OFFICE OF THE TREASURER

Yamhill County Investment Procedure: Internal Controls

June 30, 2021

The County has an investment policy approved by the Oregon State Treasurer. This policy can be found on The County website. The investment policy is reviewed annually. At the time of review there is also a review of Internal Controls.

County Treasurer Mike Green's term ended 12/31/2020. Kris Bledsoe is the new County Treasurer whose term ends 12/31/2024. Yamhill County treasurers are authorized by the board-approved investment policy to invest up to a certain amount of funds. The current ceiling is $27.5 million and is computed using the par value of investments. Mike Barnhart (Deputy County Treasurer) also has authority to make trades but has never used this authority.

The County Treasurer has the authority to set up wire transfers. However, these are usually affected by Central Finance via an email with supporting documentation attached to Mike Barnhart and/or Jennifer Elkins (Assistant Finance Manager).

The investment policy states that funds may be invested in securities with a maximum length of 5 years. There is an exception for the investment of reserve of capital improvement funds. As of this time, the only long-term reserves identified for investing over five years are those in the Solid Waste Fund. Central Finance monitors investments that are more than five years from maturity and allocates interest on those investments to that Fund.

The County Treasurer daily monitors the economy, interest rate trends and the action of the Federal Reserve Bank. The Treasurer produces a monthly cash flow report, reflecting distribution of investments, monthly interest received from LGIP, US Bank and the Bond portfolio and total dollar amount of purchases, matured and sold bonds during the month of the report. The report also includes the benchmark rates used to compare the current portfolio with the current market. The report is distributed to the Investment Advisory Committee.

The County Treasurer also prepares a quarterly report that includes all the information needed to monitor the quality, value and maturity and investment mix of the portfolio. It also includes an analysis of interest rate trends at the time of the end of the quarter. The credit quality of the portfolio is continually monitored. Changes in market value of the bonds are included in the quarterly report. Central Finance does not adjust the investments to market in the general ledger.

This report is distributed to all voting and non-voting members of the Investment Advisory committee. During the meeting the members of the Investment Committee are encouraged to ask questions, give input regarding the management of the portfolio, and make suggestions. At this meeting all members are encouraged to ascertain that the Investment Policy is being followed by the Treasurer. These meetings are recorded, and the link is provided with the agenda, minutes, and the report on the County Website.

B.O. 21-334

The video of these meetings can also be found on YouTube. The minutes to these meetings, along with any supporting documentation is kept in the Treasurer's folder on both the Treasurer's Computer and the County computer network.

Details of all pertinent information regarding the activities of the current Treasurer Bledsoe can be found on the County computer network. This includes copies of all broker Statement and trades, statements from our safekeeping agent, copies of all Treasurer reports, the County investment policy, and a list of the approved broker/dealers. Treasurer Green's files are also on the County computer network.

Jennifer Elkins reconciles the brokerage statements against the general ledger each month and prepares any necessary journal entries. This reconciliation is approved by Mike Barnhart.

Julie Anderson (Accounting Clerk II) prepares the monthly earnings distribution to County departments based on the pooled cash and investment balance monthly average balance. This allocation is approved by Mike Barnhart.

All staff receive on the job training and their work is monitored by the Finance Director or appointee.

Custody: Safekeeping Agent – Zions Bank
All trades are executed by delivery vs. payment.

Refer to the Yamhill County Investment Policy-Internal Controls for reference to controls established by The County.

Internal Controls (from Investment Policy)

- The internal controls shall address the following points at a minimum:
- Compliance with Investment Policy.
- Control of collusion.
- Separation of transaction authority from accounting and record keeping.
- Custodial safekeeping.
- Avoidance of physical delivery of securities whenever possible and addressing of control requirements for physical delivery where necessary.
- Clear delegation of authority to subordinate staff members.
- Confirmation of transactions for investments and wire transfers in written or digitally verifiable electronic form.
- Dual authorizations of wire and automated clearing house (ACH) transfers.
- Staff training.
- Review, maintenance, and monitoring of security procedures, both manual and automated.
- An external auditor shall provide an annual independent review to assure compliance with Oregon state law and County policies and procedures.

Kris Bledsoe
Yamhill County Treasurer

Accepted by Yamhill County
Board of Commissioners on
8/12/21 by Board Order
21-334