



## Internal Audit Department

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

AUDIT HIGHLIGHT

NOVEMBER 26, 2013

### PURCHASING CARD AUDIT USING COMPUTER-ASSISTED AUDIT TECHNIQUES (CAATS): COUNTY EXECUTIVE OFFICE/COUNTY PROCUREMENT OFFICE AUDIT NO. 1239

#### WHAT WE DID

Using Computer-Assisted Audit Techniques (CAATs), we audited **100%** of the County's **260 purchasing card accounts and 21,247 purchasing card transactions totaling \$7.5 million** for the year ended December 31, 2012. We audited accounts and transactions in areas of card management, merchant management, transaction analysis, and segregation of duties. CAATs are automated queries applied to large amounts of electronic data searching for specified characteristics. We use a proprietary, best practice and industry recognized software product (ACL) to help us in this process. CAATs query 100% of a data universe whereas traditional audits typically test a sample of transactions.

#### WHAT WE FOUND

Our CAAT routines generated exceptions that required further research by the County Procurement Office and County departments to determine if they are valid exceptions that could indicate non-compliance with Purchasing Card policy. We identified **three (3) Control Findings** for the County Procurement Office to research regarding card management, policies and procedures, single purchase limits, credit limits, merchant restrictions, duplicate transactions, and other transactions that could indicate non-compliance with existing policy. ***The County Procurement Office immediately researched each of the findings and provided satisfactory explanations that upon review by Internal Audit appeared to address each of the auditor's concerns noted in this report.*** Upon implementation of our recommendations, Internal Audit will conduct a formal follow-up to validate the adequacy of the corrective actions taken.

#### WHY IS THIS ANALYSIS IMPORTANT?

The Purchasing Card program was implemented to streamline the County's purchasing process for small dollar purchases. The Purchasing Card is a VISA credit card issued by U.S. Bank. Purchasing cards are issued to authorized County employees designated as cardholders by their Department Head or designee. Using Purchasing Cards eliminates the purchase orders required to make small dollar purchases and streamlines the accounts payable process by making only one monthly payment to the bank that previously required payments to multiple vendors. The County also issues travel cards issued by U.S. Bank for the purpose of making travel related bookings and purchases on behalf of agencies and departments.

***CAATS - Cited as a Best Practice by the Institute of Internal Auditors***