

Audit Committee Meeting
November 3, 2020

Minutes

Call to Order

The Butte County Audit Committee meeting was called to order on November 3, 2020 at 2:01PM by Supervisor Lucero.

Committee Members Present via Skype:

Debra Lucero, Supervisor
Andy Pickett, CAO
Graciela Gutierrez, Auditor-Controller
Troy Kidd, Treasurer-Tax Collector
Meegan Jessee, Deputy Administrative Officer

Also Present Via Skype:

Rich Gonzalez, CliftonLarsenAllen (CLA)
Donovan Rhinehart, Admin Analyst

I. Review and Approve Minutes

Minutes from the June 8, 2020 Audit Committee meeting were reviewed. A motion was made to approve the minutes by Meegan Jessee and seconded by Troy Kidd. The motion passed 4 ayes and 0 nays with Andy Pickett abstaining since he was absent from the June 8, 2020 meeting.

June 8, 2020 Minutes –

<http://www.buttecounty.net/Portals/1/AuditCommittee/Minutes/23.AuditCommitteeMinutes060820.pdf?ver=2020-11-04-174137-697>

II. Report from CliftonLarsonAllen (CLA) on FY 19/20 Audit

Rich Gonzalez gave an update on FY 19/20 deliverables.

CLA issued a report for Department of Insurance (DOI) Grants for Auto and Workers' Comp with an unmodified opinion for both. They also issued report for Department of Boating and Waterways Report with no findings and an unmodified opinion. CLA is currently working on California Emergency Management Program (CalEMA) audit with 9/30 year-end. They are beginning work this month and will issue the report in December. CLA plans to perform the Single Audit early next year, which was postponed because of CARES Act funding. They are waiting for guidance from OMB on how to report and test CARES. The Single Audit is due March 31, 2021.

Graciela – The Single Audit is complete, but cannot be audited until new OMB requirements are released.

Meegan - The challenge is how to record transactions in the finance system and how to report CARES transactions.

Rich – CLA is performing CAFR fieldwork and testing the next few weeks. They are working with the Auditor on the Pension Liability and OPEB and are almost complete. CLA is working remotely due to COVID and things are going good with the County and the Portal. CLA is planning a December issuance and intends to issue the CAFR for the award. The final deliverable is the Landfill Report, which is issued at the same time as the CAFR. The only significant issue is related to the CARES Act grant. CLA is getting conflicting guidance on how to report CARES funds. Currently, the guidance is to recognize CARES revenue in FY 20/21, even though even though revenues and expenditures occurred during FY 19/20.

Graciela - CARES funding is federal money passed through the State. CARES funding was earned and expended in FY 19/20. The State did not declare it until July 2020. GASB changed their direction to make it FY 20/21 revenue, which conflicts with GAP. The Auditor is treating it as a fund balance in the prior year, so they don't misstate the fund balance on the CAFR. A footnote will be inserted explaining the issue, while staying compliant with GASB. The first GASB technical bulletin said earned revenue could not be booked without matching expenses. Of the 22 million about 6 million was expended and was earned revenue in FY 19/20.

III. **Update on Review of Payroll Clearing Fund 1420**

Graciela said that they have been working on the 1420 project for a while. They have the audit report from CLA which gives guidance and direction. They have a legal opinion and now they are ready to prepare a plan which may impact current policies and procedures. The committee consist of County Council, Andy Picket-CAO, Meegan Jessee-Admin, Sheri Waters-HR and Graciela Gutierrez-Auditor.

IV. **Public Comment**

No Public Comment

The meeting was adjourned at 2:23pm