



Andrew N. Hamilton, CPA  
Orange County Auditor-Controller



## Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2022

Audit Manager: Michael Steinhaus, CPA, CIA, CISA  
Auditor II: John C. Lim, CIA

Audit Number 2204  
Report Date: June 2, 2023

Internal Audit



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

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**ANDREW N. HAMILTON, CPA**  
AUDITOR-CONTROLLER

DATE: June 2, 2023  
TO: Treasury Oversight Committee  
FROM: Michael Steinhaus, Audit Manager  
SUBJECT: Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2022

At the request of the Treasury Oversight Committee, we have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended September 30, 2022. Our report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-6106.

Other recipients of this report:

- Board of Supervisors
- Audit Oversight Committee
- Shari Freidenrich, Treasurer-Tax Collector
- Brian Winn, Accounting/Compliance Manager
- Salvador Lopez, Chief Deputy Auditor-Controller
- John Lim, Auditor II
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditors



# Internal Auditor's Report

We have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended September 30, 2022. The purpose of our engagement was to determine whether the Treasurer's investment portfolio complied with the Treasurer's Investment Policy Statement (IPS). This engagement covers the Orange County Investment Fund (OCIF), which includes all cash and investment balances entrusted to the Treasurer.

We selected 15 business days for testing and analyzed the FIS Quantum data in Excel to determine whether the Treasurer's investment portfolio complied with the IPS for those days. We performed the following procedures and found no exceptions; however, we noted our findings for procedure #5.

1. Authorized Investments (IPS Sections VI, VII, IX, and XI): We selected one investment purchased for each of the 15 days tested and confirmed that the investment conformed to the IPS requirements at the time of purchase.

Results: We found no exceptions.

2. Diversification Limits (IPS Section VIII.1): We confirmed that investments did not exceed the diversification limits.

Results: We found no exceptions.

3. Maximum Maturity Limits (IPS Section VIII.2): We confirmed that the maximum maturity of any investment purchased did not exceed five years.

Results: We found no exceptions.

4. Lower Maturity Limits (IPS Section VIII.1): We confirmed that the maximum maturity of investment types purchased that have lower limits than those covered by IPS Section VIII.2 did not exceed 180 days for repurchase agreements and bankers' acceptances, 270 days for commercial paper, 18 months for negotiable certificates of deposit, two years for medium-term notes, and three years for municipal debt.

Results: We found no exceptions.

5. Issuer Concentration Limits (IPS Section VIII.1): We confirmed that the investments did not exceed the issuer concentration limits.

Results: We found no exceptions. T-TC does not apply IPS restrictions to OCIF, which includes the Orange County Treasurer's Pool (OCTP) and Specific Investments; T-TC applies IPS restrictions to only OCTP. The IPS is unclear as to whether Specific Investments and Money Market Mutual Funds (MMMFs) are excluded from the IPS restrictions.

6. Financial Reporting (IPS Section XXI): We confirmed that any compliance exceptions identified during our testing were reported in the Treasurer's Monthly Investment Report per the IPS.

Results: We found no exceptions.



# Internal Auditor's Report

This report is intended solely for the information and use of the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector; however, this report is a matter of public record and its distribution is not limited.

*Michael Steinhaus*

Michael Steinhaus, CPA  
Audit Manager  
June 2, 2023