

**Meeting of the
Financial Oversight Committee
Yolo County
June 16, 2023
10:00 a.m.**

NOTE: This meeting is being agendized pursuant to Teleconference Rules of the Brown Act. Members must attend a physical location listed below, or member participation will be limited to that of a member of the public. The locations available for teleconferencing participation are listed below:

Physical Locations for Member Participation:

Location 1: County Administrator's Conference Room (2nd Floor)
625 Court Street, Woodland, CA

Teleconferencing Link:

Join Zoom Meeting
<https://yolocounty.zoom.us/j/84961969463>
Meeting ID: 849 6196 9463
One tap mobile
+16694449171,,84961969463# US
+16699006833,,84961969463# US (San Jose)

Committee Members:

| | |
|----------------------------|---|
| Chair, Angel Barajas | (Board of Supervisors - Voting) |
| Gary Sandy | (Board of Supervisors – Voting) |
| Richard Horan | (Public Member- Voting) |
| Vice-Chair, Lawrence Raber | (Public Member – Voting) |
| Crissy Huey | (County Superintendent of Education - Voting) |
| Kimberly McKinney | (Cities Member – Voting) |
| Kristin Sicke | (Special District Member – Voting) |
| Gerardo Pinedo | (Chief Administrative Officer – Non-voting) |
| Chad Rinde | (Chief Financial Officer – Non-voting) |

Times below included in the agenda are the best estimates of County staff when the agenda item may be taken up and items may be taken up earlier than the times listed.

Call to Order at 10:00 (10 minutes)

- 1. Welcome**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Follow-up of items from prior meeting.**
- 5. Public Comment**

This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the

agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to 3 minutes per speaker, but an extension can be provided at the discretion of the chair.

CONSENT AGENDA (5 minutes)

6. **Approval of the prior meeting minutes for 11/10/2022 and 02/15/2023.**
7. **Receive Treasury audit report for quarter ended 12/31/2022.**

REGULAR AGENDA

8. **Recognize and present Certificate of Appreciation to Crissy Huey for her service to Yolo County Financial Oversight (Chair/Vice Chair) 10 minutes**
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). 10 minutes**
10. **Review and approve the proposed amendments to the Internal Audit Charter and the Financial Oversight Committee Charter (Eldredge/Rinde). 10 minutes**
11. **Receive staff report on the status of interim audit work for Annual Comprehensive Financial Report (ACFR) 6/30/2023 from the Independent Auditors. (LSL/Alves). 10 minutes**
12. **Receive staff report on status of budget monitoring through the 3rd quarter of Fiscal Year 2022/23 (Liddicoet/Robertson). 10 minutes**
13. **Receive report on the Treasury Pool Investment Activity for the 1st Calendar Quarter ended March 31, 2023 (PFM/Xiong). 20 minutes**
14. **Confirm next meeting date: September 14, 2023, at 10:00 to 11:30 am.**
15. **Committee Member and Staff Announcements. 5 minutes** Action items and reports from members of the Committee, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

Adjournment (Approximately 11:30 am.). Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Chad Rinde, Chief Financial Officer at 530-666-8050 or chad.rinde@yolocounty.org and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8050 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/government/general-government-departments/financial-services/financial-oversight-committee>.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Chad Rinde, Chief Financial Officer at least two (2) working days before the meeting at 530-666-8050 or chad.rinde@yolocounty.org.

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of County staff who will distribute the information to the members and other staff.

YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

MINUTES OF MEETING November 10, 2022

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

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

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

Moderator: Tom Haynes

Recorded by Tom Haynes

- 1) **Welcome and new staff changes.**
- 2) **Call to Order.** Larry Raber called the meeting to order at 10:03 a.m. with members Angel Barajas, Richard Horan, Crissy Huey, and Kristin Sicke were in attendance. Quorum was formed. Gary Sandy and Kimberly McKinney were absent.
- 3) **Follow-up of items from prior meeting.** No follow-up items presented.
- 4) **Approval of Agenda.**
Agenda reviewed and approved.

MOVED BY: Kristin Sicke / SECONDED BY: Crissy Huey
AYES: 5
NOES: 0
ABSTAIN: 0
ABSENT: 2
- 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 8/11/2022.**
- 8) **Receive Treasury audit report for quarter ended 6/30/2022.**
- 9) **Summary of Audit Reports for fiscal year ended 6/30/2022.**

Consent agenda approved.

MOVED BY: Richard Horan / SECONDED BY: Angel Barajas

AYES: 5

NOES: 0

ABSTAIN: 0

ABSENT: 2

- 10) **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 presented the annual audit plan for FY22-23 approved by the Audit Subcommittee on 9/06/22 that includes the high-risk areas identified by Baker Tilly Ltd who had performed the countywide risk assessment. Kim also provided a status of current audit engagements and reports completed since last meeting: CW Accounts Payable and Capital Project audits are both in-progress with drafting reports; peer reviews are underway for Yolo and Placer; fraud hotline finalizing logistics and intake site; Cash Department Audits-DFS and Probation are started; and Fleet audit is completed.
- 11) **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 status report on the year-end audit with beginning testing and analytical work. Brandon also noted the new accounting pronouncement GASB 87 on leases which is a big undertaking with county governments. Yolo County is using Debt Books to assist in this endeavor. The financial audit draft report is planned to be completed by December with the Single Audit work following in March 2023.
- 12) **Receive staff report on Independent Auditor agreement and possible future extensions. (Rinde).** Chad Rinde provided background and discussion of the option to extend agreement with Lance, Soll & Lunghard, LLP and asked for input by the Committee. The Committee requested that staff bring back this item with a staff recommendation for further discussion with all members of the committee who were not present at today's meeting.
- 13) **Receive staff report on budget update (Haynes).** Tom Haynes presented the 2021-22 Year-End Budget Variance Analysis report that looks back at the prior year on how the county departments overall ended the fiscal year compared to what was budgeted. The report serves two purposes, 1) State law requires county budgets be balanced (financing sources equals financing uses) and for budgetary control, 2) Variance analysis to illustrate positive and negative outcomes to what was expected. The report and supporting documents in the packet will be presented to the Yolo County Board of Supervisors at their next scheduled meeting on 11/22/22.
- 14) **Receive and discuss the 2023 Investment policy (Xiong).** Sou Xiong provided the Committee a copy of the 2023 Investment policy and explained the recent changes as it related to Senate Bill 1489 and government code. Other revisions were applied to better align with government code language. The Committee had no comments and approved staff to move the item forward to the Yolo County Board of Supervisors for approval.

MOVED BY: Angel Barajas / SECONDED BY: Richard Horan

AYES: 4

NOES: 0

ABSTAIN: 0

ABSENT: 3

- 15) **Receive report on the Treasury Pool Investment Activity for the Third Quarter ended September 30, 2022 (PFM/Xiong).** Allison Kaune and Sarah Meacham (PFM) provided an economic update and overview of the investment portfolio performance for the 3rd Calendar Quarter through 9/30/2022.
- 16) **Discuss results and related recommendations from the FOC Meeting survey (Rinde).** Item moved to next scheduled meeting.
- 17) **Approval of meeting calendar for year 2023.** Item moved to next scheduled meeting.

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

- 18) **Confirm next meeting date.** February 15, 2023 at 10:00 to 11:30 a.m.
- 19) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.
- 20) **Adjournment.** Meeting Adjourned at 11:30 a.m.

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 1st. Starting February 1st, 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 4th 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

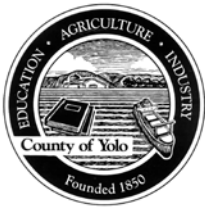
ABSTAIN: 0

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.



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

Item #7

DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102
PO BOX 1268
WOODLAND, CA 95776
PHONE: (530) 666-8190
FAX: (530) 666-8215
EMAIL: DFS@yolocounty.org

- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

January 13, 2023

Sou Xiong, Treasury Manager
Department of Financial Services
County of Yolo
625 Court Street, Room 102
Woodland, CA 95695

Re: Treasury Cash Count quarterly report for December 31, 2022

Dear Mr. Xiong:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 26920 (a) (1) for the quarter ending December 31, 2022. The County's Treasurer is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. In regards to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Further, we did not review system controls of the county financial system.

Our procedures and results are as follows:

1. Observe and certify the treasury staff cash count and verify that the coin and cash bags are properly sealed.

Results: Procedure performed with no exceptions.

Considerations: None.

2. Vouch the deposit slips prepared for the coin and cash bags to the bank statement.

Results: Procedure performed with no exceptions.

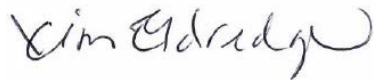
Considerations: None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Treasury management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

We appreciate the timely and professional responses provided by the Treasury management and staff to our requests for information.

Sincerely,



Kim Eldredge, CGAP
Internal Audit Manager

cc: Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Yolo County Administrator
Yolo County Audit Sub-Committee
Internal Audit Website
Audit File



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors and Financial Oversight Committee
County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified parties), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended December 31, 2022. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Scope of the Procedures Performed and Related Findings

The procedures performed and the results obtained from the performance thereof were as follows:

- 1) Counted the cash in the Treasury as of December 31, 2022.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of December 31, 2022, pursuant to *Government Code Section 26905*.

Finding: No findings were noted as a result of applying this procedure.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2022, to the statements provided by the related financial institutions.

Finding: No findings were noted as a result of applying this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2022, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No findings were noted as a result of applying this procedure.



Board of Supervisors and Financial Oversight Committee
County of Yolo, California

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2022, to the statements provided by the related financial institutions. We identified all variances in excess of 0.5% and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.5 percent and \$10,000 of the financial institution amount are summarized in **Attachment A**. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: No findings were noted as a result of applying this procedure.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2022, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No findings were noted as a result of applying this procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion, of the of the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended December 31, 2022. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lance, Solt & Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
April 19, 2023

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments
Agreed-Upon Procedures Report
Quarter Ended December 31, 2022
Attachment A
Procedure 5 Results - Market Value Comparison

| Description | CUSIP | County Investment Summary | Financial Institution Statements | Variance | |
|--|--------------|--|---|-----------------|----------|
| | | | | \$ | % |
| <i>Bank of New York Mellon - Asset-Backed Security</i> CARMX 2022-3 A3 | 14318MAD1 | \$ 1,583,126 | \$ 1,598,834 | \$ (15,708) | -0.99% |
| <i>Bank of New York Mellon - Asset-Backed Security</i> UNIV OF CAL TXBL REV BONDS | 91412HGE7 | 758,562 | 770,381 | (11,819) | -1.56% |
| <i>Bank of New York Mellon - Certificate of Deposit</i> TORONTO DOMINION BANK NY CE | 89115B6F2 | 4,473,110 | 4,517,106 | (43,996) | -0.98% |

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2022-2023

Item #9

| No. | AA No | AUDTRACK No | Type | Name | Entity | Preliminary Scope | Priority | Hours | % Complete | Status | Report Issued | No. of Findings | Internal or Outsource |
|-----|--|-------------|-----------------------|--|---|--|----------|-------|------------|--|---|---------------------------------|----------------------------|
| 1 | 2021-0025 | 2023-23 | Carry Forward FY21-22 | Capital Projects | Countywide | Perform a review of county capital projects to identify and test key processes and controls related to contract administration, change order management, project & cost management, and project closeout. | High | 320 | 98% | In-progress; Exit conference 6/07/23 | | 24 | Yolo |
| 2 | 2021-0026 | 2023-17 | Carry Forward FY21-22 | Accounts Payable | Countywide | Perform a review to evaluate accounts payable internal control processes, review and evaluate transactions for accuracy, identify the cause of processing delays and determine compliance with applicable laws, regulations, policies, and procedures. | High | 280 | 100% | Completed | 6/7/2023 | 11 | Yolo |
| 3 | 2022-055 | 2023-26 | Carry Forward FY21-22 | Wireless Communications Devices | Countywide | Perform a review of the county's wireless communication devices to identify areas of risk and opportunities for potential savings. | Med | 280 | 50% | Delayed; Reassing scope of work | | | Yolo |
| 4 | N/A | 2023-33 | New | Peer Review - Internal Audit | Internal Audit | Prepare documents for Internal Audit Peer Review in accordance with IIA Standards. Peer Review to be performed by Napa County. | High | 80 | 100% | Completed | 1/4/2023 | 3 Continuous Improvements noted | Napa County Internal Audit |
| 5 | N/A | 2023-34 | New | Peer Review - Placer County | Internal Audit | Conduct Peer Review of Placer County in accordance with IIA Standards. The review will include interviews, evaluation of documents against standards, and final report. | High | 100 | 100% | Completed | 2/9/2023 | 5 Continuous Improvements noted | Yolo |
| 6 | N/A | 2023-23 | New | FWA Reporting and Hotline | Countywide | Develop a fraud reporting and whistleblower policy and implement hotline. | High | 202 | 100% | Completed | | | Yolo |
| 7 | N/A | O/S | New | Subrecipient Compliance Monitoring | Countywide | Assess and document a County-wide fiscal monitoring program, providing recommendations for ongoing fiscal monitoring, and potentially performing some of the 2022/2023 required desk reviews & site visits. | High | 350 | 100% | Completed | 2/13/2023 | 7 Gaps identified | Outsource |
| 8 | N/A | O/S | New | Payroll Processing and Changes CalPERS and payroll taxes | Department Human Resources | Perform a review of payroll processes including the CalPERS contribution and payroll taxes. | High | 200 | 5% | Not Started: Reassing scope of work | | | Outsource |
| 9 | 2023-0083 2023-0084 2023-0085 2023-0086 | 2023-13 | New | Cash Count | Department Financial Services - Treasury | Conduct quarterly cash count as required by Government Code Section 26920(a)(1). | Med | 14 | 100% | Quarterly; Completed 6/30, 9/30 & 12/31, 3/31 Qtrs | 7/22/2022 10/21/2022 1/13/2023 4/28/2023 | 0 | Yolo |
| 10 | 2023-0078 | 2023-30 | New | Cash Operations | Department Financial Services - Tax Collector | Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash. | Med | 48 | 100% | Completed | 3/1/2023 | 6 | Yolo |
| 11 | 2023-0077 | 2023-31 | New | Cash Operations | Department Probation | Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash. | Med | 48 | 100% | Completed | 3/14/2023 | 3 | Yolo |

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2022-2023


| No. | AA No | AUDTRACK No | Type | Name | Entity | Preliminary Scope | Priority | Hours | % Complete | Status | Report Issued | No. of Findings | Internal or Outsource |
|-----|-----------|-------------|------|--|---|---|----------|-------|------------|---|---------------|-----------------|-----------------------|
| 12 | 2023-0076 | 2023-28 | New | Cash Operations and Accounts Receivable | Department Agriculture | Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash and accounts receivable. | Med | 80 | 10% | Entrance Conf 6/08/22 | | | Yolo |
| 13 | 2023-0079 | 2023-29 | New | Cash Operations | Department Library | Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash. | Med | 60 | 100% | Completed | 4/27/2023 | 6 | Yolo |
| 14 | 2023-0080 | 2023-27 | New | Juvenile Books & Accounts | Department Probation | Perform a review over the Probation Department's juvenile books and accounts in accordance with the Welfare & Institutions Code Section 275. | Med | 20 | 0% | Not Started; wait for new Fiscal Officer | | | Yolo |
| 15 | 2023-0082 | 2023-37 | New | Policies and Procedures | Countywide | Assess the adequacy of documented policy and procedures to determine the impact on knowledge transfer when employees are hired, transfer, resign or retire from the County. | High | 200 | 5% | Will discuss further with AC at next mtg | | | Yolo |
| 16 | 2023-0081 | 2023-16 | New | Purchase Card | Countywide-Cont Audit | Perform a review to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the purchase card program, including the areas of card management, merchant management, and transaction analysis. | High | 80 | 90% | In-progress, drafting report Add review of Pcard program and additional 80 hrs | | | Yolo |
| 17 | 2023-0091 | 2023-25 | New | Accounts Receivable | Countywide | Perform an internal control review over accounts receivables. | High | 140 | 0% | Not started | | | Yolo |
| 18 | 2023-0087 | 2023-32 | New | Fiscal Monitoring | Department Health & Human Services Agency | Perform desk and site fiscal monitoring reviews for County Health & Human Services Agency as required by Code of Federal Regulations 2 CFR part 200 etal. | High | 640 | 80% | Working with HHSA to determine review needed | | | Yolo/ Outsource |
| 19 | 2023-0092 | 2023-21 | New | Payroll Processing and Changes, Employee Leave/FMLA, and Pay Rates | Department Human Resources | Perform a review of payroll processes including the health benefit calculation, leave balances, and the accuracy of employee pay rates. | High | 200 | 0% | Not started | | | Yolo |
| 20 | 2023-0093 | 2023-24 | New | Procurement Processes | Department General Services | Assess procurement practices related to oversight, transparency, needs identification, sourcing, strategic purchasing, receiving goods and services and reporting to determine whether the policy is being adhered to and to identify process inefficiencies. | High | 220 | 0% | Not started; scope identified from Capital Project Audit results | | | Yolo |
| 21 | N/A | O/S | New | Governance and Strategy | Department Information Technology | Assess the IT strategic planning process. Understand how performance is evaluated, the operating budget is tracked, and resources are consumed. | High | 250 | 50% | In-progress | | | Outsource |

Yolo County
 Division of Internal Audit
 Audit Plan - Status of Projects
 Fiscal Year 2022-2023

| No. | AA No | AUDTRACK No | Type | Name | Entity | Preliminary Scope | Priority | Hours | % Complete | Status | Report Issued | No. of Findings | Internal or Outsource |
|-----|-------|-------------------------------|---------|---|-----------------------------------|---|----------|-------|------------|---|---------------|-----------------|-----------------------|
| 22 | N/A | O/S | New | Risk Management | Department Information Technology | Assess the practices around IT risk management, including the identification, treatment, tracking and reporting across the County. | High | 250 | 0% | Canceled; HIPAA Audit addresses risk | | | Outsource |
| 23 | N/A | 2023-35 | Ongoing | Internal Audit Risk Assessment and Audit Planning | Internal Audit | Annual Risk Assessment procedures and developing/updating the three-year Internal Audit Plan based on the results that are updated annually. | N/A | 80 | 85% | Interviews completed; drafting report | | | Yolo |
| 24 | N/A | 2023-36 | Ongoing | Ad Hoc Audits, Investigations, and Research | Audit Function | Internal Audit is asked by the Board or by Executive management to perform certain audits or research. | N/A | 300 | 95% | Ongoing | | | Yolo |
| 25 | N/A | 2023-15 | Ongoing | Follow-up on Prior Internal Audit Findings | Countywide | Information requests, meetings, and additional verification/testing will be conducted to determine if prior issues have been remediated. | N/A | 60 | 95% | Monthly | | | Yolo |
| 26 | N/A | 2023-20 2023-11 | Ongoing | Financial Oversight Committee and Financial Services Administration | Administration | Administrative support for the Financial Oversight Committee and Audit Subcommittee meetings. | N/A | 240 | 95% | Quarterly | | | Yolo |
| 27 | N/A | 2023-10 2023-14 | Ongoing | Internal Meetings and Planning | Audit Function | General planning, project management meetings, workload and planning reviews required by the IIA standards. | N/A | 766 | 95% | Ongoing | | | Yolo |
| 28 | N/A | 2023-02 to 2023-09 | Ongoing | Staff Benefits and Leave | Other Administration | Required time based on labor bargaining units. | N/A | 1170 | 95% | Ongoing | | | Yolo |
| 29 | N/A | 2023-12 2023-14 2023-18 | Ongoing | Training, Professional Development, Office Non-productive Time | Audit Function | 120 hours for training and continuing professional education (CPE) 100 Countywide Fiscal Foundations Series training 312 hours for office time (2 hours/week) | N/A | 532 | 95% | CPE Hrs - On Track; CW training CF FY23-24 | | | Yolo |
| 30 | N/A | 2023-19 | Ongoing | Manage Co-Sourced/External Resources | Audit Function | Internal Audit to manage and coordinate with external resources. | N/A | 80 | 95% | Ongoing | | | Yolo |

Total audit & non-audit hours and benefits & leave

7290



Countywide Accounts Payable Audit

Yolo County Division of Internal Audit

Report Date
June 7, 2023

Audit Team

Navpreet Ghuman, Internal Auditor
Noemy Mora-Beltran, Senior Auditor
Kim Eldredge, Audit Manager

County of Yolo

Department of Financial Services
Division of Internal Audit
P.O. Box 1995
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Visit the Division's Website at

<http://www.yolocounty.org/general-government/general-government-departments/financial-services/internal-audit>

Audit No: 2022-0018



County of Yolo

www.yolocounty.org

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection

- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

Transmittal Letter

June 7, 2023

Chad Rinde, Chief Financial Officer
Department of Financial Services

Ryan Pistochini, Director of General Services
Department of General Services
County of Yolo
Woodland, CA 95695

Re: Internal Control Review of Countywide Accounts Payable

The Division of Internal Audit performed an internal control review of the Countywide Accounts Payable to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the countywide accounts payable process. The audit was approved by the Audit Subcommittee in the fiscal year 2022-23 audit plan. This report does not include a full system review of the accounts payable system controls.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.


Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to invoice approval and payment process, vendor file management, system access and accounts payable policy and procedures.

As required, in accordance with auditing standards and the County Audit Follow-up Policy, County Management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Departments of Financial Services and General Services management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Internal Audit Manager

Distribution

Gerardo Pinedo, Chief Administrative Officer
Mark Bryan, Deputy County Administrator
Tom Haynes, Assistant Chief Financial Officer
Nolan Sullivan, Director of Health and Human Services Agency
Holly Alves, DFS Accounting Manager
Tonia Murphy, Procurement Manager
Duazong Her, ERP Manager
Yolo County Audit Subcommittee
Audit File Project No. 2022-0018

Yolo County Division of Internal Audit
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Internal Control Countywide Accounts Payable
Audit No: 2022-0018

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Detailed Findings and Recommendations

Background

Yolo County's Department of Financial Services, Accounting and Financial Reporting Division (DFS) is responsible for timely and accurate payments to internal and external vendors of the County. DFS processes payments for a large variety of goods, services, and supplies which are necessary to keep the county functioning. Payments are made using warrants, ACH (Automatic Clearing House), or wire transfers. Warrant printing is conducted at DFS and the Health and Human Service Agency.

County's Accounts Payable (AP) function is closely tied to the purchasing function of the Department of General Services, Procurement Division. Procurement Division is responsible for approving requisitions to create purchase orders, which is a formal document issued to the vendor to purchase goods, supplies and services. Small purchases for goods and supplies costing less than \$5,000 can be paid for by a claim, purchase card or purchase order. Services are procured using a purchase order or a contract regardless of the cost of the service.

Procurement Division is also responsible for maintaining the vendor master file which is a database composed of vital business information for various vendors that provide goods, supplies and services to the County of Yolo. The information includes the vendor's legal name, physical and mailing address, taxpayer identification number and other pertinent information.

County's financial System (Infor) is an ERP system that includes the system for finance, procurement, human capital-management, and payroll. County also uses MHC Image Express along with Infor to capture scanned or electronic document images and streamline the approval workflow.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the countywide accounts payable process. Operational accountability is achieved when the countywide accounts payable system operates effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of all account payable transactions for the period of May 1, 2021 to April 30, 2022, except employee payroll and purchase card transactions. This report does not include a full system review of the Infor system.

We performed the following procedures:

- Evaluate the internal controls over accounts payable
- Verify vendor payments are made timely, accurately, properly recorded, and adequately supported
- Assess compliance with applicable laws, regulations, and county policies and procedures
- Use computer assisted audit techniques (CAATs) for data analytics, where data usage information is available and report the results

Yolo County Division of Internal Audit
Internal Auditor's Report

A. Accounts Payable Activity

DFS Accounting and Financial Reporting Division approves invoices weekly and works diligently with other departments to ensure all payments made adhere to county's policies and procedures. The invoice process includes payments made through purchase orders, non-purchase orders (claims) and one-time vendor payments.

County's policy on procurement allows all department heads to make purchases of goods, supplies and services for less than \$5,000 per vendor per fiscal year. Payments for such goods and supplies under \$5,000 are made through claims.

All department heads seeking to procure goods, supplies and/or services costing equal to or greater than \$5,000 from the same vendor in a fiscal year would need to submit a requisition request with the Procurement Division to obtain a purchase order prior to making the purchase. Payment for such goods, supplies and/or services are made through a three-way match with the vendor invoice, purchase order and the receipt for goods, supplies and/or services.

Other payments processed through claims include one-time non-recurring vendor payments such as refunds, covid relief payments, jury witness expense payments etc. The table below provides the total amount paid by the county during the audit period.

| Description | Total amount paid |
|---------------------|-------------------|
| Totals payments | \$418,465,849 |
| Purchase Orders | \$120,797,784 |
| Non-Purchase Orders | \$297,668,065 |

Audit Objective/Methodology

Our audit objective was to evaluate internal controls over accounts payable to ensure transactions are accurate, adequately supported, processed timely, properly recorded, and authorized in compliance with county policies and procedures.

To accomplish our objective, we selected a sample of AP transactions and performed the following procedures:

- Verified AP transactions were adequately supported and properly approved
- Confirmed if the payments were processed accurately and in a timely manner
- Reviewed AP transactions for duplicate payments to vendors
- Verified all transactions comply with county policies and procedures

Yolo County Division of Internal Audit
Internal Auditor's Report

| Summary of Exceptions | Invoices |
|--|-----------|
| Stamped signature or signature image pasted on invoice (missing wet or electronic signature) | 9 |
| Invoice not approved/ no approver's signatures or MHC approval found | 9 |
| Incomplete backup or backup not available in Infor/MHC | 18 |
| Invoice not processed in a timely manner | 17 |
| Total charges >5k, not on a PO | 5 |
| Payment to incorrect vendor | 1 |
| Payment not in compliance with county policy and procedures | 5 |
| Duplicate payment | 5 |
| Approver not listed on Signature Authorization Form | 10 |
| Total | 79 |

Finding #1: Inadequate internal controls over validating invoices for payments

Yolo County's Policy for Criteria for Allowing Charges Against County Funds state any transaction must meet all five criteria listed below:

1. Transaction is supported by corroborative information and documentation
2. Transaction is related to County business
3. Transaction is in compliance with laws and County operations
4. Transaction is reasonable
5. Transaction was approved by authorized County officials or personnel

The auditors reviewed internal controls over validating invoices for payments and noted the following exceptions:

- Invoices had no or incomplete supporting documentation
- Payment made to the wrong vendor
- Invoices did not comply with county policies and procedures

Without proper controls in place to ensure invoices for payment comply with county policies and procedures may result in the misappropriation and/or loss of assets.

Recommendation 1

We recommend that DFS review their processes to ensure that adequate supporting documentation is received, correct general ledger account is recorded for financial reporting purposes, invoice agrees to vendor information on file, and the transaction complies with county policies and procedures before approving payment. (Priority 1 Issue – 60 days required corrective action)

Management Response 1

Accounts Payable processes and procedures will be reviewed, documented, and communicated to County fiscal staff as part of the end-user training and transition to Infor CloudSuite. (Anticipated date of completion: 6/30/2023)

Finding #2: Duplicate payments identified

Pursuant to the Federal Information System Controls Audit Manual, audit trails and security reports should be monitored on a regular basis to help assure that transactions are processing as intended.

The auditor identified 5 invoices that were paid twice to vendors with multiple naming conventions for the same invoice. One payment was marked stale date while the others totaled \$35,966 in overpayments. Not having proper controls in place may result in unauthorized or invalid disbursements, including duplicate payments.

Yolo County Division of Internal Audit
Internal Auditor's Report

Recommendation 2

We recommend that DFS design an exception report to identify possible duplicate payments and should implement a process to follow-up on any such items. In addition, define a standard naming convention for the invoice number field in the Infor system for any invoices received without an assigned invoice number.
(Priority 1 Issue – 60 days required corrective action)

Management Response 2

A standard naming convention for invoices without an assigned invoice number will be defined as part of the transition to Infor CloudSuite. Staff will also evaluate options for developing or utilizing system-delivered exception reports to identify possible duplicate payments. If it is determined that delivered reports are inadequate, additional time and funding may be required in order to develop a customized report.. (Anticipated date of completion: 6/30/2023)

Finding #3: Invoices not properly approved by authorized County Officials

Pursuant to County's Policy for Criteria for Allowing Charges Against County Funds, all transactions should be approved by authorized County Officials or personnel. The County's Signature Authorization Policy requires all departments to submit Signature Authorization forms to the Chief Financial Officer on or before July 1st of each fiscal year in order to maintain proper documentation of personnel authorized to take financial or accounting-related actions.

The auditors reviewed the internal controls over the invoice approvals and noted the following exceptions:

- Invoices were not approved
- Invoices were approved by the person not listed on the Signature Authorization Form
- Signature Authorization Forms were missing
- Digital and electronic signatures were used instead of a manual signature

Invoices not approved by the designated approving official may result in unauthorized payments.

Recommendation 3

We recommend that DFS enforce the policy requirement for departments to submit Signature Authorization Forms with a manual signature by July 1, 2023, and to ensure proper approval of invoices are received before processing for payment. It is also recommended that DFS consult with legal counsel on the use of digital and electronic signatures for various county documents.
(Priority 1 Issue – 60 days required corrective action)

Management Response 3

DFS will be requiring departments to submit Signature Authorization Forms with a wet signature in order to ensure the ability for signature verification on invoices. In addition, departments will be notified that invoices will not be processed for payment without a valid Signature Authorization Form on file. DFS will also consult with County Counsel on the appropriateness of using various types of electronic signatures or approvals for various County documents and processes. It should be noted that the use of electronic signatures, both on the Signature Authorization Forms and for other purposes, largely arose out of necessity during the COVID-19 pandemic as a means to continue County operations from a remote environment. As a result, however, use of electronic signatures has now become the norm, and further policy clarification on when and how electronic signatures may be used is warranted. (Anticipated date of completion: For Signature Authorization Form compliance and ensuring proper approvals – 7/1/2023; For conferring with County Counsel on use of electronic signatures – 9/30/2023).

Yolo County Division of Internal Audit
Internal Auditor's Report

Finding #4: Delay in vendor payments

California Prompt Payment Act states that all State agencies pay properly submitted, undisputed invoices, refunds, or other undisputed payments due to individuals within 45 days of receipt or notification. Failure to do so can attract late payment penalty. Yolo County requires all payments be made within 30 days of receiving the invoice unless otherwise stated. All departments are responsible for assuring receipts and paying for goods and services in a timely manner.

The auditor found several invoices not paid within invoice terms or within net 30 days. Delay in vendor payments can negatively impact the county's relationship with vendors and the county may also be subject to payment penalties.

Recommendation 4

We recommend that DFS convey to the end user departments the importance of executing their payments in a timely manner.

(Priority 1 Issue – 60 days required corrective action)

Management Response 4

DFS will communicate to end-user departments the importance of processing payments in a timely manner. (Anticipated date of completion: 6/30/2023)

Finding #5: Vendor payments over \$5,000 paid on claims instead of authorized payment method

According to County's Procurement policy, departments seeking to procure goods, supplies and/or services costing equal to or greater than \$5,000 from the same vendor in a fiscal year needs to obtain a purchase order through the purchasing department prior to completing their purchase.

The auditor examined 25 invoices paid through claims and identified three vendors paid more than \$5,000 in one fiscal year. Without monitoring the aggregate of vendor payments over \$5,000 may allow departments to favor one vendor over the other and not coordinating a competitive solicitation as required by county policy.

Recommendation 5

We recommend that DFS develop a process to monitor the total claim payments to a single vendor to ensure departments do not exceed the \$5,000 limit in one fiscal year.

(Priority 2 Issue – 120 days required corrective action)

Management Response 5

Management partially concurs with this recommendation. We will evaluate whether delivered reports exist within the Infor CloudSuite system that allow for an expeditious review of total claim payments by vendor. However, management does not believe that this issue poses a significant risk to the County, so staff effort to monitor vendor payments should not exceed the benefit received. (Anticipated date of completion: 12/31/2023)

Finding #6: Purchase order analysis of buyer's authorized limits

Pursuant to the Federal Information System Controls Audit Manual, audit trails and security reports should be monitored on a regular basis to help assure that transactions are processed as intended.

County Policy on Procurement, the Board of Supervisors delegates the Purchasing Agent the ability to make purchase up to the maximum amount for \$200,00 for specialized services.

Yolo County Division of Internal Audit
Internal Auditor's Report

The auditors performed an analysis of all purchase orders approved in the Infor system and reviewed purchase orders over \$200,000 during the audit period. The table below illustrates the buyer's authority limits, number of POs, and total amount approved by each buyer.

| Buyer | Authorized Limit | Number of POs | Total Amount |
|----------------------------------|------------------|---------------|--------------|
| Associate Procurement Specialist | \$25,000 | 78 | \$504,880 |
| Procurement Specialist | \$50,000 | 217 | \$2,111,266 |
| Lead Buyer | Unlimited | 959 | \$22,058,163 |
| Procurement Manager | Unlimited | 2 | \$6,399 |

The following exceptions were noted:

- Lead Buyer has an unlimited authority limit without a secondary review for all approved purchase orders. Purchase order amounts approved over \$200,000 totaled approx. \$7.04 million.
- One transaction was found in the amount of \$417,016 for election printing (special services) and not approved by the Board.

Without a purchasing control in place with a review and approval process may lead to an individual with too much control over a County's spend and result in noncompliance with county policy.

Recommendation 6

We recommend that the Purchasing Agent set an authorized limit with a secondary review for the Lead Buyer to ensure that purchases comply with county policy.
(Priority 1 Issue – 60 days required corrective action)

Management Response 6

Procurement is aware of a long standing staff limitation and system design that inhibits the ability to set a secondary review of high value purchase orders. At the outset of the new Infor Cloudsuite project, Procurement prioritized the need for additional staffing, unit reorganization, and technology solutions to enable secondary level reviews. Procurement has worked with Human Resources, Financial Services and County Administrator departments to resolve the additional staffing need. Procurement incorporated requirements for the new Infor Cloudsuite system to resolve technology limitations. Upon the recruitment of the additional staff and implementation of the technology solution, this is resolved. (Anticipated date of completion: 9/30/2023)

Finding #7: Gaps detected in purchase orders

Pursuant to the Federal Information System Controls Audit Manual, completeness controls should provide reasonable assurance that all transactions that occurred are input into the system, accepted for processing, processed once and only once by the system, and properly included in output. Completeness controls include the following key elements:

- *Transactions are completely input*
- *Valid transactions are accepted by the system*
- *Duplicate postings are rejected by the system*
- *Rejected transactions are identified, corrected and re-processed*
- *All transactions accepted by the system are processed completely*

The auditors performed CAATS to identify any sequence gaps in the purchase orders issued during the audit period and found the following four purchase orders missing:

Yolo County Division of Internal Audit
Internal Auditor's Report

| Gaps Detected | Purchase Order |
|---------------|--------------------------------|
| Item missing | 175677, 176565, 176581, 176747 |

Not setting up user-approver roles by assigned official duties and proper segregation of duties may result in information that is added, deleted, or changed without approval thus resulting in missing data.

Recommendation 7

We recommend that the Procurement Division review each user's profile to limit the access controls to prevent deletion of purchase orders.

(Priority 1 Issue – 60 days required corrective action)

Management Response 7

Procurement confirmed the system is working as designed. The system allows the deletion of non-issued purchase orders as a way to clean up duplications or system errors.

Yolo County Division of Internal Audit
Internal Auditor's Report

B. Vendor Management

Vendor management is a critical element of the AP process and includes managing vital information about vendors in order to issue payments for the procurement of goods and services. It is essential to effectively maintain vendor files to avoid unauthorized or inappropriate activity, prevent duplicate payments and reduce inefficiencies.

Procurement Division is responsible for maintaining the master vendor file in the Infor system. The departments and vendors complete a *Vendor Registration Form and W-9* to setup a new vendor or update an existing vendor number. Procurement ensures that the information on both forms match the Infor system and if a change is needed will verify the source and update the vendor information.

Audit Objective/Methodology

Our audit objective was to evaluate internal controls over accuracy and completeness of vendor information in the Infor system.

To accomplish our objective, we performed the following procedures:

- Performed various computer assisted audit techniques (CAATs) to analyze the *Master Vendor File*
- Reviewed documentation for setup and approval of new and existing vendors
- Tested a sample of vendors in the Infor system and determine if vendors are legitimate

Master Vendor File - CAATs identified potential fraud schemes:

| Fraud Scheme | Detection method | Result |
|--|--|--|
| Fictitious Vendors | Vendors with PO Box Address | 1,479 vendors include 1,123 regular vendors, 62 employees and 294 one-time vendors |
| | Vendors with matching address to an employee | 142 vendors include 52 regular vendors and 90 one-time vendors |
| | Vendors with missing Tax Identification Number | 69 vendors |
| | Vendors with multiple Vendor Numbers | 137 vendors |
| Conflict of Interest | Vendors with Tax ID matching to an employee's Social Security Number | 17 vendors |
| <ul style="list-style-type: none"> • Regular vendors are vendors registered with the Procurement Division. • Employee vendors are county employees who have made out-of-pocket purchases for county business. • One-time vendors are used by AP to facilitate refunds and reimbursements. | | |

Finding #8: Maintenance of the Master Vendor File needs improvement

Having a clean and accurate Master Vendor File cuts down on the effort involved in processing payments and helps to prevent an organization from becoming a victim of fraud.

Procurement Division relies heavily on the information provided by the departments when adding or changing vendor information in the Infor system.

The auditors found the following:

- CAATs performed on the *Master Vendor File* and identified potential fictitious and conflict of interest vendors– see results above

Yolo County Division of Internal Audit
Internal Auditor's Report

Procurement Division does not:

- Conduct an independent validation of vendors using a 3rd party service or database
- Validate the tax identification numbers of all vendors
- Regularly verify vendors before they are updated in the Infor system
- Have adequate documentation to support vendor information changes
- Have a process in place to monitor changes to the *Master Vendor File*

Without maintaining a robust system of internal controls over the *Master Vendor File* may result in opportunities for fraud and increases data corruption

Recommendation 8

We recommend that the Procurement Division do the following:

- Review the legitimacy of all vendors before adding or changing vendor information in the Infor system and document validation
- Review all active vendors using a PO Box as their business or remittance address and receive confirmation of their existence at a physical location
- Review all active vendors with duplicate addresses on file to consolidate information into one entry and deactivate the other associated vendor number
- Review all active vendors with missing Tax ID and receive a W-9 on file to update records
- Review all inactive vendors without any payment for more than 2 years and determine if they should be deactivated from the *Master Vendor File*

(Priority 2 Issue – 120 days required corrective action)

Management Response 8

Procurement already reviews and documents all requests to add or change vendor information. Procurement does not have the capacity to review historical vendors that have not changed since assuming the vendor file. In July 2023, the vendor file returns to the Department of Financial Services and Procurement is supporting the department and will recommend that they review all historical vendors.

Procurement does not have the means to independently review mailing information for businesses without third party solutions. Procurement will forward the concern about PO Boxes to the Department of Financial Services when that department resumes the vendor file duties.

In certain instances, duplicate addresses on file are associated with large governmental agencies that have specific remittance instructions and thus requires multiple vendor numbers (such as the Superior Court of California or the United States Postal Service). Procurement will work with Department of Financial Services to review non-governmental vendors that have duplicates to determine if consolidation is possible.

Procurement will work with the Department of Financial Services to receive W-9s from vendors that are missing tax identification numbers. This project will begin after the vendor file transfers to Department of Financial Services.

Procurement does not have the means to identify inactive vendors as the unit does not have access to payment history. Procurement will forward this recommendation to the Department of Financial Services who have the reports and tools to determine which vendors are inactive due to payment inactivity, and beginning July 2023, that department will be able to inactive those vendors instead of Procurement. (Anticipated date of completion: 9/30/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

Finding #9: Lack of segregation of duties with the Master Vendor File

Segregation of duties is a vital element of many internal control systems and should be designed in a way that limits an employee's ability to perform incompatible or unnecessary tasks.

The auditors found that one procurement staff is adding and changing new and existing vendor information without a review by an independent person. Duties that involve one person with control of all aspects of a transaction may cause errors to go unnoticed and provide an opportunity for fraudulent activity to occur.

Recommendation 9

We recommend that the Procurement Division review their procedures for adding and changing new and existing vendor information and ensure that an independent person verifies the accuracy of the information on all vendors actions entered in the Infor system.

(Priority 1 Issue – 60 days required corrective action)

Management Response 9

A process is designed, has passed testing, and is awaiting for the system to go-live in July 2023. (Anticipated date of completion: 7/17/2023)

C. Safeguarding Check Processing

Checks must be serially pre-numbered. Spoiled checks must be voided and retained for subsequent inspection. All checks (used and unused) must be accounted for on a periodic basis (monthly at a minimum). Computerized cash systems may also use pre-numbered check stock. Most systems will print the check numbers. Additionally, the department must not allow a void or cancelled check number to be reused and the department must maintain an adequate audit trail that details checks issued. Blank check stock and signature stamps must be stored in a secured area with access restricted to only authorized individuals.

AP check processing is handled by both DFS and the Health and Human Services Agency (HHSA). DFS is responsible for issuing all vendor payments while HHSA is responsible for issuing benefit payments. Both departments use *Document Express* which captures data from the Infor and CalWIN systems and converts the data into warrants or ACH payments.

HHSA Administration Branch is responsible for printing the benefit checks for the CalWORKS, Foster Care, Adoption Assistance, and General Assistance programs. These checks are issued daily and batched into HHSA's CalWIN system. All benefit checks are issued as warrants.

Audit Objective/Methodology

To determine if the AP check processing in both departments have adequate segregation of duties, check stock is safeguarded, and check printing has proper access controls in *Document Express*.

To accomplish our objective, the following procedures were performed:

- Obtained a general understanding of the check processing procedures
- Compared the list of employees with *Document Express* access against their role in the AP process
- Verified that the check stock is maintained in a locked and secure location

Finding #10: Access to Document Express poses a possible security concern

Access controls provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals, including effective, protection of information system boundaries, identification and authentication mechanisms, authorization controls, protection of sensitive system resources, audit and monitoring capability, including incident handling, and physical security controls.

The auditors obtained a list of employees who have access to *Document Express* and compared it against their role in the AP process. Three employees were identified of not being involved in the check printing process and access to *Document Express* thus creating a security concern. Without proper security management, improper user access rights and permissions may result in information that is added, deleted, or changed without approval and authorization.

Recommendation 10

We recommend that DFS and HHSA review their list of employees with access to *Document Express* and ensure that each permission is assigned only to those employees performing the job. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly.

(Priority 1 Issue – 60 days required corrective action)

Management Response 10

DFS: The Document Express accounts for the employees identified as not having a role in the check printing process have been disabled. In addition, system security roles are reviewed and adjusted on an annual basis, and management agrees that access to Document Express should be included as part of this review. Finally, system access and security will be thoroughly reviewed as part of the transition to Infor CloudSuite. (Anticipated date of completion: 6/30/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

HHSA: HHSA has reviewed the Document Express user list and have disabled the employees that should not have access to the system. There are only the required users on the list. (Anticipated date of completion: 4/13/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

D. County Policies and Procedures

Accounts payable policy and procedures manual should outline the responsibilities and guidelines for processing expenditures incurred and disbursed for the county. AP procedures should cover all essential components of the AP process and provide uniformity among processors to handle the payments. The manual should also be updated on a regular basis to cover any changes in the process.

The following are some essential components of an AP policy and procedures manual:

- Invoice approval process
- Receiving and documentation
- Standard payment terms
- Invoice deadlines and payment cycle
- Electronic payments
- Employee reimbursements
- Duplicate payments
- Check distribution
- Vendor credits/refunds
- Voids
- Archiving documents

List not inclusive

Audit Objective/Methodology

To determine if the procedures for accounts payable confer with standards of internal control and best practices.

To accomplish our objective, the following procedures were performed:

- Review the policy manuals and procedures for recommended essential components within an AP policy
- Verify that the AP processes are documented

Finding #11: AP processes not documented

GFOA recommends documenting accounting policies and procedures, have an appropriate level of management and authority, and documentation of policies and procedures should be readily available to employees. The policies and procedures manual should be in a searchable, electronic format and available on the employee portal or intranet site. Management should also periodically review the policies and procedures and related internal control activities for continued relevance and effectiveness.

The auditors found 79 exceptions related to processing invoices as detailed in this report. Although, DFS has some training guides for entering and approving invoices in the Infor system, there is not a county policy and/or AP policy and procedure manual available to DFS accounting staff or departments. Not providing a comprehensive AP policy and procedures manual may result in procedures not being followed as approved and allows inconsistent procedures to be carried forth by DFS accounting staff and departments.

Recommendation 11

We recommend that DFS consider developing an AP policy and procedures manual that details AP procedures and processes not provided elsewhere and coordinate instructions of various authorities on specific AP subjects. (Priority 3 Issue – 180 days required corrective action)

Management Response 11

Management concurs with the recommendation to develop an AP policy and procedure manual. Documentation of AP processes and procedures is being completed as part of the end-user testing and transition to the Infor CloudSuite system. However, development of a formal AP policy (or updates to existing policies mentioned above) may take slightly longer to complete. (Anticipated date of completion: 12/31/2023)



FINAL REPORT

County of Yolo
FISCAL MONITORING PROGRAM ASSESSMENT

February 13, 2023

Moss Adams LLP
999 Third Avenue, Suite 2800
Seattle, WA 98104
(206) 302-6500



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I. BACKGROUND, SCOPE, AND METHODOLOGY

A. BACKGROUND

The County of Yolo (the County) requested that Moss Adams LLP (Moss Adams) assess their current practices for conducting fiscal monitoring, specifically to evaluate related policies and procedures (P&Ps) for consistency with best practices. The County has an existing Fiscal Monitoring Program in place; however, this documentation is specific to the Department of Health and Human Services Agency (HHS) and was last updated in July 2020. Additionally, documented monitoring has not taken place since 2021.

As of October 2022, the County had the following four Revenue/Prime Agreements, which require subrecipient monitoring, totaling approximately \$64 million:

- Drug Medi-Cal Organized Delivery System (DMC-ODS) (SUD), administered by HHS – \$20,838,906
- Community Services Block Grant (CSBG), administered by HHS – \$302,667
- Workforce Innovation and Opportunity Act (WIOA), administered by HHS – \$656,451
- American Rescue Plan Act (ARPA), administered by County Administrator – \$42,829,540

The current agreements are administered by the HHS, with the exception of the ARPA funding, which is monitored by the County Administrator. The County anticipates that as additional funding is obtained, other County departments or agencies may be involved in funding administration and monitoring. As a result, the County requested that Moss Adams assist in developing more comprehensive and updated guidance that can be administered Countywide.

The objectives of this Fiscal Monitoring Program Assessment were to:

- Obtain an understanding of the fiscal monitoring requirements that are applicable to the County
- Evaluate existing HHS fiscal monitoring documentation for consistency with applicable compliance requirements and best practices, and identify gaps in coverage and other opportunities for improvement
- Document a recommended Fiscal Monitoring Program that can be used Countywide

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This report was developed based on our assessment of the County's Fiscal Monitoring Program as of October 2022. The procedures we performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

B. SCOPE AND METHODOLOGY

This assessment focused on the County's current fiscal monitoring practices and related documentation of County P&Ps, tools/templates, or other resources that support the Fiscal Monitoring Program. Based on initial discussions with the County, the only agency/department that had



documentation of these fiscal monitoring practices was HHSA, as they are currently responsible for administering the majority the County funds that require fiscal monitoring. As a result, this assessment was limited in scope to the County's HHSA Fiscal Monitoring Program, including HHSS Fiscal Monitoring Program documentation, available as of October 2022. Other documents, informal process documentation, or guideline documents may exist; however, they were not included in this analysis and are not included in the results presented in this report.

To complete this assessment, we performed the following procedures:

- **Interviews.** We conducted interviews with HHSA and County personnel responsible for performing various aspects of fiscal monitoring to obtain an understanding of what documentation was available to support the monitoring function and requirements, how monitoring had historically been performed, and their level of understanding of the related compliance requirements. We also conducted interviews with HHSA and County personnel responsible for performing various aspects of programmatic monitoring to understand if and how monitoring reviews were performed concurrently. Additionally, we conducted interviews with County Administrator personnel responsible for overseeing the administration of ARPA funds.
- **Documentation Reviews.** We requested all current (as of October 2022) Revenue/Prime Agreements with funders that require fiscal monitoring to be performed. We reviewed each of the four Revenue Agreements provided to identify specific requirements related to performing and documenting fiscal monitoring. In addition, we obtained documentation available to support the fiscal monitoring performed for one County subrecipient (Yolo County Children's Alliance (YCCA)). We reviewed the documentation to more thoroughly understand HHSA's current fiscal monitoring process and how the various tools, checklists, and forms were being utilized.
- **Existing Fiscal Monitoring Program Documents Inventory.** We obtained all documentation available, including documented P&Ps and supporting forms, tools, and templates, to support the HHSA fiscal monitoring process. Documents obtained and inventoried included:
 - HHSA Contract Monitoring Plan Fiscal Year (FY) 2020–2021, which describes the existing P&Ps related to fiscal monitoring and includes risk assessment tools, internal control questionnaires, and compliance letter templates
 - HHSA Subrecipient vs. Contractor Determination for Federal Sponsored Projects form, along with a supporting memo and flowchart related to the determination process
 - HHSA Monitoring Steps and Procedures document

We created an inventory of these documents to summarize the current coverage of documentation to support the HHSA fiscal monitoring process.

- **Fiscal Monitoring Program Documentation Gap Analysis.** We assessed the inventory results and performed a full gap analysis, including:
 - Assessed the current content for potential gaps in coverage related to the Fiscal Monitoring Program
 - Compared existing documentation to the general subrecipient monitoring requirements to identify gaps in monitoring requirements
 - Categorized the significance and extent of the identified gaps as: full, major, or minor
 - Developed recommendations to address the identified gaps
- **Fiscal Monitoring Program Development.** Based on the results of the procedures above, we developed a recommended Fiscal Monitoring Program that can be adapted to best meet the specific needs of the County and be implemented Countywide. The recommended Fiscal Monitoring Program was provided to the County as a separate document.



II. GAP ANALYSIS

A. OVERVIEW

Throughout the Fiscal Monitoring Program assessment, we found that HHSA had completed substantial work in 2019 and 2020 documenting P&Ps, specifically noting project deliverables that provided further guidance on Subrecipient vs. Contractor Determination (completed at the end of 2019) and the Contract Monitoring Plan (last updated July 2020). However, all documentation was specific to the HHS program and did not comprehensively describe subrecipient monitoring requirements. Additionally, based on interviews with various HHSA personnel, there appeared to be insufficient training on the requirements and processes of fiscal monitoring leading to a lack of a general understanding of their roles in fiscal monitoring and the overall P&Ps.

Gaps identified during the analysis were categorized as follows:

- **Full Gap:** Documented P&Ps do not exist for the area.
- **Major Gap:** Some P&P documentation exists; however, there are major gaps in overall coverage.
- **Minor Gap:** P&Ps cover most key areas but require updating or additional coverage.

The risk levels were assigned based on our understanding of the County, insights gained from management and staff, the inherent risk in each area, and the level and significance of gaps identified.

| Assessed Risk Level | Category Description |
|---------------------|--|
| High Risk | <ul style="list-style-type: none">• Area is inherently high risk• Gaps identified were either full gaps (i.e., no P&P coverage) or major gaps• Area is a high priority due to its required application across all programs and/or funding sources |
| Medium Risk | <ul style="list-style-type: none">• Area is inherently high or medium risk; however, a lack of documented P&Ps may only represent a medium risk to the County• Gaps identified were either full gaps or major gaps• Area is a medium priority due to its required application across all programs and/or funding sources |
| Low Risk | <ul style="list-style-type: none">• Area is inherently low risk• Gaps identified were either minor in significance or magnitude, or the area only needed review or updating• Area is a low priority, as it does not require application across all programs and or funding sources |



B. RESULTS

The following table provides an overview of the observations related to fiscal monitoring policy areas. Full results can be found in Appendix A. The results of this analysis were used to guide the development of the recommended Fiscal Monitoring Program, which was provided as a separate document to the County.

| Policy Area | Type of Gap | Associated Risk |
|---|---------------------|-----------------|
| Funder-Specific Compliance Requirements | Full to Major Gaps | High |
| Preliminary Risk Assessment | Minor to Major Gaps | Medium |
| Subrecipient vs. Contractor Determination | Minor to Major Gaps | Medium |
| Desk Review vs. Site Visit Determination | Major Gaps | Medium |
| Desk Reviews and Site Visits | Major Gaps | High |
| Results Reporting | Minor to Major Gaps | Medium |
| Follow-Up | Minor to Major Gaps | Medium |



APPENDIX A. GAP ANALYSIS RESULTS

| Monitoring Stage | Risk Gap Level | Current Documentation/Process | Gaps Identified | Recommendations to Address Gaps Identified |
|---|------------------------------------|--|---|---|
| Funder-Specific Compliance Requirements | High Risk Full to Major Gaps | <ul style="list-style-type: none"> During this assessment, the only documentation provided to support County fiscal monitoring was from HHSA although other departments currently, or may in the future, have responsibilities related to fiscal monitoring. The HHSA Contract Monitoring Plan addresses certain compliance requirements; however, it does not address how the County will identify funder-specific requirements (which are typically included in individual Revenue Agreements). Current Revenue Agreements contain funder-specific requirements. | <ul style="list-style-type: none"> Current guidance (HHSA Contract Monitoring Plan) is specific to the HHSA program, and as a result, documented P&Ps for other departments/agencies do not exist. The County does not have a process documented for how funder-specific requirements will be identified, documented, and addressed. The County currently has four Revenue Agreements which require fiscal monitoring. These include: <ul style="list-style-type: none"> Drug Medi-Cal Organized Delivery System (DMC-ODS), administered by HHSA – \$20,838,906 Community Services Block Grant (CSBG), administered by HHSA – \$302,667 Workforce Innovation and Opportunity Act (WIOA), administered by HHSA – \$656,451 American Rescue Plan Act (ARPA), administered by County Administrator – \$42,829,540 | <ul style="list-style-type: none"> Develop a Countywide Fiscal Monitoring Program and provide related training to all County personnel involved in the fiscal monitoring process. In the Fiscal Monitoring Program, specify requirements for evaluating new Revenue Agreements and identifying and documenting funder-specific requirements related to fiscal monitoring. For the County's current Revenue Agreements, document any funder-specific requirements related to fiscal monitoring. |
| Preliminary Risk Assessment | Medium Risk Minor to Major Gaps | <ul style="list-style-type: none"> Current guidance related to the risk assessment process (2.2.102 Standards for Active Contracts and Risk Assessment Tool, found in the HHSA Contract Monitoring Plan) is HHSA-specific. The YCCA Contract Request Form (provided as example documentation) has sections for risk level recommendations, acceptance of that recommendation by the Fiscal Approver, and acceptance of that recommendation by the Audit & Compliance Approver. | <ul style="list-style-type: none"> Current guidance (Risk Assessment Tool) does not include reviewing prior monitoring when assessing risk. Reviewing the results of prior monitoring, such as evaluating whether there were material compliance findings in the last two years of desk reviews/site visits, is a key aspect of assessing the current risk and determining the level of fiscal monitoring that needs to occur. While the risk level is documented in the current process through the Contract Request Form, the omission of results of prior monitoring results in an incomplete assessment. | <ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Risk Assessment Tool includes procedures to document and consider the results of previous monitoring (i.e., assessing whether prior desk reviews/site visits resulted in any material compliance findings). |
| Subrecipient vs. Contractor Determination | Medium Risk Minor to Major Gaps | <ul style="list-style-type: none"> Current guidance includes an HHSA-specific form for Subrecipient vs. Contractor Determination for Federal Sponsored Projects. This form is signed off by the Program Manager, Fiscal Approver, and Audit & Compliance Approver. HHSA Fiscal Monitoring Steps and Procedures 2.2 and 2.3 indicate Fiscal Monitoring occurs for both Subrecipients and Contractors, and risk assessment (more than vendor type) is what determines the major activities. | <ul style="list-style-type: none"> The current Subrecipient vs. Contractor Determination form and supplemental guidance does not clarify the impact of the final determination or allow space for documented justification as to why a determination was made, where an organization has characteristics of both a subrecipient and subcontractor. During interviews, we found that there was a general lack of understanding of the subrecipient vs. contractor determination process and that those responsible for approving these classifications (through the defined forms) may not understand the key distinguishing factors to be able to fully assess and approve the determinations being made. As a result, individuals often defaulted to determining an organization to be a subrecipient. | <ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Subrecipient vs. Contractor Determination Tool, and related guidance includes details relating to the impact of the final determination on the monitoring that should occur. Additionally, ensure the Subrecipient vs. Contractor Determination Tool provides space for written documentation of the determination justification, when applicable. |
| Desk Review vs. Site Visit Determination | Medium Risk Major Gaps | <ul style="list-style-type: none"> Current guidance (HHSA Fiscal Monitoring Steps and Procedures Section 2.2) does not require site visits or desk reviews unless a subrecipient is deemed high risk or the funder requires that level of oversight. | <ul style="list-style-type: none"> The results of the risk assessment performed with the Risk Assessment Tool appear to have no bearing on the type of review performed (i.e., whether a desk review or site visit is performed). During interviews, we found that staff capacity appears to have an influence on the type of review performed or whether reviews were performed at all. We noted that all visits had been completed as site visits to ensure timely responses from subrecipients. Additionally, we noted that due to the COVID-19 pandemic, the most recent fiscal monitoring completed by HHSA had been conducted as desk reviews. In these instances, there did not appear to be a process for documenting the justification for the type of monitoring performed. | <ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure that determination of the type of visit performed is guided by funder requirements and the results of the risk assessment performed. This determination process should be documented in a Desk Review vs. Site Visit Determination form, which clearly defines the following: <ul style="list-style-type: none"> How the Preliminary Risk Assessment results are utilized to determine the level of fiscal monitoring required How funder-specific requirements are considered in the decision-making process |



| Monitoring Stage | Risk Gap Level | Current Documentation/Process | Gaps Identified | Recommendations to Address Gaps Identified |
|------------------------------|------------------------------------|--|--|---|
| Desk Reviews and Site Visits | High Risk Major Gaps | <ul style="list-style-type: none"> Current guidance (HHSA Fiscal Monitoring Steps and Procedures Section 2.5) lays out a timeline of activities related to Fiscal Monitoring and an estimated timeframe to complete each activity. Desk Reviews consist of reviewing the following: Contract, Internal Control Risk Assessment, Recent Financial Statements, Single Audit report with auditor's management letter, Departmental Records of invoices and expenditures submitted by vendors for reimbursement, and General Ledger to reconcile expenditures vs. vendor claims. | <ul style="list-style-type: none"> The HHSA Fiscal Monitoring Steps and Procedures document does not adequately define the roles and responsibilities of various staff when a desk review or site visit is performed. HHSA Fiscal Monitoring Steps and Procedures lacks information on the purpose of the review performed on each item/document, what the review should be looking for, and how the reviews/testing should be documented. | <ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Documentation Review Tool provides guidance on what items should be requested, the purpose of reviewing each item/document (linking to the applicable funder-specific requirement or general compliance requirement), and what the review should consist of. Additionally, guidance on what must be documented to support the review/testing process should be provided. |
| Results Reporting | Medium Risk Minor to Major Gaps | <ul style="list-style-type: none"> Section 2.5 of the HHSA Fiscal Monitoring Steps Procedures provides the following framework of items to include in the report: 1) Date of visit, person conducting the visit, purpose, background, and results of the visit; 2) Incorporate any additional information received from contractor; 3) Finding(s); if there are non-compliance issues cite program requirements, and monitor's observations and recommendations; 4) Timeline for Contractor/Subrecipient to submit their response (generally within 20 working days after receipt of the report). | <ul style="list-style-type: none"> HHSA Fiscal Monitoring Procedures do not include specific guidance on what constitutes a finding to be reported. | <ul style="list-style-type: none"> Once the Fiscal Monitoring Program is finalized, the County should incorporate examples of findings within the Desk Review/Site Visit Evaluation Form. Examples may include missing policies and procedures or insufficient expenditure documentation. |
| Follow-Up | Medium Risk Minor to Major Gaps | <ul style="list-style-type: none"> The HHSA Contract Monitoring Plan defines what the options for resolution are, suggestions on which are appropriate for certain scenarios, and who at the County and at the vendor are responsible for reaching a resolution. | <ul style="list-style-type: none"> Current guidance lacks direction on acceptable resolutions for certain types of findings and is unclear on which position is responsible for following up on findings and determining if resolution occurred. | <ul style="list-style-type: none"> Once the Fiscal Monitoring Program is finalized, the County should provide acceptable resolutions to various findings and an acceptable timeline. This should incorporate assigned responsibilities into fiscal monitoring findings follow-up. |



County of Yolo

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- *Financial Systems Oversight*
- *Accounting & Financial Reporting*
- *Internal Audit*
- *Procurement*

Transmittal Letter

March 1, 2023

Sou Xiong, Accounting Manager
Department of Financial Services
Treasury & Revenue Division
Yolo County
625 Court Street, Room 102
Woodland, CA 95695

Re: Internal Control Cash Audit for the Department of Financial Services – Revenue Unit

Dear Mr. Xiong:

The Division of Internal Audit performed an internal control cash audit of the Department of Financial Services (DFS) – Revenue Unit for the period of October 1, 2021 to September 30, 2022 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, system access, and documentation of procedures.

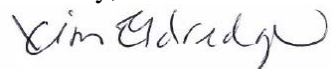
As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Revenue Unit management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Yolo County Administrator
Lee Gerney, Chief Technology Officer
Yolo County Audit Subcommittee
Internal Audit Website
Audit File Project No. 2023-30

Yolo County Division of Internal Audit
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Audit No: 2023-30

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Internal Auditor's Report

Detailed Findings and Recommendations

Background

The Revenue Unit is within the Department of Financial Services Tax & Revenue division. The Revenue Unit is responsible for collecting countywide revenues and serves as the centralized collection service providing professional resolution of debts owed to the County of Yolo for payments from various sources such as property tax, transient occupancy tax, cannabis tax, court fines and fees, victim restitution, and other obligations.

Property tax is the largest source of local revenues for the county, its cities, special districts, and school districts. The Revenue Unit bills and collects the taxes and reports the amounts collected to the Chief Financial Officer who then allocates and distributes (apportions) the tax collections to the appropriate jurisdictions in the county. The Revenue Unit also takes all actions afforded by law to collect property taxes from the property owners.

As the collection specialist for Yolo County, the Revenue Unit provides professional and specialized collection services, including:

- Billing, cashiering and general collection
- Assessing ability to pay and collectability of debts
- Obtaining and enforcing judgments on delinquent accounts
- Processing accounts to the county auditor for discharge of accountability
- Consulting with county departments and other county agencies on ways to improve collections
- Maintaining accountability for debts owed the county

The Revenue Unit also provides guidance through the cannabis taxation process and collects quarterly cannabis tax returns and tax payments from cannabis businesses located in Yolo County unincorporated areas.

Our review tested the Revenue Unit's cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and best practice.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Revenue Unit. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash fund for the period of October 1, 2021 to September 30, 2022. This report does not include a full system review of the Megabyte System (property tax system) and RevQ (collections system).

Yolo County Division of Internal Audit
Internal Auditor's Report

I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds and special purpose funds.

The Revenue Unit has an authorized revolving cash fund totaling \$900 to be used as change fund to make change for property tax payments, cannabis payments, restitution payments and franchise fees. The change fund is broken into four (4) sub-funds of \$200 and an additional fund in the amount of \$100.

Audit Objective/Methodology

To determine whether the revolving fund accounts agreed to the authorized accountable balance.

To accomplish our objective, the auditors reviewed cash on-hand and agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services

Based on the procedures performed, the change fund agreed to the accountable balance with the Department of Financial Services.

No exceptions noted.

Yolo County Division of Internal Audit
Internal Auditor's Report

II. Cash Receipts

Cash refers to U.S. currency and coins, checks drawn on U.S. banks and written in U.S. dollar values including travelers, cashiers, and certified checks, money orders, credit card sales drafts, Automated Clearing House (ACH) payments, and wire transfers. All of these forms of payment are acceptable by the county. The Chief Financial Officer must grant approval to a department to collect cash on behalf of the county. Departments must follow general cash receipt procedures and recording of transactions in handling of all cash receipts as stated below:

- A cash receipt must be provided for all cash transactions received over the counter.
- Cash collections shall be summarized daily on a cash receipt journal showing date received, amount received, and revenue or other accounts to be credited.
- Cash receipts must be deposited in the County Treasury or other authorized depository bank daily or when the amount on-hand exceeds a safe and reasonable threshold but no less frequently than weekly.
- A deposit transmittal form must accompany all cash receipts.
- Cash receipts that are transported from branch locations to headquarters for deposit must be maintained using a transmittal log or slip.
- Cash overages shall not be netted against cash shortages. Overages shall be deposited into the general ledger account and any shortages be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage.
- Recording cash receipt transactions (cash register transactions, mail receipts, and credit cards) must be maintained and reconciled to the deposit.

The Revenue Unit has three (3) cash drawers at the public counter that are assigned to each cashier. Each cashier reconciles their own collections and transfers the reconciliation sheets to another cashier for the processing of the deposit. The Revenue Unit also uses lockbox services through the RT Lawrence Corporation for the processing of tax payments. The corporation also provides an electronic check processing software (RTL system) that is used for remote check processing. The cashiers scan and remotely deposit check payments to the bank.

Audit Objective/Methodology:

To determine that handling of cash receipts comply with county policy, funds are adequately safeguarded, and there is a separation of duties among employees handling and reconciling cash.

To accomplish our objective, the following procedures were performed:

- Reviewed the internal control questionnaire prepared by the department and evaluated that the internal controls were adequate
- Observed that the funds were properly safeguarded
- Reviewed any pending deposit records and agreed to the general ledger

Finding #1: Segregation of duties

Segregation of duties is "key duties and responsibilities that need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

To minimize the potential for mistakes in cash operations and/or misappropriation of cash, cash duties should be segregated among different individuals so that in all instances one person (preferably a supervisor) will check the work performed by another.

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The auditors found that duties were not properly segregated at the Revenue Unit as stated below:

- Cash collections are reconciled by each cashier at the end of the day and not reviewed by an employee independent of the receipting function.
- One employee compiles all of the daily reconciliation sheets and prepares the deposit. The same employee is also an assigned cashier at the public counter, records payments into the Megabyte and RevQ systems and adjusts for the payments.

Duties that involve one person with control of all aspects of a transaction may cause errors to go unnoticed and provide an opportunity for misappropriation of funds.

Recommendation 1:

We recommend that Revenue Unit review their procedures for handling payments at the public counter and ensure that an independent person verifies the daily reconciliation sheets and deposit permit prior to deposit with the county treasurer. In addition, that any adjustments for payment in the Megabyte and RevQ systems be approved by a supervisor. (Priority 1 Issue – 60 days required corrective action)

Management Response 1:

Currently, each cashier balance their respective drawers at the end of their shift. Daily collections from all cashiers are consolidated into one deposit that is entered into the County's financial system (Infor). The Infor deposits are reviewed and approved within the financial system by the Revenue Supervisor or Treasury & Revenue Manager prior to deposit with the County Treasury.

Megabyte and RevQ do not have delivered approval workflows to facilitate an approval process before a change and or adjustment is made. Certain adjustments such as penalty waivers are approved by the supervisor or manager prior to making adjustments in the respective systems.

The Revenue Unit will review procedures and incorporate processes that will include independent verification and sign off on daily reconciliations and adjustments made in Megabyte or RevQ. (Anticipated Date of Completion - April 30,2023)

Finding #2: Daily reconciliation of payments over the counter

In the case of change funds, if a receipting location has more than one cashier, the change fund shall be broken down into sub-funds and each sub-fund assigned to a cashier in order to establish accountability. Funds shall be secured in separate bags or lock-boxes. Cash funds shall never be commingled and monies from one fund shall not be loaned to or used by another fund. Cashiers shall reconcile cash on-hand to the receipts and the accountable balance of the fund daily. The reconciliation shall be reviewed by an employee independent of the receipting function.

The auditors reviewed the cash on-hand at the Revenue Unit on November 16, 2022 and agreed the pending deposit records to the general ledger. The following was noted:

- End of day closeout sheets completed by each cashier do not include the starting drawer balance and adjustments made in the Megabyte and RevQ systems. In addition, the sheets are not signed by the preparer or a reviewer.
- The change fund is kept separately in a locked cash bag during the day and not placed in the cash drawer to facilitate the cash tendering process.
- Cash collections (currency & coins) are placed into a cash bag by each cashier at the end of the day and sent unopened to the county's treasury without an independent verification of the deposit amount.
- Overall collections are not summarized onto a deposit permit reconciliation sheet that includes the

Yolo County Division of Internal Audit
Internal Auditor's Report

amount collected by each cashier, register summaries from the Megabyte and RevQ systems, check batches received through the lockbox, adjusting entries, account coding information, and preparer/reviewer signatures.

Not properly reconciling cash collections may result in cash differences not identified on a timely basis and the loss of control to determine if payments were deposited into the county treasury.

Recommendation 2:

We recommend that the Revenue Unit review the register summary reports from the Megabyte and RevQ system and make the necessary adjustments to the end of day close out sheets to ensure all transactions agree to the actual collections, remote deposits, and the cash on-hand. It is also recommended that the Revenue Unit develop a deposit permit reconciliation sheet to summarize the overall collections, adjustments, electronic payments, and account coding information. Furthermore, the end of day closeout sheet and deposit permit reconciliation sheet should be signed by the preparer and the reviewer. (Priority 1 Issue – 60 days required corrective action)

Management Response 2:

The Revenue unit will make improvements to the daily reconciliation worksheet to ensure all collections are accounted for and agrees to the Megabyte and RevQ generated reports. Daily reconciliations will be reviewed and signed by someone other than the person preparing the reconciliation. The reconciliation worksheet will be accompanied by the system generated reports and other appropriate supporting documentation such as receipts from the cash counting machine to provide a breakdown of currency by denomination (excluding coins). A supervisor or manager will perform surprise cash counts and document findings to ensure change funds are accounted for.

The Revenue Unit currently uses a deposit permit reconciliation sheet that summarizes collection for all cashiers, however, it's not current practice to include this sheet with the deposit as supporting documentation. Staff will refine the reconciliation sheet to capture all collections, adjustments, electronic payments, and account coding and will include the sheet as supporting documentation to the deposit permit moving forward. (Anticipated Date of Completion - April 30, 2023)

Finding #3: Control log for payments received in the mail

Payments received in the mail should be listed immediately on a mail log (showing the date, check number, payee's name, amount, and description of payment) or scanned and kept on file to establish a record. All checks shall be immediately endorsed. A copy of the log or scanned documents must be maintained by the department for audit purposes and should be reconciled to the deposit.

The Revenue Unit does not maintain a control log for payments received in the mail. Payments are processed by staff and recorded into the Megabyte or RevQ systems the same day or within two days. Not recording checks on a control log may result in checks being misplaced and or misappropriated without timely detection.

Recommendation 3:

We recommend that the Revenue Unit record checks received in the mail onto a control log. It is also recommended that the control log be maintained by an employee independent of the collection process and that the log be reconciled at least weekly to the deposits to ensure that all monies received in the mail have been deposited in the bank or county treasury. (Priority 1 Issue – 60 days required corrective action)

Management Response 3:

Mail tasks and responsibilities may be re-evaluated with the hiring of a new Office Support Specialist. Currently, mail collection in the Department of Financial Services is a shared task across multiple divisions including the Revenue Unit and a mail log is not utilized.

Yolo County Division of Internal Audit
Internal Auditor's Report

The Revenue Unit will log all checks received, whether retrieved directly from the mail carrier or from other divisions, and ensure that the staff logging the checks will not be the same to process the check. (Anticipated Date of Completion - April 30, 2023)

Finding #4: Cash overages and shortages

According to the Yolo County Cash Accounting Manual, cash overages and shortages shall be deposited into the general ledger's cash overage and shortage accounts. Shortages shall be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage. The log shall be reviewed by the supervisor on a regular basis. Overages and shortages are reported on the annual report to the Department of Financial Services.

The Department of Financial Services reported a cash shortage of \$401 on the annual revolving fund report for fiscal year 2021-22. The amount included department cash shortages totaling \$1,266 for counterfeit payments and a fraudulent check that were netted with the overages for tax overpayments totaling \$865. The overages for tax overpayments are amounts less than \$20 that are accepted under the Revenue & Taxation Code 2611.5 and are not due to cash handling errors. These items are non-reportable items on the annual revolving fund report.

Not properly reporting cash overages and shortages may result in misinformation in the financial reports.

Recommendation 4:

We recommend that Revenue Unit consider updating the account coding for cash overages related to tax overpayments to ensure that the amounts are easily identified and not netted against cash handling shortages on the Department of Financial Services Annual Revolving Fund Report. (Priority 3 Issue – 180 days required corrective action)

Management Response 4:

Current fiscal year overpayments accepted under RTC 2611.5 have been re-classed to a separate general ledger account to comply with this recommendation. The change has been communicated with staff to ensure the proper general ledger account is used moving forward. (Anticipated Date of Completion - February 24, 2023)

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III. System Controls

According to Best Practice and the COSO framework of strong systems of control, departments are responsible for using appropriate systems to record and maintain detail of their accounts, including account activity, history of payments made, and outstanding balances. All documentation and records should be properly managed, maintained, and readily available for examination.

The Revenue Unit uses Megabyte as the property tax system. Megabyte is a database and web-based application that supports the property tax function at the Assessor's branch and the Department of Financial Services. It allows departments and taxpayers to accurately, efficiently, and securely access relative county property tax information. The system has the capability of generating predetermined or ad-hoc queries (reports) in real time. The Megabyte system is the leading property tax system in California and used by 36 other counties.

The Revenue Unit is also responsible for collecting court ordered fees for county services, environmental fees, victim restitutions, and cannabis taxes. The Revenue Unit uses the RevQ system to manage their day-to-day operations. The RevQ system is owned by Finvi (formerly Ontario Systems), a premier provider of enterprise technologies that streamlines and accelerates revenue recovery for clients across healthcare, government, accounts receivable management, and financial institutions. The system interfaces with the Probation Department System (LawSuite) and the Public Defender Records Management System (PDRMS).

Audit Objective/Methodology

To review the system accounts associated with the cash handling process to ensure that Revenue Unit has adequate segregation of duties given the user's role and responsibilities.

To accomplish our objective, the following procedures were performed:

- Obtained a list of system administrators and users
- Compared the list of system administrators and users against the list of employees handling cash
- Obtained a general understanding of the user profile accounts

Finding #5: Access to the Megabyte and RevQ systems

Access controls provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals, including effective, protection of information system boundaries, identification and authentication mechanisms, authorization controls, protection of sensitive system resources, audit and monitoring capability, including incident handling, and physical security controls.

The auditors obtained a list of system administrators and users from the Megabyte and RevQ systems. Access to the systems is not restricted to authorized users thus potentially posing a segregation of duties issue as stated below:

- Three employees with user access to the Megabyte and RevQ systems have the ability to record, modify, and delete transactions without supervisory approval.
- The Chief Financial Officer has administrative access to the Megabyte system but is not involved in cash handling process.

Improper user access rights and permissions may result in information that is added, deleted, or changed without approval or authorization.

Yolo County Division of Internal Audit
Internal Auditor's Report

Recommendation 5:

We recommend that the Revenue Unit review the list of system administrators and users for the Megabyte and RevQ systems to ensure that each access permission is assigned appropriately for the job being performed. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly. (Priority 1 Issue – 60 days required corrective action)

Management Response 5:

The Revenue Supervisor and Treasury & Revenue Manager will review both systems to ensure users are assigned the appropriate level of access to perform their job duties. A new process will be implemented where user access are reviewed annually at the beginning of each fiscal year. Annual reviews will be signed off by the supervisor or manager. (Anticipated Date of Completion - April 30, 2023)

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IV. County Policy and Procedures

The Yolo County Cash Accounting Manual prescribes uniform accounting procedures for county departments pertaining to cash collections, cash revolving funds, other cash funds, cash equivalents and cash losses in accordance with generally accepted accounting principles, laws & regulations and county policies. County employees with cash handling functions are required to read the manual and become familiar with its contents. Individual departments may have more detailed procedures for each cash handling position.

Audit Objective/Methodology

To determine if procedures for cash handling confer with standards of internal control, best practice, and the Yolo County Cash Accounting Manual.

To accomplish our objective, the following procedures were performed:

- Reviewed the policy manuals and procedures for recommended essential components within a cash handling policy
- Verified that the cash handling processes are documented

Finding #6: Written procedures

The Revenue Unit uses the Yolo County Cash Accounting Manual as a guideline on how to handle, record and reconcile cash receipts. However, detailed procedures for processing payments in the Megabyte and RevQ systems, reconciling collections, and processing remote deposits are not available.

Not providing staff with the necessary steps to process a transaction may result in procedures not being followed as intended and may allow errors to go undetected.

Recommendation 6:

We recommend that the Revenue Unit develop step-by-step procedures to ensure compliance with county policy and recommended best practice:

- Handling payments received at the counter and through the mail
- Handling credit card payments
- Recording payments into the cash handling systems
- Reconciling and depositing daily collections

The procedures should be disseminated to all staff involved in the cash handling process. (Priority 3 Issue – 180 days required corrective action)

Management Response 6:

The Revenue Unit will develop step-by-step procedures and disseminate them to staff. (Anticipated Date of Completion - August 31, 2023)

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V. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of county books, records, or report;
- c. The safeguarding of county asset;
- d. The county's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

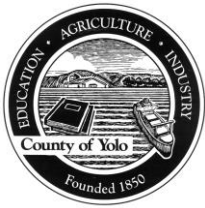
Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



County of Yolo

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CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Interim Chief Financial Officer

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Transmittal Letter

March 14, 2023

Dan Fruchtenicht, Chief Probation Officer
Probation Department
Yolo County
725 Court Street
Woodland, CA 95695

Re: Internal Control Cash Audit for the Probation Department

Dear Chief Fruchtenicht:

The Division of Internal Audit performed an internal control cash audit of the Probation Department for the period of October 1, 2021 to September 30, 2022 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to petty cash and bus pass/gift card inventory.

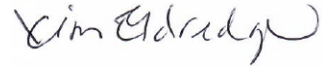
As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Probation management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Yolo County Administrator
Sou Xiong, Treasury Manager
Yolo County Audit Subcommittee
Internal Audit Website
Audit File Project No. 2023-31

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Audit No: 2023-31

For the Period: October 1, 2021 to September 30, 2022

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Detailed Findings and Recommendations

Background

The Probation Department fosters behavioral change to ensure public safety. The Chief Probation Officer is responsible for administering and managing the department. There are three divisions within the Probation Department: Administration; Probation Services; and Juvenile Detention Facility, Alternative Sentencing Program, and Transportation Program.

Administration: Responsible for the administration of the department and for overseeing all operations including probation and detention services, budgeting and fiscal operations, strategic planning, human resources, facilities, information technology management, and clerical services.

Probation Services: Provides general management direction and control of all probation services functions within the department. Probation Services consists of the following units: Adult and Juvenile Court Services, Adult and Juvenile Field Services, Pre-Trial Services, and all other probation services.

Juvenile Detention Facility, Alternative Sentencing Program, and Transportation Program: The Juvenile Detention Facility consists of custody services, enhanced education services, and services for individual special needs of detained minors. The Alternative Sentencing Program provides community work for individuals in-lieu of custody in the county jail, or fines as set by the Superior Court. The Transportation Program provides supervised transportation of both adult and juvenile offenders as required by the court and assists in offenders attending treatment, placement, and court appearances.

Our review tested the Probation Department's cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and best practice.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Probation Department. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash funds and cash equivalents for the period of October 1, 2021 to September 30, 2022.

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I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds, and special purpose funds.

The Probation Department has an authorized petty cash fund in the amount of \$500 for haircuts of minors under the Federal Office of Refugee Resettlement program (ORR) and to reimburse for small dollar items.

Audit Objective/Methodology

To determine whether the revolving fund accounts agreed to the authorized accountable balance, handling of cash disbursements comply with county policy, and funds are adequately safeguarded.

To accomplish our objective, the following procedures were performed:

- Reviewed cash on-hand and agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services
- Inquired with management and staff on the petty cash procedures
- Reviewed the annual revolving fund report to obtain an understanding of the type of petty cash replenishments made
- Observed that the funds were properly safeguarded

Finding #1: Establishment of the petty cash fund

Department heads may request the establishment of a revolving fund in writing to the Chief Financial Officer. The request shall state the purpose of the fund, the amount and the custodian of the fund. If the request is granted, the Chief Financial Officer will respond with an approval letter establishing the fund, describing the authorized use of the fund and specifying the custodian.

The Probation Department re-established the petty cash fund as a special purpose fund for use of cash advances to buy meals and incentives for youth probation clients without the approval from the Chief Financial Officer.

Cash funds re-established without proper authorization may result in the improper use of the fund as in accordance with county policy.

Recommendation 1:

We recommend that the Probation Department formally request in writing to the Chief Financial Officer the approval to re-establish the petty cash fund to a special purpose fund for cash advances to buy meals and incentives for youth probation clients. (Priority 1 Issue – 60 days required corrective action)

Management Response 1:

Probation has sent a memo to the Department of Financial Services to re-establish the petty cash fund to a special purpose fund for cash advances to buy meals and incentives for youth clients. (Anticipated Date of completion – March 8, 2023)

Finding #2: Accountability over petty cash transactions

The purpose for a petty cash fund is to reimburse small dollar miscellaneous items purchased for the department. The petty cash custodian must obtain an original sales receipt prior to reimbursing for payment. A control log should be used to record disbursements.

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Yolo County Criteria for Allowing Charges Against County Funds Policy: The following criteria must be met in order to allow charges against county funds:

- *Transaction is related to county business*
- *Transaction is in compliance with laws and county operations*
- *Transaction is reasonable to an average prudent person*
- *Transaction is supported by corroborative information and documentation*
- *Transaction was approved by authorized County officials or personnel*

Internal Revenue Service (IRS): Amounts paid to an individual, partnership, or in some cases a corporation for services in the course of trade or business (including government agencies and nonprofit organizations) over \$600 during the year must be included on a Form 1099.

The auditors reviewed the Probation Department's annual revolving fund report for fiscal year 2021-22 and inquired with staff on the replenishments made out of the petty cash fund. The following was noted:

- Sales receipts were missing for cash advances to purchase food and items for clients.
- Payments made to barbers for haircuts of minors were not submitted to the Department of Financial Services for 1099 reporting purposes.
- Unallowable gratuities of \$5.00 were paid to the barbers for each haircut.

Not maintaining accountability over petty cash transactions increases the risk of improper charges against county funds and/or duplicate payments. Not tracking cash payments made to vendors may result in penalties levied by the IRS against the county and/or the Probation Department if the amounts exceed \$600 during the year.

Recommendation 2:

We recommend that the Probation Department develop a process to ensure that all petty cash reimbursements are supported by sufficient documentation to support the charges against county funds. It is also recommended that the department report the payments made to the barbers to the Department of Financial Services for 1099 reporting purposes. (Priority 1 Issue – 60 days required corrective action)

Management Response 2:

Probation will develop a process to ensure all petty cash reimbursements are supported by sufficient documentation to support charges against county funds. Payments made to barbers will also be reported to the Department of Financial Services for 1099 reporting purposes. (Anticipated Date of Completion – April 22, 2023)

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II. Other Cash Funds and Cash Equivalents

Cash equivalents; such as, gift certificates, gift cards, and bus passes may be acquired for use in grant funded or county programs. Approval and purpose of such acquisition must be on file. Departments are required to maintain an inventory for the cash equivalents showing the purchase date, card number, vendor name, amount and expiration (if applicable). Issuance of the inventory items must be documented and recipients must sign a receipt that the item was received. Total amount per recipient over \$600 within a calendar year must be reported to the Department of Financial Services.

The Probation Department maintains an inventory of gift cards and bus passes to be provided to clients to support positive behavioral outcomes for both, juvenile and adult probation clients. Gift cards are used as incentives for the completion of programs. Bus passes are used to provide transportation to attend appointments with probation officers.

Audit Objective/Methodology

To determine that the bus passes and gift cards are maintained, documented, and agree to the department's records and that the client signed a receipt for possession of the bus pass or gift card.

To accomplish our objective, the following procedures were performed:

- Conducted a count of the bus passes and gift cards on-hand and traced to the inventory logs
- Determined that the inventory was properly recorded in the general ledger
- Tested a sample of disbursements to determine compliance with county policy and procedures

Finding #3: Accountability over bus passes and gift cards

Departments are ultimately responsible for the safekeeping of inventory they purchase. Purchases of inventory are charged to the asset inventory account and credited from inventory when used. The inventory account should reflect the "book balance" of inventory on-hand. Physical inventory counts should be taken periodically by someone independent of the purchasing and custody of inventory. Missing items should be investigated and analyzed for possible control deficiencies.

The bus pass and gift card inventory is maintained by the Fiscal Administration division. Bus passes and gift cards are distributed to the probation officers upon request. During the audit period, the Probation Department had 70 gift cards with a value of \$1,846 and 139 bus passes totaling \$715 in inventory. The auditor reviewed the internal controls over the handling of bus passes and gift cards and noted the following exceptions:

- Bus passes purchased in September 2016 totaling \$215 are still outstanding and not recorded in the general ledger.
- Out of 43 bus passes distributed, twenty-six (26) bus passes in the month of August 2022 were missing client signatures for acknowledgement of receipt of the bus pass.
- Gift cards purchased between fiscal years 2014-15 and 2017-18 totaling \$1,300 are still outstanding to Southwest, In-N-Out, Dutch Brothers, and Walmart and not recorded in the general ledger.
- Two (2) gift cards distributed in the month of August 2022 were missing client signatures for acknowledgement of receipt of the gift card.

Not maintaining accountability over the bus passes and gift cards distributions may result in incomplete and inadequate supporting documentation and inventory records. Bus passes and gift cards held as inventory and not redeemed within a year may result in a loss of value and increases the risk of potential tracking errors and/or misappropriation of bus passes and gift cards.

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Recommendation 3:

We recommend that the Probation Department obtain a copy of the signature acknowledgement at the time of receipt by the client for each bus pass and gift card for audit purposes. In addition, the bus passes and gift cards purchased prior to fiscal year 2017-18 should be reviewed to determine if they are deemed necessary for program operations or should be returned for full value. The bus passes and gift cards should also be recorded in the general ledger to reflect the actual inventory on-hand in the financial records. (Priority 1 Issue – 60 days required corrective action)

Management Response 3:

Probation will rescind procedure changes that were made at the height of the COVID-19 pandemic and revert to standard procedures where clients sign for receipt of incentive (bus/gift cards).

Gift cards purchased in prior fiscal years are non-refundable and were purchased with grant funds. Probation remains committed to utilizing those gift cards first, provided the requirements of the funds that purchased said gift cards are adhered to.

Probation agrees to work with the Department of Financial Services to enter non-inventoried gift cards into the inventory. (Anticipated Date of Completion – April 22, 2023)

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III. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of County books, records, or report;
- c. The safeguarding of County asset;
- d. The County's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



County of Yolo

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CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

Transmittal Letter

April 27, 2023

Diana Lopez, County Librarian
Yolo County Library
226 Buckeye St
Woodland, CA 95695

Re: Internal Control Cash Audit for the Yolo County Library

Dear Ms. Lopez:

The Division of Internal Audit performed an internal control cash audit of the Library Department for the period of November 1, 2021 to October 31, 2022 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to handling of cash, bank accounts, gift cards, system access, and documentation of procedures.

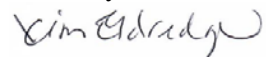
As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the library management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Chief Administrative Officer
Sou Xiong, Treasury Manager
Lee Gerney, Chief Technology Officer
Yolo County Audit Subcommittee
Internal Audit Website
Audit File Project No. 2023-29

Yolo County Division of Internal Audit
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Internal Control Cash Audit – Library Department
Audit No: 2023-29

For the Period: November 1, 2021 to October 31, 2022

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Yolo County Division of Internal Audit
Internal Auditor's Report

Detailed Findings and Recommendations

Background

The Yolo County Library Department provides public library services to the entire county except for the City of Woodland, which has city-funded public library services. The Library Department is divided into four major areas: Library Administration, Library Technical Services, Branch Libraries, and Archives/Records Center/Historical Collection.

Library Administration: Provides leadership, guidance, support, data collection, evaluation and direction for all internal functions and operation of the department. This includes human resources and fiscal management functions, such as, recruitment, budget management, grants administration, contract management, capital projects, and facilities maintenance.

Library Technical Services: Manages the Library's collection, materials, processing, cataloging, database maintenance, website support, computers and related equipment maintenance, and automated circulation system support.

Branch Libraries: Increase access to and utilization of library resources and programs for residents at eight locations in Yolo County. Library branches are located in Clarksburg, Davis, Esparto, Knights Landing, West Sacramento, Winters, and Yolo. A satellite branch is co-located at the South Davis Montgomery Elementary School. The Winters Community Library operates as a joint-use facility with Winters High School.

Archives/Records Center/Historical Collection: The Archives ensures the preservation of and access to historical records in Yolo County and is the official repository for records that have permanent legal, fiscal, administrative, or historical value. The Records Center ensures that the county's obligations for the storage, maintenance, and destruction of county records are met. The Historical Collection includes a collection of objects from the 1830s to the 1930s to illustrate the life for early county residents.

Our review tested the Library Department's cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and best practice.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Library Department. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash funds and cash equivalents for the period of November 1, 2021 to October 31, 2022. We did not review cash handling operations at the Clarksburg, Esparto, Knights Landing, and Yolo library branches due to low volume of collections at those locations. This report also does not include a full system review of the Sierra system (integrated library system).

Yolo County Division of Internal Audit
Internal Auditor's Report

I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds, and special purpose funds.

The Library Department has an authorized revolving cash fund totaling \$565 to be used as follows:

- a. Petty cash fund of \$35 at the Central Services division to reimburse for small dollar items and office supplies needed on an emergency basis.
- b. Change fund of \$530 to be used by the branches to make change for library fines, meeting room payments, merchandise sales (ear buds and flash drives), and fax/copy/print services.

The Library Department also has three separate bank accounts to allow library branches to deposit the collections remotely rather than making frequent trips to the county treasury.

Audit Objective/Methodology

To determine whether the revolving fund accounts agreed to the authorized accountable balance, handling of cash disbursements comply with county policy, and funds are adequately safeguarded.

To accomplish our objective, the following procedures were performed:

- Reviewed cash on-hand and agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services
- Inquired with management and staff on their petty cash procedures

Based on the procedures performed, the revolving funds at the Central Services, Archives/Records Center, and the library branches (Davis, West Sacramento, and Winters) agreed to the accountable balance with the Department of Financial Services. No petty cash replenishments were made during the audit period. The department should review the petty cash fund and determine if the established amount of \$35 is still needed for department operations.

No exceptions noted.

Yolo County Division of Internal Audit
Internal Auditor's Report

II. Cash Receipts

Cash refers to U.S. currency and coins, checks drawn on U.S. banks and written in U.S. dollar values including travelers, cashiers, and certified checks, money orders, credit card sales drafts, Automated Clearing House (ACH) payments, and wire transfers. All of these forms of payment are acceptable by the county. The Chief Financial Officer must grant approval to a department to collect cash on behalf of the county. Departments must follow general cash receipt procedures and recording of transactions in handling of all cash receipts as stated below:

- A cash receipt must be provided for all cash transactions received over the counter.
- Cash collections shall be summarized daily on a cash receipt journal showing date received, amount received, and revenue or other accounts to be credited.
- Cash receipts must be deposited in the county treasury or other authorized depository bank daily or when the amount on-hand exceeds a safe and reasonable threshold but no less frequently than weekly.
- A deposit transmittal form must accompany all cash receipts.
- Cash receipts that are transported from branch locations to headquarters for deposit must be maintained using a transmittal log or slip.
- Cash overages shall not be netted against cash shortages. Overages shall be deposited into the general ledger account and any shortages be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage.
- Recording cash receipt transactions (cash register transactions, mail receipts, and credit cards) must be maintained and reconciled to the deposit.

Outside banking relationships must also be approved by the Chief Financial Officer to establish an outside banking relationship with a financial institution (bank). Individuals that have the authority to deal directly with the bank should adhere to the following general guidelines:

- All cash must be deposited in accordance with the cash receipts policy.
- A record must be kept of all cash receipts and disbursements. Deposit receipt must be obtained from the bank teller.
- All signature cards must be current.
- Cash in banks must be protected by FDIC insurance.
- Authorized use of the County tax identification number must be obtained in advance from the Chief Financial Officer.
- Outstanding checks must be monitored on a regular basis for stale dated checks.
- Bank reconciliation must be prepared monthly and available for review.

The Library Department has one collection area at each library branch and at the Archives/Records Center. The library branches reconcile their own collections and make the deposits into the outside bank accounts. The Archives/Records Center transfers the cash receipts to Central Services for further deposit into the county treasury.

Audit Objective/Methodology:

To determine that handling of cash receipts comply with county policy, funds are adequately safeguarded, and there is a separation of duties among employees handling and reconciling cash.

To accomplish our objective, the following procedures were performed:

- Reviewed the internal control questionnaire prepared by the department and evaluated that the internal controls were adequate
- Observed that the funds were properly safeguarded

Yolo County Division of Internal Audit
Internal Auditor's Report

- Reviewed any pending deposit records and agreed to the general ledger
- Verified that monthly bank reconciliations were properly completed

Finding #1: Cash handling at the library branches

In the case of change funds, if a receipting location has more than one cashier, the change fund shall be broken down into sub-funds and each sub-fund assigned to a cashier in order to establish accountability. Funds shall be secured in separate bags or lock-boxes. Cash funds shall never be commingled and monies from one fund shall not be loaned to or used by another fund. Cashiers shall reconcile cash on-hand to the receipts and the accountable balance of the fund daily. The reconciliation shall be reviewed by an employee independent of the receipting function. On a periodic basis, a supervisor must verify that the receipts are used in sequential order and that all receipts are accounted for, including voided receipts. Voided receipts shall be validated by an independent person and retained for department records.

The library branches have one cash register at the circulation desk that is shared by all cashiers who work on a rotation schedule six to seven days a week. All payments are recorded in the cash register upon receipt. Payments for lost/damaged materials are also recorded in the Sierra system to credit the patron's account. Fees are waived in the Sierra system per Board's authorization for charges created in error, late fees, credits for reading books, and for patrons with financial hardship. The fees are also recorded into a fee waiver request form that is approved by the branch manager. Daily collections are reconciled by one of the senior staff and summarized on a monthly deposit worksheet. At the end of the month, the monthly deposit worksheet, cash register tapes, and fee waiver request forms are routed to Central Services for review and reconciliation.

The auditors reviewed internal controls over the cash handling at the library branches and noted the following exceptions:

- Cash registers are shared by all cashiers (4 to 20 cashiers). As such, accountability for the cash is not assigned to individuals but shared by all cashiers.
- Waived transactions from July to October 2022 totaled \$1,823, but waiver request forms were missing for \$411.

Sharing cash registers and lack of supporting documentation for waived transactions may cause errors to go unnoticed and provide an opportunity for misappropriation of funds.

Recommendation 1:

We recommend that the Library Department review their list of cashiers at the library branches and determine if the number of cashiers is needed for department operations. It is also recommended that the list of cashiers be noted by day on the monthly deposit worksheet. In addition, the library branches should review their process for waiving transactions in the Sierra system to ensure that waived transactions are reviewed by an independent person of the receipting function and supported by waiver request forms as required by the department's policy. (Priority 1 Issue – 60 days required corrective action)

Management Response 1

We have redesigned the waiver request form and emailed it to all library staff with a reminder that it must be completed for all waived transactions. We will edit the monthly deposit worksheets to include a listing of staff working on the register each day. (Anticipated Date of Completion – 6/28/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

Finding #2: Accountability of collections at the Winters library branch

Departments receiving cash are responsible for maintaining security over the cash funds. Proper handling, adequate records, and physical security should be emphasized to each employee having access to or responsibility for handling cash. When cash is received by the customer, either a cash register recording is made or a pre-numbered cash receipt form is prepared. Cash receipts must be balanced at the end of each employee's shift. Daily cash register tapes must agree with the deposit transmittal form. All collections shall be deposited promptly and intact into the county treasury or authorized bank accounts.

The Winters library branch is mainly operated by a supervisor who receives back up from a school staff and six extra help employees. All employees handle cash payments at the circulation desk. The auditors reviewed the cash on-hand at the library branch on February 2, 2023 and agreed the pending deposits to the bank. The following was noted:

- Cash on-hand was \$18 more than the amount recorded on the monthly deposit worksheet.
- Cash collections in the amount of \$51 were retained from prior months collections and used by the branch as a change fund.
- Safe is accessible by all employees at the library branch.

Cash errors were resolved by the department prior to the issuance of this report.

Not maintaining accountability over cash collections may result in cash differences not identified on a timely basis and the loss of control to determine if payments were deposited in the bank.

Recommendation 2:

We recommend that a library manager from another branch performs a surprise cash count at the Winters library to verify the amount of cash on-hand and to ensure that the revolving fund transactions are authorized. In addition, retain a copy of the cash count sheet for audit purposes. (Priority 1 Issue – 60 days required corrective action)

Management Response 2

We will perform surprise cash counts and keep record of cash count sheets. (Anticipated Date of Completion – 6/28/2023)

Finding #3: Reconciliation of bank statements

Bank reconciliation must be prepared on a monthly basis, documented, and signed by the preparer and reviewer and unreconciled balances identified and resolved timely.

Central services reviews cash activity on the bank statements for each library branch. Regular bank reconciliations are not performed for the three bank accounts, only an annual aggregate bank reconciliation is submitted to the Department of Financial Services.

Not performing timely and proper reconciliation of bank statements may allow errors to go undetected and differences to go unresolved.

Recommendation 3:

We recommend that a bank reconciliation be prepared monthly as prescribed by the Yolo County Cash Accounting Manual. It is also recommended that the bank reconciliation be reviewed and signed by an employee independent of the cash handling process. (Priority 1 Issue – 60 days required corrective action)

Yolo County Division of Internal Audit
Internal Auditor's Report

Management Response 3

We will begin preparing monthly bank reconciliations for our First Northern Bank accounts and have them reviewed by an employee independent of the cash handling process. (Anticipated Date of Completion – 6/28/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

III. Other Cash Funds and Cash Equivalents

Cash equivalents; such as, gift certificates, gift cards, and bus passes may be acquired for use in grant funded or county programs. Approval and purpose of such acquisition must be on file. Departments are required to maintain an inventory for the cash equivalents showing the purchase date, card number, vendor name, amount and expiration (if applicable). Issuance of the inventory items must be documented and recipients must sign a receipt that the item was received. Total amount per recipient over \$600 within a calendar year must be reported to the Department of Financial Services.

The Library Department uses gift cards as incentives for some grant funded programs or events funded by the Friends of the Library groups. Gift cards are used to encourage participation for attending classes or as program prizes. Gift cards are purchased on an as needed basis and not maintained as inventory by the department. Purchases are pre-approved by the funding programs and reimbursement is obtained after the purchase.

Audit Objective/Methodology

To determine that the gift cards are maintained, documented, and agree to the department's records and that the client signed a receipt for possession of the gift card.

To accomplish our objective, the following procedures were performed:

- Inquired with the department on the gift cards on-hand and traced to the inventory logs
- Determined that the inventory was properly recorded in the general ledger
- Tested a sample of disbursements to determine compliance with county policy and procedures

Finding #4: Accountability over gift cards

Gift certificates and gift cards may be acquired for use in grant funded or county programs. Approval and purpose of such acquisition must be on file. Departments are required to maintain an inventory for each gift certificate and gift card showing the purchase date, card number, vendor name, amount and expiration (if applicable). Issuance of cards must be documented and recipients must sign a receipt that the card was received.

Gift cards are purchased and distributed by the library branches. The library branches use a control log to record the gift card distributions. The total amount of gift cards distributed during the audit period were 12 gift cards for the amount of \$315. The auditor reviewed the gift card records and noted the following:

- Gift card transactions had no information about the programs (e.g., flyer for the event, an email providing details of the program) to determine that the distributions were for an approved program.
- Eight gift card transactions were missing the participants name and the acknowledgement of receipt for the gift card.
- Three gift card transactions were missing the purchase date, card number, vendor name, and amount.

Not maintaining accountability over the gift card distributions creates the risk for misappropriation and/or a loss of accountability of the gift cards.

Recommendation 4:

We recommend that the Library Department develop a process to ensure that a signature acknowledgement is received from the participant at the time of receiving the gift card. In addition, that information about the purchase and program be available and retained for audit purposes. (Priority 1 Issue – 60 days required corrective action)

Yolo County Division of Internal Audit
Internal Auditor's Report

Management Response 4

We have redesigned our gift card log and emailed it to all library staff with instructions to keep documentation of the program with the gift card log. We have also asked staff to contact the Fiscal Administrative Officer before purchasing gift cards to review the process and ensure compliance with the county's procedures. (Anticipated Date of Completion – 4/28/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

IV. System Controls

According to Best Practice and the COSO framework of strong systems of control, departments are responsible for using appropriate systems to record and maintain detail of their accounts, including account activity, history of payments made, and outstanding balances. All documentation and records should be properly managed, maintained, and readily available for examination.

The Library Department provides access for books, informational technology, and other media to inform, entertain and inspire county residents. The department uses the Sierra system to record payments for lost/damaged materials and credits the patron's account. The Sierra system is an Integrated Library System (ILS) offered by Innovative Interfaces, Inc. The system is used to maintain customer data, track fines and fees, and hold the library catalog.

Audit Objective/Methodology

To review the system accounts associated with the cash handling process to ensure that the Library Department has adequate segregation of duties given the user's role and responsibilities.

To accomplish our objective, the following procedures were performed:

- Obtained a list of system administrators and users
- Compared the list of system administrators and users against the list of employees handling cash
- Obtained a general understanding of the user profile accounts

Finding #5: Access to the Sierra system

The auditors obtained a list of system users for the Sierra system. Access to the system is assigned to the library branches and not to individual users. All employees handling cash payments share the same branch user login to record payments to the patron accounts. The department does not know the full access permissions for each user login, thus potentially posing a segregation of duties issue with each user assignment.

Improper user access rights and permissions may result in information that is added, deleted, or changed without approval or authorization. Employees who have operational duties and responsibilities should not have the ability to delete or change financial transactions.

Recommendation 5:

We recommend that the Library Department review their list of users for the Sierra system and determine what the user access rights and permissions are and if the access is appropriate for the job being performed. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly. (Priority 1 Issue – 60 days required corrective action)

Management Response 5

We will review the access rights and permissions for the Sierra logins used for cash collections, determine which are appropriate for the job performed, and review security and change control reports. (Anticipated Date of Completion – 6/28/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

V. County Policy and Procedures

The Yolo County Cash Accounting Manual prescribes uniform accounting procedures for county departments pertaining to cash collections, cash revolving funds, other cash funds, cash equivalents and cash losses in accordance with generally accepted accounting principles, laws & regulations, and county policies. County employees with cash handling functions are required to read the manual and become familiar with its contents. Individual departments may have more detailed procedures for each cash handling position.

Audit Objective/Methodology

To determine if procedures for cash handling confer with standards of internal control, best practice, and the Yolo County Cash Accounting Manual.

To accomplish our objective, the following procedures were performed:

- Reviewed the policy manuals and procedures for recommended essential components within a Cash Handling Policy
- Verified that the cash handling processes are documented

Finding #6: Written procedures

The Library Department has a manual that provides general guidelines on handling cash collections, preparing a deposit, and handling disbursements out of the petty cash fund. The department also has system procedures for waiving fees, recording transactions into the cash registers at the smaller library branches, and performing monthly cash reconciliations to the Sierra system. The auditors reviewed the manual, written procedures, and identified the following:

- Department cash handling manual includes outdated information.
- Written procedures for handling cash payments at the larger library branches (Davis, West Sacramento, and Winters), online payments, donations/reimbursements from the Friends of the Library groups, month-end reconciliations, bank accounts, and gift cards are not available.

Recommendation 6:

We recommend that the Library Department review its cash handling procedures and update the manual to include the following processes:

- Handling cash payments and reconciling and depositing daily collections
- Handling online payments
- Handling donations/reimbursements
- Performing end-of-month cash and bank reconciliations
- Handling gift cards

The procedures should be disseminated to all staff handling cash, gift cards, and bank accounts. (Priority 3 Issue – 180 days required corrective action)

Management Response 6

We will develop formalized procedures for daily and monthly cash receipts, and write and/or update procedures for the other areas identified. (Anticipated Date of Completion – 10/27/2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

VI. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of County books, records, or report;
- c. The safeguarding of County asset;
- d. The County's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



COUNTY OF YOLO

Board of Supervisors

District 1, **Oscar Villegas**
District 2, **Lucas Frerichs**
District 3, **Gary Sandy**
District 4, **Jim Provenza**
District 5, **Angel Barajas**

625 Court Street, Room 204 ▪ Woodland, CA 95695
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www.yolocounty.org

County Administrator, **Gerardo Pinedo**
Sr. Deputy Clerk of the Board, **Julie Dachtler**
Email: clerkoftheboard@yolocounty.org

Date: June 6, 2023

To: Humberto Izquierdo, Agriculture
Jesse Salinas, Assessor/Clerk-Recorder/Registrar of Voters
Jeff Reisig, District Attorney
Natalie Dillon, Child Support Services
Leslie Lindbo, Community Services
Philip Pogledich, County Counsel
Chad Rinde, Financial Services
Ryan Pistochini, General Services
Nolan Sullivan, Health & Human Services Agency
Alberto Lara, Human Resources
Lee Gerney, Innovation & Technology
Diana Lopez, Library
Danin Fruchtenicht, Probation
Tracie Olson, Public Defender
Tom Lopez, Sheriff's Office

Subject: Annual Report of Resolution of Audit Recommendations

Purpose: To inform department directors of the importance of resolving audit recommendations within priority ratings as approved by County Policy.

Reference: County Audit Follow-up Policy adopted by Board of Supervisors on November 17, 2020

The Yolo County Audit Subcommittee reviewed the Annual Report of Audit Resolutions on April 19, 2023, provided by the Division of Internal Audit. The report illustrated 151 audit recommendations that were issued to strengthen accountability, internal controls, and improve the efficiency and effectiveness of county programs.

During the reporting period, the following was reported:

| Category | Description | Number of Issues |
|----------------|--|------------------|
| Extended | Some elements of audit recommendation satisfied, but additional work remains | 22 |
| Pending review | Under review by auditor | 12 |
| Open | In-progress | 45 |

The Committee would like to reiterate the importance of resolving these audit recommendations within the priority timeline as approved by this Committee and the Board of Supervisors. In addition, we noted that several issues were extended 3 or more times and significantly beyond the priority timeline (60, 90, 180 days). While we understand that the system upgrade and staffing resources have been a challenge, we ask that department directors take more of an active role in ensuring that these audit recommendations are implemented in accordance with the county policy.

County Audit Follow-up Policy states that the primary responsibility for responding to audit reports, following up on required actions and updating the status of audit recommendations rests with the Department Head, or other County officer, charged with the responsibility for managing any program which is the subject of an audit. Departments will provide a status of the audit recommendations as indicated in their corrective action plan and as requested by the Internal Audit division.

The purpose of priority rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services a department provides to the community.
- b. The accuracy and completeness of County books, records, or report.
- c. The safeguarding of County assets.
- d. The County's compliance with pertinent rules, regulations, or laws.
- e. The achievement of critical program objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

We have directed the Chief Administrative Officer to help monitor these audit recommendations along with the Division of Internal Audit.

If you have any questions or concerns, you may contact Kim Eldredge, Audit Manager or Gerardo Pinedo, Chief Administrative Officer.

Sincerely,

Yolo County Audit Subcommittee:

Supervisor Angel Barajas, Chair
Supervisor Gary Sandy
Public Member, Larry Raber, Vice-Chair

Copy:

Supervisor, Oscar Villegas, Chair
Supervisor, Lucas Frerichs, Vice-Chair
Supervisor, Jim Provenza
Financial Oversight Committee
Gerardo Pinedo, Chief Administrative Officer
Kim Eldredge, Audit Manager



County of Yolo

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- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

April 19, 2023

Yolo County Audit Subcommittee
Woodland, CA 95695

Re: Resolution of Audit Findings and Recommendations

Dear Audit Subcommittee Members:

The Internal Audit Division monitors the implementation of all audit recommendations as in accordance with the Yolo County Audit Follow-up Policy and auditing standards. After the completion of each engagement, the auditee provides the auditor with a management response of the audit recommendation and anticipated date of completion (target date). The division monitors each audit recommendation by requesting a status of corrective action and provides a report to county management and the Audit Subcommittee.

To prepare this report, we asked each responsible manager and executive director to provide a status of each audit recommendation and provide supporting documentation for any implemented audit recommendation for review.

We categorized each audit recommendation by auditee progress:

| Category | Description |
|----------------|---|
| Open | In-progress |
| Extended | Some elements of audit recommendation satisfied, but additional work remains |
| Past Due | Past Due from target date (anticipated date of completion) |
| Pending Review | Under review by auditor |
| Closed | Completed and supporting documentation provided OR removed due to change in circumstance rendered it no longer applicable or feasible |

Our review consisted of an examination of the supporting documentation, inquiry, and discussion with county personnel. Our field follow-up review did not constitute an audit and did not include a sampling of transactions for testing and verification purposes.

We thank the county management and staff for their cooperation and assistance during this review and reporting period.

Respectively Submitted,

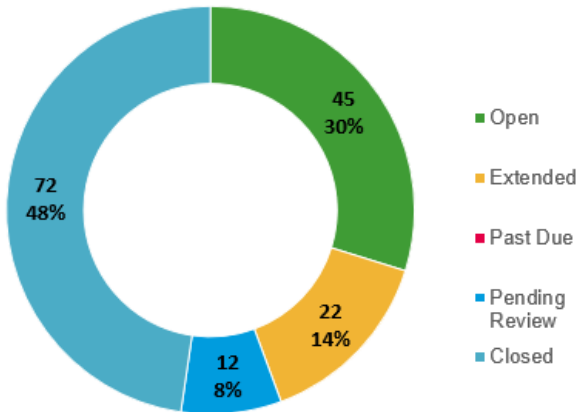
Kim Eldredge, CGAP
Audit Manager

Cc: Chad Rinde, Chief Financial Officer
Gerardo Pineda, County Administrator

I. OPEN AUDIT RECOMMENDATIONS BY STATUS

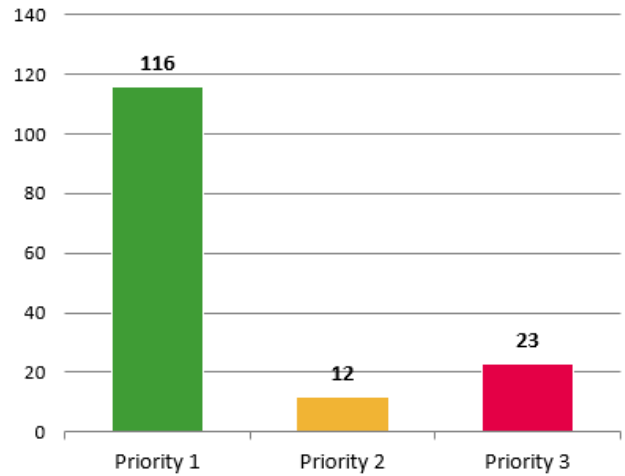
The following charts illustrate all open audit recommendations (issues) by status (Open, Extended, Past Due, Pending Review, and Closed), aging of issues (past due and coming due), and issues by priority ranking.

Issues by Status



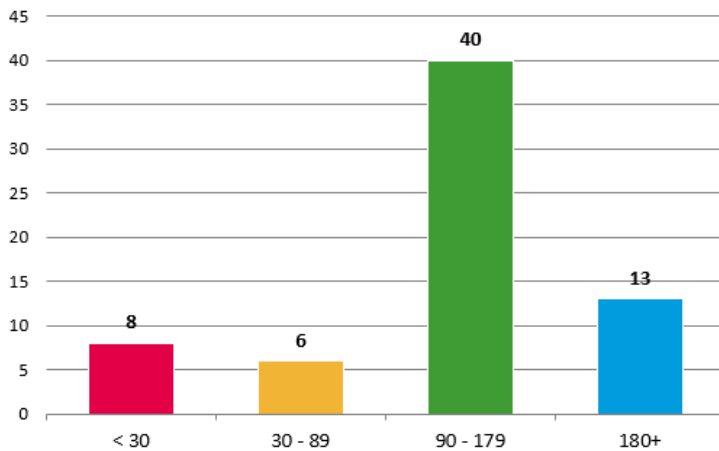
Status of issues by count and percentage for Open, Extended, Past Due, Pending Review, and Closed

Issues by Rating



*Number of issues by priority ranking
Priority 1 - 60 days, Priority 2 - 120 days,
Priority 3 - 180 days of report issuance*

Coming Due Issue Summary



Number of issues by length of days coming due

II. SUMMARY OF STATUS OF AUDIT RECOMMENDATIONS

| Project Name | Project No. (Plan Year/No.) | Report Date | No. Issues | Open | Extended | Past Due | Pending Review | Closed |
|---|-----------------------------------|----------------|------------|-----------|-----------|----------|----------------|-----------|
| Internal Auditor's Initial Assessment of the Infor System Follow-up | 2018-06 | 12/20/2018 | 11 | | | | 8 | 3 |
| Probation Agreed Upon Procedures | 2018-11 | 07/31/2018 | 10 | | | | | 10 |
| Audit of Yolo County Purchase Card Program | 2019--2 | 05/28/2019 | 3 | | | | | 3 |
| Internal Control Review of Wire Transfers and ACH Transactions | 2019-1 | 11/06/2019 | 8 | | 7 | | | 1 |
| Cash Department Audit - Division of Integrated Waste Management | 2019-34 | 08/02/2019 | 7 | | | | 1 | 6 |
| Countywide Payroll Audit | 2021-0027 | 10/01/2021 | 16 | | 5 | | | 11 |
| Cash Department Audit - Sheriff | 2021-0029 | 11/22/2021 | 8 | | 2 | | | 6 |
| Continuous Auditing Purchase Card (July to December 2020) | 2021-0047 | 07/21/2021 | 6 | | | | | 6 |
| Department Cash Audit - Assessor/Clerk-Recorder/Elections | 2022-0054 | 02/18/2022 | 6 | | | | | 6 |
| Continous Auditing Purchase Card (January to June 2021) | 2022-0074 | 01/20/2022 | 7 | | | | | 7 |
| Countywide Telecommuting Audit | 2021-0035 | 02/04/2021 | 9 | | | | 1 | 8 |
| Cash Department Audit - District Attorney | 2022-0053 | 04/08/2022 | 3 | | 2 | | | 1 |
| Cash Department Audit - Health & Human Services Agency | 2022-0052 | 06/24/2022 | 9 | | 6 | | 1 | 2 |
| Vehicle Fleet Operations | 2022-External | 08/12/2022 | 11 | 10 | | | | 1 |
| Cash Department Audit - Revenue Division | 2023-0078 | 03/01/2023 | 6 | 5 | | | | 1 |
| Cash Department Audit - Probation | 2023-0080 | 03/14/2023 | 3 | 2 | | | 1 | |
| HIPAA Privacy Risk Assessment - Jan 2020 * | 2023-External | 01/01/2020 | 28 | 28 | | | | |
| Totals | | | 151 | 45 | 22 | 0 | 12 | 72 |
| <i>* Confidential</i> | | | | | | | | |

As seen in the table above, 151 audit recommendations were issued to strengthen accountability, internal controls, and improve the efficiency and effectiveness of county programs. During the reporting period, 22 extensions were granted due to the implementation of an upgrade to the County's ERP financial/procurement/human resources system to version 11 (CloudSuite) and limited staffing resources by departments to meet critical operations. In addition, the auditors noted twelve pending reviews waiting on supporting documents from departments. We anticipate most of these audit recommendations to be cleared after the implementation of the upgrade to the County's ERP system in the fiscal year 2023-24.

III. Detail Open/Extended Audit Issues

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|---|---|
| Internal Control Review of Wire Transfers and ACH Transactions: 06-Nov-2019 | | | |
| <p>0018. Finding #01: ACH payment enrollment process. Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p> | <p>The ACH Payment Enrollment Form is completed by vendors who want to enroll in the ACH payment process and or add/change their banking information. The form is emailed and or faxed to the Treasury & Revenue Division for receipt and routed to the Accounting & Financial Reporting Division for set-up within the vendor master file. There are currently 360 vendors established for ACH payment. The auditors selected a sample of vendors and reviewed the safeguards and internal controls. The results are illustrated below:</p> <p>Supporting documentation for enrollment forms missing or not signed by vendor Enrollment forms received by email not encrypted to protect banking information Verification not performed prior to making changes to banking information Process followed by staff to verify changes to banking information not documented Pre-note or other testing mechanisms to verify bank account number not used Approval for new and updated payment information not reviewed by management</p> <p>The Government Finance Officers Association (GFOA) recommends that the ACH payment method be used for high volume, low dollar transactions. The County uses ACH as an alternative payment method and does not have an established limit per transaction. During the audit period, there were 1,764 transactions totaling \$109,528,985.</p> <p>In addition, the auditors found 22 County employees established as ACH payment in the Infor system. The banking information for these employees and other vendors are visible to all Infor system users who have access to AP10 Vendor-List View.</p> <p>Furthermore, the banking information for the fraudulent activity found on February 7, 2019, was retained in the Infor system until discovered by the auditors. County management has removed the account from the system.</p> <p>Recommendation:</p> <p>The Division Managers should review their internal controls over the ACH enrollment process against the "Government Finance Officers Association Advisory for Electronic Vendor</p> | <p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. The GFOA does not recommend a limit the dollar amount but recommended best practice of high-volume payee activity at a minimum for safety and efficiency.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|--|---|---|---|
| | | <p>Fraud" for recommended safeguards and internal controls to mitigate the risk of fraudulent vendor payment activity and to ensure that the above noted exceptions are addressed. In addition, the Division Managers should review GFOA recommended guidelines and NACHA rules to determine if a dollar limit should be established per ACH transaction.</p> | |
| <p>0019. Finding #02: Monitoring of ACH transactions. Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 15-Oct-2023 Extensions: 4</p> | <p>The auditors selected a sample of 20 ACH transactions and verified that the transactions were in compliance with County policy and procedures, contract provisions, and supported by adequate documentation. The exceptions are noted below: 4 transactions not supported with an original invoice or any other documentation that detail the description of goods or services purchased 3 transactions corrected by department staff on invoice amount 3 transactions with no description of business purpose 12 transactions not approved by an authorized approving official 4 transactions approved with no contract agreement on file</p> <p>In addition, purchase orders and contract payments processed through the perfect match process in the Infor system are not reviewed by the Accounting & Financial Reporting Division for adequate supporting documentation.</p> <p>Recommendation: The Accounting & Financial Reporting Division should ensure that ACH transactions are supported by sufficient documentation to support the charges against County funds.</p> | <p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p> |
| <p>0020. Finding #03: Changing the default payment method. Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 15-Oct-2023 Extensions: 4</p> | <p>There were 250 ACH vendors paid through multiple payment methods. All vendors have completed an enrollment form authorizing the County to be paid through ACH. This authorization remains in effect until written notice is received from the vendor to terminate the ACH payment method. Exception was noted within the Infor system that allows users to change the default payment method during payment processing. The multiple payment methods are illustrated below.</p> <p>Payment Method Number of Vendors ACH only 95 ACH and warrant 147 ACH, warrant, and wire transfer 8 Total 250</p> <p>Recommendation: The Accounting & Financial Division should develop a process to ensure that vendor payments are in agreement with the payment method on file.</p> | <p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Develop standards and implement approval process for exceptions to vendor standard payment method that should remove payment changes from personnel that enter invoices during the process if system capabilities allow.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|---|--|
| <p>0021. Finding #04: Handling of wire transfers. Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p> | <p>The Outgoing Wire Request Form is used by department/agencies to request wire transfers. The form and supporting documents are sent to the Accounting & Financial Reporting Division to ensure compliance, completeness, and proper general ledger recording. The forms are submitted to the Treasury & Revenue Division for approval and release of payment.</p> <p>The auditors selected a sample of 23 wire transfer transactions and verified that the transactions were in compliance with County policy and procedures, contract provisions, and supported by adequate documentation. The results are illustrated below:</p> <p>2 transactions not accompanied by an Outgoing Wire Request Form. For those transactions, it was undetermined that the bank account information was keyed correctly by staff or that the payment went to the right bank account.9 transactions not reviewed/signed by the Accounting & Financial Reporting Division17 transactions not approved by an authorized approving official and/or a contract agreement on file5 transactions not supported with an original invoice or any other documentation that detail the description of goods or services purchased10 transactions for payment transfers to the State/other agencies (worksheet prepared by staff) not reviewed by an independent person to ensure accuracy of calculation for payment amount</p> <p>Recommendation:</p> <p>The Division Managers should ensure that wire transfers are supported by sufficient documentation to support the charges against County funds and other agencies.</p> | <p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained. We will revise the current wire transfer procedure to include the special districts. We will also develop a enter agency review and authorization form for all manual calculations to be included on all booked liabilities.</p> <p>Overall Issue Status: Extended</p> |
| <p>0022. Finding #05: Access to resources and records. Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p> | <p>The auditors met with Department of Financial Services management and staff to determine if logical and physical access to the banking website and Infor system is adequately controlled to prevent loss and theft. The following control concerns were noted:</p> <p>Wire Transfers: The wire transfer process is performed in the US Bank system. The US Bank system has a dual authentication security in place; whereas, a pin code and pass code key is required. The system administrator assigns each user accounts, entitlements, and payment limits. User profile assignments for access to banking system not documented for assigned accounts, entitlements or payment limits Payment limits not established for authorized personnel in</p> | <p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. US Bank System itself documents the creation, changes, additions, deletions to any user profile along with payments limits. Payment limits are only related to wire transfers for manual</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|--|--|
| | | <p>banking system. Users for initiating and approving ACH, book transfer and wire transfers have maximum payment limits of over 9 billion dollars each. System Administrator(s) in the banking system also have system administration rights and permissions in the County financial system (Infor system)</p> <p>ACH Transactions: The ACH process is performed in the Infor system. The security is linked to the vendor master file where the requestor's banking information is stored. The ACH transaction is processed through the Infor system accounts payable module. The user enters the requestors invoice for payment, selects the payment code, and submits for approval. Transactions over \$5,000 are routed to the DFS Accounting Manager for review/approval for payment (except perfect match process). Security class APXAVendorMtce gives access to add/change/delete vendor banking information to users that are not necessarily to perform the job</p> <p>Recommendation:</p> <p>The Division Managers should consider; 1) documenting user profile assignments for access to the banking system for assigned accounts, entitlements and payment limits. Payment limits should be set at tolerance levels for authorized personnel in banking system and in accordance with insurance policy coverage; and, 2) implementing the Kinsey & Kinsey security tool (Agreement 17-210 dated 7/18/2017), that assists with improving the security and monitoring of the system, and review each user's profile to identify the nature and extent of access to the Infor system for necessary restricted access and segregation of duties.</p> | <p>Overall Issue Status: Extended</p> |
| <p>0024. Finding #07: Written policy and procedures for wire transfers and ACH enrollments Impact Rating: Priority 3</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p> | <p>Wire Transfer Payments: The Treasury & Revenue Division developed a written procedure for handling wire transfers in September 2018. However, the procedure does not have all of the essential components to provide specific and detailed procedures for initiating, approving and executing wire transfer payments.</p> <p>ACH Enrollments: The Accounting & Financial Reporting Division developed a draft procedure in June 2019 for adding ACH information for a vendor during the vendor registration process or as requested by vendor. However, the procedure does not include key components recommended by the GFOA to mitigate the risk of electronic payment fraud.</p> | <p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|--|---|---|---|
| | | <p>Best business practice recommends that the following components be present in the policy and procedures to ensure internal processes are fully documented and understood by staff: Reviewing wire request forms for completeness Obtaining supporting documentation Verifying accounting information Verifying bank account information and documenting the verification process Processing wire transfers in the US Bank system Handling routine wires for processing Maintaining updated records for authorized approvers</p> <p>Recommendation: The Division Managers should formally develop, document, and disseminate policy and procedures to provide direction and guidance to staff for handling wire transfer and ACH transactions.</p> | |
| <p>0025. Finding #08: Segregation of duties for wire transfer payments and ACH enrollments Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p> | <p>Wire Transfer Payments: One employee at the Treasury & Revenue Division is responsible for initiating/approving wire transfers in the US Bank system. The assigned employee also prepares bank reconciliations, review/approves bank reconciliations prepared by staff, and authorizes wire transfer payments recorded in the general ledger without an additional review by an independent person.</p> <p>ACH Enrollments: One employee is responsible for maintaining the master vendor file. The assigned employee changes vendor and banking information without an additional review by an independent person.</p> <p>Recommendation: The Division Managers should review the process around the reconciliation of bank accounts and ACH enrollment set-up to ensure that an employee independent of the cash disbursement process reconciles transactions to the bank and the general ledger.</p> | <p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p> |
| Countywide Payroll Audit: 01-Oct-2021 | | | |
| <p>0034. Finding #09: County Policy on Employee Timekeeping Impact Rating: Priority 2</p> | <p>Orig. Target Date: 25-Feb-2022 Target Date: 30-Jun-2023 Extensions: 2</p> | <p>The auditors reviewed the County's Policy on Employee Timekeeping against GAO Internal Control Standards on controls over employee time and attendance reporting and found that the policy lacks several essential areas such as setting forth the responsibilities for employees, supervisors, HR Generalists, and payroll administrators in regards to recording, examining and approving time and attendance transactions.</p> | <p>Action Plan: This policy was under the Auditor-Controller (Finance) not HR. Since Payroll now resides within HR, it is something we can take a look at and update.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|--|---|
| | | <p>Recommendation:</p> <p>We recommend that Human Resources review and update the County Policy on Employee Timekeeping to ensure that it meets the established governing standards or recommended Best Practices. The updated policy and guidance should be disseminated to all county employees, supervisors, HR Generalists, and payroll administrators.</p> | |
| <p>0035. Finding #10: Documentation of Payroll Processes Impact Rating: Priority 3</p> | <p>Orig. Target Date: 26-Apr-2022 Target Date: 31-Dec-2023 Extensions: 1</p> | <p>Human Resources has training guides for entering, modifying, approving, and exporting timesheets in WFM. Detailed procedures for handling other various payroll tasks are not available.</p> <p>Recommendation:</p> <p>We recommend that Human Resources consider developing a Payroll Procedures Manual that details payroll procedures and processes not provided elsewhere and coordinate instructions of various authorities on specific payroll subjects.</p> | <p>Action Plan:</p> <p>Staffing levels will need to be looked at. The existing staff is unable to dedicate the needed time to developing a manual. An alternative is to hire a consultant to assist with this specific task, but HR did not budget for such service in the current budget cycle.</p> <p>Overall Issue Status: Extended</p> |
| <p>0036. Finding #11: Record Retention Policy Impact Rating: Priority 3</p> | <p>Orig. Target Date: 26-Apr-2022 Target Date: 31-Mar-2024 Extensions: 1</p> | <p>The County's retention schedule for payroll records is an outdated document that was approved by the Board in 1985. Code sections and retention requirements have changed since the approval of this document.</p> <p>Recommendation:</p> <p>Department of Financial Services should review and update the County's policy on record retention to ensure that the policy is in accordance with applicable laws and regulations for financial and payroll records.</p> | <p>Action Plan:</p> <p>The Department of Financial Services will update the record retention schedule for financial documents and will incorporate input from the Human Resources department where financial records are payroll related in nature. We expect to be able to complete the updated of the record retention schedules by March of 2022.</p> <p>Overall Issue Status: Extended</p> |
| <p>0042. Finding #05(b) Monitoring of standby pay (Health & Human Services Agency) Impact Rating: Priority 1</p> | <p>Orig. Target Date: 01-Dec-2021 Target Date: 31-Jul-2023 Extensions: 2</p> | <p>The auditors reviewed 15 timesheets that included standby pay from the Health & Human Services Agency and verified compliance of standby hours with the applicable bargaining units and approved department standby duty schedules. The following was noted:</p> <p>Audit Result# of Exceptions Do not agree to schedules – Standby hours did not agree to approved standby duty schedules 15 Simultaneous payment of standby and overtime – Employee received standby pay and overtime simultaneously (not allowed under MOU). 1 Excessive standby hours – Employee was on standby duty for 13 consecutive days and earned a total of 178.75 hours during the pay period. 1 Excessive overtime hours – Employees were on standby duty between 8 to 16 hours per day and received</p> | <p>Action Plan:</p> <p>Health & Human Services Agency management concurs that standby hours and reason for work assignment by employee should be monitored. However, we do not concur that this responsibility lies solely on the payroll clerk. The Health & Human Services Agency is bound by the countywide systems in place to process payroll; namely, the Infor version 10 and WFM software systems. County Human Resources has placed very tight timelines around the processing of payroll hours which do not allow for thorough review of all 600+ Agency employees between the time of supervisor approval and the due date to submit to County Human Resources. It is the Agency's recommendation that the responsibility for monitoring the standby hours and reason for work assignment be assigned to the supervisor and manager, as appropriate. Additionally, the Agency has begun</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|--|--|
| | | <p>overtime for the entire standby assignment. There was no supporting documentation of the actual times worked to determine overtime eligibility.⁶</p> <p>Recommendation:</p> <p>We recommend that the Health & Human Services Agency monitor the standby hours and reason for work assignment by employee to ensure that proper employee rotation is maintained. In addition, provide the department payroll clerk a copy of the standby duty schedule before processing payroll to ensure that the time and attendance records are accurately recorded.</p> | <p>regular discussions and trainings with supervisors to ensure that they are referencing the standby calendar when approving timesheets with standby (and related overtime) hours claimed. The Agency has started a quality improvement project around standby hours and has assigned Business Process Analyst resources to the project. The goal of the project is to provide clarifying guidance about how to correctly use, document, monitor, claim, process and track standby pay to ensure our procedures are in accordance with all applicable Labor Association Memorandums of Understanding and county policies. The product of this work will be applicable to existing systems and policies and may very well be superseded by policies and procedures that result from the upcoming countywide implementation of Infor version 11.</p> <p>Overall Issue Status: Extended</p> |
| <p>0049. Finding #12: Reconciliation of payroll liability accounts Impact Rating: Priority 1</p> | <p>Orig. Target Date: 27-Dec-2021 Target Date: 31-Dec-2023 Extensions: 2</p> | <p>The following accounts relate to the payment of employee benefits that were not reconciled on a regular basis. In many cases, it has been several years since the last reconciliation and missing data has resulted in unidentified balances. The auditors noted the following exceptions within the accounts below:</p> <p>County has overpaid both the dental and vision plans. Exceptions were found where terminated employees continued to receive benefits after leaving county employment. The auditors sampled the months of February and March 2021 and found that the County paid dental benefits for 3 employees that had been terminated between November 2016 and February 2020. Premium rates used for vision insurance do not agree to the rates billed by the vendor. For the Health insurance, county management has completed a preliminary review of payroll deductions versus PERS billing, but further research is required to reconcile the account. Deferred compensation balances do not match the amounts paid and the adjustments noted lack supporting documentation.</p> <p>This is not an inclusive list of unreconciled accounts.</p> <p>Recommendation:</p> <p>We recommend that Human Resources reconcile all payroll liability accounts at least monthly, that documentation be maintained to support the account balances and that reconciliations be reviewed and approved by management.</p> | <p>Action Plan:</p> <p>This is something we will look at as a priority.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|--|--|--|
| Cash Department Audit - Sheriff: 22-Nov-2021 | | | |
| 0055. Finding #05: Outstanding checks for the Civil Trust Fund Impact Rating: Priority 2 | Orig. Target Date: 01-Feb-2022 Target Date: 31-Dec-2024 Extensions: 2 | <p>The auditors noted that the Sheriff's Office has several outstanding checks for the Civil Trust account. As of June 30, 2021, the outstanding checks totaled \$199,815. The amount includes checks that have not been claimed since June 2010.</p> <p>Recommendation:</p> <p>We recommend that the Sheriff's Office review the list of outstanding checks for the Civil Trust account and develop a process for unclaimed monies as prescribed in the Government Code Section 50050.</p> | <p>Action Plan:</p> <p>The Sheriff's Office will review the list of outstanding checks and process the unclaimed monies as appropriate in accordance with Government Code.</p> <p>Overall Issue Status: Extended</p> |
| 0057. Finding #08: Written procedures Impact Rating: Priority 3 | Orig. Target Date: 01-Feb-2022 Target Date: 30-Jun-2023 Extensions: 2 | <p>The Sheriff's Office has an office policy manual that provides guidelines on how to handle the petty cash fund, instruction manuals on how to process disbursements in the Teleosoft system, and procedures for reconciling cash collections at the Civil and Animal Services sections.</p> <p>The auditors reviewed the manual and procedures and identified the following: Procedures include outdated information. Written procedures for recording, distributing, and performing inventory counts of bus passes are not available.</p> <p>Recommendation:</p> <p>We recommended that the Sheriff's Office review and update their policy manuals and procedures to ensure that it meets the County Policy and recommended Best Practice. The updated policy manuals and procedures should be disseminated to all staff handling cash payments, performing bank reconciliations, and handling bus pass inventory.</p> | <p>Action Plan:</p> <p>The Sheriff's Office will review our policy manuals and procedures and update as necessary</p> <p>Overall Issue Status: Extended</p> |
| Cash Department Audit - District Attorney: 08-Apr-2022 | | | |
| 0095. Finding #3 Written Procedures Impact Rating: Priority 3 | Orig. Target Date: 30-Jun-2022 Target Date: 30-Apr-2023 Extensions: 1 | <p>The District Attorney's department uses the Yolo County Cash Accounting Manual as a guideline on how to handle the petty cash funds and record and reconcile cash receipts. The department also has written procedures for handling the special appropriation fund and for recording and adjusting client accounts in the Checkres system. However, detailed procedures for recording, distributing and performing inventory counts of gift cards are not available.</p> <p>Recommendation:</p> <p>We recommend that the department develop step-by-step procedures to ensure compliance with County Policy and</p> | <p>Action Plan:</p> <p>Procedures will be written</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|--|---|
| | | recommended Best Practice. The procedures should be disseminated to all staff handling gift card inventory. | |
| <p>0096. Finding #2 Access to the Checkres system Impact Rating: Priority 1</p> | <p>Orig. Target Date: 07-Jun-2022 Target Date: 30-Jun-2023 Extensions: 1</p> | <p>Access to the Checkres system is limited to only one user thus creating a segregation of incompatible duties issue. The user has the ability to record payments, distribute payments, and adjust client accounts. The system is a demo version without software maintenance support and installed on an old computer. According to the department, the software is unable to be transferred to a different computer device.</p> <p>Recommendation: We recommend that the department develop a procedure to review system reports that include client account information that maybe added, deleted or changed and have an independent person verify the accuracy of the information on all client account transaction activity. It is also recommended that the department document a plan of continued usage of the unsupported software or migrate to another supported system.</p> | <p>Action Plan: The Chief Fiscal Admin Officer can go into CheckRes and review account information, see what was added, payments made, check notes, etc. The program may be on one computer but it's a laptop which can move from office to office. We will be closing the Check Prosecution unit. We are still working out all the logistics but it is anticipated that all bad checks that come to our department will go through Restorative Justice Partnership (RJP). We are hoping to make this transition by July 1, 2022. We do have a few clients that pay monthly but we anticipate that these clients will be transferred into the RJP process. By the time we develop a plan, CheckRes will no longer be used.</p> <p>Overall Issue Status: Extended</p> |
| Cash Department Audit - Health & Human Services Agency: 24-Jun-2022 | | | |
| <p>0097. Finding#9 Written procedures Impact Rating: Priority 3</p> | <p>Orig. Target Date: 31-Dec-2022 Target Date: 30-Jun-2023 Extensions: 3</p> | <p>HHSA uses the Yolo County Cash Accounting Manual as a guideline on how to handle the petty cash funds and record and reconcile cash receipts. However, detailed procedures for handling the revolving funds, bank accounts, and bus pass/gift card inventory, cash payments are not available.</p> <p>Recommendation: We recommend that HHSA develop step-by-step procedures to ensure compliance with County Policy and recommended Best Practice for the following processes: ☐ Recording payments into the cash handling systems☐ Reconciling and depositing daily collections☐ Preparing and printing checks to creditors☐ Performing bank reconciliations☐ Handling bus pass/gift card inventory</p> <p>The procedures should be disseminated to all staff handling cash, bus passes, gift cards, and bank accounts.</p> | <p>Action Plan: HHSA will continue working with our business process analyst team to document procedures</p> <p>Overall Issue Status: Extended</p> |
| <p>0099. Finding#5 Terminated employees as Check Signers Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2022 Target Date: 30-Apr-2023 Extensions: 1</p> | <p>HHSA has not updated the check signers for the Emergency Relief Account and the Child Welfare Services-Special Needs Fund account. Two employees were terminated in March 2020 and February 2022 and another employee was temporarily assigned to another entity in July 2020 are still listed as check signers with the banks.</p> | <p>Action Plan: This is in process and departed staff were being updated for removal at the time of the audit review. We plan to add name review as part of the ongoing bank reconcile process for greater visibility.</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
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| | | <p>Recommendation:</p> <p>We recommend that HHSA update the check signers with the bank immediately after an employee terminates to ensure only authorized personnel is able to write checks against the bank accounts.</p> | |
| <p>0100. Finding#3 Payments at the West Sacramento Service Center Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2022 Target Date: 30-Jun-2023 Extensions: 1</p> | <p>Payments at the West Sacramento Service Center are placed in an envelope by the client and dropped in a collection box (drop box) located at the public counter. These payments are sent unopened to the Administration branch for recording into the VACS system and for further processing of the deposit. There is no control log to identify the amount collected to ensure that all collections were accounted for and deposited timely in the County Treasury.</p> <p>Recommendation:</p> <p>We recommend that HHSA record payments received through the drop box onto a control log and that the log be reconciled to the cash on-hand before collections are transported to the Administration branch for deposit.</p> | <p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez 1/30/23; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p> |
| <p>0102. Finding#2 Segregation of duties Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2022 Target Date: 30-Jun-2023 Extensions: 1</p> | <p>The petty cash fund for the Public Authority program is maintained by three custodians. One of the custodians uses the fund to purchase items as needed and prepares the claim to replenish the fund. The petty cash fund is not reconciled by someone independent of the custodian.</p> <p>Recommendation:</p> <p>We recommend that HHSA review their procedures for handling the petty cash fund for the Public Authority program and ensure that an independent person perform a surprise cash count on a regular basis. In addition, that the cash count sheets be retained for audit purposes.</p> | <p>Action Plan:</p> <p>Plan to identify a resource to do reconciliation on a regular basis or consider closing out the petty cash. It appears to be infrequently used.</p> <p>Overall Issue Status: Extended</p> |
| <p>0104. Finding#6 Accountability over bus passes Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2022 Target Date: 31-Jul-2023 Extensions: 1</p> | <p>Bus passes are mainly used by the Child, Youth & Family branch and Service Centers branch. The bus passes are ordered by the Social Services Client Services program then transferred to each branch where the case workers/program coordinators distribute them to the clients. During the audit period, HHSA had 522 bus passes with a value of \$1,670 in inventory. The auditors reviewed the internal controls over the handling of the bus passes and noted the following exceptions: Bus passes are not issued in sequential order Bus passes are held 1 to 5 months by the case workers/program coordinators until distributed to the clients Control logs do</p> | <p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
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| | | <p>not include client signatures of acknowledgement of receipt of the bus pass</p> <p>Furthermore, the custodian receives the bus passes from the vendor, records the passes onto the control log and distributes the passes to the case workers/program coordinators without an independent review in the process.</p> <p>Recommendation:</p> <p>We recommend that HHSa require the case workers/program coordinators to report their number of bus passes issued to clients and the inventory on-hand to assist with reconciling the inventory account for any missing or unused passes. In addition, include a copy of the acknowledgement of receipt of the bus pass from the client for audit purposes.</p> <p>Furthermore, we recommend that a surprise count of the bus pass inventory be performed by a person independent of the custodian and that the count be reconciled to the general ledger and control logs to reflect the inventory on-hand.</p> | |
| <p>0105. Finding#7 Accountability over gift cards</p> <p>Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2022</p> <p>Target Date: 31-Jul-2023</p> <p>Extensions: 1</p> | <p>The gift card inventory is maintained by the Social Services Client Services program. Gift cards are distributed to the case workers/program coordinators upon request. During the audit period, HHSa had 146 gift cards with a value of \$3,012 in inventory. The auditors reviewed the internal controls over the handling of the gift cards and noted the following exceptions: General ledger inventory account did not agree to the gift cards on-hand Gift cards purchased between 2018-19 and 2019-20 totaling \$2,412 are still outstanding to Goodwill, Subway, Nugget, Food4Less, Walgreens, and Raley’s</p> <p>Recommendation:</p> <p>We recommend that HHSa reconcile the general ledger inventory account against the actual gift cards on hand to ensure accurate financial records. It is also recommended that the gift cards be reviewed to determine if they are deemed necessary for program operations or should be returned for full value.</p> | <p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p> |
| <p>Cash Department Audit – Revenue Division: 01-Mar-2023</p> | | | |
| <p>0117. Finding 3 - Control log for payments received in the mail</p> <p>Impact Rating: Priority 1</p> | <p>Orig. Target Date: 30-Apr-2023</p> | <p>The Revenue Unit does not maintain a control log for payments received in the mail. Payments are processed by staff and recorded into the Megabyte or RevQ systems the same day or within two days. Not recording checks on a control log may result in checks being misplaced and or misappropriated without timely detection.</p> | <p>Action Plan:</p> <p>Mail tasks and responsibilities may be re-evaluated with the hiring of a new Office Support Specialist. Currently, mail collection in the Department of Financial Services is a shared task across multiple divisions including the Revenue Unit and a mail log is not utilized. The Revenue Unit will log all checks received, whether retrieved directly</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
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| | | <p>Recommendation:</p> <p>We recommend that the Revenue Unit record checks received in the mail onto a control log. It is also recommended that the control log be maintained by an employee independent of the collection process and that the log be reconciled at least weekly to the deposits to ensure that all monies received in the mail have been deposited in the bank or county treasury.</p> | <p>from the mail carrier or from other divisions, and ensure that the staff logging the checks will not be the same to process the check.</p> <p>Overall Issue Status: Open</p> |
| <p>0118. Finding 6 - Written Procedures Impact Rating: Priority 3</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>The Revenue Unit uses the Yolo County Cash Accounting Manual as a guideline on how to handle, record and reconcile cash receipts. However, detailed procedures for processing payments in the Megabyte and RevQ systems, reconciling collections, and processing remote deposits are not available</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit develop step-by-step procedures to ensure compliance with county policy and recommended best practice: Handling payments received at the counter and through the mail Handling credit card payments Recording payments into the cash handling systems Reconciling and depositing daily collections The procedures should be disseminated to all staff involved in the cash handling process.</p> | <p>Action Plan:</p> <p>The Revenue Unit will develop step-by-step procedures and disseminate them to staff.</p> <p>Overall Issue Status: Open</p> |
| <p>0119. Finding 5 - Access to Megabyte and RevQ system Impact Rating: Priority 1</p> | <p>Orig. Target Date: 30-Apr-2023</p> | <p>The auditors obtained a list of system administrators and users from the Megabyte and RevQ systems. Access to the systems is not restricted to authorized users thus potentially posing a segregation of duties issue as stated below: Three employees with user access to the Megabyte and RevQ systems have the ability to record, modify, and delete transactions without supervisory approval. The Chief Financial Officer has administrative access to the Megabyte system but is not involved in cash handling process.</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit review the list of system administrators and users for the Megabyte and RevQ systems to ensure that each access permission is assigned appropriately for the job being performed. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly.</p> | <p>Action Plan:</p> <p>The Revenue Supervisor and Treasury & Revenue Manager will review both systems to ensure users are assigned the appropriate level of access to perform their job duties. A new process will be implemented where user access are reviewed annually at the beginning of each fiscal year. Annual reviews will be signed off by the supervisor or manager.</p> <p>Overall Issue Status: Open</p> |
| <p>0121. Finding 2 - Daily reconciliation of payments over the counter</p> | <p>Orig. Target Date: 30-Apr-2023</p> | <p>The auditors reviewed the cash on-hand at the Revenue Unit on November 16, 2022 and agreed the pending deposit records to the general ledger. The following was noted: End</p> | <p>Action Plan:</p> <p>The Revenue unit will make improvements to the daily reconciliation worksheet to ensure all collections are accounted for and agrees to the</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
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| <p>Impact Rating: Priority 1</p> | | <p>of day closeout sheets completed by each cashier do not include the starting drawer balance and adjustments made in the Megabyte and RevQ systems. In addition, the sheets are not signed by the preparer or a reviewer. The change fund is kept separately in a locked cash bag during the day and not placed in the cash drawer to facilitate the cash tendering process. Cash collections (currency & coins) are placed into a cash bag by each cashier at the end of the day and sent unopened to the county's treasury without an independent verification of the deposit amount. Overall collections are not summarized onto a deposit permit reconciliation sheet that includes the amount collected by each cashier, register summaries from the Megabyte and RevQ systems, check batches received through the lockbox, adjusting entries, account coding information, and preparer/reviewer signatures.</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit review the register summary reports from the Megabyte and RevQ system and make the necessary adjustments to the end of day close out sheets to ensure all transactions agree to the actual collections, remote deposits, and the cash on-hand. It is also recommended that the Revenue Unit develop a deposit permit reconciliation sheet to summarize the overall collections, adjustments, electronic payments, and account coding information. Furthermore, the end of day closeout sheet and deposit permit reconciliation sheet should be signed by the preparer and the reviewer.</p> | <p>Megabyte and RevQ generated reports. Daily reconciliations will be reviewed and signed by someone other than the person preparing the reconciliation. The reconciliation worksheet will be accompanied by the system generated reports and other appropriate supporting documentation such as receipts from the cash counting machine to provide a breakdown of currency by denomination (excluding coins). A supervisor or manager will perform surprise cash counts and document findings to ensure change funds are accounted for. The Revenue Unit currently uses a deposit permit reconciliation sheet that summarizes collection for all cashiers, however, it's not current practice to include this sheet with the deposit as supporting documentation. Staff will refine the reconciliation sheet to capture all collections, adjustments, electronic payments, and account coding and will include the sheet as supporting documentation to the deposit permit moving forward.</p> <p>Overall Issue Status: Open</p> |
| <p>0122. Finding 1- Segregation of Duties</p> <p>Impact Rating: Priority 1</p> | <p>Orig. Target Date: 30-Apr-2023</p> | <p>The auditors found that duties were not properly segregated at the Revenue Unit as stated below: Cash collections are reconciled by each cashier at the end of the day and not reviewed by an employee independent of the receipting function. One employee compiles all of the daily reconciliation sheets and prepares the deposit. The same employee is also an assigned cashier at the public counter, records payments into the Megabyte and RevQ systems and adjusts for the payments.</p> <p>Recommendation:</p> <p>We recommend that Revenue Unit review their procedures for handling payments at the public counter and ensure that an independent person verifies the daily reconciliation sheets and deposit permit prior to deposit with the county treasurer.</p> | <p>Action Plan:</p> <p>Currently, each cashier balance their respective drawers at the end of their shift. Daily collections from all cashiers are consolidated into one deposit that is entered into the County's financial system (Infor). The Infor deposits are reviewed and approved within the financial system by the Revenue Supervisor or Treasury & Revenue Manager prior to deposit with the County Treasury. Megabyte and RevQ do not have delivered approval workflows to facilitate an approval process before a change and or adjustment is made. Certain adjustments such as penalty waivers are approved by the supervisor or manager prior to making adjustments in the respective systems. The Revenue Unit will review procedures and incorporate processes that will include independent verification and sign off on daily reconciliations and adjustments made in Megabyte or RevQ.</p> |

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| | | In addition, that any adjustments for payment in the Megabyte and RevQ systems be approved by a supervisor. | Overall Issue Status: Open |
| Cash Department Audit - Probation: 14-Mar-2023 | | | |
| 0123. Finding# 2 Accountability over petty cash transactions Impact Rating: Priority 1 | Orig. Target Date: 22-Apr-2023 | <p>The auditors reviewed the Probation Department’s annual revolving fund report for fiscal year 2021-22 and inquired with staff on the replenishments made out of the petty cash fund. The following was noted: Sales receipts were missing for cash given in advance to purchase food or items for clients. Payments made to barbers for haircuts of minors were not recorded onto a control log for 1099 reporting purposes to the Department of Financial Services. Gratuities of \$5 were paid to the barbers for each haircut.</p> <p>Recommendation:</p> <p>We recommend that the Probation Department develop a process to ensure that all petty cash reimbursements are supported by sufficient documentation to support the charges against county funds. It is also recommended that the department develop a control log to record the payments made to the barbers along with running totals to ensure that amounts paid over \$600 are reported to the Department of Financial Services for 1099 reporting purposes. The department should also consult with the Department of Financial Services on the appropriateness for using county funds for gratuities to the barbers.</p> | <p>Action Plan:</p> <p>Probation will develop a process to ensure all petty cash reimbursements are supported by sufficient documentation to support charges against county funds. Payments made to barbers will also be reported to the Department of Financial Services for 1099 reporting purposes.</p> <p>Overall Issue Status: Open</p> |
| 0124. Finding# 3 Accountability over bus passes and gift cards Impact Rating: Priority 1 | Orig. Target Date: 22-Apr-2023 | <p>The bus pass/gift card inventory is maintained by the Fiscal Administration division. Bus passes/gift cards are distributed to the probation officers upon request. During the audit period, the Probation Department had 70 gift cards with a value of \$1,846 and 139 bus passes totaling \$715 in inventory. The auditor reviewed the internal controls over the handling of bus passes and gift cards and noted the following exceptions: Bus passes purchased in September 2016 totaling to \$215 are still outstanding and not recorded in the general ledger. Out of 43 bus passes distributed, twenty-six (26) bus passes distributed during the month of August 2022 were missing client signatures of acknowledgement of receipt of the bus pass. Gift cards purchased between fiscal years 2014-15 and 2017-18 totaling \$1,300 are still outstanding to Southwest, In-N-Out, Dutch Brothers, and Walmart. The inventory for these cards is not recorded in the general ledger. Two (2) gift cards distributed</p> | <p>Action Plan:</p> <p>Probation will rescind procedure changes that were made at the height of the COVID-19 pandemic and revert to standard procedures where clients sign for receipt of incentive (bus/gift cards). Gift cards purchased in prior fiscal years are non-refundable and were purchased with grant funds. Probation remains committed to utilizing those gift cards first, provided the requirements of the funds that purchased said gift cards are adhered to. Probation agrees to work with the Department of Financial Services to enter non-inventoried gift cards into the inventory.</p> <p>Overall Issue Status: Open</p> |

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| | | <p>during the month of August 2022 were missing acknowledgement from the client for the receipt of items.</p> <p>Recommendation:</p> <p>We recommend that the Probation Department develop a process to ensure that the probation officers provide a copy of the acknowledgement of receipt of bus pass/gift cards from the client for audit purposes. In addition, the bus passes and gift cards purchased prior to fiscal year 2017-18 should be reviewed to determine if they are deemed necessary for program operations or should be returned for full value. The bus passes and gift cards should also be recorded in the general ledger to reflect the actual inventory on-hand in the financial records.</p> | |
| Vehicle Fleet Operations: 12-Aug-2022 | | | |
| <p>0106. Finding# 1 Budget Principle of switching to Electric vehicles “Sustainable Fleet”</p> <p>Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>The County budget principles clearly indicates under “Sustainable Fleet” that vehicles are to be purchased in the following order; starting with electric, electric-hybrid, hybrid, and traditional combustion last. It appears that this budget initiative is not being adhered to, implemented, or communicated to Department Heads outside of the budget documents.</p> <p>We noted this as a Compliance issue, but also noted it within Purchasing since it is directly tied to the budget and purchasing of new vehicles.</p> <p>Note: This affects multiple functional areas; such as compliance, budgeting, purchasing, and inventory management.</p> <p>Recommendation:</p> <p>Develop County-wide policies and procedures to ensure that this budget principle is met and enforced. This should include the development of mechanisms to track the on- going performance as well as establish accountability of this budget principle to ensure that electric vehicles (as well as electric stations) are purchased within the County’s Fleet. The established policies and procedures should be adhered to by all staff involved in the County’s vehicle purchasing processes and may be a joint effort by Fleet services and County departments.</p> <p>Short-term: As older vehicles need to be replaced, they should be replaced with electric vehicles and electric stations</p> | <p>Action Plan:</p> <p>Management partially agrees with this recommendation. Budget principles are developed and approved annually by the Board of Supervisors to provide general guidelines for developing the County’s budget for the upcoming fiscal year. While the budget principles provide an important yardstick for County staff in the course of budget development, they merely represent a statement of what the County would ideally like to achieve through the budget process, and do not carry the same weight and authority of a formal County Policy. While establishing a Countywide policy requiring the purchase and use of electric and/or hybrid vehicles is a laudable goal, there are currently several barriers to implementing such a policy, including insufficient electric vehicle charging infrastructure, higher purchase and different maintenance costs, and vehicle options that may not meet certain department specific service needs. However, inclusion of Sustainable Fleet in the County’s budget principles since January 2020 has resulted in a change in process whereby Fleet Services now provides electrified options to County departments when new vehicles are requested, as well as the infrastructure requirements to charge such vehicles. It should be noted that the Board of Supervisors has also taken several recent actions to address climate change and sustainability, including adoption of a resolution declaring a climate crisis requiring an urgent and inclusive mobilization in Yolo County, creation of the Yolo County Climate Action Commission (YCCAC) to advise the County on implementation of the Yolo County Climate Action Plan, and approval of several early action priority projects to reduce greenhouse gas emissions. One early action priority being considered is contemplation of a Zero Emission Vehicle (ZEV) Master plan that would help to guide</p> |

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| | | <p>should be installed and budgeted annually. Training should also be provided to drivers.</p> <p>Long-term: With the price of gas continuing to significantly increase, the switch to electric will provide a more sustainable fleet in the long-term, which is the goal of this budget principle.</p> | <p>this transition methodically across County departments. In addition, the Board of Supervisors approved funding in the 2022-23 Recommended Budget for an update to Yolo County’s Climate Action Plan. As the County continues to make progress on climate sustainability initiatives and reduce or eliminate the barriers to electrification of the County’s vehicle fleet, a Countywide policy regarding the purchase and use of low- or zero-emission vehicles may be considered at a future time however likely would be informed by the aforementioned ZEV master plan. If and when such a policy is approved, procedures to ensure adherence to the policy will also be considered and implemented.</p> <p>Overall Issue Status: Open</p> |
| <p>0107. Finding# 2 No reconciliation or interface between CAMS and Lawson (Infor) Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>There is neither a manual reconciliation or an electronic interface between the CAMS and Lawson (Infor). Therefore, the information in CAMS for inventory and maintenance purposes may not match the information in Lawson for accounting and financial reporting purposes.</p> <p>Recommendation:</p> <p>A regular reconciliation should be performed between CAMS and Lawson (Infor) to ensure information agrees and is accurate in both systems. This is recommended to maintain accurate and complete listings for inventory and maintenance purposes of the County’s fleet, as well as financial reporting information.</p> <p>The CAMS asset inventory listing should also be checked for old vehicles and equipment that no longer exists, and then remove them from the listing.</p> <p>Once the CAMS asset listing is determined to be accurate (preferably after conducting a County-wide inventory), then the related financial reporting information in Lawson (Infor) should be regularly reconciled to CAMS to ensure the vehicles and equipment within the fixed asset ledger prepared by the Department of Financial Services (DFS) agrees as noted above.</p> | <p>Action Plan:</p> <p>Management does not agree with this recommendation. The Lawson/INFOR system and the CAMS function serve distinctly different functions. Therefore, while the County acknowledges there may be some risk to a lack of reconciliation between the two systems related to inventory control of vehicles, a reconciliation would be time consuming, and the cost of implementation and maintenance of a reconciliation is likely to exceed any benefit derived. The Department of Financial Services (DFS) is responsible for maintenance of the INFOR system and accounting and financial reporting. DFS uses Lawson/Infor and they do not rely on CAMS as the system of record. Fleet Services is not responsible for tracking and maintaining the inventory of vehicles for either the department’s assets or the County as a whole’s assets. Infor is the County’s record keeping system therefore all assets are reported, adjusted, certified, or removed from that system. CAMS Fleet module is for service and repair management purposes only. Infor holds all required assets consistent with County policy for Fixed Assets, not just vehicles. Our use of CAMS is to manage vehicle maintenance and process operations and repair billing, i.e., service, repair, and fuel. Fleet does not “track” historical value or depreciation. CAMS is not designed to store all County assets and is not the current purpose of the system. Although, Fleet accounts for the presence of vehicles frequently, specifically at times of service which is the primary method Fleet uses to identify the physical presence of vehicles and equipment. CAMS is a tool which follows vehicle use (through fuel use) and documentation of services and repairs. When a lack of information or discrepancies are identified, multiple sources are investigated to ensure the issue is correctly addressed. The movement of the vehicle during the year seems to be adequate evidence to Fleet that the</p> |

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| | | | <p>vehicle exists and is being used as indicated by fuel use, regular services (per Fleet’s schedule) as well as other needs which may include recalls, service calls, or even accident, vandalism or theft. Infor is considered the official inventory, and inventory of fixed assets are performed on a scheduled basis (typically annually) by the Department of Financial Services through request of department personnel to verify their fixed assets (including vehicles) to determine if the official record of the county needs to be modified. Because of the differing purposes of the systems, a reconciliation while possible would like be time consuming and the value of which for organizational purposes is unclear thus likely the cost of performance exceeding the benefit.</p> <p>Overall Issue Status: Open</p> |
| <p>0108. Finding# 3 No County-wide inventory of vehicles and equipment Impact Rating: Priority 1</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>It was noted that a County-wide physical inventory has not been conducted of vehicles and equipment. Per the County’s Vehicle Policy, "all County vehicles will be properly administered and maintained and administration and maintenance is provided by Fleet Services. Administration includes inventory, reporting, regulatory compliance, and historical documentation." While departments annually review and certify asset listings provided by DFS, these are prepared to verify asset listings in Lawson (Infor), and as noted in CW #2 above, reconciliations are not performed between Lawson (Infor) and CAMs (Fleet Services inventory records). This makes it difficult to conclude that the assets included in the CAMS inventory listing exist and the listing is complete and accurate as a County-wide fleet inventory has not been conducted. Fleet Services tries to service vehicles and equipment on a regular basis and relies on communication with Department Heads as a countermeasure which may uncover discrepancies; however, that does not eliminate the risks involved with not having a County- wide inventory.</p> <p>Recommendation: Fleet Services should perform a County-wide inventory of vehicles and equipment. This should be performed to ensure the CAMS inventory listings (maintained by Fleet Services) are accurate and complete. A County-wide inventory will also supplement and verify the accuracy of the departments’ annual inventories that are prepared for the DFS for financial</p> | <p>Action Plan: Management partially agrees with this recommendation. While a County-wide inventory of vehicles and equipment might be ideal, Fleet Services does not currently have the staffing or ability to complete such a physical inspection of County vehicles and equipment on an annual basis and this is likely be repetitive of efforts already conducted. Processes are already in place for County departments to review and certify physical inspection and inventory of assets under their control on an annual basis, and to make adjustments to fixed asset inventories as needed. Pursuant to the County Policy on Capital Asset Management, the Department of Financial Services maintains an inventory of all capital assets, which is updated annually based on certifications from all departments.</p> <p>Overall Issue Status: Open</p> |

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| | | reporting. This also provides an opportunity to briefly inspect all of the vehicles and equipment. | |
| <p>0109. Finding# 4 Official Count Sheets not used or retained in auto-parts inventory Impact Rating: Priority 2</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>Count sheets were not used or retained for the inventory of auto-parts. This makes it difficult to determine that the inventory actually took place and that changes were processed in both CAMS and Lawson (Infor). Fleet Services certifies that an inventory did take place June 2021 and provided a document with changes in quantities on it, but the document had no dates, document parameters, or other official identifying information on it. A recommendation will be made to use official count sheets and retain count sheets for auto-parts in order to show and prove that the inventory took place.</p> <p>Recommendation: Use and retain official count sheets during the inventory of auto-parts, that includes the certification of the staff who took the inventory, as well as an approver. This will provide an audit trail that the inventory took place.</p> | <p>Action Plan: Management does not agree with this finding. The terminology “count sheets” was not familiar to Fleet staff and repeated requests did not clarify the items. Perhaps a verbal review of the process would have led to a mutual understanding of Fleet Services process on auto parts inventory. Fleet provided a CAMS report called “Shop Inventory Transaction Review” This report includes date inventory was received and issued to/on a department vehicle, retail price of the item, the vendor name, inventory item, location of the item, quantity, and net value of quantity (if ran by date range). This information is very similar to information that would be found on a count sheet except this is an electronic version. If the purpose of count sheets is to track or document parts received and distributed, then CAMS provide this already.</p> <p>Overall Issue Status: Open</p> |
| <p>0110. Finding# 5 Lack of official Policies and Procedures in writing over maintenance and repairs Impact Rating: Priority 2</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>As part of our procedures, we requested more specific policies and procedures in writing for maintenance, repair operations, and inspections. We also requested an official list of maintenance and repairs performed in- house and those that are outsourced. Fleet Services was not able to provide either. There appears to be a lack of official policies in writing regarding what/when maintenance and repair services are to be performed. We also noted that the official Vehicle Policy was written and approved in 2013, which is significantly aged as of this report. In addition, Fleet Services relies heavily on the Fleet Superintendent to coordinate maintenance and repairs. While the Fleet Superintendent has 14 years of experience, if he were to separate from the County, it would create a significant “knowledge gap” within the department. Therefore, we recommend more formal procedures in writing.</p> <p>Recommendation: Develop official approved policies and procedures in writing for specific maintenance, repair operations, and inspections. Also develop and maintain a comprehensive list of services that are performed in- house and those that are outsourced.</p> | <p>Action Plan: Management partially agrees with this finding. The Fleet module in CAMS assigns each vehicle to the appropriate service schedule based on the vehicle category. Each vehicle category has a list of “PM Services” which provides the service schedule and indication of the depth of the service. For instance, Category A is scheduled every 6 months or 5,000, whichever comes first, and a checklist of services is used by Fleet staff. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services to improve the narrative on maintenance and repairs along with related policies and procedures.</p> <p>Overall Issue Status: Open</p> |

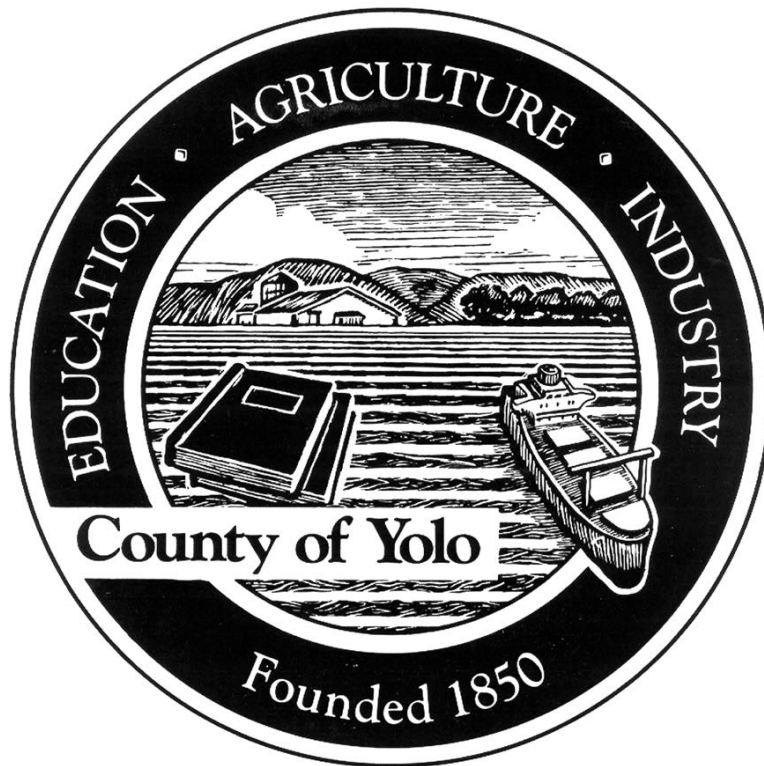
| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|---|--|--|
| <p>0111. Finding# 6 Lack of official Policies and Procedures in writing Fuel Cards Impact Rating: Priority 2</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>The County should update the Vehicle Policy (within the County of Yolo Administrative Policies and Procedures Manual) as it is almost 10 years old.</p> <p>There is no official policy and procedures in writing over the Voyager fuel credit cards or the vehicle fuel cards.</p> <p>Recommendation: Develop official, approved policies and procedures in writing over the fuel cards and Voyager fuel credit cards. An emphasis on accountability and security of the cards should be made in the official policies and procedures to help ensure that the fuel cards are not misused, misplaced, or abused. The County should ensure staff that have access to these cards are aware of the standard policies and procedures over fuel cards.</p> | <p>Action Plan: Management agrees with this finding. The vehicle fuel cards remain with the vehicle and are used to fuel only that vehicle whereas the Voyager fuel cards are assigned to the driver. Card use requires a driver with an assigned personal identification number (PIN). When PINs are assigned, drivers are provided an email from Fleet Services with the procedures and some limits pertaining to the fueling process, such as the steps of the fueling process and that the card is not to be used for purchases other than fuel. CAMS will flag questionable mileage entries and cause Fleet to investigate the apparent error. This is part of the reason Fleet has confidence that the cars getting fuel are county cars. Fleet processes the fuel transactions and bills the departments for their fuel use monthly. The department effectively approves of all transactions when paying their fuel bill. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will include a section on fuel cards.</p> <p>Overall Issue Status: Open</p> |
| <p>0112. Finding# 7 Use of miscellaneous or unassigned fuel cards Impact Rating: Priority 2</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>Some departments have miscellaneous cards for small equipment or rental vehicles. Card security is dependent on the department that holds the cards. There does not appear to be any official policies or procedures in place provided to departments to ensure that unassigned cards are kept locked-up in a secure location and properly checked-out for use. Therefore, this could create an internal control weakness over the security of these cards issued to departments for small equipment. Eide Bailly will recommend formal Policies and Procedures in writing over the physical security of unassigned cards.</p> <p>Recommendation: Develop official approved policies and procedures in writing over the “miscellaneous” fuel cards that are assigned to departments for equipment and not assigned to specific vehicles. Specifically, these should include the requirement that cards are properly secured and checked out/in for official use only.</p> | <p>Action Plan: Management agrees with this finding. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will include a section on fuel cards. Fleet Services will state in the updated policy that fuel cards are to be locked in a secure location and property checked-out for use, however Fleet Services does have the staffing or ability to monitor other department’s security of the cards so the responsibility will likely remain with departments.</p> <p>Overall Issue Status: Open</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|--|---|---|--|
| <p>0113. Finding# 8 Lack of official Policies and Procedures in writing over “Low Mileage Usage” vehicles Impact Rating: Priority 2</p> | <p>Orig. Target Date: 31-Aug-2023</p> | <p>There are no formal policies or procedures approved and in writing over the review of low usage vehicles. From a review of vehicle listings provided and their respective mileages performed, Eide Bailly calculated and estimated a total of 232 vehicles with average mileage below 400 annually; however, only 114 vehicles were noted as reassigned in a listing provided. In addition, there were a total of 48 vehicles with negative mileage reported. While there may be explanations or reasons for why certain vehicles are not reassigned, as well as negative mileage, the County would benefit from having written policies and procedures related to the reassignment of low mileage vehicles.</p> <p>Recommendation: Develop official, approved policies and procedures in writing related to the review and reassignment of low mileage vehicles. Specifically, this should document the defined parameters for when vehicles with low usage are to be reassigned as well as the overall review process. Departments should follow the recommendations for reassigned vehicles or provide justification for not reassigning a low mileage vehicle. This will help to reduce the risk that County vehicles are not being reassigned or utilized as efficiently and effectively as possible.</p> | <p>Action Plan: Management partially agrees with this finding. The identification and reporting of low use (mileage) vehicles to each department happens at the beginning stages of budget development process to ensure additional vehicles are not purchased when unnecessary. During the month of January Fleet Services reviews the list of county vehicles and will highlight vehicles that are recommended for replacement including low use (mileage) vehicles, high mileage vehicles, and aged vehicles. Each department receives their recommendations for replacement list prior to the entry of budget requests. Fleet Services does not have authority over other departments decisions regarding vehicles, therefore if a department decides to continue using a vehicle that was recommended for replacement, Fleet Services will continue to service and maintain the vehicle. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will enhance the section on low mileage usage and related policies and procedures to be applied.</p> <p>Overall Issue Status: Open</p> |
| <p>0114. Finding# 9 Not all physical locations with department vehicles have security cameras Impact Rating: Priority 3</p> | <p>Orig. Target Date: 31-Dec-2023</p> | <p>It was noted per inquiry with Fleet Services that County vehicles have had catalytic convertors stolen, vehicles vandalized, and two vehicles stolen. The stolen vehicles were noticed, identified and recovered promptly, however not all of the physical locations with vehicles and equipment have security cameras to help deter theft or vandalism.</p> <p>Recommendation: It is recommended to add security cameras to all locations holding vehicles and equipment. We also recommend to add additional physical security controls to those locations as needed to help deter theft or vandalism.</p> | <p>Action Plan: Management partially agrees with this finding. Fleet Services does not have authority over other departments who store vehicles at their physical department locations rather than at the Fleet corporation yard and the security measures implemented but advises and will bring attention to issues concerning vehicle security, however each department is responsible for securing their own assets from loss, damage, or theft. This includes providing recommendations for preventing catalytic converter thefts. The General Services department agrees that the County as a whole should apply prudent and cost-effective security solutions where the value exceeds the cost however this is not anticipated to be all locations or possible locations that vehicles are stored. Certain proposals are being reviewed for two locations that experienced recent damage to vehicles. In addition, General Services has been developing longer term security options with a security consultant that includes replacement of the existing card key/lock system as well as deployment of additional cameras in select locations.</p> <p>Overall Issue Status: Open</p> |

| Observation Title | Estimated Completion Date | Observation/Recommendation | Follow-up and Current Status |
|---|--|---|---|
| <p>0115. Finding# 10 Security access badges are not used to enter Fleet Services</p> <p>Impact Rating: Priority 3</p> | <p>Orig. Target Date: 31-Dec-2023</p> | <p>Fleet Services currently does not use security access badges to access the main Fleet Services building. Physical keys are used with an “Employees Only” sign in front of the door. While physical keys are a great physical control to prevent unauthorized access, security access badges provide additional data for who and when people access the main Fleet Services building. Therefore, we will make a recommendation to use security access badges.</p> <p>Recommendation:</p> <p>It is recommended to switch from a traditional lock and key system to security access badges for access to the main Fleet Services building.</p> | <p>Action Plan:</p> <p>Management partially agrees with this finding. Fleet services will confer with General Services as to security improvements that can be applied that do not impair operations and whether key cards are necessary at this location. A security study was recently conducted, and General Services is working to secure funding for replacement of the existing card key/lock system across the County. This location has some specific challenges where a card key system could be costly or administratively burdensome. Fleet must leave the front door unlocked to allow for customers and vendors to come in during business hours. In addition, there are multiple garage bays with large doors. All Community Services staff (including Fleet Services staff) have County issued key cards to access the yard and main building. The parts/inventory room is secured by lock and key to limit access, and only Fleet staff and the Director of Public Works has keys to this room (as well as General Services Department staff). The physical vehicle keys are stored in a key management system and each user has their own pin which limits risk of theft and loss.</p> <p>Overall Issue Status: Open</p> |

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Yolo County



Internal Audit Charter

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I. Purpose and Mission

The purpose of Yolo County's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve Yolo County's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps Yolo County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

II. Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The chief audit executive will report periodically to senior management and the audit committee regarding the internal audit activity's conformance to the Code of Ethics and the *Standards*.

III. Authority

The chief audit executive will report functionally to the audit committee and administratively (i.e., day-to-day operations) to the chief financial officer. To establish, maintain, and assure that Yolo County's internal audit activity has sufficient authority to fulfill its duties, the audit committee will:

- Approve the internal audit activity's charter.
- Approve and monitor the risk-based internal audit plan.
- Ensure the timely monitoring and resolution of audit findings.
- Receive communications from the chief audit executive on the internal audit activity's performance relative to its plan and other related matters.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.
- In concert with the CFO, at a minimum of annually, review the scope and effectiveness of internal audit activity, participate in the appointment and removal of the chief audit executive, and participate in the performance evaluation of the chief audit executive.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the audit committee, including in private meetings without management present.

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The audit committee authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of Yolo County, as well as other specialized services from within or outside Yolo County, in order to complete the engagement.

IV. Independence and Objectivity

The chief audit executive will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Yolo County or its affiliates.
- Initiating or approving transactions external to the internal audit activity.
- Directing the activities of any Yolo County employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

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Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit executive will confirm to the audit committee, at least annually, the organizational independence of the internal audit activity.

The chief audit executive will disclose to the audit committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

V. Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the audit committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Yolo County. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Yolo County's strategic objectives are appropriately identified and managed.
- The actions of Yolo County's officers, directors, employees, and contractors are in compliance with Yolo County's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Yolo County.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

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The chief audit executive will report periodically to senior management and the audit committee regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the audit committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to Yolo County.

The chief audit executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

VI. Responsibility

The chief audit executive has the responsibility to:

- Submit, at least annually, to senior management and the audit committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the audit committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in Yolo County's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the audit committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and

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recommendations to appropriate parties.

- Follow up on engagement findings and corrective actions, and report periodically to senior management and the audit committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit activity collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact Yolo County are considered and communicated to senior management and the audit committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to Yolo County's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the audit committee.
- Ensure conformance of the internal audit activity with the *Standards*, with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by the Statutes of the State of California, *Government Auditing Standards* issued by the Comptroller General of the United States, and generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, the chief audit executive will ensure that the internal audit activity conforms with the *Standards*, even if the internal audit activity also conforms with the more restrictive requirements.

VII. Quality Assurance and Improvement Program

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the audit committee on the internal audit activity's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least

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once every five years by a qualified, independent assessor or assessment team from outside Yolo County.

County of Yolo Financial Oversight Committee Charter



~~February 11, 2021~~ June 15, 2023

Article I

Introduction

The government representatives of Yolo County are held publicly accountable for the proper utilization, custody, and distribution of resources as the assigned fiscal agents of County funds by taxpayers and other stakeholders. This fiscal accountability is demonstrated through the monitoring and assurance of good systems of control, budgetary compliance, accurate and timely financial reporting, continuous monitoring and oversight reviews, and timely follow-up on audit findings and recommendations.

Measure H was passed by the county voters in 2012 to consolidate the elected offices of Auditor, Controller, Treasurer, Tax Collector, and other financial planning functions into one county department under the direction of an appointed Chief Financial Officer (CFO). Elected offices and separation of duties and control functions provided assurance of accountability which now need to be maintained through other means. With this purpose in mind, and in accordance with Measure H, the Board of Supervisors established the Yolo County Financial Oversight Committee (FOC). The FOC replaces the existing Treasury Oversight Committee, performing those duties pursuant to California Government Code Section 27130, and the existing Audit Committee, thereby providing leadership with independence over continuous monitoring, audits, and reviews of the County's business activity, processes, and transactions. The FOC shall not be designated the treasury oversight committee under Government Code section 27131. Additionally, the FOC ensures oversight for the monitoring and review of the property tax distribution process, and the accountability and transparency over budget compliance.

Article II

Authority

The FOC has the authority to provide oversight on treasury operations, leadership and independence over the monitoring, review, and audit of the County's business activities, and ensure accountability and transparency over the budgetary and tax distribution process. The FOC performs all of its duties in an advisory role to the Board of Supervisors and its chairperson has a direct communication with the Board of Supervisors. The FOC shall have no direct authority over the CFO or any County officer or staff regarding County financial operations. However, the FOC will have oversight over the Internal Audit Office as necessary. The Internal Audit Office will report to the CFO administratively. The FOC shall not be designated the treasury oversight committee under Government Code section 27131.

Article III

Purpose

The purpose of the FOC is to provide oversight on treasury operations, deliver leadership and independence over the monitoring, review, and audit of the County's business activities; and provide oversight that helps to further ensure accountability and transparency over the budgetary and tax distribution processes to further demonstrate good stewardship of public resources.

Article IV

Membership

A. Membership Categories

1. Voting Members

- a. Two representatives of the Board of Supervisors
- b. One representative of a city in Yolo County
- c. One representative of the Yolo County Office of Education
- d. One representative of the special districts in the County
- e. Two members of the public

The two representatives of the Board of Supervisors and one public member are the members who make-up the Audit Subcommittee.

Members shall be nominated by the CFO, County Administrator or Board members and confirmed by the Board of Supervisors. All members will serve three-year terms. Members may serve additional three-year terms at the pleasure of the Board of Supervisors.

Each committee member is to be both independent and financially literate. At least one member shall have financial expertise. Independent in this context means devoid of any potential conflict of interest, such as described in Section VIII.

2. Non-voting Members

The County Administrator and CFO, or their designees, participate on the FOC in an advisory capacity.

B. Power and Duties of Members and Officers

1. The Committee may not direct individual investment decisions, tax allocation or budgetary decisions, nor impinge on the day-to-day operations of the Department of Financial Services.
2. A Chair and Vice Chair shall initially be elected for a one-year term, which may be extended by a favorable vote of a majority of members.
3. At the last regular meeting of the calendar year, the Committee will select a Chair and Vice Chair to serve for the following calendar year.
4. The Chair's duties include presiding over all Committee meetings, responding to members' requests for information, signing communications on behalf of the Committee, and representing the Committee before the Board of Supervisors, subject to the approval of the Committee members.
5. The Chair shall preside over the meetings. In the absence of the Chair, the Vice Chair shall preside. In the event that neither is available, the Chair shall select a Chair pro-tem to serve in their absence.
6. The Chair shall preserve order at the meetings.

C. Resignation

A resignation from a Committee member may be submitted at any time by giving written notice to the CFO.

D. Removal

A member of the FOC may be removed for cause from their post by action of the Board of Supervisors. The FOC may, by two-thirds vote, recommend to the Board that a member be removed. At a public meeting within 60 days of the FOC’s recommendation, the Board shall decide, in its sole discretion, whether or not to terminate the member.

E. Filling Vacancies

Vacancies occurring during the terms of appointment shall be filled as soon as practicable, as determined by the category of the Committee member position that is vacant. The appointment shall begin a 3-year term from the date of the appointment. The CFO shall seek recommendations from Committee members and any other appropriate sources to fill vacancies occurring on the Committee.

F. Compensation

FOC members serve without compensation.

G. Training

The CFO shall provide sufficient training to Committee members during the regular meetings or at other times and locations as necessary.

Article V

Responsibilities and Duties

A. General

The primary responsibility of the FOC is to help ensure the highest level of public accountability and transparency within Yolo County financial systems, by serving as an advisory committee to the Yolo County Board of Supervisors. This advisory responsibility is fulfilled through recommendations to the Board of Supervisors regarding the areas of responsibilities described in this section. This responsibility includes advising the Board on recruitment, hiring, and termination of the CFO, and providing regular updates on Committee activities to the Board of Supervisors.

The County also established an audit subcommittee that consist of two representatives of the Board of Supervisors and one public member who also serve on the FOC. The audit subcommittee reviews the scope and effectiveness of the internal audit activity and ensures that the audit functions are independently performed from county management. The chief audit executive annually reports on independence to the audit subcommittee per the Institute of Internal Auditors auditing standards.

Advisory responsibilities preclude the Committee and its members from participating in decision making or influencing decisions concerning the operations of the Department of Financial Services.

B. Financial and Audit Oversight

In addition to the general responsibilities listed above the FOC is specifically empowered to recommend, and oversee the work of, the public accounting firm employed by the County to perform the annual audit and Single Audit. To fulfill this duty, Committee members may:

1. Review significant accounting and financial reporting issues that affect County financial statements, including recent state laws, professional and regulatory pronouncements;
2. Participate in the selection of the independent audit firm which will conduct the annual financial

audit and Single Audit, in accordance with state laws and auditing standards;

3. Review the scope and timing of the annual financial Audit and Single Audit;
4. Meet with the independent auditors at their request;
5. Review the results of the annual financial audit and Single Audit;
6. Review the results and adequacy of follow-up actions necessary on audits conducted by any external auditors or regulatory auditors on any of the County's activities, programs, transactions, or functions; and,
7. Review the results of final internal audit reports.

Audit Subcommittee

~~The Audit Subcommittee is a separate committee specifically empowered to oversee the work of the internal audit activity. To establish, maintain, and assure that Yolo County's internal audit activity has sufficient authority to fulfill its duties, the audit subcommittee will: To fulfill this duty, Committee members may:~~

8. Approve the internal audit activity's charter;
9. ~~Review the results of the countywide risk assessments, performed annually or other appropriate frequency, and consider the effectiveness of the internal control system to mitigate identified risks;~~
10. Approve and monitor the ~~progress of completion of the~~ risk-based internal audit plan; ~~and as appropriate, request performance of special tasks or projects;~~
11. Ensure the timely monitoring; and ~~the resolution of audit findings; and recommendations are performed;~~
12. Receive communications from the chief audit executive on the internal audit activity's performance relative to its plan and other related matters;
13. Make appropriate inquires of the chief audit executive of the internal audit activities (~~eg~~-whether there are scope or resource limitations; and,
14. In concert with the CFO, at a minimum of annually, review the scope and effectiveness of internal audit activity, , participate in the appointment and removal of the chief audit executiveInternal Audit Manager, and participate in the performance evaluation of the chief audit executiveInternal Audit Manager; and

C. Treasury Oversight

In relation to its oversight responsibilities over the county treasury, members of the committee shall:

1. Annually review and ensure timely monitoring of the Yolo County Investment Policy proposed by the CFO is performed;
2. Review audits performed on treasury operations; and
3. Review ~~the quarterly~~ investment performance of the treasurer's pool at the frequency and discretion of the committee.

D. Budget Accountability Oversight

Committee members ensure that timely reviews of internal controls are performed to further support accountability and transparency over the budget, and in this regard may:

1. Review the adopted budget and any subsequent amendments to help ensure compliance with the County Budget Act (California Government Code) and the County Budget Guide issued by the State Controller;
2. Review budgetary monitor reports; and
3. Review budget to actual reconciliation at year-end.

E. Tax Allocation Oversight

As the acting oversight authority over property tax allocation matters, member may review the internal controls over the property tax distribution activities, transactions, and processes to further ensure compliance with the Revenue and Taxation Code, and with state regulations in an equitable manner with regard to all taxing entities.

Article VI

Meetings

A. Attendance

All members are expected to attend all regularly scheduled committee meetings. A call or other communication to the CFO prior to a regularly scheduled meeting or anticipating an absence in advance notice from a meeting, would constitute an excused absence.

B. Meetings

- a. Regular meetings of the FOC shall occur at least four times each fiscal year within 45 days of each quarter's end.
 - i. The Committee must also meet twice annually with the independent auditors, in the beginning and at the conclusion of each audit. These meetings may be scheduled separately or occur as part of the quarterly meetings.
- b. Special meetings may be called by the Chair or at the written request of two or more Committee members.
 - i. All Committee members shall be provided with a written agenda 24 hours in advance of the meeting and the agenda shall be posted in appropriate locations. The agenda shall state the time, place, and business to be transacted at the meeting, and no other business shall be considered at the special meeting.

C. Convening Meetings

The meeting agenda shall be posted and delivered to the Committee at least 72 hours in advance. Only items included in the agenda may be discussed and considered. The Committee may discuss a non-agenda item at a regular meeting if pursuant to Government Code Section 54954.2 (b) (2), upon determination by a two-thirds vote of the members, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Committee subsequent to the agenda being posted.

D. Open Meetings

All Committee meetings are open to the public and are subject to the Ralph M. Brown Act (Title 5, Division 2, Part 1, Chapter 9, commencing with Section 54950). The public will be given the opportunity to be heard and make comments at the end of each meeting open to the public.

E. Quorum

A quorum is no less than a simple majority of the total current voting membership. Action may be taken by a majority of those present and voting and by no less than a majority of the quorum.

F. Staff Support

- a. The CFO or designee shall cause minutes of all meetings to be recorded in sufficient detail to allow adequate follow-up.
- b. The CFO or designee shall work with the Chair to develop the meeting agendas.
- c. As required and to the extent possible, county staff will provide technical and administrative support to the Committee.

Article VII

Parliamentary Procedure

The committee meetings shall be governed by Roberts' Rules of Order, the Modern Edition, and the Chair shall decide questions of order (unless overridden by a simple majority of the members present) consistent with such rules.

Article VIII

Conflict of Interest

- A.* Each Committee member will be required to complete and file an "Application for Nomination and Affidavit of Understanding" with the CFO in a timely manner. Failure to do so may invalidate Committee membership. Further, if any Committee member is found in breach of the requirements or in violation of the understandings, they must resign from this Committee.
- B.* A Committee member shall disclose to the FOC at a regular meeting any activities that directly or indirectly raised money for: a candidate for local treasurer; or a member of the governing board of any local agency that has deposited fund in the county treasury while a member of the committee. Raising money includes soliciting, receiving, or controlling campaign fund of a candidate, but not the member's individual campaign contributions or non-financial support. This condition does not apply to a member raising money for his or her own campaign.
- C.* A committee member shall disclose to the FOC at a regular meeting any contributions, in the previous three years or during the period that employee is a member of the FOC, by any employer to: the campaign of a candidate for the office of local treasurer; or to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury.
- D.* The member of the Committee may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms with whom the county treasurer is doing business during the period that the person is a member of the Committee or for one year after leaving the Committee. This subsection only applies to employment or soliciting employment, and no other relationships with such companies with whom the County is doing business.
- E.* The member of the Committee shall disclose to the FOC any honoraria, gifts, and gratuities from advisors,

brokers, dealers, bankers, or other persons who conduct business with the County Treasurer while a member of the Committee. All members shall also comply with requirements of the Political Reform Act or any other law or regulation regarding to receipt and disclosure of financial benefits and conflicts.

F. Committee members who had any supervisory responsibility over any program under audit and that is the subject of discussion shall recuse themselves during that part of the discussion.

Article IX

Amendment of Committee Charter

Proposed amendments to the committee charter must be delivered at least 72 hours in advance of a regular or special meeting to every member. Amendments require a simple majority vote of those present and voting for passage.

Article X

Adoption, Approval, Acknowledgements, and Acceptance of the Charter

The Financial Oversight Committee approved the revisions to the charter on ~~February 14~~ June 15, 2024³ moved by XX Angel Barajas and seconded by ~~XX Richard Horan~~ thus this charter supersedes any previous charters.

AYES: Sandy (~~Chair~~-Supervisor), Barajas (Chair-Supervisor), Horan (Public), Raber (Vice-Chair Public), Huey (Education), McKinney (Cities), and Sicke (Special District)

NOES: None

ABSENT: None

ABSTAIN: None

County of Yolo Financial Oversight Committee Charter



June 15, 2023

Article I

Introduction

The government representatives of Yolo County are held publicly accountable for the proper utilization, custody, and distribution of resources as the assigned fiscal agents of County funds by taxpayers and other stakeholders. This fiscal accountability is demonstrated through the monitoring and assurance of good systems of control, budgetary compliance, accurate and timely financial reporting, continuous monitoring and oversight reviews, and timely follow-up on audit findings and recommendations.

Measure H was passed by the county voters in 2012 to consolidate the elected offices of Auditor, Controller, Treasurer, Tax Collector, and other financial planning functions into one county department under the direction of an appointed Chief Financial Officer (CFO). Elected offices and separation of duties and control functions provided assurance of accountability which now need to be maintained through other means. With this purpose in mind, and in accordance with Measure H, the Board of Supervisors established the Yolo County Financial Oversight Committee (FOC). The FOC replaces the existing Treasury Oversight Committee, performing those duties pursuant to California Government Code Section 27130, and the existing Audit Committee, thereby providing leadership with independence over continuous monitoring, audits, and reviews of the County's business activity, processes, and transactions. The FOC shall not be designated the treasury oversight committee under Government Code section 27131. Additionally, the FOC ensures oversight for the monitoring and review of the property tax distribution process, and the accountability and transparency over budget compliance.

Article II

Authority

The FOC has the authority to provide oversight on treasury operations, leadership and independence over the monitoring, review, and audit of the County's business activities, and ensure accountability and transparency over the budgetary and tax distribution process. The FOC performs all of its duties in an advisory role to the Board of Supervisors and its chairperson has a direct communication with the Board of Supervisors. The FOC shall have no direct authority over the CFO or any County officer or staff regarding County financial operations. However, the FOC will have oversight over the Internal Audit Office as necessary. The Internal Audit Office will report to the CFO administratively. The FOC shall not be designated the treasury oversight committee under Government Code section 27131.

Article III

Purpose

The purpose of the FOC is to provide oversight on treasury operations, deliver leadership and independence over the monitoring, review, and audit of the County's business activities; and provide oversight that helps to further ensure accountability and transparency over the budgetary and tax distribution processes to further demonstrate good stewardship of public resources.

Article IV

Membership

A. Membership Categories

1. Voting Members

- a. Two representatives of the Board of Supervisors
- b. One representative of a city in Yolo County
- c. One representative of the Yolo County Office of Education
- d. One representative of the special districts in the County
- e. Two members of the public

The two representatives of the Board of Supervisors and one public member are the members who make-up the Audit Subcommittee.

Members shall be nominated by the CFO, County Administrator or Board members and confirmed by the Board of Supervisors. All members will serve three-year terms. Members may serve additional three-year terms at the pleasure of the Board of Supervisors.

Each committee member is to be both independent and financially literate. At least one member shall have financial expertise. Independent in this context means devoid of any potential conflict of interest, such as described in Section VIII.

2. Non-voting Members

The County Administrator and CFO, or their designees, participate on the FOC in an advisory capacity.

B. Power and Duties of Members and Officers

1. The Committee may not direct individual investment decisions, tax allocation or budgetary decisions, nor impinge on the day-to-day operations of the Department of Financial Services.
2. A Chair and Vice Chair shall initially be elected for a one-year term, which may be extended by a favorable vote of a majority of members.
3. At the last regular meeting of the calendar year, the Committee will select a Chair and Vice Chair to serve for the following calendar year.
4. The Chair's duties include presiding over all Committee meetings, responding to members' requests for information, signing communications on behalf of the Committee, and representing the Committee before the Board of Supervisors, subject to the approval of the Committee members.
5. The Chair shall preside over the meetings. In the absence of the Chair, the Vice Chair shall preside. In the event that neither is available, the Chair shall select a Chair pro-tem to serve in their absence.
6. The Chair shall preserve order at the meetings.

C. Resignation

A resignation from a Committee member may be submitted at any time by giving written notice to the CFO.

D. Removal

A member of the FOC may be removed for cause from their post by action of the Board of Supervisors. The FOC may, by two-thirds vote, recommend to the Board that a member be removed. At a public meeting within 60 days of the FOC's recommendation, the Board shall decide, in its sole discretion, whether or not to terminate the member.

E. Filling Vacancies

Vacancies occurring during the terms of appointment shall be filled as soon as practicable, as determined by the category of the Committee member position that is vacant. The appointment shall begin a 3-year term from the date of the appointment. The CFO shall seek recommendations from Committee members and any other appropriate sources to fill vacancies occurring on the Committee.

F. Compensation

FOC members serve without compensation.

G. Training

The CFO shall provide sufficient training to Committee members during the regular meetings or at other times and locations as necessary.

Article V

Responsibilities and Duties

A. General

The primary responsibility of the FOC is to help ensure the highest level of public accountability and transparency within Yolo County financial systems, by serving as an advisory committee to the Yolo County Board of Supervisors. This advisory responsibility is fulfilled through recommendations to the Board of Supervisors regarding the areas of responsibilities described in this section. This responsibility includes advising the Board on recruitment, hiring, and termination of the CFO, and providing regular updates on Committee activities to the Board of Supervisors.

The County also established an audit subcommittee that consist of two representatives of the Board of Supervisors and one public member who also serve on the FOC. The audit subcommittee reviews the scope and effectiveness of the internal audit activity and ensures that the audit functions are independently performed from county management. The chief audit executive annually reports on independence to the audit subcommittee per the Institute of Internal Auditors auditing standards.

Advisory responsibilities preclude the Committee and its members from participating in decision making or influencing decisions concerning the operations of the Department of Financial Services.

B. Financial and Audit Oversight

In addition to the general responsibilities listed above the FOC is specifically empowered to recommend, and oversee the work of, the public accounting firm employed by the County to perform the annual audit and Single Audit. To fulfill this duty, Committee members may:

1. Review significant accounting and financial reporting issues that affect County financial statements, including recent state laws, professional and regulatory pronouncements;
2. Participate in the selection of the independent audit firm which will conduct the annual financial

- audit and Single Audit, in accordance with state laws and auditing standards;
3. Review the scope and timing of the annual financial Audit and Single Audit;
4. Meet with the independent auditors at their request;
5. Review the results of the annual financial audit and Single Audit;
6. Review the results and adequacy of follow-up actions necessary on audits conducted by any external auditors or regulatory auditors on any of the County's activities, programs, transactions, or functions; and,
7. Review the results of final internal audit reports.

Audit Subcommittee

To establish, maintain, and assure that Yolo County's internal audit activity has sufficient authority to fulfill its duties, the audit subcommittee will:

1. Approve the internal audit activity's charter;
2. Approve and monitor the risk-based internal audit plan;
3. Ensure the timely monitoring and resolution of audit findings;
4. Receive communications from the chief audit executive on the internal audit activity's performance relative to its plan and other related matters;
5. Make appropriate inquiries of the chief audit executive of the internal audit activities whether there are scope or resource limitations; and,
6. In concert with the CFO, at a minimum of annually, review the scope and effectiveness of internal audit activity, participate in the appointment and removal of the chief audit executive, and participate in the performance evaluation of the chief audit executive; and

C. Treasury Oversight

In relation to its oversight responsibilities over the county treasury, members of the committee shall:

1. Annually review and ensure timely monitoring of the Yolo County Investment Policy proposed by the CFO is performed;
2. Review audits performed on treasury operations; and
3. Review investment performance of the treasurer's pool at the frequency and discretion of the committee.

D. Budget Accountability Oversight

Committee members ensure that timely reviews of internal controls are performed to further support accountability and transparency over the budget, and in this regard may:

1. Review the adopted budget and any subsequent amendments to help ensure compliance with the County Budget Act (California Government Code) and the County Budget Guide issued by the State Controller;
2. Review budgetary monitor reports; and
3. Review budget to actual reconciliation at year-end.

E. Tax Allocation Oversight

As the acting oversight authority over property tax allocation matters, member may review the internal controls over the property tax distribution activities, transactions, and processes to further ensure compliance with the Revenue and Taxation Code, and with state regulations in an equitable manner with regard to all taxing entities.

Article VI

Meetings

A. Attendance

All members are expected to attend all regularly scheduled committee meetings. A call or other communication to the CFO prior to a regularly scheduled meeting or anticipating an absence in advance notice from a meeting, would constitute an excused absence.

B. Meetings

- a. Regular meetings of the FOC shall occur at least four times each fiscal year within 45 days of each quarter's end.
 - i. The Committee must also meet twice annually with the independent auditors, in the beginning and at the conclusion of each audit. These meetings may be scheduled separately or occur as part of the quarterly meetings.
- b. Special meetings may be called by the Chair or at the written request of two or more Committee members.
 - i. All Committee members shall be provided with a written agenda 24 hours in advance of the meeting and the agenda shall be posted in appropriate locations. The agenda shall state the time, place, and business to be transacted at the meeting, and no other business shall be considered at the special meeting.

C. Convening Meetings

The meeting agenda shall be posted and delivered to the Committee at least 72 hours in advance. Only items included in the agenda may be discussed and considered. The Committee may discuss a non-agenda item at a regular meeting if pursuant to Government Code Section 54954.2 (b) (2), upon determination by a two-thirds vote of the members, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Committee subsequent to the agenda being posted.

D. Open Meetings

All Committee meetings are open to the public and are subject to the Ralph M. Brown Act (Title 5, Division 2, Part 1, Chapter 9, commencing with Section 54950). The public will be given the opportunity to be heard and make comments at the end of each meeting open to the public.

E. Quorum

A quorum is no less than a simple majority of the total current voting membership. Action may be taken by a majority of those present and voting and by no less than a majority of the quorum.

F. Staff Support

- a. The CFO or designee shall cause minutes of all meetings to be recorded in sufficient detail to allow adequate follow-up.
- b. The CFO or designee shall work with the Chair to develop the meeting agendas.
- c. As required and to the extent possible, county staff will provide technical and administrative support to the Committee.

Article VII

Parliamentary Procedure

The committee meetings shall be governed by Roberts' Rules of Order, the Modern Edition, and the Chair shall decide questions of order (unless overridden by a simple majority of the members present) consistent with such rules.

Article VIII

Conflict of Interest

- A.* Each Committee member will be required to complete and file an "Application for Nomination and Affidavit of Understanding" with the CFO in a timely manner. Failure to do so may invalidate Committee membership. Further, if any Committee member is found in breach of the requirements or in violation of the understandings, they must resign from this Committee.
- B.* A Committee member shall disclose to the FOC at a regular meeting any activities that directly or indirectly raised money for: a candidate for local treasurer; or a member of the governing board of any local agency that has deposited fund in the county treasury while a member of the committee. Raising money includes soliciting, receiving, or controlling campaign fund of a candidate, but not the member's individual campaign contributions or non-financial support. This condition does not apply to a member raising money for his or her own campaign.
- C.* A committee member shall disclose to the FOC at a regular meeting any contributions, in the previous three years or during the period that employee is a member of the FOC, by any employer to: the campaign of a candidate for the office of local treasurer; or to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury.
- D.* The member of the Committee may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms with whom the county treasurer is doing business during the period that the person is a member of the Committee or for one year after leaving the Committee. This subsection only applies to employment or soliciting employment, and no other relationships with such companies with whom the County is doing business.
- E.* The member of the Committee shall disclose to the FOC any honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons who conduct business with the County Treasurer while a member of the Committee. All members shall also comply with requirements of the Political Reform Act or any other law or regulation regarding to receipt and disclosure of financial benefits and conflicts.
- F.* Committee members who had any supervisory responsibility over any program under audit and that is the subject of discussion shall recuse themselves during that part of the discussion.

Article IX

Amendment of Committee Charter

Proposed amendments to the committee charter must be delivered at least 72 hours in advance of a regular or special meeting to every member. Amendments require a simple majority vote of those present and voting for passage.

Article X

Adoption, Approval, Acknowledgements, and Acceptance of the Charter

The Financial Oversight Committee approved the revisions to the charter on June 15, 2023 moved by XX and seconded by XX thus this charter supersedes any previous charters.

AYES: Sandy (Supervisor), Barajas (Chair-Supervisor), Horan (Public), Raber (Vice-Chair Public), Huey (Education), McKinney (Cities), and Sicke (Special District)

NOES: None

ABSENT: None

ABSTAIN: None

YOLO COUNTY
2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|--|--------------|-------------------|------------------|----------------|-------------------|-------------------|----------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| AGRICULTURE | | | | | | | | |
| AGRICULTURE | 0100-60-2701 | 4,065,895 | 3,879,033 | 186,862 | 4,065,895 | 4,205,469 | 139,574 | 326,436 |
| AG EQUIP REPLACEMENT | 4011-60-2701 | 11,295 | 11,295 | 0 | 11,295 | 11,295 | 0 | 0 |
| AG BLDG REPLACEMENT | 4012-60-2701 | 1,441,779 | 1,441,779 | 0 | 1,441,779 | 1,487,168 | 45,389 | 45,389 |
| AG EQUIP REPLACEMENT | 4013-60-2701 | 119,250 | 119,250 | 0 | 119,250 | 133,945 | 14,695 | 14,695 |
| AGRICULTURE TOTAL | | 5,638,219 | 5,451,357 | 186,862 | 5,638,219 | 5,837,877 | 199,658 | 386,520 |
| ASSESSOR/CLERK-RECORDER/ELECTIONS | | | | | | | | |
| ASSESSOR | 0100-61-1081 | 4,396,303 | 3,963,188 | 433,115 | 4,396,303 | 4,575,172 | 178,869 | 611,984 |
| ELECTIONS | 0100-61-1201 | 3,164,095 | 3,247,616 | (83,521) | 3,164,095 | 3,601,318 | 437,223 | 353,702 |
| ADMINISTRATION | 0100-61-2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CLERK-RECORDER | 0100-61-2851 | 3,213,048 | 2,614,025 | 599,023 | 3,213,048 | 3,016,595 | (196,453) | 402,570 |
| ASSESSOR/CLERK-RECORDER/ELECTIONS TOTAL | | 10,773,446 | 9,824,829 | 948,617 | 10,773,446 | 11,193,085 | 419,639 | 1,368,256 |
| BOARD OF SUPERVISORS | | | | | | | | |
| BOARD OF SUPERVISORS | 0100-62-1011 | 2,703,469 | 2,703,469 | 0 | 2,703,469 | 2,703,469 | 0 | 0 |
| BOARD OF SUPERVISORS TOTAL | | 2,703,469 | 2,703,469 | 0 | 2,703,469 | 2,703,469 | 0 | 0 |
| CHILD SUPPORT SERVICES | | | | | | | | |
| CHILD SUPPORT SERVICES | 0160-30-2041 | 8,782,052 | 8,641,273 | 140,779 | 8,782,052 | 8,782,052 | 0 | 140,779 |
| CHILD SUPPORT SERVICES TOTAL | | 8,782,052 | 8,641,273 | 140,779 | 8,782,052 | 8,782,052 | 0 | 140,779 |
| COMMUNITY SERVICES | | | | | | | | |
| COUNTY SURVEYOR | 0100-20-1501 | 70,000 | 24,700 | 45,300 | 70,000 | 58,300 | (11,700) | 33,600 |
| PLANNING | 0100-20-2971 | 2,563,387 | 2,267,572 | 295,815 | 2,563,387 | 2,291,462 | (271,925) | 23,890 |
| ENVIRONMENTAL HEALTH | 0130-20-4013 | 4,321,252 | 4,316,835 | 4,417 | 4,321,252 | 4,380,306 | 59,054 | 63,471 |
| GENERAL PLAN COST RECOVERY | 0161-20-2971 | 70,912 | 20,612 | 50,300 | 70,912 | 76,067 | 5,155 | 55,455 |
| CANNABIS | 0170-20-2973 | 3,131,497 | 1,779,571 | 1,351,926 | 3,131,497 | 2,943,352 | (188,145) | 1,163,781 |
| CLIMATE SUSTAINABILITY | 0180-20-2974 | 1,190,934 | 743,999 | 446,935 | 1,190,934 | 1,085,934 | (105,000) | 341,935 |
| ROADS/PUBLIC WORKS | 0301-20-3011 | 42,228,944 | 33,822,290 | 8,406,654 | 42,228,944 | 38,368,602 | (3,860,342) | 4,546,312 |
| ROADS/PUBLIC WORKS | 0303-20-3011 | 150,000 | 61,250 | 88,750 | 150,000 | 150,000 | 0 | 88,750 |
| ROADS/PUBLIC WORKS | 0305-20-3011 | 1,000 | 1,000 | 0 | 1,000 | 1,000 | 0 | 0 |
| ROADS/PUBLIC WORKS | 0321-20-3011 | 650 | 0 | 650 | 650 | 0 | (650) | 0 |
| ROADS/PUBLIC WORKS | 0322-20-3011 | 1,457,181 | 1,462,967 | (5,786) | 1,457,181 | 1,462,967 | 5,786 | 0 |
| TRANSPORTATION | 0330-20-3201 | 159,100 | 155,350 | 3,750 | 159,100 | 159,100 | 0 | 3,750 |
| CACHE CREEK AREA PLAN | 1210-20-2972 | 3,755,805 | 3,762,912 | (7,107) | 3,755,805 | 3,809,714 | 53,909 | 46,802 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|---|--------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| 1211 CC FUT MAINT/REM MGMT | 1211-20-2972 | 0 | 0 | 0 | 0 | (22,897) | (22,897) | (22,897) |
| 1212 CC OFF CHNL MNING PLN | 1212-20-2972 | 499,533 | 499,677 | (144) | 499,533 | 528,691 | 29,158 | 29,014 |
| AG. CONSERV. EASEMENT PROGRAM | 1260-20-2971 | 235,000 | 100,000 | 135,000 | 235,000 | 235,000 | 0 | 135,000 |
| TECH COST RECOVERY FEE PLANNING | 1262-20-2971 | 345,693 | 315,693 | 30,000 | 345,693 | 362,613 | 16,920 | 46,920 |
| FLEET SERVICES | 4021-20-1401 | 3,149,093 | 2,525,132 | 623,961 | 3,149,093 | 2,673,462 | (475,631) | 148,330 |
| INTEGRATED WASTE MGMT | 5021-20-4401 | 38,703,782 | 34,424,883 | 4,278,899 | 38,703,782 | 38,902,741 | 198,959 | 4,477,858 |
| INTEGRATED WASTE MGMT | 5025-20-4401 | 0 | 0 | 0 | 0 | 32,091 | 32,091 | 32,091 |
| INTEGRATED WASTE MGMT | 5026-20-4401 | 0 | 0 | 0 | 0 | (162,972) | (162,972) | (162,972) |
| INTEGRATED WASTE MGMT | 5027-20-4401 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IWM DEBT SVC | 5028-20-4401 | 9,485,000 | 9,485,000 | 0 | 9,485,000 | 9,871,560 | 386,560 | 386,560 |
| IWM RATE STABILIZATION | 5029-20-4401 | 0 | 0 | 0 | 0 | 39,794 | 39,794 | 39,794 |
| BUILDING | 5031-20-2975 | 1,949,390 | 1,822,673 | 126,717 | 1,949,390 | 1,991,741 | 42,351 | 169,068 |
| COMMUNITY SERVICES TOTAL | | 113,468,153 | 97,592,116 | 15,876,037 | 113,468,153 | 109,238,628 | (4,229,525) | 11,646,512 |
| COUNTY ADMINISTRATORS OFFICE | | | | | | | | |
| COUNTY ADMINISTRATOR | 0100-63-1021 | 5,965,822 | 5,888,116 | 77,706 | 5,965,822 | 6,110,822 | 145,000 | 222,706 |
| OFFICE OF EMERGENCY SERVICES | 0100-63-2811 | 2,835,343 | 2,913,049 | (77,706) | 2,835,343 | 2,835,343 | 0 | (77,706) |
| HOUSING & COMMUNITY DEVELOPMNT | 0100-63-5101 | 1,091,000 | 1,091,000 | 0 | 1,091,000 | 1,091,000 | 0 | 0 |
| COOPERATIVE EXTENSION | 0100-63-6101 | 307,335 | 307,335 | 0 | 307,335 | 307,335 | 0 | 0 |
| COUNTY ADMINISTRATOR | 0101-63-1021 | 6,999,400 | 6,999,400 | 0 | 6,999,400 | 6,999,400 | 0 | 0 |
| DISPUTE RESOLUTION PROGRAM | 1203-63-2211 | 30,000 | 30,000 | 0 | 30,000 | 30,000 | 0 | 0 |
| YSA LEAD REMEDIATION | 1401-63-1307 | 3,000 | 3,000 | 0 | 3,000 | 3,000 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1501-63-5101 | 21,500 | 21,500 | 0 | 21,500 | 21,500 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1502-63-5101 | 702,500 | 702,500 | 0 | 702,500 | 702,500 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1503-63-5101 | 30,000 | 30,000 | 0 | 30,000 | 30,000 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1504-63-5101 | 11,000 | 11,000 | 0 | 11,000 | 11,000 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1505-63-5101 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1507-63-5150 | 10,000 | 10,000 | 0 | 10,000 | 10,000 | 0 | 0 |
| HOUSING & COMMUNITY DEVELOPMNT | 1508-63-5101 | 15,500 | 15,500 | 0 | 15,500 | 15,500 | 0 | 0 |
| GIBSON HOUSE IMPROVEMENT | 1713-63-7013 | 30,000 | 30,000 | 0 | 30,000 | 30,000 | 0 | 0 |
| YOLO ELECTRIC | 4051-63-1306 | 5,703,440 | 5,703,440 | 0 | 5,703,440 | 5,703,440 | 0 | 0 |
| COUNTY ADMINISTRATORS OFFICE TOTAL | | 23,755,840 | 23,755,840 | 0 | 23,755,840 | 23,900,840 | 145,000 | 145,000 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|-----------------------------------|--------------|-------------------|------------------|------------------|-------------------|------------------|--------------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| COUNTY COUNSEL | | | | | | | | |
| COUNTY COUNSEL | 0100-64-1151 | 2,024,161 | 2,171,010 | (146,849) | 2,024,161 | 2,107,226 | 83,065 | (63,784) |
| INDIGENT DEFENSE | 0100-64-2105 | 941,920 | 853,738 | 88,182 | 941,920 | 941,920 | 0 | 88,182 |
| SMALL CLAIMS ADVISORY | 0100-64-2221 | 20,000 | 10,000 | 10,000 | 20,000 | 12,905 | (7,095) | 2,905 |
| COUNTY COUNSEL TOTAL | | 2,986,081 | 3,034,748 | (48,667) | 2,986,081 | 3,062,051 | 75,970 | 27,303 |
| COUNTY SERVICE AREAS | | | | | | | | |
| CLARKSBURG LIGHTING | 1910-51-3021 | 5,600 | 5,600 | 0 | 5,600 | 5,429 | (171) | (171) |
| GARCIA BEND CSA NO. 9 | 1915-51-2751 | 16,900 | 17,600 | (700) | 16,900 | 17,770 | 870 | 170 |
| SNOWBALL | 1920-51-2781 | 308,505 | 194,050 | 114,455 | 308,505 | 312,145 | 3,640 | 118,095 |
| DUNNIGAN LIGHTING | 1950-51-3022 | 6,717 | 6,171 | 546 | 6,717 | 6,717 | 0 | 546 |
| WILLOWBANK | 1961-51-4997 | 3,250 | 3,250 | 0 | 3,250 | 3,250 | 0 | 0 |
| NORTH DAVIS MEADOWS WATER | 1962-51-4996 | 8,237,050 | 172,050 | 8,065,000 | 8,237,050 | (12,950) | (8,250,000) | (185,000) |
| NORTH DAVIS MEADOWS SEWER | 1963-51-4996 | 138,200 | 233,963 | (95,763) | 138,200 | 140,060 | 1,860 | (93,903) |
| NORTH DAVIS MEADOWS DRAINAGE | 1964-51-4996 | 14,200 | 14,200 | 0 | 14,200 | 14,209 | 9 | 9 |
| NORTH DAVIS MEADOWS LIGHTING | 1965-51-3022 | 11,900 | 11,900 | 0 | 11,900 | 11,900 | 0 | 0 |
| NORTH DAVIS MEADOWS LANDSCAPE | 1966-51-3022 | 46,274 | 46,274 | 0 | 46,274 | 46,864 | 590 | 590 |
| WILD WINGS GOLF COURSE | 1970-51-7201 | 1,534,642 | 1,807,462 | (272,820) | 1,534,642 | 1,775,342 | 240,700 | (32,120) |
| WILD WINGS SEWER | 1971-51-4995 | 924,158 | 909,158 | 15,000 | 924,158 | 965,350 | 41,192 | 56,192 |
| WILD WINGS WATER | 1972-51-4995 | 2,547,250 | 742,280 | 1,804,970 | 2,547,250 | 749,226 | (1,798,024) | 6,946 |
| EL MACERO GENERAL | 1980-51-4998 | 40,500 | 40,500 | 0 | 40,500 | 42,548 | 2,048 | 2,048 |
| EL MACERO STREETS | 1981-51-3022 | 80,850 | 75,850 | 5,000 | 80,850 | 81,570 | 720 | 5,720 |
| EL MACERO WATER | 1982-51-4998 | 1,005,628 | 991,128 | 14,500 | 1,005,628 | 1,005,693 | 65 | 14,565 |
| EL MACERO SEWER | 1983-51-4998 | 252,145 | 252,145 | 0 | 252,145 | 252,145 | 0 | 0 |
| COUNTY SERVICE AREAS TOTAL | | 15,173,769 | 5,523,581 | 9,650,188 | 15,173,769 | 5,417,268 | (9,756,501) | (106,313) |
| COUNTYWIDE | | | | | | | | |
| COUNTYWIDE GENERAL | 0100-10-1000 | 92,526,272 | 92,526,272 | 0 | 92,526,272 | 93,162,906 | 636,634 | 636,634 |
| COUNTYWIDE PROGRAMS | 0100-10-1001 | 4,729,192 | 4,438,692 | 290,500 | 4,729,192 | 4,729,192 | 0 | 290,500 |
| COUNTY ADMINISTRATOR | 0100-10-1021 | 89,671 | 100,671 | (11,000) | 89,671 | 89,671 | 0 | (11,000) |
| COURT MOU | 0100-10-2001 | 464,030 | 464,030 | 0 | 464,030 | 431,742 | (32,288) | (32,288) |
| COUNTYWIDE GENERAL | 0151-10-1000 | 0 | 0 | 0 | 0 | 29,932 | 29,932 | 29,932 |
| COUNTYWIDE GENERAL | 0152-10-1000 | 385,000 | 385,000 | 0 | 385,000 | 385,000 | 0 | 0 |
| CANNABIS MEASURE K | 0171-10-1004 | 3,325,000 | 3,325,000 | 0 | 3,325,000 | 3,325,000 | 0 | 0 |
| PUBLIC SAFETY MOE | 0202-10-2000 | 3,127,129 | 2,953,101 | 174,028 | 3,127,129 | 3,303,182 | 176,053 | 350,081 |
| COMMUNITY CORRECTIONS PARTNERSH | 0501-10-1000 | 11,353,898 | 11,060,432 | 293,466 | 11,353,898 | 12,814,855 | 1,460,957 | 1,754,423 |
| LOCAL INNOVATION SUBACCT | 0526-10-2003 | 118,897 | 118,897 | 0 | 118,897 | 118,897 | 0 | 0 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|--------------------------------|--------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| BOARD CONTROLLED PENALTIES | 1101-10-1002 | 252,804 | 252,804 | 0 | 252,804 | 252,804 | 0 | 0 |
| DEVELOPMENT IMPACT FEES | 1102-10-1003 | 362,429 | 367,026 | (4,597) | 362,429 | 3,034,603 | 2,672,174 | 2,667,577 |
| CRIMINAL JUSTICE FACILITIES | 1201-10-1301 | 22,000 | 22,000 | 0 | 22,000 | 25,318 | 3,318 | 3,318 |
| COVID19 CROC OPER | 1420-10-4000 | 0 | 18,458 | (18,458) | 0 | 0 | 0 | (18,458) |
| COVID19 NON CROC OTHER | 1420-10-4001 | 0 | 0 | 0 | 0 | 1,282 | 1,282 | 1,282 |
| CAPITAL OUTLAY - ACO | 3101-10-1351 | 6,544,462 | 6,544,462 | 0 | 6,544,462 | 6,544,462 | 0 | 0 |
| PENSION FUNDING ISF | 4043-10-1891 | 40,264,068 | 40,264,068 | 0 | 40,264,068 | 40,264,068 | 0 | 0 |
| COUNTYWIDE TOTAL | | 163,564,852 | 162,840,913 | 723,939 | 163,564,852 | 168,512,914 | 4,948,062 | 5,672,001 |
| DEBT SERVICE | | | | | | | | |
| DA BLDG DEBT SERVICE | 2001-12-8011 | 0 | 0 | 0 | 0 | 13,666 | 13,666 | 13,666 |
| DAVIS LIBRARY CFD#1 | 2002-12-8012 | 423,875 | 423,875 | 0 | 423,875 | 423,875 | 0 | 0 |
| CIP DEBT SERVICE | 2003-12-8013 | 1,248,076 | 1,248,076 | 0 | 1,248,076 | 1,248,748 | 672 | 672 |
| CAP IMPROV DEBT SVC | 2004-12-8013 | 348,065 | 348,426 | (361) | 348,065 | 383,605 | 35,540 | 35,179 |
| TRANE ENG SVC PRO. | 2005-12-8015 | 864,191 | 1,089,068 | (224,877) | 864,191 | 878,515 | 14,324 | (210,553) |
| 2020 LEASE REV BONDS | 2006-12-8016 | 1,042,231 | 1,042,231 | 0 | 1,042,231 | 1,042,231 | 0 | 0 |
| DEBT SERVICE TOTAL | | 3,926,438 | 4,151,676 | (225,238) | 3,926,438 | 3,990,640 | 64,202 | (161,036) |
| DISTRICT ATTORNEY | | | | | | | | |
| CRIMINAL PROSECUTION | 0202-31-2051 | 16,334,989 | 16,291,755 | 43,234 | 16,334,989 | 16,147,191 | (187,798) | (144,564) |
| NEIGHBORHOOD COURT | 0202-31-2052 | 1,460,199 | 1,073,757 | 386,442 | 1,460,199 | 1,024,696 | (435,503) | (49,061) |
| SPECIAL INVESTIGATION | 0202-31-2059 | 2,213,588 | 1,975,737 | 237,851 | 2,213,588 | 2,524,867 | 311,279 | 549,130 |
| VICTIM ASSISTANCE | 0202-31-5054 | 1,315,814 | 1,170,498 | 145,316 | 1,315,814 | 1,168,151 | (147,663) | (2,347) |
| DA COMMUNITY CORRECTIONS | 0501-31-2051 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DA REVOCATIONS | 0504-31-2051 | 321,099 | 321,099 | 0 | 321,099 | 330,847 | 9,748 | 9,748 |
| CRIMINAL PROSECUTION | 0521-31-2051 | 448,952 | 351,579 | 97,373 | 448,952 | 448,952 | 0 | 97,373 |
| CRIMINAL PROSECUTION | 0525-31-2051 | 102,449 | 102,449 | 0 | 102,449 | 105,968 | 3,519 | 3,519 |
| DNA ID FUND | 1240-31-2051 | 72,099 | 8,442 | 63,657 | 72,099 | 72,099 | 0 | 63,657 |
| MULTI-DISCIPLINARY INTV CENTER | 1250-31-2054 | 1,083,134 | 1,069,137 | 13,997 | 1,083,134 | 1,149,116 | 65,982 | 79,979 |
| CONSUMER FRAUD ENV PROTECTION | 1251-31-2055 | 3,667,341 | 3,194,048 | 473,293 | 3,667,341 | 2,679,014 | (988,327) | (515,034) |
| ASSET FORFEITURE | 1255-31-2051 | 138,500 | 147,690 | (9,190) | 138,500 | 201,822 | 63,322 | 54,132 |
| SPECIAL INVESTIGATION | 1256-31-2059 | 360,000 | 310,292 | 49,708 | 360,000 | 367,475 | 7,475 | 57,183 |
| VICTIM ASSISTANCE | 1431-31-5054 | 50,000 | 47,527 | 2,473 | 50,000 | 43,361 | (6,639) | (4,166) |
| DISTRICT ATTORNEY TOTAL | | 27,568,164 | 26,064,010 | 1,504,154 | 27,568,164 | 26,263,559 | (1,304,605) | 199,549 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|--|--------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| FINANCIAL SERVICES | | | | | | | | |
| FINANCIAL SERVICES | 0100-65-1051 | 7,028,567 | 6,525,477 | 503,090 | 7,028,567 | 6,993,915 | (34,652) | 468,438 |
| FINANCIAL SERVICES TOTAL | | 7,028,567 | 6,525,477 | 503,090 | 7,028,567 | 6,993,915 | (34,652) | 468,438 |
| GENERAL SERVICES | | | | | | | | |
| FACILITIES | 0100-66-1303 | 7,751,696 | 5,621,645 | 2,130,051 | 7,751,696 | 5,828,285 | (1,923,411) | 206,640 |
| PARKS | 0100-66-7011 | 1,613,725 | 1,156,704 | 457,021 | 1,613,725 | 1,612,195 | (1,530) | 455,491 |
| AIRPORT | 5001-66-3101 | 1,913,828 | 1,913,828 | 0 | 1,913,828 | 1,918,129 | 4,301 | 4,301 |
| ESPARTO TULI MEM PARK & POOL | 1927-66-7012 | 350,463 | 348,336 | 2,127 | 350,463 | 348,336 | (2,127) | 0 |
| GENERAL SERVICES TOTAL | | 11,629,712 | 9,040,513 | 2,589,199 | 11,629,712 | 9,706,945 | (1,922,767) | 666,432 |
| HHSA - ADMINISTRATION | | | | | | | | |
| HHSA ADMINISTRATION | 0120-40-5510 | 919,032 | 766,457 | 152,575 | 919,032 | 1,043,747 | 124,715 | 277,290 |
| HHSA - ADMINISTRATION TOTAL | | 919,032 | 766,457 | 152,575 | 919,032 | 1,043,747 | 124,715 | 277,290 |
| HHSA ADMINISTRATION-IGT | | | | | | | | |
| HHSA ADMINISTRATION-IGT | 0140-40-4011 | 4,054,655 | 5,334,416 | (1,279,761) | 4,054,655 | 6,448,597 | 2,393,942 | 1,114,181 |
| HHSA - ADMINISTRATION IGT TOTAL | | 4,054,655 | 5,334,416 | (1,279,761) | 4,054,655 | 6,448,597 | 2,393,942 | 1,114,181 |
| HHSA - BEHAVIORAL HEALTH | | | | | | | | |
| MENTAL HEALTH SERVICES | 0401-40-4101 | 31,398,705 | 31,854,254 | (455,549) | 31,398,705 | 31,854,254 | 455,549 | 0 |
| ALCOHOL AND DRUG PROGRAMS | 0402-40-4111 | 7,694,780 | 8,822,210 | (1,127,430) | 7,694,780 | 8,748,247 | 1,053,467 | (73,963) |
| MENTAL HEALTH SERVICES | 0405-40-4101 | 8,748,699 | 8,697,884 | 50,815 | 8,748,699 | 8,704,308 | (44,391) | 6,424 |
| MENTAL HEALTH SERVICES | 0406-40-4101 | 8,657,198 | 8,241,235 | 415,963 | 8,657,198 | 8,250,920 | (406,278) | 9,685 |
| MHSA-COMMUNITY SVC & SUPPORT | 0410-40-4100 | 19,568,998 | 13,593,307 | 5,975,691 | 19,568,998 | 15,978,911 | (3,590,087) | 2,385,604 |
| MHSA-WORKFORCE EDUC & TRAINING | 0410-40-4102 | 138,119 | 133,715 | 4,404 | 138,119 | 142,648 | 4,529 | 8,933 |
| MHSA-CAPITAL FAC & TECH NEEDS | 0410-40-4103 | 1,665,036 | 1,440,519 | 224,517 | 1,665,036 | 1,670,589 | 5,553 | 230,070 |
| MHSA-INNOVATION | 0410-40-4104 | 1,834,305 | 364,247 | 1,470,058 | 1,834,305 | 1,525,940 | (308,365) | 1,161,693 |
| MHSA-PREV & EARLY INTERVENTION | 0410-40-4105 | 8,418,827 | 5,249,090 | 3,169,737 | 8,418,826 | 7,192,720 | (1,226,106) | 1,943,631 |
| HHSA - BEHAVIORAL HEALTH TOTAL | | 88,124,667 | 78,396,461 | 9,728,206 | 88,124,666 | 84,068,537 | (4,056,129) | 5,672,077 |
| HHSA - PUBLIC GUARDIAN | | | | | | | | |
| PUBLIC GUARDIAN | 0100-40-2871 | 1,572,930 | 1,594,311 | (21,381) | 1,572,930 | 1,594,311 | 21,381 | 0 |
| HHSA - PUBLIC GUARDIAN TOTAL | | 1,572,930 | 1,594,311 | (21,381) | 1,572,930 | 1,594,311 | 21,381 | 0 |
| HHSA - PUBLIC HEALTH | | | | | | | | |
| PUBLIC HEALTH | 0141-40-4011 | 22,195,424 | 18,756,444 | 3,438,980 | 22,195,424 | 18,756,444 | (3,438,980) | 0 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|---------------------------------------|--------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| PUBLIC HEALTH | 0141-40-4023 | 7,403,831 | 6,104,140 | 1,299,691 | 7,403,831 | 7,674,750 | 270,919 | 1,570,610 |
| PUBLIC HEALTH | 0142-40-4011 | 4,492,574 | 4,851,692 | (359,118) | 4,492,574 | 4,851,692 | 359,118 | 0 |
| JAIL JUV HALL MEDICAL SERVICES | 0202-40-4014 | 562,804 | 293,292 | 269,512 | 562,804 | 664,936 | 102,132 | 371,644 |
| PUBLIC HEALTH | 1410-40-4011 | 599,087 | 516,676 | 82,411 | 599,087 | 516,676 | (82,411) | 0 |
| PUBLIC HEALTH | 1411-40-4011 | | | 0 | | | 0 | 0 |
| HHSA - PUBLIC HEALTH TOTAL | | 35,253,720 | 30,522,244 | 4,731,476 | 35,253,720 | 32,464,498 | (2,789,222) | 1,942,254 |
| HHSA - SOCIAL SERVICES | | | | | | | | |
| PUBLIC ASSISTANCE ADMIN | 0120-40-5511 | 82,450,933 | 75,110,116 | 7,340,817 | 82,450,933 | 75,702,724 | (6,748,209) | 592,608 |
| PUBLIC ASSISTANCE AID | 0120-40-5522 | 45,409,997 | 48,355,690 | (2,945,693) | 45,409,997 | 48,355,690 | 2,945,693 | 0 |
| GENERAL RELIEF | 0120-40-5612 | 338,318 | 319,601 | 18,717 | 338,318 | 319,601 | (18,717) | 0 |
| WORKFORCE INVESTMENT | 0120-40-5621 | 2,971,882 | 2,433,450 | 538,432 | 2,971,882 | 2,433,450 | (538,432) | 0 |
| CSBG | 0120-40-5650 | 11,810,202 | 8,459,178 | 3,351,024 | 11,810,202 | 8,459,178 | (3,351,024) | 0 |
| PUBLIC ASSISTANCE ADMIN | 0123-40-5511 | 15,437,668 | 16,153,698 | (716,030) | 15,437,668 | 18,207,892 | 2,770,224 | 2,054,194 |
| PUBLIC ASSISTANCE AID | 0124-40-5522 | 3,938,166 | 3,938,166 | 0 | 3,938,166 | 4,359,878 | 421,712 | 421,712 |
| PUBLIC ASSISTANCE AID | 0125-40-5522 | 3,612,142 | 2,757,085 | 855,057 | 3,612,142 | 6,818,709 | 3,206,567 | 4,061,624 |
| PUBLIC ASSISTANCE ADMIN | 0126-40-5511 | 17,113,624 | 16,297,789 | 815,835 | 17,113,624 | 17,180,271 | 66,647 | 882,482 |
| PUBLIC ASSISTANCE ADMIN | 1520-40-5511 | 54,948 | 60,000 | (5,052) | 54,948 | 53,945 | (1,003) | (6,055) |
| IHSS PUBLIC AUTHORITY | 6910-40-5513 | 2,968,190 | 2,724,439 | 243,751 | 2,968,190 | 2,724,439 | (243,751) | 0 |
| HHSA - SOCIAL SERVICES TOTAL | | 186,106,070 | 176,609,212 | 9,496,858 | 186,106,070 | 184,615,777 | (1,490,293) | 8,006,565 |
| HHSA - VETERANS SERVICES | | | | | | | | |
| VETERANS SERVICES | 0100-40-5801 | 374,746 | 391,672 | (16,926) | 374,746 | 375,291 | 545 | (16,381) |
| HHSA - VETERANS SERVICES TOTAL | | 374,746 | 391,672 | (16,926) | 374,746 | 375,291 | 545 | (16,381) |
| HUMAN RESOURCES | | | | | | | | |
| HUMAN RESOURCES | 0100-70-1031 | 2,879,014 | 2,879,014 | 0 | 2,879,014 | 2,869,128 | (9,886) | (9,886) |
| RISK MANAGEMENT | 0100-70-1551 | 9,008,689 | 8,937,006 | 71,683 | 9,008,689 | 9,008,689 | 0 | 71,683 |
| UNEMPLOYMENT SELF-INSURANCE | 4041-70-1871 | 355,377 | 355,377 | 0 | 355,377 | 380,091 | 24,714 | 24,714 |
| DENTAL SELF-INSURANCE | 4042-70-1881 | 2,213,624 | 2,213,624 | 0 | 2,213,624 | 2,258,336 | 44,712 | 44,712 |
| HUMAN RESOURCES TOTAL | | 14,456,704 | 14,385,021 | 71,683 | 14,456,704 | 14,516,244 | 59,540 | 131,223 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|---|--------------|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| INNOVATION & TECHNOLOGY SERVICES | | | | | | | | |
| INN/TECH SVC | 0100-69-1561 | 4,709,424 | 3,685,707 | 1,023,717 | 4,709,424 | 4,505,300 | (204,124) | 819,593 |
| EQUIPMENT REPLACEMENT | 4011-69-1841 | 178,801 | 178,801 | 0 | 178,801 | 197,808 | 19,007 | 19,007 |
| ITS TELECOMMUNICATIONS | 4031-69-1851 | 1,587,603 | 1,314,679 | 272,924 | 1,587,603 | 1,421,319 | (166,284) | 106,640 |
| INNOVATION & TECHNOLOGY SERVICES TOTAL | | 6,475,828 | 5,179,187 | 1,296,641 | 6,475,828 | 6,124,427 | (351,401) | 945,240 |
| LIBRARY | | | | | | | | |
| COUNTY LIBRARY SERVICES | 1601-68-6051 | 9,427,721 | 9,245,428 | 182,293 | 9,427,721 | 9,760,834 | 333,113 | 515,406 |
| GIBSON HOUSE MUSEUM | 1601-68-7013 | 153,360 | 79,934 | 73,426 | 153,360 | 153,760 | 400 | 73,826 |
| COUNTY LIBRARY SVC - MEASURE A | 1602-68-6051 | 2,669,736 | 2,437,704 | 232,032 | 2,669,736 | 2,695,456 | 25,720 | 257,752 |
| LIBRARY TOTAL | | 12,250,817 | 11,763,066 | 487,751 | 12,250,817 | 12,610,050 | 359,233 | 846,984 |
| PROBATION | | | | | | | | |
| ADMINISTRATION | 0202-32-2611 | 50,544 | 59,514 | (8,970) | 50,544 | 59,591 | 9,047 | 77 |
| ADULT PROBATION SERVICES | 0202-32-2612 | 4,141,412 | 2,542,721 | 1,598,691 | 4,141,412 | 2,797,766 | (1,343,646) | 255,045 |
| JUVENILE DETENTION | 0202-32-2613 | 6,663,149 | 6,104,975 | 558,174 | 6,663,149 | 6,853,347 | 190,198 | 748,372 |
| JUVENILE PROBATION SERVICES | 0202-32-2614 | 1,179,682 | 1,122,591 | 57,091 | 1,179,682 | 1,122,591 | (57,091) | 0 |
| CARE OF COURT WARDS | 0202-32-5751 | 1,192,287 | 476,897 | 715,390 | 1,192,287 | 1,067,820 | (124,467) | 590,923 |
| ADMINISTRATION | 0501-32-2611 | 150,000 | 85,056 | 64,944 | 150,000 | 150,000 | 0 | 64,944 |
| PROB COMMUNITY CORRECTIONS | 0501-32-2615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JUVENILE PROBATION SERVICES | 0520-32-2614 | 2,041,182 | 1,438,049 | 603,133 | 2,041,182 | 2,108,678 | 67,496 | 670,629 |
| JUVENILE PROBATION SERVICES | 0522-32-2614 | 1,495,911 | 1,231,204 | 264,707 | 1,495,911 | 1,642,238 | 146,327 | 411,034 |
| DJJ Realignment | 0527-32-2614 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ADMINISTRATION | 1240-32-2611 | 6,000 | 1,005 | 4,995 | 6,000 | 6,000 | 0 | 4,995 |
| ADULT PROBATION SERVICES | 1270-32-2612 | 1,498,794 | 1,451,453 | 47,341 | 1,498,794 | 1,498,794 | 0 | 47,341 |
| PROBATION TOTAL | | 18,418,961 | 14,513,465 | 3,905,496 | 18,418,961 | 17,306,825 | (1,112,136) | 2,793,360 |
| PUBLIC DEFENDER | | | | | | | | |
| PUBLIC DEFENDER | 0100-33-2101 | 9,785,523 | 9,797,761 | (12,238) | 9,785,523 | 9,795,511 | 9,988 | (2,250) |
| PD COMMUNITY CORRECTIONS | 0501-33-2101 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD REVOCATIONS | 0504-33-2101 | 321,099 | 321,099 | 0 | 321,099 | 321,099 | 0 | 0 |
| PUBLIC DEFENDER TOTAL | | 10,106,622 | 10,118,860 | (12,238) | 10,106,622 | 10,116,610 | 9,988 | (2,250) |
| SHERIFF | | | | | | | | |
| PUBLIC ADMINISTRATOR | 0100-34-5613 | 411,564 | 402,151 | 9,413 | 411,564 | 408,409 | (3,155) | 6,258 |
| CIVIL PROCESS | 0202-34-2402 | 1,033,257 | 946,400 | 86,857 | 1,033,257 | 1,015,009 | (18,248) | 68,609 |
| MANAGEMENT | 0202-34-2502 | 3,736,104 | 3,432,559 | 303,545 | 3,736,104 | 3,740,502 | 4,398 | 307,943 |
| MARINE PATROL | 0202-34-2505 | 833,181 | 670,833 | 162,348 | 833,181 | 817,177 | (16,004) | 146,344 |

YOLO COUNTY 2022-23 Third Quarter Monitoring Summary

| Department | Level Group | EXPENDITURES | | | REVENUES | | | NET VARIANCE |
|--|--------------|--------------------|--------------------|-------------------|--------------------|--------------------|---------------------|-------------------|
| | | Budget | Actuals | Variance | Budget | Actuals | Variance | |
| PATROL | 0202-34-2507 | 14,719,003 | 13,860,321 | 858,682 | 14,719,003 | 14,357,804 | (361,199) | 497,483 |
| DETENTION | 0202-34-2509 | 23,615,696 | 22,640,678 | 975,018 | 23,615,696 | 23,665,467 | 49,771 | 1,024,789 |
| TRAINING | 0202-34-2512 | 507,946 | 421,635 | 86,311 | 507,946 | 488,886 | (19,060) | 67,251 |
| CORONER | 0202-34-2861 | 1,461,583 | 1,480,368 | (18,785) | 1,461,583 | 1,459,753 | (1,830) | (20,615) |
| SHER COMMUNITY CORRECTIONS | 0501-34-2506 | 757,240 | 745,365 | 11,875 | 757,240 | 757,240 | 0 | 11,875 |
| COURT SECURITY | 0503-34-2401 | 4,074,040 | 4,119,954 | (45,914) | 4,074,040 | 4,087,014 | 12,974 | (32,940) |
| PATROL - SMALL & RURAL | 0523-34-2507 | 1,065,740 | 815,707 | 250,033 | 1,065,740 | 1,127,642 | 61,902 | 311,935 |
| PATROL - COPS | 0524-34-2507 | 171,759 | 93,943 | 77,816 | 171,759 | 204,707 | 32,948 | 110,764 |
| DETENTION - COPS | 0524-34-2509 | 105,014 | 33,218 | 71,796 | 105,014 | 113,773 | 8,759 | 80,555 |
| ANIMAL SERVICES | 0540-34-2801 | 3,677,209 | 3,525,712 | 151,497 | 3,677,209 | 3,606,515 | (70,694) | 80,803 |
| DETENTION - RAN BOARD | 1280-34-2509 | 484,782 | 478,305 | 6,477 | 484,782 | 513,557 | 28,775 | 35,252 |
| SHERIFF CIVIL PROCESS EQUIP | 1281-34-2402 | 44,040 | 41,188 | 2,852 | 44,040 | 42,292 | (1,748) | 1,104 |
| SHERIFF CIVIL PROCESS VEHICLES | 1282-34-2402 | 70,000 | 70,000 | 0 | 70,000 | 15,010 | (54,990) | (54,990) |
| SHERIFF SEIZED FUNDS | 1283-34-2502 | 10,250 | 0 | 10,250 | 10,250 | 4,540 | (5,710) | 4,540 |
| DETENTION - INMATE WELFARE | 1284-34-2509 | 401,100 | 263,045 | 138,055 | 401,100 | 269,640 | (131,460) | 6,595 |
| SHERIFF TOTAL | | 57,179,508 | 54,041,382 | 3,138,126 | 57,179,508 | 56,694,937 | (484,571) | 2,653,555 |
| TOTAL OPERATING BUDGET | | 832,293,022 | 768,765,556 | 63,527,466 | 832,293,022 | 813,583,094 | (18,709,927) | 44,817,539 |
| CAPITAL IMPROVEMENT PROGRAM | | | | | | | | |
| FACILITY CAPITAL PROJECTS | 3120-11-1355 | 2,406,562 | 1,351,832 | 1,054,730 | 2,406,562 | 1,400,938 | (1,005,624) | 49,106 |
| IT CAPITAL PROJECTS | 3120-11-1570 | 3,025,513 | 3,025,513 | 0 | 3,025,513 | 3,025,513 | 0 | 0 |
| MONROE JAIL EXPANSION | 3201-11-1352 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LEINBERGER JAIL EXPANSION | 3203-11-1352 | 25,252,828 | 25,252,828 | 0 | 25,252,828 | 25,106,888 | (145,940) | (145,940) |
| KNIGHTS LANDING LEVEE | 3401-11-3760 | 12,997,834 | 8,838,256 | 4,159,578 | 12,997,834 | 9,854,370 | (3,143,464) | 1,016,114 |
| YOLO LIBRARY REPLACEMENT | 3601-11-1354 | 1,451,997 | 1,451,997 | 0 | 1,451,997 | 1,256,481 | (195,516) | (195,516) |
| ESPARTO PARK IMPROVEMENT | 3701-11-7012 | 250,000 | 250,000 | 0 | 250,000 | 250,000 | 0 | 0 |
| KNIGHTS LANDING PARK | 3801-11-7012 | 5,800,000 | 5,800,000 | 0 | 5,800,000 | 5,800,000 | 0 | 0 |
| TOTAL CAPITAL IMPROVEMENT PROGRAM | | 51,184,734 | 45,970,426 | 5,214,308 | 51,184,734 | 46,694,190 | (4,490,544) | 723,764 |
| TOTAL COUNTY BUDGET | | 883,477,756 | 814,735,982 | 68,741,774 | 883,477,756 | 860,277,284 | (23,200,471) | 45,541,303 |

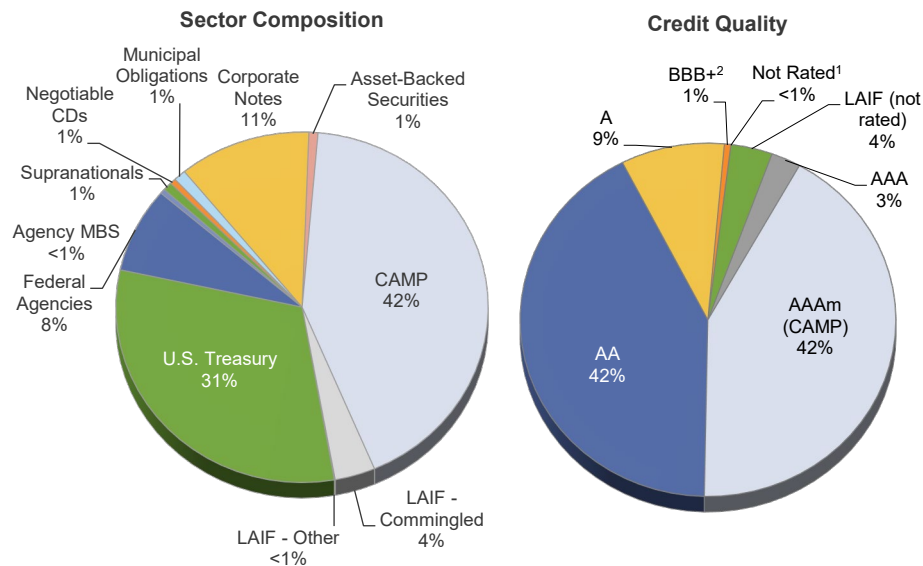
Portfolio Review

- ▶ The portfolio is in compliance with the California Government Code and the County's Investment Policy.
- ▶ The portfolio is well diversified by sector, issuer, and maturity and is of high credit quality.
- ▶ The portfolio has sufficient liquidity to meet the County's cash needs.
- ▶ The portfolio's duration was maintained at a shorter position than the benchmark as rates were expected to continue moving higher.
- ▶ Falling interest rates led to strong positive total returns for the fixed income market, including the County's portfolio, for the quarter. With two consecutive quarters of positive returns, longer-period returns continued to recover as well.
- ▶ The portfolio modestly underperformed the benchmark for the quarter due to the portfolio's shorter duration during a period of falling rates and from underperformance of the credit sectors due to spread widening caused by concerns over the banking sector.

The Economy

- ▶ In the quarter, U.S. economic conditions were characterized by: (1) lingering inflation that remains well above the Fed's long-term inflation target, (2) a labor market that is strong but showing the first signs of moderation, and (3) greater economic uncertainty following financial industry volatility and debt ceiling debates.
- ▶ Following two rate hikes in the first quarter and a 25-basis point increase in both February and March, the overnight target rate is now in a range of 4.75% to 5.00%.
- ▶ Fed projections for GDP reflect expectations for weaker economic growth over the coming years, with projections for 2023 at 0.4%, 2024 at 1.2%, and 2025 at 1.9%.
- ▶ Over the first quarter, the U.S. economy added more than 1,000,000 jobs compared to 853,000 in the previous quarter. The unemployment rate remained unchanged at 3.5% in March, underscoring the continued strength in labor markets.

Portfolio Profile as of March 31, 2023^{1,2}

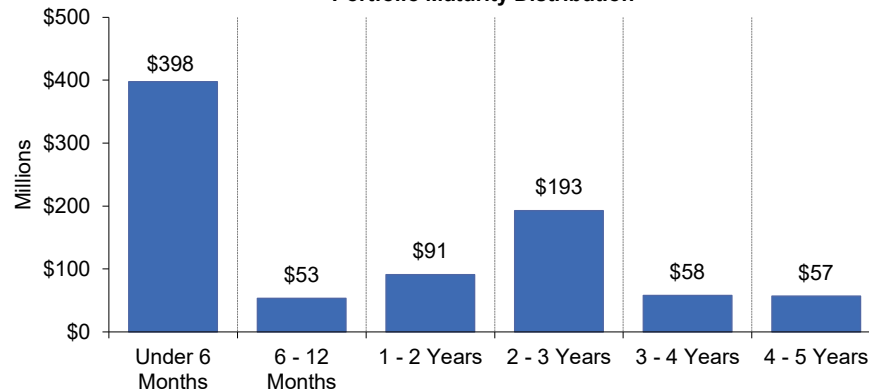


Portfolio Performance as of March 31, 2023³

| | Quarter | Annualized Return 1 Year | Annualized Return 5 Years |
|---|--------------|--------------------------|---------------------------|
| Yolo County Total Return¹ | 1.75% | -0.11% | 1.23% |
| Treasury Benchmark Total Return | 1.81% | -0.39% | 0.88% |
| Net Apportionment Rate | 0.61% | - | - |

Note: ¹PFMAM managed portfolio only.

Portfolio Maturity Distribution



1. Securities held in the County's portfolio are in compliance with California Government Code and the County's investment policy dated December 2021.

2. Ratings based on Standard & Poor's.

3. The County's benchmark is the ICE Bank of America Merrill Lynch (BofAML) 1-5 Year Gov/Corp A-AAA US issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index.

Yolo County

Investment Performance Review For the Quarter Ended March 31, 2023

June 15, 2023

213-415-1699

pfmam.com

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Sarah Meacham, Managing Director
Allison Kaune, Senior Analyst

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Economic and Interest Rate Update



Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Lingering inflation that remains well above the Fed's long-term inflation target.
 - ▶ A labor market showing the first signs of moderation.
 - ▶ Greater economic uncertainty following the surprise failure of Silicon Valley Bank and Signature Bank.



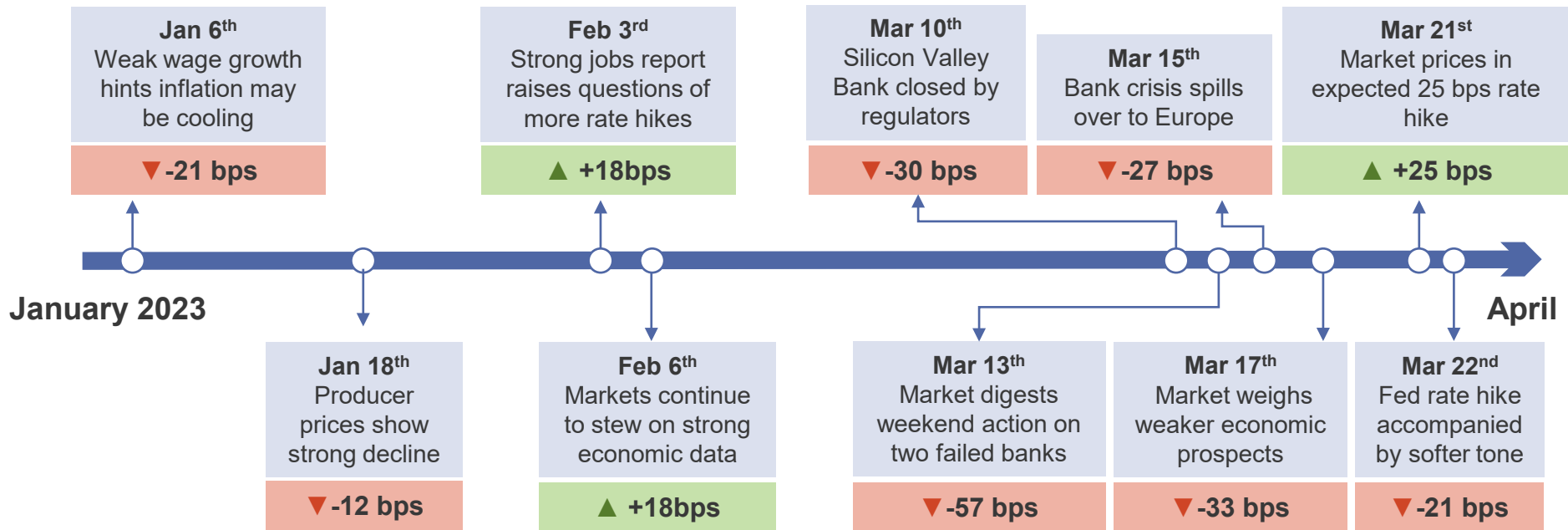
- ▶ Fed policy tightening may be nearly complete
 - ▶ The most recent FOMC statement noted that “some additional policy firming may be appropriate,” but the need for more rate hikes has become less clear.
 - ▶ Although the Fed acknowledged the impact of the recent bank failures, their March updated Summary of Economic Projections were little changed from December.
 - ▶ The Fed has maintained that they will keep rates elevated for some time, but the market is pricing in rate cuts beginning mid-year.



- ▶ Bond markets saw unprecedented volatility in March
 - ▶ In a classic “flight to quality,” Treasury yields fell sharply, with the 2-year Treasury yield falling from 5.07% on March 8 to under 4.00% on March 17.
 - ▶ The curve inversion from 3 months to 10 years reached the deepest levels in over 40 years.
 - ▶ Credit yield spreads widened, especially those on banks, but not nearly to levels seen during the global financial crisis.

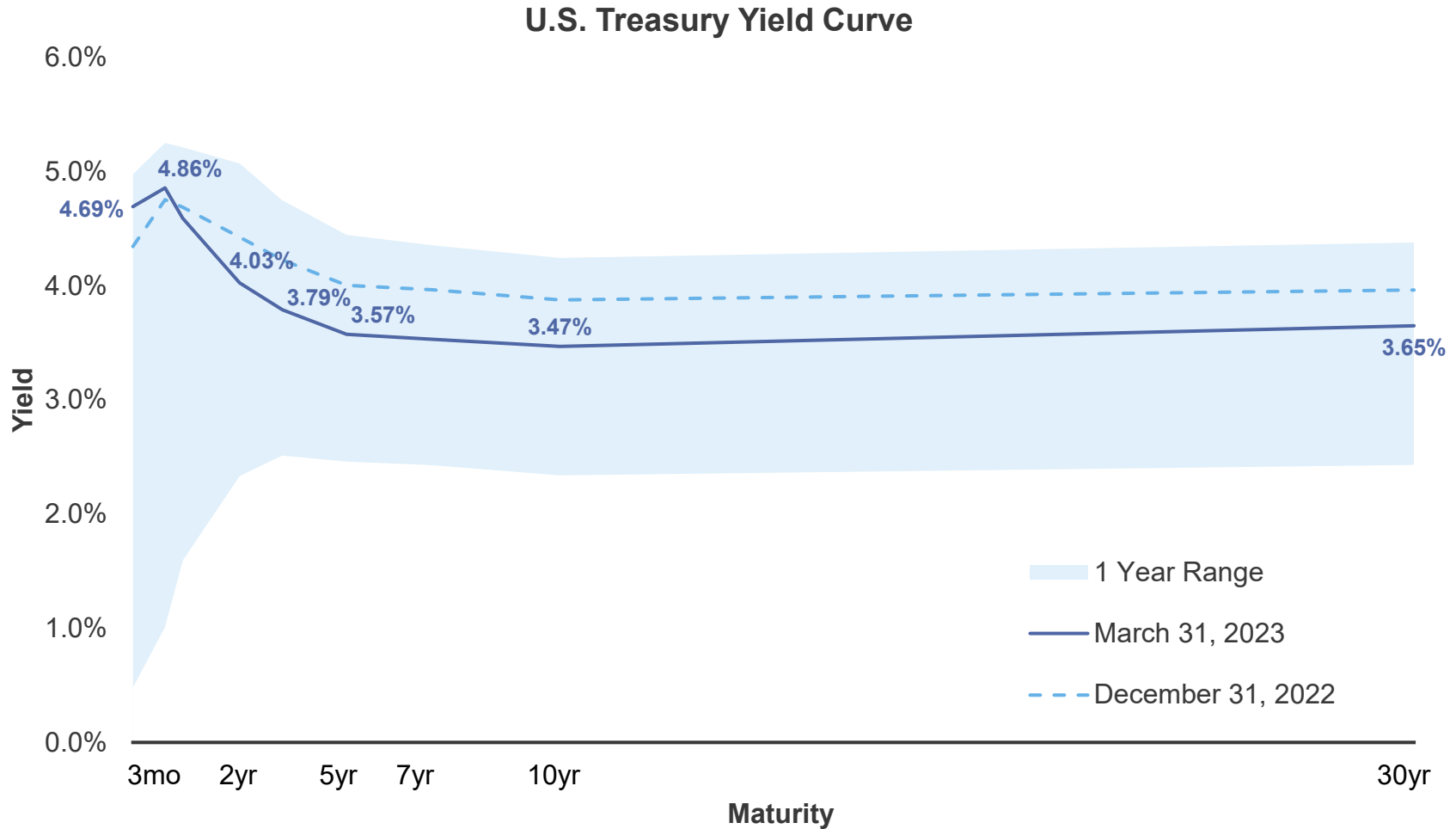
Market Events Drive Large Yield Moves

Major Economic and Market Events and the Daily Change in the 2-Year U.S. Treasury Yield



▼/▲ Changes in 2-Year Treasury

As Economic Uncertainty Increased, Longer-Term Interest Rates Fell

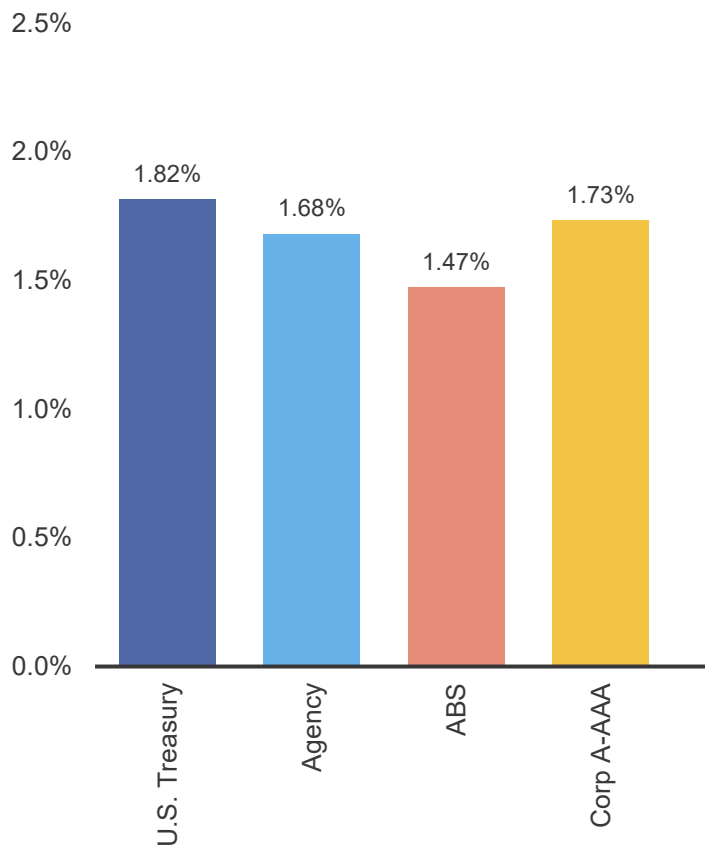


Source: Bloomberg, as of 03/31/2023.

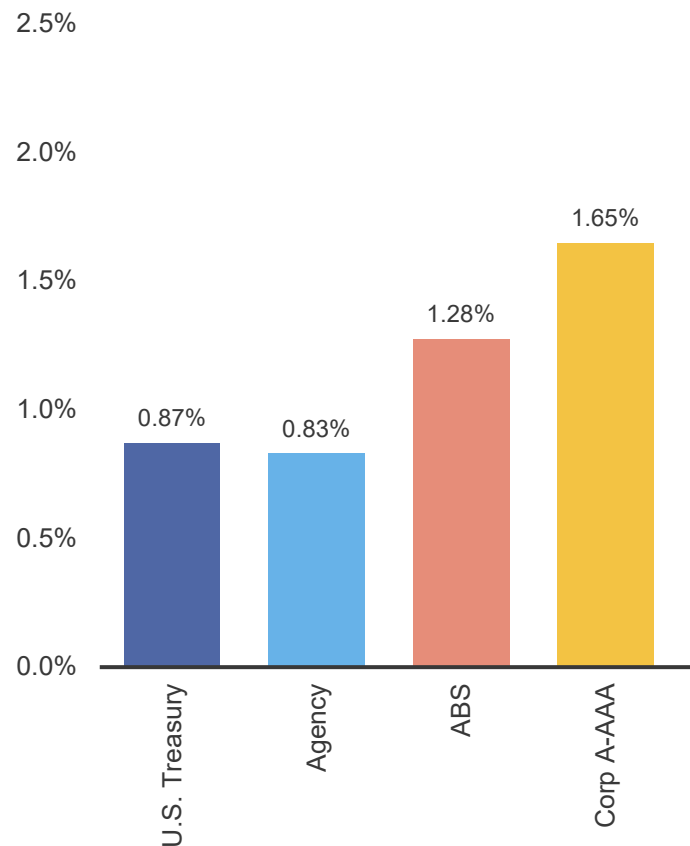
Fixed Income Market Returns in 1Q 2023

1-5 Year Indices

1-5 Year Indices Quarterly Returns



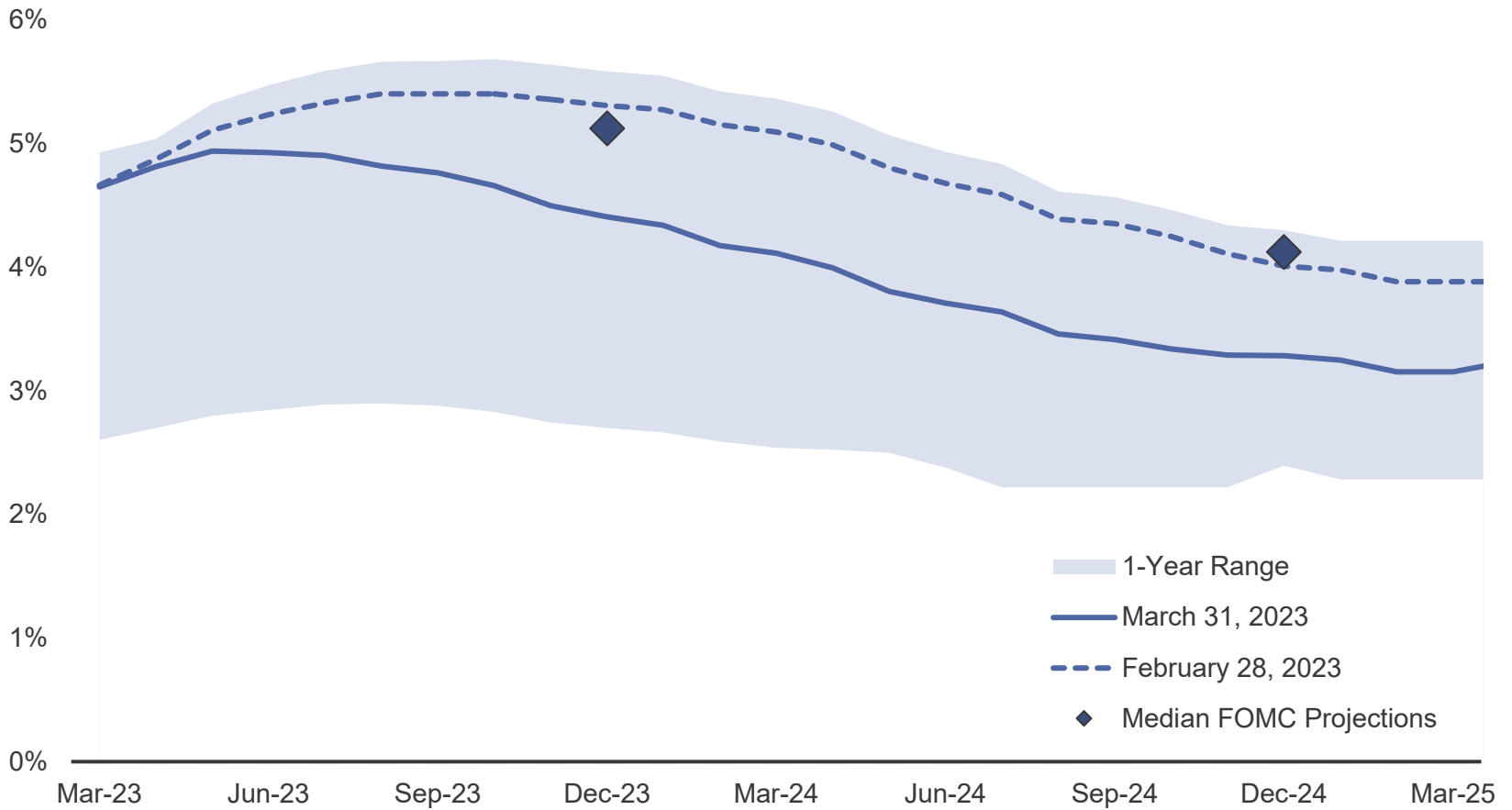
10-Year Average



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 03/31/2023.

Market Expectations Evolve Amid Changing Policy Environment

Implied Federal Funds Rate



Source: Bloomberg, Federal Reserve latest economic projection as of 03/31/2023.

Portfolio Update



Portfolio Composition

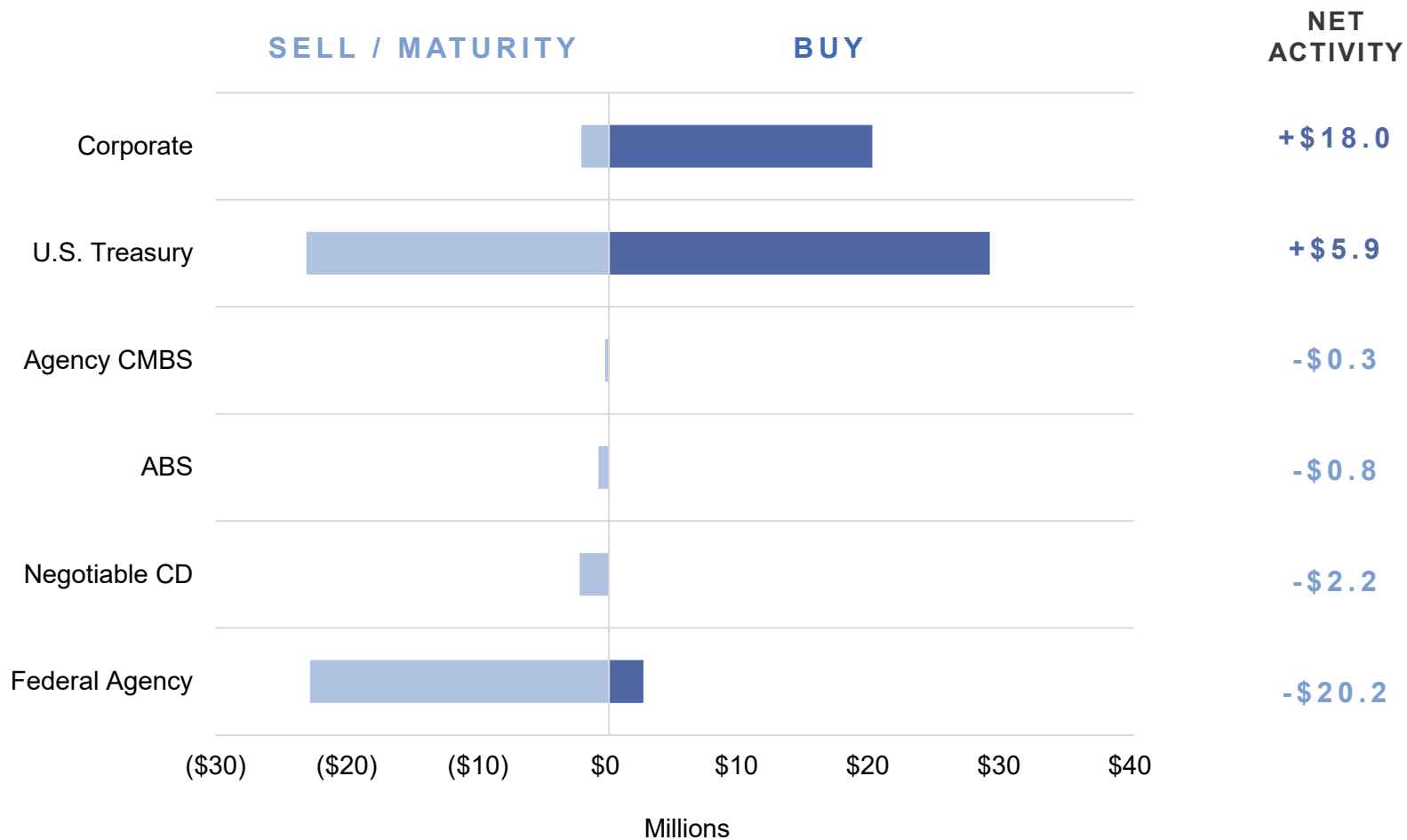
| Security Type | Total Market Value March 31, 2023 | % of Total Portfolio |
|-----------------------------|--------------------------------------|-------------------------|
| U.S. Treasury | \$264,557,835 | 31.2% |
| Federal Agency | \$66,709,021 | 7.9% |
| Federal Agency CMOs | \$3,757,221 | 0.4% |
| Municipal Obligations | \$8,988,046 | 1.1% |
| Supranationals | \$6,645,884 | 0.8% |
| Negotiable CDs | \$4,472,494 | 0.5% |
| Corporate Notes | \$97,341,803 | 11.5% |
| Asset-Backed Securities | \$6,683,574 | 0.8% |
| Securities Sub-Total | \$459,155,877 | 54.1% |
| Accrued Interest | \$1,598,199 | |
| Securities Total | \$460,754,076 | |
| CAMP | \$358,497,964 | 42.3% |
| LAIF – Total | \$30,365,478 | 3.6% |
| Total Investments | \$849,617,517 | 100.0% |

As of March 31, 2023. Percentages of total portfolio may not sum to 100% due to rounding.

First Quarter Portfolio Strategy Recap

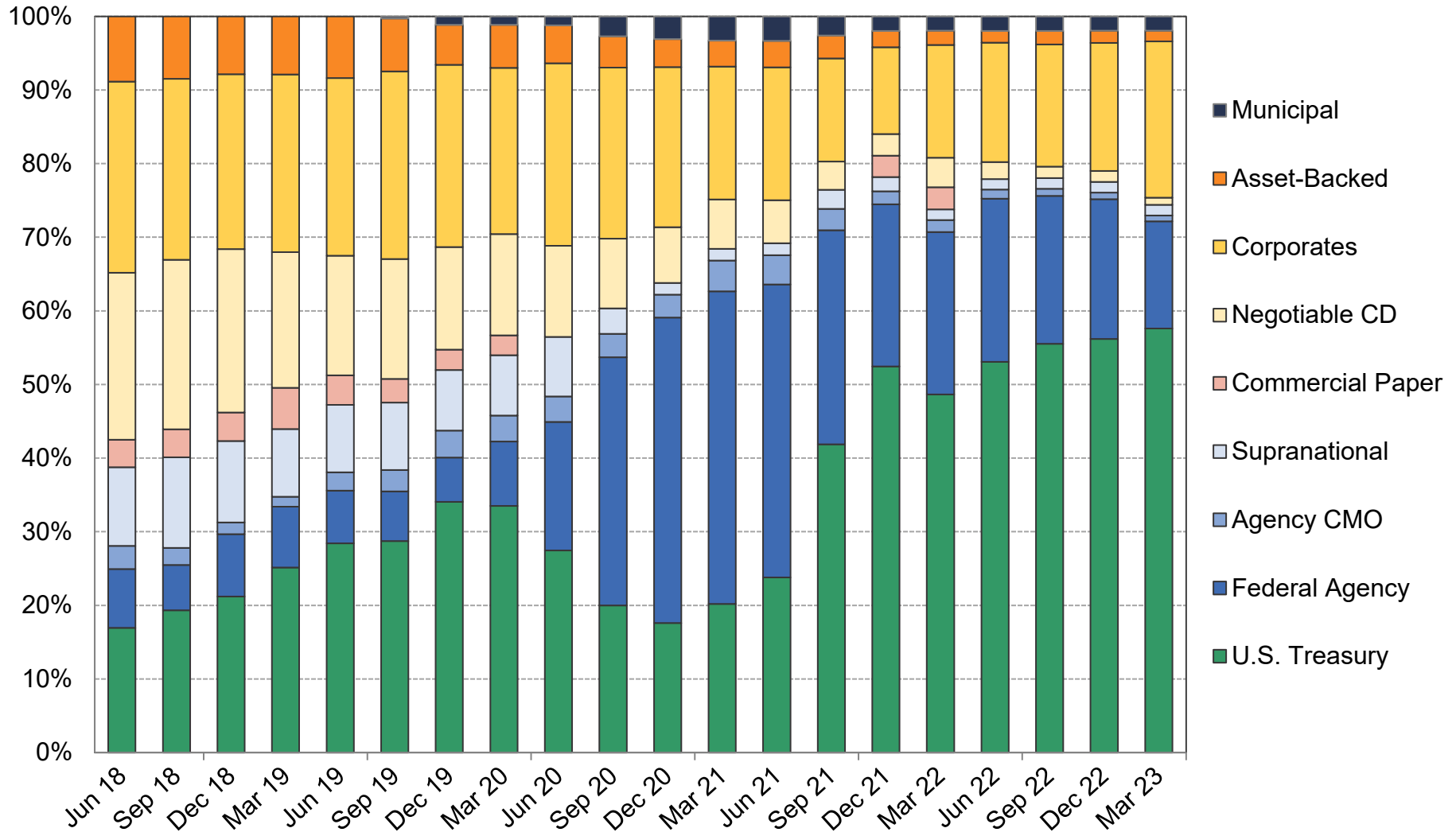
- ▶ Bond markets witnessed **unprecedented levels of volatility** in March stemming from the surprise failures of Silicon Valley Bank and Signature Bank.
 - ▶ To mitigate risk, PFAM proactively put most **financial issuers on hold** and conducted a top to bottom credit review of all approved financial issuers.
- ▶ Portfolio trade activity early in the quarter sought to add longer-maturity securities to **lock in yields near their highest levels in 15 years**. Later in the quarter, the further inversion of the yield curve prompted the purchase of very short maturities.
 - ▶ In January and February, 3- to 5-year Treasury and corporate securities were purchased for the portfolio, capturing attractive yields and adding to the portfolio's duration.
 - ▶ In March, following the bank failures and significant drop in yields, most portfolio maturities were reinvested into very short, 15-day to 1.5-month Treasuries.
 - Prior to the sharp drop in yield in March, the 5-year U.S. Treasury Note was yielding 4.35%; it fell to 3.37% in the days following the bank failures.
 - Purchasing very short maturities allowed time for the market to regain its footing from the extremes of lower yields and higher volatility. It does not represent a change in the long-term strategy but instead a **temporary strategy that was responsive to market stresses and flexible to take advantage of better future opportunities**.

First Quarter Trade Activity



Portfolio purchases, sells, maturities, and paydowns through periods January 1, 2023 – March 31, 2023.

Historical Sector Allocation – PFMAM-Managed Portfolio

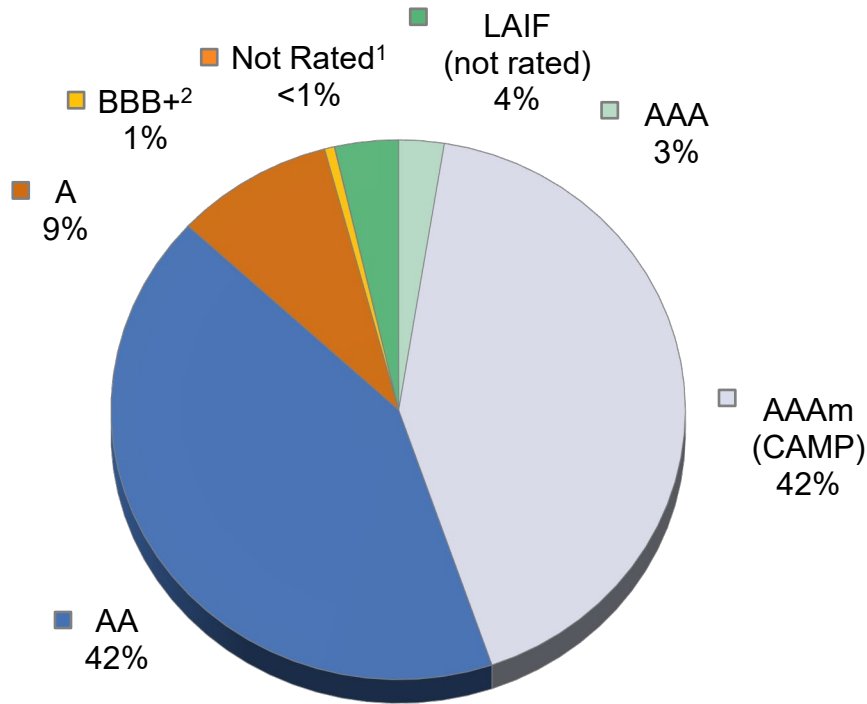


Excludes funds in LAIF and CAMP.

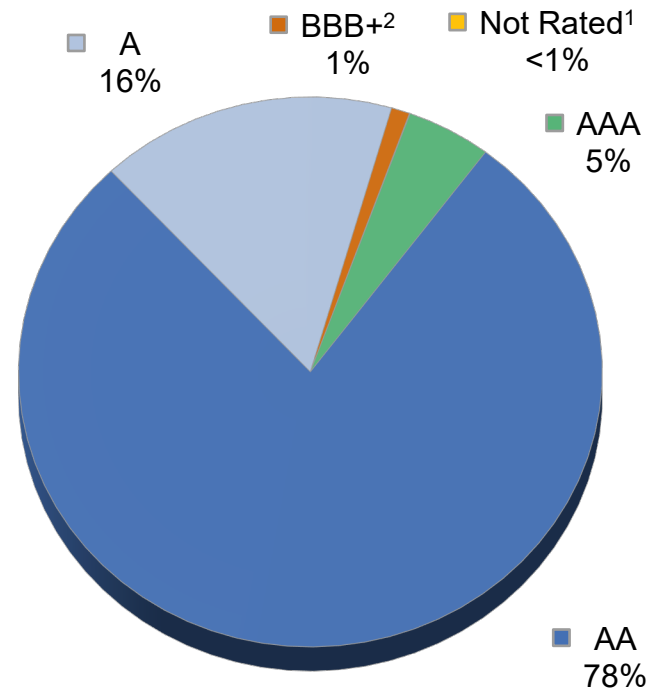
Portfolio Credit Quality

- The County's portfolio comprises high-quality securities.

Including Liquid Accounts



Excluding Liquid Accounts



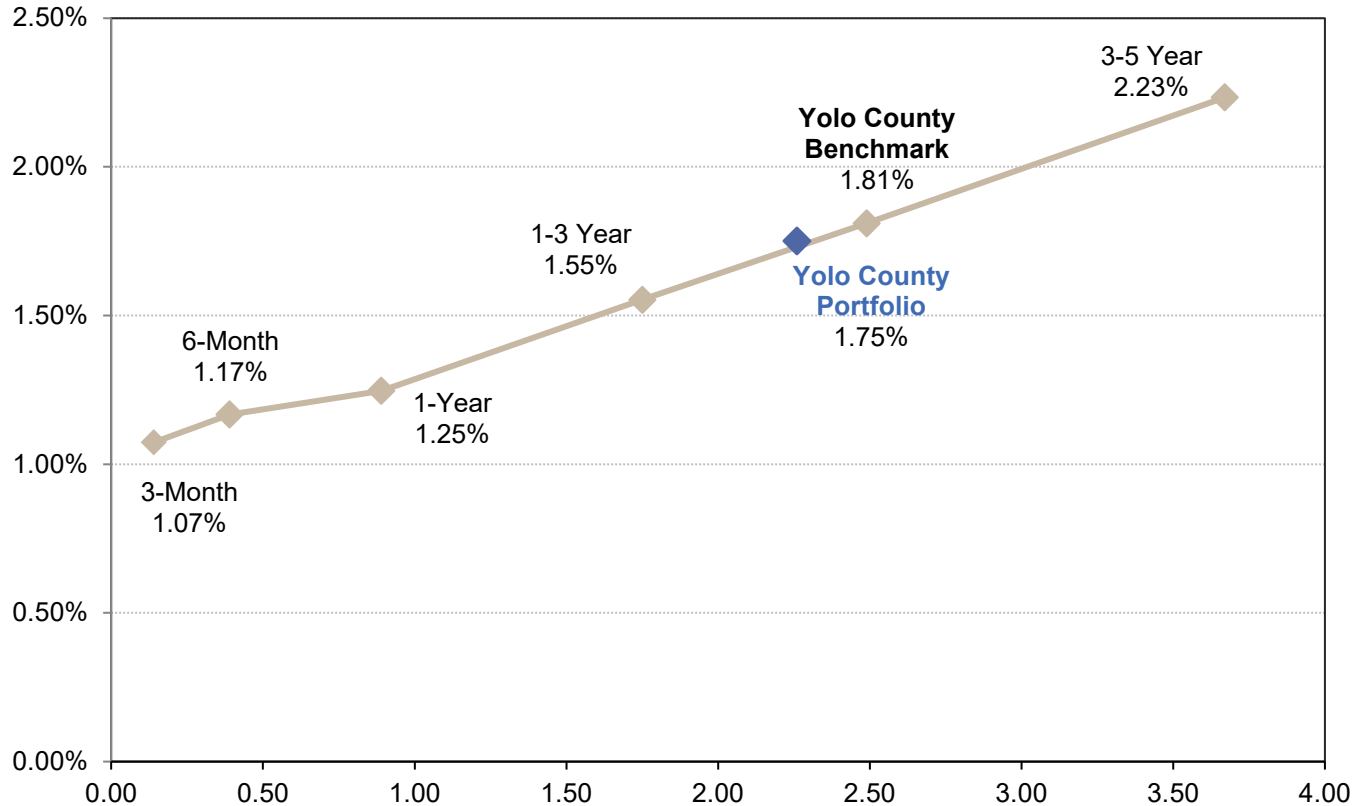
As of March 31, 2023. Percentages may not sum to 100% due to rounding.
 Ratings are based on Standard & Poor's.

- The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.
- The "BBB+" category comprises securities rated in a rating category of A or better by at least one NRSRO.
- The A-2 category comprises one security that was rated A-1 at time of purchase.

Falling Interest Rates Resulted in Positive Returns for the Quarter

Quarterly Total Returns

Yolo County, Yolo County Benchmark, and Various ICE BofA Merrill Lynch Treasury Indices



Yields

| Portfolio Yield and LAIF Quarterly Apportionment Rate | |
|---|-------|
| Yolo County | 1.76% |
| LAIF | 2.74% |

- For periods ending March 31, 2023.
- Yolo County yield is the portfolio yield at cost at quarter end.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BofAML) 1-5 Year Gov/Corp A-AAA U.S. issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index. From 3/31/02 to 3/31/15 the benchmark was a blend of 50% ICE BofAML 1-3 Year U.S. Treasury index and 50% ICE BofAML 3-month Treasury Bill index. Prior to 3/31/02 the benchmark was the ICE BofAML 1-3 Year U.S. Treasury index.
- Source: Bloomberg, LAIF website.



Since Inception Portfolio Outperformance Remains Positive

- ▶ Falling interest rates led to strong positive total returns for the fixed income market, including the County's portfolio, for the quarter ended March 31, 2023. With two consecutive quarters of positive returns, longer-period returns continued to recover as well.
 - ▶ The portfolio modestly underperformed the benchmark for the quarter due to the portfolio's shorter duration during a period of falling rates and from underperformance of the corporate sectors due to spread widening caused by concerns over the banking sector.
- ▶ The portfolio continues to generate strong performance relative to the benchmark over longer trailing periods.

Total Return For periods ended March 31, 2023

| | Duration (years) | 1Q 2023 | Past Year | Past 5 Years | Past 10 Years | Since Inception |
|--------------------|------------------|--------------|---------------|--------------|---------------|-----------------|
| Yolo County | 2.26 | 1.75% | -0.11% | 1.23% | 0.96% | 2.73% |
| Benchmark | 2.49 | 1.81% | -0.39% | 0.88% | 0.60% | 2.13% |
| Difference | - | -0.07% | +0.28% | +0.35% | +0.36% | +0.60% |

- Performance on a trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Inception date is June 30, 1998.
- Performance, yield, and duration calculations exclude holdings in CAMP, LAIF, and the money market fund.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BofAML) 1-5 Year Gov/Corp A-AAA U.S. issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index. From 3/31/02 to 3/31/15 the benchmark was a blend of 50% ICE BofAML 1-3 Year U.S. Treasury index and 50% ICE BofAML 3-month Treasury Bill index. Prior to 3/31/02 the benchmark was the ICE BofAML 1-3 Year U.S. Treasury index.

Outlook and Strategy Implications

KEY TAKEAWAYS

- ▶ Heightened volatility and a more uncertain outlook
- ▶ Fed is focused on battling inflation, but has acknowledged the negative shock from the issues in the banking sector
- ▶ Labor market remains strong

RISKS TO OUTLOOK

- ▶ Continued high inflation
- ▶ Geopolitical conditions: Russia's invasion of Ukraine and U.S. and China's relationship
- ▶ Debt ceiling impasse
- ▶ Additional fallout from recent bank failures

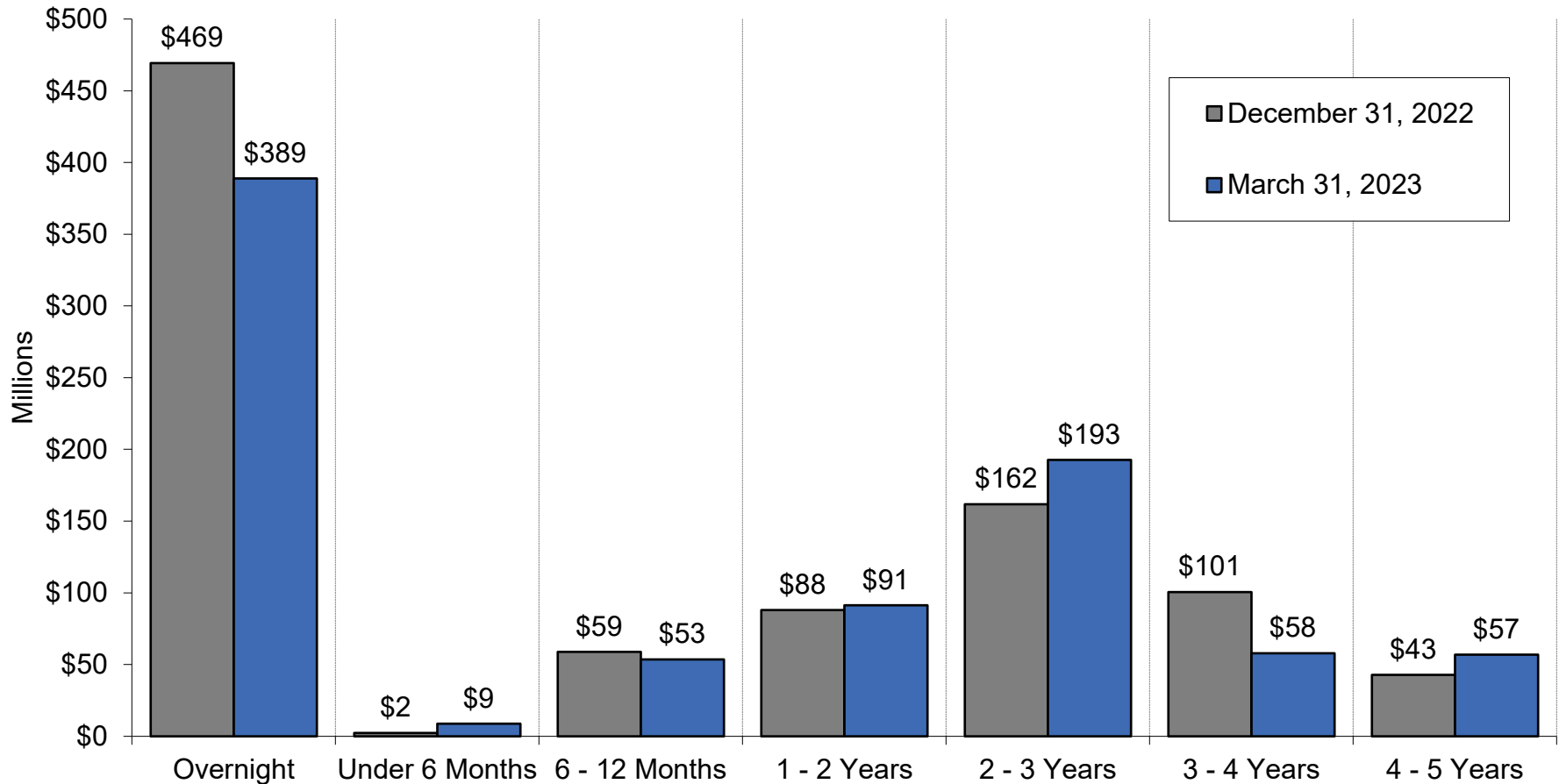
PORTFOLIO STRATEGY

- ▶ Maintain broad diversification by sector, industry, and issuer
- ▶ Maintain a short-duration bias while looking to extend should rates increase materially
- ▶ Utilize Treasury allocations to take advantage of diversification opportunities and market volatility
- ▶ Carefully manage risk and maintain high credit quality

Additional Portfolio Information



Portfolio Maturity Distribution



Callable and floating-rate securities are included in the maturity distribution analysis to their stated maturity date. Includes funds in LAIF and CAMP.

Portfolio Issuer Distribution

| U.S. Treasury | |
|------------------------|-------|
| United States Treasury | 57.6% |

| Federal Agency Issuers | |
|-------------------------|------|
| Fannie Mae | 9.8% |
| Freddie Mac | 2.8% |
| Federal Home Loan Banks | 1.9% |

| Federal Agency CMBS Issuers | |
|-----------------------------|------|
| Fannie Mae (CMBS) | 0.2% |
| Freddie Mac (CMBS) | 0.6% |

| ABS Issuers | |
|-----------------------------|------|
| Carmax Auto Owner Trust | 0.7% |
| Discover Financial Services | 0.2% |
| Honda Auto Receivables | 0.1% |
| Hyundai Auto Receivables | 0.2% |
| Toyota Motor Corp | 0.3% |

| Supranational Issuers | |
|-------------------------------------|------|
| Inter-American Development Bank | 1.0% |
| Intl Bank of Reconstruction and Dev | 0.5% |

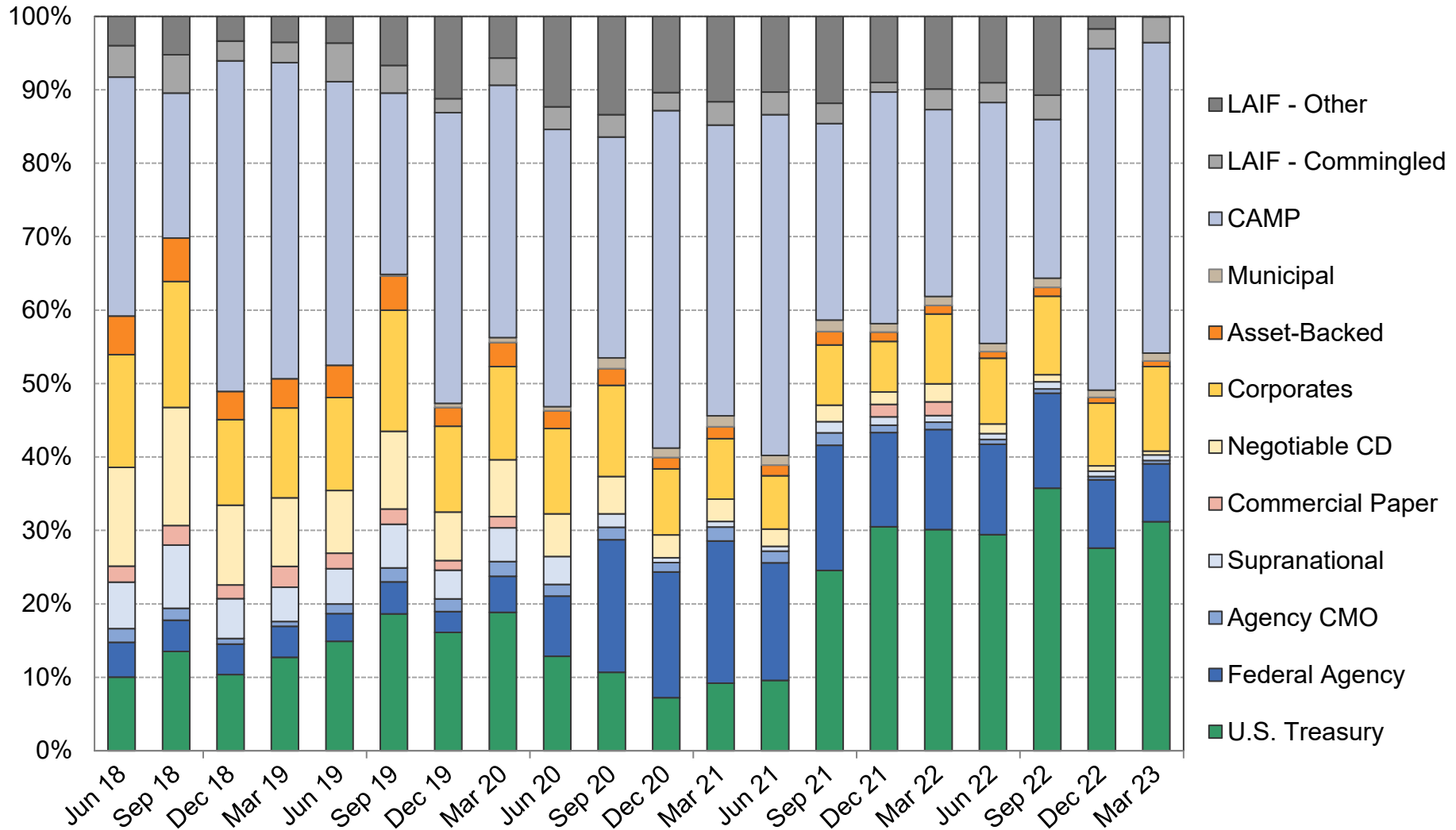
| Corporate Issuers | | | |
|------------------------------|------|-----------------------------|------|
| 3M Company | 1.0% | Mastercard Inc | 1.5% |
| Adobe Inc. | 0.7% | Microsoft Corp | 1.5% |
| Amazon.com Inc | 1.3% | Morgan Stanley | 0.3% |
| Bank of America Co | 1.0% | Pepsico Inc | 1.0% |
| Burlington Northern Santa Fe | 0.8% | State Street Corporation | 0.6% |
| Caterpillar Inc | 0.8% | Target Corp | 0.5% |
| Citigroup Inc | 0.3% | The Bank of New York Mellon | 1.7% |
| Deere & Company | 0.4% | Toyota Motor Corp | 0.5% |
| Goldman Sachs Group Inc | 0.7% | Truist Fin Corp | 0.7% |
| Home Depot Inc | 1.0% | United Health Group Inc | 0.5% |
| Honeywell International | 0.4% | US Bancorp | 0.6% |
| Intel Corporation | 0.8% | Wal-Mart Stores Inc | 1.1% |
| JP Morgan Chase & Co | 1.3% | | |

| Municipal Issuers | | | |
|------------------------------------|-------|----------------------------------|------|
| CA Department of Water Resources | <0.1% | San Diego Community College Dist | 0.2% |
| California State University | 0.1% | State of California | 0.5% |
| FL State Board of Admin Fin Corp | 0.4% | State of Maryland | 0.2% |
| Los Angeles Community College Dist | 0.2% | University of California | 0.2% |
| New Jersey Turnpike Authority | 0.1% | | |

| Negotiable CD Issuers | |
|-----------------------|------|
| Toronto-Dominion Bank | 1.0% |

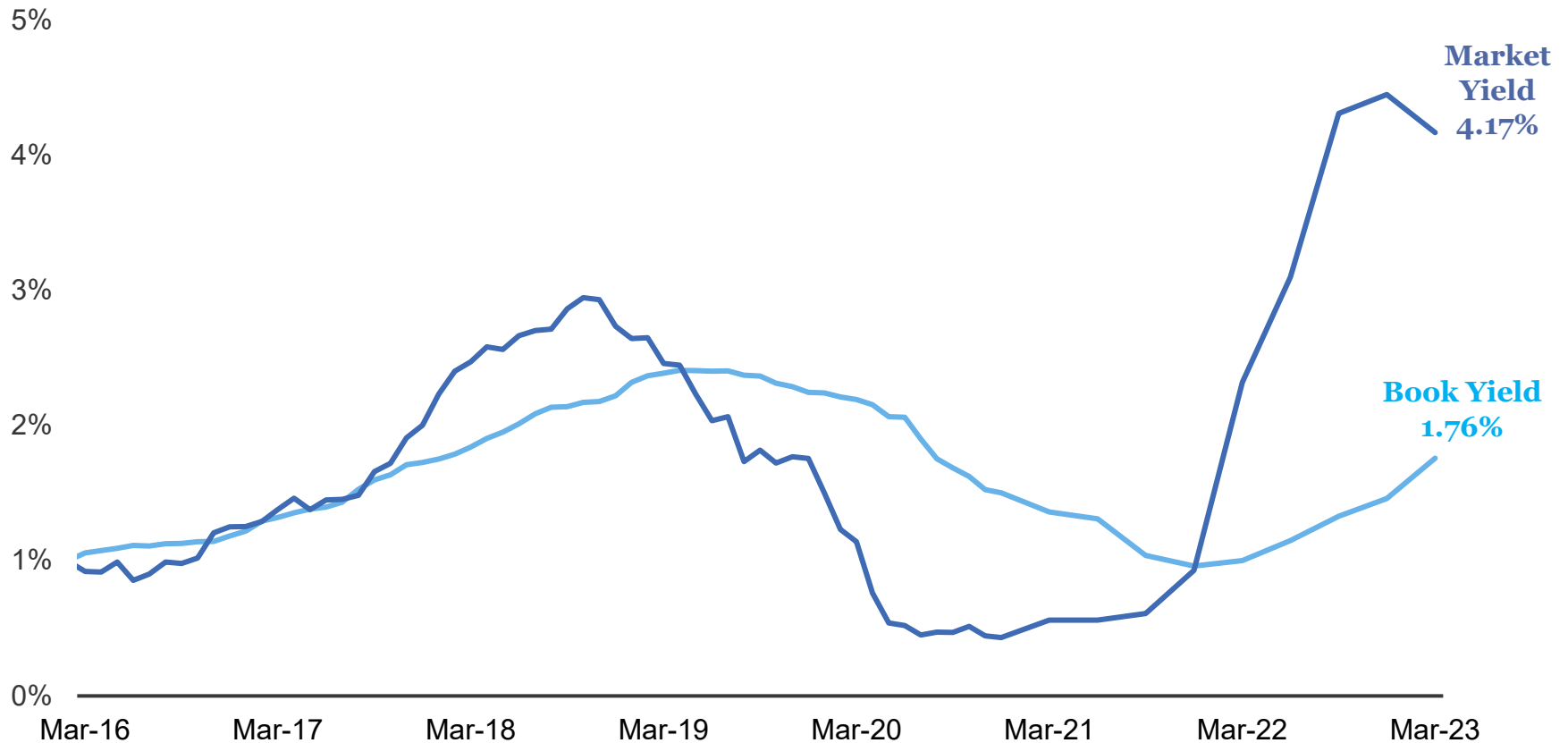
As of 3/31/2023. Details may not add to 100% due to rounding. Excludes funds in LAIF and CAMP.

Historical Sector Allocation—All Funds



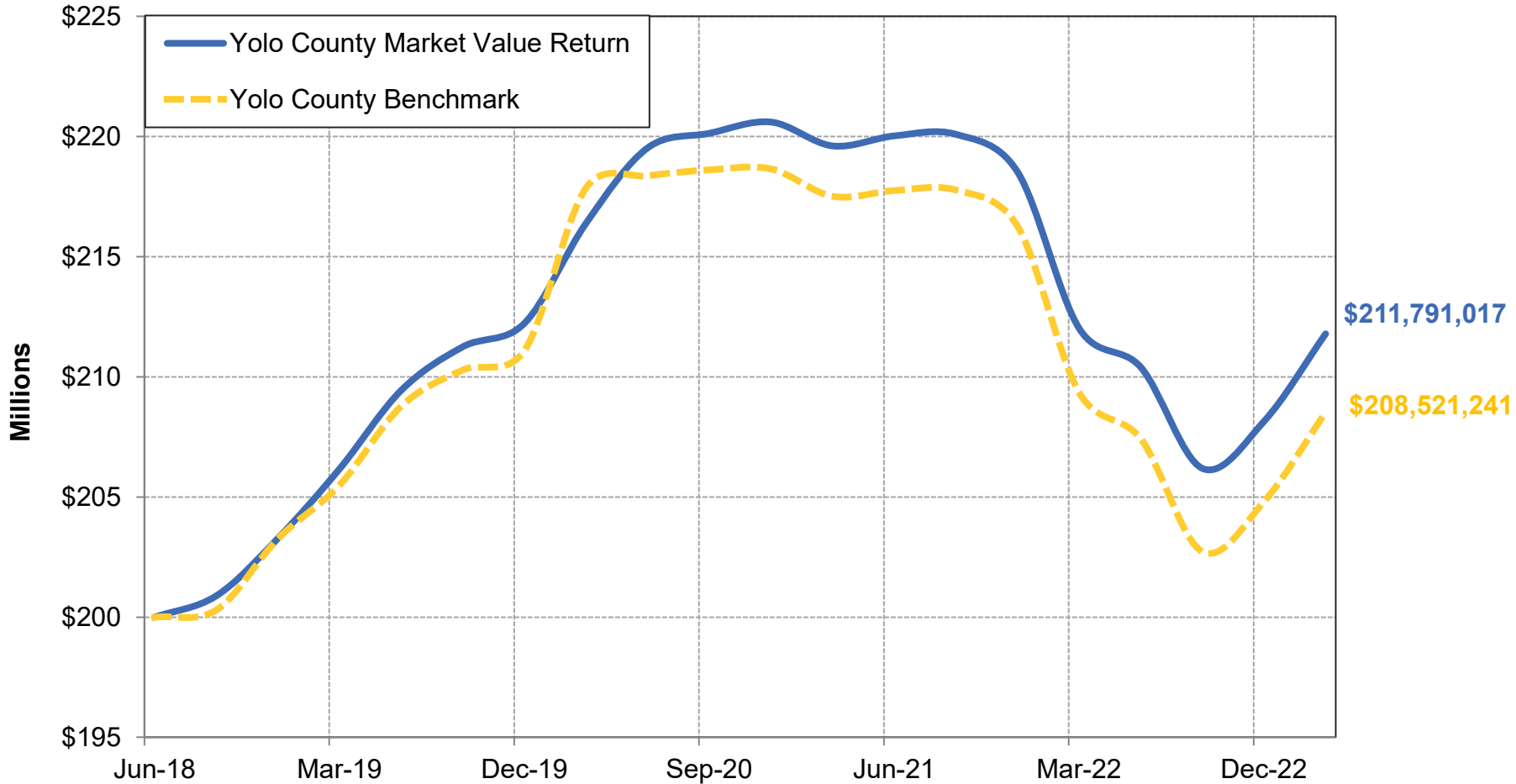
Portfolio Book Yield Continues to Rise as New Securities Are Purchased at Higher Yields

Yield to Maturity at Cost (Book Yield) vs. Yield to Maturity at Market



Source: Portfolio Data as of March 31, 2023.

County's Potential Growth Continues to Improve



Source: Bloomberg

- Hypothetical growth of \$200 million.
- Past performance is not indicative of future performance.

Fiscal Year Accrual Basis Earnings

| INVESTMENT PORTFOLIO | | | | | | |
|---------------------------------|--------------------------------|-----------------------|--|----------------------------|--|---|
| Date | Month-End Amortized Cost Value | Portfolio YTM at Cost | Actual Accrual Basis Earnings ³ | Earnings Rate ¹ | Assumed Reinvestment Rate ² | Projected Accrual Basis Earnings ⁴ |
| Jul-22 | \$480,666,303 | 1.16% | \$458,902 | 1.16% | | |
| Aug-22 | \$481,059,671 | 1.26% | \$224,398 | 1.26% | | |
| Sep-22 | \$481,282,657 | 1.33% | \$228,929 | 1.33% | | |
| Oct-22 | \$481,499,809 | 1.38% | \$417,706 | 1.38% | | |
| Nov-22 | \$481,893,942 | 1.40% | \$477,988 | 1.40% | | |
| Dec-22 | \$481,899,802 | 1.46% | \$456,346 | 1.46% | | |
| Jan-23 | \$481,549,931 | 1.66% | -\$18,720 | 1.66% | | |
| Feb-23 | \$481,196,223 | 1.68% | \$514,691 | 1.68% | | |
| Mar-23 | \$481,744,102 | 1.76% | \$659,822 | 1.76% | | |
| Apr-23 | - | - | - | 1.75% | 3.95% | \$701,384 |
| May-23 | - | - | - | 1.74% | 3.90% | \$722,578 |
| Jun-23 | - | - | - | 1.74% | 3.82% | \$699,269 |
| Projected FY 22-23 Total | | | | | | \$5,543,293 |

1. Earnings rates calculated based on the yield to maturity at cost through 3/31/2023 and the assumed reinvestment rates of maturities for each period thereafter.

2. Assumed reinvestment rates based on the interpolated 2.5-year U.S. Treasury Forward Rate Curve as of 4/20/2023.

3. Earnings for the periods 7/31/2022 – 3/31/2023 are actual earnings and include realized gains/losses; periods thereafter are projected.

4. Earnings assume no sales or realized gains/losses for periods after 3/31/2023.

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