

# Internal Audit Department

O R A N G E C O U N T Y  
6<sup>th</sup> Largest County in the USA

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

For the Quarter Ended  
**SEPTEMBER 30, 2014**

CASH AND INVESTMENTS PER  
TREASURER'S OFFICIAL RECORDS  
AT SEPTEMBER 30, 2014 WERE  
\$6.6 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 September 30, 2014.

AUDIT NO: 1415-B  
REPORT DATE: NOVEMBER 5, 2014

**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, 2013



Member of  
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



2008 Association of Local Government Auditors' Bronze Website Award



2005 Institute of Internal Auditors' Award for Recognition of  
Commitment to Professional Excellence, Quality, and Outreach



ORANGE COUNTY BOARD OF SUPERVISORS'  
Internal Audit Department

*GAO & IIA Peer Review Compliant - 2001, 2004, 2007, 2010, 2013*

*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)  
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**Autumn McKinney** CPA, CIA, CISA, CGFM  
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Certified Financial Government Manager (CGFM)

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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](http://www.ocgov.com/audit)



**OC Fraud Hotline (714) 834-3608**



## Transmittal Letter



**Audit No. 1415-B      November 5, 2014**

**TO:** Jan E. Grimes, CPA  
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  
September 30, 2014

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 September 30, 2014. 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 September 30, 2014.

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. 1415-B*

For the Quarter Ended September 30, 2014

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## INDEPENDENT ACCOUNTANT'S REPORT

November 5, 2014

Audit No. 1415-B

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 September 30, 2014. 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 September 30, 2014.

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,

A handwritten signature in blue ink that reads "Peter Hughes".

Dr. Peter Hughes, CPA, Director  
Internal Audit Department



## **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  
JC Squires, Financial Manager, Treasurer-Tax Collector  
Ginika Ezinwa, Accounting/Compliance Manager, Treasurer-Tax Collector  
Victoria Ross, Director, A-C/Central Accounting Operations  
Toni Smart, Senior Manager, A-C/Accounting & Financial Reporting  
Nancy N. Ishida, Audit Manager, A-C/Internal Audit  
Cindy Wong, Manager, A-C/General Ledger  
Foreperson, Grand Jury  
Susan Novak, Clerk of the Board of Supervisors  
Macias Gini & O'Connell LLP, County External Auditor



## COUNTY OF ORANGE SUMMARY OF CASH AND INVESTMENT RECONCILIATION COMPLIANCE REQUIREMENTS For the Quarter Ended September 30, 2014

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.