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Title: Auditor-Controller requests the Board to accept, and instruct the Clerk of the Board to file, the internal audit report for County of Napa County-Wide Audit of Procurement Card (P-Card) Program for the period of July 1, 2022 - December 31, 2022.

Sponsors:

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Attachments: 1. Internal Audit Report

Date	Ver.	Action By	Action	Result
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TO: Board of Supervisors

FROM: Tracy Schulze - Auditor-Controller

REPORT BY: Paul Phangureh - Internal Audit Manager

SUBJECT: Internal Audit Report - County of Napa County-Wide Audit of Procurement Card (P-Card) Program for the period of July 1, 2022 - December 31, 2022

RECOMMENDATION

Auditor-Controller requests the Board to accept, and instruct the Clerk of the Board to file, the internal audit report for County of Napa County-Wide Audit of Procurement Card (P-Card) Program for the period of July 1, 2022 - December 31, 2022.

EXECUTIVE SUMMARY

The primary objectives of this engagement were to review Napa County’s Procurement Card usage for compliance with the County’s P-Card Procedures, as approved by the Board of Supervisors in 2015, and to evaluate the administration of the Program for adequate internal controls. To accomplish our objectives, we reviewed a sample of the P-Card purchases and related documentation files to ensure card holders’ compliance with current procedures, and to determine if adequate internal controls are in place and operating as designed. Based on our audit, we believe that overall P-Card usage does comply with the County’s P-Card procedures and the administration of the P-Card Program has adequate internal controls. However, we did note three observations and provided recommendations for improvement.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed: Effective and Open Government

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

CAL-Card is the registered name of the State of California's Purchase Card Program. CAL-Card is a VISA purchase card provided by a State of California leveraged procurement agreement (LPA) and offered to participating state 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 August 13, 2013, the Board of Supervisors approved and authorized an addendum to the State of California's Purchase Card Program Master Services Agreement (DGS MSA 5-06-99-01) with U.S. Bank National Association to implement a Procurement Card (P-Card) Program for Napa County. In doing so, the Board of Supervisors also authorized a P-Card "Pilot" Program to ensure the County's P-Card Procedures could be developed with strong internal controls prior to a county-wide implementation.

On February 10, 2015, the Board of Supervisors adopted Board Resolution No. 2015-13, authorizing the P-Card Program. The Purchasing Agent is the County Executive Officer, who has designated the Purchasing Manager as the Program Coordinator. The Program Coordinator is responsible for overall coordination and administration of the P-Card Program. The Auditor-Controller is responsible for monitoring and auditing all activity of the P-Card Program to ensure no violations of the County's P-Card Procedures exist.

The P-Card Program is intended to facilitate the acquisition of goods and travel-related services necessary for accomplishing the County's goals and objectives of automation and streamlining processes. The P-Card itself is issued to individual employees, who have been designated by the County and may only use it for the type of purchases authorized by the Board of Supervisors. Several unique controls have been developed for the P-Card Program to ensure that P-Cards can be used only for specific categories of purchases (i.e. MCC) and within specific dollar limits. Through U.S. Bank, there are enhanced controls and data reporting tools available that enables the County to streamline the traditional paper and labor-intensive procurement process. The P-Card Program allows the County to efficiently purchase authorized items directly without the necessity of preparing individual purchase requisitions and processing individual receiving reports for each transaction.