

# OC Board of Supervisors' Internal Audit Department

ORANGE COUNTY

## AUDIT HIGHLIGHT March 13, 2009

OC INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

## EVALUATION OF AUDITOR-CONTROLLER CAFR FOOTNOTE DISLOSURE PROCESS Audit No. 2767

#### WHY IS THIS AUDIT IMPORTANT?

The County at June 30, 2007 had outstanding short and long-term debt of approximately **\$1.91 billion**. The CAFR helps investors and bond-rating agencies assess the County's ability to service this debt. The CAFR footnote disclosures are critical in helping explain the computation of specific items in the financial statements as well as provide a more comprehensive assessment of the County's financial condition. It is used by the public, bond-rating agencies (Fitch, Moody's, and Standard & Poor's), governments, and internally to examine and understand the financial position of the County.

#### WHAT WE FOUND?

We completed an evaluation of selected aspects of the Auditor-Controller's CAFR Footnote Disclosure Process for the year ending June 30, 2007.

We are pleased to report we noted (11) Industry Leading Best Practices in the Auditor-Controller CAFR Footnote Disclosure Process.

Additionally, we propose six (6) recommendations to further enhance existing controls and processes over the Auditor-Controller's CAFR Footnote Disclosure Process. The Auditor-Controller agreed with four (4) recommendations.

### **BACKGROUND INFORMATION** (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The Auditor-Controller's Financial Reporting Group prepares the County's CAFR by taking raw financial data and transforming it into a coherent, accurate report that complies with Generally Accepted Accounting Principles (GAAP). Financial data is received from other Auditor-Controller management along with other County departments and agencies.

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