

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

MINUTES OF TUESDAY, MARCH 8, 2011

Chairman Breeden called the meeting to order at 9:30 a.m. The following Committee members were present: Scott Breeden, Chairman; Jim Heisler; Tina Hill; Mary McCann; Mary Donner and John Hammerand. Mr. Bless arrived at 10:45a.m. Also in attendance: Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; Pam Palmer, Auditor; Pat McNulty, Health Department; Dennis Sandquist, Matt Hansel and Maryanne Wanaski, Planning and Development; Cathy Link, Purchasing; Angela Wood-Zuzevich and Under Sheriff Andy Zinke, Sheriff's Department; Dan Wallis, Court Administration; interested public and the press.

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

MINUTES

Committee members reviewed the committee minutes from February 22, 2011. Ms. McCann made a motion, seconded by Mr. Heisler to recommend approval of the minutes as presented. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT: None.

PRESENTATION

None

NEW BUSINESS

Resolution Authorizing the Acceptance of an Additional \$12,000 in Grant Funding from the Illinois Department of Human Services, Increasing the House of Two Staff Positions and an Emergency Appropriation to the Health Department FY11 Budget: Committee members reviewed a Resolution Authorizing the Acceptance of an Additional \$12,000 in Grant Funding from the Illinois Department of Human Services, Increasing the House of Two Staff Positions and an Emergency Appropriation to the Health Department FY11 Budget. Ms. McCann made a motion, seconded by Mr. Hammerand to recommend approval of the above Resolution as presented. Committee members were informed that this is additional grant funding that is to be used to support the breastfeeding efforts in the WIC (Woman, Infants and Children) programming. This is specific programming for Latino woman. This Resolution has already been approved by the Public Health and Human Services Committee. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution Authorizing the Acceptance of the 2010 State Criminal Alien Assistance Program (SCAAP) Award and an Emergency Appropriation to the Sheriff's Fiscal Year 2011 Budget: Committee members reviewed a Resolution Authorizing the Acceptance of the 2010 State Criminal Alien Assistance Program (SCAAP) Award and an Emergency Appropriation to the Sheriff's Fiscal Year 2011 Budget. Ms. Hill made a motion, seconded by Mr. Heisler to recommend approval of the above Resolution as presented. Committee members were informed that these funds will be used to install extra security cameras in the jail. The installation of this equipment will allow for a thorough review of all areas in the jail. This will help with review for Worker's Compensation cases as well. Committee members stated that this information should be included in the memo on how the funding will be used. Committee members were informed that this grant has been on the "chopping block" for the past few years, but at the last minute funding is returned to the line item. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution authorizing the Reclassification of a Dietary Manager (Position #061-0016-99) and an Assistant Dietary Manager (Position #061-0166-08) in the Valley Hi Valley Hi Nursing Home Departmental Roster: Committee members reviewed a Resolution authorizing the Reclassification of a Dietary Manager (Position #061-0016-99) and an Assistant Dietary Manager (Position #061-0166-08) in the Valley Hi Valley Hi Nursing Home Departmental Roster. Ms. McCann made a motion, seconded by Ms. Donner recommending approval of the above Resolution as presented. Mr. Annarella noted that they are trying to change the structure of the Dietary Management position to create two parallel positions. One position would be on the clinical side and one on the production side in the Dietary Department. This would allow more focus on both areas of the department. This Resolution passed at the Operating Board and Human Resources Committees. The Dietary Manager left the position prior to Thanksgiving and the facility has been reviewing how to best

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meet the needs of the facility. This change will allow for coverage in the dietary department seven days a week. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution Authorizing the Reclassifications of the Director of Quality Assurance (Position #061-0008-04) and Office Assistant (Position #061-0083-99) in the Valley Hi Nursing Home Departmental Roster: Committee members reviewed a Resolution Authorizing the Reclassifications of the Director of Quality Assurance (Position #061-0008-04) and Office Assistant (Position #061-0083-99) in the Valley Hi Nursing Home Departmental Roster. Mr. Heisler made a motion, seconded by Mr. Hammerand to recommend approval of the above Resolution as presented. Committee members were reminded that the Director of Quality Assurance position was created by Revere Management. This person was offered another job by an outside facility, creating an open position. This person was doing some of the duties that should have been reserved as part of the Administrator's duties. When the opening was created, they started looking at how to provide better services for Valley Hi. It was determined that a reclassification of the Director of Quality Care to a full time Assistant Director of Nursing and another position to Office Assistant, will better meet the needs of the facility. The full time Assistant Director of Nursing position will perform nursing administrative functions previously handled by the Director of Quality Assurance and the added hours to the Office Assistant position would allow this staff member to perform light maintenance and cleaning of nursing/resident equipment. These changes will create a savings of \$2,087.81 in the Valley Hi Nursing Home budget. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution Authorizing the Reclassification of Position #042-0002-06, "Assistant to the Court Administrator: to "Deputy Court Administrator" in the Court Administration Departmental Roster: Committee members reviewed a Resolution Authorizing the Reclassification of Position #042-0002-06, "Assistant to the Court Administrator: to "Deputy Court Administrator" in the Court Administration Departmental Roster. Ms. McCann made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. Committee members were informed that an analysis was completed for the position and it was determined that this position should be a 12E instead of an 11E. This is an opportunity to right an error within the department. Committee members questioned why this change was not done during the budget process. They were informed that it took time to get all of the information in line. This change will be budget neutral. Committee members voiced concern that this request was being brought forward when there has been no merit increases for the employees. It was stated that this change is needed in order for this manager to do the managerial work of the office. Concern was voiced that this department has "found" \$1,400 extra within their budget to fund this expense. They questioned if there was too much budgeted for this department. Committee members were informed that this position is beyond the scope of an assistant and has to have the ability to make policy making decisions. Committee members requested that the percentage of the raise be included in the memo. The motion carried with the majority of members present voting aye on a roll call vote (Donner, Hammerand, Heisler, McCann, Breeden) nay (Hill).

Resolution Authorizing the Creation of a Procurement Officer-Building Inspector Position for the Community Development Division and Freezing an Associate Building Inspector Position within the Planning and Development Department: Committee members reviewed a Resolution Authorizing the Creation of a Procurement Officer-Building Inspector Position for the Community Development Division and Freezing an Associate Building Inspector Position within the Planning and Development Department. Ms. Hill made a motion, seconded by Ms. McCann to recommend approval of the above Resolution as presented. This request has been approved by the Planning and Development Committee and Human Resources Committee. This individual will assist with the grant programs in order to more efficiently and productively carry out the Division's goals and objectives. This will be a new position in the Community Development Division. Grant and program funds will pay for this position. If the grant funds go away, the position will go away. This new position addresses the needs as required by HUD. This change will allow the department will be more in line with HUD guidelines. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution Authorizing Workers' Compensation Claim Settlement No. 07-3200-10: Committee members reviewed a Resolution Authorizing Workers' Compensation Claim Settlement No. 07-3200-10. Ms. McCann made a motion, seconded by Mr. Heisler recommending approval of the above Resolution as presented. Committee members were informed that this claim is the result of an injury of a Marine Patrol Officer. This is an older claim because the claimant had multiple counsel representation. The Sheriff's Department works with the Risk Management Department to find ways to mitigate these issues. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

Resolution Authorizing the Reclassification of Position #032-0138-99 from Sergeant to Lieutenant in the Sheriff's Departmental Roster: Committee members reviewed a Resolution Authorizing the Reclassification of Position #032-

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0138-99 from Sergeant to Lieutenant in the Sheriff's Departmental Roster. Ms. Donner made a motion, seconded by Ms. McCann recommending approval of the above Resolution as presented. Committee members were informed that this Resolution was approved by the Human Resources Department. This request has been considered over the past year due to the retirement of senior command staff. They did not feel they needed a Captains position and were looking for ways to reorganize the department. The Sergeants position needs to be reclassified because of the increased duties of the position and because this individual is now in charge of staff in higher command positions. The motion carried with all members present voting aye on a roll call vote (Donner, Hammerand, Heisler, Hill, McCann, Breeden)

OLD BUSINESS

None

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer provided committee members a McHenry County Expenditure Report for FY2010. This is a detail of what was paid out for FY2010. The Revenue report will be provided at the next committee meeting. These are unaudited figures by fund. The total processed for FY2010 was \$135,226,740.00. \$78,000,000 was spent for personnel. The General Fund expenditure was broken down by department. A list was provided naming the top 30 vendors paid by the county. The last page of the report included statistical information. It took the County an average of 21.8 days from invoice date to payment date. Ms. Palmer stated that in last year's management letter they suggested an increased use of the Purchasing Department. This increase has been achieved and she expects more increases for FY2011. The third section of the document included "exception items" from the Auditor's office. This included rejections, corrections, and additional documentation. This decreased dramatically in FY2010. This is the result of efforts to work with the departments on this issue. Committee members questioned if the County takes part in "discount" payment to vendors. They were informed if an invoice states there will be a discount for a date specific payment, they take advantage of this discount. Committee members questioned if wire transfers are safe. They were informed there are procedures in place to verify the validity of a transfer. Ms. Palmer stated that she looks at the approval path for all payments. We are one of the few entities that do not allow ADP to get into our bank accounts for payments; we wire the funds to ADP. We also have 130 accounts and have not pooled the accounts into one. Internal controls have been put into place and the Treasurer is the only one with the authority to touch any large amounts of cash. The Treasurer's department acts like a bank so if anyone tries to utilize our accounts, our funds wouldn't balance. There are a lot of built in controls in place right now that would make it very difficult for someone to move funds without getting caught.

Representatives from Baker Tilly Virchow Krause were here last week for an on-site visit. They will be visiting grant receiving departments.

The Circuit Clerk's audit has been completed and single audits are being done this week. The internal auditor is in the process of completing some internal reviews. Updates will be provided as they are received.

The vendor maintenance project is almost completed. Policies and procedures are being reviewed with training being provided to those that need it.

Contingency Reports: Nothing has changed on the contingency report.

Update by Court Administration on Mathers Clinic: Mr. Wallis joined committee members to provide an update on the Mathers Clinic. Committee members were reminded that a Resolution was approved to allow the Mathers Clinic to provide Psychological services for the Courts. Last year costs for these services were \$146,000. So far the department is on track to save over \$85,000 for these services this year. Committee members thanked Mr. Wallis for his update.

Mr. Bless arrived at 10:45a.m.

Update on the Revolving Loan Fund: Mr. Labaj reviewed the status of the McHenry County Loan Fund. Currently there is approximately \$423,000 available in the regular fund and \$10,000 in the micro loan fund available for loans.

He reported that Contempo Industries, one of eleven outstanding loans, ceased doing business. Contempo filed for bankruptcy in 2008, but had been making loan payments with some regularity until late last year. The matter has been referred to the State's Attorney's Office to pursue the County's legal remedies of personal loan guarantees, where were part of the financing. Of the \$200,000 principal lent to Contempo, an outstanding balance of \$65,787 is due. This will be only the third default under the program since 2004. The County is still pursuing collection in Federal Bankruptcy Court of the defaulted E's Bakery loan.

Of the remaining ten loans, all except one are current. It is anticipated that the one slow pay will catch up payments by the end of next week. The Committee questioned the lack of activity under the micro loan fund program. Mr. Labaj noted that normal underwriting criteria under the program often discourages participation. Additional marketing efforts may be needed.

Mr. Labaj reminded committee members that they previously had discussed the idea of eliminating the micro loan fund. This fund was created to help smaller businesses the ability to obtain small loans under \$10,000. There were only two applications received, both which were turned down for funding. There is a personal loan guarantee attached to these loans that the applicants were unwilling to sign. These loans also required a written business plan, which was not provided by the previous applicants. Committee members requested this item to be placed on the next committee agenda for discussion.

Mr. Sarbaugh reminded committee members that within the next 60 days the FY2012 budget process will begin. There is one issue that he requested guidance on. He stated that an outside vendor is being hired to do an indirect cost allocation review. There are a lot of grants that are received by the County, year after year, without these grants paying for the benefits costs for the employees needed for these grants. He stated there is a question of whether the County wants to continue to offer the services provided by the grant, if these grants are not paying for any County cost. A grant was recently received that the County was unable to take advantage of since the benefit costs would have taken too much from the grant program. Mr. Sarbaugh stated that there needs to be some discussion held with the grant receiving departments to discuss this issue. He stated with so many grants being received, a review needs to be done to make the departments accountable for these additional costs. Some grants do not allow for cross charging for these costs so the County Board needs to know what the cost would be to the General Fund if a grant is going to be granted. If the grant is important, who should responsible for the benefit costs, the department or the County? There needs to be a formal process for approval of proposed grants in order to answer these questions, before a grant is received.

FUTURE TOPICS

None

EXECUTIVE SESSION: None.

ADJOURNMENT: Noting no further business, Mr. Hammerand made a motion, seconded by Mr. Heisler to adjourn the meeting 10:55a.m. The motion carried with all ayes on a voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

Resolution Authorizing the Acceptance of an Additional \$12,000 in Grant Funding from the Illinois Department of Human Services, Increasing the House of Two Staff Positions and an Emergency Appropriation to the Health Department FY11 Budget

Resolution Authorizing the Acceptance of the 2010 State Criminal Alien Assistance Program (SCAAP) Award and an Emergency Appropriation to the Sheriff's Fiscal Year 2011 Budget

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Resolution Authorizing the Reclassification of Position #032-0138-99 from Sergeant to Lieutenant in the Sheriff's Departmental Roster

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