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INTERNAL AUDIT DEPARTMENT

August 28, 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 June 30, 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 (June 28, 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 June 30, 2002 and agree responses to Treasurer's Detail Transaction 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 June 30, 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 June 30, 2002 and agree responses to the Sungard Investment Inventory Report.

Finding:

We found one immaterial exception as a result of this procedure that was due to a series of posting errors made by the custody bank. The custody bank is currently in the process of correcting the errors. Because the exception was immaterial (\$1,831.05), it did not require an adjustment to the Statement of Assets.

5. We will review Treasurer's reconciliations of investments at June 30, 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 June 30, 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.

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.

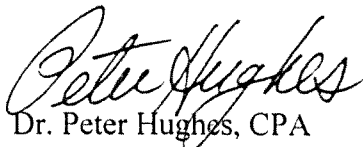
We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that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

David E. Sundstrom
August 28, 2002

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



COUNTY OF ORANGE

OFFICE OF THE TREASURER-TAX COLLECTOR

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STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY

As of June 30, 2002

Table with columns: County Pool, Educational Pool, Non-Pooled, Total. Rows include CASH (Cash on Hand, Demand Accounts, Total Cash), INVESTMENTS (Orange County Investment Pool, Orange County Educational Pool, Non-pooled, Total Investments), and TOTAL ASSETS.

Note 1 - Investments include \$798,633 of accrued interest at date of purchase.

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