

Internal Audit Department

O R A N G E C O U N T Y

FINAL CLOSE OUT

FIRST FOLLOW-UP AUDIT:

COUNTY EXECUTIVE OFFICE PURCHASING DIVISION (NOW THE COUNTY PROCUREMENT OFFICE) AUDIT ALERT – COUNTY CAL CARD PROGRAM

ORIGINAL AUDIT No. 2766-3

AS OF DECEMBER 31, 2008

The original Audit Alert contained one (1) recommendation. Our Follow-Up Audit indicated that the County Procurement Office took satisfactory corrective action to implement the recommendation concerning cardholder 30-day purchase limits.

AUDIT NO: 2829-K

REPORT DATE: FEBRUARY 11, 2009

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Letter from Director Peter Hughes



Transmittal Letter



Audit No. 2829-K February 11, 2009

TO: Thomas G. Mauk
County Executive Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: **First and Final Close-Out** Follow-Up
Audit: County Executive Office
Purchasing Division (now the County
Procurement Office) Audit Alert –
County Cal Card Program,
Original Audit No. 2766-3,
Issued April 29, 2008

We have completed a First and Final Close-Out Follow-Up Audit of the Audit Alert issued to the County Executive Office Purchasing Division (now referred to as the County Procurement Office) regarding the County's Cal Card (purchasing card) Program. Our audit was limited to reviewing, as of December 31, 2008, actions taken to implement the one (1) recommendation made in our original Audit Alert.

The results of our Follow-Up Audit are discussed in the **OC Internal Auditor's Executive Report** following this transmittal letter. Because satisfactory corrective action has been taken for the audit recommendation, **this report represents the close-out of the original audit.**

Each month I submit an **Audit Status Report** to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Attachment

Other recipients of this report listed on the OC Internal Auditor's Executive Report on page 2.

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*First and Final Close-Out Follow-Up Audit of
County Executive Office Purchasing Division
(County Procurement Office)
Audit Alert – County Cal Card Program
(Original Audit No. 2766-3)
Audit No 2829-K*

As of December 31, 2008

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Audit No. 2829-K

February 11, 2009

TO: Thomas G. Mauk
County Executive Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: **First and Final Close-Out** Follow-Up Audit: County Executive Office Purchasing Division (now the County Procurement Office) Audit Alert – County Cal Card Program, Original Audit No. 2766-3, Issued April 29, 2008

Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of the Audit Alert issued to the County Executive Office Purchasing Division (now referred to as the County Procurement Office) regarding the County's Cal Card (purchasing card) Program. Our audit was limited to reviewing, as of December 31, 2008, actions taken to implement the one (1) recommendation made in our original Audit Alert.

Background

In November 2007, the County's Audit Oversight Committee (AOC) directed the Internal Audit Department to audit expenditures incurred by Sheriff-Coroner Administration. We conducted an audit of Sheriff-Coroner Administration Cal Card (purchasing card) expenditures (see audit report #2766-2). During the course of that audit, we noted an issue regarding cardholders exceeding 30-day purchase limits. Each cardholder has an assigned limit on the amount that can be expended on both single purchases and within a 30-day period using the Cal Card. We reported this issue to the County Procurement Office via an Audit Alert.

Results

The original Audit Alert contained one (1) recommendation. Our Follow-Up Audit indicated the County Procurement Office took satisfactory corrective action to implement the recommendation. The original recommendation is noted below along with a comment on its status.



1. **Recommendation No. 1 – Cardholders Exceeded 30-Day Purchase Limit (Control Finding)**

We recommend the County Executive Office/Purchasing Division work with U.S. Bank to ensure cardholder purchase limits cannot be exceeded.

Current Status: **Implemented.** The County Procurement Office (CPO) addressed this issue with the County's Cal Card vendor, U.S. Bank. U.S. Bank informed them that a cardholder can only go over their 30-day purchase limit if the cardholder has multiple pending charges (charges approved by U.S. Bank that have not yet been posted to the cardholder account) that are posted to the account on the same day, and that any additional charges after this occurs would be declined.

We obtained a report from the CPO showing all instances of cardholders exceeding 30-day limits for the period October 2008 through January 2009. We noted three (3) instances of cardholders exceeding 30-day limits. We reviewed the overages and determined the overages were caused by multiple pending charges posted on the same day.

U.S. Bank will provide the CPO a technical description of the controls in the place to ensure the 30-day purchase limit cannot be exceeded (other than when multiple pending charges post on the same day). Since the CPO has been working with U.S. Bank to ensure cardholder purchase limits cannot be exceeded, we consider this recommendation implemented.

We appreciate the cooperation and assistance extended to us by the personnel of the County Procurement Office during our Follow-Up Audit. If you have any questions, please contact me directly; or Eli Littner, Deputy Director at 834-5899, or Michael Goodwin, Senior Audit Manager at 834-6066.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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