

WHITE NELSON DIEHL EVANS LLP  
Certified Public Accountants & Consultants

The Honorable Mayor and  
Members of City Council and  
Management of the City of Tustin  
Tustin, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tustin, California, (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 22, 2013. In planning and performing our audit of the financial statements of the City of Tustin (the City) as of the year ended June 30, 2012, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated January 22, 2013 on the financial statements of the City. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. Our comment with our recommendation for improvements is summarized as follows:

**Purchasing Policy**

**Auditors' Comment**

During our audit, we noted that City does not have a formal purchasing policy. We recommend that City adopts a formal purchasing policy that will give guidance on the following items:

- Employees authorized to approve purchases
- Use of purchase orders
- Limits or threshold on various levels of purchases
- Informal and formal bidding requirements

Management's Response

The City will adopt a formal purchasing policy that will give guidance on the following items:

- Employees authorized to approve purchases
- Use of purchase orders
- Limits or threshold on various levels of purchases

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Dick Evans LLP*

January 22, 2013  
Irvine, California