

Napa County

Auditor-Controller

Internal Audit Report

Fiscal Monitoring County of Napa County-Wide Audit P-Card Activity

For the Period: October 1, 2018 - March 31, 2019

Report Date: September 23, 2019

Audit Fieldwork Conclusion Date: July 12, 2019



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

Engagement Team

Karen Dotson, CPA
Audit Manager

Himmat Bains
Auditor-In-Charge



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A Commitment to Service

Auditor-Controller
1195 Third Street - Room B10
Napa, CA 94559

Main: (707) 253-4551
Fax: (707) 226-9065
www.countyofnapa.org

Tracy A. Schulze
Auditor-Controller

September 23, 2019

Napa County Board of Supervisors
Minh Tran, County Executive Officer

Executive Summary

The Internal Audit Section of the Napa County Auditor-Controller's Office has completed a fiscal monitoring audit of the Purchasing Card activity from October 1, 2018 through March 31, 2019 subject to requirements established in the County's P-Card Procedures.

Overall, no findings were noted. For the period audited four new cards were issued, no cards were closed. As of March 31, 2019 Napa County has eleven purchasing cards being utilized by various departments.

I want to thank the Internal Audit staff and the Program Administrator for their expertise and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "TAS", is written over a horizontal line.

Tracy A. Schulze
Auditor-Controller

Fiscal Monitoring County of Napa County-Wide Audit P-Card Activity

Background and Authority

On August 13, 2013, the Napa County Board of Supervisors approved a County Purchasing Card Pilot Program. During the pilot program, purchasing cards were held by the Purchasing Manager who acts as the Program Administrator and the Auditor-Controller's Office who provides oversight. On February 10, 2015, the Board of Supervisors adopted Board Resolution 2015-13 amending County Policy Manual Part I: Section 6, implementing a County Procurement Card (P-Card) Program to facilitate the acquisition of goods and services, in coordination with the Purchasing Agent (County Executive Officer). The Auditor-Controller and County Executive Office issued P-Card Procedures, which were adopted pursuant to Board Resolution No. 2015-13.

At the conclusion of the monitoring period, P-Cards were issued to eleven County employees. Each card carries the cardholder's name and may be used for purchases based on the approval of the cardholder's Department Head and the County Executive Officer. Restrictions are set individually for each cardholder for spending limits and on the type of transaction the cards can be utilized.

Scope and Objective

Our engagement was conducted in conformance with *the International Standards for the Professional Practice of Internal Auditing*. We have performed a county-wide review of the P-Card activity for the period of October 1, 2018 to March 31, 2019. The audit work papers and back-up documentation will be made available upon request. The primary objectives of our engagement were to:

1. Determine internal controls over P-Cards are adequate to effectively safeguard the County's resources; and
2. Determine that P-Cards are utilized in accordance with the County's Purchasing Policy and P-Card Procedures.

Procedures

1. Conducted a walk-through of a transaction to identify and verify key controls.
2. Reviewed new card set up within US Bank system to ensure spending and merchant code limits were authorized by cardholder's Department Head and the County Executive Officer.
3. Reviewed purchase card expenditure to ensure established policy and procedures are being followed.
4. Reviewed declined transactions to ensure US Bank controls were functioning and to determine if cardholders are utilizing cards in accordance to their limits.
5. Examined purchase card transactions to ensure no travel expenses were duplicated in an employee's travel reimbursement request or cash advances.

Results

- ✓ Based on the controls identified for the purchasing card procurement process, we concluded the controls minimize risk of fraudulent activity and errors.
- ✓ There were no exceptions noted from deviations of the purchasing policy and P-Card procedure.
- ✓ There were no instances of misuse on the declined transactions report.
- ✓ There were no instances of duplication of purchasing card transactions and travel expense reimbursements, including when cash advances were issued.

Observation

We observed that the general ledger description for travel related expenses is not consistent among cardholders. We recommend a standard description format, which includes key information such as names of employees for who the purchases are being done, date of transaction and a brief description of what was purchased. This will allow for more efficient auditing, especially when testing for duplicate expenses.

Management response: The Purchasing Manager agrees and will work with the Auditor-Controller's Office to create a consistent transaction description format, recognizing the limitations of our current financial system.

The goal will be to provide training by December 2019.