INDEPENDENT AUDITORS' REPORT
APPLYING AGREED-UPON PROCEDURES
CASH AND INVESTMENTS

We have performed the procedures enumerated below on the cash and investments in the County’s commingled fund as of March 31, 2007. The procedures were agreed to by the Director, Finance Agency to determine whether the accountability for the cash and investments by the Controller-Treasurer’s Office is accurate and whether investments comply with the County’s policies and State law.

Based upon the work performed, we found that investments comply with County policy and State law and that cash and investments are accounted for in the Accounting and Treasury Divisions of the Controller-Treasurer’s department in accordance with policy and established procedures. No material exceptions or irregularities were noted.

The procedures applied follow:

a. On March 31, 2007, we counted the funds under the control of the cashiers in the Treasury Division.

b. As of the date of the count we agreed the accounting for cash and investments maintained by the Treasury Division to the records of Controller’s Accounting Division.

c. We verified the existence of the items listed on the Schedule of Investments by Fund that is submitted to the Board with the quarterly investment report.

d. Using the schedule of investments by fund as of March 31, 2007, we tested each new investment to the listing of approved issuers.

e. We computed the maximum investment limitations for each type of investment and tested actual investments by type and issuer (identified in step d.) to the maximum limitations permitted by law and policy.
f. We compared credit ratings of issuers (identified in step d.) to minimum rating requirements to determine compliance with County policy and State law.

g. We determined the existence of bank accounts by confirming the balances with the depository banks and with the State's Local Agency Investment Fund.

h. We examined supporting documentation for the purchase of investments.

i. From the schedule of investments, we examined individual investments with maturity dates exceeding one year and tested the receipt of interest. We computed the amounts that should have been received and agreed our computations to amounts received and recorded as revenue.

j. We tested the automated system's computation of the weighted average of maturities to the maximum permitted by policy (the accuracy of the system was previously tested).

k. We determined the existence of bank accounts by confirming the balances with the depository banks and with the State's Local Agency Investment Fund.

l. We reviewed the reconciliation, completed as of March 31, 2007, of the County's depository account bank balance to the Treasury Division's accountability to determine whether all transactions are valid and are being accounted for in accordance with policy and in a timely manner.

m. We determined the existence of investments held in safekeeping by comparing the investments included in the County custodian's records with the details of the County's investment listing.

n. On January 31, 2007 and February 28, 2007, we performed steps (d) through (m) and issued a report to the Director of Finance. There were no material exceptions or irregularities noted.

Bill Perrone  
Supervising Internal Auditor

Sandra Bryant  
Auditor-in-charge;  
Sandra Bryant