



MEMORANDUM

TO: Members, Select Committee on Capital Financing & Investments  
Members, Joint Appropriations Committee

FROM: Dawn Williams, Deputy State Treasurer

DATE: September 22, 2023

SUBJECT: Operational Audit – Status of Recommendations  
LSO Report ID 1477

Pursuant to 2022 Wyoming Session Laws, Chapter 51, Section 2, Section 004, Footnote 3 and 2022 Wyoming Session Laws, Chapter 90, Section 4, the State Treasurer's Office shall identify and track implementation steps taken to respond to the recommendations in the operational audit of the investments and financial accounting within the State Treasurer's Office.

In October 2020, CliftonLarsonAllen (CLA) was engaged by the State Treasurer's Office and the State Loan and Investment Board (SLIB) to perform an Operations Assessment of the Investment and Financial Accounting functions of the State Treasurer's Office (STO). The purpose was to assess the STO Investment and Financial Accounting operations (staffing structure, roles and responsibilities, processes, systems) and to make recommendations for improvement. CLA's recommendations and our responses are enumerated below:

**CLA Recommendations:**

**People**

1. Three (3) additional accounting positions, including one (1) auditor.
  - a. The legislature authorized 3 positions and funding in the 2021 legislative session.
  - b. STO reclassified an existing vacant position to an accountant (auditor) in the 2022 legislative session.
2. Four (4) upper management positions. (CEO, COO, CFO, CCO)
  - a. STO requested one (1) CSO position in the 2022 legislative session
  - b. Governor denied this request.
  - c. JAC approved a full-time chief executive officer or chief operations officer with caveats:
    - i. IFC recommends whether the position of maximum benefit to the state's investments and financial accounting success is a chief executive officer or a chief operations officer
    - ii. IFC will interview applicants and recommend a candidate for the position.
    - iii. IFC recommended a COO position; conducted interviews and recommended a candidate. Treasurer concurred; position was filled in May 2023.



Processes and Systems

1. Develop a master plan to provide a holistic view of technology infrastructure that automates data access and integrates and automates processes across the investment and financial accounting divisions.
  - a. This is complete.
2. Implement an Order Management System (OMS).
  - a. This is complete.
3. Implement JPM Chase Middle Office as a Service (MOaaS).
  - a. This proved to be a false recommendation as this is an internal JPM function.
4. Add data analytics capability.
  - a. This will be achieved through implementation of the master plan, which is in process.

Organization and Governance

1. Transition Investment Funds Committee (IFC) from an advisory role to a Board format with oversight and responsibility for the organization.
  - a. On November 22, 2021 the IFC submitted a report pursuant to 2021 HB0244, which directed it to undertake a study to “assess options for improving the investment operations” with certain objectives, including the transition of the IFC from an advisory role to one with oversight responsibilities. The IFC report stated: “The investment function of the WIFD<sup>1</sup>, including investing, accounting and operations, should be established as an independent investment office, separate from the STO, and overseen by an Independent Investment Funds Board (“IFB”).”
  - b. The legislature did not act on this recommendation.
2. Establish the investment and related accounting functions of the State Treasurer’s Office as a separate legal entity, in part to provide independence from political influence.
  - a. On November 22, 2021 the IFC submitted a report pursuant to 2021 HB0244, which directed it to undertake a study to “assess options for improving the investment operations” with certain objectives, including the transition of the investment functions to a separate legal entity. The IFC report stated: “The investment function of the WIFD<sup>1</sup>, including investing, accounting and operations, should be established as an independent investment office, separate from the STO, and overseen by an Independent Investment Funds Board (“IFB”).”
  - b. The legislature did not act on this recommendation.

This matter was placed on the Select Committee on Capital Financing and Investments schedule of interim topics for 2022. While the Committee did consider the topic at its May 18, 2022 meeting, there was no resulting legislation. The issue was not placed on the list of interim topics for 2023.

Cc: Treasurer Meier  
Investment Funds Committee

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<sup>1</sup> Wyoming Investment Fund Department (WIFD)