Internal Audit Department

ORANGE COUNTY
6th Largest County in the USA

Quarterly Audit Auditor-Controller's Cash and Investment Reconciliation Compliance

For the Quarter Ended December 31, 2012

CASH AND INVESTMENTS PER TREASURER'S OFFICIAL RECORDS AT DECEMBER 31, 2012 WERE $7.2 BILLION (COST BASIS)

California Government Code (GC) Section 26905 requires the auditor to reconcile the cash and investment accounts on a monthly basis to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor.

In our opinion, the Auditor-Controller complied in all material respects with the requirements of California Government Code Section 26905 for the quarter ended December 31, 2012.

Audit No: 1249-B
Report Date: March 26, 2013

Director: Dr. Peter Hughes, MBA, CPA, CIA
Deputy Director: Eli Littner, CPA, CIA
Senior Audit Manager: Alan Marcum, MBA, CPA, CIA
Audit Manager: Carol Swe, CPA, CIA

Independence Objectivity Integrity

Internal Audit Department

ORANGE COUNTY BOARD OF SUPERVISORS'

GAO & IIA Peer Review Compliant - 2001, 2004, 2007, 2010

Providing Facts and Perspectives Countywide

RISK BASED AUDITING

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To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: www.ocgov.com/audit

OC Fraud Hotline (714) 834-3608

Letter from Dr. Peter Hughes, CPA

Transmittal Letter

Audit No. 1249-B **March 26, 2013**

TO: Jan Grimes, Chief Deputy Auditor-Controller

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

SUBJECT: Quarterly Audit of Auditor-Controller's Cash and Investment Reconciliation Compliance for the Quarter Ended December 31, 2012

At your request, we have completed the Quarterly Audit of the Auditor-Controller's Cash and Investment Reconciliation Compliance. Attached is a copy of our report for the quarter ended December 31, 2012. California Government Code (GC) Section 26905 requires the auditor to reconcile the cash and investment accounts on a monthly basis to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor. In our opinion, the Auditor-Controller complied in all material respects with the requirements of California Government Code Section 26905 for the quarter ended December 31, 2012.

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.

Additionally, we will request that the Auditor-Controller's Office complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

Attachments

Other recipients of this report listed on the **Independent Auditor's Report** on page 2.

Independent Auditor's Report

Quarterly Audit of Auditor-Controller's
Cash and Investment Reconciliation Compliance
Audit No. 1249-B

For the Quarter Ended
December 31, 2012

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

March 26, 2013 Audit No. 1249-B

Members, Board of Supervisors
Hall of Administration
333 W. Santa Ana Blvd., 5th Floor
Santa Ana, CA 92701

We have examined the Orange County Auditor-Controller's reconciliations of cash and investment accounts for compliance with the California Government Code (GC) Section 26905, pursuant to GC Section 26920(a)(2), for the quarter ended December 31, 2012. California Government Code (GC) Section 26905 requires the auditor to reconcile the cash and investment accounts on a monthly basis to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor. The Orange County Auditor-Controller's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Orange County Auditor-Controller's compliance based on our examination.

Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and accordingly included examining, on a test basis, evidence supporting the Orange County Auditor-Controller's cash and investment reconciliations for compliance with the above specified requirements and performing such other procedures as considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Orange County Auditor-Controller's compliance with specified requirements.

In our opinion, the Orange County Auditor-Controller complied, in all material respects, with the aforementioned requirements for the quarter ended December 31, 2012.

This report is intended solely for the information and use of the Orange County Auditor-Controller and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

Peter Hughes

Dr. Peter Hughes, CPA, Director
Internal Audit Department

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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Members, Audit Oversight Committee
Robert J. Franz, Interim County Executive Officer
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Foreperson, Grand Jury
Susan Novak, Clerk of the Board of Supervisors
Vavrinek, Trine, Day & Co., County External Auditor

COUNTY OF ORANGE
SUMMARY OF CASH AND INVESTMENT RECONCILIATION COMPLIANCE REQUIREMENTS
For the Quarter Ended December 31, 2012

The cash and investment reconciliation compliance requirements in the California Government Code Section 26905 & 26920 are as follows:

California Government Code:

- Section 26905
  Not later than the last day of each month, the auditor shall reconcile the cash and investment accounts as stated on the auditor's books with the cash and investment accounts as stated on the treasurer's books as of the close of business of the preceding month to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor.

- Section 26920(a)
  (a) At least once in each quarter, the county auditor shall perform, or cause to be performed, a review of the treasurer's statement of assets in the county treasury. Each county shall fund and allocate the cost of the review in accordance with that county's established budgetary practice. The auditor's review shall be accomplished in accordance with the appropriate professional standards, as determined by the county auditor. The treasurer shall prepare a statement showing the amount and type of assets in the county treasury as of the date of the review. The review shall include:

  (2) Verifying that the records of the county treasurer and auditor are reconciled pursuant to Section 26905.