

County of Napa

Auditor-Controller

Internal Audit Report

# County-Wide Audit Procurement Card (P-Card) Program

For the Period of January 1, 2025 – June 30, 2025

Report Date: August 18, 2025



A Tradition of Stewardship  
A Commitment to Service

**Tracy A. Schulze**  
Auditor-Controller

## Table of Contents

	<u>Page</u>
Executive Summary.....	1
Background and Authority .....	2
Objectives and Scope.....	2
Procedures.....	2-3
Results.....	3-4
Conclusion .....	4
Exhibit A – Top Spending by Merchant Category .....	5
Exhibit B – Top 10 Merchants.....	6
Exhibit C – Top Spending by Department .....	7

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A Tradition of Stewardship  
A Commitment to Service

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**Tracy A. Schulze**  
Auditor-Controller

August 18, 2025

To the Board of Supervisors  
Napa County, CA

### Executive Summary

The Internal Audit Section of the Napa County Auditor-Controller's Office (Internal Audit) has completed a county-wide audit of Napa County's Procurement Card (P-Card) Program for the period of January 1, 2025 – June 30, 2025.

Internal Audit conducted the audit in conformance with the *Global Internal Audit Standards (Standards)* established by the Institute of Internal Auditors. These *Standards* require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives; and that the internal audit activity be independent, objective, and perform engagements with proficiency and due professional care.

The primary objectives of this engagement were to review Napa County's Procurement Card usage for compliance with the County's Purchasing Policy, as approved by the Board of Supervisors in 2024, and to evaluate the administration of the Program for adequate internal controls. Based on Internal Audit's review, we believe that overall, P-Card usage does comply with the County's P-Card procedures.

This report is a matter of public record and is intended solely for the information and use of Napa County's Board of Supervisors, Chief Executive Officer, Purchasing Manager, and individual cardholders. I want to thank the Purchasing Manager and cardholders for their assistance and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink that reads "Tracy A. Schulze".

Tracy A. Schulze  
Auditor-Controller

County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

**Background and Authority**

CAL-Card is the registered name of the State of California's P-Card Program. CAL-Card is a VISA purchase card provided by a State of California leveraged procurement agreement (LPA) and offered to participating state and local government agencies. CAL-Card provides a flexible payment mechanism for the acquisition of goods and services with flexible spending limits and merchant category codes (MCC) for each card. Cards are issued in the name of the cardholder and billed to the agency.

On February 10, 2015, the Board of Supervisors adopted Resolution No. 2015-13, formally authorizing the P-Card Program. Under this resolution, the County's Purchasing Agent, the Chief Executive Officer, designated the Purchasing Manager to serve as the Program Coordinator. The Program Coordinator is responsible for the overall administration of the P-Card Program. The Auditor-Controller is tasked with monitoring and auditing all P-Card activity to ensure compliance with applicable State and County Purchase Card policies and to detect any potential violations.

The P-Card Program is intended to facilitate the acquisition of goods and travel-related services necessary to support the County's goals of increased automation and streamlined processes. P-Cards are issued to individual employees designated by the County and may only be used for purchases authorized by the Board of Supervisors. The Program incorporates multiple layers of control to ensure that P-Cards are used solely for approved categories of purchases - defined through Merchant Category Codes (MCCs) - and within established dollar limits. Through its relationship with U.S. Bank, the County benefits from enhanced controls and data reporting tools that further streamline the traditionally paper and labor-intensive procurement process. By eliminating the need for individual purchase requisitions and receiving reports for each transaction, the P-Card Program enables the efficient and direct purchase of authorized items.

**Objectives and Scope**

The primary objectives of this engagement were to assess P-Card usage for compliance with applicable State and County purchasing policies and P-Card procedures, and to evaluate the adequacy of internal controls over program administration. The scope of the review encompassed transactions and related documentation for the period January 1, 2025, through June 30, 2025.

**Procedures**

To achieve the audit objectives, our procedures included, but were not limited to, the following:

- Engaged with cardholders, accounting staff, and the Purchasing Manager to evaluate the administration of the P-Card Program.
- Reviewed the County's Purchasing Policy, P-Card procedures, and County Travel

County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

Policy.

- Conducted a walk-through of P-Card transactions to identify any changes in key controls.
- Examined P-Cardholder profiles within the U.S. Bank system to verify that spending limits and merchant category codes (MCCs) were properly supported and authorized.
- Confirmed that P-Cards were appropriately terminated or placed on hold, as applicable.
- Reviewed declined P-Card transactions to ensure system controls were functioning as intended.
- Tested a sample of P-Card expenditures for compliance with the County's Purchasing Policy, P-Card procedures, and County Travel Policy.
- Compared sampled transactions to employee expense claims to identify potential duplicate payments.

### **Results**

As of June 30, 2025, there were 21 active P-Cards issued to County employees, three of which were assigned to the Sheriff's Office.

According to U.S. Bank reports, there were 854 approved transactions during the six-month review period, totaling \$331,320. The highest volume of spending occurred in the categories of hotel accommodations and business expenses. **Exhibits A and B** present the highest spending by category and by merchant, while **Exhibit C** provides a breakdown of spending by County departments with P-Card expenditures exceeding \$1,000 during the review period.

Internal Audit tested multiple transactions for each active cardholder and verified compliance with the County's P-Card procedures.

There were 244 attempted transactions declined by U.S. Bank's internal controls. Of these, 83% were declined due to "Unapproved Merchant Category Code" (MCC). This occurs when a cardholder has not been approved to utilize a specific MCC, or when an external attempt is made to use the card number for a purchase and the MCC is not assigned to that card number.

For cardholders with more than 25 declined transactions during the review period, Internal Audit requested confirmation as to whether the attempts were made by the cardholder with a vendor whose MCC had not been assigned, or whether they were attempted by an external party. If recurring declines involved a legitimate vendor, the cardholder was requested to

County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

contact the vendor to resolve the issue.

Internal Audit reviewed all transactions and selected at least one per cardholder to evaluate supporting documentation, confirm compliance with current policies and procedures, and assess whether internal controls were operating as intended. In several instances, documentation provided was insufficient to demonstrate compliance. For example, one cardholder made a purchase at a grocery store but did not upload a receipt into Content Manager or provide an explanation for the expense. In such cases, Internal Audit requested additional clarification from the cardholder.

Internal Audit also confirmed that biennial training for all cardholders, as required by U.S. Bank, was conducted in May 2025 by the Program Administrator. In addition, the Program Administrator provided maintenance forms for all changes to existing accounts and for requests to add new cardholders.

### **Conclusion**

P-Card procedures do not supersede County policies. It is the responsibility of both cardholders and approving managers to provide sufficient documentation to demonstrate compliance with County purchasing policies and procedures. The Auditor-Controller retains the authority to review any transaction and to request additional documentation necessary to confirm compliance with the P-Card Program and applicable policies. Based on the results of this review, overall P-Card usage was found to be in compliance with the County's Purchasing Policy for Procurement Cards. Exceptions noted during testing were promptly addressed and remedied by the respective cardholders upon request from Internal Audit.



County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

**Exhibit A**

**Top Spend by Category**

<u>Merchant Category</u>	<u>Total Spend</u>	<u>Percentage</u>
HOTELS <sup>1</sup>	105,571	32%
BUSINESS EXPENSE <sup>2,3,8</sup>	98,649	30%
WHOLESALE TRADE <sup>5</sup>	51,536	15%
OFFICE SERVICES <sup>7,12</sup>	23,685	7%
AIRLINE <sup>4</sup>	21,196	6%
OTHER <sup>9,10,11</sup>	12,123	4%
FOOD & DRINK <sup>6</sup>	10,263	3%
<b>Total</b>	<b>\$ 323,022</b>	<b>97%</b>

Categories less than 1% not included

Source: US Bank

**Definitions of Merchant Categories Assigned by US Bank (not all apply):**

<sup>1</sup> Hotels for Conferences and Trainings, Emergency Housing

<sup>2</sup> Memberships, Cable Services, Charitable and Social Services, Education and Trade School

<sup>3</sup> Advertising, Information Retrieval Services, Employment Agencies, Continuity Subscriptions

<sup>4</sup> Flights to Attend Conferences and Trainings

<sup>5</sup> Discount Stores (Wal-Mart, Costco), Wholesale Books and Magazines, Office Supplies

<sup>6</sup> Restaurants/Food Services - including for shelters

<sup>7</sup> Artists Supply and Crafts, Dropbox Services, Theaters, Domain Hosting

<sup>8</sup> Conferences and Training

<sup>9</sup> Stationery Stores/Supplies, Computer Software Stores

<sup>10</sup> Trains and Ground Transportation

<sup>11</sup> Tolls and Bridge Fees

<sup>12</sup> Office Depot Mail/Phone

County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

**Exhibit B**

**Top Spend by Merchant**

<u>Merchant Name</u>	<u>Total Spend</u>	<u>Percentage</u>
SOUTHWEST <sup>1</sup>	15,937	20%
THE WEBSTAURANT STORE INC <sup>8</sup>	14,209	17%
HAMPTON INNS <sup>5</sup>	12,042	15%
CALIFORNIA DA <sup>2,3</sup>	8,542	11%
WWW.MADISONSEATING.COM <sup>8</sup>	6,352	8%
PY *CSAC <sup>3</sup>	6,200	8%
ARAMARK ASILOMAR RESORT <sup>5</sup>	5,110	6%
4 ALL PROMOS <sup>7</sup>	4,922	6%
PAYPAL *OREGONNARCO <sup>3</sup>	4,000	5%
HAMPTON INN WINDSOR <sup>5</sup>	3,968	5%
<b>Total</b>	<b>\$ 81,280</b>	<b>100%</b>

Source: US Bank

**Definitions of Services Assigned to Merchant by US Bank (not all apply)**

<sup>1</sup> Flights for Conferences

<sup>2</sup> Membership / Political / Government Organization

<sup>3</sup> Conferences

<sup>4</sup> Restaurants/Eating - including shelters

<sup>5</sup> Hotel for conferences and training

<sup>6</sup> Office Services

<sup>7</sup> Business Expense

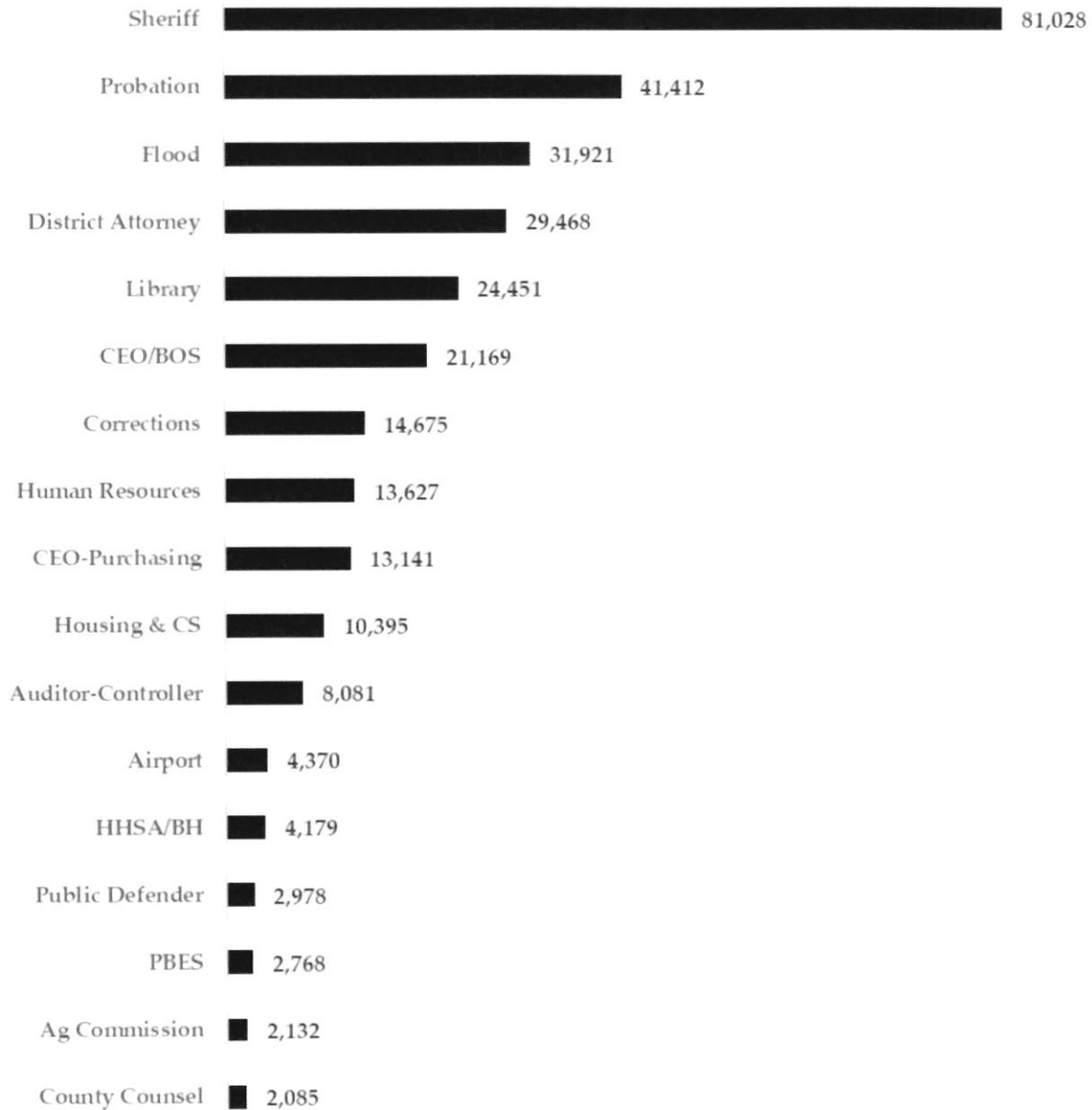
<sup>8</sup> Wholesale Trade



County-Wide Audit  
Procurement Card Program  
For the Period of January 1, 2025 – June 30, 2025

**Exhibit C**

**P-Card Spending by Department  
January 1, 2025 – June 30, 2025**



**Source:** Tyler Munis P-Card  
Disbursement Report