



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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May 18, 2022

Ms. Gretchen Nedved, Administrative and Fiscal Operations Manager
Placer County Facilities Management Department
2855 Second Street
Auburn, CA 95603

Re: Countywide Procurement Card Program Monitoring Review

Dear Ms. Nedved:

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 25, 2021 through December 17, 2021 for compliance with County policies.

We reviewed a sample of the Facilities Management Department's (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 was an instance 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 observation and recommendation are as follows.

Observation – Incorrect Sales Tax Amount

We found an instance in which the amount of sales and use tax is incorrect or missing, and the cardholder did not enter the correct amount in the "Sales Tax Due" field to be accrued or credited.

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 Department fill out the Procurement Card Supplemental Sales/Use Tax Recap Sheet and/or submit invoices with sales tax adjustments with a debit totaling \$65.98 to the Auditor-Controller's Office.

We appreciate the courtesy and cooperation of the Department'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: Steve Newsom, Director of Facilities Management
Brett Wood, Purchasing Manager, County Executive Office
Placer County Audit Committee