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INTERNAL AUDIT DEPARTMENT

May 30, 2002

INTERNAL AUDITOR'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO THE STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY

David E. Sundstrom
Auditor-Controller:

Attention: Jim McConnell, Assistant Auditor-Controller, Central Operations

We have performed the agreed-upon procedures enumerated below, which were agreed to by the Auditor-Controller, for the purpose of assisting the Auditor-Controller in verifying the amount and kind of money and the amount of bank receipts in the Treasury as shown on the accompanying Statement of Assets Held by the County Treasury at March 31, 2002 (Statement), in accordance with Government Code Sections 26920(a), and 26921 through 26923. This engagement to apply agreed-upon procedures was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Auditor-Controller management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and the associated findings are as follows:

1. We will observe a count of the treasury cash and receipts, performed by Treasury Cash Cage personnel, for bank deposits in the Treasury of the County of Orange at the close of business on the last business day of the month (March 29, 2002) and agree to the Treasurer's Detail Transaction Report.

Finding:

We found no exceptions as a result of the procedure.

2. We will independently confirm bank balances in the County Treasury for all bank accounts open at March 31, 2002 and agree responses to Treasurer's General Ledger Report through Treasurer's demand account reconciliations.

Finding:

We found no exceptions as a result of the procedure.

3. We will review Treasurer's reconciliations of demand accounts at March 31, 2002 and determine if reconciling items above our calculated materiality are adequately supported and whether adjustments to the Statement of Assets are required.

Finding:

We found no exceptions as a result of the procedure.

4. We will independently confirm all investments in the Treasurer's portfolio, per the Sungard Investment Inventory Report, at March 31, 2002 and agree responses to the Sungard Investment Inventory Report.

Finding:

We found that the Treasurer's records incorrectly reported a maturity date for one investment. Treasurer's records reported a maturity date of 5/20/02 for a certificate of deposit purchased from Chase Manhattan Bank in the amount of \$25,000,000, however the correct maturity date is 5/24/02. The discrepancy did not affect the Treasurer's compliance with their Investment Policy Statement and they corrected their records the day the discrepancy was brought to their attention.

5. We will review Treasurer's reconciliations of investments at March 31, 2002 and determine if reconciling items above our calculated materiality are adequately supported and whether adjustments to the Statement of Assets are required.

Finding:

We found no exceptions as a result of the procedure.

6. We will review reconciliations of Treasurer's cash and investments at March 31, 2002 to Auditor-Controller General Ledger's reports and determine if reconciling items above our calculated materiality are adequately supported and whether adjustments to the Statement of Assets are required.

Finding:

We found no exceptions as a result of the procedure.

David E. Sundstrom
May 30, 2002

The Statement was prepared on the cash basis, as modified, which is a comprehensive basis of accounting other than United States generally accepted accounting principles. Receipts are recognized when received by the Treasurer, disbursements are recognized when paid by the bank. The Statement is the responsibility of Treasury management.

In performing these agreed-upon procedures, we used materiality levels calculated in accordance with the Guide to Audits of Local Governments issued by the Practitioners Publishing Company.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, the report will be a matter of public record and its distribution is not limited.

The working papers for this engagement are the property of the County of Orange Internal Audit Department and constitute public information. If requested, access to such working papers will be provided under the supervision of the County of Orange Internal Audit Department personnel.

Sincerely,

Dr. Peter Hughes, CPA
Director, Internal Audit

/PH:plp

Distribution:

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STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY
As of March 31, 2002

	County Pool	Educational Pool	Non-Pooled	Total
CASH				
Cash on Hand	\$ 37,645	\$ -	\$ -	\$ 37,645
Demand Accounts	22,348,499	6,263,643	20,145,133	48,757,275
Total Cash	22,386,144	6,263,643	20,145,133	48,794,920
 INVESTMENTS, stated at cost (Note 1)				
Orange County Investment Pool:				
Money Market Fund	1,610,592,331			1,610,592,331
Extended Fund	737,180,706			737,180,706
Orange County Educational Pool		1,452,502,405		1,452,502,405
Non-pooled			90,317,808	90,317,808
Total Investments	2,347,773,037	1,452,502,405	90,317,808	3,890,593,250
TOTAL ASSETS	\$ 2,370,159,181	\$ 1,458,766,048	\$ 110,462,941	\$ 3,939,388,170

Note 1 - Investments include \$1,626,819 of accrued interest at date of purchase.

John M.W. Moorlach, C.P.A., CFP™
 Treasurer-Tax Collector