ATTACHMENT C

AUDITOR CONTROLLER DEFICIENCIES FACT SHEET

Karen Paz Dominguez's tenure as Auditor-Controller has been marred with deficiencies in the following ways *(all of which remain deficient)*:

- Interest apportionment has not taken place for the entirety of Fiscal Year (FY) 2020-21 or 2021- 22;
- Cash has not been reconciled since before FY 2018-19 (currently Macias, Gini & O'Connell [MGO] is bringing this work up to date);
- As reported by Fortuna Union High School, statutory deadlines for reporting property taxes are not being met;

  On Nov. 10, 2021, the Board of Supervisors was notified that the Fortuna Union High School District passed a vote of non-confidence in the county Auditor-Controller, Karen Paz Dominguez
- FY 2019-20 single audit is two months past due, following a six-month extension. This has significant impacts on Workforce Innovation and Opportunity Act (WIOA) funding, the Department of Child Support Services, California Development Block Grant (CDBG) funds, Roads funding, First 5 and has made the county ineligible for United States Department of Agriculture (USDA) grants and potentially other competitive state and federal programs;
  - The Workforce Development Board passed a Vote of No Confidence in the county Auditor-Controller, Karen Paz Dominguez at their Nov. 19, 2021 Board meeting.
  - First 5's legal counsel has contacted the county regarding the county's failure to comply with the Memorandum of Understanding between the county and First 5, specific to fiscal services through the county Auditor-Controller
  - *(As of April 8, 2022, the Single Audit is six months past the six-month extension and the target issuance date of March 31, 2022 has passed without a progress report)*
- The FY 2020-21 cost plan was due Dec. 2019; it was not approved by the State Controller until June 2021 and still remains unposted;
- The FY 2021-22 cost plan was due Dec. 2020 and is still not completed;
  - Due to delays, the FY 2021-22 budget was developed using FY 2019-20 costs as an estimate, it is likely there will be large deviations and thereby creating significant budgetary impacts
- The Auditor-Controller failed to respond to correspondence from the IRS regarding payroll tax discrepancies, causing $173,022 in penalties, assessments, and liens;

- The Financial Transactions Report is due to the State Controller's Office by the end of January, following the close of the fiscal year. The Financial Transactions report has not been submitted for FY 2019-20 and the county can be penalized up to $5,000 for the failure to meet this statutory deadline;
    - *(As of April 8, 2022, after receiving a Final Demand letter from the California State Attorney General, the Auditor-Controller finally submitted the Financial Transaction Report (FTR) in March 2022. The State Controller's Office has confirmed receipt but has not confirmed acceptance of the report. Staff discovered the unposted audit adjustments from FY 2018-19 after reviewing a copy of the FTR received from the State Controller's Office.)*
- Lobbyist reports have not been submitted timely, $14,000 in penalties have been assessed;
- The Chart of Accounts has not been finalized yet and object codes continue to be closed;
    - Departments are struggling to obtain from the Auditor-Controller tools such as the setup of funds, budget units, ten-digit org keys and job ledger codes to effectively manage their budgets
- Delays in posting journals, supplemental budgets and appropriation transfers, often times more than eight months after submittal, are limiting the ability of departments to effectively manage budgets and expenditures;
    - Failure to post these transactions timely forces staff to conduct extensive manual tracking
    - Failure to post transactions resulted in delinquent CARES Act reporting and other mandated financial reporting
- Failure to pay vendors timely, resulting in late fees, inflated cost proposals, lost discounts and the elimination of credits accounts;
- Failure to pay employee expense claims timely;
- Failure to pay child support payments timely;
- Failure to promptly settle employees;
- Failure to timely post daily deposits to the general ledger;
- Failure to effectively transition and manage payroll;
- CalCard penalties for failure to process payments timely;
- Delayed payment of Election/Poll Worker's stipends;
- Refusal to post interest apportionment from non-general funds to the general fund as allowed by Government Code. This has eliminated more than $1 million in interest that is rightfully due to the general fund as discretionary revenue;
- The Auditor-Controller has publicly misrepresented status of the single audit;

- Budget blocks have been removed, making it difficult to manage appropriations;
  - Government Code §29122 The board shall not approve a claim and the auditor shall not issue payment for any obligation in excess of that authorized in the budget unit appropriation, except upon an order of a court, for an emergency, or as otherwise provided by law
- FY 2020-21 Adopted Budget has not been finalized or submitted to the State Controller Office as actuals for FY 2019-20 are not yet available;
  - The deadline was Dec. 1, 2020
  - *(As of Apr. 8, 2022, the FY 2020-21 and FY 2021-22 Adopted Budgets have been submitted to the State Controller Office but were rejected because the state mandated annual Appropriation Limits (Gann Limits) have not been adopted by the Board since FY 2018-19, when the then Interim Auditor-Controller presented the calculation to the Board for approval. The Adopted Budgets also lacked reliable fund balance numbers and certain schedules failed to balance due to the lack of complete financial information from FY 2019-20 and FY 2020-21.)*
- Failure to adhere to the Board of Supervisors request for written Board reports detailing operational impacts associated to the payroll transfer and other county operations;
- Failure to participate in meetings, collaborate or communicate with departments or external agencies regarding financial transaction activities;
- Refusal to update budget reports and participation in the budget process; and
- Failure to take responsibility for her actions.