



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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November 22, 2013

Mr. Ken Grehm, Director
Placer County Public Works Department
3091 County Center Drive, Suite 220
Auburn, CA 95603

Re: Countywide Taxable Meal Reimbursements Review – FY 12/13

Dear Mr. Grehm:

The Internal Audit Division of the Auditor-Controller's Office performed a Countywide review of taxable meal reimbursements. As part of that review, we examined the taxable meal reimbursements processed by the Public Works Department (Department) during fiscal year 2012-2013. The objectives of our review were to determine whether (a) proper department internal controls regarding taxable meal reimbursements have been designed to safeguard County assets and detect fraud and/or abuse and prevent it from occurring, and that internal controls have been placed into operation and are operating as designed; and (b) taxable meal reimbursement procedures continue to be followed in accordance with the Placer Administration Manual and specific Memorandums of Understanding.

Based on our review which consisted of inquiries of accounting staff regarding current processes and procedures employed by the Department, and physical inspection of supporting taxable meal reimbursement documentation, except as noted below, it appears the internal controls are operating as designed within the Department.

Our findings and recommendations are as follows:

Incorrect Per Diem Rate

During our review, we noted one instance where an employee was reimbursed for a meal incurred during travel to conduct County business using the incorrect per diem rate. The per diem rates for meal reimbursements are determined by the Federal Domestic Per Diem Rate and administered based on the primary location the employee must travel to conduct County business. In this instance, the employee was reimbursed at a rate using the incorrect location and should have been reimbursed at a lower per diem rate.

We recommend a Prior Pay Period Time & Labor Adjustment form be prepared to correct the amount of the employee's taxable meal allowance and the form be submitted to the Auditor-Controller's Office – Payroll Division for processing.

Department's Response:

This item, identified by the auditor during the course of their review, was corrected by the department with the submittal of a Prior Pay Period Time & Labor Adjustment on August 6, 2013.

Expense Claim Form not Completed Properly

During our review, we noted two instances where employees were reimbursed for taxable meals incurred during travel to conduct County business by submitting claim forms that were incorrectly completed. In both instances, employees did not fill in the fields indicating where they were traveling to and from correctly. Additionally, the claim forms were not supported by a map of the trip mileage as required by the form's instructions.

We recommend employees and authorized approvers be aware of the documentation requirements stated on the Expense Claim Form. In addition, authorized approvers should perform a detailed review of the supporting documents for completeness and accuracy and when exceptions to the instructions are noted, they should not approve.

Department's Response:

We have notified the Fleet employees and their Fleet Supervisor of properly filling out the Expense Claim Form to include a "To" and "From" location, to double check the dates the charges actually happened and for Supervisors to verify the form is properly filled out prior to submitting the form for DPW Accounting to process for payment.

The Department's responses to our recommendations identified in our review are included above. We did not audit these responses and, accordingly, we do not express an opinion on them.

We appreciate the courtesy and cooperation of the Public Works Department's staff throughout the course of this review.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Cynthia Taylor, Senior Administrative Services Officer, Public Works Department
Placer County Audit Committee