



Legislation Details (With Text)

File #: 2021-0826
Type: Consent Calendar Item **Status:** Agenda Ready
File created: 7/29/2021 **In control:** Auditor-Controller-Treasurer-Tax Collector
On agenda: 9/14/2021 **Final action:**
Title: Internal Audit of the Sonoma County Economic Development Board and Sonoma County Economic Development Board Foundation.
Sponsors: Auditor-Controller-Treasurer-Tax Collector, Economic Development Board
Indexes:
Attachments: 1. Summary Report, 2. ATTACHMENT A-EDB & EDBF Internal Audit Report

Date	Ver.	Action By	Action	Result
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To: County of Sonoma Board of Supervisors
Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector's Office, Economic Development Board
Staff Name and Phone Number: Olga Gray (707) 565-8303 & Kanchan Charan (707) 565-8300
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:
Internal Audit of the Sonoma County Economic Development Board and Sonoma County Economic Development Board Foundation.

Recommended Action:
Review and accept the Sonoma County Economic Development Board and Sonoma County Economic Development Foundation Internal Audit Report for the period July 1, 2017 through June 30, 2019.

Executive Summary:
As a part of the 2020/2021 Annual Audit Plan, the Internal Audit Division of the Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office (ACTTC) conducted an audit of the Sonoma County Economic Development Board (EDB) and Sonoma County Economic Development Board Foundation (Foundation) for the period July 1, 2017 to June 30, 2019.

The ACTTC determined that financial information contained in the Foundation's annual reports for the fiscal years ended June 30, 2018 and 2019 submitted to the Sonoma County Board of Supervisors are adequately supported by the underlying accounting records and supporting documentation with some exceptions as detailed in the discussion below.

Discussion:
In 1957, the County of Sonoma, acting through its Board of Supervisors, created the Economic Development

Board (EDB) pursuant to the California Government Code Section 26104. The purpose of the EDB is to enhance the local business environment for the benefit of all residents of the County of Sonoma through the creation and development of economic research, analysis, and programs that promote local businesses. The EDB is governed by a ten-member Board, made up of two members appointed by each member of the Sonoma County Board of Supervisors.

The EDB presents several seminars and events throughout the year that address key opportunities, challenges, and initiatives facing Sonoma County. In addition, the EDB develops factual data regarding significant economic activities, trends, and projections for Sonoma County. These events and online reports are financially supported by business and community sponsors through the Foundation.

On January 23, 2001, the Sonoma County Board of Supervisors approved the establishment of the Foundation. In March 2001, the Foundation was incorporated as a California nonprofit public benefit corporation. The primary purpose of the Foundation is to assist in finding funding sources for EDB projects in need of financial support that are approved by the County Board of Supervisors. In accordance with the Memorandum of Understanding between the Foundation and the County of Sonoma (MOU), the ACTTC performs a comprehensive financial audit every two years and reports results accordingly as required.

The ACTTC determined that financial information contained in the Foundation's annual reports for the fiscal years ended June 30, 2018 and 2019 submitted to the Sonoma County Board of Supervisors are adequately supported by the underlying accounting records and supporting documentation with the following exceptions. Foundation management identified the following errors in the 2018 and 2019 financial reports submitted to the Board. These reports will be corrected and resubmitted to the Board in fiscal year 2021-22.

1. Cash and cash equivalents and short-term investments for fiscal year 2017-18 were overstated by \$63,657.
2. The Foundation did not reimburse the EDB in a timely manner for certain staffing and consulting expenses which resulted in an understatement of expenses by \$35,000 and \$46,780 and an understatement of accounts payable by \$35,000 and \$81,780 in fiscal years 2017-18 and 2018-19, respectively. Subsequently, the Foundation reimbursed the EDB for the above expenses and provided its Auditors with corrected annual reports for the Foundation.

Management has made appropriate changes to its procedures and internal controls to address the above risks and to ensure the Foundation reimburses the EDB for payroll and consulting related expenditures in a timely manner. These changes are discussed in the Internal Audit. The EDB's internal controls over other billings and expenditures of funds received from the Foundation operated effectively during the period covered by our audit.

The Internal Audit Report of the Sonoma County EDB and Foundation for the period July 1, 2017 through June 30, 2019, in its entirety, is included with this Board item as Attachment A.

Prior Board Actions:

July 24, 2018 - The Board of Supervisors reviewed and accepted the Sonoma County Economic Development Board and Sonoma County Economic Development Board Foundation Internal Audit Report for the period July 1, 2015 through June 30, 2017.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

None

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment A- EDB & EDBF Internal Audit Report

Related Items "On File" with the Clerk of the Board:

None