

YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

MINUTES OF MEETING FEBRUARY 5, 2020

County Administration Building, County Admin Room
625 Court Street
Woodland, CA 95695

Members present: Gary Sandy, (Chair – Supervisor), Duane Chamberlain (Vice Chair – Supervisor), Richard Horan (Public Member), Crissy Huey (Education), and Kristin Sicke (Special District).

Members excused: Paul Navazio (Cities)

Others present: Mindi Nunes (Asst. CAO), Chad Rinde (CFO), Tom Haynes (Assistant CFO), Mubeen Qader, (Chief Budget Officer), Edward Burnham (Treasury Manager), Marilyn Tiriboyi (Accounting Manager), Sarah Meacham (PFM), Brandon Young, Debbie Harper (LSL), and Kim Eldredge, Noemy Mora-Beltran (Internal Audit).

Recorded by Kim Eldredge

- 1) **Call to Order.** Gary Sandy called the meeting to order at 10:02 a.m. with Duane, Richard, Crissy, and Kristin in attendance. Quorum was formed with five voting members present.
- 2) **Introductions.** Members above in attendance. Paul Navazio noted as absent.
- 3) **Approval of Agenda.** Agenda reviewed and approved; adopted (Huey/Sicke).
- 4) **Follow-up item from 11/05/2019 meeting.**
 - a) **Copy of budget variance report:** Mubeen Qader provided a copy of the budget variance report. Richard asked if a trend analysis will be provided instead of just data reported. Tom Haynes stated that the budget team will look into providing a trend analysis report in the future.
 - b) **Follow-up questions from Socially Responsible Investing:** Chad reported that additional information was routed to the board.
 - c) **Status of Public Member vacancy:** Chad reported that one application was received and is under review. Prior to the meeting, Chad was notified that Paul Navazio will be retiring in March 2020 and his seat will be available.
- 5) **Public Comment.** There were no public comments.
- 6) **Approval of the 11/05/2019 meeting minutes.** Correction in spelling of Kristin Sicke's name; noted. Minutes accepted and approved (Horan/Huey).

7) **Receive Financial Oversight Committee Charter and discuss any proposed changes.**

Chad Rinde provided the committee with a red-line copy of proposed changes.

The proposed changes included the following and will be sent to the Yolo County Board of Supervisors for receive and file.

- a. Page 3-change Article IV. A1. *Audit and Finance Subcommittee* to actual name to **Audit Sub-Committee**
- b. Page 5-remove Article V. C2. *Cause and annual audit to determine the county treasurer's compliance with the Investment Policy and relevant codes*
- c. Page 6-change Article VI. B1. *40 days* to **45 days**

The Committee expressed the need for an onboarding process for new committee members including responsibilities and duties, general understanding of county processes i.e. Financial & Audit Oversight, Treasury, Budget Accountability, and Tax Allocation with an approach of training modules at a basic level. Chad mentioned that he would work with staff to develop an onboarding process that would be useful to the committee.

8) **Receive verbal report on status of the Division of Internal Audit Activity.** Kim Eldredge

provided an update on the internal audit activity and status of current engagements: Treasury Wire/ACH transactions Audit completed and to be presented to the Audit Sub-Committee on 11/06/2019; County-wide Payroll Audit-in-progress, auditors reviewing internal controls; Purchase Card Continuous Auditing-in-progress, auditors performing data analytics and testing transactions; and, County-wide Preliminary Risk Assessment-Cash-in-progress, auditors reviewing results from county-wide cash count performed.

9) **Receive report and update from the Independent Auditor's – June 30, 2019 Yolo County Comprehensive Annual Financial Report (CAFR), Management Letter and Report on the Audit of Internal Control over Financial Reporting.**

Debbie Harper, Partner (LSL), presented the independent auditor's report of the county's annual financial statements for the fiscal year ended 6/30/2019. The report represents a clean (unmodified) audit opinion. Ms. Harper also went over the auditor's report on internal controls that reported three (3) significant deficiencies in internal controls; 1) timely bank reconciliations; 2) segregation on duties within the financial system; 3) estimates used in calculation of landfill closure & post-closure costs to the committee. Department of Financial Services Management commented on the findings to state that progress is being made on the bank reconciliations and should be resolved by June 2020, review of access permissions is planned as part of the fiscal year-end process, and the Accounting Division will coordinate with the Community Services Integrated Waste Management Division to ensure accurate reporting of landfill costs. The topic of cybersecurity risk was also questioned by Richard of "what is our current cybersecurity prevention measures for fraud" i.e. dual authentication, etc. Chad mentioned that he will invite Lee Gerney, County Chief Technology Officer, to discuss cybersecurity at the committee's next meeting.

- 10) **Receive completed Treasury audit reports and verbal update on the status of pending audits (Burnham) – For quarters ended 6/30/2019, 9/30/2019, and 12/31/2019.** Edward Burnham provided a verbal report on the status of the treasury for quarters ended 6/30/2019, 9/30/2019 and 12/31/2019 (pending) and noted that bank reconciliations will be 75% current by December 2019. Brandon Young (LSL) stated the reports should be on time by next meeting.
- 11) **Receive report on the Treasury Pool Investment Activity for the Fourth Quarter ended December 31, 2019 (PFM/Burnham).** Sarah Meacham (PFM) provided an economic update and overview of the investment portfolio performance for the Fourth Quarter 12/31/2019.
- 12) **Approval of meeting calendar for year 2020.**
The committee members approved the following dates and times for future meetings.

Date	Time
May 7, 2020	10:00-11:30 am
July 28, 2020	10:00-11:30 am
October 27, 2020	10:00-11:30 am

- 13) **Confirm next meeting date.** May 7, 2020
- 14) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.
- 15) **Adjournment.** Meeting Adjourned at 11:14 a.m.