



**INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE**

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**AUDIT OF
COUNTY EXECUTIVE OFFICE
PURCHASING DIVISION**

ADMINISTRATION OF CAL CARD PROGRAM

**For the Period
July 1, 2005 through June 30, 2006**

AUDIT NUMBER: 2533

REPORT DATE: NOVEMBER 30, 2006

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Deputy Director:	Eli Littner, CPA, CIA
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**Audit of County Executive Office Purchasing Division
Administration of Cal Card Program
For the Period
July 1, 2005 through June 30, 2006**

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Transmittal Letter

Audit No. 2533

November 30, 2006

TO: Thomas G. Mauk
County Executive Officer

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: Audit of County Executive Office Purchasing Division
Administration of Cal Card Program

We have completed an audit of internal controls and processes over the County's Cal Card program (also referred to as purchasing cards) as administered by County Executive Office Purchasing Division (CEO/Purchasing), for the period July 1, 2005 through June 30, 2006. The final **Internal Auditor's Report** is attached along with your responses to our recommendations.

Please note, we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). As a matter of policy, our **first Follow-Up Audit** will now begin no later than six months upon the official release of the report. A copy of all our **Follow-Up Audit** reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution listing.

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **second Follow-Up Audit** will now begin at 12 months from the release of the original report, by which time **all** audit recommendations are expected to be addressed and implemented.

At the request of the AOC, we are to bring to their attention any audit recommendations we find still not implemented or mitigated after the second **Follow-Up Audit**. The AOC requests that such open items appear on the public agenda at their next scheduled quarterly meeting for discussion.

We have attached a Follow-Up Audit Report Form. Your department should complete this template as our audit recommendations are implemented. When we perform our **Follow-Up Audit** approximately six months from the date of this report, we will need to obtain the completed document to facilitate our review.

Each month, I submit an **Audit Status Report** to the 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.

As always, the Internal Audit Department is available to partner with you so that you can successfully implement or mitigate difficult audit recommendations. Please feel free to call me should you wish to discuss any aspect of our audit report or recommendations.

Additionally, we will request your department to complete a Customer Survey of Audit Services. You will receive the survey shortly after the distribution of our final audit report.

Attachment

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Deputy CEO/Chief Financial Officer
- Satish Ajmani, Deputy CEO/Chief Information Officer
- Ron Vienna, County Purchasing Agent, CEO/Purchasing
- Dwight Tipping III, Procurement Operations Manager, CEO/Purchasing
- Kari Tune, Staff Assistant, CEO/Purchasing
- Foreperson, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT

Audit No. 2533

November 30, 2006

Thomas G. Mauk
County Executive Officer
10 Civic Center Plaza
Santa Ana, CA 92701

We have completed an audit of internal controls and processes over the County's Cal Card program (also referred to as purchasing cards) as administered by County Executive Office Purchasing Division (CEO/Purchasing), for the period July 1, 2005 through June 30, 2006. Our audit was performed in accordance with professional standards established by the Institute of Internal Auditors.

CEO/Purchasing is responsible for establishing and maintaining a system of internal controls. The objectives of an internal control system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly. County of Orange Accounting Manual No. S-2 – *Internal Control Systems* prescribes the policies and standards the departments/agencies should follow in establishing and maintaining internal control systems. Our review enhances and complements, but does not substitute for, CEO/Purchasing's continuing emphasis on control activities and self-assessment of control risks.

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Accordingly, our review performed for the limited purpose described above would not necessarily disclose all weaknesses in CEO/Purchasing's operating procedures, accounting practices, and compliance with County policy.

Based upon our audit, **no material weaknesses or significant issues were identified.** However, we did identify **9 Control Findings** resulting in **9 recommendations** to improve controls and processes as noted in the Detailed Observations, Recommendations and Management Responses section of this report. See *Attachment A* for description of Report Item Classifications.

We appreciate the courtesy and cooperation extended to us by the personnel of CEO/Purchasing during our review. As issues were identified during the review, CEO/Purchasing personnel were very responsive in taking corrective actions.

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,


Peter Hughes, Ph.D., CPA
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors

Members, Audit Oversight Committee

Deputy CEO/Chief Financial Officer

Satish Ajmani, Deputy CEO/Chief Information Officer

Ron Vienna, County Purchasing Agent, CEO/Purchasing

Dwight Tipping III, Procurement Operations Manager, CEO/Purchasing

Kari Tune, Staff Assistant, CEO/Purchasing

Foreperson, Grand Jury

Darlene J. Bloom, Clerk of the Board of Supervisors

EXECUTIVE SUMMARY

OBJECTIVES

The Internal Audit Department conducted an audit of internal controls over County Executive Office Purchasing Division's (CEO/Purchasing) administration of the County's Cal Card program (also referred to as purchasing cards). The objectives of our audit were to determine whether internal controls are in place and operating to ensure:

1. CEO/Purchasing's management and oversight of the Cal Card program is effective and in accordance with internal procedures, established guidelines and requirements of the *County of Orange Cal Card Policies and Procedures* manual.
2. Purchasing card issuances, terminations and account alterations are valid, adequately supported and executed in compliance with requirements of the *County of Orange Cal Card Policies and Procedures*.

Additionally, we would identify areas to improve efficiency and effectiveness related to the above processes as they came to our attention.

BACKGROUND

On August 12, 1997, the Board of Supervisors approved the County's participation in the State of California's Purchasing Card Program (also known as the Cal Card program), and then approved continuation and expansion of the Purchasing Card Program on September 22, 1998. The current contractor for the County's Cal Card program is U.S. Bank. The International Merchant Purchase Authorization Card (IMPAC) division within U.S. Bank is responsible for the program.

CEO/Purchasing is the County's Program Coordinator and is responsible for overall program management. CEO/Purchasing developed the *County of Orange Cal Card Policies and Procedures* for departments/agencies to follow regarding Cal Card usage, and was instrumental in implementing the program and providing initial training to all departments/agencies. Currently, CEO/Purchasing is primarily 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.

Each department/agency in the Cal Card program has at least one cardholder, one approving official, and one billing official. As of June 30, 2006, **24 departments/agencies** were enrolled in the County's Cal Card program with **192 active cardholders**.

PRIOR AUDIT OF CAL CARD PROGRAM

In FY 2003/04, the Internal Audit Department conducted an audit of the Cal Card program and issued a report thereon dated May 5, 2004 (Audit #2346). A Follow-Up Audit (Audit #2440, issued February 16, 2005) was performed as of November 30, 2004, which found that all recommendations made in the original audit were implemented. Because there was anticipated significant turnover of Cal Card program management and staff resulting from rotations and retirements, we indicated in our Follow-Up Audit report that we would later conduct another audit of Cal Card program administration, which is the basis for performing our current audit.



SCOPE

Our audit was limited to internal controls and processes over CEO/Purchasing's administration of the Cal Card program for the period from July 1, 2005 through June 30, 2006. We did not review purchasing card controls, processes or transactions in the departments/agencies. Our methodology included inquiry, auditor observation, and examination and testing of relevant documentation pertaining to CEO/Purchasing's administration of the program.

CONCLUSION

We did not identify any material weaknesses or significant issues. Based upon the objectives of our audit, we noted the following:

1. CEO/Purchasing's management and oversight of the process is generally effective and in accordance with internal procedures, established guidelines and requirements of the *County of Orange Cal Card Policies and Procedures* manual. However, we noted improvements are needed in the following areas:
 - Updating Cal Card policy for reporting card deactivations; processing requested card deactivations more timely; retaining documentation for card deactivations, and assigning backup staff to process card issuances, alterations and deactivations.
 - Maintaining a master listing of county cardholders, approving officials and spending limits.
 - Providing training for departments/agencies new to the Cal Card program.
 - Performing periodic compliance reviews in departments/agencies.
 - Implementing additional controls over the reconciliation of U.S. Bank's and CEO/Purchasing's records, including segregation of duties, supervisory reviews and performing timely research on reconciling items.

Staff vacancies are cited as a contributing factor in many of our control observations. These are considered **Control Findings** and are discussed in detail in the Observations, Recommendations and Management Responses section of this report. See *Attachment A* for description of Report Item Classifications. It should be noted that CEO/Purchasing management was very cooperative and responsive in taking corrective actions on several of the above audit issues prior to the completion of the audit.

2. Purchasing card issuances, terminations and account alterations are valid, adequately supported and executed in compliance with requirements of the *County of Orange Cal Card Policies and Procedures*. However, we noted where policy enhancements can be made requiring timely notification by departments/agencies to CEO/Purchasing of card deactivations. This is considered a **Control Finding**.

In addition, we noted one area in the administration of the Cal Card program where **efficiencies and effectiveness** could be enhanced through the development of form templates for departmental use when requesting card alterations or card deactivations. This is discussed in detail in the Observations, Recommendations and Management Responses section of this report.



DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

CARD ISSUANCES, ALTERATIONS & DEACTIVATIONS

Departments/agencies submit requests to CEO/Purchasing for new card issuances, card alterations and card deactivations. With proper department/agency approval, CEO/Purchasing staff enter the requested information into U.S. Bank's CARE (Customer Automation & Reporting Environment) system and the card will be issued, altered or deactivated. When a cardholder transfers to another department/agency, or terminates employment, the respective department/agency should request immediate deactivation by CEO/Purchasing. Upon notification, CEO/Purchasing should immediately deactivate the cards to prevent unauthorized use.

Finding No. 1 – Cal Card Policy

The *County of Orange Cal Card Policies and Procedures* does not specify a timeframe for departments to report card deactivations, and does not describe steps to take when a cardholder is placed on an extended leave.

We noted two “open” cardholder accounts for employees who either retired or transferred to another department. We also noted an instance where a cardholder went on an extended leave of absence and the cardholder's card was not submitted to CEO/Purchasing for deactivation until seven months after the leave of absence began. Although it is the responsibility of departments/agencies to notify CEO/Purchasing of such changes, the Cal Card policies and procedures should include guidelines and timeframes for reporting card deactivations

Recommendation No. 1

We recommend CEO/Purchasing add guidelines to the *County of Orange Cal Card Policies and Procedures* for timeframes that departments/agencies should report card deactivations, and specify actions that departments/agencies should take when a cardholder is placed on an extended leave.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with this recommendation. The period for reporting card deactivations and extended leaves of absence (as specified by Human Resources) will be added to the County of Orange Cal Card Policies and Procedures. CEO/Purchasing will add a timeframe of 1 working day to report a deactivation of a card. Additionally, CEO/Purchasing will add a timeframe of 3 working days to report an extended leave of absence.

Finding No. 2 – Timely Card Deactivation

In five of ten card deactivations tested, the cards were not deactivated timely. The cards were deactivated approximately 45 to 60 days after the date of the deactivation request. We were informed that only one person in CEO/Purchasing has access to the CARE system to process card issuances, alterations and deactivations. There are no designated backups in the event of that person's absence. Having a backup person able to process card issuances, alterations and deactivations will help ensure those functions are performed timely, such as when an account needs to be immediately deactivated.

Recommendation No. 2

We recommend CEO/Purchasing take measures to ensure deactivation requests are processed timely, such as assigning backup staff to process requests timely.



CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation to add additional staff with access to the CARE system. CEO/Purchasing has requested access to the CARE system for additional staff from US Bank and training on this system for those staff members is currently being conducted. However, CEO/Purchasing disagrees with the timeframes noted as to when the cards were cancelled. The memos received by CEO/Purchasing were not time stamped as to when they were received. CEO/Purchasing believes the timeframes noted were due to delays by the issuing department in sending the deactivation request memos. To avoid any discrepancies in the future, CEO/Purchasing will time stamp all future requests for Cal Card actions.

LIST OF CARDHOLDERS & APPROVING OFFICIALS

CEO/Purchasing uses U.S. Bank’s report of County cardholders and approving officials, referred to as a “Cardholder Master File.” This report is generated from information input by CEO/Purchasing into U.S. Bank’s CARE system.

Finding No. 3 – Master List of Cardholders

We noted the “Cardholder Master File” report from U.S. Bank did not include certain cardholder or approving official information; or information on spending limits and purchase restrictions. The report also contained some “open” accounts of approving officials who retired or terminated County employment. However, when queried by individual name, the CARE system properly showed the approving official account as “closed.”

Because of the above issue with the “Cardholder Master File” report, CEO/Purchasing should consider maintaining its own listing of cardholders, independent of U.S. Bank’s report, for purposes of administering the program, monitoring card issuances, tracking card changes and for reconciling to U.S. Bank reports. CEO/Purchasing recently began preparing a master list of County cardholders, approving officials, which also shows information such as single purchase limits, 30-day purchase limits, and which merchant restrictions are in place.

Recommendation No. 3

We recommend CEO/Purchasing maintain a list of County cardholders and approving officials for purposes of monitoring card issuances and reconciling to U.S. Bank reports.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation to maintain a list of County cardholders, approving officials, which also shows information such as single purchase limits, 30-day purchase limits, and which merchant restrictions are present. This list has been completed.

TRAINING

When the Cal Card program was first initiated, CEO/Purchasing provided training to all departments/agencies new to the program. It then became the responsibility of the department/agency to provide training to its employees involved with purchasing cards.

Finding No. 4 - Training

CEO/Purchasing does not have a formal training process in place for departments/agencies new to the Cal Card program. CEO/Purchasing staff informed us they were in the process of developing a training program. However, due to staffing constraints, CEO/Purchasing has not had time to finalize the training program.



Recommendation No. 4

We recommend CEO/Purchasing establish a Cal Card training process for departments/agencies new to the Cal Card program.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing has hired a manager to conduct DPA training. As part of the DPA training, a module related to the use of Cal Card will be developed.

DEPARTMENTAL COMPLIANCE REVIEWS

Periodic compliance reviews of departments/agencies within the Cal Card program help ensure departments/agencies are in compliance with various aspects of the Cal Card program.

Finding No. 5 – Department Compliance Reviews

CEO/Purchasing last conducted compliance reviews of departments/agencies within the Cal Card program in FY 2001/2002. CEO/Purchasing management believes the reviews are a valuable monitoring tool and they would like to conduct them again. CEO/Purchasing informed us they are currently recruiting for a vacant Administrative Manager I position in which one duty will be to conduct periodic departmental compliance reviews.

Recommendation No. 5

We recommend CEO/Purchasing consider performing periodic compliance reviews of departments/agencies participating in the Cal Card program.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of hiring a manager to conduct compliance reviews. As part of the compliance review process, Cal Card purchases will also be reviewed.

RECONCILIATIONS

U.S. Bank sends CEO/Purchasing regular reports showing new cardholders and cardholder changes. The Purchasing Card Manager prepares quarterly reconciliations between information shown on U.S. Bank's *New Card Reports* and *Cardholder Alter Lists* to supporting documentation maintained in CEO/Purchasing. For any reconciling items needing further research, the Purchasing Card Coordinator researches the support documentation and resolves the items.

Finding No. 6 – Segregation of Duties

Duties are not adequately segregated because the Purchasing Card Coordinator processes card issuances, alterations and deactivations, and is responsible for researching and resolving reconciling items on the *New Card Report* and *Cardholder Alter List* reconciliations. These duties should be segregated to ensure errors or irregularities are detected.

Recommendation No. 6

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.



CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.

Finding No. 7 – Supervisory Review

There are no supervisory reviews of the quarterly reconciliations of U.S. Bank’s *New Card Report* and *Cardholder Alter List*. Supervisory reviews help ensure accuracy and completeness of work, and help in the timely detection of errors or irregularities.

Recommendation No. 7

We recommend CEO/Purchasing ensure quarterly reconciliations of U.S. Bank’s *New Card Report* and *Cardholder Alter List* are reviewed by a supervisor.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.

Finding No. 8 - Timely Identification of Reconciling Items

There were several items on the reconciliation of the *Cardholder Alter List* for March 2006 that were noted for further follow-up; however, the items had not been researched and resolved as of July 2006. The timely resolution of items noted for further research on the reconciliations of the *New Card Report* and *Cardholder Alter List* helps ensure errors are detected timely, and ensures the accuracy of the reports received from U.S. Bank.

Recommendation No. 8

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.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.



DOCUMENT RETENTION

Documents supporting card issuances, alterations and deactivations should be maintained by CEO/Purchasing as an audit trail.

Finding No. 9 -Card Deactivations

Our testing of card deactivations noted that CEO/Purchasing does not retain documentation showing cancellation dates. Screen prints from U.S. Bank's CARE system can be generated during the deactivation process that show the cardholder and deactivation date. CEO/Purchasing staff cannot obtain the deactivation date from the CARE system after the deactivation has been processed (the date can be obtained by calling U.S. Bank).

Recommendation No. 9

We recommend CEO/Purchasing retain documentation supporting cardholder deactivations.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing has begun to keep a screen print of the card deactivation process to show the deactivation date in the cardholder Cal Card file.

ECONOMY AND EFFICIENCY ISSUE

One of our audit objectives was to identify areas where effectiveness and efficiencies can be enhanced. Our audit noted the following area for your consideration and response, and is not considered a formal recommendation.

Cal Card Forms

CEO/Purchasing maintains various Cal Card related forms on its intranet site for departmental use, such as the *Request for a Cal Card*, *Cal Card Authorized Signatures*, and *Agreement Between the County of Orange and I.M.P.A.C. Visa Cardholder* forms. CEO/Purchasing has also developed a form for departments/agencies to use when requesting card deactivations, but this form is not available on CEO/Purchasing's intranet site. We noted there is currently no form for departmental use when requesting card alterations. Having forms for departments/agencies to utilize when requesting deactivations and alterations that specify the required information needed from the departments/agencies will make the process of administering deactivations and alterations more efficient and effective.

CEO/Purchasing Management Response:

CEO/Purchasing concurs with the recommendation. Additional forms for Cal Card modifications are in the development stage. Once the standardized forms are completed and approved, they will be posted to the Purchasing Intranet.



ATTACHMENT A: Report Item Classifications

For purposes of reporting our audit observations and recommendations, we will classify audit report items into three distinct categories:

- **Material Weaknesses:**

Audit findings or a combination of Significant Issues that can result in financial liability and exposure to a department/agency and to the County as a whole. Management is expected to immediately address “Material Weaknesses” brought to their attention.

- **Significant Issues:**

Audit findings or a combination of Control Findings that represent a significant deficiency in the design or operation of processes or internal controls. Significant Issues do not present a material exposure throughout the County. They generally will require prompt corrective actions.

- **Control Findings:**

Audit findings that require management’s corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.





County Executive Office
Memorandum

November 29, 2006

To: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

From: Ronald C. Vienna, County Purchasing Agent

Subject: Response to Audit of County Executive Office Purchasing Division
Administration of Cal-Card Program

I am pleased to provide the County Executive Office's responses to the audit of the CEO's Administration of Cal Card Program.

I would like to express my appreciation for the professionalism and support provided by the Internal Audit Department in conducting this audit.

The following are the responses to the audit report recommendations:

Recommendation No. 1 CEO Response:

CEO/Purchasing concurs with this recommendation. The period for reporting card deactivations and extended leaves of absence (as specified by Human Resources) will be added to the County of Orange Cal Card Policies and Procedures. CEO/Purchasing will add a timeframe of 1 working day to report a deactivation of a card. Additionally, CEO/Purchasing will add a timeframe of 3 working days to report an extended leave of absence.

Recommendation No. 2 CEO Response:

CEO/Purchasing concurs with the recommendation to add additional staff with access to the CARE system. CEO/Purchasing has requested access to the CARE system for additional staff from US Bank and training on this system for those staff members is currently being conducted. However, CEO/Purchasing disagrees with the timeframes noted as to when the cards were cancelled. The memos received by CEO/Purchasing were not time stamped as to when they were received. CEO/Purchasing believes the timeframes noted were due to delays by the issuing department in sending the deactivation request memos. To avoid any discrepancies in the future, CEO/Purchasing will time stamp all future requests for Cal Card actions.

Recommendation No. 3 CEO Response:

CEO/Purchasing concurs with the recommendation to maintain a list of County cardholders, approving officials, which also shows information such as single purchase limits, 30-day purchase limits, and which merchant restrictions are present. This list has been completed.



Recommendation No. 4 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing has hired a manager to conduct DPA training. As part of the DPA training, a module related to the use of Cal Card will be developed.

Recommendation No. 5 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of hiring a manager to conduct compliance reviews. As part of the compliance review process, Cal Card purchases will also be reviewed.

Recommendation No. 6 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.

Recommendation No. 7 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.

Recommendation No. 8 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing is in the process of filling vacancies and organizing resources to focus on the Cal Card program as one of its corporate duties. Once fully staffed, CEO/Purchasing will be able to focus on the reconciliation process and provide further follow-up on the New Card Report and Card Holder Alter List.

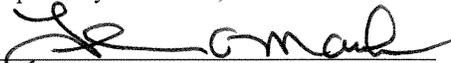
Recommendation No. 9 CEO Response:

CEO/Purchasing concurs with the recommendation. CEO/Purchasing has begun to keep a screen print of the card deactivation process to show the deactivation date in the cardholder Cal Card file.

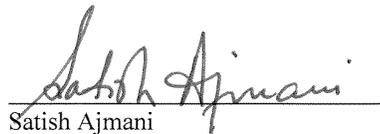
Economy and Efficiency Issue CEO Response:

CEO/Purchasing concurs with the recommendation. Additional forms for Cal Card modifications are in the development stage. Once the standardized forms are completed and approved, they will be posted to the Purchasing Intranet.

Respectfully Submitted,



Thomas G. Mauk
County Executive Officer



Satish Ajmani
Chief Information Officer