

Internal Audit Department

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

FINAL CLOSE OUT

FIRST FOLLOW-UP AUDIT:

COMPLIANCE AUDIT OF SHERIFF-CORONER ADMINISTRATION PURCHASING CARD (CAL CARD) EXPENDITURES

ORIGINAL AUDIT No. 2766-2

AS OF DECEMBER 31, 2008

The original audit report contained one (1) recommendation. Our Follow-Up Audit indicated that the Sheriff-Coroner took satisfactory corrective action to implement the recommendation to monitor cardholder 30-day purchase limits.

AUDIT NO: 2829-I

REPORT DATE: FEBRUARY 11, 2009

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Letter from Director Peter Hughes



Transmittal Letter



Audit No. 2829-I February 11, 2009

TO: Sandra Hutchens
Sheriff-Coroner

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

SUBJECT: **First and Final Close-Out** Follow-Up
Audit: Compliance Audit of Sheriff-
Coroner Administration Purchasing
Card (Cal Card) Expenditures,
Original Audit No. 2766-2,
Issued April 29, 2008

We have completed a First and Final Close-Out Follow-Up Audit of Sheriff-Coroner Administration Purchasing Card (Cal Card) Expenditures. Our audit was limited to reviewing, as of December 31, 2008, actions taken to implement the one (1) recommendation made in our original audit report.

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:
Compliance Audit of Sheriff-Coroner Administration
Purchasing Card (Cal Card) Expenditures
(Original Audit No. 2766-2)
Audit No 2829-I*

As of December 31, 2008

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Audit No. 2829-I

February 11, 2009

TO: Sandra Hutchens
Sheriff-Coroner

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

SUBJECT: **First and Final Close-Out** Follow-Up Audit: Compliance
Audit of Sheriff-Coroner Administration Purchasing Card
(Cal Card) Expenditures, Original Audit No. 2766-2,
Issued April 29, 2008

Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of Sheriff-Coroner Administration purchasing card (Cal Card) expenditures. Our audit was limited to reviewing actions taken, as of December 31, 2008, to implement the one (1) recommendation made in our original audit report.

Background

In November 2007, the County's Audit Oversight Committee (AOC) directed the Internal Audit Department to audit expenditures incurred by Sheriff-Coroner Administration, which included the elected Sheriff-Coroner, the Undersheriff, Assistant Sheriffs and support staff. The Sheriff-Coroner Financial/Administrative Services Division oversees the administration and processing of Cal Card expenditures on behalf of the department. There are 19 cardholders in the department, none of which are sworn law enforcement positions in Sheriff-Coroner Administration. Each cardholder has an assigned limit on the amount that can be expended on the Cal Card for both single purchases and a 30-day period.

Results

The original audit report contained one (1) recommendation. Our Follow-Up Audit indicated that Sheriff-Coroner took satisfactory corrective action to implement the recommendation to monitor cardholder 30-day purchase limits. The recommendation is noted below along with a comment on its status.

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

Sheriff-Coroner Department establish a process to track 30-day purchase limits of cardholders, and to notify cardholders that exceed the purchase limits for appropriate remediation.



Current Status: **Implemented.** Sheriff-Coroner Financial/Administrative Services implemented controls to monitor cardholder purchases to prevent cardholders from exceeding their 30-day purchasing limit. An *Order Log* is maintained by cardholders to record and monitor their Cal Card purchases and know when they are reaching their spending limits. Additional tracking is accomplished by cardholders accessing online banking information toward the end of the billing cycle to verify remaining card balances. A third measure recently implemented is tracking outstanding Cal Card purchases for cardholders with significant Cal Card usage. Prior to making purchases, each cardholder reviews his/her list of outstanding purchases to ensure they are within their respective 30-day purchase limit.

We also reported this issue to the County Procurement Office (see Audit Alert to County Executive Office #2766-3, and related follow-up audit #2829-K). The County Procurement Office 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 his/her 30-day purchase limit if the cardholder has multiple pending (outstanding) charges that are posted to the account on the same day, and that any additional charges after this occurs would be declined.

The above measures will help ensure 30-day purchase limits are not exceeded in the Sheriff-Coroner Department. Therefore, we consider this recommendation implemented.

We appreciate the cooperation and assistance extended to us by the personnel of the Sheriff-Coroner Department 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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