

OFFICE OF THE TREASURER-TAX COLLECTOR SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM

TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, July 24, 2013 at 3:00 p.m. 12 Civic Center Plaza, Conference Room 300, Santa Ana

WILLIAM "ANDY" DUNN Chair

LAURA PARISI Vice Chair MIKE GIANCOLA Member

DR. AL MIJARESMember

JAN GRIMES Member

1. Call to Order

• Chair Dunn called the meeting to order at 3:00 p.m.

2. Welcome

- Members Present: Andy Dunn, Laura Parisi, Dr. Al Mijares (arrived at 3:05 p.m.), Alternate Wendy Benkert, Mike Giancola (arrived at 3:30 p.m.), Jan Grimes
- Liaison Present: Treasurer-Tax Collector Shari Freidenrich

3. Public Comments

• There were no public comments made.

4. Minutes

 Member Parisi moved to approve the Minutes of the April 23, 2013 Treasury Oversight Committee (TOC) meeting. Alternate Benkert seconded the motion.
 Approved 4-0

5. Old Business

- TOC Compliance Summary Separate Report: Paul Gorman, Chief Assistant Treasurer-Tax Collector Treasury, stated that this separate report will be presented at the October TOC Meeting.
- Gift Ban Ordinance and Broker-Dealer/Financial Institutions List: Paul
 Cocking, Assistant Treasurer-Tax Collector Investments, stated that the list
 handed out last month only included TTC vendors and the Gift Ban Ordinance
 relates to all County vendors. Angie Daftary, Deputy County Counsel, distributed
 a presentation done by County Counsel that is offered to County personnel. Ms.
 Daftary clarified that not all gifts are banned, the presentation outlines the
 specific guidelines for what gifts can be accepted. When the next Gift Ban
 Ordinance training is scheduled, the TOC will be notified.

6. New Business

- Receive and file Treasurer's Monthly Investment Report for April, May, & June: Treasurer Freidenrich presented the highlights of these reports. Member Mijares moved to receive and file these reports. Member Parisi seconded the motion. Approved 4-0.
- Receive and file Final Close-Out Audit of Treasurer's Investment Compliance for the Year Ended December 31, 2009 as of March 31, 2013:

Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.

- Mr. Gorman reported there were 14 findings in the 2009 audit, these included 11 implemented recommendations, one closed recommendation, and two recommendations that are in process. The report shows that of the two in process, one was closed, and one implemented. The one implemented was regarding the expiration of a TOC member's term and a process was put in place and used in 2012. Member Grimes moved to receive and file the report. Member Mijares seconded the motion. **Approved 4-0**.
- Receive and file Final Close-Out Audit of Treasurer's Investment Compliance for the Year Ended December 31, 2010 as of March 31, 2013: Mr. Gorman reported there were four findings in the 2010 audit, down from 14 in the 2009 audit. Member Parisi moved to receive and file the report. Member Grimes seconded the motion. <u>Approved 5-0</u>.
- Receive and file Report on Compliance Monitoring for the Quarter of January through March 2013: Mr. Gorman explained this type of report; it is not mandated, but requested by the TOC. There were no exceptions in this report. Member Parisi asked who determines the steps in this type of audit. Mr. Gorman explained the auditors determine what steps are necessary to determine the information needed for the audit based on the Investment Policy Statement and Government Code. Member Parisi made the motion to receive and file the report. Member Mijares seconded the motion. Approved 5-0.
- Receive and file Management Letter on Review of the Statement of Assets
 Held by the County Treasury as of September 30, 2012: Mr. Gorman
 reported there was one finding in this report which related to a failed sale of a
 security and that their sale was not reversed in the accounting records. The
 Investment Treasury Divisions have reviewed their processes and updated them
 in case of any future failed trades. The Treasurer explained this did not impact
 the total investment amount of the Pools. Member Grimes made the motion to
 receive and file the report. Member Parisi seconded the motion. Approved 5-0.
- Receive and file Second Follow-Up Audit of Treasury Cost Allocations to Pool Participants as of March 20, 2013: Mr. Gorman stated there were 13 recommendations in this audit, 10 of which related to the Treasurer-Tax Collector and three related to the CEO. Of these recommendations, six are in process, six are implemented, and one is closed. Three of the recommendations in process are related to the CEO. Member Mijares made the motion to receive and file the letter. Member Parisi seconded the motion. Approved 5-0.
- Receive and file 2012-2013 Orange County Grand Jury Report An Investment and Compliance Review of the Orange County Treasurer: Treasurer Freidenrich presented the highlights of the report. There were three findings related to the licensing and education of staff and improving information systems, specifically outdated legacy systems. These findings on the legacy system are not unusual and the Treasurer was already aware of the need to update systems. The Treasurer is finalizing their response and will present the response to the BOS. Member Grimes made the motion to receive and file the letter. Member Mijares seconded the motion. Approved 5-0.
- Receive and file Standard & Poor's "AAAm" Rating Affirmation:
 Treasurer Freidenrich clarified that these ratings are only for our Money Market

Fund, not our entire Pool. S&P has very rigorous guidelines to meet in order to receive this rating; our Money Market Fund has met these requirements, which ensures the safety and liquidity of its funds. Mr. Cocking explained the "m" designation means it is a principal and stability rating. Member Mijares made the motion to receive and file the Affirmation letters. Member Parisi seconded the motion. **Approved 5-0**.

Receive and file June 2013 TOC Compliance Summary: Mr. Gorman stated
the chart has been renamed to better represent the information in the report. He
presented the highlights from the various sections of the Compliance Summary.
Chair Dunn stated he has found this spreadsheet to be very helpful. Member
Parisi made the motion to receive and file the summary. Member Mijares
seconded the motion. Approved 5-0.

7. Chairman's Report:

There was no Chairman's Report made.

8. Treasurer's Report:

- Treasurer Freidenrich reported on the following topics:
 - a. The Treasurer continues to get interest from agencies around the County on the Orange County Investment Pool
 - b. The 2nd User's Conference has been set for our Pool Participants
 - c. The trainings TOC members took advantage of this past year
 - d. A press release will be done about the members of the TOC recent training
 - e. The estimate of the Treasury Administration Fee is expected to remain about the same
 - f. The need to reduce costs and to offset declining yields and the cost of quarterly monitoring by the Auditor-Controller.
 - g. The County has trainings on the Brown Act and the Gift Ban Ordinance, information will be distributed as it becomes available
 - h. The Bylaws will be reviewed in October and County Counsel will make a presentation regarding limitations of members regarding campaigns
 - i. The Treasurer is finishing her year as President of APT US&C
 - i. The Secured Tax collection rate is at 98.94%

9. Public Comments:

There were no public comments made.

10. Committee Member Comments:

There were no committee member comments made.

11. Adjournment:

 Chair Dunn adjourned the meeting at 4:20 p.m. to Wednesday, October 30, 2013, Auditor/Controller's Conference Room #300.