travel credit cards must not be used for personal purposes.

During fiscal year ("FY") 2012-13, U.S. Bank was paid nearly \$608,000 for Sheriff procurement credit card charges and VCCU was paid over \$405,000 for Sheriff travel credit card charges. The Sheriff's Office was assigned 99 procurement credit cards and 99 travel credit cards during FY 2012-13.

SCOPE

Our overall audit objective was to determine whether Sheriff's use and control of procurement and travel credit cards was appropriate and compliant with County policy. Specifically, we:

- verified that procurement and travel credit card purchases during FY 2012-13 were appropriate and supported; and
- evaluated departmental monitoring controls over procurement and travel credit cards to ensure accountability over cards.

For procurement credit cards, we identified and sampled high risk transactions, including those with questionable merchant names and category codes (e.g., hobby, toy, and game shops), for review of authorized purpose, supporting documentation, etc. We also verified that purchases were not split to circumvent spending limits and that purchases were appropriate when other purchasing mechanisms (e.g., price agreements) exist.

For travel credit cards, we sampled 4 months of activity for review of supporting documentation, compliance with meal reimbursement limits, and various other attributes. We verified that credit card charges were not also submitted on individual employee reimbursement requests and that unallowable charges were reimbursed to the County. We evaluated the timeliness of departmental actions to resolve erroneous or fraudulent credit card charges with the credit card vendor and to submit credit card statements and logs to the Auditor-Controller.

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors using documents from July 2012 through June 2013.

FINDINGS

Overall, we found that the Sheriff's Office appropriately used and controlled procurement and travel credit cards. For example:

- Our samples of \$53,546 in procurement credit card charges (9% of payments made) confirmed that the charges appeared reasonable for department operations and were supported with receipts/invoices.
- Our sample of \$123,813 in travel credit card charges (31% of payments made) confirmed that the charges were reasonable for the described purpose and appropriately reviewed by the department.
- Travel credit cards held centrally for general department use were vested in a responsible custodian, subject to periodic inventories, and safeguarded properly.

However, Sheriff travel credit card procedures were not always sufficient to ensure submittal of itemized meal receipts. Following are details of the area where improvement was needed. Sheriff management initiated corrective action during the audit as noted.

Lack of Itemized Travel Receipts. Meal charges on travel credit cards were not always supported with detailed receipts in noncompliance with County policy. The current County Administrative Policy No. Chapter VII(C)-1, *Reimbursement of Employees County Business Expenses*, as revised in January 2013, states that itemized receipts are required unless the per diem reimbursement method applies and is utilized by the employee. However, of the 202 meal charges totaling \$7,286 we reviewed on the February and May 2013 travel credit card statements, 82 (41%) charges totaling \$3,273 (45%) were not supported with itemized receipts. Although receipts supported the total amounts charged, the receipts did not show the items purchased and therefore could not be reviewed for potential unallowable charges.

Recommendation. Sheriff management should follow the current County Administrative Policy No. Chapter VII(C)-1, *Reimbursement of Employees County Business Expenses*, and obtain itemized receipts from employees upon return from travel.

Management Action. Sheriff management stated:

“The Sheriff concurs with the audit findings.

“It is County/Department policy that employees submit itemized receipts upon their return from travel. We will implement practices to better educate employees prior to commencing travel status. Those practices will more clearly define the specific documentation required and provide examples of acceptable and unacceptable documentation.

“We will work with staff to ensure that these policies and procedures are consistently followed.”

AUDITOR’S EVALUATION OF MANAGEMENT ACTION

We believe that Sheriff management’s planned corrective action was responsive to the audit finding. Corrective action is planned to be completed by November 1, 2016.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable Linda Parks, Chair, Board of Supervisors
Honorable John C. Zaragoza, Vice Chair, Board of Supervisors
Honorable Steve Bennett, Board of Supervisors
Honorable Kathy Long, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Michael Powers, County Executive Officer
David Sasek, Director, General Services Agency
Valerie Barraza, Deputy Director, Auditor-Controller’s Office