February 4, 2013

To: Board of Supervisors
   Jeffrey V. Smith, County Executive
   Gary Graves, Chief Operating Officer
   Lori E. Pegg, Acting County Counsel
   Vinod K. Shama, Director, Finance Agency
   Irene Lui, Controller- Treasurer
   Jenti Vandertuig, Director of Procurement

Subject: Audit of Procurement Card (P-Card) Transactions of Lawrence Stone, Assessor for the period, January 2011 through September 2012

We have completed the audit of the Assessor’s Procurement Card (P-Card) transactions for the 21-month period of January 2011 through September 2012 as attached. We thank the Assessor Office’s staff for their cooperation.

Respectfully submitted,

Manju Beher, CPA
Supervising Internal Auditor

Karen Tan
Auditor-in-Charge

Board of Supervisors: Mike Wasserman, George Shirakawa, Dave Cortese, Ken Yeager, S. Joseph Simitian
County Executive: Jeffrey V. Smith
INTERNAL AUDIT REPORT

Audit of Procurement Card (P-Card) Transactions of Lawrence Stone, Assessor
For the Period, January 2011 through September 2012

February 4, 2013
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Executive Summary

We conducted the review of the County Assessor, Lawrence Stone’s Procurement Card (P-Card) transactions for the period, January 2011 through September 2012. During this 21-month period, the Assessor spent $11,440 on 124 transactions charged to the P-Card issued to him. As the following table shows, the cardholder used the P-Card primarily for attending legislative meetings and seminars hosted by professional organizations.

<table>
<thead>
<tr>
<th>No.</th>
<th>Transaction Type</th>
<th>Number of Transactions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Travel Expenses</td>
<td>53</td>
<td>$ 6,459</td>
</tr>
<tr>
<td>2</td>
<td>Non Travel (Local Meals)</td>
<td>2</td>
<td>56</td>
</tr>
<tr>
<td>3</td>
<td>Office Expenses</td>
<td>3</td>
<td>1,198</td>
</tr>
<tr>
<td>4</td>
<td>Reimbursed Items *</td>
<td>3</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>Seminars and Meetings</td>
<td>37</td>
<td>2,729</td>
</tr>
<tr>
<td>6</td>
<td>Miscellaneous</td>
<td>26</td>
<td>798</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>124</strong></td>
<td><strong>$ 11,440</strong></td>
</tr>
</tbody>
</table>

Prior to our audit, the Assessor’s Office conducted a self-review and identified three transactions totaling $200* that were erroneously charged to the P-Card; the Assessor reimbursed the County for these charges. Other than these transactions we did not find any irregularities in the P-Card usage. The Assessor has used the P-Card in conformity with the County’s P-Card and other related policies.

Project Objective, Scope and Methodology

The objective of this P-Card transaction audit is to evaluate the appropriateness of P-Card charges and review their compliance with the County’s P-Card and other applicable policies and regulations. We also reviewed the current policies governing transactions for elected officials and Board appointees and identified best practices and/or policy changes to avoid conflicting or confusing regulations.

The scope of our work includes: (a) review of pertinent laws, policies and procedures, regulations, and ordinance related specifically to the P-Card program, (b) examination of P-Card transaction logs, supporting documents (receipts, memos, agendas, travel authorizations, and travel expense
vouchers, etc.) and credit card statements, and (c) analysis of P-Card data for the period and review of additional documentation as needed.

The following County policies and ordinances were used as references for our analysis:

- County of Santa Clara P-Card Policy (Rev. July 1, 2011)
- County of Santa Clara P-Card Policy (Rev. December 18, 2012)
- County of Santa Clara P-Card Policy (Feb 15, 2008 Edition)
- County of Santa Clara Business Meal Policy (Non-Travel) (Effective Date Dec. 5, 2007)
- County of Santa Clara Ordinance Div. A31
- County of Santa Clara Travel Policy (Rev. June 8, 2010)
- County of Santa Clara Charter Section 710

**Background**

On October 30, 2012, the Board of Supervisors (Board) asked the Controller-Treasurer to conduct an audit of the P-Card transactions of all elected officials and Board appointees. The County has established P-Card policies and guidelines, but the oversight of the program has been decentralized with a limited post-audit function in place.

**Finding and Recommendation**

None