



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 12/13/11
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor-Controller, 568-2100
Director(s)
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

SUBJECT: Mosquito and Vector Management District Credit Card Audit

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors: Receive and file the Auditor-Controller's Audit Report (the Audit Report) on the Mosquito and Vector Management District's (the District) credit card use.

Summary Text:

The Audit Report is submitted pursuant to California Government Code 26883 which requires that the Auditor-Controller's audit reports be filed with the Board of Supervisors. Board Resolution No. 21387 also requires that we file a copy of any audit report with the District Attorney's Office.

During our audit, we noted deficiencies in the District's travel and expense reimbursement policy and questionable expenditures made by the District. On October 14, 2011, the District formally adopted a new credit card usage and reporting policy to address the deficiencies identified in the audit. The employee also agreed to reimburse the District for questionable expenditures amounting to \$1,917.

Background:

In July of 2011, the Auditor's Office was notified that the District's credit card use was potentially excessive and non-business related. As a result, we met with the District's Board of Trustees (the Trustees) and conducted an audit of the District's credit card transactions. Concurrently, the District contracted with an outside public accounting firm to perform an audit of credit card transactions made during fiscal year ended June 30, 2011.

During our audit, we examined 55 credit card transactions amounting to \$4,356 to determine whether adequate supporting documentation, including business purpose, existed and whether the item purchased was allowable under the District's existing travel and expense reimbursement policy. Approximately 54% of the credit card transactions we selected did not have itemized receipts and we could not readily determine whether the item purchased was allowable. We contacted three businesses to obtain itemized receipts; on these receipts, we noted the purchase of alcoholic beverages and children's meals. Alcoholic beverages and personal items are expressly prohibited by the District's travel and expense reimbursement policy.

We also identified weaknesses in the District's policy including a lack of Trustee approval for expenditures incurred by the General Manager, specific documentation not required for credit card purchases, and permissibility of reimbursement for local travel. On October 14, 2011, the District formally adopted a new credit card usage and reporting policy to address the deficiencies identified in the audit. The policy changes included expressly requiring itemized receipts, completing credit card expenditure reconciliation forms for purchases, mileage logs for vehicles, review of certain credit card purchases by the Trustees, limitations on gratuity percentages, and requiring prior authorization for business meals within District boundaries.

Performance Measure: N/A

Fiscal and Facilities Impacts: N/A

Budgeted: N/A

Fiscal Analysis: N/A

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

None

Attachments:

Mosquito and Vector Management District Audit Report

Authored by: Heather Fletcher, Audit Manager

cc: Chandra Wallar, County Executive Officer
Joyce Dudley, District Attorney