



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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December 11, 2013

Michael Johnson, Director
Placer County Community Development Resource Agency
3091 County Center Drive
Auburn, CA 95603

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

Dear Mr. Johnson:

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 Community Development Resource Agency (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 two instances where an employee was reimbursed for taxable meals using an incorrect per diem rate. The Department reimbursed the employee using the per diem rate for the geographical location of where the employee obtained their meal and not the geographical location of where the employee "traveled to" for official County business. This resulted in the employee being reimbursed at a higher per diem rate than was allowed.

Section 3.2 of the Placer County Meals, Lodging, Travel and Transportation Policy states "the meal allowance amount will be that amount set by and contained in the Federal Domestic Per Diem Rate for breakfast, lunch and/or dinner, in effect on the date the meal allowance is incurred for the geographical location that the meal allowance is incurred in." The U.S. General Services Administration's *Frequently*

Asked Questions for Per Diem explained that the per diem rate for (city/county, state) should be found by looking up the applicable per diem rate for the county where you will be working.

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

Department's Response:

CDRA interpreted the County Policy to mean that the Per Diem Rate was based upon the geographical location where the meal expense was incurred, not where the employee's meeting is located. We have submitted a prior pay period adjustment form to correct this error of \$36.00 and will confirm that all future per diem rates will be based upon the location the employee will be working.

Expense Claim Form Not Completed Properly

During our review, we noted one instance where an employee received a taxable meal reimbursement by submitting an Expense Claim Form without signing and dating the Employee's Certification statement on the form.

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:

CDRA agrees with this finding and recommendation. CDRA staff will perform a more detailed review of the documents to ensure completeness and accuracy in the future.

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

We appreciate the courtesy and cooperation of Community Development Resource Agency's staff throughout the course of this review.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

Cc: Donna Kirkpatrick, Senior Administrative Services Officer, Community Development Resource Agency
Placer County Audit Committee