



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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September 15, 2021

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 December 19, 2020 through March 12, 2021 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– Purchases were Approved without Adequate Documentation**

We found multiple instances in which the Procurement Card purchases were not supported with adequate documentation.

- We noted four instances in which purchases were not supported with an itemized receipt or completed "Missing Receipt" form.
- We noted two instances in which Approvers approved Cardholder statements without any receipts or documentation uploaded into Wells Fargo to support Procurement Card 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 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."*

*Per Section 2.6 of the Procurement Card Program Procedures Manual (PCPPM), "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 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 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. Also, 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 Office 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.

In addition, we recommend 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.

Further, we recommend the Approvers and LPAs perform a detailed review of the supporting documents to ensure completeness, accuracy, and compliance. 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.

#### **Observation #2– Incorrect Sales Tax Amount**

We found an instance in which sales tax was incorrectly collected by the merchant and the Cardholder did not enter the correct amount in the “Sales Tax Due” field in Wells Fargo.

*Section 2.4 of the PCPPM states, “Documenting sales/use tax for Procurement Card purchases not taxed or taxed incorrectly by the vendor is the responsibility of the Cardholder or assigned department staff. This information needs to be entered in the correct amount into the online system to ensure it is transferred into the County’s Accounting System and meets the County’s requirement for the Board of Equalization.”*

*Section 3.1.1 (Cardholder Actions) of the PCPPM states, “Sales and use tax should be verified on all purchases to ensure the amount charged is accurate. Guidelines can be found in the County’s Accounting Policies and Procedures Manual. If the amount of sales and use tax is incorrect or missing, the description field will need to begin with ST and the sales tax amount due will need to be corrected or recorded in the Sales Tax Due field for that transaction.”*

*Section 3.3.2 (LPA Actions) of the PCPPM states, “Ensure that the sales/use tax field is properly recorded as described above under RECORDING SALES AND USE TAX. The Limited Program Administrator is responsible for ensuring accurate Sales and Use Tax reporting for the department.” Further, Section 3.3.7 states, “If sales and use tax was not captured correctly during the Open Statement Cycle, the Limited Program Administrator shall*

*complete the "Procurement Card Supplemental Sales/Use Tax Recap Sheet" and send it to the Auditor-Controller's Office."*

Recommendation

We recommend Cardholders, Approvers, and LPAs review each Procurement Card purchase and verify that sales tax was applied by the merchant correctly, per the PCPPM. Also, Cardholders, Approvers and LPAs should be aware of when sales tax is applicable. In addition, we recommend the Office fill out the Procurement Card Supplemental Sales/Use Tax Recap Sheet and/or submit invoices with sales tax adjustments with a debit totaling \$38.75 to the Auditor-Controller's Office.

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

Respectfully,

A handwritten signature in blue ink, appearing to read 'N. Howard', is positioned above the typed name.

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