

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 or Committee). 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 consists 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, members 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 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 McKinney and seconded by Horan thus this charter supersedes any previous charters.

AYES: 5. Barajas (Chair-Supervisor), Raber (Vice-Chair Public), Horan (Public), McKinney (Cities), and Sicke (Special District)

NOES: 0

ABSTAIN: 0

ABSENT: 2. Sandy (Supervisor) and Huey (Education)