

**County of Orange Treasury Oversight Committee
Annual Report to the Board of Supervisors
For the Period January 1, 2019 to December 31, 2019**

Establishment/Composition of Committee

The Treasury Oversight Committee (TOC) was established by the Board of Supervisors (BOS) 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 BOS 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, 2019 are as follows:

<u>Name</u>	<u>Member Type</u>
Richard Rohm (Chair)	Public Member
Laura Parisi (Vice Chair)	Public Member
Gary Capata	Public Member
Alisa Backstrom	Public Member
Frank Kim	County Executive Officer
Al Mijares	County Superintendent of Schools
Frank Davies	Auditor-Controller

Committee Objectives/Activities

During 2019, 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 30 April 24 July 31 October 30

As required under Article 6 and Sections V and VI of the TOC Bylaws and Rules of Procedures (Bylaws), in 2019 the TOC has performed the following:

- Rule 28:** Reviewed and monitored the annual Investment Policy Statement (IPS) ensuring that it included all items under Rule 28 (a) to (h) in the Bylaws
- Rule 29:** Caused an annual audit to determine the Treasurer’s compliance with Article 6
- Rule 30:** Not directed individual investment decisions, selected advisors, brokers, dealers, or impinged on the day-to-day operations of the Treasurer
- Rule 31:** Presented the oral and written calendar year 2018 annual report to the BOS
- Rule 32:** Reviewed, discussed and made no changes to the Irregularity Policy and had no irregularities to investigate
- Rule 34:** Reviewed, discussed and no changes to the Bylaws made by the Board of Supervisors
- Rule 35:** Received a report from the Treasurer 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 presenting the oral and written calendar year 2018 Annual Report to the BOS. They also included reviewing the 2019 IPS drafted by the Treasurer, which had no substantive changes, and the TOC did not recommend any additional changes. Other significant activities included reviewing and monitoring the 2019 Quarterly TOC Compliance Summary, which identifies each audit or review and its report status.

The County's Auditor-Controller Internal Audit Division (A-C IAD) regularly audits compliance with the IPS as required by Government Code 27134 and a TOC directive, respectively. In 2019, there were eleven reports issued, one audit report, three review reports, four compliance monitoring reports, and three management follow-up compliance related reports (originally issued in conjunction with report). In all of the reports, the auditors identified no compliance exceptions. In the follow-up management reports, there are three remaining recommendations still in process, all related to the upgrade of the Treasurer's investment accounting system, which is expected to be completed in 2020. All of these reports were provided to the TOC and the BOS as part of the Treasurer's Monthly Investment Report and discussed at the quarterly TOC meetings.

AC-IAD completed the annual compliance report for the twelve-month period ended December 31, 2016 and the six-month period ended June 30, 2017 (performed by Macias Gini & O'Connell) and the reports on the Review of the Statement of Assets Held by the County Treasurer for the periods ended September 30, 2018, December 31, 2018 and March 31, 2019. They also completed the reports on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019.

Committee Opinion

It is the opinion of the TOC that during the calendar year 2019 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,



Richard Rohm, CPA

Chair – Treasury Oversight Committee

cc: Shari L. Freidenrich, Treasurer-Tax Collector