

Audit Committee Meeting
County of Butte
25 County Center Drive Suite 200
Oroville, CA
Admin Conference Room
May 6, 2019

Minutes

Call to Order

The Butte County Audit Committee meeting was called to order on May 6, 2019 at 1:06 PM by Supervisor Lucero.

Committee Members Present:

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

Also Present:

Donovan Rhinehart, Admin Analyst

I. Review and Approve Minutes

Minutes from February 19, 2019 Audit Committee meeting were reviewed. A motion was made to approve the minutes by Shari McCracken and seconded by Meegan Jessee. The motion was passed unanimously by the Audit Committee.

February 19, 2019 Minutes –

<http://www.buttecounty.net/Portals/1/AuditCommittee/Minutes/AuditCommitteeMinutes021919.pdf?ver=2019-05-07-163213-007>

II. Report on Payroll Clearing Fund 1420

Graciela provided an update on progress achieved so far on the Payroll Clearing Fund -1420. CliftonLarsonAllen (CLA) provided a report analyzing the Payroll Clearing Fund for fiscal years 2010-2018. As recommended in CLA's analysis of the Payroll Clearing Fund, two subcommittees were formed. The first subcommittee formed between the Treasurer and the Auditor, is working on a subsidiary ledger with an accounts receivable listing. They are using existing CUBS software to create the subsidiary ledger. The subsidiary ledger will show

balances by specific employees & departments. The subcommittee is reviewing processes and policies, identifying gaps in the current process.

The second subcommittee was formed between Human Resources and Administration. This subcommittee is focused on the reconciliation of the payroll fund and the payroll process.

Graciela provided a progress report. This report identifies progress made on the payroll side. For example, there are external agencies - IHSS (Public Authority staff only), BCAG and LAFCo. CLA recommended that these external agencies should be removed from the normal reconciliation process to focus the analysis just on just the County. They have established that there are two different types of employees and they are looking at and how to set them up in the system. This will allow tracking by department and create the ability to extract reports and see originating cost. The last piece is the reconciliation. The two subcommittees will come together and will work on the policy together.

There was general discussion between committee members regarding scenarios where employees who used all their accrued leave, but were out on protected leave. One example of protected leave is baby bonding. In this scenario the County would continue to pay their benefits on the employee's behalf until they are released back to work. Ideally, when the employee returns from leave the expense is paid back typically over 90 days, per the process. Unfortunately, there are situations, such as death, where employees may be unable to repay the expense. This situation is considered a cost of employment and it would be billed to the department.

The subcommittees are continuing to fact find, reviewing policies & will meet with department heads to come up with recommendations. Policy, MOU or personnel rule changes would need to go before the Board and/or the Unions, operational decisions would not.

III. **Public Comment**

No Public Comment

The meeting was adjourned at 1:34pm