

Finance Committee Regular Meeting
Minutes of the April 12, 2016

Dodge County Finance Committee Chairman, Dave Frohling called the Finance Committee meeting to order at 8:00 a.m. on Tuesday, April 12, 2016 in Room H & I – Auditorium of the Administration Building. Chairman Frohling took roll and the following members were present: Frohling, Schaefer, Adelmeyer, Gohr and Uttke.

Also present: County Board Chairman Russ Kottke, Mielke, Kolp, Ruth Otto, Ken Kamps, Makenzie Drays and Lifke.

Julie Kolp, Finance Director certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Motion by Gohr and 2nd by Schaefer to allow the chair to deviate from the agenda at his discretion. Motion carried with unanimous approval.

Motion by Schaefer and 2nd by Adelmeyer to approve March 8, 2016 regular committee meeting minutes as presented. Motion carried with unanimous approval.

Ken Kamps, Human Services and Health's Division Manager for Clinical and Family Service appeared to present follow up information on the 2014 audit finding. Regarding Item 2014-003, Kamps reported a change in the year end process where two other staff members verify information. Kamps reported that differences are resolved after each staff member reviews the accounts independently and justifies the variances. According to Kamps, all discrepancies will be accounted for. Auditors also suggested verifying revenue on Human Services and Health's (HSH) spreadsheets to the amount reported by the State.

In reference to Item 2014-005, Kamps report implementation of a procedure that ensures reports are completed monthly. Random cases are reviewed monthly by supervisors and then passed on to the Director. The State performs random moment sampling where they inquire about cases being worked on at that point. This random sampling is initiated by the State with the County providing rosters of individuals working on cases. From this roster, the State determines which cases are included in the random sampling. These are the random cases reviewed by HSH supervisors. Jim Mielke, County Administrator will be signing for the Director until she is reinstated or replace.

Item 2014-007 involves Represented Payee cases where a child is involved and there's no one to represent the child. The finding reference missing written authorization. Kamps assured committee members that written authorization for all of these clients has been obtained and is on file. According to Kamps, Social Security also monitors Represented Payee cases and there were no problems reported to date. Currently these client financials are tracked in QuickBooks in which six staff members have access.

Item 2014-004 references fiduciary duty for resident funds. According to Kamps, this is similar to Item 2014-007 regarding proper authorization on file. According to Kamps, written authorization is on file for all clients.

Item 008 & 009 involves monitoring sub-recipient activities for purchased care. According to Kamps, contracts over \$75,000 are required to be audited and these facilities must submit audit reports to HSH. HSH is required to monitor and verify compliance to the contract. If an audit

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report isn't received, HSH follows up with phone calls and letters. This finding was prompted by missing audit reports. HSH did contact the State who assisted in getting most of the missing reports. One entity never provided an audit report so their services were discontinued.

Item 2014-010 was regarding Children's Long Term Support Waivers and Parental Payment Liability. Kamps stated that reviews are taking place and supervisors are required to sign off on them.

Julie Kolp, Finance Director concluded by addressing a letter received from the State's Department of Health Services (DHS). DHS requested documentation of resolution action taken in regards to the audit findings that are related to their programs. In a March 29, 2016 letter, the DHS considered "both reports in compliance with relevant audit and reporting guidelines and thus closed." According to DHS, any audit finding related to DHS funding has been resolved to their satisfaction. Kolp reported she also approves the finding resolutions.

Kamps reported on an Intra-department fund transfer for HSH. In prior years, HSH budgeted for community based residential (CBRF) care by the individual facilities. It was decided to combine all CBRF care into one budgeted line item since the detail is retained in Accounts Receivable. Kamps requested an intra-department transfer to combine all CBRF care expenditures to one budgeted line item and all crisis facility expenditures to one budgeted line item. The 2016 budget for HSH will be maintained with these transfers. Committee members approved by consensus.

Ruth Otto, Information Technology (IT) Director provided information regarding audit finding 2014-006. According to Kolp, Otto sent a letter of response dated March 28, 2016 to DHS regarding the IT security and Health Insurance Portability and Accountability Act (HIPAA) concerns. To date, Otto hasn't received a response from DHS. Kolp is uncertain if the DHS letter received by HSH also includes the IT finding. There will be follow up to ensure all concerns have been addressed and resolved. Otto commented the Bitlocker is still being worked on but is at a point the auditor wants the county to be at.

Resolution to purchase Highway Equipment. The Fiscal Note set forth in Resolution was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$10,130 surplus on 2016's adopted Budget. Per Kolp, this equipment was budgeted at \$115,000 and actual cost will be \$104,000 leaving \$10,300 surplus. Supervisor Jeff Berres was absent from Monday's meeting and therefore not able to sign this resolution. Committee members approved by consensus the Fiscal Note as presented and authorize and direct Finance Committee's Chairman to sign the Fiscal Note and send Resolution to purchase Highway Equipment to the County Clerk.

Resolution No. 16-02 – Detention Facility Sewer Project. The Fiscal Note set forth in Resolution No. 16-02 was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$128,800 on 2016's adopted Budget. Committee members approved by consensus the Fiscal Note as presented and authorize and direct Finance Committee's Chairman to sign the Fiscal Note and send Resolution No. 16-02 to the County Clerk.

Mielke provided information on the Medical Examiner fee change. In 2015, the county changed service fees for the Medical Examiner's office at the June 2015 County Board meeting. According

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to 2015 Assembly Bill 662, the county will need to change some of these fees back to the April 17, 2015 rate. At this point, adjustment of fees from the time of change to current date isn't being considered. Additional revenue was factored into 2016 budget so Mielke reference the possibility of a revenue adjustment sometime in 2016. This was provided for committee awareness.

Mielke presented information on an Ethical Advocates program. According to Mielke, the county will be contracting with a 3rd party vendor for fraud risk assessment on an annual basis and see how it works out. Mielke considered the annual \$2,500 costs to be minimal for this service. The intent of using a 3rd party was to assure employees that their reported information will stay confidential and anonymous as well as take the pressure off internal departments. Fraud risk assessment was an Auditor recommendation and this vendor is used by other counties. John Corey, Corporation Counsel Director is working on the contract to make it specific to Dodge County. Human Resources will include this service in their budget assessment. The vendor is anticipating 5-15 calls or inquiries based on the organization's size. Frohling expressed concerned on how these calls or inquiries will be handled when presented to the county.

Kolp reported on an initial phone call with Government Finance Officer Association (GFOA) on April 7, 2016. Rob Rique will be county lead. Mielke, Otto, Maly, Uttke, Kolp will be on the Steering Committee. Kolp stated the project will include a base camp for communication, to-do lists, and a centralized schedule. Kolp stated it was a good call and the next step will be an onsite visit. Uttke commented on deliverance and presentation and questioned if GFOA would be able to come on sight in one year to ensure processes are being put into place.

Discussion continued with questions regarding hiring an outside Enterprise Resource Planning (ERP) project manager. Kolp also proposed hiring an assistance project manager. Kolp justified the position by stating secretarial type work would be a major part of the project. Goals and job description are being written for the assistant project manager position.

Discussion continued on the project manager position and if this position should be filled internally or externally. Uttke commented that he thought GFOA would prefer using inside talent on these projects. Concern with hiring for this position included skill set required, recruitment, employment duration, number of hours per week, and if all working hours were required onsite. Frohling thought it was important to fill the position internally because of internal knowledge and retention of knowledge after the project is finished. Filling the position through a consulting firm was also considered. Committee members expressed the importance of milestones and making sure they're followed through. Frohling suggested Human Resources put out a couple of scenarios and see what kind of response is received. According to Frohling, this won't be a typical recruitment. The goal is to present the position to the County Board at May's meeting. The committee felt the money would be well spent and suggested contacting UW Extension for possible connections. Committee members felt experience is very important for this position.

Kolp presented information on a refunding opportunity from Ehler's Inc. Frohling thought there would be little savings from this option and questioned relevance of going through a refunding process. Committee members didn't think it was something the county would be interested in pursuing at this point.

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The County Treasurer provided committee members copies of February 2016 report of working cash account and January 2016 county investment holdings for review.

The monthly county state sales tax remittance reports were reviewed. March 2016's remittance for January was \$414,299 compared to \$399,718 from the same period in 2015. The fiscal year remittance to date is \$1,367,264 compared to \$1,280,737 the same time period in 2015.

Kolp presented information on an intra-department fund transfer from Emergency Management. Nehls' request is the result of additional grant revenue. The additional revenue will be offset by additional expenditures and Kolp is unsure if the requested amount is material enough to go to County Board for appropriation. Kolp requested clarification on an unwritten approval rule for \$3,000 or less. This unwritten rule delegated the approval authority to the Finance Director for amounts \$3,000 or less. Kolp will present to the Finance Committee, a proposal for this rule at May's meeting for Finance Committee action. Committee members approved the Emergency Management intra-department transfer by consensus.

Claims of \$10,000 or more that are not reviewed by the audit committee were presented. Committee members questioned if this information should be provided to county board members for awareness. Mielke suggested a memo to provide explanation on the approval process and the information presented. Uttke questioned if receipt of product and/or services was verified prior to payment. Uttke commented that just as important as how much was spent was whether the products or services were received.

Kolp presented information on Financial Commitments that extend beyond a single year. Over the past year, the county has entered into contracts that cover multiple years and since the county is committed to these payments, Kolp was concerned about the impact on the county's financial statements as well as future budgets. The existing contracts were reviewed with the auditors and contracts of interest were those that can't be cancelled. Contracts with licenses and support won't require an accrual entry and a few of the contract reviewed were immaterial in amount and weren't taken into consideration. The Spillman Technology contract spanned over three years at \$1.06 million. Kolp expressed concern because these contracts, even though they aren't due until the future, do affect current and future budgets, Form A and the general ledger. Frohling commented that all contracts written for the state are subject to budget approval. Kolp suggested more research before signing any more contracts that cover multiple years. Kolp is concerned about state statute compliance and future budgeting. Frohling commented the presented document will be a good document for the budgeting process going forward and will aid in giving a better understanding for items of this nature. Frohling also stated this approach was done to save money but questioned if the long term commitment is worth it with the price of technology continually changing. Frohling requested Mielke and Kolp work on a system on how to incorporate this information in future decisions and budgets and suggested they bring it back to the Finance Committee for approval by August for the next budget procedure.

Mielke reminded committee members of the community's concern on the Sales Tax Sharing proposal. Mielke identified projects being committed to in 2017 and was uncertain of any residual dollars would be left for sharing with municipalities. Mielke commented that the benefits of the Sales and Use Tax dollars should be recognized by all municipalities.

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The change to County Board Rule# 30 was discussed with the intent to simplify. Frohling suggested that all department have the same limit of \$50,000 along with the ability for departments to act on higher amounts in emergency situations. It was also added that the items have to be in Capital Improvement Plan (CIP). This would increase the threshold for many departments but not Clearview and Highway. Gohr commented that not all departments are equal and a single number would be significant to some. There was also concerns on what constitutes an emergency.

Kolp presented a Kronos update. Sheriff is still working on the Telestaff to Advance Scheduler conversion. Kolp reported the Sheriff's Department seemed excited about the move. They liked what they saw so far. Talent acquisition for Human Resources is scheduled for May 1 but Mielke didn't think it'll meet the deadline because of the time frame.

Kolp commented on year-end adjustments needed in the General Ledger as a result of Kronos implementation. Finance, Human Resources and Mielke were involved with this discussion.

Frohling reported for the External Audit Committee. Many of the things Kamps talked about were discussed and the committee felt progress is being made. Many issues HSH had will be resolved with the implementation of the NetSmart Client Billing system. Mielke thought the 2015 review will also be very beneficial with the new ERP system implementation.


Mielke suggested waiting a year for the next Operational Review. He felt it would be more beneficial to wait until some of the upcoming processes are in place. Mielke also expressed concerned on the increased internal activity with implementing the new ERP and the availability of staff to handle all processes.

Kolp reported no response to the IRS Penalty letter.

Next regular meeting is scheduled for Tuesday May 10, 2016 at 8:00 a.m. in Room H & I – Auditorium on the 1st floor of the Dodge county Administration Building.

With no other business on the agenda, Chairman Frohling declared the meeting adjourned at 9:33 a.m.

Gerald Adelmeyer,


Secretary