

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

Independent Accountant's Report  
on Applying Agreed Upon Procedures  
Related to the Effectiveness of  
the Procurement Card Policy

For the Period from October 1, 2017  
through March 31, 2018



Certified  
Public  
Accountants



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Procurement Card Policy**

Ms. Patty Kong, City Auditor  
City of Mountain View  
Mountain View, California

We have performed the procedures enumerated below, which were agreed to by the City of Mountain View, California (City), on the City's Procurement Card Policy for the period from October 1, 2017 through March 31, 2018. Management of the City is responsible for the effectiveness of the City's Procurement Card Policy. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**PROCEDURES AND FINDINGS**

The agreed-upon procedures performed and the related findings are as follows:

**General**

1. We obtained the City's Procurement Card Policy.

**Finding:** No exceptions were noted as a result of our procedures. The City's Procurement Card Policy was last revised on March 1, 2018.

2. We obtained a listing of active procurement cards as of March 31, 2018.

**Finding:** No exceptions were noted as a result of our procedures. There were 232 active procurement cards as of March 31, 2018.

3. We obtained a listing of procurement cards issued for the period from October 1, 2017 to March 31, 2018.

**Finding:** No exceptions were noted as a result of our procedures. There were 18 procurement cards issued for the period from October 1, 2017 to March 31, 2018.

**Initial Card Request**

We haphazardly selected a sample of 6 procurement cards (1 card per month) issued for the period from October 1, 2017 to March 31, 2018, and performed the following procedures for each sample:

1. We verified that the department head submitted to the Purchasing Agent a completed Procurement Card Request Form with the information specified in the Procurement Card Policy.

**Finding:** For all 6 samples tested, department heads had not submitted Procurement Card Request Forms as the form was not implemented until March 1, 2018. In lieu, information was provided to the Purchasing staff through email correspondence. We verified that the department heads have submitted all information specified in the Procurement Card Policy.

2. We verified that the Purchasing Agent or his/her designee reviewed, notified departments of any modifications to request, or denied the request of the procurement card.

**Finding:** No exceptions were noted as a result of our procedures.

3. We verified that the employee had been trained by Purchasing staff regarding the Procurement Card Policy and process prior to the issuance of the procurement card.

**Finding:** No exceptions were noted as a result of our procedures.

4. We verified that the cardholder and the Approving Official have signed the Cardholder Agreement.

**Finding:** No exceptions were noted as a result of our procedures.

### **Training**

In accordance with the City's Procurement Card Policy, all cardholders and Approving Officials are required to participate in a refresher training, at a minimum, every two years provided by Purchasing staff. We haphazardly selected a sample of 6 active procurement cards as of March 31, 2018 and performed the following for each sample:

1. We verified that the cardholder attended the training within the 2-year period ended March 31, 2018.

**Finding:** For the 6 samples tested, 3 cardholders did not attend the training within the 2-year period ended March 31, 2018.

**City Response:** Bank of America changed the card expiration period to three years. The cardholders are being trained when a new card is issued every three years. The City is updating the policy for training requirement to coincide with the three-year expiration period.

**Finding Follow Up:** For the 6 samples tested, all cardholders have attended the training within 3-year period ending March 31, 2018.

2. We verified that the Approving Official attended the training within the 2-year period ended March 31, 2018.

**Finding:** For the 6 samples tested, 3 Approving Officials have not attended the training within the 2-year period ended March 31, 2018.

**City Response:** Bank of America changed the card expiration period to three years. The approvers are being trained when a new card is issued every three years. The City is updating the policy for training requirement to coincide with the three year expiration period.

**Finding Follow Up:** For the 6 samples tested, 1 Approving Official did not attend the training within a 3-year period ended March 31, 2018.

**Monthly Statement of Account Reconciliation**

We haphazardly selected a sample of 48 procurement cards (8 cards per month) with purchase activities within the monthly statement period and performed the following for each sample:

1. We verified that the Statement of Account reconciliation is prepared by the cardholder.

**Finding:** No exceptions were noted as a result of our procedures.

2. We verified that the mathematical accuracy of the Statement of Account reconciliation.

**Finding:** No exceptions were noted as a result of our procedures.

3. We verified that the Statement of Account reconciliation is reviewed and approved by the Approving Official in a timely manner in accordance with the City’s Procurement Card Policy.

**Finding:** In accordance with the City’s procurement Card Policy, Approving Officials should complete their review and approval by the 20<sup>th</sup> of each month. For the 48 samples tested, the Approving Officials reviewed and approved the reconciliations after the 20<sup>th</sup> of the month for 7 samples, ranging from 1 to 8 days late.

**City Response:** The City is placing additional procedures in place to enforce the 20<sup>th</sup> day deadline. Accounting staff are providing a list of the cardholders that did not complete their reconciliation before the due date to the Purchasing Division. Purchasing staff will follow up with the cardholders and their Approving Officials. Additional training is being provided to users.

4. We verified that the total monthly purchase amount is within the cardholder’s Monthly Transaction Limit.

**Finding:** No exceptions were noted as a result of our procedures.

**Detailed Transactions Testing**

For the 48 procurement cards with purchase activities selected for monthly Statement of Account reconciliation testing, we performed the following for all individual transaction for each sample:

1. We verified that the individual transaction is not for inappropriate items stated in the Procurement Card Policy.

**Finding:** No exceptions were noted as a result of our procedures.

2. We verified that the individual transaction is supported by documentation stated in the Procurement Card Policy.

**Finding:** No exceptions were noted as a result of our procedures.

3. We verified that the individual transaction amount is within the cardholder’s Single Transaction Limit.

**Finding:** No exceptions were noted as a result of our procedures.

4. We verified that the individual transaction is properly coded and recorded in the City’s general ledger.

**Finding:** No exceptions were noted as a result of our procedures.

**Violation to Procurement Card Policy**

1. We inquired whether the City has identified any inappropriate procurement card transactions or usage for the period from October 1, 2017 to March 31, 2018. If inappropriate transactions or usage of procurement cards are identified, we verified that the City has followed the procedures and corrective actions in accordance with the Procurement Card Policy.

**Finding:** Per discussion with the Purchasing and Support Services Manager, the City has not identified any inappropriate procurement card transactions or usage for the period from October 1, 2017 to March 31, 2018. Procurement card users who used the card in error are required to provide a memo to explain the situation and reimburse the City.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the effectiveness of the City's Procurement Card Policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties. This report is a matter of public record and this does not limit the distribution of this report.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
November 14, 2018