



City Auditor's Office Presentation of Quarterly Audit of Cash & Investments to the Long Beach City Council

Tuesday, December 15, 2020



Quarterly Audit of Cash and Investments

The City Auditor's Office oversees the performance audit of the cash and investment balances of the City of Long Beach. The City's management is responsible for the cash and investments balances. As of March 31, 2020, the City's cash and investments portfolio totaled approximately \$2.1 billion.

The performance audit was conducted in accordance with Generally Accepted Government Auditing Standards.

City Charter Mandate

Pursuant to Section 803 of the Charter of the City of Long Beach, the Office of the City Auditor is charged with verifying cash and investment balances in the City Treasury on a quarterly basis and providing a written report to the City Council.

Purpose of the Audit

The audit of cash and investment balances of the City of Long Beach includes verifying cash and investments with outside depositories, and evaluating the City Treasurer's compliance with the relevant provisions of the California Government Code and the City's Investment Policy, which is adopted annually by the City Council.

Pooled Cash and Investments

The City's pooled cash is a grouping of the City's available cash for investments. The larger amount of money involved in a pool allows the City to earn a higher rate of return than each fund could receive by itself. Pooled funds that are not needed for operations are invested by the Treasury Bureau. The interest income earned in pooled cash investments is apportioned to funds based on the ratio of daily cash balances to the total of pooled cash and investments.

Audit Objectives

The objectives of the performance audit were to reconcile cash and investments as to the amount and description recorded on the City's books with outside depositories and to evaluate the City's compliance with the relevant provisions of the California Government Code Section 53601 and the City's Investment Policy.

Audit Scope and Methodology

The scope of the audit was limited to the quarter ended March 31, 2020.

The following procedures were performed:

- Obtained an understanding of the internal controls surrounding the City's cash and investment process.
- Obtained confirmations of cash held by banks and investments held by the City Treasurer's safekeeping agent and other custodians as of March 31, 2020 and reconciled them to the City's general ledger.
- Compared investments listed on the City Treasurer's Investment Activity Portfolio Statistics Report (Sympro) at March 31, 2020 to the types of investments authorized for the City in accordance with the City's Investment Policy and the relevant provisions of the California Government Code.

Results and Conclusions

Based on the results of audit procedures performed and adjustments made, cash and investment balances as recorded on the City's books at March 31, 2020, materially agree as to the amount and description with outside depositories. Also, the City was found to be in compliance with all other relevant provisions of the California Government Code and the City's Investment Policy.