

OCT 11 1994



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Daren E. Duff
EXECUTIVE SECRETARY

September 8, 1994

To: Board of Directors (Special Audit Committee--Information)
(Finance & Insurance Committee-Information)
From: Auditor
Subject: Treasurer's Accountability Audit

Report

Pursuant to the requirements of Section 5103(b) of the Administrative Code (copy attached), members of the Audit Department staff performed certain audit procedures during August and September to establish accountability between former Treasurer Richard D. Sjoberg and Acting Treasurer Roger N. Marumoto as of the end of business on August 2, 1994.

The procedures performed covered the following areas:

- o Verification of the District's investment portfolio and investments in bond escrow accounts.
- o Verification of Treasurer Branch imprest petty cash funds.
- o Inventory of blank check stock and bond stock on hand in the Treasurer Branch.
- o Review of notifications to financial institutions, broker-dealers and others of the change in Treasurers.
- o Review of the change in the automated check signing procedure.
- o Review of other matters pertaining to the transition process, such as the removal of the former Treasurer's access to the District's computer systems, the return of operating equipment assigned to him, and segregation of duties issues pertaining to the Acting Treasurer, formerly the Assistant Controller.

No exceptions of any significance were identified during the performance of the aforementioned procedures. Detailed memoranda summarizing the work performed and results obtained were provided to the General Manager, General Counsel, and various of their staffs for information and accountability purposes.

Recommendation

For information only.

Michael W. Hondorp
Michael W. Hondorp

MWH:lo

Attachment

services between such bank and the Treasurer, and the Treasurer, the Assistant Treasurer, any Deputy Treasurer and any other person designated by the Treasurer pursuant to such an agreement is authorized to initiate, amend, cancel, confirm or verify the authenticity of such instructions.

Res. 7271 — July 14, 1970; Section 471.3 amended by M.I. 32426 — September 19, 1978; amended by M.I. 32460 — October 10, 1978. Section 471.3 repealed and Section 5102 adopted by M.I. 36464 — January 13, 1987, effective April 1, 1987; amended by M.I. 40463 — September 21, 1993.

§ 5103. Treasury.

(a) There is established an official depository of the District which shall be known as the District treasury and which shall be under the direction and control of the Treasurer. The Treasurer shall, as far as practicable, deposit the money under the Treasurer's supervision and control in such institutions and upon such terms as the laws of the State of California may permit, and evidence of such deposits shall be counted and considered the same as cash in the District treasury.

(b) Qualifications of a New Treasurer. — Any new Treasurer of the District shall not assume office except at the end of a business day, so that the outgoing Treasurer's accountability can be established by audit thereof.

Section 471.4.2 based on M.I. 23649 — February 11, 1964; renumbered and paragraph (a) [formerly Section 471.4.1] added, as amended, by M.I. 32690 — April 10, 1979; paragraph (b) [formerly Section 471.4.2] amended by M.I. 35592 — April 9, 1985. Section 471.4 repealed and Section 5103 adopted by M.I. 36464 — January 13, 1987, effective April 1, 1987.

§ 5104. Payment After Loss of Bond Interest Coupon.

(a) The Treasurer of the District is authorized to effectuate payment, without action of the Board, of a claim arising from the loss of a bond interest coupon that has been detached from a District bond or from the destruction of a bond interest coupon at any time after the date of its maturity, and the Treasurer has received:

(1) An affidavit or affidavits establishing the ownership of the coupon and reciting therein the circumstances under which it was lost or destroyed; and