



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 JANUARY 9, 2014

FINANCIAL AND MANDATED AUDIT Community Facilities Districts/Mello-Roos For the Period July 1, 2012 through June 30, 2013 Audit No. 1317

WHY IS THIS AUDIT IMPORTANT?

In accordance with our *FY 2013-14 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and the Board of Supervisors, the Internal Audit Department conducted a Financial and Mandated Audit of the Community Facilities Districts/Mello-Roos Process. Our audit objective was to determine whether internal controls are in place and working effectively to ensure: 1. Special tax rates are calculated in accordance with pertinent governing documentation; 2. Bond proceeds are used for projects in compliance with pertinent governing documentation, and 3. The process is efficient and effective (e.g., no backlogs, duplication of work, manual processes that could benefit from automation).

CEO/Public Finance **disbursed approximately \$72 million** for debt service, acquisition, and construction costs during the audit period. Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

WHAT THE AUDITORS FOUND?

Our audit found controls and processes are in place to ensure special tax rates and bond proceeds were calculated and utilized in accordance with pertinent governing documentation. Our audit identified **two (2) Control Findings** to improve controls regarding estimating administrative costs in the special tax levy calculation and monitoring project costs in accordance with the Acquisition, Funding, and Disclosure Agreements.