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July 30, 2024

Honorable Mark A. Talamantes
Presiding Judge
Marin County Superior Court
3501 Civic Center Drive
San Rafael, CA 94903

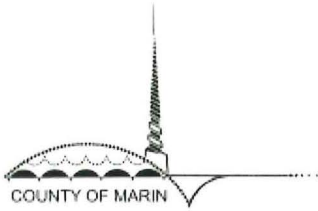
Dear Judge Talamantes,

The Marin County Board of Supervisors' response to the FY 2023-2024 Civil Grand Jury Report "*An Analysis of the Use and Oversight of County Purchase Cards*" (May 23, 2024) is attached. The attached document responds to all the requests made for responses from the Board of Supervisors.

Respectfully submitted,

Dennis Rodoni
President, Board of Supervisors

CC: Marin County Civil Grand Jury



RESPONSE TO GRAND JURY REPORT FINDINGS AND RECOMMENDATIONS

REPORT TITLE: *“An Analysis of the Use and Oversight of County Purchase Cards”*
REPORT DATE: **May 23, 2024**
RESPONSE BY: **County of Marin Board of Supervisors**

GRAND JURY FINDINGS

- We agree with the finding numbered: **F9**
- We disagree wholly or partially with the finding(s) numbered: **F1- F8, F10**

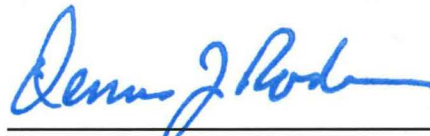
GRAND JURY RECOMMENDATIONS

- Recommendation numbered **R7** has been implemented.
- Recommendation numbered **R4** has not yet been implemented and will be implemented in the future.
- Recommendations numbered **R1 - R3** require further analysis.
- Recommendations numbered **R5 - R6** will not be implemented because they are not warranted or reasonable.

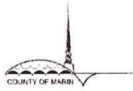
Date:

7/30/2024

Signed:



President, Board of Supervisors



County of Marin Response to Grand Jury Report Findings and Recommendations
"An Analysis of the Use and Oversight of County Purchase Cards"
(May 23, 2024)

RESPONSE TO GRAND JURY FINDINGS

F1. The administration and oversight of the CAL-Card Program in the County of Marin is decentralized and jointly administered by two departments which results in an inconsistent and variable application of oversight and controls. This has led to a lack of clarity and accountability.

Response: Partially disagree

CAL-Cards are a method of payment used to purchase low-dollar-value expenditures that otherwise do not warrant issuing purchase orders or contracts. By County policy, these purchases are less than \$5,000. Purchases over \$5,000 are made using a requisition and Purchase Order.

We cannot agree that current administration of CAL-Card use leads to oversight and controls that are "inconsistent and variable". The County has both a [Procurement Manual](#) (updated in 2023) and a CAL-Card Policy Manual (updated in 2021), which all CAL-Card holders are required to review and understand before they are issued a card. County Policy, authorized by the Board of Supervisors, gives the responsibility of Cal-Card oversight explicitly to the Director of Public Works as the County Purchasing Agent, while the County Executive is identified as the Deputy Purchasing Agent.

However, given that the Department of Finance (DOF) monitors and audits all other payment methods, oversight of the program by that department could potentially present some level of efficiency. We will evaluate this potential organizational change relative to the current checks and balances or shared approach toward Cal-CARD administration.

F2. The integrity of the CAL-Card Program would be more adequately safeguarded if the Department of Finance is given complete authority and responsibility to administer all aspects of the CAL-Card Program.

Response: Partially disagree

We cannot agree conclusively with this finding as an organizational change of this magnitude should be analyzed with a cost-benefit and organizational review that considers staffing, administration, and technological capacity, among other factors.

Consistent with the response to F1, staff will evaluate the effectiveness of a single point of oversight in the Department of Finance, after which we will be better positioned to conclusively agree or disagree with this finding.

F3. The Department of Finance does not currently have adequate resources to administer all aspects of the CAL-Card Program.

Response: Partially disagree

We cannot agree or disagree with this finding absent an organizational assessment which would ascertain whether adequate resources are needed or could be shifted.



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F4. Although the CAL-Card Policy Manual requires that no one person should perform more than one part of any purchasing transaction, there are violations of this policy.

Response: Partially disagree

We cannot agree or disagree with this finding, as we have not reviewed any documentation that led the Grand Jury to this conclusion. We have not identified any violations of CAL-Card policy at this time.

F5. The County of Marin’s initial and continuing training program for CAL-Card users and their supervisors is inadequate.

Response: Partially Disagree

We disagree that the initial training for CAL-Card users is inadequate. CAL-Card users receive a CAL-Card Policy Manual that clearly defines the requirements regarding use of the CAL-Card, and staff have access to both the CAL-Card Policy Manual and the Procurement Manual from multiple sources. Staff are directed to the State [Department of General Services Procurement Division](#) for further training, including informational videos.

There is no continuing or annual training requirement at this time. However we will review the potential for such with the Departments of Human Resources, Public Works, and Finance.

F6. There is no structured process by which the County of Marin is guaranteed preferential government pricing when CAL-Cards are used.

Response: Disagree

The CAL-Card is a method of payment. The Department of Finance issues an [Employee Travel Guidance](#) document and the Department of Public Works issues a Procurement Manual and a CAL Card Manual, all of which provide a structured process for CAL-Card use, including pricing. Employees are required to adhere to these documents for all purchases and payment methods.

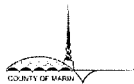
As stated in the Procurement Manual, “CAL-Cards are used to purchase low dollar value expenditures that otherwise do not warrant issuing purchase orders or contracts. The list of permitted purchases and prohibited purchases is further described under Policy Section 24. Cal-Card purchases must be properly coded using National Institute for Governmental Purchasing (NIGP) codes in the financial system.”

Because CAL-Cards are explicitly for low dollar purchases in specific categories where competitive pricing between vendors is negligible, the issue of preferential pricing is not applicable.

F7. There is a lack of rigor in the County of Marin for retrieving and closing cards when there is a change in the job status of the cardholder.

Response: Disagree

While any policies and practices should be viewed through the lens of continuous improvement, we do not agree there is a lack of rigor in current procedures for employee status change. All



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County departments maintain a log of technology, security, or other County property assigned to staff during the course of employment. These items are then recovered from individuals when they separate from County employment. This includes phones, laptops, ID/Access cards, tools/equipment, and CAL-Cards. Additionally, a CAL-Card can easily be cancelled with US Bank if it is not recovered upon termination.

F8. There currently is no formal procedure to document and retain records concerning the training of CAL-Card Approving Officials or card users.

Response: Disagree

While there is currently no annual training requirement for CAL-Card holders and Approving Officials, records of every County employee’s onboarding and training are retained by the County. Specific to CAL-Cards, copies of each employees’ CAL-Card Application or Change Request are kept by the Agency Program Administrator in the Procurement Division. This application includes certification that the employee has completed the required training for card issuance. This document is verified and signed both by the Program Administrator and the Department Head of the employee.

F9. The County of Marin does not require that employees annually attest to having reviewed the rules of CAL-Card use and that they understand that violations of the policy can lead to disciplinary action.

Response: Disagree

Employees are required to attest to having reviewed the rules of CAL-Card use, and that they understand that violations of the policy can lead to disciplinary action in the initial application and training for CAL-Card access. At this time annual re-attestation is not required, though the County will review options toward this end.

F10. The County of Marin does not exercise consistent oversight to assure that purchases are being made consistent with the CAL-Card Policy Manual and with existing contracts for competitively bid goods and services.

Response: Disagree

Per the County’s internal CAL-Card Policy, “*All Cardholder, Approving Officials, and Invoice Processors are required to attend initial training and periodic training as determined by the Purchasing Agent in order to maintain their CAL-Card status*”, and “*Each Department Head is responsible for maintaining a system of internal control for CAL-Card to: a) properly account for all CAL-Card Transactions; b) minimize potential for CAL-Card related errors or irregularities; and c) Obtain accurate CAL-Card balances for consolidating financial information and monitoring expenditures*”. We have no evidence that this oversight is not exercised consistently.



County of Marin Response to Grand Jury Report Findings and Recommendations
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(May 23, 2024)

RESPONSE TO GRAND JURY RECOMMENDATIONS

The Marin County Civil Grand Jury recommends the following:

R1. By December 31, 2024, the Board of Supervisors should direct the office of the County Executive Officer to transfer the responsibility for the operation, oversight, and training of the CAL-Card system in the County of Marin to the Department of Finance

This recommendation requires further analysis.

This analysis could be covered as part of the effort to operationalize the recent shift from a County Administrator to a County Executive model. Staff will evaluate the potential benefits and costs of a single point of oversight as opposed to the current shared oversight model, which includes a checks-and-balances approach toward management and oversight.

CAL-Cards are a method of payment primarily used to purchase goods. Because the Department of Finance currently oversees other payment methods, there may be benefit or efficiency in DOF administration of CAL-Cards. However, a more substantive evaluation of the current program is required – including within the Department of Finance, Public Works, Human Resources, and the County Executive’s Office.

R2. By December 31, 2024, the Board of Supervisors should direct the office of the Chief Executive Officer (sic) to provide the Department of Finance with the appropriate staffing levels and resources to fulfill the administrative responsibilities of Marin County’s CAL-Card system.

This recommendation requires further analysis.

As discussed in the response to F3, an organizational assessment should be conducted before assigning oversight of CAL-Card to the Department of Finance. We will evaluate this potential organizational change relative to the organizational capacity of the DOF and a shared/checks-and-balances approach.

R3. Begin using the automated Human Resources system to document all initial and annual training, and attestation for the use of CAL-Cards.

This recommendation requires further analysis.

Use of existing Human Resources systems to document or administer training related to CAL-Cards will need to be analyzed for feasibility. It is possible that the current employee training platform may be used to administer initial or annual CAL-Card training. Questions regarding how an employee would be flagged for initial training upon being approved for a Cal-CARD; how the training platform could automatically connect to the financial system record of cardholding employees; and how any subsequent training would be triggered in the employee training platform, will need to be addressed before committing to this recommendation.

R4. Set a timeline for the review and update of the CAL-Card Policy Manual.

This recommendation has not been implemented and will be implemented in the future.



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The CAL-Card Policy Manual is currently being revised and that revision should be completed by December 2024. The last revision was December of 2023.

R5. Create a method to ensure that a preferential governmental price is obtained when CAL-Cards are used for travel.

This recommendation will not be implemented because it is not warranted or reasonable.

Employees are required to abide by the [Travel Guidance](#) document, the Purchasing Manual, and CAL-Card Manual. The CAL-Card is a method of payment, and like any method of payment is subject to the guidance of these documents. Pricing limits on travel expenses such as meals and incidentals, and guidance on purchases for travel, lodging, and other business expenses serve as an effective cost-saving measure.

R6. Set up an audit system to monitor travel expenses and adherence to the County travel policy.

This recommendation has not been implemented and will be in the future.

As stated in the response to R5, employees are required to abide by the Travel Guidance document, which provides specific parameters for travel expenses. This document also explicitly outlines the oversight designated to the Department Head or other delegated Approving Official. Additionally, the Procurement Manual and the CAL-Card Policy Manual explicitly provide Approving Officials and the Program Administrator with responsibility to ensure compliance with all policies and procedures regarding CAL-Card use. However, the Department of Finance will develop an audit system to periodically test a random sample of travel submissions for compliance as part of its regular audit processes.

R7. Implement the “Notice of Non-Compliance”, currently being developed, to document, track, and remedy violations in CAL-Card processes.

This recommendation has been implemented.

This recommendation has been implemented for all procurement violations, whether a purchase was made using a CAL-Card or another payment method, at any dollar amount. It is titled a “Notice of Non-Compliance”. The Procurement Division is currently developing a second Notice type that is specific to CAL-Card policy violations.

R8. In conjunction with the Department of Human Resources, set up an automatic notice to the appropriate person in the Department of Finance whenever a cardholder’s job status changes.

This recommendation requires further analysis.

This recommendation would require an automation between separate systems of record. A study on software-based or workflow-based solutions would need to be conducted before committing to this recommendation.