December 26, 2012

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

Subject: Audit of Procurement Card (P-Card) Transactions of District 4 (Supervisor Ken Yeager) for the period, January 2011 through September 2012

We have completed the audit of Procurement Card (P-Card) transactions of District 4 (Supervisor Ken Yeager) for the 21-month period of January 2011 through September 2012 as attached. We thank the District staff for their cooperation.

Respectfully submitted,

[Signature]

Manju Beher, CPA  
Internal Audit Division
INTERNAL AUDIT REPORT

Audit of Procurement Card (P-Card) Transactions
District 4 (Supervisor Ken Yeager)
For the Period, January 2011 through September 2012

December 26, 2012
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Executive Summary

We conducted the review of Procurement Card (P-Card) Transactions of Supervisor Ken Yeager, Office of the Board of Supervisors District 4 (District 4) for the period, January 2011 through September 2012. During this 21 month period, the District spent $10,171 on 84 transactions charged to two P-Cards issued to the District. As the following table shows, this District used its P-cards primarily for travel related and office expenses:

<table>
<thead>
<tr>
<th>No.</th>
<th>Transaction Type</th>
<th>Supervisor's P-Card</th>
<th>Staff's P-Card</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number of Transactions</td>
<td>Amount</td>
<td>Number of Transactions</td>
</tr>
<tr>
<td>1</td>
<td>Travel Expenses</td>
<td>12</td>
<td>$3,438</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Community Events</td>
<td>6</td>
<td>$343</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Office Expenses</td>
<td>1</td>
<td>$55</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>Subscription/Membership</td>
<td>9</td>
<td>$735</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Miscellaneous</td>
<td>7</td>
<td>$452</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>35</td>
<td>$5,023</td>
<td>49</td>
</tr>
</tbody>
</table>

We did not find any major reportable irregularities in the District’s use of the P-Card. Based on our review, we believe the District’s use of the P-Card was in accordance with the P-Card and other applicable County policies.

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 trip 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 ordinance 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.

Findings and Recommendations

Our review did not reveal any major findings or irregularities. We noted one instance of the P-Card being used to purchase an airline ticket in the amount of $559, which was a restricted purchase under the July 2011 P-Card policy. However, the December 18, 2012 revision to the County’s P-Card policy has removed airline ticket purchases from the list of “Restricted Purchases.”
MEMORANDUM

DATE: DECEMBER 21, 2012

TO: Vinod Sharma, Finance Agency Director

FROM: Ken Yeager
Supervisor, District Four

SUBJECT: Audit of Procurement Card (P-Card) Transactions of District 4 (Supervisor Ken Yeager) for the Period January 2011 through September 2012

District Four agrees with the Findings and Recommendations of the Internal Audit of Procurement Card (P-Card) Transactions of District 4 (Supervisor Ken Yeager) for the Period January 2011 through September 2012.