



COMMITTEE ROUTING	
Administrative/Finance	<input checked="" type="checkbox"/>
Operations	<input checked="" type="checkbox"/>
Executive	<input checked="" type="checkbox"/>

ACTION AGENDA SUMMARY

AGENDA DATE: February 23, 2021

COMMISSION AGENDA #: 8.A. (PUBLIC HEARING)

SUBJECT:

Public Hearing to Consider the Acceptance of the First 5 Stanislaus 2019-2020 Restated Audit Report

BACKGROUND:

Following its passage by voters in 1998, the provisions of Proposition 10 were codified into California State Law as Sections 130100 – 130155 of the California Health and Safety Code. Section 130150 of the Health and Safety Code requires local Children and Families Commissions to complete an annual audit by October 15th of each year, conduct a public hearing on the audit, and submit the audit to the State by November 1st.

First 5 Stanislaus staff continue to maintain strong accounting and fiscal practices with a commitment to responsibility for taxpayer funds. The internal control structure is designed to provide reasonable, but not absolute, assurance that financial statements are free of material misstatements. First 5 Stanislaus staff undertake fiscal accountability and monitoring actions throughout the year to help monitor compliance with all appropriate laws and regulations. The objective of these controls is to ensure compliance with legal provisions as established in State law and code. An audit is a major undertaking that requires a significant amount of time on the part of both staff and the outside auditor. An outside audit is also the opportunity for staff to learn and identify potential opportunities for improvement. If findings or recommendations were to occur as part of the annual audit process, staff would take appropriate action to strengthen fiscal practices for the benefit of taxpayers and public accountability.

The Commission is contracted with Hudson Henderson & Company, Inc., (Fresno, CA) to perform the Fiscal Year 2019-2020 annual audit. The audit report, which has been included with the Commission’s agenda packet, contains no findings or recommendations. The audit report includes items such as the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), Financial Statements, and other materials. At the Commission’s October 27, 2020, meeting a public hearing was held on the 2019-2020 annual audit and the Commission accepted the audited Financial Statements at that time. Staff subsequently made appropriate filing and posting of the documents.

At the time the Stanislaus County Children & Families Commission financials were issued in October 2020, the pension liability data as noted in the statements was correct. In mid-November, Commission staff was informed the County Auditor-Controller’s calculation used to determine pension liability and related balances (deferred inflows/outflows) were being reviewed through their own Financial Audit Process and potential changes were being considered. In December those changes were confirmed, and County Auditor Controller staff updated the pension liability and related balances calculation. This in turn changed the pension liability and related balances totals to a material extent, thus making it necessary for Hudson Henderson & Company, Inc., to issue a restatement of the Commission Financial Statements to reflect the corrected deferred outflows of resources related to the pension liability and net position.

There is no audit “finding” associated with this restatement and the need for the restatement is solely due to the County pension liability changes that were made after the First 5 Stanislaus audit had been completed. Hudson Henderson has completed the necessary changes and the restated financials will become official for the Commission if accepted by the Commission at the February 23, 2021, meeting following a public hearing.

An electronic copy of the audit can be found on the First 5 Stanislaus website under "Reports by Year" http://first5stan.org/all_reports.shtm.

The Administrative and Finance Committee, the Operations Committee, and the Executive Committee were updated on this project at their respective meetings on February 8th, February 11th, and February 17^h.

STAFF RECOMMENDATIONS:

1. Conduct a public hearing to consider acceptance of the First 5 Stanislaus 2019-2020 Restated Audit Report prepared by Hudson Henderson & Company Inc., Certified Public Accountants.
 2. Accept the 2019-2020 Restated Audit Report.
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FISCAL IMPACT:

There is no fiscal impact associated with the approval of this agenda item.

COMMISSION ACTION:

On motion of Commissioner _____; Seconded by Commissioner _____

and approved by the following vote:

Ayes: Commissioner(s): _____

Noes: Commissioner(s): _____

Excused or Absent Commissioner(s): _____

Abstaining: Commissioner(s): _____

1) _____ Approved as recommended.

2) _____ Denied.

3) _____ Approved as amended.

Motion: _____

Attest: _____

Kellie Edwards, Confidential Assistant IV