

# **COUNTY OF PLACER**

OFFICE OF AUDITOR-CONTROLLER

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Thomas Miller, County Executive Officer County Executive Office, Placer County 175 Fulweiler Avenue Auburn. CA 95603

Re: Community Development Resources Agency Review - Six Month Follow up

The Internal Audit Division of the Auditor-Controller's Office performed a six month follow up to our prior review of the Community Development Resources Agency (Agency).

The objectives of our follow up procedures were to determine how recommendations from the previous review were implemented to strengthen internal controls. Our procedures included inquiries of department personnel and a brief review of department credit card transactions, employee reimbursement expenditures, training expenditures, travel expenditures, asset inventory, cell phone expenditures, blanket purchase orders, contracts, Fleet assigned vehicles, payroll, program requirements, cash receipts and accounts receivable.

We interviewed staff at the Agency and also took a sample of accounting transactions related to these areas from January through April 2010 for our testing. We noted significant improvement of the Agency's internal controls and procedures since our last review and have the following minor findings and recommendations.

## **Summary of Findings and Recommendations**

## **Credit card transactions**

The Agency had 29 credit card transactions during the period of our review. Due to the small population as well as the number of findings in this area during our previous review, we decided to test the entire population. The following are our findings and recommendations.

#### Lack of receipts

We noted three instances where purchases were not supported by a detailed receipt that totaled the credit card charge as required by the Administrative Rules, Chapter 2, Section III (1C) as well as the Credit Card Program Policies and Procedures Manual, Section 19.0.

We recommend cardholders and approving officials be aware of documentation required by the Administrative Rules and the Credit Card Program Policies and Procedures Manual to properly support all credit card purchases.

## Unauthorized use of cards

We noted one instance in which an employee made an online purchase using another individual's credit card. This is a violation of the Credit Card Program Policies and Procedures Manual 11.0 which states "The only person entitled to use the credit card is the person whose name is embossed on the face of the card."

We recommend all cardholders review, understand and comply with the Credit Card Program Policies and Procedures Manual, Section 11.0 and management should ensure appropriate personnel that have a valid business need for a credit card obtain their own card for purchases.

## Payroll expenditures

For payroll expenditures testing, we selected a sample of 12 payroll transactions from January through April 2010. The following is our finding and recommendation.

# Overtime/Compensatory Time Off (OT/CTO)

We noted 6 instances of OT/CTO without documentation as required by Chapter 3.01.240: "When overtime necessary to provide essential county service has been authorized by the department head, each employee working overtime shall submit to his or her department head a written statement within one working day, stating: 1. His or her name; 2. The date and hours overtime worked; and 3. The nature of the service performed during such overtime." All of the instances were in cases of Agency employees working outside the department (reassigned to DPW, Facilities, or as part of the Treasurer's mPower project.)

We recommend in the event that OT/CTO is earned, it "shall be held to a minimum consistent with operation, and shall only be used to cover emergencies or where working employees overtime is more economical than adding regular or extra help employees" per Chapter 3.04.200. Any OT/CTO earned needs to have proper approval and documentation as provided in Chapter 3.04.200.

We appreciate the courtesy and assistance of staff from the Agency throughout the course of our review.

Sincerely,

CC:

Katherine J. Martinis, CPA

Auditor-Controller

Michael Johnson, Community Development Resources Agency Director

Nicole Howard, Internal Audit Manager

Holly Heinzen, Assistant County Executive Officer

Placer County Audit Committee