



A Tradition of Stewardship  
A Commitment to Service

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

For the period  
July 1, 2025 to December 31, 2025

**Tracy A. Schulze**  
**Auditor-Controller**

Internal Audit Section  
March 10, 2026

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**Tracy A. Schulze**  
Auditor-Controller

March 10, 2026

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 review of Napa County's Procurement Card (P-Card) Program (the P-Card Program or Program) for the period July 1, 2025 – December 31, 2025.

Internal Audit performed this review using professional auditing practices appropriate for the public sector. Our work is guided by widely recognized principles of integrity, objectivity, competence, due professional care, and confidentiality to promote quality, independence, and reliability of results.

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 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 "Christine Hernandez".

Christine Hernandez  
Deputy Auditor-Controller

County-Wide Audit  
Procurement Card Program  
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**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.

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.

**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 July 1, 2025, through December 31, 2025.

**Procedures**

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

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- 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 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 & Recommendations**

As of December 31, 2025, there were 23 active P-Cards issued to County employees, three of which were assigned to the Sheriff’s Office.

During the review period, Napa County departments made a total of \$354,951 in purchases through the Program. An accounting of expenditures by category and department is provided in **Exhibits A and B**, respectively.

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 contact the vendor to resolve the issue.

We 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 some instances, documentation provided was insufficient to demonstrate compliance. In such cases, Internal Audit requested additional clarification from the cardholder.

We 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

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cardholders.

During our review, we noted multiple attempted and declined charges to a former employee's Procurement Card. The card was appropriately terminated upon the employee's departure; however, based on the attempted transactions, it appears the card remained associated with one or more department subscription accounts configured for automatic renewal.

Although no unauthorized payments were identified, automated recurring charges present elevated risk because they reduce the effectiveness of approval controls, increase the likelihood of overlooked subscriptions, and can result in repeated declined transactions or purchasing disruptions when accounts are closed or replaced.

To help mitigate these risks, Internal Audit recommends a formalized, time-bound review when a P-Card is closed. As part of this continued monitoring, the department head or program supervisor should review whether any recurring charges remain tied to the terminated card and either update the payment information through an authorized cardholder or discontinue the service, as appropriate. This review would help prevent service disruptions and reduce the risk of repeated declined transactions. Internal Audit also recommends reinforcing guidance on monitoring and oversight of recurring charges during (P-Card) training, including both the initial cardholder setup process and required ongoing training, with this guidance coordinated by the program coordinator.

**Conclusion**

Based on the results of this review, 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

## Exhibit A

### P-Card Expenditures by Category July 1, 2025 – December 31, 2025

<u>Merchant Category</u>	<u>Total Spend</u>	<u>Percentage</u>
Hotels <sup>1</sup>	\$ 132,768	37%
Business Expense <sup>2</sup>	\$ 98,883	28%
Airline <sup>3</sup>	\$ 36,167	10%
Office Services <sup>4</sup>	\$ 31,162	9%
Wholesale Trade <sup>5</sup>	\$ 29,738	8%
Food & Drink <sup>6</sup>	\$ 17,558	5%
Other <sup>7-10</sup>	\$ 8,676	2%
Total	\$ 354,951	100%

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

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

<sup>3</sup> Flights to Attend Conferences and Trainings

<sup>4</sup> Stationery Stores/Supplies, Computer Software Stores

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

<sup>6</sup> Restaurants & Food Services

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

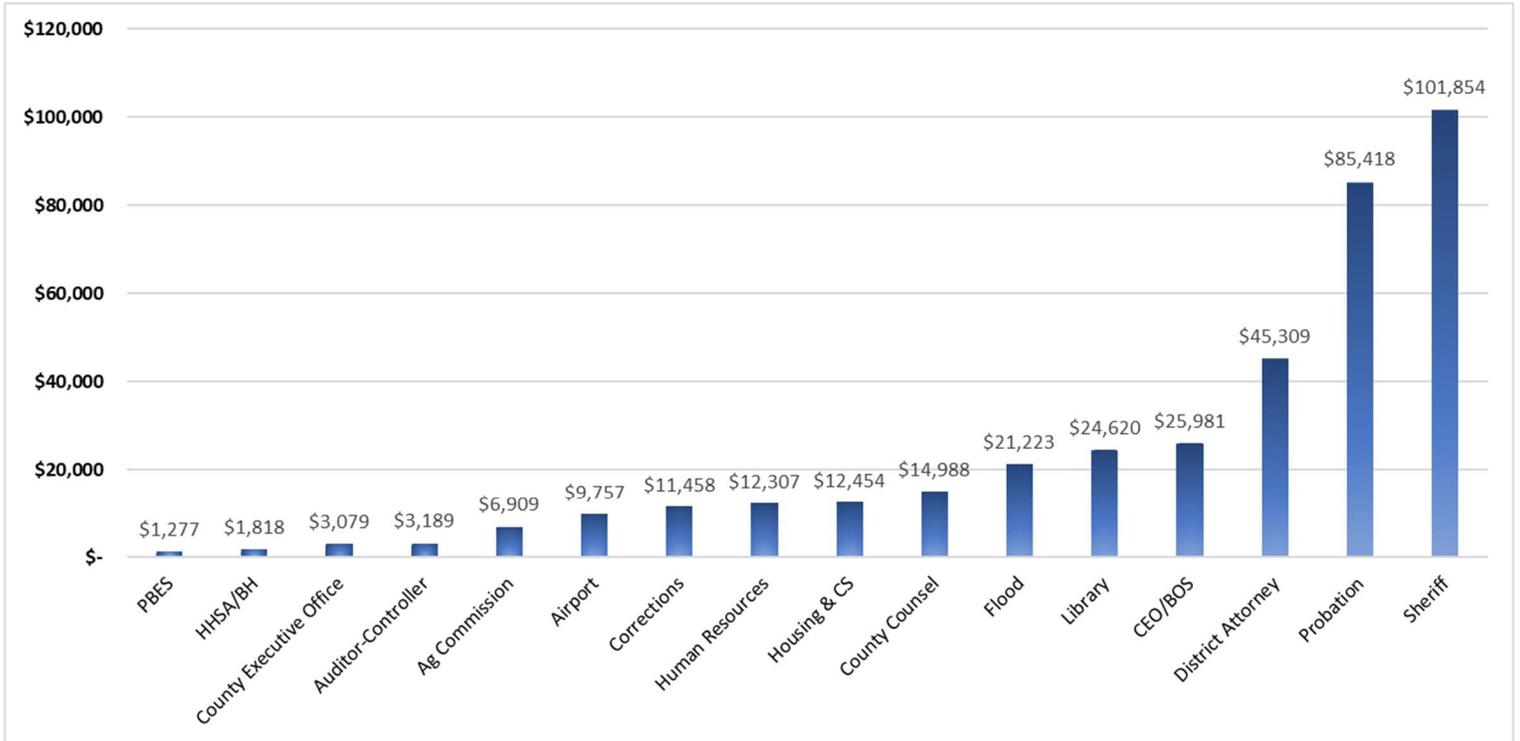
<sup>8</sup> Conferences and Training

<sup>9</sup> Trains and Ground Transportation

<sup>10</sup> Tolls and Bridge Fees

## Exhibit B

### P-Card Expenditures by Department July 1, 2025 – December 31, 2025



Source: Tyler Munis P-Card  
Disbursement Report