# District 1st District - Janet Nguyen 2nd District - John M.W. Moorlach

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# **QUARTERLY EXAMINATION AUDITOR-CONTROLLER'S CASH AND INVESTMENT** RECONCILIATION COMPLIANCE

For the Quarter Ended **JUNE 30, 2013** 

**CASH AND INVESTMENTS PER** TREASURER'S OFFICIAL RECORDS **AT JUNE 30, 2013 WERE \$6.5 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 guarter ended June 30, 2013.

> **AUDIT NO: 1315-A** REPORT DATE: SEPTEMBER 13, 2013

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

### **RISK BASED AUDITING**

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

AlCPA American Institute of Certified Public Accountants Award to Dr. Peter Hughes as 2010 Outstanding CPA of the Year for Local Government GRC (Government, Risk & Compliance) Group 2010 Award to IAD as MVP in Risk Management



2009 Association of Certified Fraud Examiners' Hubbard Award to Dr. Peter Hughes for the Most Outstanding Article of the Year – Ethics Pays





Commitment to Professional Excellence, Quality, and Outreach



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

**Providing Facts and Perspectives Countywide** 

### **RISK BASED AUDITING**

Dr. Peter Hughes Ph.D., MBA, CPA, CCEP, CITP, CIA, CFE, CFF, CGMA

**Director** Certified Compliance & Ethics Professional (CCEP)

Certified Information Technology Professional (CITP)

Certified Internal Auditor (CIA)

Certified Fraud Examiner (CFE)
Certified in Financial Forensics (CFF)

Chartered Global Management Accountant (CGMA)

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Michael Goodwin CPA, CIA

Senior Audit Manager

Alan Marcum MBA, CPA, CIA, CFE

Senior Audit Manager

# **Hall of Finance & Records**

12 Civic Center Plaza, Room 232 Santa Ana, CA 92701

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To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: <a href="https://www.ocgov.com/audit">www.ocgov.com/audit</a>



OC Fraud Hotline (714) 834-3608

# Letter from Dr. Peter Hughes, CPA





# **Transmittal Letter**

Audit No. 1315-A September 13, 2013

**TO:** Jan Grimes

**Auditor-Controller** 

FROM: Dr. Peter Hughes, CPA, Director

Internal Audit Department

**SUBJECT:** Quarterly Examination of Auditor-Controller's

Cash and Investment Reconciliation Compliance for the Quarter Ended

June 30, 2013

At your request, we have completed the Quarterly Examination of the Auditor-Controller's Cash and Investment Reconciliation Compliance. Attached is a copy of our report for the quarter ended June 30, 2013. 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 June 30, 2013.

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 are listed on the Independent Accountant's Report on page 2.

# **Independent Accountant's Report**



Quarterly Examination of Auditor-Controller's Cash and Investment Reconciliation Compliance Audit No. 1315-A

For the Quarter Ended June 30, 2013

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# **Independent Accountant's Report**



### INDEPENDENT ACCOUNTANT'S REPORT

September 11, 2013 Audit No. 1315-A

Members, Board of Supervisors Hall of Administration 333 W. Santa Ana Blvd., 5<sup>th</sup> 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 June 30, 2013. 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 conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about 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 June 30, 2013.

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,

Dr. Peter Hughes, CPA, Director Internal Audit Department

# **Independent Accountant's Report**



# Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors
Members, Audit Oversight Committee
Michael B. Giancola, County Executive Officer
Shari L. Freidenrich, Treasurer-Tax Collector
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector
Victoria Ross, Director, A-C/Central Accounting Operations
Autumn McKinney, Manager, A-C/Accounting & Financial Reporting
Nancy N. Ishida, Audit Manager, A-C/Internal Audit
Cindy Wong, Senior Manager, A-C/General Ledger
Foreperson, Grand Jury
Susan Novak, Clerk of the Board of Supervisors
Macias Gini & O'Connell LLP, County External Auditor

# Detailed Findings, Recommendations and Management Responses



# COUNTY OF ORANGE SUMMARY OF CASH AND INVESTMENT RECONCILIATION COMPLIANCE REQUIREMENTS For the Quarter Ended June 30, 2013

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.