



**October 24, 2018**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit

**Subject:** Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018

### **Overview**

The Internal Audit Department has completed an audit of investments for the period January 1 through June 30, 2018. Based on the audit, the Orange County Transportation Authority complied with its debt, investment, and reporting policies and procedures.

### **Recommendation**

Receive and file Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018, Internal Audit Report No. 19-501, as an information item.

### **Background**

The Treasury Department (Treasury) is responsible for the management of the Orange County Transportation Authority's (OCTA's) investment portfolio (portfolio). On June 30, 2018, the portfolio's book value was approximately \$1.5 billion. The portfolio consists of two managed portfolios: liquid assets for OCTA's daily operations and a short term portfolio for future budgeted expenditures. External investment managers administer the short term portfolio, and OCTA's Treasurer manages the liquid assets portfolio.

The Investment Policy (Policy) sets forth guidelines for all OCTA investments to ensure conformance with the California Government Code. The Policy outlines permitted investments as well as diversification guidelines. The diversification limits ensure the portfolio is not unduly concentrated in securities

of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

***Discussion***

OCTA's investment activities are reviewed on a semi-annual basis by the Internal Audit Department. The objective of the audit was to determine if OCTA complied with its debt, investment, and reporting policies and procedures for the period January 1 through June 30, 2018.

***Summary***

Based on the audit, OCTA complied with its debt, investment, and reporting policies and procedures.

***Attachment***

- A. Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018 Internal Audit Report No. 19-501

**Prepared by:**



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**Approved by:**



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