

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
August 9, 2024 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kulwinder Brar, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on August 9, 2024, at 10:00 a.m. in the Board of Supervisors' Chambers.

1. Roll Call

- Pai Her, Accounting & Financial Manager, Financial Reporting & Audits Division, took roll call.

2. Pledge of Allegiance

- Supervisor Nathan Magsig, Audit Committee Chairman, led all in attendance with the Pledge of Allegiance.

3. Approve Agenda

- A motion was made by Vice-Chairman Quintero, seconded by Paul Nerland, and carried 5-0 to approve the August 9, 2024 agenda.

4. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

5. Approval of May 24, 2024 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Daniel Cederborg, seconded by Kulwinder Brar, and carried 5-0 to approve the May 24, 2024 Audit Committee Meeting Minutes.

6. Consent Items

a) Approve Quarterly Fraud Report covering April 1, 2024 to June 30, 2024.

- There being no public comments, a motion was made by Kulwinder Brar, seconded by Vice-Chairman Quintero, and carried 5-0 to approve agenda item 6a.

7. Discussion and Action Items

a) Review and approve the Fresno County Public Library Department Head Transition report.

- Daisy Landeros-Loera, Accountant II, Financial Reporting & Audits Division, introduced and presented the item.
- Paul Nerland asked if the Department of Human Resources had been contacted to determine if departments can obtain a report identifying employees who are required to complete the compliance form.

- Sally Gomez, Department Head of the Fresno County Public Library, responded that previously, a Human Resources staff member oversaw the completion of the compliance forms. She added that now a staff member at the Fresno County Public Library has been granted access to view who has and has not completed the forms. Sally also noted that a training session regarding NeoGov access was completed on July 8th.
- Daniel Cederborg inquired about the number of Fresno County Public Library employees required to complete Form 700.
- Jeannie Christiansen, Business Manager of the Fresno County Public Library, stated that approximately 90 employees, including librarians who have public interaction and conduct negotiations, as well as staff analysts, business managers, and management are required to complete the form.
- Daniel Cederborg recommended that the department review the list of employees required to complete the form to ensure accuracy and avoid unnecessary requirements.
- Jeannie Christiansen mentioned that the department plans to review the list and suggested that the County consider granting all departments similar access to NeoGov, given that these departments are responsible for compliance.
- There being no public comments, a motion was made by Paul Nerland, seconded by Vice-Chairman Quintero, and carried 5-0 to approve agenda item 7a.

b) Review and approve the Department of Public Works and Planning American Avenue Disbursements Compliance Audit for Calendar year 2023.

- Jarry Lim, Accountant II, Financial Reporting & Audits Division, introduced and presented the item.
- There being no public comments, a motion was made by Kulwinder Brar, seconded by Vice-Chairman Quintero, and carried 5-0 to approve agenda item 7b.

c) Review and accept the Independence Certification.

- Oscar J. Garcia, Auditor Controller/Treasurer-Tax Collector, introduced and presented the item.
- There being no public comments, a motion was made by Chairman Magsig, seconded by Vice-Chairman Quintero, and carried 5-0 to approve agenda item 7c.

8. Staff Updates

- Oscar J. Garcia provided an update regarding the previously discussed home-garaged vehicles audit. He noted that a questionnaire had been sent out to all departments, although not all have responded. Based on the data submitted, an audit may be triggered.
- Oscar J. Garcia also reported that the ISD and Probation audit is not yet ready and plans to divide the report into two sections. He also shared that he has requested access to the GenAI system, which could be utilized to summarize the reports.
- Pai Her mentioned the possibility of moving the December 6th Audit Committee meeting to early November. Chairman Magsig recommended considering the second week of November.
- Paul Nerland inquired about the possibility of presenting the ISD and Probation audit reports at the following meeting. Oscar J. Garcia confirmed that both audit reports would be presented and that the department would have sufficient time to respond to any audit findings.
- Chairman Magsig asked about the use of funds that pertain to the portion of the treasury pool, slightly over 1%, that is segmented and identified as the property taxes pool fund. Oscar J. Garcia explained that the fund is a collection of property taxes, including teetered property taxes, and is distributed throughout the year.
- Chairman Magsig stated that it is crucial to always ensure sufficient funds in the account to make these distributions.

- Chairman Magsig also asked if teetered funds have increased in proportion to the treasury pool. Oscar J. Garcia responded that it has not, though it could grow depending on yearly delinquency rates.
- Chairman Magsig inquired whether a portion of the teetered fund is allocated to the 15 cities and the County. Oscar J. Garcia confirmed that a share could potentially return to the County, but only if sufficient proceeds are available.
- Chairman Magsig further asked how often an analysis is conducted to identify any excess that returns to the County. Oscar J. Garcia responded that this analysis is done annually.
- Chairman Magsig suggested that, for budgeting purposes, it would be helpful to identify the amount of teetered excess that has returned to the County over the past five years. Oscar J. Garcia noted that there were no returns last year, but the year before, \$4 million was returned.
- Chairman Magsig emphasized the need to clarify which departments are allocated portions of the \$1.4 billion, representing the county's share of the treasury pool. Oscar J. Garcia noted that certain departments have restricted funds with specific stipulations on interest retention, while for others, interest earnings are directed to the general fund.
- Kulwinder Brar inquired about the handling of penalties and interest collected. Oscar J. Garcia responded that it depends on whether they are teetered or not.
- Daniel Cederborg noted that budgeting depends on collections and property types, and inquired if there is a regular amount collected. Oscar J. Garcia explained that the delinquency rate varies, and during a recession, fewer people pay, leading to a depletion of prior years' proceeds. He emphasized that this is primarily a timing issue.
- Chairman Magsig added that he expects the delinquency rate to increase due to rising credit card debt and mentioned there currently is healthy mortgage delinquencies.
- Oscar J. Garcia mentioned that he has not yet observed a significant increase in delinquencies.

9. Adjournment

- A motion was made by Kulwinder Brar, seconded by Vice-Chairman Quintero, and was carried 5-0 to adjourn the meeting at 10:24 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
 Supervisor Sal Quintero, Audit Committee Vice-Chairman
 Daniel C. Cederborg, County Counsel
 Paul Nerland, County Administrative Officer
 Kari Gilbert, Department Heads Council Member
 Manuel Vilanova, Public Member
 Kulwinder Brar, Public Member