



## **Review of Quarterly Investment Reports**

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Project #2025.05  
December 2024

## Executive Summary

We evaluated the Texas Water Development Board's (TWDB) fiscal year 2024 quarterly investment reports to determine whether they complied with Section 2256.023 Internal Management Reports, Texas Government Code (Public Funds and Investment Act).

Our review found the fiscal year 2024 quarterly investment reports were prepared in compliance with the Act and consisted of the specific attributes required by Section 2256.023. The reports were signed by each of the investment officers, stated the compliance of the investment portfolio, and included the investment position, a summary statement for pooled funds, as well as the book and market values of each separately invested asset at the end of each reporting period. In addition, reports were prepared jointly by the investments officers and presented to the Board and the Executive Administrator within a reasonable time period after the end of each quarter.

## Background

The Public Funds Investment Act (Act) governs the investment activities of state agencies and local governments in Texas. The Act requires that the agency's quarterly investment reports, prepared jointly by the investment officers, be formally reviewed annually by an independent auditor and the results of the review be reported to the agency's governing body. The TWDB investment policy assigns the annual review of the quarterly investment reports to the Internal Audit Division.

The TWDB investment policy designates the Chief Financial Officer, the Development Fund Manager, and the Director of Accounting as the agency's investment officers. Investment officers are responsible for preparing and presenting quarterly investment reports to the Board and Executive Administrator, as prescribed by Section 2256.023 of the Act.

The market value of all investments, as of August 31, 2024, was \$4,702,417,624. These investments included cash, money market funds, commercial paper, repurchase agreements, and a variety of federal, state, and local securities.

## Objectives, Scope, and Methodology

### Objectives

The objective of the review was to determine whether the agency's quarterly investment reports complied with Sec. 2256.023 Internal Management Reports, Texas Government Code (Public Funds Investment Act).

### Scope and Methodology

The scope of the review covered fiscal year 2024 (September 1, 2023, to August 31, 2024) and was limited to funds managed by the Board.

The methodology consisted of a review of the following documentation:

- Public Funds Investment Act (Texas Government Code, Section 2256.023).
- TWDB investment policies and internal procedures.
- Memos, signature routing documentation, and related agency correspondence.
- Quarterly investment reports with supporting documentation.
- Most recent biennial compliance audit and annual review of quarterly investment reports.

Tests and procedures included the following:

- Conducting interviews with management and staff.
- Reviewing each quarterly investment report to identify the specific attributes required by Section 2256.023.
- Evaluating memos, signature routing documentation, and related correspondence presented to the Board and Executive Administrator.

This engagement was conducted in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

The audit team consisted of:

Michelle Cooper, CGAP, CFE, CICA  
Nicole Campbell, CIA, CISA, MPA

## Detailed Results

Our review found that fiscal year 2024 quarterly investment reports were completed in compliance with the Public Funds Investment Act, and consisted of the specific attributes required by Texas Government Code, Section 2256.023, as outlined below.

The reports included:

- The agency's investment position.
- Signatures of each investment officer.
- A summary statement for pooled funds.
- Book and market values of each separately invested asset at the end of the reporting period by asset and fund type invested.
- Maturity dates for each separately invested asset.
- Fund types for which each individual investment was acquired.
- A statement regarding the compliance of the investment portfolio.

In addition, the reports were prepared jointly by all investment officers and presented to the Board and Executive Administrator within a reasonable time period after the end of each quarter. We also noted the results of the review of fiscal year 2023 quarterly investment reports were reported to the Board within the annual requirement prescribed in Section 2256.023.

## Closing

We would like to express our appreciation to management and personnel for their cooperation and assistance provided to the internal audit staff during this review. For questions or additional information concerning this report, please contact Nicole Campbell at (512) 463-7978.

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