

Damico, Tracy

From: Paz Dominguez, Karen
Sent: Tuesday, December 14, 2021 10:59 AM
To: Damico, Tracy; Hayes, Kathy; Turner, Nicole
Cc: County Auditor
Subject: A-C Response to First 5 for Public Record

Good morning, Clerks of the Board,

Please find below my full response to the First 5 item on today's BOS agenda:

The A-C Office has historically treated the First 5 agency similar to a County department. It was our understanding that they were bound to the same obligations and limitations as all other departments which is why we were happy to complete their year-end accruals and adjustments for them. This is also why the A-C Office performed these services for First 5 at the public's expense without direct reimbursement.

However, in August of 2021, First 5 Executive Director Mary Ann Hansen took issue with a CAO-Purchasing policy regarding a requirement that anyone contracting with the County needed to hold a business license or be exempt from local business license requirements. Director Hansen took her issue to County Counsel who then determined that based on what Director Hansen told them, has taken the position that "First 5 Humboldt was created pursuant to Health and Safety Code (HSC) section 130140.1(a)(1), which creates the Commission as a legal entity separate from the county." HSC section 130140.1(b)(4) also states, "Any obligation of the county commission, statutory, contractual, or otherwise, shall be obligations solely of the commission."

Given that Director Hansen made clear that First 5 is an independent entity not bound by County regulations, it is no longer appropriate for the A-C Office to perform adjustments to their books as it does for agencies under the governance of the BOS, much less at the taxpayers' expense. The A-C Office has since continued to process transactions as requested by First 5. Had they submitted the accruals and adjustments for which they are solely responsible, then we would have posted them.

I understand that First 5's auditors have determined that our office did not meet contractual obligations. Given that their auditors never performed any fieldwork or interviews in the A-C Office, it appears that their determination was based solely on the word of Director Hansen and not on an actual review of A-C operations.

If the First 5 Commission is interested in engaging with the Office of the Auditor-Controller for accounting services, then they are welcome and encouraged to reach out to the A-C Office directly. We will be happy to set some reasonable parameters for the engagement and ensure that the public is reimbursed for the services performed by its Auditor-Controller's Office. Should the First 5 Commission and the Board of Supervisors choose to enter into more agreements that will impose expectations on the A-C Office, then I recommend that they include the A-C Office in those discussions or at the very least, inform the A-C Office when a contract has been entered into that impacts A-C operations.

Thank you,



Karen Paz Domínguez
Auditor-Controller

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