



## Legislation Details (With Text)

**File #:** 2022-1210  
**Type:** Consent Calendar Item      **Status:** Passed  
**File created:** 10/17/2022      **In control:** Auditor-Controller-Treasurer-Tax Collector  
**On agenda:** 5/9/2023      **Final action:** 5/9/2023  
**Title:** CAL-Card 2nd Follow-up Audit Report  
**Sponsors:** Auditor-Controller-Treasurer-Tax Collector, County Administrator, Public Infrastructure  
**Indexes:**  
**Attachments:** 1. Summary Report, 2. Attachment A- 2nd CAL-Card Follow-up Audit Report

Date	Ver.	Action By	Action	Result
5/9/2023	1	Board of Supervisors	Approved as recommended	Pass

**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** Auditor-Controller Treasurer-Tax Collector, County Administrator, Sonoma Public Infrastructure  
**Staff Name and Phone Number:** Damian Gonshorowski, Melissa Osso  
**Vote Requirement:** Informational Only  
**Supervisorial District(s):** Countywide

**Title:**  
CAL-Card 2<sup>nd</sup> Follow-up Audit Report

**Recommended Action:**  
Review and accept the CAL-Card Audit 2<sup>nd</sup> Follow-up Audit Report dated March 17, 2023.

**Executive Summary:**  
In accordance with the Board of Supervisors' CAL-Card review plan, adopted in 2013, the Internal Audit Division (IAD) of the Auditor-Controller-Treasurer-Tax Collector's Office (ACTTC) conducted an audit of the CAL-Card program in 2013. The initial audit report covered CAL-Card purchase transactions from July 1, 2010 - June 30, 2012.

The primary audit objectives were to determine if 1) CAL-Card policies, procedures, and controls were adequately designed and functioning effectively to prevent or detect fraudulent, improper and abusive transactions, and 2) purchases made on CAL-Cards followed the CAL-Card procedures and relevant purchasing guidelines. The original audit report included 13 audit recommendations.

The IAD has conducted two CAL-Card follow-up audits to determine the implementation status of the 13 audit recommendations included in the original audit. The 1st follow-up audit is dated August 30, 2016 and was accepted by your Board in December 2016. The 2nd follow-up audit is dated March 17, 2023 and is before your Board today.

To date, nine of 13 audit recommendations have been implemented, one recommendation has been partially implemented, two recommendations are in process, and one recommendation has not been implemented.

The General Services Department, now known as Sonoma Public Infrastructure as a result of the merger with Transportation and Public Works in 2022 (SPI), and ACTTC have made significant progress in addressing issues identified in the original audit.

**Discussion:**

In February of 2013, the Sonoma County Board of Supervisors adopted the CAL-Card review plan which required the County Administrator (CAO), ACTTC, and SPI to implement an action plan to ensure continued compliance with County policies and the effectiveness of the CAL-Card program. The IAD of the ACTTC office conducted the initial audit as part of this plan, which covered CAL-Card purchase transactions from July 1, 2010 - June 30, 2012.

The original CAL-Card audit report, dated December 2013, contained 13 recommendations which were accepted by the SPI and ACTTC management who planned to implement. The recommendations focused on internal controls over the CAL-Card program and related transactions.

In 2016, IAD conducted a follow-up audit to determine the implementation status of the 13 audit recommendations. The follow-up audit report dated August 30, 2016 identified that six of the original recommendations were implemented, two recommendations were in process and five recommendations were not implemented.

As part of the 2021/22 Audit Plan, IAD conducted the 2nd follow-up audit with the objective to determine the implementation status of the remaining recommendations. Since 2016, three more of the original recommendations were implemented, one recommendation was partially implemented, two recommendations are in the process of being implemented, and one recommendation has not been implemented.

Audit recommendation summary

To date, nine of 13 audit recommendations have been implemented. Recommendations #1, 2, 3, 4, 8 and 9 were discussed in the 2016 CAL-Card Follow-up report. Recommendations #6, 7 and 12 are discussed in the attached 2nd CAL-Card Follow-up report beginning on page 3.

Recommendation #5 has been partially implemented and is discussed in the attached 2nd CAL-Card Follow-up report beginning on page 3. The County has not implemented the recommendation to update the Travel and Meal Reimbursement Policy to better align the meal cost reimbursement rate for out-of-county travel (maximum of \$90/day) with Federal per diem rates or other comparable entities. The Travel and Meal Reimbursement Policy is included in the CAO Administrative Policy Manual.

Recommendations #10 and 11 are in the process of being implemented and are discussed in the attached 2nd CAL-Card Follow-up report beginning on page 4.

Recommendation #10 - Purchasing should identify items covered under Blanket Purchase Order (BPO) and Western State Contracting Alliance (WSCA) agreements and provide to user departments. BPO and WSCA eligible transactions charged to the CAL-Card program should be monitored and reported to department management.

Recommendation #11 - Purchasing should explore means for obtaining discounts for CAL-Card purchases covered under the County BPO and WSCA agreements. Arrangements could be made with respective vendors to allow users to identify appropriate agreements at the time of the purchases to receive discounts. An easy-to-use method for identifying items covered under these agreements should be provided to the users. An ongoing monitoring of BPO and WSCA eligible transactions will ensure continued effectiveness of the procedures listed above.

Recommendation #13 has not been implemented and is discussed in the attached 2nd CAL-Card Follow-up report on page 5.

Recommendation #13 - Purchasing should explore features such as automated accounts payable and general ledger interface that purchasing card vendors currently provide. Purchasing should establish standards of evaluating and selecting a provider who is able to combine compliance, discounts and strategic buying that balance efficiency with control to optimize operations.

In 2014, staff explored automating CAL-Card accounts payable transactions. An interface between the County's financial system and US Bank was briefly implemented for two months, but US Bank did not provide the required level of transaction detail and the decision was made to discontinue the CAL-Card interface. The County piggybacks on the State's cooperative purchasing card agreement with US Bank, which ends on December 31, 2025. Purchasing is planning to release an RFP in fiscal year 2023/24.

The following observations are noted in the attached 2nd CAL-Card Follow-up report:

SPI and ACTTC have made significant progress in addressing all but one of the recommendations identified in the audit, thus improving the effectiveness of the CAL-Card program and reducing the risk of non-compliance with the program policies.

IAD continues to recommend that SPI, ACTTC and the CAO implement remaining recommendations which have not been fully implemented. The attached follow-up report provides additional details on the implementation status of each recommendation and, where appropriate, an assessment of the impact of not implementing recommendations.

**Strategic Plan:**

N/A

**Prior Board Actions:**

05/20/2014 - Accepted the Original CAL-Card Program Countywide Audit Report

12/13/2016 - Reviewed and accepted CAL-Card Program Countywide Audit Follow-up Report.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 22-23 Adopted</b>	<b>FY23-24 Projected</b>	<b>FY 24-25 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			

<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

N/A

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment A- 2<sup>nd</sup> CAL-Card Follow-up Audit Report

**Related Items "On File" with the Clerk of the Board:**

N/A