

**County of Orange Treasury Oversight Committee
Annual Report to the Board of Supervisors
For the Period January 1, 2014 to December 31, 2014**

Establishment of Board

The Treasury Oversight Committee (TOC) was established by the Board of Supervisors on December 19, 1995 by Resolution No. 95-946 in accordance with the California Government Code Article 6 of Division 2 of Title 3, Sections 27130-27137 (Article 6). The TOC structure approved by the Board of Supervisors consists of seven members: the County Auditor-Controller or designee, the County Executive Officer or designee, the County Superintendent of Schools or designee, and four members of the public. The members of the TOC as of December 31, 2014 are as follows:

<u>Name</u>	<u>Member Type</u>
Laura Parisi (Chair)	Public Member
William "Andy" Dunn (Vice Chair)	Public Member
Gary Capata	Public Member*
Mike Giancola	County Executive Officer
Jan Grimes	Auditor-Controller
Al Mijares	County Superintendent of Schools
Richard Rohm	Public Member*

* *Appointed to his first term 5/20/2014*

* *Appointed to his first term 12/16/2014*

Board Activities

During 2014, four TOC meetings were held. All meetings were open to the public as required by Government Code 54950 and held on the following dates:

January 22

April 23

July 23

October 22

As required under Article 6 and the TOC Bylaws and Rules of Procedures (Bylaws), the TOC has:

- Reviewed and monitored the annual Investment Policy Statement (IPS) ensuring that it included all items under Rule 27 (a) to (h) in the Bylaws
- Caused an annual audit of the Treasurer's compliance with Article 6
- Not directed individual investment decisions, selected advisors, brokers, dealers, or impinged on the day-to-day operations of the Treasurer
- Reviewed and discussed the Bylaws and did not recommend any changes by the last meeting of the calendar year
- Ensured that each member has completed the state mandated conflict of interest form (Form 700), signed a Certificate of Compliance, and completed state mandated ethics training every two years

The major activities during the year consisted of approving the 2013 Annual Report to the Board of Supervisors, reviewing changes to the IPS to allow for minor changes in percentage of security ownership, and adding Supranationals as an authorized security type. In addition, other major activities included reviewing and monitoring the 2014 Quarterly TOC Compliance Summary which identifies each report issued by various entities. The TOC also reviewed and discussed the selection of auditors and recommended to the Board of Supervisors that the Internal Audit Department conduct the annual compliance audit in 2014 and 2015.

During 2014, the Internal Audit Department and the Auditor-Controller's Internal Audit unit issued nine audit reports and five follow-up audit reports that were provided to the Board of Supervisors as part of the Treasurer's Monthly Investment Report. In the nine audit reports, the auditors made one recommendation categorized as a Deficiency in Internal Control, the lowest level of recommendation where internal controls could be improved, noting that the Treasurer reported this issue in the December 2013 Monthly Investment Report and had taken corrective action in 2014. The five follow-up audits recognized that all outstanding recommendations had been implemented with no future follow-ups required. In addition, in 2014 the Treasurer reported zero instances of non-compliance with the IPS or internal policies.

It is the opinion of the TOC that during the year 2014 the Treasurer maintained an acceptable level of compliance with the statutory requirements contained in Article 6 and as further required by County Resolution No. 95-946, clause 4(c).

Respectively submitted,



Laura Parisi
Chair – Treasury Oversight Committee

cc: Shari L. Freidenrich, County Treasurer