



**PETER HUGHES, Ph.D., MBA, CPA, CIA, CFE, CITP
Director**

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INTERNAL AUDITOR'S REPORT

Audit No. 2346

DATE: May 5, 2004

TO: John M. Adams, County Librarian
Orange County Public Library

SUBJECT: Department Control Review of Purchasing Card Program

We have completed a review of internal controls over purchasing card transactions of the Orange County Public Library (OCPL) 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.

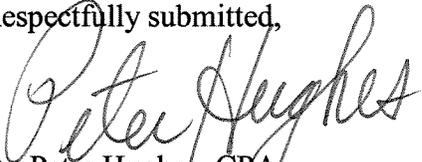
OCPL was one of five departments included in this review, which also included the Assessor, Housing and Community Services Department, Integrated Waste Management Department, and the Public Defender. We issued the results of our review in separate reports to CEO/Purchasing and to the selected departments.

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 OCPL were effective to ensure purchase card transactions were processed in accordance with management authorization and were in compliance with the Purchasing Card Manual. Our observation and recommendation to further enhance controls, along with management's response, are contained in this report. The complete text of the response from OCPL is 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 OCPL 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

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
Dave Sankey, Director, Financial/Purchasing Services, OCPL
Laura Peters, Purchasing Manager, Financial/Purchasing Services, OCPL

OBSERVATION, RECOMMENDATION AND MANAGEMENT RESPONSE

I. Review of Cardholder Statements

We were informed by OCPL that OCPL's Approving Official reviews all purchasing card transactions; however, OCPL's Approving Official did not sign the Cardholder Statements of Account to indicate the statements had been reviewed. Requiring the Approving Official to sign and date Cardholder Statements of Account demonstrates accountability by showing who reviewed the statements and when they were reviewed.

Recommendation No. I

OCPL ensure its Approving Official signs and dates Cardholder Statements of Account during the review and approval process.

Orange County Public Library Response:

Concur. Effective December 15, 2003, all such statements have been and will continue to be signed and dated.

APPENDIX A: Orange County Public Library Management Response



Orange County Public Library
1501 E. ST. ANDREW PLACE, SANTA ANA, CA 92705 (714) 566-3000

JOHN M. ADAMS
COUNTY LIBRARIAN



RECEIVED

January 2, 2004

JAN 05 2004

Dr. Peter Hughes, Director
Internal Audit Dept.
County of Orange

INTERNAL AUDIT
DEPARTMENT

Dear Dr. Hughes;

We are in receipt of your draft report of Dec. 12, 2003, regarding Audit No. 12346 of the Orange County Public Library. In accordance with Audit Oversight Committee Procedure No. 1, below is our response to your recommendation.

Recommendation No. I:

OCPL ensure its Approving Official signs and dates Cardholder Statements of Account during the review and approval process.

Orange County Public Library Response:

Concur. Effective December 15, 2003, all such statements have been and will continue to be signed and dated.

We very much appreciate your assistance in this matter.

Sincerely,

John M. Adams
County Librarian

Cc: James Ruth, CEO
Dave Sankey, OCPL