

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1051

BY: HAMILTON (James) and
KINNAMON

AS INTRODUCED

AN ACT RELATING TO PUBLIC FINANCE; AMENDING 62 O.S.
1981, SECTION 71, AS LAST AMENDED BY SECTION 2,
CHAPTER 168, O.S.L. 1990 (62 O.S. SUPP. 1990,
SECTION 71), WHICH RELATES TO SELECTION OF
DEPOSITORIES BY THE STATE TREASURER; PROHIBITING
THE DESIGNATION OF CERTAIN FINANCIAL INSTITUTIONS
FOR DEPOSITS; CREATING THE CASH MANAGEMENT AND
INVESTMENT POLICY COMMISSION; PROVIDING FOR
MEMBERSHIP, APPOINTMENTS, OFFICERS, MEETINGS,
REIMBURSEMENT AND DUTIES OF SUCH COMMISSION;
AMENDING SECTION 8, CHAPTER 194, O.S.L. 1987 (62
O.S. SUPP. 1990, SECTION 72.4), WHICH RELATES TO
DEPOSITS OF COLLATERAL SECURITIES; DESIGNATING THE
HOLDERS OF CERTAIN SECURITIES; AMENDING SECTION 2,
CHAPTER 183, O.S.L. 1988, AS AMENDED BY SECTION 7,
CHAPTER 321, O.S.L. 1990 (62 O.S. SUPP. 1990,
SECTION 88.2), WHICH RELATES TO DEFINITIONS IN THE
OKLAHOMA SMALL BUSINESS LINKED DEPOSIT ACT;
MODIFYING DEFINITIONS; AMENDING SECTION 5, CHAPTER
183, O.S.L. 1988, AS AMENDED BY SECTION 5, CHAPTER
321, O.S.L. 1990 (62 O.S. SUPP. 1990, SECTION
88.5), WHICH RELATES TO LOAN PACKAGES IN THE
OKLAHOMA SMALL BUSINESS LINKED DEPOSIT ACT;

ELIMINATING SUCH LOANS TO PUBLIC TRUSTS; AMENDING
62 O.S. 1981, SECTION 89.2, AS LAST AMENDED BY
SECTION 3, CHAPTER 194, O.S.L. 1987 (62 O.S. SUPP.
1990, SECTION 89.2), WHICH RELATES TO THE
INVESTMENT OF FUNDS BY THE STATE TREASURER;
MODIFYING THE LIMITATIONS OF CERTAIN INVESTMENT
PURCHASES; MODIFYING THE RECIPIENTS OF COPIES OF
THE STATE TREASURER'S INVESTMENT POLICY; AMENDING
SECTION 13, CHAPTER 194, O.S.L. 1987 (62 O.S. SUPP.
1990, SECTION 89.7), WHICH RELATES TO CERTAIN
QUARTERLY REPORTS BY THE STATE TREASURER; REQUIRING
CERTAIN MONTHLY AND ANNUAL INVESTMENT REPORTS;
REQUIRING THE PREPARATION OF FINANCIAL STATEMENTS;
SPECIFYING CONTENTS OF REPORTS; REQUIRING REPORTS
FROM INDEPENDENT AUDITORS; SPECIFYING SUCH REPORT;
SPECIFYING DISTRIBUTION OF REPORTS; MODIFYING
ANNUAL REPORT REQUIREMENT; REQUIRING CERTAIN ANTI-
COLLUSION AFFIDAVITS; PROVIDING FOR REMOVAL FROM
OFFICE FOR FAILURE TO PERFORM CERTAIN DUTIES;
REQUIRING THE ATTORNEY GENERAL TO PRESCRIBE AND
PROVIDE CERTAIN FORMS; SPECIFYING FORM; REQUIRING
THE ATTACHMENT OF THE FORM TO CERTAIN DOCUMENTS;
REQUIRING THE STATE AUDITOR AND INSPECTOR TO
PROVIDE FOR ANNUAL AUDITS OF CERTAIN FINANCIAL
STATEMENTS; REQUIRING THE STATE TREASURER TO
PROVIDE FINANCIAL STATEMENTS TO THE STATE AUDITOR
AND INSPECTOR; PROVIDING FOR THE DISTRIBUTION OF
CERTAIN FINANCIAL STATEMENTS AND REPORTS;
PRIORITIZING CERTAIN AUDITS; AUTHORIZING CERTAIN
UNANNOUNCED AUDITS; PROVIDING FOR COSTS OF
REQUIRING THE STATE TREASURER TO DEVELOP AND
IMPLEMENT CERTAIN PROCEDURES FOR SUCH AUDITS;

PROVIDING FOR CODIFICATION; PROVIDING FOR
NONCODIFICATION; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 1981, Section 71, as last amended by Section 2, Chapter 168, O.S.L. 1990 (62 O.S. Supp. 1990, Section 71), is amended to read as follows:

Section 71. A. The State Treasurer is authorized and directed to select a number of banks, savings banks or savings and loan associations and credit unions within the State of Oklahoma as depositories for all monies and funds coming into the hands of the State Treasurer as the official depository. Such banks, savings banks or savings and loan associations and credit unions shall be in good standing and conducting a regular banking business and shall collect such drafts, bills of exchange, and checks as may be deposited by the state in the regular course of business, and shall pay all checks and drafts legally authorized and duly drawn on the funds deposited in such banks, savings banks or savings and loan associations and credit unions.

B. At the request of state agencies or state institutions conducting operations or transacting state business outside the State of Oklahoma, the State Treasurer is hereby authorized to name and designate financial institutions located without the State of Oklahoma as official depositories of state monies and funds where it is shown to the satisfaction of the State Treasurer that the need for such out-of-state depository is required for the orderly and expeditious deposit of monies and funds coming into the possession of the requesting state agency or state institution. For purposes of this section, the State Treasurer shall not designate any financial institution outside the United States for the deposit of public funds, monies, securities, or any other financial assets

subject to the control of the State Treasurer. Any out-of-state financial institution designated as an official depository of the State Treasurer shall have a service agent in the State of Oklahoma so that service of summons or legal notice may be had on such designated agent as is now or may hereafter be provided by law. Before designating any financial institution outside the State of Oklahoma as an official depository, the State Treasurer shall, if he deems it necessary, require a bond to be given by such financial institution to the State of Oklahoma in double the amount of monies which said requesting state agency or institution anticipates will be the maximum amount of money or funds on deposit at any one time with said financial institution. Such bond will be approved by the State Treasurer and filed with the Secretary of State. Any out-of-state financial institution designated as an official depository shall in all respects conform to and comply with the provisions of this section, the Security for Public Deposits Act, and any and all laws pertaining to financial institutions receiving deposits of public monies or funds.

C. The State Treasurer shall promulgate rules and regulations providing procedures and minimum standards for establishing and maintaining relationships between state entities and financial institutions. The State Treasurer is authorized to prescribe formats and issue all state vouchers, warrants and checks drawn on state treasury funds. The State Treasurer may compensate financial institutions for services rendered to the state by direct fee charges or through compensating balances. Any financial institution receiving payment for services from the state through compensating balances shall file a report quarterly with the State Treasurer detailing the services rendered to the state and the charges for such services. Said charges shall not exceed those made for similar services to other customers of the financial institution. If the quarterly value of said compensating balance arrangement is above or

below the quarterly charges for the services rendered to the state had service charges been separately billed, the difference in amount of the quarterly charges for the services rendered and the amount of the compensating balance shall be applied to the subsequent quarter. Any compensation arrangements made with financial institutions pursuant to this subsection shall not be subject to the provisions of the Oklahoma Central Purchasing Act.

D. Of the public funds in the hands of the State Treasurer, there shall not be deposited in any one of such banks, savings banks or savings and loan associations and credit unions an amount to exceed the combined amount of insured deposits plus approved legal securities pledged by such banks, savings banks or savings and loan associations and credit unions therefor. Such banks, savings banks or savings and loan associations and credit unions shall make quarterly reports of the amount deposited, checked out, or withdrawn and the balances on hand for the fiscal year.

E. On and after July 1, 1987, no public funds or monies subject to the control of the State Treasurer shall remain deposited in any bank or financial institution which directly or through its subsidiaries has outstanding loans to the Republic of South Africa or its instrumentalities. The State Treasurer shall prescribe forms concerning South African loans to be completed by each bank and financial institution in which state funds or monies subject to the control of the State Treasurer are deposited pursuant to this section.

F. All provisions of this title relating to depositories for public funds shall include, in addition to banks, all financial institutions of this state. As used in this subsection, "financial institutions" means banks, savings banks, savings and loan associations and credit unions in this state whose deposits are insured by the Federal Deposit Insurance Corporation, the Federal

Savings and Loan Insurance Corporation or the National Credit Union Administration.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 71.1 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Cash Management and Investment Policy Commission. The Commission shall consist of five (5) members as follows:

1. The Attorney General or designee;
2. The Director of State Finance, or designee;
3. The Bank Commissioner, or designee;
4. One member of the Oklahoma House of Representatives appointed by the Speaker of the House of Representatives who shall serve at the Speaker's pleasure; and
5. One member of the Oklahoma State Senate appointed by the President Pro Tempore of the Senate who shall serve at the President Pro Tempore's pleasure.

B. The initial meeting shall be called by the Governor before July 1, 1991. The Commission shall elect from its membership a chairperson and vice-chairperson. Such officers shall serve one-year terms and may be reelected.

C. The Commission shall hold regular meetings at least one each quarter, the date, time and place to be set by the Commission. The Office of State Finance shall provide the administrative support required by the Commission.

D. The Commission shall meet with the State Treasurer to review the reports prepared by the State Treasurer pursuant to Section 89.7 of this title. The Commission shall also be consulted by the State Treasurer in the development of investment policies and investment and auditing procedures and practices.

E. Members of the Commission shall serve without compensation, except for travel, pursuant to the State Travel Reimbursement Act, to be paid by the appointing authority.

F. The Commission may make written recommendations for changes in legislation to the Legislature or in the policies or procedures and practices of the State Treasurer to the State Treasurer.

SECTION 3. AMENDATORY Section 8, Chapter 194, O.S.L. 1987 (62 O.S. Supp. 1990, Section 72.4), is amended to read as follows:

Section 72.4 A. The State Treasurer shall require that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer consistent with the provisions of the Security for Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

B. Upon authorization by the State Treasurer, a financial institution shall place required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma or with another financial institution located in this state that is not owned or controlled by the same institution or holding company. The depositor shall deliver to the State Treasurer a power of attorney authorizing the State Treasurer to transfer or liquidate the securities in the event of a default, financial failure or insolvency of a public depository.

C. Securities eligible for collateral shall be valued at market value. The State Treasurer shall review and determine the market value of collateral pledged for security not less than quarterly. The State Treasurer shall adopt rules and regulations to provide for

the valuation of collateral if the market value is not readily determinable. The State Treasurer shall prescribe forms for financial institutions to list collateral securities pursuant to this section.

D. All securities purchased by the State Treasurer or held in custody for other state agencies by the State Treasurer shall be held by unrelated financial institutions and not by the State Treasurer or a broker.

SECTION 4. AMENDATORY Section 2, Chapter 183, O.S.L. 1988, as amended by Section 7, Chapter 321, O.S.L. 1990 (62 O.S. Supp. 1990, Section 88.2), is amended to read as follows:

Section 88.2 As used in the Oklahoma Small Business Linked Deposit Act:

1. "Eligible participant" means:

- a. any small business organized for profit, including any business related to tourism, doing business in and from the State of Oklahoma, which employs not more than two hundred (200) employees or has gross annual receipts of not more than Four Million Dollars (\$4,000,000.00), and
- b. any industrial park that has been certified by the Oklahoma Department of Commerce as meeting minimum guidelines necessary for an industrial park, ~~and~~
- ~~c. any public trust authorized in accordance with Section 176 of Title 60 of the Oklahoma Statutes engaged in industrial development as determined by the Department of Commerce. Such public trusts are limited to fifteen percent (15%) of the total available funds and a nonrenewable term not to exceed six (6) months unless their purpose is to make package passthrough loans to other private nontrust recipients for industrial development purposes in which case the~~

~~other conditions contained in this act shall apply.~~
~~Subsequent loans made by an eligible trust cannot~~
~~exceed the interest rate established by this act.~~

2. "Eligible lending institution" means a financial institution that:

- a. is eligible to make commercial loans,
- b. is a public depository of state funds, and
- c. agrees to participate in the linked deposit program,
or
- d. is an institution of the farm credit system organized under the federal "Farm Credit Act of 1971", 12 U.S.C. 2001, as amended.

3. "Enterprise zone" means those areas designated as enterprise zones or districts in accordance with the Oklahoma Enterprise Zone Act, Sections 690.1 through 690.19 of this title.

4. "Priority Enterprise Zones" means an enterprise zone selected by the Department of Commerce which has demonstrated unusual commitment as provided by this act.

5. "Small business linked deposit" means a certificate of deposit placed by the State Treasurer with an eligible lending institution.

6. "Board" means the Oklahoma Linked Deposit Review Board.

SECTION 5. AMENDATORY Section 5, Chapter 183, O.S.L. 1988, as amended by Section 5, Chapter 321, O.S.L. 1990 (62 O.S. Supp. 1990, Section 88.5), is amended to read as follows:

Section 88.5 A. The State Treasurer is hereby authorized to disseminate information and to provide small business linked deposit loan packages to the lending institutions eligible for participation under this act.

B. The small business linked deposit loan package shall be completed by the borrower before being forwarded to the lending institution for consideration. Any technical assistance in

completing such loan package shall be provided by the State Treasurer.

C. An eligible lending institution that desires to receive a small business linked deposit shall accept and review applications for loans from eligible participants. The lending institution shall apply all usual lending standards to determine the creditworthiness of each eligible participant. Loans under this act shall conform to the following conditions:

1. Maximum loan amounts under the Oklahoma Small Business Linked Deposit Act shall:

- a. not exceed One Million Dollars (\$1,000,000.00) for an eligible small business,
- b. not exceed Six Million Dollars (\$6,000,000.00) for an eligible industrial park ~~or any public trust authorized in accordance with Section 176 of Title 60 of the Oklahoma Statutes~~ engaged in industrial development as determined by the Department of Commerce. ~~Such public trusts are limited to fifteen percent (15%) of the total available funds and a nonrenewable term not to exceed six (6) months unless their purpose is to make package passthrough loans to other private recipients for industrial development purposes. Loans made by an eligible trust cannot exceed the interest rate established by this act;~~

2. An eligible participant shall certify on the loan application that the reduced rate loan will be used exclusively to create new jobs or preserve existing jobs and employment opportunities in accordance with the purpose of this section;

3. Only one linked deposit loan shall be made and be outstanding at any time to any eligible participant; provided that the linked deposit loan may be refinanced;

4. No linked deposit loan shall be approved for any otherwise eligible participant when fifty percent (50%) or more of the interest in or control of such otherwise eligible participant is owned directly or indirectly by a person who owns directly or indirectly fifty percent (50%) or more of or controls another participating eligible participant;

5. No loan shall be made to any officer or director of the lending institution making the loan or to any entity in which any such officer or director maintains a controlling interest;

6. No loan shall be made to any employee of the State Treasurer's office or members of the Board or to any entity in which any such officer or director maintains a controlling interest;

7. No loan will be made for the sole purpose of refinancing the existing debt of the applicant;

8. The amount of the linked deposit loan must not exceed Thirty Thousand Dollars (\$30,000.00) per job created and saved;

9. Whoever knowingly makes a false statement concerning a linked deposit loan application shall be prohibited from entering into the linked deposit loan program; and

10. Linked deposits may be made for any maturity considered appropriate by the State Treasurer not to exceed two (2) years and may be renewed for up to an additional two (2) years at the discretion of the State Treasurer. However, such loans made to eligible participants where the loan is to be used within an enterprise zone may be made for the maturity date of three (3) years and have another three (3) years of renewal. Loans made to be used within Priority Enterprise Zones may be made with a maturity date of five (5) years and have another three (3) years of renewal. Interest shall be paid at the times determined by the State Treasurer. The State Treasurer may place a small business linked deposit with an eligible lending institution or decline to do so based on the cash flow needs of the state, the security of state

funds, investment needs of the state and the ratio of state funds deposited to jobs which would be sustained or created.

D. In considering which eligible participants to include in the small business linked deposit loan package for reduced rate loans, the eligible lending institution shall give priority to the economic needs of the area in which the business is located and other factors it considers appropriate to determine the relative financial need of the business. Location in an enterprise zone shall be evidence of the economic needs of the area.

E. The eligible lending institution shall forward to the State Treasurer a small business linked deposit loan package in the form and manner prescribed and approved by the State Treasurer. The package shall include information regarding the amount of the loan requested by each eligible participant, the number of jobs to be created or sustained and such other information regarding each business the State Treasurer and the Board requires. The institution shall certify that each applicant is an eligible participant, and shall, for each business, certify the present borrowing rate applicable to each specific eligible small business.

F. Upon receipt of a completed small business linked deposit loan package, the State Treasurer shall forward the loan package to the Board, Oklahoma Tax Commission and Oklahoma Employment Security Commission. The Board shall review the small business linked deposit loan package to determine if said package is qualified under this act. Within ten (10) days of receipt of the loan package, the Oklahoma Tax Commission and the Oklahoma Employment Security Commission shall determine and certify with the Board whether or not the applicant is in good standing. The Board shall make a recommendation concerning the package within ten (10) business days, after receipt of the responses from the Oklahoma Tax Commission and the Oklahoma Employment Security Commission. No applicant will be approved without certification of good standing with the Oklahoma

Tax Commission and Oklahoma Employment Security Commission. The Board shall return the package to the State Treasurer with a written recommendation of approval or rejection. If the Board recommends rejection, the written recommendation shall include reasons for said rejection. The Board shall forward a copy of its rejection notice to the lending institution and the borrower. The State Treasurer shall keep a chronological list of applications forwarded by the Board for approval or rejection.

SECTION 6. AMENDATORY 62 O.S. 1981, Section 89.2, as last amended by Section 3, Chapter 194, O.S.L. 1987 (62 O.S. Supp. 1990, Section 89.2), is amended to read as follows:

Section 89.2 A. The State Treasurer is directed to invest the maximum amount of funds under his control consistent with good business practices; provided that the Treasurer shall keep eighty percent (80%) or more of the money under his control invested during each fiscal year based on the average daily balances during said fiscal year. Except as otherwise provided for by law, such investments shall earn not less than the rate for comparable maturities on United States Treasury obligations. Except as otherwise provided for by law, the State Treasurer may purchase and invest only in:

1. Obligations of the United States Government, its agencies and instrumentalities;
2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state;
3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10%) of the ~~surplus funds of the state~~ cash available for investment which may be invested pursuant to this section. Not more

than one-half (1/2) of the ten percent (10%) limit shall be invested in any one financial institution specified in this paragraph;

4. Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred seventy (270) days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10%) of the ~~surplus funds of the state~~ cash available for investment which may be invested pursuant to this section. Not more than three-fourths (3/4) of the ten percent (10%) limit shall be invested in any one commercial bank pursuant to this paragraph;

5. Prime commercial paper which shall not have a maturity that exceeds one hundred eighty (180) days nor represent more than ten percent (10%) of the outstanding paper of an issuing corporation. Purchases of prime commercial paper shall not exceed seven and one-half percent (7 1/2%) of the ~~surplus funds of the state~~ cash available for investment which may be invested pursuant to this section;

6. Investment grade obligations of state and local governments. Purchases of investment grade obligations of state and local governments shall not exceed ten percent (10%) of the ~~surplus funds of the state~~ cash available for investment which may be invested pursuant to this section; and

7. Repurchase agreements provided that such agreements are included within the written investment policy required by subsection C of this section that have underlying collateral consisting of those items and those restrictions specified in paragraphs 1 through 6 of this subsection.

B. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable

safety of their capital as well as the probable income to be derived.

C. Investments of public funds by the State Treasurer shall be made in accordance with written policies developed by the State Treasurer. The written investment policies shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. To the extent practicable taking into account the need to use sound investment judgment, the written investment policies shall include provision for utilization of a system of competitive bidding in the investment of state funds. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested.

The investment policy shall specify the general philosophy, policies and procedures to be followed in the investment of state monies by the State Treasurer. The investment policy shall include, but not be limited to, the following:

1. Policy objectives;
2. Performance measure objectives;
3. Authority for investment program;
4. Possible use of an investment advisory committee;
5. Reporting and documentation of investments;
6. Authorized investment instruments;
7. Diversification of investment risk;
8. Maturity limitations;
9. Selections of financial institutions;
10. Interest controls;
11. Safekeeping of investments;
12. Investment ethics; and
13. Formal adoption of policy.

D. Not later than September 1, 1987 and July 1 of each year thereafter, the State Treasurer shall forward a copy of the written

investment policy to the Governor, the Speaker of the House of Representatives ~~and~~, the President Pro Tempore of the Senate, the Attorney General, the Bank Commissioner, and the Director of State Finance. In addition, the State Treasurer shall maintain one copy of the investment policy in the office of the State Treasurer for public inspection during regular business hours. Copies of any modifications to the investment policy shall be forwarded to the Governor, Speaker of the House of Representatives ~~and~~, President Pro Tempore of the Senate, and each member of the Cash Management and Investment Policy Commission.

E. On and after July 1, 1987, no public funds or monies subject to the control of the State Treasurer shall remain invested in any bank or financial institution which directly or through its subsidiaries has outstanding loans to the Republic of South Africa or its instrumentalities. The State Treasurer shall prescribe forms concerning South African loans to be completed by each bank and financial institution in which state funds or monies subject to the control of the State Treasurer are invested pursuant to this section.

SECTION 7. AMENDATORY Section 13, Chapter 194, O.S.L. 1987 (62 O.S. Supp. 1990, Section 89.7), is amended to read as follows:

Section 89.7 A. The State Treasurer shall prepare ~~a~~ monthly, quarterly report, and annual financial statements in compliance with the standards prescribed by the Government Accounting Standards Board or any successor entity and investment reports of the State Treasurer's Office which summarizes summarize recent market conditions, economic developments and anticipated investment conditions and the investment performance of the State Treasury. The annual financial statement and investment report shall include a report from the independent auditor, as provided by Section 10 of this act, on the annual financial statement. The audit report shall

be made in accordance with the Governmental Auditing Standards of the United States Comptroller General or any successor office. The ~~report~~ reports shall specify the investment strategies employed in the most recent ~~quarter~~ reporting period and describe the investment portfolio of the state in terms of:

1. Securities;
2. Maturities;
3. Fund type;
4. Financial institutions from which securities were purchased, including the amounts and the city and state of location;
5. Investment return compared to budgetary expectations;
6. Average yield; and
7. Average life of the portfolio.

The ~~report~~ investment reports shall also indicate any areas of concern which the State Treasurer has concerning the basic investment strategies being employed. The investment reports shall contain:

- a. combined and individual rates of return of the investment managers by category of investment, over periods of time;
- b. the data obtained pursuant to subparagraph a of this paragraph compared with similar data for a larger population of investment managers by asset class as well as by style of management;
- c. an analysis of the performance of the primary investment financial institution of the State Treasury including, but not limited to, a specific review of the adequacy of the collateralization of the short-term interest-bearing investment vehicles placed by the primary investment financial institution; and
- d. any other information that the State Treasurer may include.

2. The State Treasurer shall also include in the investment reports a listing of all payments, fees, commissions, or other compensation received by any person, including but not limited to individuals, financial institutions, or investment companies or corporations, which have an investment agreement, contract, or other arrangement with the State Treasurer.

3. The annual investment report shall be written in simple and easily understood language containing:

- a. an analysis of the written investment plans developed by the Treasurer as required by law;
- b. a qualitative and quantitative analysis of the performance of the primary investment financial institution and all other depository financial institutions approved by the State Treasurer with regard to monies deposited;
- c. the result of the analyses prepared pursuant to subparagraphs a and b of this paragraph compared with similar data for other states;
- d. recommendations on administrative and legislative changes which are necessary to improve the performance of the State Treasury in accordance with current standards for large public fund portfolio management; and
- e. a listing by object code of the expenses of the State Treasury as audited by the independent auditor provided by Section 9 of this act.

B. The State Treasurer shall distribute the annual investment report to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the State Auditor and Inspector, and members of the Cash Management and Investment Policy Commission. Upon request, the State Treasurer shall make the annual audited financial statements and investment reports available to the

members of the Legislature and the general public. The annual performance report shall also include an investment plan for the ensuing fiscal year.

~~B. The State Treasurer shall forward a copy of the quarterly report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.~~

~~C. The information contained in the quarterly report as required in subsection A of this section shall be compiled into an annual fiscal year report. In addition to said information, the annual fiscal year report of the State Treasurer shall contain suggestions concerning policies and improvements that might enhance the investment program. The report also shall include an investment plan for the ensuing fiscal year.~~

D. The State Treasurer shall ~~submit a copy of the annual fiscal year report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate~~ require all employees in the State Treasury to sign an anti-collusion affidavit.

E. The State Treasurer shall require an anti-collusion affidavit from brokers or other persons offering investment services to the State Treasury. The State Treasurer shall be prohibited from employing or doing business with any brokers or persons offering investment services to the State Treasury who have not executed such an affidavit.

F. In the event the State Treasurer shall fail to comply with the provisions of this section, the State Treasurer shall be subject to the provisions of Section 1 of Article VIII of the Oklahoma Constitution.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 89.9 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Attorney General shall prescribe and provide forms to the Office of the State Treasurer for sworn statements and affidavits regarding collusion activities. Such sworn statement form shall be similar to the sworn statement forms provided for in Sections 85.22 and 85.23 of Title 74 of the Oklahoma Statutes. Such form shall be attached to each agreement and contract awarded by the Office of the State Treasurer to any concern, including but not limited to financial institutions and investment companies.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 89.10 of Title 62, unless there is created a duplication in numbering, reads as follows:

The State Auditor and Inspector shall perform or contract to have performed annual audits of the financial statements of the State Treasury as of and for each state fiscal year. Such audits shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants or its successor and governmental auditing standards established by the Comptroller General of the United States. The financial statements of the State Treasury shall be delivered by the State Treasurer to the State Auditor and Inspector within thirty (30) days after the close of the state fiscal year. The independent auditors annual audit report and related financial statements shall be delivered to the Governor, Speaker of the House of Representatives, President Pro Tempore of the Senate, and the Attorney General not later than ninety (90) days after the financial statements are delivered. The annual audits of the State Treasury shall be given a top priority by the State Auditor and Inspector who may contract for the audit, if not delivered by the State Treasurer. The State Auditor and Inspector shall conduct unannounced cash audits of the State Treasury at least once a quarter. The State Treasurer shall pay the State Auditor and Inspector for the costs of such audits.

SECTION 10. The State Treasurer shall develop and implement a system of procedures to record and audit all electronic investment bidding transactions with outside financial concerns. Such procedures shall be incorporated in any rules and regulations of the State Treasurer that shall be promulgated through the Administrative Procedures Act.

SECTION 11. Section 10 of this act shall not be codified in the Oklahoma Statutes.

SECTION 12. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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