

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 2.7**  
(ID # 21272)

**MEETING DATE:**  
Tuesday, February 28, 2023

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2023-101 "Verification of Statement of Assets Held by the County of Riverside Treasurer" as of September 30, 2022, All Districts. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-101: "Verification of Statement of Assets held by the County Treasury as of September 30, 2022"

**ACTION:Consent**

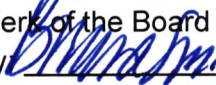
  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/15/2023

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Spiegel, seconded by Supervisor Gutierrez and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, and Gutierrez  
Nays: None  
Absent: Perez  
Date: February 28, 2023  
xc: Auditor

Kimberly Rector  
Clerk of the Board  
By   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>NET COUNTY COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: n/a</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

Pursuant to Government Codes 26920(a) and 26922, the Auditor-Controller has completed the required review of the accompanying "Statement of Assets held by the County Treasury as of September 30, 2022," prepared by the Treasurer-Tax Collector. The purpose of the review was to determine whether cash and investments shown on the "Statement of Assets held by the County Treasury as of September 30, 2022" were reasonably stated.

**BACKGROUND:**

**Summary (continued)**

Our review included the following procedures: counting cash in the County Treasury and confirming cash and investments held on behalf of the Treasurer Tax Collector; and verifying that the records of the Treasurer Tax Collector and Auditor-Controller are reconciled for cash and investment accounts. Our review identified a reconciliation variance in a US Bank security account. The variance is the result of transactions being recorded on the trade date rather than the settlement date. According to email communications between the County Treasurer and US Bank, the issue was resolved in November 2022. We will review whether the correction was implemented in the next quarter ending December 31, 2022.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Riverside County Auditor-Controller - Internal Audit Report 2023-101: "Verification of Statement of Assets held by the County Treasury as of September 30, 2022"

  
Stephanie Perez, Principal Management Analyst 2/21/2023



**COUNTY OF RIVERSIDE**  
OFFICE OF THE  
AUDITOR-CONTROLLER

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800  
Fax (951) 955-3802

**ACC** | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

Ben J. Benoit  
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA  
Assistant Auditor-Controller

February 28, 2023

Mr. Matthew Jennings  
Treasurer-Tax Collector  
4080 Lemon Street, 4<sup>th</sup> Floor  
Riverside, CA 92502-3660

Subject: Internal Audit Report 2023-101: Verification of "Statement of Assets Held by the Riverside County Treasurer" as of September 30, 2022.

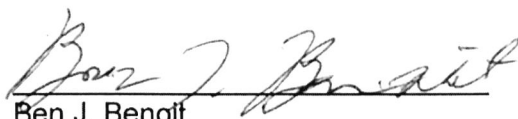
Dear Mr. Jennings:

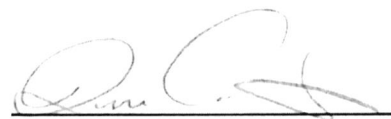
Pursuant to Government Codes 26920(a) and 26922, the Auditor-Controller has completed the required review of the accompanying "Statement of Assets Held by the County Treasury" as of September 30, 2022, prepared by the Treasurer-Tax Collector. The purpose of the review was to determine whether cash and investments as shown on the "Statement of Assets Held by the County Treasury" as of September 30, 2022, were reasonably stated.

Our review included the following procedures:

- 1) Counting cash in the County Treasury
- 2) Confirming cash and investments held on behalf of the Treasurer Tax Collector
- 3) Verifying the records of the Treasurer Tax Collector and Auditor-Controller are reconciled for cash and investment accounts

Our review identified a reconciliation variance in a US Bank security account. The variance is the result of transactions being recorded on the trade date rather than the settlement date. According to email communications between the County Treasurer and US Bank, the issue was resolved in November 2022. We will review whether the correction was implemented in the next quarter ending December 31, 2022.

  
Ben J. Benoit  
Riverside County Auditor-Controller

  
René Casillas, CPA, CRMA  
Deputy Auditor-Controller

cc: Board of Supervisors  
Jeff Van Wagenen, County Executive Officer  
Dave Rogers, Chief Administrative Officer  
Grand Jury

**MATTHEW JENNINGS**  
*County of Riverside Treasurer – Tax Collector*

Giovane Pizano  
*Assistant Treasurer*



Melissa Johnson  
*Assistant Tax Collector*

**STATEMENT OF ASSETS HELD BY THE COUNTY TREASURER**  
 As of September 30, 2022

	County Pool	Total
<b>CASH</b>		
Cash on Hand	\$ 24,903.42	\$ 24,903.42
Cash Items To/From Bank	3,514,038.78	3,514,038.78
(1) Receivables	0.55	0.55
Demand Accounts	66,152,818.24	66,152,818.24
Imprest Cash	693,297.33	693,297.33
Treasury Suspense	1,048,091.17	1,048,091.17
<b>Total Cash</b>	<b>\$ 71,433,149.49</b>	<b>\$ 71,433,149.49</b>
<b>INVESTMENTS, Stated At Cost</b>		
(2) Securities	\$ 11,747,842,512.98	\$ 11,747,842,512.98
Payable	\$ (87,742,840.94)	
PINT	\$ 4,088.78	
<b>Total Investments</b>	<b>\$ 11,660,103,760.82</b>	<b>\$ 11,660,103,760.82</b>
<b>Total Assets</b>	<b>\$ 11,731,536,910.31</b>	<b>\$ 11,731,536,910.31</b>

- (1) Receivables - Cashiering Cashier Shortage. Please reference memo date of October 21, 2022.
- (2) Securities - Securities are recorded on trade date and posted a day after closing. A complete listing of September 30th requires attached report.
- (3) September 30th, Fund to Asset discrepancy of 12 cents was resolved. Please see attached memo.
- (4) Account 8184 - Account was not set up in Quantum, resulting in an out of balance variance between PeopleSoft and Quantum activity. Please reference memo dated October 20, 2022.

*Elizabeth Balderas*  
 \_\_\_\_\_  
 Elizabeth Balderas  
 Deputy Treasurer-Tax Collector  
 October 21, 2022



# Memo

To: Auditor-Controller

From: Office of the Treasurer-Tax Collector, Treasury Unit

Date: 01/12/2023

Re: 1st Quarter Review

1. The Morgan Stanley statement reflects shares and the Net Asset Statement reflects cost. Please see Morgan Stanley attachment.
2. The difference between balances in US bank custody account (Custody) and the Statement of Net Assets is due to discrepancies with Custody, timing issues and one posting error caused by a factor adjustment.

Custody discrepancies \$ 15,389,635.01

- (1) Page 1. Remove **Principal Cash: \$-14,722,150.71**. This item is a partial adjustment to reflected traded vs settlement items.
- (2) Cusip 3136AW7J0, 3138LEGR6, and 3138LCH81 are understated by **\$667,484.30** in US Custody. Issue was corrected by US bank in October. See memo.

Timing differences and Factor Adjustment -\$109,469,506.14

- (1) Quantum posting rules cause trade activity for 9/30/2022 to not be reflected in the Net Asset Statement. The attached report includes the complete balance.  
This is a **-\$84,747,361.11** difference.
- (2) Trade date vs Settlement date. Quantum posts activity based on trade date while using a Payable account to reflect the cashflow impact of the items not yet settle. This reflects trades that where purchase prior to September 29 but settled on or after 9/30.
  - a. September 30th settled trades. 3130ATEU7,3130ATFA0,91282CFN6. Traded before settlement date of 9/30 for a total of \$63,016,601.56. Purchase interest post **-\$4,088.78**.  
**Both did not have an impact on the difference but is part of Payable cash due.**
  - b. October settle trades. These trades impacted the balance in the amount of **-\$24,722,150.60**
  - c. Quantum posting issue associated with MBS Factor adjustment **\$5.57**.



3. Payable cash due to Investment activities reflects securities that are recorded in Quantum (trade date) that have not settled yet. The amount of \$87,742,840.94 reflects unsettled securities as of 9/29. See above for breakdown.
4. Purchase interest in the amount of \$4,088.78 reflects the purchased interest of a settled security purchase. This amount is also reflected with a negative value in the Payable cash due.
5. See attached Treasury Suspense Receivable and Aging Report, reflecting items that have not been identified and placed in Treasury Suspense.