



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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February 24, 2021

Mr. Todd Leopold, County Executive Officer  
Placer County Executive Office  
175 Fulweiler Avenue  
Auburn, CA 95603

Re: Countywide Procurement Card Program Audit

Dear Mr. Leopold:

The Internal Audit Division of the Auditor-Controller's Office routinely reviews and/or audits the Procurement Card purchases. After completing the monitoring review for the period of January 1 to June 30, 2019, the Internal Audit Division initiated a compliance audit for the period of July 1, 2019 to March 13, 2020. The objective of the audit was to review Procurement Card usage for compliance with County policies and evaluate the administration of the Procurement Card Program for adequate internal controls.

We reviewed a sample of the County Executive Office's (CEO Department) Procurement Card purchases and related documentation files to ensure the CEO Department's compliance with current policies and procedures, and to determine if adequate internal controls are in place and operating as designed. Specifically, we reviewed purchases from the two divisions within the CEO Department: (1) Board of Supervisors (BOS), and (2) County Executive Office (CEO). Based on our monitoring review and compliance audit, we determined there were several instances of non-compliance with County policies and procedures related to Procurement Card purchases, as well as areas where internal controls could be strengthened. Accordingly, our observations and recommendations are as follows.

### 1. BOS's Observations and Recommendations

#### **Observation #1– Purchases were Approved without Adequate Documentation**

We identified instances where the procurement purchases were not supported with adequate documentation. This included:

- Missing meeting agenda to support parking expense related to County business, and
- Supporting documentation was uploaded after the reconciliation period.

*Section 3.2 of the PCP discusses the accountability of Cardholder and Approver and states, "Cardholders shall review their statement of transactions and provide the appropriate documentation for all purchases. All transactions must be submitted and reviewed by the Cardholder within the defined timeframe for each cycle period..... Approvers shall review the Cardholder's transactions and confirm that appropriate documentation is provided, the purchase is appropriately budgeted, and in accordance with County policies and procedures.*

*All transactions must include the applicable department accounting information and be reviewed by the Approvers within the defined timeframe for each cycle period.”*

*In addition, Section 3.3 of the PCPPM states the Limited Program Administrator (LPA) shall “ensure that any needed documentation is attached to each cardholder statement and that the online documentation represents a full and complete summary of all the needed and required documentation to validate the purchases.”*

**Missing Meeting Agenda to Support Parking Expense Related to County Business**

Example: On 3/12/2020, the BOS’s general card (Clk Brd BOS CEO) was used to pay for parking expense totaling \$32. Per the description, a Board official attended a meeting in Sacramento and stayed overnight at the hotel. However, we did not find the meeting agenda included in the Wells Fargo system to support the location and date of the meeting. Also, we noted the valet parking was used instead of the self-park option (\$26) that was offered by the hotel, which has a lower daily parking rate.

Upon auditor’s inquiry, the CEO Department provided sufficient explanation to justify the use of valet parking.

*Page 58 of the Accounting Policies & Procedures Manual (APPM) states, “Expenditures for goods and services must be reasonable and necessary. Reasonable purchases are those for basic goods and services obtained at the lowest possible price.....Services should be the least costly that still perform the required function. Necessary purchases are those required by County departments to fulfill their respective missions.”*

*Further, Section 3.4a of the revised Meals, Lodging, Travel and Transportation Policy (MLTTP) states, “Valet parking is only allowed when it is the same price as self-parking, the only available parking within a reasonable proximity, or the only parking option offered at a conference location.”*

**Supporting Documentation was Uploaded after the Reconciliation Period**

We found an instance in which the supporting documentation was uploaded into the Wells Fargo system after the reconciliation period (e.g., after the grace period had ended) and the Approver approved the statement without the supporting documentation. We did not find any documentation in the Wells Fargo system to explain the reason for the late submission.

Example: On 4/8/2019, a purchase was made on the BOS’s general card (Clk Brd BOS CEO) for an event related to County business. However, the receipt was uploaded into the Wells Fargo system on 5/13/2019, 11 days after the reconciliation period had ended.

*Section 1.4 of the PCPPM discusses the post-purchase management control which states, “The Approver confirms that the transactions and associated supporting documentation from each of the Approver’s assigned Cardholders are correct and that there is sufficient documentation and backup for all transactions.”*

**Recommendation #1**

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation are submitted in the Well Fargo system within the reconciliation period. If the Cardholders cannot review their statements by the grace period, they must notify their Approver in advance and upload proof of the communication in Wells Fargo system. Also, we recommend the CEO Department designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements.

For parking expense while traveling on County business, the Cardholder should ensure that all related documentation such as the meeting agenda is uploaded in the Wells Fargo system as supporting documents. We recommend the Approving Officials and LPAs perform a detailed review of the supporting documents to ensure completeness, accuracy, and compliance.

Going forward, County employees are only allowed valet parking if they can provide support that the valet parking is the same price as self-parking, the only available parking within a reasonable proximity, or the only parking option offered at a conference location.

BOS's Response:

Missing Meeting Agenda to Support Parking Expense Related to County Business

*Sup. Cindy Gustafson attended a 9:00am California Tahoe Conservancy meeting on 3/12/2020 9:00am in Sacramento. Given that she arrived at the hotel in Sacramento in the evening (03/11/20), valet parking was used. The meeting agenda was not uploaded as part of the supporting documentation. In the future, our office will include supporting documentation for each transaction within the appropriate deadlines or will note why the documentation will be provided at a later date.*

Supporting Documentation was Uploaded after the Reconciliation Period

*In the future, our office will include supporting documentation for each transaction within the appropriate deadlines or will note why the documentation will be provided at a later date.*

**Observation #2– Lack of Detailed Description for Transaction**

We found an instance in which the Cardholder did not include a detailed description of the transaction to justify the purpose of County business.

*Per Section 3.1.1 of the PCPPM, the Cardholder's actions include "adding a detailed description and updating the coding for each transaction."*

Example: On 7/24/2019, a purchase was made on the BOS's general card (Clk Brd BOS CEO) for a pair of ear buds for a Board official. However, the purchase was not supported with detailed description such as the business purpose for the purchase. Specifically, the Cardholder stated "D3 Cell Phone Ear Buds" in the description.

Upon auditor's inquiry, the CEO Department provided the detailed description of the transaction which confirmed the County business purpose.

Recommendation #2

Without a detailed description, the reviewer/approver cannot determine the legitimate business purpose of the transactions. Therefore, we recommend the Cardholder include a detailed description explaining the County business purpose for the purchase in the "Description" field or on the supporting documents uploaded when he/she reconciles the statement. The description should provide sufficient information about the purpose of conducting County business.

BOS's Response:

*For audible clarity while using his cellphone or laptop, earbuds were purchased for District 3 Supervisor Jim Holmes. In the future, our office will include a more complete description for each transaction.*

**Observation #3– Unallowable Business Meal Expense**

We found instances in which the Cardholders did not provide a specifically identifiable reason for conducting the County business during the meal period.

*Section 3.2A<sup>1</sup> of the MLTTP states, “The Department Head or designee must authorize all meal allowance expenditures in advance.”*

*Further, Section 3.2A1<sup>2</sup> of the MLTTP states, “There must be a specifically identifiable reason for conducting the County’s business during the meal. Examples of allowable business meals include when it is impractical to meet during normal working hours, or a meeting does not adjourn during lunch, or an employee is required to go to lunch as a member of a group, such as a Board or Commission where official business is conducted, or when the meal otherwise takes place in a clear business setting.”*

Example #1: On 11/6/2019, the Cardholder (also a Board official) purchased food totaling \$48.76 for a lunch meeting and did not provide the reason for conducting County business during the meal period. Also, we noted two of the food items were purchased for others who are not a member of the Board (e.g., a district aide and a non-county employee).

Upon auditor’s inquiry, the CEO Department provided the reason for conducting the County’s business during the meal.

Example #2: On 5/8/2019, the BOS’s general card (Clk Brd BOS CEO) was used to pay for lunch totaling \$16.36 for two BOS staff for delivering furniture to the Tahoe’s office. However, we did not find any documentation included in the Wells Fargo system to explain how County business was conducted during the meal period.

Recommendation #3

We recommend the CEO Department collect \$16.36 to reimburse the County for the unallowable business meal. We also recommend Cardholders and Approving Officials revisit and understand Section 3.2b of the revised MLTTP which specifies the circumstances in which business meals are allowed. The authorized user/reconciler of the department’s general card must clearly indicate the specifically identifiable reason for conducting County business during the meal in the supporting documentation uploaded to the Wells Fargo system.

BOS’s Response:

*Example #1 - Supporting documentation (Lunch receipt) was provided and noted District 2 Supervisor Robert Weygandt, District Director Shanti Landon and Phil Rodriguez were present. Context of Board member’s discussion was not included. Supporting documentation (lunch receipt) was provided. In the future, our office will include a more complete description for each transaction which will include the business reason for the meal.*

*Example #2 - Staff traveling 1.5 hours to Tahoe to meet Facilities staff on-site; deliver and set-up furniture and office equipment for new District office, purchased a drive-thru lunch. In the future, our office will include a complete description for each transaction. Staff responsible for the meal expenditure has provided a check on December 23, 2020 for \$16.36 to reimburse the County.*

<sup>1</sup> Section 3.2A is now Section 3.2a in the revised MLTTP that was updated on 5/5/2020.

<sup>2</sup> Section 3.2A1 is now Section 3.2b1 in the revised MLTTP that was updated on 5/5/2020.

## 2. CEO's Observations and Recommendations

### Observation #1– Circumventing Purchase

We found instances in which Cardholders split a purchase into separate transactions in which the total exceeded their single purchase limit (SPL). Per the Wells Fargo Bank system record, these Cardholders did not request a temporary increase to their SPL to cover the purchases.

*Section 2.4 of the PCPPM states, "Each single purchase may be comprised of multiple items, but the total including freight, shipping, and tax cannot exceed the Cardholder's single purchase limit. Purchases must not be split to circumvent procurement regulations by swiping the card twice, or making the same purchase on subsequent days, etc."*

Example #1: On 6/3/2019, a purchase made with the CEO's general card (Atwood Station 180 Placer Fire) was split into two separate transactions (\$2,000 and \$808.22, respectively) in which the total exceeded the SPL of \$2,000. The purpose of the purchase was to replace furniture for the station.

Example #2: On 10/15/2019, the Cardholder split a purchase into two separate transactions (\$2,000 and \$1,125, respectively) in which the total exceeded the SPL of \$2,000. The purpose of purchase was to pay for registration at the Greater Sacramento Annual Dinner.

### Recommendation #1

We recommend CEO Department's Cardholders and Approving Officials revisit and understand Section 2.4 of the PCPPM which prohibits splitting purchases to circumvent procurement regulations. Going forward, we recommend the Department Head or their designee contact the Procurement Services Division to request a temporary increase to the Cardholder's SPL to cover a large purchase that will exceed the Cardholder's SPL. All Cardholders should be aware of their SPL before making a purchase.

### CEO's Response:

*Acknowledged – we will revisit this policy with credit card holders and approvers to prevent recurrence.*

### Observation #2– Unallowable Charges per County Policies

We found instances in which Cardholders used their Procurement Cards to pay for goods and services or personal expenses that are not allowed by County policies.

*Section 1.3 of the PCPPM states, "If the card is used in an unauthorized manner, repayment must be coordinated with the Cardholder Supervisor/Manager and Fiscal staff. Repayment in full for unauthorized use must be made immediately."*

*Per Section 3.1.6 of the PCPPM states, "If there are Procurement Card unallowable charges per the applicable policies (e.g. Meals & Travel, Procurement Policy or other related or applicable policies), the Cardholder shall provide payment, as reimbursement, to the Limited Program Administrator. The Limited Program Administrator will deposit the funds to offset the charge."*

### **Expenses for Department's Social Event**

Example: On 8/25/2019 and 8/27/2019, two Cardholders purchased breakfast food, fruit, and utensil for a meet-and-greet event of a new employee. However, a meet-and-greet event is a social event and the expenses are not allowed per the MLTTP. The total amount of the purchases is \$154.88 (\$48.52 on 8/25/2019, and \$106.36 on 8/27/2019).

*Section 3.1H2<sup>3</sup> of the MLTTP states, "employee goodwill expenditures not related to employee job performance are not eligible expenses, including expenses for retirement recognition, employee farewell events, or any other Department social event."*

### **Unallowable Items by the APPM**

Example: On 12/16/2019, the Cardholder purchased party decorations or supplies (e.g., Christmas banner, garlands, snowflakes, photo booth props, etc.) totaling \$193.91 for the CEO's holiday party that was held in Auburn. However, page 58 of the APPM identified "party decorations or supplies" as an unallowable item that is not permitted by public funds.

### **Personal Expenses**

Example #1: On 7/2/2019, 8/26/2019, and 12/31/2019, three Cardholders inadvertently used the procurement card for personal purchases and stated that they will reimburse the County for the personal charges. However, we did not find proof of reimbursement in the Wells Fargo system and the Approvers approved the statements without the support for reimbursement.

The total amount of the personal purchases is \$91.99 (\$50 on 7/2/2019, \$4.99 on 8/26/2019, and \$37 on 12/31/2019).

Upon auditor's inquiry, the CEO Department provided the Cash Sale # to support the reimbursement of \$50 on 7/23/2019, and \$4.99 and 12/18/2019.

Example #2: Between July – August 2019, a Cardholder used the Procurement Card nine times for Uber service on personal trips. The transactions occurred over multiple Procurement Card statements. We noted that while reimbursement to the County was provided in a timely manner, the use of the card is not for County business and the number of occurrences is excessive.

*Section 2.0 of the PCP states, "County issued Procurement Cards are authorized for the purpose of conducting County business. The card is strictly for official County use and may not be used for personal purchase or under circumstances that would create a conflict of interest."*

### **Recommendation #2**

We recommend the CEO Department collect \$348.79 (\$154.88 + \$193.91 = \$348.79) to reimburse the County for the purchases of the unallowable items as specified in the APPM and PCPPM. Also, we recommend the Cardholders and Approving Officials revisit and understand the PCPPM to ensure that Procurement Card purchases are following all applicable County policies and procedures. Further, we recommend the CEO Department confirm that the Cardholder (see "Personal Expenses") has reimbursed the personal charges totaling \$37 to the County. In addition, we recommend the CEO Department put a system in place to ensure, if a Cardholder uses the Procurement Card for unallowed purchases, that reimbursement to the County is made immediately.

<sup>3</sup> Section 3.2H2 is now Section 3.1i in the revised MLTTP that was updated on 5/5/2020.

CEO's Response:

Expenses for Department's Social Event

We will revisit policy with Department leadership and credit card holders and approvers to ensure compliance with this policy. These purchases have been reimbursed by Todd Leopold, 2/23/2021 receipt #228413 Cash Sale #CS058181.

Unallowable Items by the APPM

We will revisit policy with Department leadership and credit card holders and approvers to ensure compliance with this policy. These purchases have been reimbursed by Todd Leopold, 2/23/2021 receipt #228413 Cash Sale # CS058181.

Personal Expenses

Example #1 - We acknowledge that the reimbursement should have been completed before the card was approved and the reimbursement information documented in the Wells Fargo System. The \$37 purchase has been mailed to the CEO office and will be deposited upon receipt.

Example #2 - The cardholder has been advised of the appropriate way to use the card with travel and the situation should not occur again.

**Observation #3– Purchases were Approved without Adequate Documentation**

We identified numerous instances where the procurement purchases were not supported with adequate documentation. This included:

- Missing Department Head (or the County Executive Officer) approval for employee engagement expenses,
- Missing County Executive Officer approval for emergency meal expenses,
- Missing Department Head approval for miscellaneous expenses for meetings & special events
- Missing justification for airport daily or garage lot,
- Missing justification/approval for early boarding fee, and
- Supporting documentation was uploaded after the reconciliation period.

Section 3.2 of the PCP discusses the accountability of Cardholder and Approver and states, "Cardholders shall review their statement of transactions and provide the appropriate documentation for all purchases. All transactions must be submitted and reviewed by the Cardholder within the defined timeframe for each cycle period..... Approvers shall review the Cardholder's transactions and confirm that appropriate documentation is provided, the purchase is appropriately budgeted, and in accordance with County policies and procedures. All transactions must include the applicable department accounting information and be reviewed by the Approvers within the defined timeframe for each cycle period."

In addition, Section 3.3 of the PCPPM states the LPA shall "ensure that any needed documentation is attached to each cardholder statement and that the online documentation represents a full and complete summary of all the needed and required documentation to validate the purchases."

**Missing Department Head (the County Executive Officer) Approval for Employee Engagement Expenses**

Example #1: Between 12/12/2019 – 12/15/2019 and 1/13/2020, the Cardholder purchased gifts for raffle and food for the CEO’s holiday party that was held in Tahoe. While there is an approval from the Deputy County Executive Officer for these purchases, Section 3.2D<sup>4</sup> of the MLTTP requires approval from the Department Head (or the County Executive Officer can approve) for departmental employee engagement and recognition events or activities supporting the County’s Employee Engagement Initiative. However, we did not find the required approval included in the supporting documents.

Example #2: On 12/18/2019, another Cardholder purchased catered food for the CEO’s holiday party in Auburn. However, we did not find the County Executive Officer’s approval for the purchase included in the supporting documents.

*Please note that the revised MLTTP went into effect on 5/5/2020, and it added language to the section on “Expenses for Employee Engagement” to state, “The County Executive Officer is responsible for ensuring approval by Departments of reasonable employee engagement expenditures. Department Heads may approve nominal expenditures for departmental employee engagement and recognition events or activities supporting employee engagement. These events may include lunches or other food items as long as the cost is reasonable and within the Department Head’s overall budget.”*

**Missing County Executive Officer Approval for Emergency Meal Purchases**

Example: Between 3/7/2020 – 3/8/2020, two fire stations used the CEO’s general cards to purchase meals while responding to the COVID-19 pandemic during the initial event. However, we noted the purchases were made 72 hours after the County had declared a local health emergency on 3/3/2020. Also, there was no note or document in the Wells Fargo system to provide support that the written approval of the CEO was obtained which is required per Section 3.1G<sup>3</sup> of the MLTTP.

In addition, we noted the supporting documents (e.g., sign-in sheet, Form 211a Incident Check In, 214 Activity Log, etc.) that were uploaded in the Wells Fargo system are incomplete with missing signatures, dates, and other required fields. In addition, we noted the supporting documentation was uploaded up to eight days after the grace period had ended.

*Section 3.1G<sup>5</sup> of the MLTTP states, “Department Heads or Designee, with the prior verbal approval of the County Executive, may authorize the expenditure of department funds for lodging, meals, and related needs for employees and volunteers during emergencies or unusual circumstances such as natural disasters, severe inclement weather, or extended search and rescue activities. Such verbal approval is effective for not more than 72 hours but may be extended by written approval of the County Executive for an indefinite period.”*

**Missing Department Head Approval for Miscellaneous Expense for Meetings & Special Events**

Example: On 5/24/2019, the Cardholder purchased coffee for the Capital Projects Advisory Committee’s meeting. However, we did not find the Department Head approval (required per Section 3.2C<sup>6</sup> MLTTP) for the purchase included in the supporting documents.

<sup>4</sup> Section 3.2D is now Section 3.1i in the revised MLTTP that was updated on 5/5/2020.

<sup>5</sup> Section 3.1G is now Section 3.1g in the revised MLTTP that was updated on 5/5/2020.

<sup>6</sup> Section 3.2C is now Section 3.2f in the revised MLTTP that was updated on 5/5/2020.

Section 3.2C of the MLTTP states, "Department Heads may authorize other miscellaneous expenses (e.g., coffee, non-alcoholic beverages, and food), for special events if, in the opinion of the Department Head, such expenses would be conducive to the efficient conduct of County business, and the cost is reasonable. For example, it may be appropriate to provide beverages and food at board or commission meetings, seminars, and workshops that extend over normal "break" periods, or when it is to the benefit of the County to keep the participants together and not have them disperse for breaks.

**Missing Justification for Airport Daily or Garage Lot**

Example: On 9/22/2019 and 12/16/2019, the Cardholder parked at the airport daily garage (\$18/day) while traveling on County business. However, we did not find any explanation included in the supporting documents in the Wells Fargo system to justify the special circumstance that would require parking at the daily garage and the Approver approved the statement without the supporting documentation.

Subsequently, the Cardholder reimbursed \$24 in parking overage to the County on 10/17/2019 and provided the proof of reimbursement within the reconciliation period. However, we did not find proof of reimbursement for the parking overage totaling \$16 for the transaction on 12/16/2019 (\$36 less \$20 for two days of economy parking = \$16).

Upon auditor's inquiry, the CEO Department stated that they have requested reimbursement from the Cardholder and was not able to obtain the reimbursement prior to the Cardholder's retirement from the County.

*Page 58 of the APPM states, "Expenditures for goods and services must be reasonable and necessary. Reasonable purchases are those for basic goods and services obtained at the lowest possible price.....Services should be the least costly that still perform the required function. Necessary purchases are those required by County departments to fulfill their respective missions."*

Section 3.6B3<sup>7</sup> of the MLTTP states that parking expenses are "reimbursable at the least costly rate reasonably available (e.g. economy parking lot at the airport)."

*Please note that the revised MLTTP went into effect on 5/5/2020, which now states that travel-related expenses are "reimbursable at the least costly rate reasonably available (e.g. economy parking lot at the airport is preferred, however the daily or garage lot might be allowed under certain travel circumstances if approved by the Department Head)."*

**Missing Justification/Approval for Early Boarding Fee**

Example: On 2/14/2019, the Cardholder purchased early boarding fee for a traveler on County business. However, we did not find the any explanation included in the supporting documents to justify the purchase. Subsequently, upon auditor's inquiry, the Cardholder stated that the traveler requires additional leg room on long flights.

*Page 58 of the APPM states, "Expenditures for goods and services must be reasonable and necessary. Reasonable purchases are those for basic goods and services obtained at the lowest possible price.....Services should be the least costly that still perform the required function. Necessary purchases are those required by County departments to fulfill their respective missions."*

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<sup>7</sup> Section 3.6B3 is now Section 3.4a in the revised MLTTP that was updated on 5/5/2020.

*Further, Section 3.5a4 of the revised MLTTP states, "Upgrade charges or cancellation fees are only allowable with business purpose justification and under unusual circumstances with department head approval."*

**Supporting Documentation was Uploaded after the Reconciliation Period**

Example #1: On 10/22/2019, the Cardholder parked at the airport daily garage while traveling on County business. Subsequently, the Cardholder reimbursed the parking overage to the County on 11/20/2019 and provided proof of reimbursement in the Wells Fargo system. However, both the reimbursement and proof of reimbursement were provided six days after the reconciliation period had ended.

Example #2: Internal Audits was notified by Procurement Services Division of an instance in which the Cardholder had reconciled the statement but did not submit the statement by the grace period. As a result, the statement still showed as "Open" in the Wells Fargo system after the reconciliation period had ended.

*Section 3.1 of the PCPPM details the Cardholder's actions and it states, "review and complete the Open Statement and submit the reconciled transactions and related documentation online within the required period. If the Cardholder is unable to review their statement within the required period, they must notify their Approver in advance."*

**Recommendation #3**

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation are submitted in the Well Fargo system within the reconciliation period. If the Cardholders cannot review their statements by the grace period, they must notify their Approver in advance and upload proof of the communication in Wells Fargo system. Also, we recommend the CEO Department designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements.

In addition, any additional approval from County Executive Officer, Department Head or designee that is required by County policies and procedures should be uploaded to support the transaction. We recommend the Approving Officials and LPAs perform a detailed review of the supporting documents to ensure completeness, accuracy, and compliance.

Going forward, if a condition or extenuating circumstance exists by the Cardholder which requires airport parking in a lot with a higher rate, then the Cardholder must include documentation in Wells Fargo supporting the justification (for the exception) and approval by the Department Head/the County Executive Officer or designee for expenditure exceeding Department Head authorities.

**CEO's Response:**

**Missing Department Head (the County Executive Officer) Approval for Employee Engagement Expenses**

*The above employee engagement expenses were approved in writing by a Deputy County Executive Officer in the first instance and via the verbal approval of the County Executive Officer in the second instance. In an effort to comply with the requirement of written Department Head approval, we plan to develop a written delegation of authority for certain types of expenses from the Department Head to the Assistant or Deputy CEO's.*

**Missing County Executive Officer Approval for Emergency Meal Purchases**

*The continuing authority to purchase meals to support the EOC and HHS DOC operations was requested from Deputy CEO Bekki Riggan on 3/30/20. We acknowledge that the authorization was late and that it should*

have been uploaded with the meal purchases. In addition, the 211 and 214's that were uploaded were incomplete.

Missing Department Head Approval for Miscellaneous Expense for Meetings & Special Events

We acknowledge the coffee for the meeting should have had written Department Head approval uploaded with the transaction into the Wells Fargo System. In an effort to comply with the requirement of prior written Department Head approval, we plan to develop a written delegation of authority for certain types of expenses from the Department Head to the Assistant or Deputy CEO's.

Missing Justification for Airport Daily or Garage Lot

We acknowledge that the reimbursement for the second parking instance should have been reimbursed within the reconciliation period.

Missing Justification/Approval for Early Boarding Fee

We acknowledge that a more complete explanation was necessary to justify this expense.

Supporting Documentation was Uploaded after the Reconciliation Period

We acknowledge that the documentation regarding reimbursement should have been uploaded during the reconciliation period. We also acknowledge in example 2, that although the cardholder had reviewed the statement, they did not submit the statement – resulting in the statement showing as “open”.

**Observations #4– Purchases were Shipped to a Personal/Non-County Business Address**

We found instances in which procurement purchases were shipped to a personal/non-County business address.

Section 3.2C of the PPM states, “The preferred method of ordering the Small Purchase is to provide the vendor with your County-issued Procurement Card.....Instruct the vendor to ship to the appropriate Department’s business or working address. Orders must not be delivered to a third party (non-County business) or a personal address, without express approval from the Department Head.”

Example: During 12/12/2019 – 12/15/2019, the Cardholder made six online transactions from Amazon (for holiday party) and shipped the purchased items to her house rather than the work location. However, we did not find the Department Head approval in the Wells Fargo system to support the shipping to a personal address which is required by Procurement Procedures Manual (PPM).

Recommendation #4

We recommend the Cardholders and Approving Officials revisit and understand the PPM to ensure that Procurement Card purchases are following the County’s procurement policies and procedures. If a purchase must be delivered to a non-County business or a personal address, the Cardholder should obtain express approval from Department Head and upload the approval in the Wells Fargo system.

CEO’s Response:

We acknowledge that purchases should not be shipped to a personal address without express written Department Head approval uploaded with the transaction.

**Observation #5– Lack of Detailed Description for Transaction**

We found instances in which the Cardholder did not include a detailed description of the transaction to justify the purpose of County business.

*Per Section 3.1.1 of the PCPPM, the Cardholder's actions include "adding a detailed description and updating the coding for each transaction."*

Example: On 3/8/2020, the fire station's general card was used to purchase snacks in response to the COVID-19 pandemic. However, the transaction description– "DOC Snacks" did not contain sufficient information to justify the business purpose for the purchase (e.g., why the purchase was made).

Recommendation #5

Without a detailed description, the reviewer/approver cannot determine the legitimate business purpose of the transactions. Therefore, we recommend the Cardholder include a detailed description explaining the County business purpose for the purchase in the "Description" field or on the supporting documents uploaded when he/she reconciles the statement. The description should provide sufficient information about the purpose of conducting County business.

CEO's Response:

*The Emergency Operations Center (EOC) and the HHS Department Operations Center (DOC) were staffed beginning 3/6/20 for the County's COVID-19 response. As a result, meals were provided for people staffing both locations and working long hours with no breaks. All of the meal/food purchases were coded to the worktag GR00719 which identified the transaction as a COVID 19 expense and the description related it to food for the EOC / DOC We feel the description was largely sufficient – although the acronyms could have been spelled out.*

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

We appreciate the courtesy and cooperation of the CEO Department's staff throughout the course of the audit.

Respectfully,



Nicole C. Howard, CPA  
Assistant Auditor-Controller

cc: Jane Christenson, Assistant County Executive Officer  
Teri Ivaldi, Principal Management Analyst  
Brett Wood, Purchasing Manager, County Executive Office  
Gina Myren, Administrative & Fiscal Operations Manager  
Lisa Burlison, Executive Assistant  
Placer County Audit Committee