



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Ms. Genna Martin, Administrative and Fiscal Operations Manager
Placer County Department of Health and Human Services
3091 County Center Drive, Suite 290
Auburn, CA 95603

Re: Countywide Procurement Card Program Monitoring Review

Dear Ms. Martin:

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 December 19, 2020 through March 12, 2021 for compliance with County policies.

We reviewed a sample of the Department of Health and Human Services' (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 #1– Supporting Documentation was Uploaded after the Reconciliation Period

We found multiple 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 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 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.”

Recommendation

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation is 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 Department designate a Reconciler to each Cardholder as the Reconciler can serve as a backup to reconcile and submit Cardholder statements.

Observation #2– 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 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 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.”

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.”

Recommendation

We recommend Cardholders start the reconciliation process as soon as the purchase cycle has closed to ensure all related documentation is submitted into Wells Fargo within the reconciliation period. 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 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: Dr. Robert Oldham, Director/Chief Psychiatrist/Interim Public Health Officer
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