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**Director**  
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## INTERNAL AUDITOR'S REPORT

Audit No. 2346

DATE: May 5, 2004

TO: Webster J. Guillory  
Assessor

SUBJECT: Department Control Review of Purchasing Card Program

We have completed a review of internal controls over purchasing card transactions of the Assessor's Office for the period from July 1, 2002 through June 30, 2003. We performed this review in conjunction with our review of CEO/Purchasing's processes and internal controls over administering the purchasing card program.

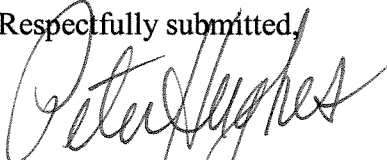
The Assessor's Office was one of five departments included in this review, which also included Housing and Community Services Department, Integrated Waste Management Department, Orange County Public Library, and the Public Defender. We issued the results of our review in separate reports to CEO/Purchasing and to the selected departments.

Our principal objective was to determine whether controls are adequate to ensure purchasing card transactions are valid, adequately supported, processed in accordance with management authorization and processed in compliance with the County of Orange Purchasing Card Program policy and procedure manual (Purchasing Card Manual). Our review included testing for split purchases, duplicate vendor payments, and whether cardholder spending limits were exceeded.

Our review determined that internal controls over purchasing card transactions in the Assessor's Office were effective to ensure purchase card transactions were processed in accordance with management authorization and were in compliance with the Purchasing Card Manual. Our observations and recommendations to further enhance controls, along with management responses, are contained in this report. The complete text of responses from the Assessor's Office are contained in Appendix A of this report.

We want to express our appreciation for the level of courtesy and cooperation extended to us by the personnel of the Assessor's Office during our review. If we can be of further assistance, please contact me directly or Eli Littner, Deputy Director at (714) 834-5899 or Michael Goodwin, Audit Manager at (714) 834-6066.

Respectfully submitted,



Dr. Peter Hughes, CPA  
Director, Internal Audit

Audit Team:

Eli Littner, Deputy Director, CPA, CIA  
Michael Goodwin, Audit Manager, CPA, CIA  
Michael Dean, Senior Auditor, CIA  
Toni Smart, Senior Auditor, CPA  
Sonia Maceranka, Senior Auditor

Attachment

Distribution: Pursuant to Audit Oversight Committee Procedure No. 1  
Members, Board of Supervisors  
Members, Audit Oversight Committee  
James D. Ruth, County Executive Officer  
Foreman, Grand Jury  
Darlene J. Bloom, Clerk of the Board of Supervisors  
Shaw Lin, Quality Assurance Project Manager, Assessor  
William Price, Management Services Contracts Manager, Assessor

## **OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

### **I. Telephone, Mail Order and Internet Purchases**

#### **A. Supporting Documentation**

Adequate supporting documentation, such as vendor invoices and shipping documents, should be maintained for all purchases made by telephone, mail order or Internet. Maintaining adequate supporting documentation reduces the risk that errors or irregularities on the cardholder's statement may occur and go undetected. For 7 of the 37 telephone, mail order and Internet purchases reviewed, adequate supporting documentation was not available.

#### **Recommendation No. I.A**

Assessor ensure that adequate supporting documentation, including invoices and shipping documents, is maintained for all purchasing card purchases.

#### **Assessor Response:**

We concur. We have instructed staff involved in the purchasing card program that each transaction will be reviewed to ensure that a complete record with supporting documentation is created and maintained to include the purchase, payment, and receipt/delivery of goods.

#### **B. Purchasing Card Log**

Our testing found that 37 purchases made by telephone, mail order, or Internet were not documented on the purchasing card log as required by the Purchasing Card Manual.

#### **Recommendation No. I.B**

Assessor ensure that a purchasing card log is used and maintained as supporting documentation for all telephone, mail order and Internet purchases.

#### **Assessor Response:**

We concur. Assessor Department has been maintaining records of all purchasing card purchases, but did not use the specific form due to limitation in the spaces provided in the log form. After the audit in October 2003, we have received an Excel format of the log from Internal Audit and have been using it since then.

## APPENDIX A Assessor Management Responses

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ESTABLISHED 1889

WEBSTER J. GUILLORY  
COUNTY ASSESSOR

Telephone: (714) 834-2727  
FAX: (714) 558-0681  
[WWW.OC.CA.GOV/Assessor](http://WWW.OC.CA.GOV/Assessor)

January 26, 2004

### OFFICE OF THE ASSESSOR

Dr. Peter Hughes, Director  
Internal Audit Department  
Bldg. 12, Room 232  
400 Civic Center Drive  
Santa Ana, CA 92701-4521

Subject: Response to Finding and Recommendations - Draft Report on Department Control Review of Purchasing Card

Dear Dr. Hughes:

We have reviewed the Draft Report on the Department Control Review of the Purchasing Card, dated December 12, 2003. We concur with the finding that Assessor Department's "internal controls over purchasing card transactions were effective to ensure purchase and transactions were processed in accordance with management authorization and were in compliance with the Purchasing Card Manual." Our response to the two (2) recommendations in the Draft Report are presented below:

**Recommendation No. I.A.**

Assessor ensure that adequate supporting documentation, including invoices and shipping documents, are maintained for all purchasing card purchases.

Response: *We concur. We have instructed all staff involved in the purchasing card program that each transaction will be reviewed to ensure that a complete record with supporting documentation is created and maintained to include the purchase, payment, and receipt/delivery of goods.*

**Recommendation No. I.B.**

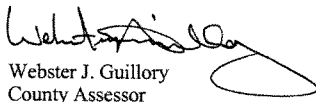
Assessor ensure that a purchasing card log is used and maintained as supporting documentation for all telephone, mail order and Internet purchases.

Response: *We concur. Assessor Department has been maintaining the records of all purchasing card purchases, but did not use the specific log form due to limitation in the spaces provided in the log form. After the audit in October 2003, we have received an Excel format of the log form from the Internal Audit and have been using it since then.*

We appreciate the opportunity to review the draft report and want to commend the professionalism demonstrated by your audit staff during this review.

If you have any further questions, please call me at 834-2734.

Sincerely,

  
Webster J. Guillory  
County Assessor

ct: Shaw Lin

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