



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Ms. Kelly Heikila, Administrative and Fiscal Officer II
Placer County Library Department
145 Fulweiler Avenue, Suite 150
Auburn, CA 95603

Re: Countywide Procurement Card Program Monitoring Review

Dear Ms. Heikila:

The Internal Audit Division of the Auditor-Controller's Office routinely reviews and/or audits the Procurement Card purchases. The objective of this monitoring review was to review Procurement Card usage during the statement period from September 26, 2020 through December 18, 2020 for compliance with County policies.

We reviewed a sample of the Library Department's (Department) Procurement Card purchases and related documentation files to ensure the Department's compliance with current policies and procedures, and to determine if adequate internal controls are in place and operating as designed. Based on our monitoring review, we determined there were multiple 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.

Observation– Purchases were Approved without Adequate Documentation

We found multiple instances in which supporting documentation was not uploaded into Wells Fargo to support Procurement Card purchases by Cardholders and the Approvers approved these statements without any receipts or documentation. Hence, we are unable to verify what were purchased and determine whether sales tax is applicable to the purchases.

Section 3.2 of the Procurement Card Policy (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."

Section 3.1 of the Procurement Card Program Procedures Manual (PCPPM) states, "If the Cardholder is unable to review their statement within the required period, they must notify their Approver in advance."

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.”

Section 2.6 of the PCPPM states, “The Cardholder will go to the place of business and obtain the commodity or service. A description of commodities purchased, quantity purchased, price per item, and the total amount including sales tax and shipping charges should be included on the itemized receipt and included as the backup documentation for the transaction. A simple receipt that only reflects the total charges is not acceptable documentation for the transaction. If the receipt or invoice is not itemized, the Cardholder must fill out the “Missing Receipt” form and include all appropriate information that demonstrates compliance with the applicable County policy.”

Example #1: For the statement period from 9/26/2020 through 10/23/2020, one Cardholder did not upload any documentation to support purchases totaling \$917.96.

Example #2: For the statement period from 10/24/2020 through 11/20/2020, two Cardholders did not upload any documentation to support purchases totaling \$1,177.62, and \$116.35, respectively.

Recommendation

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation are submitted into Wells Fargo 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 into Wells Fargo. Also, we recommend the Department designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements.

Furthermore, we recommend the designated Approvers ensure the statement supporting documentation is uploaded into Wells Fargo and complete prior to their approval of the Cardholder statement. In addition, we recommend the Cardholders obtain itemized receipts from the merchants and confirm whether sales tax should be applied to the purchases. If sales tax was not correctly collected by the merchant, the Department should fill out the Procurement Card Supplemental Sales/Use Tax Recap Sheet and/or submit invoice with applicable sales tax adjustment to the Auditor-Controller’s Office.

We appreciate the courtesy and cooperation of the Department’s staff throughout the course of the review.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Mary George, Director of Library Services
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee