

Internal Audit Department

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

FINAL CLOSE-OUT

SECOND FOLLOW-UP AUDIT: COUNTY EXECUTIVE OFFICE PURCHASING DIVISION ADMINISTRATION OF CAL CARD PROGRAM

As of February 29, 2008

The County Executive Office - Purchasing Division satisfactorily implemented corrective actions to address all four (4) recommendations from our original audit where we evaluated the administration of the countywide Cal Card (purchasing card) program.

AUDIT NO: 2728-D
REPORT DATE: MARCH 21, 2008

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Internal Audit Department

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Transmittal Letter



AUDIT NO. 2728-D

March 21, 2008

TO: Thomas G. Mauk
County Executive Officer

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

SUBJECT: **Final Close-Out** Second Follow-Up
Audit: County Executive Office
Purchasing Division Administration of
Cal Card Program, Original Audit No.
2533

We have completed a Second Follow-Up Audit of internal controls and processes over the County's Cal Card program (also referred to as purchasing cards), as administered by the County Executive Office Purchasing Division (CEO/Purchasing). Our audit was limited to reviewing, as of February 29, 2008, actions taken to implement the recommendations in our first Follow-Up Audit report dated July 23, 2007 (#2636-J). The results of our Second Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter.

Because satisfactory corrective action has been taken and/or the item was closed for the four (4) recommendations, **this report represents the final 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 Internal Auditor's Report on page 2.

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County Executive Office/Purchasing Division
Administration of Cal Card Program
Audit No 2728-D***

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INTERNAL AUDITOR'S REPORT

AUDIT No. 2728-D

MARCH 21, 2008

TO: Thomas G. Mauk
County Executive Officer

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

SUBJECT: **Final Close-Out** Second Follow-Up Audit:
County Executive Office Purchasing Division Administration

Audit Highlight

The County Executive Office - Purchasing Division satisfactorily implemented corrective actions to address all four recommendations from our original audit where we evaluated the administration of the countywide Cal Card (purchasing card) program.

Scope of Review

We have completed a Second Follow-Up Audit of internal controls and processes over the County's Cal Card program (also referred to as purchasing cards), as administered by the County Executive Office Purchasing Division (CEO/Purchasing). Our audit was limited to reviewing actions taken as of February 29, 2008 to implement the remaining recommendations in our First Follow-Up Audit report dated July 23, 2007, #2636-J.

Background

Our original audit assessed the controls over CEO/Purchasing's administration of Cal card program. CEO/Purchasing is responsible for establishing Cal Card policy and procedures, administering card issuances, terminations and account changes, and training new departments/agencies that elect to participate in the program.

Results

The County Executive Office - Purchasing Division satisfactorily implemented corrective actions to address all four (4) recommendations from our original audit where we evaluated the administration of the countywide Cal Card (purchasing card) program.

The First Follow-Up Audit report contained four (4) recommendations pertaining to training of departments/agencies, performing compliance reviews, segregation of duties, and preparing reconciliations between U.S. Bank's and CEO/Purchasing's records.

Our Second Follow-Up Audit found two (2) recommendations have been fully implemented and two (2) recommendations have been closed. The two recommendations that have been closed are noted below along with a comment on their current status. The item number from the original audit report is shown in parentheses after each heading.



1. Reconciliations – Segregation of Duties (Recommendation No. 6)

Recommendation: We recommend CEO/Purchasing assign the duty of researching and resolving items noted for further follow-up on the *New Card Report* and *Cardholder Alter List* reconciliations to someone without other Cal Card duties.

Current Status: **Closed.** U.S. Bank transitioned from its “CARE” system to its “Access Online” system in July 2007. As a result of the transition, U.S. Bank stopped providing *New Card Reports* and *Cardholder Alter List* reports.

CEO/Purchasing now has the ability to download similar reports quarterly from U.S. Bank’s website that show new cardholder accounts, cardholder changes and deactivated cardholder accounts. The Cal Card Coordinator prepares the reconciliations; an Office Specialist with no other Cal Card duties resolves any items noted for further research; and the Professional Education and Training Manager reviews and approves the reconciliations. Because CEO/Purchasing has segregated reconciliation duties for the newly created cardholder reports from U.S. Bank, we will consider this recommendation as “closed.”

2. Reconciliations – Timely Identification of Reconciling Items (Recommendation No. 8)

Recommendation: We recommend CEO/Purchasing ensure items noted for further research on the reconciliations of the *Cardholder Alter List* and *New Card Report* are resolved timely.

Current Status: **Closed.** As noted above, U.S. Bank is no longer providing *Cardholder Alter Lists* and *New Card Reports*. CEO/Purchasing has developed a procedure to download the new reports quarterly from U.S. Bank’s website for preparing reconciliations. Any reconciling items are required to be resolved timely. As of our Second Follow-Up Audit, all reconciling items had been resolved. Because CEO/Purchasing has a reconciliation process in place for the newly created cardholder reports, we will consider this recommendation as “closed.”

Acknowledgment

We appreciate the courtesy and cooperation extended during the audit by CEO/Purchasing. If we can be of further assistance, please contact me or Eli Littner, Deputy Director, at (714) 834-5899 or Michael Goodwin, Senior Audit Manager, at (714) 834-6066.



Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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