

# Grand Jury Report

## RESPONSE FORM

*Grand Jury Report Title:* **County Treasury Investment Pool – Our “Surplus” Money**

*Report Dated:* **June 9, 2014**

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*Response Form Submitted By:*

Lloyd Weer, Auditor-Controller

### **Findings**

I agree with the findings numbered: **F1, F2, F3, F4, F6, and F8**

I disagree wholly or partially with the findings numbered: **F5, F7, and F9**

### **Recommendations**

Recommendation number **R2** has been implemented.

Recommendation number **R4** has not been implemented, but will be implemented in the future.

Recommendations numbered **R1, R3, and R5** will not be implemented because they are not warranted or are not reasonable.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## **Findings -**

**F5.** The County Board of Supervisors is exercising proper responsibility in requiring periodic performance reports on the Investment Pool from the County Treasurer. The reports on the investments meet the County Investment Policy goals of security and liquidity. The reports do not provide information regarding whether a reasonable rate of return on the investments was obtained.

*Auditor-Controller Response: Disagree partially - The annual reports provide information on the rate of return.*

**F7.** The investment of Investment Pool funds locally is not possible under current legislation.

*Auditor-Controller Response: Disagree – Local investment is possible but the Pool mandates make it difficult for them to compete.*

**F9.** The quarterly reviews of the County Treasury by the County Auditor per Government Code 26920(a) are not available or reported to the Board of Supervisors.

*Auditor-Controller Response: Disagree – The County Auditor performs a monthly cash count of the County Treasury and performs monthly cash reconciliation with the County Treasurer as required in GC 26920(a). The outside auditor performs an annual audit of the assets in the County Treasury and their annual report to the Board supersedes the quarterly report requirements per GC 26920(b).*

## **Recommendations -**

**R1.** Additional resources for evaluating the social responsibility of the investment instruments in the portfolio be identified and applied. (F3)

*Auditor-Controller Response: Will not be implemented - The County uses the Calvert Social Index for this purpose.*

**R2.** Performance parameters be included in the Pooled Investment Reports that indicate what return on investments has been obtained. (F2, F5)

*Auditor-Controller Response: Has been implemented – The return on investments appears on the Treasurer’s annual report.*

**R3.** An Oversight Committee of members of the participating agencies and representatives of the financial and interested community be organized and utilized. (F4)

*Auditor-Controller Response: Will not be implemented – This process was disbanded in 2008 and replaced with Treasury Pool Roundtable Discussion Group meetings.*

**R4.** Out-reach be made to local banks to obtain dialogue concerning future participation among the banks and the County Treasury Investment Pool. (F7)

*Auditor-Controller Response: Has not yet been implemented, but will be in the future – This will be reviewed by the Treasurer at the end of each calendar year.*

**R5.** The quarterly review of the County Treasury be performed and a report be provided to the Board of Supervisors as required by Government Code §26920(a). (F9)

*Auditor-Controller Response: Will not be implemented – See response for F9 above.*