

MARIN COUNTY TREASURY OVERSIGHT COMMITTEE

Marin County Civic Center
3501 Civic Center Drive
San Rafael, CA

Thursday, November 17, 2011
2:00 P.M.
County Counsel Conference Room
Room 275
Regular Meeting

MINUTES

1. Call to Order

The meeting was called to order at 2:05 p.m.

2. Roll Call

Present: Matthew Hymel, County Administrator and Chair; Mary Jane Burke, Superintendent of Schools; Dan Hom, Special Districts Representative; Thomas Lohwasser, School Districts Superintendent Representative

Absent: None

Vacancy: one (Public Member)

Others in Attendance: Roy Given, Director of Finance; Karen Shaw, Investment Officer, Department of Finance; Mina Teymourtash, Accounting Manager, Department of Finance; Margie Roberts, Audit Manager, Department of Finance

3. Approve Minutes--Meeting of June 9, 2011 (Action)

MOTION by Dan Hom to approve minutes of June 9, 2011

Second by Mary Jane Burke

AYES: Hymel, Burke, Hom

4. Open Time for Public Comment

No discussion

5. Committee Business

- Introduction of New Member

Dr. Thomas Lohwasser, Dixie School District Superintendent, was introduced to the committee as the new School Districts Superintendent Representative.

- Other Committee Member Matters

Roy Given advised the committee that Mark Riesenfeld has resigned as the Public Member on the committee and that a replacement is in the process of being recruited. He recommended leaving the leadership of the committee as it is now, then appointing an interim vice-chair at the spring 2012 meeting, and a chair and vice chair for FY 2012-13 at the fall 2012 meeting.

- Government Code Sections 27130-27137

Roy Given restated the committee's primary tasks under the code, which are to review and monitor the investment policy and to call for an annual audit.

6. Director of Finance Report

- 2010-2011 Investment Audit Report (Action)

Roy Given noted that the original agreement was to allow the internal audit division to perform the FY 2010-2011 investment audit since the Department of Finance did not consolidate until January 1, 2011. However, his appointment as Director of Finance created what he considered to be an appearance of conflict of interest, so Gallina LLP was engaged to perform an independent compliance audit report for 2010-2011.

Margie Roberts reviewed the 2010-2011 internal audit report, which was emailed to the committee previously. She said it was a clean report and that it was the last audit to be performed by the internal audit division. The county's external auditor will be performing the audit going forward

Mina Teymourtash distributed the 2010-2011 Gallina compliance audit report to the committee. The opinion in the report states that the county is in compliance with Government Code Sections 27130-27137 for the fiscal year ending June 30, 2011.

MOTION by Mary Jane Burke to accept the internal audit report and Gallina LLP compliance audit
Second by Dan Hom
AYES:ALL

7. County Treasurer's Report

- Consolidation Update--Department of Finance and County Treasurer

Roy Given described how the county was going about preparing for the selection of a new financial system. The project is called ATOM (Administrative Technologies of Marin) and he is on the steering committee as the executive sponsor for the Department of Finance. The county is currently looking at overall processes and documenting them so that it will have a base from which to move forward. Mary Jane Burke asked if there was a point person on the project. Roy Given identified Tim Flanagan from IST, who is the project manager. He said the schools will be fully included this time and acknowledged that they were not allowed enough discussion and input last time. He requested a willingness on the part of the schools to put in the time and effort to make sure their needs are understood. He said he will give them ample notification when the project is ready to include them. Dan Hom said he would like vendor presentations similar to the ones given during the last selection process for a new financial system. Roy Given said the county was not at the point of picking a vendor yet but will meet with schools and districts when that point is reached. Mary Jane Burke asked when full implementation was expected. Roy Given said December 2015. Thomas Lohwasser asked if there were benchmarks or phases. Roy Given said the county is in Phase 1, the documentation of business processes.

- Fitch Rating

Karen Shaw distributed the draft of the Fitch report and a statement from Fitch Ratings which affirms the county's AAA/V1 rating. She said the published version of the report should be out soon and that the county will be requesting it sooner next year. Roy Given described how Fitch Ratings reviews the county's portfolio from an investment standpoint, looking for safety, liquidity and yield. It provides a different perspective on the county's investments than the financial statement audit performed each year.

At this point, the committee discussed the length of time the county should stay with one auditing firm. Margie Roberts said the GFOA used every five years as a standard for making a decision to keep or replace an audit firm. Mina Teymourash said public accounting firms generally do their own internal partner and manager rotations. Thomas Lohwasser said the committee may want a change of perspective and Roy Given agreed there should be a review at some point. The chair said this would be a good issue to bring to the Audit Advisory Committee.

- Annual Statement of Investment Policy (Action: Review and Monitor)
Roy Given reviewed the changes to the annual statement of investment policy:

Section 5-Term The investment term was changed from two years to three years.

Section 12- Delivery & Safekeeping "Notes of local agencies" was added for clarity. These are not securities and are kept in the safe. Dan Hom asked if they were like dry period loans. Roy Given said they were different. Dry period loans are an authorization for funds to go negative within the county investment pool.

Section 15-Audits Language was changed to reflect the fact that the investment portfolio will now be audited by the county's external auditors rather than the internal audit division. This is to avoid conflict of interest after the consolidation of the Treasurer-Tax Collector with the Auditor-Controller.

Karen Shaw told the committee that the Disaster Continuity Plan has not changed and that it has been tested successfully on several occasions.

MOTION by Thomas Lohwasser to review and monitor Annual Statement of Investment Policy FY 2011-2012.

Second by Dan Hom

AYES:ALL

8. Discussion Items for Next Meeting

- Cause Annual Audit 2012-2013

9. Schedule of Future Meetings

The spring meeting was scheduled for Thursday, May 24 at 2:00 p.m. The committee agreed to schedule the fall meeting at the spring meeting when they will have a better idea of their late 2012 calendars.

New member Thomas Lohwasser introduced himself and said that as a committee member he will represent all the schools, not just the Dixie School District.

The chair said the committee's purpose was to meet and be open to issues and concerns. He encouraged members to email him or Roy Given with any issues to discuss or questions to be addressed.

10. Adjournment

The meeting adjourned at 2:57 p.m.