



I n t e r n a l A u d i t D e p a r t m e n t

O R A N G E C O U N T Y

AUDIT HIGHLIGHT JANURY 15, 2013

QUARTERLY AUDIT AUDITOR-CONTROLLER'S CASH AND INVESTMENT RECONCILIATION COMPLIANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2012 AUDIT NO. 1249-A

WHY IS THIS AUDIT IMPORTANT?

The Internal Audit Department was requested by the Auditor-Controller's Office to conduct the required quarterly audit to determine that the Orange County Auditor-Controller has complied with the requirements of California Government Code Section 26905 for the quarter-ended September 30, 2012. The primary purpose of this audit is to provide an opinion about whether the Orange County Auditor-Controller's monthly reconciliations of cash and investment accounts were performed in accordance with aforementioned requirements 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. Cash and investments per the Treasurer's official records were **\$5.8 billion** (cost basis) at September 30, 2012.

WHAT THE AUDITORS FOUND?

Our examination disclosed one material noncompliance or deviation from the California Government Code Section 26905 during the quarter ended September 30, 2012. The material noncompliance or deviation from the requirements dealt with the incomplete reconciliation of cash and investment accounts to the official records of the Treasurer. The Auditor-Controller's reconciliation did not include approximately **\$57 million** in Specific Investments and other reconciling items in the Treasurer's official records.

In our opinion, except for the material noncompliance exception noted above, the Orange County Auditor-Controller complied, in all material respects, with the California Government Code Section 26905 for the quarter ended September 30, 2012.