



**Planning and Budget Office
Investment Management Office Examination
#17-40**

March 7, 2018

TRAVIS COUNTY
AUDITOR'S OFFICE

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To: Jessica Rio
County Executive, Planning and Budget Office

From: Nicki Riley, CPA
Travis County Auditor

Date: March 7, 2018

Subject: Investment Management Office Examination

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division (REC) of the Travis County Auditor's Office has completed an examination of Travis County Investment Management Office (IMO), a division of the Planning and Budget Office (PBO). We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

IMO monitors the County's operating funds daily and manages the County's investment portfolios in accordance with the Travis County Investment Policies and Procedures Manual and the State of Texas Public Funds Investment Act. In addition, IMO coordinates and monitors the County's bank depository contract.

SCOPE OF EXAMINATION

The scope of this examination included IMO's compliance with the applicable statutes and Commissioners Court-approved policies and procedures, as well as the adequacy and effectiveness of the overall system of internal controls in place for IMO during the period October 1, 2016 through September 30, 2017.

EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from IMO. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques

would not necessarily disclose all matters in IMO's financial records and internal controls that might be material weaknesses or misstatements. In regard to the written and verbal representations made by personnel from IMO, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS

No current significant findings.

OPINION OF INTERNAL CONTROL SYSTEM

Based upon our examination, we gave the overall system of financial controls for IMO a rating of Satisfactory, indicating well-established controls with no material weaknesses noted.

ATTACHMENTS

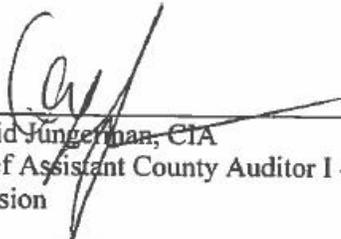
Attachment A: This attachment contains descriptions for each of the ratings we use to describe the effectiveness of the internal controls environment for the functional area under review.

EXAMINATION TEAM

Angel Candelario, Senior Auditor

CLOSING

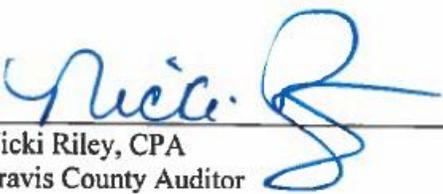
This report is intended solely for the information and use of the Planning and Budget Office and Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of IMO during this examination. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA
Chief Assistant County Auditor I - REC
Division



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

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Margaret Gomez, Commissioner, Precinct 4
Deborah Laudermilk, Chief Investment Officer, Investment Management Office
Jeremy Myers, Atchley & Associates, LLP
Managers, Travis County Auditor's Office

ATTACHMENT A – INTERNAL CONTROLS RATING KEY

A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected. The following details the various grades we assign to internal control systems:

RATING	RATING DESCRIPTION
Satisfactory	Well-established internal controls with no material weaknesses noted.
Satisfactory, with findings noted	A solid overall system of internal controls is in place; however, some material weaknesses were noted.
Inadequate	The existing system of internal controls is materially ineffective.