

Committee Meeting of
April 9, 2013

MATERIAL AVAILABLE MONDAY

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall,
Torrance, California

Members of the Committee

SUBJECT: Program Modification - City Manager – Review Roles and Responsibilities of the Investment Advisory Committee (IAC)

The attached comments by the City Treasurer were not available at the time the 2nd Quarter 2012-13 Budget Review Report was printed.

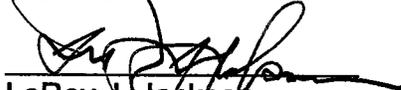
This was listed as Attachment A in the City Manager's Office program modification item, page 111, under the *Program Modifications* tab.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:


LeRoy J. Jackson
City Manager

Comments by the City Treasurer

Upon review of the mission and functions of the IAC, the City Treasurer believes that the mission of the committee continues to hold true today as much as when it was first established and does not recommend any major changes to the mission of the Investment Advisory Committee. The current duties of the IAC include review of the following items:

- Monthly reporting
- Quarterly reporting
- Internal controls
- Cash flow Forecast - change notification
- Investment verification
- Accountability verifying that transactions are posted accurate and timely
- Adherence to Investment policy

The City Treasurer recommends that the IAC continue its annual duties, as well as periodic review of City's Investment Policy. The following key functions are recommended by Department:

City Attorney

- The IAC should continue to review the City's investment policy to assure compliance with any and all legal requirements provided by Federal, State and local laws. The City Treasurer recommends that the City Attorney perform this detailed review for concurrence prior to presenting the policy to the IAC and the City Council.

Finance Department

- The investment policy normally includes a list of all banking relationships (custodial, banking services, and broker list). The City Treasurer recommends that this portion of the Investment Policy should be reviewed and evaluated by the Finance Director including but not limited to:
 - Incidents of Failed Trades
 - Understanding of adherence to the City's Investment Policy
 - Financial Strength of the City's investment portfolio

City Treasurer

- The strategic changes to the portfolio are provided by the City Treasurer. The City Treasurer should provide the general vision on how the portfolio will be managed under the current economic market conditions. This strategy is a general vision; as market conditions are constantly changing. A primary concern for the City Treasurer is making sure the City's financial portfolio will support the budgetary needs of the agency.

According to the City Treasurer, since the City Manager and the Finance Director are responsible for the development and oversight of the City's budget, they will be aware of any impending conditions which could potentially impact the strategy. If adjustment are needed, the policy recommendations from the IAC can be shared with either the Finance of Government Operations Committee or the City Council for review and direction.