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Title: Chief Administrative Office and Auditor-Controller recommending the Board rescind and replace Board Policy D-2 "County Credit Cards."

FUNDING: N/A

Sponsors:

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Attachments: 1. A Credit Card Policy 2003, 2. B Revised Credit Card Policy

Date	Ver.	Action By	Action	Result
3/23/2021	1	Board of Supervisors	Approved	Pass

Chief Administrative Office and Auditor-Controller recommending the Board rescind and replace Board Policy D-2 "County Credit Cards."

FUNDING: N/A

DISCUSSION / BACKGROUND

The 2019-20 Grand Jury published reports on various subjects. Grand Jury case 19-03 ("County Credit Cards") was published May 8, 2020. One of the findings noted was that the Board of Supervisors Policy D-2 ("County Credit Cards") was last revised in 2003 and was outdated. In response to the recommendation to revise the policy to better reflect current practices, including improvement in efficiency and accuracy, the Chief Administrative Office worked with the Auditor-Controller to produce recommended changes to the policy.

The Grand Jury expressed concern "about potential abuse and endeavored to learn more about the County use of Credit Cards, their effectiveness and adherence to the Policy." The report explored whether an update of the policy was necessary. Auditor-Controller issued a response June 30, 2020; the Board of Supervisors issued a response July 21, 2020. Specific Findings, Recommendations and Responses included the following:

FINDINGS

F1. "County Credit Card Policy D-2 was last revised in 2003 and is outdated." Auditor-Controller and the Board agreed.

F4. "Delays in processing pcard transactions cause additional work and expense for the County." Auditor-Controller partially disagreed, saying, "The finding is probably accurate, but there is no hard data to support the finding. The processing delays do cause inaccuracies in certain

accounting reports due to delayed transaction posting in the County's general ledger." The Board agreed with the finding.

F7. "The Auditor/Controller's Office spends an inordinate amount of time resolving minor discrepancies between transaction detail and the bank charge." Auditor-Controller partially disagreed: "There is no hard data or evidence to support the finding. Further, County Departments should submit to the Auditor-Controller transactions that are balanced with clear and sufficient backup to substantiate what was purchased." The Board was not asked to respond to this finding.

RECOMMENDATIONS

R1. "The CAO's office, with the cooperation of the Auditor/Controller's office, should revise the County Credit Card policy to better reflect current practices." Auditor-Controller responded: "The recommendation should be implemented. The credit card policy is outdated. The Auditor-Controller does not have the authority to implement the recommendation. The Auditor-Controller intends to assist with the implementation of the recommendation." The Board responded: "Recommendation has not been implemented but will be implemented within six months. The six-month timeline for implementation was chosen to ensure the revised policy is efficient and with input from all stakeholders. At the minimum, the policy will be updated to reflect current financial reporting and fleet protocols."

R2. "The Board of Supervisors should stress to County department heads that pcard transactions must be processed in a timely fashion." The Board response: "The recommendation will not be implemented because it is not warranted. The Board agrees with the need for P-Card transactions to be processed in a timely fashion. However it is the role of Chief Administrative Officer to 'coordinate the work of all officers and departments,' as outlined in the El Dorado County Charter Article III, section 304(a). The Chief Administrative Office will send written direction to all County department heads that P-Card transactions must be processed in a timely fashion, and will continue to work with the Auditor's office and individual department heads for those departments who are not processing P-Card transactions in a timely manner. It should be noted that on June 30, 2020 with Legistar item 20-0861, the Board of Supervisors approved Policy B-18 which delegates authority to the Chief Administrative Officer and the Auditor-Controller to resolve payments that are approved by a Department Head but do not comply with the procedural requirements of the relevant policies, contracts, or Memoranda of Understanding. It is anticipated that this new policy will increase the processing of P-Card transactions in a timely fashion."

R3. "The Auditor/Controller should review and determine a transaction discrepancy amount that can be authorized by managers that will reduce excessive staff time." Auditor-Controller response: "The recommendation requires further analysis and study. The A-C will review this recommendation with County Counsel. The BOS did adopt Policy B-18 on June 30, 2020, which may improve this situation."

The changes suggested by the Grand Jury, and updates generated by the Auditor-Controller and CAO, resulted in a rewrite of the old policy, which originated in 1990 and was last revised in 2003. Some of the recommended changes are noted below:

- 1) Updates wording in accordance to revised processes currently in place.
- 2) Makes reference to other related policies that direct authorized expenditures (D-1 Travel, D-5 Food Purchases, C-17 Procurement).
- 3) Directs authority for approval of new credit cards and approval of all authorized expenditures to the Department Head.
- 4) Clarifies the contact information and process related to handling lost or stolen credit cards.
- 5) Adds the ability (not required) of the Auditor-Controller to report to the Board of Supervisors transactions that are not submitted to the Auditor-Controller Office within timelines noted in the policy.
- 6) Adds the ability (not required) of departments to report to the Board of Supervisors unauthorized charges that are not reimbursed to the County within timelines noted in the policy due to misuse or from failure to dispute unauthorized charges within required timelines.
- 7) Assigns the Auditor-Controller Office as the department responsible for this policy.
- 8) Restricts the use of credit cards for payment of out-of-state vendors.

Generally, recommendations for policy updates include a red-line version showing every change and making it easy to compare original and revised versions. In this instance, however, the new policy constitutes a major rewrite, so a red-line version is not feasible. Attached are the current policy, as revised in 2003, and the recommended new policy.

ALTERNATIVES

N/A

PRIOR BOARD ACTION

07/21/2020 Legistar Item 20-0959 - Response to the 2019-2020 Grand Jury Reports 19-03, County Credit Cards

07/14/2020 Legistar Item 20-0899 - Review of Draft Response to Grand Jury Reports 19-03 and 19-04

OTHER DEPARTMENT / AGENCY INVOLVEMENT

The draft policy modifications were presented to Department Heads and their suggested changes were reviewed and addressed by the Auditor-Controller.

CAO RECOMMENDATION / COMMENTS

Chief Administrative Office recommends adoption of the revised Policy D-2.

FINANCIAL IMPACT

There is no direct financial impact related to the new policy.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Rescind and replace Board Policy D-2.

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

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