

**FIRST 5 VENTURA COUNTY
ADMINISTRATION/FINANCE COMMITTEE
MINUTES**

September 3, 2021

Members Present: Commissioner Stenslie, Joseph Richards, and Kara Ralston

Staff Present: Lauren Arzu, Amy Cook, Fahim Farag, Jennifer Johnson, and Petra Puls

Guests Present: Alaina Vandermade and Rosalva Flores, Brown Armstrong Accountancy Corporation

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 9:34 a.m.

II. Approval of Minutes from June 4, 2021

A motion was made by Joseph Richards, seconded by Kara Ralston, to approve the minutes from the June 4, 2021 meeting. The motion carried unanimously.

III. Approval of Agenda

A motion was made by Kara Ralston, seconded by Joseph Richards, to approve the agenda. The motion carried unanimously.

IV. Public Comments

There were no public comments.

V. Review of Audit Procedures for FY 2020-21 & Consideration of Presenting Single Year Financial Statements

Jennifer Johnson and the Committee members welcomed Alaina Vandermade and Rosalva Flores from Brown Armstrong Accountancy Corporation - the auditors who will perform the Commission's audit of fiscal year 2020-21. Referring to the presentation, Rosalva and Alaina provided an introduction to the engagement team and then gave an overview of the audit process and procedures to illustrate what to expect during the audit. In the Committee's role as the "audit committee" for the Commission, the purpose of their visit provides an opportunity to review audit procedures and for members to ask questions, raise concerns, and make comments relative to the audit. The audit approach was reviewed, along with the timeline, audit objectives, audit strategy, and new GASB pronouncements that may apply to the Commission. They discussed testing for internal controls and issuing opinions on the financial statements and on compliance requirements. The auditors stated that the audit will be conducted remotely again this year due to COVID-19 protocols. Rosalva reviewed their firm's multi-level internal process for review of the audit and discussed the reports and opinions that will be provided. The audit report is scheduled to be completed no later than October 15, 2021. The Committee will review the draft report at next month's meeting, followed by a public hearing that will occur at the October Commission meeting.

Jennifer reviewed considerations for presenting single year financial statements rather than a two-year comparative report. After reviewing and discussing the considerations with the auditors, the Committee agreed to move forward with a single year audit report.

VI. Recommendation to Update Internal Control Procedures

Jennifer Johnson stated that the Commission's policy and procedures on internal controls need to be updated periodically as the organization grows/changes and identifies opportunities to clarify/refine. Jennifer reported that the proposed update on control procedures is largely related to the recent conversion to an online time reporting platform. Jennifer referred to the internal controls document and reviewed the proposed updates which include: 1) broadening positions that may complete deposit forms and 2) updating the payroll section to reflect use of an online time reporting system by a) specifying procedure for submitting and approving timecards, b) aligning language with the employee handbook regarding the option to require exempt staff to track hours, c) reflecting the process that encompasses HR staff review of timesheets and fiscal staff's role in processing payroll, d) simplifying language related to the Executive Director's authorization of changes in pay, and e) fixing terminology on the type of transfer to state it is a wire transfer (not inter-account) and clarifying that any alternate signatory may also sign the payroll wire transfer.

A motion was made by Kara Ralston, seconded by Joseph Richards, to approve the proposed updates to the internal control procedures. The motion passed unanimously.

VII. Consideration of Additional Updates to Employee Handbook and Recommendation on Employee COVID-19 Vaccination Policy

Lauren Arzu stated that the Commission approved the Committee's proposed updates to the Employee Handbook in June. There were items discussed by Commissioners that are being brought back to the Committee for consideration, in addition to some items that staff has identified for potential updates. Lauren reviewed the items identified at the Commission meeting, which included: 1) expansion of religious holidays and 2) provisions related to marijuana and substance use. The Committee discussed observance of religious holidays and felt the recent change to allow use of paid Personal Leave for religious holidays that are not paid holidays was sufficient. Lauren reviewed potential issues raised by the Commission related to the use of marijuana (or any substance) and the current provision in the handbook and agreed the policy should remain as is and be focused on ability to perform job functions. Lauren proceeded to review items identified by staff since the last update. She reviewed the proposed change to allow the Executive Director to grant exceptions to the 90-day length of employment requirement before vacation leave may be used, when there are extenuating circumstances. The Committee felt this was appropriate and consistent with their policies. Amy Cook reviewed a new confidentiality provision for inclusion in the Employee Handbook and related procedures in light of the Commission's recent expansion in providing direct services. The Committee was supportive of the proposed language and internal implementation procedures. Lauren stated that staff is also working on updates related to travel reimbursement rates and processes. She reviewed the current process for reimbursing travel-related expenses and noted that staff is exploring other more efficient methods for reimbursing travel expenses (e.g., per diem), provided it does not result additional tax or paperwork burdens. The Committee was supportive of the concept and staff will continue to research the topic and bring back to the Committee at a future meeting. Lauren discussed the current procedures related to disability leave and inquired about implications for not integrating use of benefits with leave due to the complexity, particularly now in having far more staff. The Committee advised to confer with legal counsel as well as workers compensation to assess the impact of any

changes. Lauren concluded by presenting a proposed provision requiring staff get the COVID-19 vaccine or submit to weekly testing requirements. Lauren noted that staff worked with legal counsel to draft the proposed provision. The Committee discussed the provision and agreed to move forward with new policy. The agreed upon updates to the Employee Handbook that are ready to move forward will be presented to the Commission in September.

VIII. Recommendation to grant exception to employment length requirement under policy for providing health insurance when on leave without pay for NfL staff transferred to F5VC employment in May or June 2021.

Lauren Arzu noted some NfL staff that transferred over from the prior contractor are currently on unpaid medical leave. Currently, the Commission's policy states that in order for the Commission to continue to pay health insurance costs for employees on unpaid medical leave (including maternity leave), they need to have completed the introductory period (90 days of employment). The transfer employees have not passed the introductory period but will complete the introductory period while on leave. Consistent with other policy decisions that have been made related to transferring the existing NfL staff that occurred in May and June 2021, staff is recommending that a one-time exception be made for these transferred staff and waive the employment length requirement for this policy thereby continuing to pay their health insurance costs. The Committee clarified and staff confirmed that this will only apply to the staff that transferred in May and June of 2021.

A motion was made by Kara Ralston, seconded by Joe Richards, to grant an exception to employment length requirement under policy for providing health insurance when on leave without pay for NfL staff transferred to F5VC employment in May or June 2021. The motion carried unanimously.

IX. Update and Discussion on Liability Insurance

Lauren Arzu provided an update on the acquisition of liability insurance coverage for fiscal year 2021-22. Lauren stated that staff anticipated an increase in insurance rates, as well as a need to obtain a new insurance for Abuse and Molestation coverage, as a result of bringing the Neighborhoods for Learning initiative in-house (e.g., increased payroll, service locations, and risk exposure). In addition to a 10% rate increase budgeted on the base rates, an additional \$20,000 was budgeted for the expansion.

Lauren reviewed each policy, the level of coverage obtained, and the rates. She pointed out the exorbitant increase to Directors and Officers (D&O) and Employment Practices Insurance (EPLI) due to the expansion and change in operations. She highlighted the process to identify affordable options and the wide net that was cast by the Commission's insurance broker. However, only two carriers submitted quotes. Staff selected the least expensive option that would maintain current coverage levels as the other quote was double the cost. Lauren also discussed limits that can be obtained for the Abuse and Molestation policy and the efforts underway to negotiate with the school district sites that require higher levels of coverage. While costs can likely be absorbed by salary savings from within cost centers, staff are seeking remedies to the wide-spread rate increases, including attending meetings with the CA Insurance Commissioner. The Committee explored other insurance options that may be available through partnerships with other agencies, which would require alignment of policies related to risk management and risk tolerance. Staff will explore partnership options for insurance coverage.

X. Consideration of Annual Subscription Fee for Apricot 360 Data System

Petra Puls stated that Social Solutions Global - Apricot 360 program was selected as the data system through a Request for Proposal process. The Commission approved a one-year contract, subject to annual renewal. Petra provided an update on contract negotiations and reported that the contractor requires subscription commitments on an annual basis that are paid in full at the beginning of the year. Additionally, the contractor provides a significant discount if there is a multi-year agreement. Petra reviewed the concerns raised by the advance payment model and stated staff has successfully negotiated termination for cause language that would allow the Commission to recoup funds if the contractor fails to cure a breach of their contractual obligations. However, the annual subscription could not be terminated for convenience at a pro-rated cost. With a multi-year agreement, the Commission would have the option to terminate the agreement with 90-days' notice before the new annual subscription period renews.

Related to engaging in an annual commitment, the Committee discussed the low probability of changing vendors before a year is up. Given the complexity of changing data systems and the desire to purchase this particular program, they were in agreement to move forward on a contract that requires an annual subscription fee and expanding to a three-year contract to capitalize on cost savings. Staff will proceed with Commission approval in September.

XI. Update on Commission Activities

Petra Puls stated the June 2021 Report from Commission Staff was sent via email, noting F5VC was named one of the best places to work on the central coast for the third year in a row. She provided an update on Senate Bill (SB) 398 (vape tax), which now includes a backfill to Proposition 10. Petra provided an update on NFL operations and the smooth transition of staff, adding in-person programming is starting in September at five sites, with numerous safety protocols in place. She updated the Committee on the deferral of one loan issued through the Community Investment Loan Fund, noting the continued challenges the borrower has faced and that staff is working with EDC on the repayment structure.

XII. New Business/ Miscellaneous

There was no new business.

XIII. Closure

Commissioner Stenslie concluded the meeting at 11:20 a.m.

XIV. Next Meeting

Friday, October 8, 2021, 9:30 a.m. – 11:30 a.m., Location TBD