



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Mr. Jerry Rogers, Administrative Services Manager
Placer County Sheriff's Office
2929 Richardson Drive
Auburn, CA 95603

Re: Countywide Procurement Card Program Monitoring Review

Dear Mr. Rogers:

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 Sheriff'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– Purchases were Shipped to a Personal/Non-County Business Address

We identified an instance in which the Cardholder shipped the purchased items to a personal/non-County business address.

Section 3.2C of the Procurement Procedures Manual (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: On 10/30/2020, the Cardholder purchased evidence bags from Amazon for County business. However, the items were shipped to the Cardholder's home address instead of the appropriate Office's business or working address.

While we noted that the Office's fiscal unit had inquired with the Cardholder about the business need for shipping to a non-County address, the Cardholder did not provide a response and we did not find the Department Head approval provided in Wells Fargo to support the shipping to a personal address which is required by the PPM.

Recommendation

We recommend the Cardholders and Approvers 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 Wells Fargo.

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

We found instances in which the supporting documentation was uploaded after the reconciliation period (e.g., after the grace period had ended) and we did not find 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 #1: For statement ending 11/20/2020, Cardholder reconciliation occurred between 11/21/2020 through 12/10/2020. The statement receipts were uploaded on 12/14/2020, four days after the Cardholder reconciliation period had ended.

Example #2: For statement ending 12/18/2020, Cardholder reconciliation occurred between 12/19/2020 through 1/7/2021. The statement receipts were uploaded on 1/13/2021, five days after the Cardholder reconciliation period had ended.

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.

Observation #3– Purchases were Approved without Adequate Documentation

We found instances in which the Procurement Card purchases were not supported with adequate documentation. Specifically, we noted the Cardholder did not provide an explanation to justify the circumstance for using a rental car (vs. public convenances) during an out-of-town trip.

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.”

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 3.5 (Transportation Policies) of the Meals, Lodging, Travel and Transportation Policy (MLTTP) states, “Employee on out-of-town trips should use public conveyances (e.g., airport and hotel shuttles, buses, and taxis) whenever such uses are more economical than a rental car...if a rental car is necessary, it should be for the least expensive available vehicle that is appropriate for the intended use.”

Example: Between 10/7/2020 and 10/8/2020, the Cardholder traveled out-of-town on County business and rented a vehicle to travel to/from the hotel and airport due to an unforeseen circumstance during the trip. However, the justification provided by the Cardholder did not appear to support the reason for a rental car instead of a public conveyance or shared ride service.

Recommendation

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation are submitted in Wells Fargo within the reconciliation period. If the Cardholder cannot review their statements by the grace period, they must notify their Approver in advance and upload proof of the communication in 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 out-of-town trip, we recommend Cardholders use public conveyances whenever possible when it is more economical than a rental car. If a rental car is necessary, the Cardholder should select the least expensive available option and provide the explanation in Wells Fargo to support that the least expensive option was obtained. Alternatively, the Cardholders can use shared ride services if they are the least costly option.

Observation #4– Lack of Detailed Description for Transaction

We found several 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 three separate occasions (9/29/2020, 10/15/2020, and 11/3/2020), the Cardholder purchased a television from Walmart but did not provide the business purpose for the purchases (e.g., who is the purchase for, and why the purchase was made). Specifically, the Cardholder stated, “TV for 619”, “TV for MS4” and “TV for medical 104” in the description for the transactions.

Upon auditor’s inquiry, the Office updated the descriptions in Wells Fargo to include more detailed information to show that the televisions were purchased for inmates which confirmed the County business purpose.

Recommendation

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.

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: Devon Bell, Sheriff
Katie Orcino, Administrative and Fiscal Officer II
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee