



**PETER HUGHES, Ph.D, CPA, CIA, CFE
Director**

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INTERNAL AUDIT DEPARTMENT

May 31, 2001

TO: John M. W. Moorlach, Treasurer-Tax Collector

SUBJECT: Control Self-Assessment by the Treasurer-Tax Collector's Office
(Job Number 2120)

The Internal Audit Department facilitated Control Self-Assessment (CSA) workshops in the Treasurer and Tax Collector Divisions of the Treasurer-Tax Collector's Office. Of approximately 80 employees working in the two divisions, 24 employees participated in the workshops.

Following the workshops, we provided the participant teams with workshop summaries showing their perceived strengths and concerns. As part of the process, each team prepares an internal action plan to address the issues brought forward during the workshop. We received internal action plans from the Tax Collector's Office and the Treasurer's Office, which included items that had been initiated, planned, or were under development to address division issues.

Following each workshop, the facilitators asked participant teams to evaluate the CSA process by anonymously voting on five standard quality assurance statements. The participants reflected high ratings for the CSA process and their individual workshops as indicated by their voting. The average scores from the 24 participants evaluating the CSA process are shown below.

A score of 7 indicates the participants strongly agree with the statement. A score of 4 indicates they neither agree nor disagree. And a score of 1 indicates the participants strongly disagree with the statement

Evaluation Statement	Average Score
I understand the purpose of Control-Self Assessment.	6.79
The workshop helped to highlight issues significant to this team.	6.65
I was able to express my opinions freely.	6.59
The (Internal Audit) facilitators did a good job.	6.85
I would recommend this process to other teams.	6.68

John M. W. Moorlach
May 31, 2001
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If you have any questions or if I can be of further assistance, please do not hesitate to call me.

Peter Hughes
Director of Internal Audit

/PH:nmi

cc: Members of the Board of Supervisors
Members of the Audit Oversight Committee
County Executive Officer
Foreman, Grand Jury
Clerk of the Board of Supervisors
Assistant Treasurer
Assistant Tax Collector



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INTERNAL AUDIT DEPARTMENT

May 31, 2001

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: John Nakane, Chief of Agency and Support Accounting

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 Statement of Assets Held by the County Treasury at March 31, 2001 (Statement), in accordance with Government Code Sections 26920(a), and 26921 through 26923. This engagement to apply agreed-upon procedures was performed in accordance with 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 30, 2001) 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 active at March 31, 2001 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 and determine reasonableness of reconciling items above our calculated materiality.

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 Report, at March 31, 2001 and agree responses to the Sungard Investment Report.

Finding:

We found no exceptions as a result of the procedure.

5. We will review Treasurer's reconciliations of investments and determine reasonableness of reconciling items above our calculated materiality.

Finding:

We found no exceptions as a result of the procedure.

6. We will review reconciliations of Treasurer's cash and investments to Auditor-Controller General Ledger's reports and determine reasonableness of reconciling items above our calculated materiality.

Finding:

We found that two reconciliations prepared by Auditor-Controller, payroll fund - #808 and welfare fund - #809, were not properly reconciled and the welfare fund reconciliation was not completed in a timely manner. The reconciliation for the payroll fund contained six unreconciled amounts; \$2,194.61 from September 2000, \$641.98 from October 2000, (\$669.88) from December 2000, (\$487.75) from January 2001, \$579.67 from February 2001 and \$1,148.41 from March 2001. The reconciliation for the welfare fund contained four unreconciled amounts; \$371.00 from October 2000, \$425.00 from December 2000, \$744.34 from February 2001 and \$505.09 from March 2001 and the reconciliation for March 31, 2001, due April 30, 2001, was not completed until May 22, 2001.

The unreconciled amounts with dates prior to December 31, 2000 were addressed in a management letter from our prior audit, 12/31/00 Treasury Funds Audit - #2008. The management letter was submitted to Auditor-Controller on May 1, 2001. Auditor-Controller has 60 days in which to respond to the matter and to date we have not received a response.

For the remaining reconciliations tested, we found no exceptions as a result of this procedure.

David E. Sundstrom
May 31, 2001

The Statement was prepared on the cash basis, as modified, which is a comprehensive basis of accounting other than 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,

Peter Hughes, CPA
Director



COUNTY OF ORANGE

OFFICE OF THE TREASURER-TAX COLLECTOR

HALL OF FINANCE & RECORDS

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IN REPLY PLEASE REFER TO:

STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY
MARCH 31, 2001

ASSETS

	County Pool	Educational Pool	Non- Pooled	Total
Cash				
Cash in Banks	\$ 78,846,982	\$ 3,291,887	\$ 19,308,981	\$ 101,447,850
Cash on Hand	19,974			19,974
Total Cash	<u>78,866,956</u>	<u>3,291,887</u>	<u>19,308,981</u>	<u>101,467,824</u>
Investments, stated at cost (Note 1)				
Orange County Investment Pool:				
Money Market Fund	1,796,976,491			1,796,976,491
Extended Fund	457,384,051			457,384,051
Orange County Educational Pool		1,331,743,715		1,331,743,715
Non-pooled			122,003,592	122,003,592
Total Investments	<u>2,254,360,542</u>	<u>1,331,743,715</u>	<u>122,003,592</u>	<u>3,708,107,849</u>
TOTAL ASSETS	<u>\$ 2,333,227,498</u>	<u>\$ 1,335,035,602</u>	<u>\$ 141,312,573</u>	<u>\$ 3,809,575,673</u>

Note 1 - Investments include \$8,381,890 of accrued interest at date of purchase.


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

See accompanying Internal Auditor's report.