

Office of the Auditor-Controller  
**Contra Costa County**

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Auditor-Controller

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May 15, 2018

TO: Donald Bouchet, Chairperson, Treasury Oversight Committee

FROM: Robert R. Campbell, Auditor-Controller   
By: Harjit S. Nahal, Assistant Auditor-Controller

SUBJECT: Examination of the Activities of the County Treasurer and the Treasury Oversight Committee as Required by Government Code Section 27134

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**EXECUTIVE SUMMARY**

We have examined the accounts, records, and procedures of the County Treasurer (Treasurer) and the records and procedures of the Treasury Oversight Committee (Committee) for the period of January 1, 2017, through December 31, 2017.

We conducted the necessary audit tests and procedures to determine if, within our scope, the following conditions existed:

- There was compliance with Government Code Sections 27131 through 27132.4 that govern the establishment, membership, and meetings of the Committee.
- There was compliance with Government Code Section 27133 that governs the establishment, review, and monitoring of investment policy.
- The quality of the Treasurer's investment portfolio complied with applicable laws and administrative requirements governing investments, including Government Code Sections 53601 through 53607 and 53646 governing authorized investments and the County's Investment Policy.
- Internal controls were adequate to ensure the safeguarding of the financial assets under the Treasurer's control.
- The Treasurer has contracted with financial entities for investment services and safekeeping, and restricted investing transactions to brokers and issuers allowed by the County's Investment Policy.
- The Treasurer's Quarterly Investment Reports were accurate.

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Based on the results of our audit tests and procedures, we concluded that, in all material respects, those conditions existed; however, statutory requirements for confirming members of the Committee need to be strengthened.

We appreciate the cooperation and assistance of the Treasurer staff during the course of our examination.

If you have any questions please contact Sandi Bewley, Auditor III, at 925-335-8636, or Ian Irao, Auditor I, at 925-335-8638.

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## RECOMMENDATION

**Recommendation:** Comply with Government Code 27131 to ensure all members on the Committee nominated by the Treasurer are confirmed by the Board of Supervisors.

**Condition:** One member of the Committee was nominated by the Treasurer but was not confirmed by the Board of Supervisors.

**Criteria:** Government Code 27131(a) states “The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.”

**Effect:** Non-compliance with Government Code 27131 lead to a member of the Committee not being confirmed or appointed by the Board of Supervisors.

**Cause:** Lack of confirmation of the Committee member was due to an oversight of the Treasurer.

**Suggested Action:** The Treasurer should submit the nomination of the Committee member via board order to the Board of Supervisors on a regularly scheduled board meeting.

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**STATUS OF PRIOR AUDIT RECOMMENDATION**

Invest local agency funds in securities that are in accordance with Government Code Section 53601.	Implemented. Investments of local agency funds were invested in accordance with Government Code Section 53601.
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cc: Russell V. Watts, Treasurer-Tax Collector