

County of Orange Treasury Oversight Committee
Annual Report to the Board of Supervisors
For the Period January 1, 2022, to December 31, 2022

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, 2022 are as follows:

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

Committee Objectives/Activities

During 2022, 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 26 April 27 July 27 October 19

As required under Article 6 and Sections V and VI of the TOC Bylaws and Rules of Procedures (“Bylaws”), in 2022 the TOC has 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 2021 annual report to the BOS
- 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 every two years
- Rule 44: Reviewed, discussed and made changes to the Bylaws to conform with the Bylaws Template for County Boards, Commissions, and Committees (“Bylaws Template”)

The major activities during the year included providing the required written calendar year 2021 Annual TOC Report to the BOS. Please note that due to COVID-19 and the Governor’s Executive Stay-at-Home Order, the Board again approved the waiving of the oral report requirement. Other significant activities included reviewing the 2023 IPS,

drafted by the Treasurer, reviewing and monitoring the 2022 Quarterly TOC Compliance Summaries, which identifies each audit or review and their report status issued in 2022.

Audit/Review Reports: The County's Auditor-Controller Internal Audit Division ("A-C IAD") regularly reviews the Treasurer's statement of assets and compliance with the IPS pursuant to Government Code Section 26920 and a TOC directive, respectively. In 2022, there were 8 reports issued, 1 audit report, 3 review reports and 4 compliance monitoring reports. The specific reports completed were the Report of the Schedule of Assets Held by the County as of June 30, 2021 (performed by Eide Bailly), the Review of the Schedule of Assets Held by the County Treasurer for the periods ended September 30, 2021, December 31, 2021, and March 31, 2022, and the Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarters Ended September 30, 2021, December 31, 2021, March 31, 2022, and June 30, 2022.

In the eight reports issued in 2022, the auditors reported zero compliance exceptions. 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.

Although the TOC can't impinge on the day to day operations of the Treasurer, the Treasurer provided the two Management Letters issued during the year to the TOC. The A-C IAD issued a Management Letter on the Review of the Schedule of Assets Held by the County Treasury as of March 31, 2022, which contained one recommendation. In addition, they also issued the First Follow-Up Management Letter on the Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020, which contained an outstanding recommendation. The Treasurer is in the process of clearing both recommendations.

Committee Opinion

It is the opinion of the TOC that during the calendar year 2022 the Treasurer maintained an acceptable level of compliance with the statutory requirements contained in Article 6, the Investment Policy Statement and County Resolution No. 95-946.

Respectively submitted,

Alisa Backstrom
Chair – Treasury Oversight Committee

cc: Shari L. Freidenrich, Treasurer-Tax Collector