**PETER HUGHES, Ph.D., C.P.A., C.I.A., C.F.E.**
**Director**

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# INTERNAL AUDIT DEPARTMENT

DATE: June 27, 2000

TO: Honorable Members of the Board of Supervisors

FROM: Peter Hughes, Director Internal Audit Department

SUBJECT: Fund 691 Unapportioned Interest Fund (Audit Number 2057)

At your request, the Internal Audit Department reviewed documentation supporting the Treasurer-Tax Collector methodology on how to make Fund 691 "whole".

We reviewed the Treasurer-Tax Collector methodology to recover an overpayment of $1,265,700.40 of interest from pool participants. The overpayment of interest is related to interest earned on $12.2 million resident in Fund 691 from June 1996 through March 1998. The interest earned on this $12.2 million was distributed to County commingled pool participants as part of their monthly interest apportionment for this period. Included in the $1,265,700.40 is a reconciling adjustment of $170,237.09 to agree the general ledger to the Treasurer's reconciled balance and their SunGuard investment accounting records.

The Treasurer's determinations for the $12.2 million, the $1,095,463.31 of interest, and the $170,237.09 adjustment was reviewed by the Internal Audit Department and documented in David Sundstrom's May 27, 1998 letter to Steven Lewis (see Attached). At the time, we determined that the above amounts were supported by adequate source documentation showing how the amounts were calculated and appeared reasonable.

Based on our current review, the Treasurer-Tax Collector methodology used to recover from pool participants an overpayment of $1,265,700.40 of interest is supported by adequate source documentation and appears both fair and reasonable. The Treasurer's Office also determined a shortfall of $18,057.26, because certain pool participant's funds have been closed, or have fund balances not adequate for interest recovery. The Treasurer's Office is working with the individuals responsible for the funds and the County Executive Office to determine how to resolve the shortfalls.

Should you have any questions regarding this matter, please call me or Eli Littner, Chief Deputy, at 834-5899, or Alan Marcum, Principal Auditor, at 834-4119.

Attachment

cc: Members, Audit Oversight Committee
Janice M. Mittermeier, County Executive Officer
John M. W. Moorlach, Treasurer-Tax Collector
David Sundstrom, Auditor-Controller
Dick Hilde, Assistant Treasurer
Paul Gorman, Accounting/Compliance Manager, Treasurer-Tax Collector
Foreman, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors

**DAVID E. SUNDSTROM, CPA**
**Director**

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## INTERNAL AUDIT DEPARTMENT

Date: May 27, 1998

To: Steven E. Lewis
Auditor-Controller

From: David E. Sundstrom
Director

Subject: Fund 691 Unapportioned Interest

At the request of Chuck Hulse of your office, the Internal Audit Department has reviewed documentation supporting the Treasurer-Tax Collector's determination of the excess funds in Fund 691 and related interest computations.

Based on our review, the Treasurer's determination of $12,193,883.90 of funds requiring reclassification and related interest of $1,095,463.31 is supported by adequate source documentation and appears reasonable.

Our review of the Treasurer's reconciliation of Fund 691 indicated a remaining unreconciled difference of approximately $170,000. This amount should also be reserved from the remaining available cash balance in Fund 691 until the difference can be identified and resolved by the Treasurer.

Excess funds should be reclassified as follows:

- $ 4,643,245.63 Reclass from Fund 691 to Fund 683
- $ 5,709,768.75 Reclass from Fund 691 to Fund 683
- $ 1,840,869.52 Reclass from Fund 691 to Fund 693

  $12,193,883.90

Related accrued interest was computed as follows:

- $ 945,945.50 Due to Fund 683
- $ 149,517.81 Due to Fund 693

  $1,095,463.31

Should you have any questions regarding this matter, please call me or Andrew Schneider, Audit Manager, at 834-5475, or Carol Swe, Senior Auditor, at 834-5082.

cc: Chuck Hulse, Deputy Auditor-Controller
Jim McConnell, Chief of Accounting Operations
John M.W. Moorlach, Treasurer-Tax Collector
Paul Gorman, Accounting/Compliance Manager, Treasurer-Tax Collector