

FINANCE AND AUDIT COMMITTEE
McHenry County Government Center – Administration Building
667 Ware Road
Woodstock IL 60098

MINUTES OF TUESDAY, JANUARY 11, 2011

Chairman Breeden called the meeting to order at 9:30 a.m. The following Committee members were present: Scott Breeden, Chairman; Tina Hill; and Jim Heisler. Bob Bless, Mary Donner, John Hammerand and Mary McCann were absent. Also in attendance: Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Pam Palmer, Auditor; Bob Ellsworth, EMA; Cindy Kozlowski, Financial Analyst; Heather Acker and John Rader from Baker Tilly Virchow Krause LLP; Interested public and the press.

	Scott Breeden, Chairman
Bob Bless	Mary L. Donner
John Hammerand	James Heisler
Tina Hill	Mary McCann

MINUTES

Because of the lack of a quorum, no minutes were approved.

PUBLIC COMMENT: None.

PRESENTATION

Ms. Palmer introduced Ms. Heather Acker and John Rader from Baker Tilly Virchow Krause, LLP. They have joined the committee members to provide an update on the audit and how they are proceeding on the current audit. Ms. Palmer noted that the Auditor's Office will be joining Baker Tilly Virchow Krause LLP this Thursday for a webinar regarding "Fraud in Government". The roll of the group is to provide an external audit and answer questions regarding the audit. Ms. Acker stated that she reviews the work and signs the opinion as well as making sure the group is doing the work as required in the contract. Mr. Rader stated that he has been involved with the external audits for McHenry County for the past 5 years. He also is involved with the audits for the McHenry County Circuit Clerk. This is a statutory mandated audit that is required. The Circuit Clerks office is more compliance focused and a lot of the work is making sure they are meeting all the requirements of the department. With the County's electronic format, they are ahead of many others in the State. Copies of these reports are sent to the Circuit Clerk and Auditors offices. No findings have ever been found. For the County the work group issues an overall opinion on the Cafr (County annual financial report) and make sure the report is as materially stated. The auditing standard SAS No. 114, "The Auditor's Communication with Those Charged with Governance" was recently developed to provide enhanced communication to you as the people charged with governing the county. They are required to communicate certain things to the County during the planning and completion phases of the audit. They are available for professional consultation for ideas and recommendations. They help through the issues as a partner and resource through constant contact, with anyone, for those involved. They are available to answer questions throughout the year. The audit is completed in several phases which begins in early fall. They provide fraud risk assessments, with internal controls, on the major transaction areas in the County. These include large transaction areas outside of central auditing, like the Division of Transportation and Valley Hi. There is a lot of prep work that is completed prior to their audit team's arrival in the Spring. They test transactions and review lower value items as well. The Auditor prepares the Cafr and Baker Tilly Virchow Krause reviews the Cafr letter when completed and provides an opinion on the report. They provide a presentation on the report, typically in June. They typically communicate with top level management, unless directed otherwise. Committee members were requested to review the letter and if there is any information they feel should be shared with the outside auditors, to please give them a call. Ms. Acker stated it is very common to receive calls from County members. They have a fraud hotline if needed and they provide fraud interviews as well. The standards require they speak with all levels of individuals in the county. With the electronic age, they are able to run all types of checks and change their procedures yearly. Ms. Acker asked that if the committee members think of anything or they have a question or would like to see added to the report to please contact them. Part of their contract assumes they will receive calls from members of the county. If they are requesting an additional undertaking of substantial size, this could result in more costs as it would be outside the scope of services.

NEW BUSINESS:

Committee members were informed that since they cannot vote on any of the Resolutions because of the lack of a quorum, they will review each item and provide a recommendation to move the item forward to the County Board

Approved 01 25 11

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for consideration under "New and Unfinished Business".

Resolution Authorizing the Designation of the Office of the State's Attorney's Appellate Prosecutor: Committee members reviewed a Resolution authorizing the designation of the Office of the State's Attorney's Appellate Prosecutor. This is a yearly process that requires renewal. There have been no increases to the budget for this expense.

Resolution Authorizing Budget Line Item Transfers in the Fiscal Year 2010 Budget between General Fund Departments-Non-Departmental and County Coroner: Committee members reviewed a Resolution authorizing budget line item transfers in the Fiscal Year 2010 budget between General Fund Departments – Non Departmental and County Coroner. This is a housekeeping issue needed to close out the fiscal year. The Department cannot predict how many deaths that should occur in the year so additional budget is needed to the autopsy line to finish the posting of expenses. There will be no increase to the budget.

Resolution authorizing Payment of Special Prosecutor Fees and Consultant Fees from the General Fund Fiscal Year 2010 Contingency: Committee members reviewed a Resolution authorizing payment of Special Prosecutor Fees and Consultant Fees from the General Fund Fiscal Year 2010 Contingency. Mr. Sarbaugh noted that this is payment for a court order for services provided in June July and August of 2010. There is enough in last year's contingency budget to pay for the services provided. There will be additional costs for September, October, November and December. The Court date has been set for March so it is hopeful that the cost for the investigation has been completed. After the 2010 bills have been seen they will probably start to see more bills on the legal side. During one of the past Finance and Audit Committee meetings Mr. Sarbaugh was directed to encumber an additional \$100,000 for the special prosecution costs, and these funds have not been expended.

Resolution Authorizing Acceptance of the State of Illinois Emergency Management Hazardous Materials Emergency Preparedness (HMEP) Planning Grant and an Emergency Appropriation to the Emergency Management Agency's Fiscal Year 2010-2011 Budget: Committee members reviewed a Resolution Authorizing Acceptance of the State of Illinois Emergency Management Hazardous Materials Emergency Preparedness (HMEP) Planning Grant and an Emergency Appropriation to the Emergency Management Agency's FY2010-2011 Budget. Committee members were informed that this is an annual grant that uses these for Emergency Preparedness. This year's funding will be used to work on a project with the GIS department. No local match is required for acceptance of this grant. Committee members were informed that this Resolution passed in the Law and Justice Committee yesterday.

Resolution Authorizing the Acceptance of the IEPA Solid Waste Enforcement Grant: Committee members reviewed a Resolution authorizing the acceptance of the IEPA Solid Waste Enforcement Grant. This is an annual grant that has been received since 1987. The grant addressed landfill concerns of the County and covers 53% of the duties in the Solid Waste area. The Department would be required to fulfill these duties so this grant helps covers the cost.

Chairman Breeden recommended all of the above Resolutions forwarded to the County Board for consideration under New and Unfinished Business. Each of the Resolutions will be voted on individually.

OLD BUSINESS

None

REPORTS TO COMMITTEE:

Auditor's Report: None.

Contingency Reports: Mr. Sarbaugh informed committee members that there remains \$185,133 in the contingency fund as reported through November 30, 2010. With today's approval to spend \$113,000 for the Special Prosecutor, this fund will be almost completely expended. Any remaining funds roll into the General Fund reserves.

FUTURE TOPICS: The meeting dates and times will be discussed at the next committee meeting when there is a quorum of the committee.

Approved 01 25 11

EXECUTIVE SESSION: None.

ADJOURNMENT:

Noting no further business, the meeting adjourned at 10:08 a.m.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

- Resolution authorizing the designation of the Office of the State's Attorney's Appellate Prosecutor
- Resolution authorizing budget line item transfers in the Fiscal Year 2010 budget between General Fund Departments – Non Departmental and County Coroner
- Resolution authorizing payment of Special Prosecutor Fees and Consultant Fees from the General Fund Fiscal Year 2010 Contingency
- Resolution Authorizing Acceptance of the State of Illinois Emergency Management Hazardous Materials Emergency Preparedness (HMEP) Planning Grant and an Emergency Appropriation to the Emergency Management Agency's FY2010-2011 Budget
- Resolution authorizing the acceptance of the IEPA Solid Waste Enforcement Grant

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