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. Sharma, Director, Finance Agency
   Irene Lui, Controller- Treasurer
   Jenti Vandertuig, Director of Procurement

Subject: Audit of Procurement Card (P-Card) Transactions of County Executive, Jeffrey V. Smith for the period, January 2011 through September 2012

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

Respectfully submitted,

[Signature]

Manju Behar, CPA
Supervising Internal Auditor

Auditor-in-Charge:
Brian P. Mark CIA, CGAP

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

Audit of Procurement Card (P-Card) Transactions of Jeffrey V. Smith, County Executive
For the Period of January 2011 through September 2012

February 4, 2013
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Executive Summary

We conducted the review of Procurement Card (P-Card) transactions for County Executive Jeffery V. Smith for the period, January 2011 through September 2012. During the 21-month period, the County Executive spent $8,086 on 61 transactions charged to one P-Card issued to him as summarized below:

<table>
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<th>Transaction Type</th>
<th>Number of Transactions</th>
<th>Transaction Amount</th>
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<tr>
<td>Non Travel (Local Meals)</td>
<td>13</td>
<td>$764</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>33</td>
<td>4,995</td>
</tr>
<tr>
<td>Travel Expenses (Number of trips - 3)</td>
<td>15</td>
<td>2,327</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>61</strong></td>
<td><strong>$8,086</strong></td>
</tr>
</tbody>
</table>

We did not find any irregularities in the County Executive’s use of his P-Card. Based on our review, we believe the cardholder used his P-Card in conformity with the County’s P-Card and other related policies. Prior to the audit, the County Executive voluntarily repaid the County $1,290 for 16 charges made on his P-Card. These repayments were not requested by the County and the audit did not determine the 16 P-Card charges to be in violation of County policies. The $1,290 is included in the total $8,086 amount reported above.

Project Objective, Scope and Methodology

The objective of this audit of P-Card transactions 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