

# YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

## MINUTES OF MEETING February 15, 2023

Note: This meeting was held via teleconference, pursuant to the Government Code section 54953(e)(1) (as amended by Assembly Bill 361)

Members present: Gary Sandy, Chair (Supervisor), Angel Barajas (Supervisor), Richard Horan (Public Member), Larry Raber, Vice-Chair (Public Member), Crissy Huey (Education), Kimberly McKinney (Cities), and Kristin Sicke (Special District).

Others present: Gerardo Pinedo (CAO), Chad Rinde (CFO), Tom Haynes (Asst. CFO), Sou Xiong (Treasury), Laura Liddicoet (Budget), Holly Alves (Accounting), Allison Kaune and Sarah Meacham (PFM), Brandon Young (LSL), Kim Eldredge and Noemy Mora-Beltran (Internal Audit).

Moderator: Noemy Mora-Beltran

Recorded by Kim Eldredge

- 1) **Welcome and new staff changes.** Welcomed Laura Liddicoet the new Chief Budget Official to the committee. Gary Sandy mentioned recent award given to Supervisor Barajas for his work in the Knights Landing community.
- 2) **Call to Order.** Gary Sandy called the meeting to order at 10:01 a.m. with members Angel Barajas, Larry Raber, Richard Horan, Kimberly McKinney, and Kristin Sicke were in attendance. Quorum was formed. Crissy Huey arrived later in the meeting.
- 3) **Follow-up of items from prior meeting.** No follow-up items from last meeting.
- 4) **Approval of Agenda.**  
Agenda reviewed and approved. Item 7 pulled from agenda and will bring back at next meeting

MOVED BY: Angel Barajas / SECONDED BY: Kristen Sicke

AYES: 6

NOES: 0

ABSTAIN: 0

ABSENT: 1

- 5) **Public Comment.** There were no public comments.

### Consent Agenda

- 6) **Renew authorization for remote (teleconference/videoconference) meetings by finding, pursuant to Assembly Bill 361, that (a) the COVID-19 pandemic state of emergency is ongoing, and (b) meeting in person would present imminent risks to the health or safety of attendees.**
- 7) **Approval of the prior meeting minutes 11/10/2022.** Item pulled from agenda.
- 8) **Receive Treasury audit report for quarter ended 9/30/2022.**

Consent agenda approved.

MOVED BY: Kristin Sicke / SECONDED BY: Richard Horan

AYES: 6

NOES: 0

ABSTAIN: 0

ABSENT: 1

- 9) **Receive staff report on the status of current engagements and the release of audit reports since last meeting from the Division of Internal Audit (Eldredge).** Kim Eldredge gave a status of current audit engagements and reports completed since last meeting: CW Accounts Payable and Capital Project audits are still in-progress; Subrecipient Compliance Monitoring report is nearing completion by Moss Adams; Cash Department Audits-DFS Tax Collector, Probation and Library are moving along; Fraud Hotline will be going live in mid-March and posters and awareness materials have been distributed to the departments. Kim also presented the Internal Audit's Peer Review report performed by Napa County Internal Audit and reported a generally conforms rating with auditing standards (clean report) with three suggestions for continuous improvement in updating internal audit charter, adopting additional Key Performance Indicators to monitor internal audit activity performance, and expanding performance audit procedures to include assessments of program effectiveness, economy, and efficiencies in its annual audit plan. The suggestions for continuous improvement will be completed and presented to the Audit Subcommittee in a future meeting.
  
- 10) **Receive staff report on the status of interim audit work for ACFR 6/30/22 and Single Audit report from the Independent Auditors (LSL/Alves).** Brandon Young, Partner (LSL) provided a report on the audit results of the Annual Comprehensive Financial Report (ACFR) 6/30/22 with an opinion of unmodified (clean report) and one internal control finding over financial reporting for the County's INFOR general ledger system not being reconciled annually with the engagement financial reporting software that the County utilizes to assist in the preparation of the ACFR. Chad Rinde reported that the finding will be addressed with the County recording operational entries as needed (those not financial reporting only in nature) and the reconciliation and recording will be completed no later than 3/31/2023. In addition, Chad and his accounting team plan to present the ACFR audit results to the Yolo County Board of Supervisors on 2/21/23.
  
- 11) **Approve Chief Financial Officer to execute extension of Independent Auditor agreement for the 2023-24 fiscal year (Rinde).** Chad Rinde provided background and discussion for independent countywide auditing services and recommended approval by the Committee to extend the current audit firm Lance, Soll, & Lunghard (LSL) for an additional fiscal year 2022-23 given that the firm had no issues in performance and the County is implementing a significant financial system upgrade to go live in July 2023. Committee agreed to recommendation but requests for an RFP next fiscal year FY23-24 and to start process in January 2024.

MOVED BY: Crissy Huey / SECONDED BY: Kristin Sicke

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 0

12) **Receive staff report on budget update (Liddicoet).** Laura Liddicoet provided a staff report on the budget process whereas the team is finalizing the FY22-23 mid-year monitoring as of 12/31. Overall, most departments are projecting a surplus for the conclusion of the fiscal year due largely to savings from ongoing position vacancies which also have allowed the departments to absorb increased staffing costs from the County's decision to move from 95% to 100% market average as of January 1<sup>st</sup>. Starting February 1<sup>st</sup>, the budget team will begin reviewing department budget requests for FY23-24. The FY23-24 Recommended Budget will go to the Board on June 13, 2023.

13) **Receive report on the Treasury Pool Investment Activity for the Fourth Quarter ended December 31, 2022 (PFM/Xiong).** Allison Kaune and Sarah Meacham (PFM) provided an economic update and overview of the investment portfolio performance for the 4<sup>th</sup> Calendar Quarter through 12/31/22. The debt ceiling, inflation, and housing market were topics for additional questions. Chad Rinde stated that information will be provided at the upcoming budget workshops.

14) **Discuss results and related recommendations from the FOC Meeting survey (Rinde).** Chad Rinde provided the survey results and recommendations to improve the FOC meetings. The following changes will occur over the course of the next four FOC meetings:

Financial and audit function

- Work with external auditors to inform the committee on upcoming accounting standard changes for 2023-24.
- Ensure an update occurs on any outstanding corrective actions in the prior year's audits (2021-22) once completed.

Internal audit function

- Staff are working on possible changes to the Internal Audit and FOC Charter to bring further clarity between the Audit Committee and FOC and to incorporate feedback from the recently completed peer review.

Budget function

- Staff plan to give an overview of our budget structure and how restricted uses are managed
- Staff are working to improve our quarterly budget reports. We note that they are numerically heavy and are trying to find ways to get more information from the departments earlier to bring more meaningful information to the FOC. This may be an iterative process.

Treasury function

- County staff will work with PFM as the Investment Advisor to see if the information for the Committee's quarterly oversight can be condensed and/or evaluate the frequency of information provided.
- Staff will also provide an overview in 2023 of the Committee's role as it pertains to investment oversight.

Tax Allocation function

- Staff will bring forward an annual report on tax allocation providing the committee an overview of the process and allocations. This is expected to be at likely the May meeting depending on timing.

Additional feedback received, included the need to refresh the scope of the Committee including structure with FOC and Audit Subcommittee and request to have agenda and agenda packet to Committee members sooner before meetings.

15) **Discuss remote meetings pursuant to Brown Act (Pogledich).** Phil Pogledich, County Counsel, provided guidance on the Brown Act Compliance in 2023 with remote meetings and options for the Committee to conduct future meetings. Committee thanked Phil for his advice and have elected to meet in-person. Chad Rinde will plan for the next meeting at the CAO’s Conference Room and email Committee members within 10 days prior of meeting to request member address of location should they exercise telecommuting option.

16) **Approval of meeting calendar for year 2023.**

Preferred Month	Proposed Time
June 15, 2023	10:00-11:30 am
September 14, 2023	10:00-11:30 am
November 15, 2023	10:00-11:30 am

MOVED BY: Angel Barajas / SECONDED BY: Kristin Sicke

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 0

17) **Select FOC Chair and Vice-Chair to serve for the calendar year 2023.** The Committee voted in favor of Angel Barajas as FOC Chair and re-elected Larry Raber as Vice-Chair for calendar year term 2023.

MOVED BY: Kristin Sicke / SECONDED BY: Richard Horan

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 0

18) **Confirm next meeting date: June 15, 2023, at 10:00 to 11:30 am.**

19) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.

20) **Adjournment.** Meeting Adjourned at 11:47 a.m.