



COUNTY OF HUMBOLDT

Legislation Text

File #: 22-274, Version: 1

To: Board of Supervisors

From: Supervisor Rex Bohn

Agenda Section: Initiated by Board Member

SUBJECT:

Receive Final Demand Letter Addressed to Karen Paz Dominguez, Auditor Controller, from California Attorney General Regarding Delinquent Financial Transactions Report (Supervisor Rex Bohn)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and file Final Demand Letter carbon copied to Humboldt County Board of Supervisors, County Chief Administrative Officer and County Counsel; and
2. Provide direction to staff as appropriate.

SOURCE OF FUNDING:

General Funds - (1100)

DISCUSSION:

Your Board, the County Administrative Officer and County Counsel received a carbon copy of a Final Demand Letter dated Feb. 24, 2022 (Attachment 1), addressed to Karen Paz Dominquez, Auditor-Controller, as final demand for compliance with the state financial transactions reporting requirement. The Counties' Financial Transactions Report (FTR) is a standard report required by all California counties annually, in order to provide uniform financial and statistical information. California cities and the California Legislature have similar annual reporting requirements.

The FTR requirements are set forth in the [California Government Code](#)

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=9.

and prescribe uniform account procedures. The California State Controller's Office (SCO) provides a '245-page instruction manual specific to the Counties FTR https://www.sco.ca.gov/Files-ARD-Local/LocRep/Counties_FTR_Instructions_20-21ADA.pdf.

The FTR is due within seven months after the close of the county's fiscal year (FY), which is June 30 for Humboldt County, or within the time prescribed by the State Controller, whichever is later. There is no statutory authority to grant extensions for filing the FTR.

Jan. 31, 2021: The county's FY 2019-20 FTR was due - more than a year ago.

Feb. 26, 2021: Ms. Paz Dominguez received correspondence from the SCO putting the county on notice that the FTR was delinquent and failure to file within 20 days or by Mar. 18, 2021, would result in a forfeiture of up to \$5,000 by the officer of the local agency that refuses or fails to make and file the FTR.

Mar. 18, 2021: No response provided to the SCO and the Auditor- Controller failed to file the FTR within the 20 days.

June 1, 2021: SCO sends Ms. Paz Dominguez an email following up on Feb. 26, 2021, letter.

June 14, 2021: Ms. Paz Dominguez responds to SCO's email offering to complete the report with unaudited information. The SCO agrees to accept the report within the two-week time using unaudited information. Despite Ms. Paz Dominguez responding to the SCO on June 21, 2021, that the report was an "urgent priority" it was never submitted.

Feb. 25, 2022: Final Demand Letter addressed to Ms. Paz Dominguez received with carbon copies to Board of Supervisors, County Counsel and the County Administrative Officer. Ms. Paz Dominguez's informal email response to the Demand Letter is set forth in Attachment #2.

Mar. 16, 2022: Final date for filing the FY 2019-20 FTR for Ms. Paz Dominguez to avoid legal action and penalties.

An agenda item engaging CliftonLarsonAllen (CLA) for external audit services for the FY 2019-2020 financial records is schedule for this meeting. The FY 2020-21 FTR was due Jan. 31, 2022, and there is no indication that it has been filed by the Office of the Auditor-Controller or Ms. Paz Dominguez.

FINANCIAL IMPACT:

\$5,000 forfeiture by the officer of the local agency who fails or refuses to make and file the report within 20 days after receipt of a written notice of the failure from the SCO.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

California State Controller's Office
California State Attorney General
California Department of Justice

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

1. February 24, 2022 Final Demand Letter
2. Ms. Paz Dominguez's Email Response to Final Demand Letter

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A