



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Ms. Maria Swan, Administrative and Fiscal Officer II
Placer County Air Pollution Control District
110 Maple Street,
Auburn, CA 95603

Re: Countywide Procurement Card Program Monitoring Review

Dear Ms. Swan:

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 Air Pollution Control District's (District) Procurement Card purchases and related documentation files to ensure the District'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 that the District's processes and internal controls over Procurement Card purchases are operating effectively as designed, however, we noted areas where internal controls could be strengthened. Accordingly, our observation and recommendation are as follows.

Observation– Purchase was Approved without Adequate Documentation

We found an instance in which the Procurement Card purchase was not supported with adequate documentation. Specifically, the purchase was not supported with an itemized receipt or the "Missing Receipt" form.

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 purchases is appropriately budgeted, and in accordance with County polies 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 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: On 9/30/2020, the Cardholder used the Procurement Card to pay for the County’s vehicle maintenance service at the auto glass shop. However, the receipt did not include the detailed description of the good/service purchased. Per the receipt, the Cardholder purchased one “quick item” totaling \$341.31. Therefore, we are unable to verify what was purchased and determine whether sales tax is applicable to the purchase.

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 Office designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements. Additionally, 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.

For all applicable purchases, the itemized receipt or completed “Missing Receipt” form should be uploaded in Wells Fargo to support the transaction.

We also recommend the Cardholders obtain the itemized receipt from the merchant and confirm whether sales tax should be applied to the purchase. If sales tax was not correctly collected by the merchant, the District 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 District’s staff throughout the course of the review.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Erik White, Director
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee