



Internal Audit Department

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

AUDIT HIGHLIGHT

JUNE 30, 2014

PURCHASING CARD AUDIT USING COMPUTER-ASSISTED AUDIT TECHNIQUES (CAATS): COUNTY EXECUTIVE OFFICE/COUNTY PROCUREMENT OFFICE AUDIT NO. 1350-A

WHAT WE DID

Using Computer-Assisted Audit Techniques (CAATs), we audited **100%** of the County's **310 purchasing card accounts and 22,754 purchasing card transactions totaling \$7.3 million** for the year ended December 31, 2013. 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. **The County Procurement Office researched the reported exceptions and satisfactorily resolved the exceptions by confirming the propriety of the transactions with County departments, except for two (2) instances where the cardholders exceeded the single purchase limit of \$5,000.** As such, we identified **two (2) Control Findings** requiring action by the County Procurement Office to address: (1) the two (2) instances where the single purchase limit of \$5,000 was exceeded and (2) finalize Purchasing Card policies and procedures that are currently in draft form.

WHY THIS ANALYSIS IS 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