

State Money Management Act

Public Funds and Accounts Through June 30th, 2021

January 14, 2022



OFFICE OF THE COUNTY CLERK/AUDITOR

Audit Leadership:

County Clerk/Auditor: Jess W. Bradfield

Deputy Internal Auditor: Matthew Regen, CPA

Project Name – Cache County’s Compliance with Title 51 of the Utah Code, Public Funds and Accounts, Chapter 7 – State Money Management Act	Workpaper Index # 3
Workpaper Name – FINAL	December 2021 – January 2022

PURPOSE

To examine the County’s current practices related to investment accounts and reporting to determine if state guidelines from the State Money Management Act and requirements from the Office of the State Auditor are being followed.

From the State Money Management Act:

Utah Code 51-7-7 *Securities and evidence of deposits and investments – Custody – Deposits for safekeeping.*

Requires:

- The public treasurer shall have custody of all securities purchased or held and all evidence of deposits and investments of public funds.
- The public treasurer may deposit any of these securities with a bank or trust company to be held in safekeeping by that custodian.
- The public treasurer may maintain accounts with money center banks only for the purposes of settling investment transactions, safekeeping, and collecting those investments.

Utah Code 51-7-11 *Authorized deposits or investments of public funds.*

Requires:

- Except as provided in Subsections [\(1\)\(b\)](#) through [\(1\)\(d\)](#), a public treasurer shall conduct investment transactions through qualified depositories, certified dealers, or directly with issuers of the investment securities.
- Except as provided in Subsection [\(4\)](#), all public funds shall be deposited or invested in the following assets that meet the criteria of Section [51-7-17](#)

Utah Code 51-7-17 *Criteria for Investments.*

Requires:

- A public treasurer shall consider and meet the following objectives when depositing and investing public funds:

- (i) safety of principal;
- (ii) protection of principal during periods of financial market volatility;
- (iii) need for liquidity;
- (iv) yield on investments;
- (v) recognition of the different investment objectives of operating and permanent funds; and
- (vi) maturity of investments, so that the maturity date of the investment does not exceed the anticipated date of the expenditure of funds.

- public treasurer shall ensure that all public funds invested in deposit instruments are invested with qualified depositories within Utah, except:



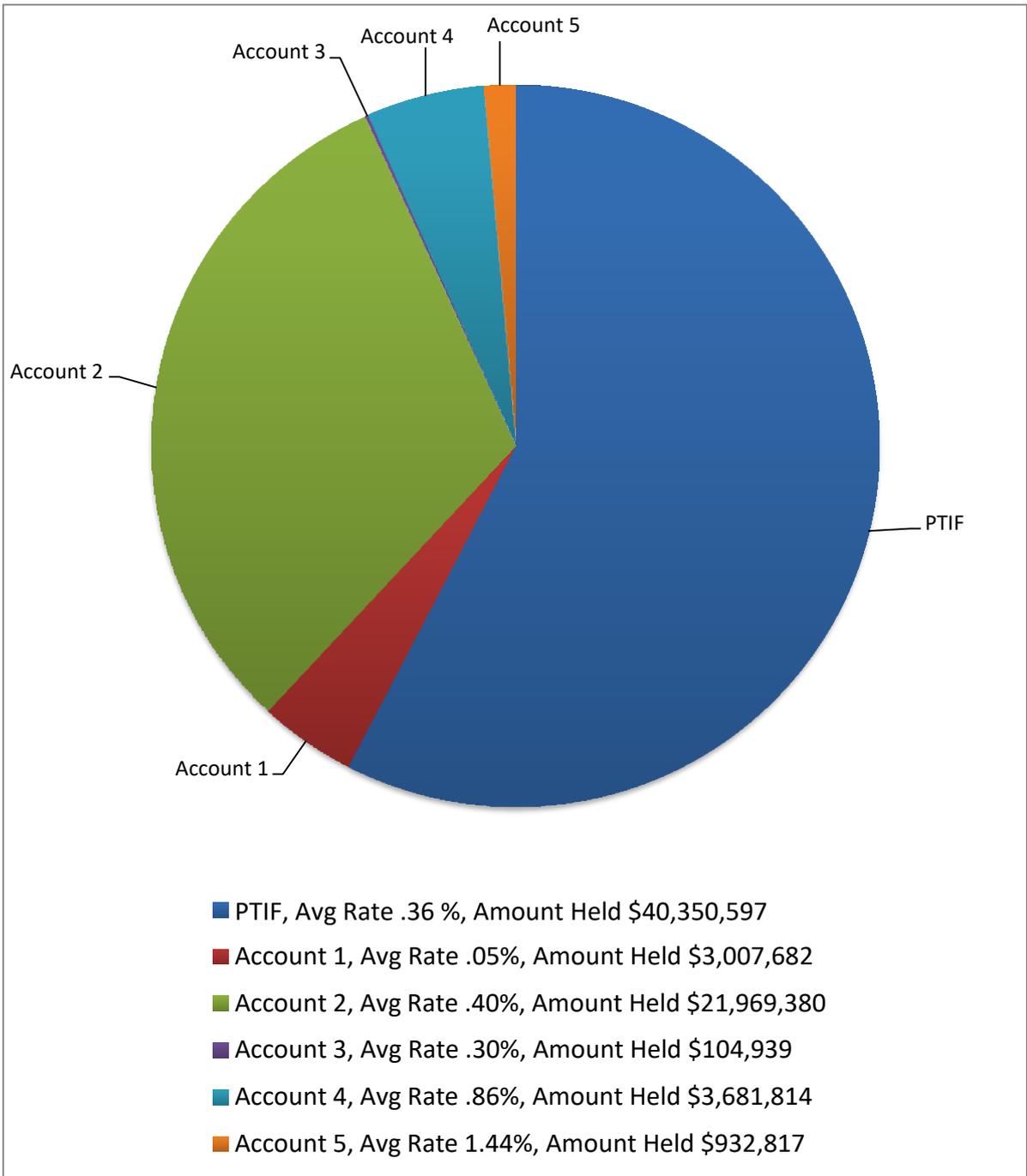
- (a) for deposits made in accordance with Section [53B-7-601](#) in a foreign depository institution as defined in Section [7-1-103](#);
 - (b) reciprocal deposits, subject to rules made by the council under Subsection [51-7-18\(2\)](#);
 - (c) negotiable brokered certificates of deposit, subject to rules made by the council under Subsection [51-7-18\(2\)](#); or
 - (d) if national market rates on instruments of similar quality and term exceed those offered by qualified depositories, investments in out-of-state deposit instruments may be made only with institutions that meet quality criteria set forth by the rules of the council.
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 - (c) negotiable brokered certificates of deposit, subject to rules made by the council under Subsection [51-7-18\(2\)](#); or
 - (d) if national market rates on instruments of similar quality and term exceed those offered by qualified depositories, investments in out-of-state deposit instruments may be made only with institutions that meet quality criteria set forth by the rules of the council.

From the Office of the State Auditor, State Compliance Audit Guide:

- Entities are required to electronically file a report with the Money Management Council (Council) on or before January 31 and July 31 of each year. This report, the “Deposit and Investment Report,” (D&I) is accessed through the state reporting portal at reporting.auditor.utah.gov/UtahTreasuryLogin and contains information about the deposits and investments of that entity during the preceding six months ending December 31 and June 30, respectively.
- Review the entity's fiscal year-end report and determine that the report agrees to financial institution statement year-end closing balances (‘bank’ balances NOT ‘book’ balances) and includes all accounts (both deposit and investment) held by the entity.
- As part of other testing or as a separate sample select a sample of receipts and verify that they were deposited within three days (See Money Management Act).



DEPOSITS AND INVESTMENTS SUMMARY – AS OF JUNE 30, 2021



PROCEDURES – 12 MONTHS ENDED JUNE 30, 2021

Procedure	Result
REPORTING	
1. Verified the D&I report is being submitted as required.	I noted no exceptions as a result of these procedures.
2. Agreed amounts reported on the D&I report to the financial institution statement for the period ended. Verified all accounts held by entity were included on D&I report.	I noted no exceptions as a result of these procedures.
3. Verified deposits institutions are qualified depositories approved by the Utah Money Management Council by comparing names of institutes against most recent Qualified depository list.	I noted no exceptions as a result of these procedures.
4. Verified entity funds were covered under FDIC or that the custodial credit risk is appropriate per the Utah Money Management Act.	I noted no exceptions as a result of these procedures.
5. Compared amounts on deposit are within the maximum amount of uninsured public funds allowed per institution per Money Management Council.	I noted no exceptions as a result of these procedures.
6. Agreed amounts reported on the D&I report to the financial institution statement for the period ended. Verified all accounts held by entity were included on D&I report.	I noted no exceptions as a result of these procedures.
7. Verified entity investments are only conducted through authorized issuers, qualified depositories, certified agents of dealers, or Certified Investment Advisors approved by Money Management Council.	I noted no exceptions as a result of these procedures.
8. Compared the investment advisor to the list of certified investments advisers listed by the Money Management Council.	I noted no exceptions as a result of these procedures.
9. Reviewed interest rate earned on County investment as of June 30, 2021.	I noted no exceptions as a result of these procedures.

FINDINGS

There were no findings related to the audit procedures listed above.

This report is intended solely for the information and use of Cache County and its management, and is not intended to be and should not be used by anyone other than these specified parties.

