



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Ms. Lauren Featherstone, Administrative and Fiscal Officer II
Placer County District Attorney's Office
10810 Justice Center Drive, Suite 240
Roseville, CA 95678

Re: Countywide Procurement Card Program Monitoring Review

Dear Ms. Featherstone:

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 District Attorney's Office's (Office) Procurement Card purchases and related documentation files to ensure the Office'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 #1– Cardholder Charged Meals on Procurement Card and Received Per Diem

We found an instance in which the Cardholder charged meals on the Procurement Card and submitted an employee claim for the meal per diem.

Section 1.3 of the Procurement Card Program Procedures Manual (PCPPM) states, "If the card is used in an unauthorized manner, repayment must be coordinate with the Cardholder Supervisor/Manager and Fiscal staff. Repayment in full for unauthorized use must be made immediately."

Example: On 10/27/2020, the Cardholder charged \$20.44 on the Procurement Card for lunch while traveling for County business. Subsequently, the Cardholder received \$13.50 via the employee claim (ER010164) for the lunch per diem. We noted that the employee claim was prepared by the Office's fiscal staff.

Recommendation

We recommend the Office collect \$13.50 to reimburse the County the extra meal allowance received. We recommend the Office verify the employee expense claims against the employee's Procurement Card expenses to ensure that employees are not getting paid twice for meal allowance for overnight travel. In addition, we recommend the Office 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.

Observation #2– Supporting Documentation was Uploaded after the Reconciliation Period

We identified multiple instances in which documentation supporting purchases were uploaded after the reconciliation period. Also, several of the Approvers approved the statement before the receipts were uploaded into Wells Fargo. We did not find any documentation in Wells Fargo to explain the reason for the late submission.

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.”

Example: For statement ending 12/18/2020, Cardholder reconciliation occurred between 12/19/2020 through 1/7/2021. The statement receipts were uploaded on 1/11/2021, four days after the Cardholder reconciliation period had ended. Additionally, this statement was approved by the Approver on 1/8/2021, three days before the receipts were uploaded into Wells Fargo.

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.

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.

Observation #3– Purchases were Approved without Adequate Documentation

We identified instances in which the Procurement Card purchases were not supported with adequate documentation. This included:

- Purchases were not supported with the "Missing Receipt" form, and
- Travel costs were not supported with Travel Request (TR)/Spend Authorization (SA).

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 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 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.”

Purchases were not Supported with the "Missing Receipt" Form

Example #1: On 9/25/2020, the Cardholder purchased oil change service for County vehicle and stated in the description that the merchant did not provide a receipt. However, the Cardholder did not upload the required “Missing Receipt” form in Wells Fargo to support the purchase.

Example #2: On 11/29/2020, the Cardholder purchased fuel for County vehicle and stated in the description that the receipt was lost. However, the Cardholder did not upload the required “Missing Receipt” form in Wells Fargo to support the purchase.

Section 2.6 of the PCPPM states, “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.”

Travel Costs were not Supported with TR/SA

Example #1: On 12/4/2020, the Cardholder incurred lodging expense and hotel parking fee while traveling overnight to attend the training. However, we did not find a copy of the TR or reference to the SA in Wells Fargo. Although we were able to locate the SA by searching in Workday, the Cardholder should have included the SA number in the description or supporting documentation in Wells Fargo.

Example #2: Between 12/6/2020 and 12/10/2020, the Cardholder incurred lodging expense while traveling overnight to attend the training. However, we did not find a copy of the TR or reference to the SA in Wells Fargo. Although we were able to locate the SA by searching in Workday, the Cardholder should have included the SA number in the description or supporting documentation in Wells Fargo.

Section 3.1a of the Meals, Lodging, Travel and Transportation Policy (MLTTP) states, “With overnight travel, a Travel Request on Official Business form or Spend Authorization should be completed with the exception of County staff attending Board of Supervisors meetings in Tahoe (or Auburn, for Tahoe staff). Travel Requests and Spend Authorizations are a means of documenting approval for estimated travel costs, and for the latter, committing the funds.”

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 the Wells Fargo system to support the transaction.

For overnight travel, staff should complete a TR/SA prior to the travel and upload the approved TR in the Wells Fargo system or if SA was used, the SA number should be stated in the "Description" field. We also recommend the Approvers and LPAs perform a detailed review of the supporting documents to ensure completeness, accuracy, and compliance.

Observation #4– Meal Allowance Expenditure was not Supported with Department Head or Designee’s Approval and it Exceeded the Federal Per Diem Rate

We found an instance in which the Cardholder travelled out of the County to conduct County business and incurred meal expense that exceeded the Federal per diem rate. The Cardholder belongs to the Deputy Sheriff’s Association (DSA) in which the Department Head or designee’s authorization is required for all meal allowance expenditures in advance for travel on official business. However, we did not find the Department Head or designee approval for meal allowance expenditures.

Subsequent to our inquiry, the Office developed a memo which allows the Chief Investigator to approve emergency travel request for its investigators to conduct emergency investigations with insufficient notice to obtain the Department Head approval.

Section 3.2c2 the MLTTP states, “Meals and incidentals are reimbursed according to the Federal per diem GSA (General Services Administration) guidelines <http://www.gsa.gov> for the travel destination, if the travel is overnight and approved by the Department Head or is provided for in the employee’s Memorandum of Understanding (MOU).”

Section 1.4 of the PCPPM discusses the post-purchase 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.”

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.”

Per the DSA’s MOU, the Department Head or designee must authorize all meal allowance expenditures in advance (not after) for travelling on official business (e.g., training/meeting) that results in the employees being more than 30 miles away from his/her primary work location.

Example: On 11/12/2020, the Cardholder traveled same day to San Luis Obispo to conduct County business and incurred lunch expense in the amount of \$57. However, the per diem rate for lunch is only \$18 for San Luis Obispo per the Federal GSA guideline. Upon auditor’s inquiry, the Office stated that the Cardholder had reimbursed the County for \$26 on 1/8/2021 and provided the Cash Sale (CS) number (CS055888) to support the reimbursement. The Office also requested the Cardholder to reimburse the remaining amount of \$13 which was received on 5/7/2021 (CS062489).

We noted that the proof of reimbursement or the reference to the CS number was not provided in Wells Fargo for the \$26 reimbursement. The Office acknowledges that the CS number should have been referenced in Wells Fargo. In addition, we noted that the reimbursement was made between 32 – 148 days after the reconciliation period had ended on 12/10/2020.

Recommendation

We recommend that when a Cardholder reconciles meal transactions, they should include a copy of the per diem rate in Wells Fargo as supporting documentation. This would allow the approvers/reviewers to ensure that meal expenses for overnight travel did not exceed the allowed guideline.

In addition, we recommend the Office put a system in place to ensure, if a Cardholder incurs meal overage, that reimbursement to the County is made within the statement's reconciliation period.

We appreciate the courtesy and cooperation of the Office's staff throughout the course of the review.

Respectfully,



Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Morgan Gire, District Attorney
David Tellman, Chief Assistant District Attorney
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee