

County of Orange Treasury Oversight Committee
Annual Report to the Board of Supervisors
For the Period January 1, 2023, to December 31, 2023

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 Article 6 of Chapter 5 of Part 3 of Division 2 of Title 3 of the California Government Code (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, 2023 were as follows:

<u>Name</u>	<u>Member Type</u>
Francine Scinto (Chair)	Public Member
David Carlson (Vice Chair)	Public Member
Alisa Backstrom	Public Member
Salah Kureh	Public Member
Frank Kim	County Executive Officer
Al Mijares	County Superintendent of Schools
Andrew Hamilton	Auditor-Controller

Committee Objectives/Activities

During 2023, four TOC meetings were held. All meetings were open to the public and subject to the Ralph M. Brown Act, as required by Government Code section 27132.4, and held on the following dates:

January 25 April 19 July 19 October 25

As required under Article 6 and Sections V and VI of the TOC Bylaws and Rules of Procedures (“Bylaws”), in 2023 the TOC performed the following:

- Rule 31: Reviewed and monitored the annual Investment Policy Statement (IPS) ensuring that it included all items under Rule 31 (a) to (h) of the Bylaws
- Rule 32: Caused an annual audit to determine the Treasurer’s compliance with Article 6
- Rule 33: Not directed individual investment decisions, selected advisors, brokers, dealers, or impinged on the day-to-day operations of the Treasurer
- Rule 34: Presented the oral and written calendar year 2022 annual report to the BOS on 4/11/2023
- Rule 35: Reviewed, discussed and made no changes to the Irregularity Policy and had no irregularities to investigate
- Rule 40: 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 for new members
- Rule 44: Reviewed, discussed and made no changes to the Bylaws

A major activity during the year included providing the required written and oral 2022 Annual TOC Report to the BOS. Other significant activities included reviewing the 2024 IPS and reviewing and monitoring the 2023 Quarterly TOC Compliance Summaries, which identify each audit or review issued in 2023 and their report status.

Audit/Review Reports: The TOC causes an annual audit of the County Treasurer's compliance with Article 6 pursuant to Government Code 27134. Auditor-Controller Internal Audit (ACIA) also monitors the Treasurer's compliance with its IPS quarterly at the request of the TOC. In addition, ACIA performs an annual audit and quarterly review of the Treasurer's Schedule of Assets pursuant to Government Code 26920.

In 2023, the auditors issued ten reports: three audit reports, three review reports, and four monitoring reports. The external auditors (Eide Bailly) issued two audits titled Agreed-Upon Procedures Related to Investment Compliance for the fiscal year ended June 30, 2021 and June 30, 2022. ACIA issued an audit titled Report of the Schedule of Assets Held by the County Treasury as of June 30, 2022 (performed by Eide Bailly); three reviews of the Schedule of Assets as of September 30, 2022, December 31, 2022, and March 31, 2023; and four reports titled Compliance Monitoring of the Treasurer's Investment Portfolio for the quarters ended September 30, 2022, December 31, 2022, March 31, 2023, and June 30, 2023.

In the ten reports issued in 2023, the auditors reported two compliance exceptions, both occurred in the fiscal year ended June 30, 2021 and were self-reported by the Treasurer. These prior year exceptions related to the late filing of a leaving office Form 700 and when the issuer and total allowable percentage of U.S. Money Market Mutual Fund exceeded the IPS limits of IPS 10% and 20%, respectively. The Treasurer also self-reported an additional eight compliance exceptions in calendar year 2023, with seven compliance exceptions relating to the credit rating outlook of the US Government change from stable to negative in 2023, which required County Treasurer approval of new purchases of this issuer, and one compliance exception relating to the late filing of a leaving office Form 700. The County Treasurer is in the process of updating procedures and processes to prevent these compliance exceptions from occurring in future.

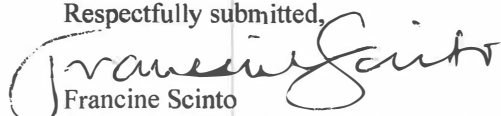
Management Letters: ACIA issued three Management Letters during the year to the BOS related to internal controls. Two findings related to the set-up of accounts or investments in Quantum, both of which have been properly reported in the quarterly and annual Schedule of Assets reports and one finding that the Auditor-Controller did not timely reconcile the Auditor-Controller books to the Treasurer's books.

All of these reports and letters noted above were provided to the TOC and the BOS as part of the Treasurer's Monthly Investment Report and also discussed at the quarterly TOC meetings. In addition, we appreciate the additional oversight added this year by having the pooled funds in the Orange County Treasurer's Pool rated by Fitch Ratings and were pleased with these pooled funds receiving the highest rating of MMMf and the rating of S1, indicating a very low sensitivity to market risk.

Committee Opinion

It is the opinion of the TOC that during 2023, the Treasurer maintained an acceptable level of compliance with the statutory requirements contained in Article 6, the IPS and County Resolution No. 95-946.

Respectfully submitted,


Francine Scinto
Chair – Treasury Oversight Committee

cc: Shari L. Freidenrich, Treasurer-Tax Collector