



FINANCE COMMITTEE MEETING AGENDA

September 9, 2020 at 12:00 p.m.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA Approve
4. APPROVAL OF AUGUST 12, 2020 MINUTES
 - A. August 12, 2020 Finance Committee Minutes Approve Page 2
5. FINANCIAL REPORTS: JULY 2020 Accept
 - A. Agency Financial Statements Page 7
 - B. Head Start Financial Status Report Page 10
6. HHS HEAD START 0-5 ATTEST REPORT
 - A. Head Start Attestation Report Information Page 12
7. HHS HEAD START 0-5 MONITORING STATUS UPDATE
 - A. HS Head Start 0-5 Monitoring Update Information Page 24
8. HEALTH INSURANCE REPORT
 - A. Health Insurance Report Information Page 45
9. VARIANCE REPORTS
 - A. Variance Reports/Transit Systems Information Page 47
10. OTHER BUSINESS
 - Next Meeting: Wednesday, October 14, 2020 At 12:00 p.m.
11. ADJOURNMENT



FINANCE COMMITTEE MEETING
Fresno EOC
Wednesday, August 12, 2020
12:00 p.m.

MINUTES

1. CALL TO ORDER 0:00:10

Charles Garabedian, Chair, called the meeting to order at 12:00 PM.

2. ROLL CALL 0:00:11

Roll was called and a quorum was established.

COMMITTEE MEMBERS	PRESENT	STAFF & GUESTS	
Charles Garabedian (chair)	✓	Emilia Reyes	Heather Brown
Oliver Baines		Jim Rodriguez	Michelle Tutunjian
Amparo Cid		Rebecca Heinricy	Elizabeth Jonasson
Michael Reyna	✓	Steven Warnes	Jack Lazzarini
Itzi Robles	✓	Darlene Trujillo	Kathleen Shivaprasad
		Thelma Harrison	Jane Thomas
		Monica Moua	

3. APPROVAL OF AGENDA

M/S/C –Reyna/Robles to approve the agenda. All in favor.

4. APPROVAL OF MINUTES

A. June 10, 2020 Meeting Minutes

M/S/C –Reyna/Robles to approve the June 10, 2020 meeting minutes. All in favor.

5. FINANCIAL REPORTS: MAY 2020 AND JUNE 2020

A. Agency Financial Statements

May 2020:

Steve Warnes, Assistant Finance Director, presented the Statement of Activities for the five-month period ending May 31, 2020. Warnes reported Grant Revenue of \$28,530,698 is at 35% of the annual budget with 42% of the year complete. Total Cash Revenue is at \$39,270,377 is 38% of the annual budget; In-kind revenue is at \$13,730,115 is 42% of annual budget; Personnel costs are the largest expense at \$25,895,411; and Total Cash Expenditures are at \$38,483,118 which is 37% of the annual budget. Warnes noted that COVID-19 and new grant funding are impacting where we stand financially in annual budget as some grants have reduced activities while we have received new funding in other areas. Warnes also notes in-kind continues to hold, primarily coming from WIC and LiHeap vouchers.

Warnes presented the Statement of Financial Position as of May 31, 2020 which reported Cash and investments of \$12,420,668; Accounts Receivable \$7,026,752; Property, Plant, and Equipment of

\$14,088,741 (slight decrease from \$15 million from previous year); Notes Receivable of \$15,743,227 (mostly Access Plus Capital receivables from borrowers); Notes Payable of \$12,813,861 (primarily used to fund Access Plus Capital's notes receivables)

JUNE 2020:

Warnes presented the Statement of Activities for the six-month period ending June 30, 2020. Warnes reported Grant Revenue of \$33,216,608 is at 40% of annual budget; Total Cash Revenue of \$45,736,165; In-Kind revenue of \$17,064,160 is at 52% annual budget (In-Kind revenue is higher than budgeted due to serving WIC clients in excess of our awarded caseload); Total Revenue and Support is \$62,800,325; Personnel Costs are \$30,389,390 is 46% annual budget (In June personnel costs typically experience a drop due to Head Start Summer break); Total Cash Expenditures \$44,935,192 is 43% budget. Appropriately, in-kind expenses and revenues match. Head Start is eligible for a waiver of non-federal share (in-kind) as HHS recognizes COVID-19 restricts the ability to attain the non-federal share requirements. Upon inquiry by Commissioner Reyna, discussion took place about the impact of COVID-19 related projects, funding, and general operations.

Heinricy responded to Reyna's inquiry about the \$1.2 million drop in grant revenue from the prior year, that this decrease is a cumulative impact to grant revenue from multiple sources. CEO, Emilia Reyes noted that additional revenue has been awarded but will not be reflected in the financials until later in the years as the projects begin in July and August (i.e. Fresno County Equity Project).

Warnes presented the Statement of Financial Position as of June 30, 2020 which reported Cash and Investments of \$11,465,804; Accounts Receivable of \$7,853,438; Property, Plant, and Equipment of \$13,953,120; Notes Receivable of \$16,306,002; and Notes Payable of \$12,813,861.

Warnes notes the Notes Receivable and Notes Payable are monitored for COVID-19 impact. Access Plus Capital offered clients a one-month waiver of payment for April. Other sources of payments and grant funding were also received by SBA, City, County to help business to sustain their operations.

M/S/C –Reyna/Robles to approve the Agency financial reports presented. All in favor.

B. Head Start Financial Status Report

Darlene Trujillo, Accounting Manager, presented the May 31, 2020 Head Start and Early Head Start Financial Status Reports:

HS/EHS	Annual Budget	Expenses	% of Budget
Head Start Basic	\$34,916,151	\$14,395,658	41%
Head Start T&TA	\$390,276	\$26,346	7%
Early Head Start Basic	\$4,651,280	\$1,789,126	38%
Early Head Start T&TA	\$106,922	\$1,009	1%

Expenses paid for via credit card were presented which include staff training, program supplies, office supplies, and/or contract services.

Trujillo also presented the June 30, 2020 Head Start and Early Head Start Financial Status Reports:

HS/EHS	Annual Budget	Expenses	% of Budget
Head Start Basic	\$34,916,151	\$16,292,149	47%
Head Start T&TA	\$390,276	\$28,476	7%
Early Head Start Basic	\$4,651,280	\$2,128,276	46%
Early Head Start T&TA	\$106,922	\$2,623	2%

Expenses paid for via credit card were presented including supplies and fleet tracking software.

Heinricy noted that HHS has been supportive of program operations during COVID-19 and has continued funding the program as well as the program is making all efforts to continue providing services to our children and families to the greatest extent possible within the current environment. Additional funding was received from HHS as of June 29, 2020 which are not yet reflected in these budget amounts. These funds are for cost-of-living increase, quality improvement, and one-time supplemental COVID-19 funding which included funds for summer operations. Funds recently released total \$4,322,970. The Head Start financials as of June 2020 align with the SF-429 semi-annual fiscal report submitted to Head Start at the end of July.

M/S/C –Reyna/Robles to approve the Head Start financial reports presented. All in favor.

6. WIC FURNITURE PROCUREMENT 0:21:55

A. WIC Furniture Procurement

Jim Rodriguez, Chief Financial Officer, presented the Tangram furniture order of \$183,125 for the Women, Infant, and Children's office located on Kings Canyon Road in Fresno. Relocation is needed due to the need for additional space to serve the increasing client demand at this center. Since the order is over \$150,000 board ratification is needed to proceed with this procurement. Reyna requested a line-item break-out for the WIC office furniture purchases to provide more understanding of what furniture will be acquired.

M/S/C –Reyna/Robles to approve the purchase of office furniture. All in favor.

7. HHS HEAD START 0-5 MONITORING STATUS 0:26:27

1. HHS Head Start 0-5 Monitoring Status

Rodriguez presented status updates for the three areas of concern cited by HHS: internal controls, budget, and facility reporting. Rodriguez states progress continues to be made. The following actions have occurred since the QIP was presented in June 2020:

- Staff met with Head Start Region IX representatives on June 11 to discuss progress, review findings from external auditor, and determine next steps.
- Staff applied for and was granted an extension to the corrective period from July 20, 2020 to December 31, 2020.
- Staff extended the agreement for services with the independent auditor, Hudson, Henderson, and Company (HHC).
- Staff meet with HHC's staff on a weekly basis. Work is expected to be completed by the end of August.
- Staff met with Region IX representatives on July 30, 2020 to discuss the new QIP timeline and progress.
- Staff submitted the final Head Start Financial Status Report (SF-425) for 2019 on August 3, 2020. A request to carryover \$3,532,786 of funding in the 2019 unobligated balance in to the 2020 program year has been submitted.
- Rodriguez notes policies and procedures will once again be updated in October, as needed, based on HHC's recommendations and findings. He noted HHC is expected to present their recommendations for Fresno EOC in September to the Finance Committee and full Board on September 23, 2020. HHS will also be providing a training session for staff and commissioners at a date to be determined in September.

Reyna sought clarification on the continued engagement of the auditors. Rodriguez clarified that the engagement of HHC has been expanded to fully resolve all three areas of deficiency cited in the HHS report. CEO Reyes stated the external auditors will ensure that there is no conflict of interest with the auditing process and the proposed corrective actions, the auditors are the ones doing the work, not Fresno EOC staff. Also, their work will ensure that there is complete information available for HHS to review.

Reyna asks whether policies have been implemented yet. Emilia Reyes and Jim Rodriguez stated some policies have been updated and some will be updated following the review from HHC. Rodriguez said the goal is to have HHC's work finished so there is ample time to share it with HHS for review and discussion. Everything should be complete by December 31, 2020.

8. FUNDING LIST

A. Funding List

Heinricy presented the funding list of \$169.3 million as of July 1, 2020 in comparison to the report as of April 2020 at \$167 million and the report as of July 1, 2019 of \$169.6 million. Heinricy reminds committee these amounts do reflect full grant periods and do not represent funding for a 12-month period. The contract list includes 32 programs, 61 funding sources, 140 contracts, and 59 funding projects.

Changes from in award funding from previous quarter include:

1. Increases in funding for Head Start 0-5 - \$4,322,970; CSBG (CARES, Discretionary) - \$2,682,242; FMAAA COVID-19 - \$1,319,790; Health (County funding - Sealant; Home visitor) - \$1,070,000; Transit meal delivery - \$536,720; GLOW! - \$550,000; LCC Proposition 68 - \$465,357; Rural tobacco - \$336,054.
2. Funding expiration from LIHEAP 2019 funding cycle of \$8,695,020.

Heinricy notes that the LIHEAP 2020 funding is still available and the LIHEAP 2021 funding is expected to be received in October. The LIHEAP CARES ACT funding of \$2.5 million will also be included in the next report. It is noted that the loan funding for Access Plus Capital is now at the \$20 million mark.

Discussion took place regarding Fresno Street Saints operations as well as regarding newly awarded funding from the County of Fresno.

9. HEALTH INSURANCE REPORT

B. Health Insurance Report

Warnes presented the Health Insurance Report as if June 30, 2020. There is a positive growth in the fund reserve with contributions from programs and employees totaling \$6,262,567. There is a significant decrease in health claims from April to May from \$937,674 to \$283,515 due to the impact of one significant claim in April 2020. Total expenses for June are \$791,748. Total number of employees enrolled holds steady at 906.

Warnes notes changes in health and dental claims paid could be due to timing issues, such as health claim delays, from the health insurance company or Covid-19-related issues, such as closed offices and limited services. Warnes noted July health claims paid were around \$600,000 and the dental claims increased to approximately \$69,000 as more dental offices are resuming services.

10. INVESTMENT REPORT

C. Investment Report

Warnes presented the Investment Report as of June 30, 2020 which reported Total Cash and & Cash Equivalents of \$295,133 of which \$261,127 was within the Citibank (pledged) account due to a CD which was called early. Total Investments of \$4,143,411 less unrealized gains of \$126,102 equal the General Ledger balance of \$4,017,310.

The Agency holds these investments to 1) maintain cash funding items such as the health

insurance reserve and accrued vacation liability and 2) provide pledged collateral from Fresno EOC for Access Plus Capital's \$700,000 loan from Citibank.

Warnes notes that CDs may be called early. Due to the current economic conditions, Fresno EOC should expect to see lower rates available. As a result, CDs with shorter terms, are being utilized so that funds can be re-invested once interest rates begin to increase.

Discussion took place regarding the process of CDs being called by the bank, the utilization of CDs to obtain insurance on these funds to protect the agency funds from loss, and the current investment policy's restrictions on investment options available. Garabedian suggested reviewing the investment policy to potentially allow for increased earnings potential on these funds.

11. VARIANCE REPORT

D. Variance Report

Heinricy presented the Variance Report for Health and Dental Services for June 2020. Heinricy notes this is one of the first years that Health and Dental will not be utilizing CSBG funding. There is some impact on the budget variances due to COVID-19 such as travel and conferences utilization being low as well as some noted savings from personnel vacancies.

12. OTHER BUSINESS

Garabedian noted a concern about having sufficient internet infrastructure within all our communities to handle all the remote learning such as what is being done in Head Start. He noted this may not be within Fresno EOC's control as it is more of a county and local matter.

Next meeting: Wednesday, September 9, 2020 at 12:00 PM.

13. ADJOURNMENT

Meeting adjourned at 1:06 PM.

Respectfully submitted,

Charles Garabedian, Chair

M/S/C –Reyna/Robles to adjourn the meeting. All in favor.

FINANCE COMMITTEE MEETING

Date: September 9, 2020	Program: Finance
Agenda Item #: 5	Officer: Rebecca Heinricy
Subject: Financial Reports	Officer: Jim Rodriguez

Recommended Action

Staff recommends Committee acceptance for full Board consideration of the unaudited consolidated Financial Statements as of July 2020 as well as acceptance of the unaudited Financial Status Report for the Head Start 0-5 program as of July 2020.

Background

In accordance with the Agency's bylaws, the Finance Committee shall advise in the preparation and administration of the operating budget and oversee the administration, collection, and disbursement of the financial resources of the organization. Additionally, the Treasurer is to ensure the commissioners understand the financial situation of the organization, which includes ensuring that financial statements for each month are available for each meeting of the Board of Commissioners. As such, the monthly financials for Fresno EOC (consolidated) and for Head Start are provided for review and acceptance.

Fiscal Impact

(A) Agency Statement of Activities and Statement of Financial Position:

As of July 31, 2020, the Agency had preliminary revenue of \$70.5 million, including \$18.3 million of in-kind contributions, and net operating surplus of \$999,659 which is primarily due to the use of grant funding in the amount of \$924,559 to issue loans through affiliate agencies. In comparison, the Agency had revenue of \$72.6 million including in-kind of \$20.5 million as of the corresponding period of the preceding year.

(B) Head Start 0-5 Financial Status Report for the following areas:

- Head Start – Basic;
- Head Start – Training & Technical Assistance (T&TA)
- Early Head Start – Basic;
- Early Head Start – Training & Technical Assistance (T&TA)

A request to carryover funding from 2019 into 2020 has been submitted to HHS and is pending approval. The inclusion and separation of the Duration budget will occur following approval of the carryover request.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF ACTIVITIES
For The Seven Month Period Ended July 31, 2020 and 2019

	A	B	A - B	C	D	B - D	
	BUDGET JAN - DEC 2020	ACTUAL JULY 2020	BUDGET BALANCE REMAINING	ACTUAL JAN - DEC 2019	ACTUAL JULY 2019	ACTUAL 2020 vs 2019 Differences	
REVENUES AND SUPPORT							
GRANT REVENUE	\$ 82,029,680	\$ 37,726,013	46%	\$ 44,303,667	72,714,521	\$ 38,706,145	(980,132)
GRANT REVENUE - LENDING CAPITAL	-	924,559		(924,559)	1,780,014	131,700	792,859
CHARGES FOR SERVICES	16,426,275	9,939,570	61%	6,486,705	15,536,578	9,490,644	448,926
OTHER PROGRAM REVENUE	3,536,400	2,130,981	60%	1,405,419	4,053,787	1,992,136	138,845
CONTRIBUTIONS	69,685	66,826	96%	2,859	326,248	281,889	(215,063)
MISCELLANEOUS INCOME	219,265	72,677	33%	146,588	421,727	185,322	(112,645)
INTEREST & INVESTMENT INCOME	96,000	64,275	67%	31,725	182,609	90,339	(26,064)
AFFILIATE INTEREST INCOME	977,720	526,305	54%	451,415	957,410	481,037	45,268
RENTAL INCOME	1,256,595	744,129	59%	512,466	1,242,500	725,919	18,210
TOTAL CASH REVENUE	\$ 104,611,620	\$ 52,195,335	50%	\$ 52,416,285	\$ 97,215,394	\$ 52,085,131	110,204
IN KIND REVENUE	\$ 32,991,055	\$ 18,344,124	56%	\$ 14,646,931	36,675,481	\$ 20,539,491	(2,195,367)
TOTAL REVENUE & SUPPORT	137,602,675	70,539,459	51%	67,063,216	133,890,875	72,624,622	(2,085,163)
EXPENDITURES							
PERSONNEL COSTS	\$ 66,198,180	\$ 33,776,171	51%	\$32,422,009	59,653,341	\$ 33,679,557	96,614
ADMIN SERVICES	5,810,400	2,640,900	45%	3,169,500	5,030,645	2,725,145	(84,245)
PROFESSIONAL SERVICES - AUDIT	103,915	47,197	45%	56,718	95,682	52,970	(5,773)
CONTRACT SERVICES	11,712,675	3,927,821	34%	7,784,854	9,007,254	4,681,613	(753,792)
FACILITY COSTS	5,345,730	3,171,860	59%	2,173,870	5,132,385	2,791,739	380,121
TRAVEL, MILEAGE, VEHICLE COSTS	2,691,175	1,032,057	38%	1,659,118	2,903,445	1,568,575	(536,518)
EQUIPMENT COSTS	1,717,700	517,816	30%	1,199,884	1,568,644	688,163	(170,347)
DEPRECIATION - AGENCY FUNDED	345,000	210,782	61%	134,218	342,955	198,023	12,759
OFFICE EXPENSE	1,877,600	1,314,280	70%	563,320	1,804,779	964,512	349,768
INSURANCE	804,060	435,774	54%	368,286	761,139	417,941	17,833
PROGRAM SUPPLIES & CLIENT COSTS	7,625,880	3,877,952	51%	3,747,928	6,841,159	3,833,475	44,477
INTEREST EXPENSE	145,275	196,597	135%	(51,322)	144,274	52,042	144,555
OTHER COSTS	234,030	46,469	20%	187,561	654,290	121,464	(74,995)
TOTAL CASH EXPENDITURES	\$ 104,611,620	\$ 51,195,676	49%	\$ 53,415,944	93,939,992	\$ 51,775,219	(579,543)
IN KIND EXPENSES	\$ 32,991,055	\$ 18,344,124	56%	\$ 14,646,931	36,675,481	\$ 20,539,491	(2,195,367)
TOTAL EXPENDITURES	137,602,675	69,539,800	51%	68,062,875	130,615,473	72,314,710	(2,774,910)
OPERATING SURPLUS (DEFICIT)	\$ -	\$ 999,659		\$ (999,659)	\$ 3,275,402	\$ 309,912	689,747
OTHER INCOME / EXPENSE							
TRANSIT GRANT ASSET DEPRECIATION		(237,000)		237,000	(414,107)	(231,437)	(5,563)
NET SURPLUS (DEFICIT)	\$ -	\$ 762,659		(762,659)	\$ 2,861,295	\$ 78,475	684,184

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF FINANCIAL POSITION
As of July 31, 2020

	2020	2019	Differences
ASSETS			
CASH & INVESTMENTS	\$ 13,912,000	\$ 12,521,932	\$ 1,390,068
ACCOUNTS RECEIVABLE	8,099,687	7,497,210	602,477
PREPAIDS/DEPOSITS	300,935	188,293	112,642
INVENTORIES	169,619	131,587	38,032
PROPERTY, PLANT & EQUIPMENT	14,244,974	14,960,618	(715,644)
NOTES RECEIVABLE (net)	16,052,584	11,691,008	4,361,576
TOTAL ASSETS	\$ 52,779,799	\$ 46,990,648	\$ 5,789,151
LIABILITIES			
ACCOUNTS PAYABLE	\$ 1,531,265	\$ 2,677,275	\$ (1,146,010)
ACCRUED PAYROLL LIABILITIES	2,906,229	2,795,294	110,935
DEFERRED REVENUE	672,545	517,145	155,400
NOTES PAYABLE	12,720,964	10,268,442	2,452,522
HEALTH INSURANCE RESERVE	3,256,715	2,858,142	398,573
OTHER LIABILITIES	1,583,564	2,004,865	(421,301)
TOTAL LIABILITIES	\$ 22,671,282	\$ 21,121,163	\$ 1,550,119
FUND BALANCE			
CURRENT OPERATING EARNINGS (YTD)	\$ 999,659	\$ 309,912	\$ 689,747
UNRESTRICTED NET ASSETS	15,757,722	12,195,325	3,562,397
REVOLVING LOAN FUND	2,788,196	2,366,895	421,301
INVESTMENT IN GENERAL FIXED ASSETS	10,562,940	10,997,353	(434,413)
TOTAL FUND BALANCE	\$ 30,108,517	\$ 25,869,485	\$ 4,239,032
TOTAL LIABILITIES AND FUND BALANCE	\$ 52,779,799	\$ 46,990,648	\$ 5,789,151

Fresno Economic Opportunities Commission
Head Start/Early Head Start Financial Status
Monthly Report
July 31, 2020

Description	Head Start - Basic				Head Start - T & TA			
	Annual Budget	Current Expenses	YTD Expenses	Balance Remaining	Annual Budget	Current Expenses	YTD Expenses	Balance Remaining
Personnel	\$21,816,613	\$715,821	\$9,396,275	\$12,420,338				
Fringe Benefits	7,995,804	320,003	4,627,101	3,368,703				
Total Personnel	29,812,417	\$1,035,824	14,023,376	15,789,041				
Travel	10,977	-	15	10,962	-	-	-	-
Equipment*	-	-	-	-	-	-	-	-
Supplies	1,166,188	616,188	748,129	418,059	43,156	-	105	43,051
Contractual	1,067,572	73,303	613,456	454,116	468	-	34	434
Facilities / Construction								
Other:								
Food Cost	1,040,745	251,013	689,659	351,086				
Transportation	580,105	53,323	281,191	298,914				
Staff Mileage	219,774	1,277	86,287	133,487				
Field Trips, including Transportation	34,783	-	-	34,783				
Space	748,831	66,930	465,642	283,189				
Utilities / Telephone / Internet	498,258	126,774	211,424	286,834				
Publication/Advertising/Printing	42,168	10,326	14,979	27,189				
Repair/Maintenance Building	471,703	40,000	173,804	297,899				
Repair/Maintenance Equipment	97,900	443	9,116	88,784				
Property & Liability Insurance	154,446	-	68,523	85,923				
Parent Involvement / CWPC	78,859	346	10,302	68,557				
Other Costs*	36,657	11,303	46,632	(9,975)				
Staff & Parent Training					319,424	3,250	29,600	289,824
Total Direct Charges	\$36,061,383	\$2,287,049	17,442,536	\$18,618,847	\$363,048	3,250	\$29,739	\$333,309
Total Indirect Charges	\$2,701,311	\$171,528	\$1,308,190	\$1,393,121	\$27,228	\$243	\$2,230	\$24,998
Total Federal Expenditures	\$38,762,694	\$2,458,577	18,750,726	\$20,011,968	\$390,276	3,493	\$31,969	\$358,307
% of Annual Budget Expended to Date			48%				8%	
Non-Federal Share	\$9,690,674	\$614,644	\$4,687,681	\$5,002,993	\$97,569	\$873	\$7,992	\$89,577

Credit Card Expenses: Credit card statement dated 7/1/20 - 7/31/20
July 2020 expenses

Program Supplies - Kitchen	\$	308	Dollar Tree - kitchen gadget and baking supplies
		2,575	J&E Restaurant Supply - baking & serving bowls
		8,695	The Webstaurant Store- mixing bowls, knives, platters, tongs, pitcher, slicers
Program Supplies - Classroom		523	Walmart-puzzles, books, paint, wood craft, flower seeds, glue sticks, etc.
Contract Services-Facility repair		230	Azuga Fleet - vehicle tracking of maintenance fleet
	\$	12,331	

Fresno Economic Opportunities Commission
Head Start/Early Head Start Financial Status
Monthly Report
July 31, 2020

Description	Early Head Start - Basic				Early Head Start - T & TA			
	Annual Budget	Current Expenses	YTD Expenses	Balance Remaining	Annual Budget	Current Expenses	YTD Expenses	Balance Remaining
Personnel	\$3,242,979	\$229,849	\$1,482,926	\$1,760,053	\$44,714	\$0	\$0	\$44,714
Fringe Benefits	736,872	77,696	533,454	203,418	11,608	-	-	11,608
Total Personnel	3,979,851	307,544	2,016,379	1,963,472	56,322	-	-	56,322
Travel	-	-	-	-	-	-	-	-
Equipment*	-	-	-	-	-	-	-	-
Supplies	312,185	91,858	117,913	194,272	1,500	-	-	1,500
Contractual	147,811	8,239	109,502	38,309	128	-	3	125
Facilities / Construction								
Other:								
Food Cost	10,638	1,536	8,867	1,771				
Transportation	3,371	397	2,379	992				
Staff Mileage	37,680	1,010	9,628	28,052				
Field Trips, including Transportation	-	-	-	-				
Space	77,171	11,442	81,123	(3,952)				
Utilities / Telephone / Internet	67,717	6,357	42,509	25,208				
Publication/Advertising/Printing	5,640	29	3,369	2,271				
Repair/Maintenance Building	77,482	1,247	6,792	70,690				
Repair/Maintenance Equipment	18,150	-	168	17,982				
Property & Liability Insurance	20,007	-	9,206	10,801				
Parent Involvement / CWPC	4,630	50	621	4,009				
Other Costs*	7,628	2,747	3,793	3,835				
Staff & Parent Training					41,512	-	2,437	39,075
Total Direct Charges	\$4,769,961	432,456	\$2,412,248	\$2,357,713	\$99,462	\$0	\$2,440	\$97,022
Total Indirect Charges	\$357,746	\$32,435	\$180,919	\$176,827	\$7,460	\$0	\$183	\$7,277
Total Federal Expenditures	\$5,127,707	464,891	\$2,593,167	\$2,534,540	\$106,922	\$0	\$2,623	\$104,299
% of Annual Budget Expended to Date			51%				2%	
Non-Federal Share	\$1,281,927	\$116,223	\$648,292	\$633,635	\$26,730	\$0	\$656	\$26,075

Credit Card Expenses: Credit card statement dated 7/1/20 - 7/31/20

July 2020 expenses

Office Supplies	\$	161	Amazon - tab dividers, classification folders
Supplies - Classroom		72	Amazon - glue sticks, stickers, feathers, picture frames, etc
Supplies - Disposable		1,614	Costco - Diapers, various sizes
Printing		1,167	Office Depot - Program calendars
Grand Socialization		54	Discount School Supply - white poster board
Contract Services-Facility repair		23	Azuga Fleet - vehicle tracking of maintenance fleet
	\$	3,091	



FINANCE COMMITTEE MEETING

Date: September 9, 2020	Program: Head Start
Agenda Item #: 6	Director: Kathleen Shivaprasad
Subject: Head Start Attestation Report	Officer: Jim Rodriguez

Recommended Action

Staff recommends Committee acceptance for full Board consideration of the following Attestation Report from Hudson, Henderson & Company, Inc. for the agreed upon procedures associated with the Head Start 0-5 Quality Improvement Plan.

Background

The U.S. Department of Health and Human Services (HHS) – Administration for Children and Families (ACF) Head Start (HS) conducted monitoring in October 2019 that resulted in deficiencies in three areas: internal control, budget, and facility reporting. In response, Fresno EOC submitted a quality improvement plan (QIP) to address those items. As part of the QIP – which was accepted by HHS – an external auditor, Hudson, Henderson & Company (HHC), was contracted to provide an independent assessment of areas of deficiencies, provide verification of the financial impact, and to identify opportunities for improvement.

Following completion of the original procedures, Fresno EOC staff met with HHS Region IX representatives to discuss the findings. Resulting to extend the QIP corrective action period through December 31st to allow for the completion of additional procedures to determine the final dollar amount of the proposed questioned costs and to compute the amount of generated federal interest. Staff entered into a new agreement with HHC to conduct the procedures in accordance with attestation standards. The full Attest Report is included for the committee's review and representative(s) from Hudson, Henderson & Company will provide a presentation of the work performed, their findings, and recommendations.

Additionally, the external auditor(s) will also provide training to applicable staff on the findings and recommendations contained within their report. Commissioners are encouraged to participate in this training as well.

Fiscal Impact

Based on the external auditor's findings, several areas for potential questioned costs have been identified and quantified. The total claimed questioned costs, excluding any potential questioned cost associated with the generation of Federal Interest in building A (1900), is computed to be \$568,761.

The analysis on the potential for any additional Federal Interest to have been generated by other federally funded programs within this space was found to be immaterial.

Recommendations & Training

As part of their procedures, HHC identified several areas for improving Fresno EOC processes. Staff will receive training on these recommendations and methods for implementation in the second half of September. They include:

- Reperforming the calculation for federal interest using the true purchase/acquisition cost plus any and all improvements, less any suite specific improvements (note: this has been completed as described in the report);
- Updating and enhancing internal controls and monitoring procedures over the fixed asset listing to ensure that fixed assets, and their resulting benefit, are charged appropriately; and,
- Updating and enhancing internal controls and monitoring procedures to assign a federal ownership percentage to assets when they are purchased to properly identify associated depreciation.

A member of the Board of Commissioners, preferably from the Finance Committee, will also be included in the staff training as requested by the Office of Head Start.

Conclusion

Acceptance and implementation of the external auditors' report regarding the areas of deficiency identified within the HHS Head Start monitoring report is a critical step in closing out the monitoring cycle. Staff intend to use these findings to consult with the Board of Commissioners regarding the potential for seeking retroactive approval of the costs associated with the FEP.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

**SCHEDULE OF OPERATING EXPENSES – HEAD START PROGRAM
AND
INDEPENDENT ACCOUNTANTS' REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 1999 THROUGH 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report	1
Grant Schedule:	
Schedule of Operating Expenses – Head Start Program	3
Notes to Grant Schedule.....	4
Supplementary Schedule:	
Schedule of Fresno Executive Plaza Expenses by Building – Head Start Program	5
Schedule of Findings and Recommendations.....	6

DRAFT



INDEPENDENT ACCOUNTANTS' REPORT

To the CFO and Board of Commissioners
Fresno Economic Opportunities Commission

We have examined the schedules of operating expenses applicable to the Head Start Program of the Fresno Economic Opportunities Commission (the Fresno EOC) for the years ended December 31, 1999 through 2019. The Fresno EOC's management is responsible for presenting the schedule of operating expenses applicable to the Head Start Program in accordance with the Federal statutes, regulations and the terms and conditions of the Head Start and Early Head Start grants. Our responsibility is to express an opinion on schedule of operating expenses applicable to the Head Start Program based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedule of operating expenses applicable to the Head Start Program are in accordance with the Federal statutes, regulations and the terms and conditions of the Head Start and Early Head Start grants, in all material respects. An examination involves performing procedures to obtain evidence about the schedules of operating expenses applicable to the Head Start Program. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of schedule of operating expenses applicable to the Head Start Program, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

In our opinion, schedule of operating expenses applicable to the Head Start Program of the Fresno EOC for the years ended December 31, 1999 through 2019 is presented in accordance with Federal statutes, regulations and the terms and conditions of the Head Start and Early Head Start grants, in all material respects.

As discussed in Note 1, the grant schedule of the Fresno EOC are designated to present the financial position and transactions of the grant as previously noted, for the years ended December 31, 1999 through 2019. They do not purport to, and do not present fairly, the financial position of the Fresno EOC as of December 31, 1999 through 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with account principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Our examination was conducted for the purpose of forming an opinion on the grant schedule as a whole. The supplementary information presented on page 5 is presented for purposes of additional analysis and is not a required part of the grant schedules. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant schedule.

7473 N. INGRAM AVE., SUITE 102 • FRESNO, CA 93711

P (559) 412-7576 • F (559) 493-5325 • WWW.HHCCPAS.COM

The supplementary information has been subjected to the examination procedures applied in the examination of the grant schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant schedule or to the grant schedule itself, and other additional procedures in accordance with attestation standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the grant schedule as a whole.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
September XX, 2020

DRAFT

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF OPERATING EXPENSES – HEAD START PROGRAM
FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2019**

Claimed Costs Questioned						
Year	Claimed Costs	Disallowed Depreciation	Federal		FEP Rent Reduction	Total
			Interest % Depreciation Reduction			
1999	\$ 18,518,823	\$ -	\$ (3,284)	\$ -	\$ (3,284)	\$ 18,515,539
2000	20,971,235	-	(4,083)	-	(4,083)	20,967,152
2001	22,803,534	-	(4,831)	-	(4,831)	22,798,703
2002	27,161,128	(942)	(5,220)	(3,866)	(10,028)	27,151,100
2003	26,004,904	(1,569)	(6,682)	(6,912)	(15,163)	25,989,741
2004	28,197,205	(1,715)	(6,873)	(2,850)	(11,438)	28,185,767
2005	28,271,932	(1,783)	(6,905)	(2,683)	(11,371)	28,260,561
2006	28,357,097	(21,468)	(7,257)	(23,345)	(52,070)	28,305,027
2007	28,665,415	(21,115)	(7,607)	(21,606)	(50,328)	28,615,087
2008	28,693,842	(20,837)	(7,915)	(21,167)	(49,919)	28,643,923
2009	29,441,769	(24,205)	(8,829)	(24,425)	(57,459)	29,384,310
2010	29,435,324	(25,572)	(9,809)	(25,684)	(61,065)	29,374,259
2011	31,286,138	(10,059)	(10,759)	(10,156)	(30,974)	31,255,164
2012	32,328,299	(10,554)	(10,894)	(10,653)	(32,101)	32,296,198
2013	30,938,295	(5,685)	(10,137)	(5,777)	(21,599)	30,916,696
2014	32,469,417	(7,777)	(9,814)	(7,867)	(25,458)	32,443,959
2015	32,826,823	(8,492)	(9,049)	(8,581)	(26,122)	32,800,701
2016	33,560,097	(9,094)	(9,690)	(9,190)	(27,974)	33,532,123
2017	35,174,419	(9,125)	(10,023)	(9,223)	(28,371)	35,146,048
2018	37,538,974	(8,439)	(10,247)	(8,540)	(27,226)	37,511,748
2019	38,330,076	-	-	(7,101)	(7,101)	38,322,975
	\$ 620,974,746	\$ (188,431)	\$ (159,908)	\$ (209,626)	\$ (557,965)	\$ 620,416,781

The accompanying notes are an integral part of the grant schedules.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO GRANT SCHEDULE**

NOTE 1 – BASIS OF ACCOUNTING AND PRESENTATION

Basis of Accounting: The Fresno Economic Opportunities Commission (the Fresno EOC) Head Start Program grant is accounted for as governmental fund type, in which the current financial resources measurement focus and the modified accrual basis of accounting is used. Accounting for grant proceeds and expenditures using the modified accrual basis of accounting are recorded wherein revenues are recorded as received in cash, except that revenues, which are both measurable and available as a resource to operations of the current period, are accrued. These include amounts spent and not yet reimbursed. Expenditures are recognized when the liability is incurred.

Basis of Presentation: The accompanying grant schedule has been prepared from the latest contracts approved by the Office of Head Start, the annual federal financial reports and the Fresno EOC grant records in accordance with the Office of Head Start. This report represents only the Head Start Program and is not intended to present fairly the financial position and results of operation of the Fresno EOC, as a whole, or in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 – CONTINGENCIES

The Fresno EOC has received federal and state funds for specific purposes that are subject to review and audit by the granting agencies. Although such audits and reviews could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

NOTE 3 – SUBSEQUENT EVENTS

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the grant schedules. Management has determined the events regarding the Novel Coronavirus require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of Emergency in California due to the Novel Coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Fresno EOC Head Start program is unknown.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FRESNO EXECUTIVE PLAZA EXPENSES BY BUILDING – HEAD START PROGRAM
FOR THE YEARS ENDED DECEMBER 31, 2003 THROUGH 2019

<u>Year</u>	<u>Building A</u>	<u>Building B</u>	<u>Total</u>
2003	\$ 59,486	\$ 527,996	\$ 587,482
2004	39,314	353,371	392,685
2005	33,890	379,400	413,290
2006	14,649	325,899	340,548
2007	12,851	285,904	298,755
2008	13,457	286,958	300,415
2009	25,343	255,511	280,854
2010	39,019	312,240	351,259
2011	67,857	330,329	398,186
2012	105,739	354,473	460,212
2013	104,165	326,708	430,873
2014	115,974	338,712	454,686
2015	117,436	342,982	460,418
2016	117,127	342,081	459,208
2017	117,111	342,032	459,143
2018	147,799	282,183	429,982
2019	155,758	297,378	453,136
Total	<u>\$ 1,286,975</u>	<u>\$ 5,684,157</u>	<u>\$ 6,971,132</u>

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2019**

Finding 2019-001: Federal Interest Calculation

Criteria:

Per the instructions in completing the SF-429 Federal Interest reporting form, line 41f, Real Property Cost, the total cost of the real property acquired is to include the purchase or acquisition price, plus any applicable improvements.

Condition:

It was noted that initial submissions and filings of the SF-429 Form, total costs for the calculation were based on total depreciation over the Federal Executive Plaza (FEP) properties charged as the basis, along with interest and bond amortization charges. In addition, per our review of the calculation as performed by the Fresno EOC, not all improvements of the property were properly included in the calculation, including those paid for by the Fresno EOC and/or the Head Start program.

Cause of Condition:

In review of the Fresno Economic Opportunities Commission (the Fresno EOC) procedures of the computation of the federal interest at the FEP, the calculation was to be based on total depreciation, along with interest and bond amortization charges.

Effect of Condition:

The Fresno EOC was deficient in performing the calculation in using the total depreciation expense cumulatively at the corresponding year-end and not the original purchase/acquisition price of the properties as well not including all applicable improvements for the calculation of the federal interest.

Recommendation:

We recommend that management reperform the calculation, using the true purchase/acquisition costs plus any and all improvements, less any suite specific improvements as per Head Start program guidelines, made on the property to properly calculate the federal interest percentage applicable to the Head Start program. This was performed in conjunction with a prior agreed-upon-procedures agreement with us, and was done without exception

Management Response and Corrective Action Plan:

Pending...

Finding 2019-002: FEP Fixed Asset Listing

Criteria:

Federal awards require compliance with allowable activities and costs to ensure that only costs charged to the Head Start program actually benefit the program.

Condition:

It was noted in the FEP fixed asset listing from which depreciation was charged to the Head Start program, certain fixed assets were included in the listing for which a direct or indirect benefit was not present to the Head Start program.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2019**

Finding 2019-002: FEP Fixed Asset Listing (continued)

Cause of Condition:

The Fresno EOC lacked proper internal controls and monitoring procedures to ensure that fixed assets being charged in the FEP fixed asset listing only included assets that can be allocated to all tenants, including Head Start, and not suite specific fixed assets that can't allocated accordingly.

Effect of Condition:

As a result, depreciation and costs were overcharged to the Head Start program, resulting in unallowed costs being charged to the program.

Recommendation:

We recommend that management implement enhanced internal controls and monitoring procedures over the FEP fixed asset listing to ensure that only fixed assets with a benefit to the Head Start program are being charged to the Head Start program. Controls should include prevention measures as well as detection measures when assets are being purchased and recorded to properly identify fixed assets that will benefit the program, and only those fixed assets are being charged depreciation to the Head Start program.

Management Response and Corrective Action Plan:

Pending...

Finding 2019-003: Allocation Charges

Criteria:

Federal awards require compliance with allowable activities and costs to ensure that only costs charged to the Head Start program actually benefit the program.

Condition:

It was noted during our examination that fixed assets that have a federal interest ownership percentage associated with them were not having depreciation reduced by that federal interest ownership percentage, resulting in excess depreciation and costs being charged to the Head Start program. It was also noted Fresno EOC was not properly allocating square footage to the Head Start Program, resulting in higher allocation of indirect costs associated with the Head Start program. Lastly, the Fresno EOC does not have proper documentation of approval with the Head Start program to be charging FEP expenses associated with Building A of the FEP.

Cause of Condition:

The Fresno EOC lacked proper internal controls and monitoring procedures to ensure that depreciation and the associated federal interest being charged from FEP fixed asset listing, along with indirect cost allocations were properly charged to the Head Start program.

Effect of Condition:

As a result, depreciation and costs were overcharged to the Head Start program, resulting in unallowed costs being charged to the program. Also, without proper approval from the Head Start program for allocation of indirect expenses from Building A of the FEP, all prior expenses charged associated with Building A could be disallowed.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2019**

Finding 2019-003: Allocation Charges (continued)

Recommendation:

We recommend that management implement enhanced internal controls and monitoring procedures over the federal interest and depreciation charges to ensure that correct expenses are being charged to the Head Start program. Controls should include prevention measures as well as detection measures when assets are being purchased, have a federal ownership percentage associated with them and recorded to properly identify depreciation and indirect charges that are properly allocated to the Head Start program. We also recommend that management work with the Head Start program to get proper retroactive approval of Building A of the FEP for allocation of indirect expenses associated with that portion of the FEP.

Management Response and Corrective Action Plan:

Pending...

DRAFT

FINANCE COMMITTEE MEETING

Date: September 9, 2020	Program: Head Start
Agenda Item #: 7	Director: Kathleen Shivaprasad
Subject: HHS Head Start 0-5 Monitoring Update	Officer: Jim Rodriguez

Background

The information presented below is intended to keep the Board apprised on the status of the work performed for the Quality Improvement Plan in response to the receipt of the Focus Area 2 monitoring review report for the Head Start 0-5 program.

U.S. Department of Health and Human Services (HHS) – Administration for Children and Families (ACF) Head Start conducted a follow-up review on the Focus Area 2 monitoring during the week of October 15-18, 2019. A quality improvement plan (QIP) was submitted to HHS for the three noted deficiencies involving the facilities cost associated with the 1900/1920 Mariposa Mall property, commonly referred to as Fresno Executive Plaza (FEP), and the reporting of Federal Interest therein. The three areas cited are internal control, budget, and facility reporting.

Approval of the QIP dated February 14, 2020 was received from the Regional Office in their letter dated February 24, 2020. The initial corrective action period was approved for extension to December 31, 2020.

The following actions have occurred since the QIP was presented in August 2020:

- Staff met with the external auditor – Hudson, Henderson & Company – on a weekly basis to ensure timely completion of the agreed upon procedures.
- The external auditor completed their procedures and submitted a draft Attest Report. Staff met with the audit team to discuss the report and the recommendations on September 2nd. The contents of the report are included as a separate agenda item.
- Staff training is being scheduled in September 2020 for staff and commissioners. The training will cover the recommendations from the auditors' Attest Report and suggestions for implementation.

The QIP status update will next be submitted to Region IX on September 14, 2020.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Grantee Name	Fresno County Economic Opportunities Commission	Plan Start Date	01/23/2020
Grant Award Number	09CH010290	Plan End Date	12/31/2020

Area of Deficiency

Description of Incident	Underlying/ Root Causes <i>Why do we think this happened?</i>	Actions taken to address this specific incident <i>What were some immediate actions taken?</i> <i>What did we do that specifically addressed this incident?</i>
<p>“Grantee did not implement internal controls to ensure, maintain, comply, evaluate, and monitor compliance with terms and conditions of the federal award.”</p>	<ul style="list-style-type: none"> • Documentation of reporting policies and procedures. • Role of CEO, Board, Internal Audit in monitoring / oversight. 	<ul style="list-style-type: none"> • Obtain Training and Technical Assistance (T&TA) from Region IX for Board Roles and Responsibilities for Head Start grantees. • Weekly meetings with CEO, Financial Officer, and Head Start 0-5 Director will occur to review progress status with Quality Improvement Plan (QIP). • Review draft of QIP with Region IX Program and/or Fiscal Specialists on February 12, 2020. Incorporate feedback into draft. Continue to hold frequent conversations with Region IX personnel on status of QIP. • Request clarification on timing of 2019 carryover requests for pending facility projects to allow for timely obligation and liquidation of 2020 grant funds if an extension is requested for the SF-425 reporting. • Submit January 20, 2020 monitoring review letter and report from HHS along with the current draft of the QIP to Finance Committee on February 13, 2020 and then to the Board on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. Head Start board representative will report out to the County-Wide Policy Council (CWPC). • Update the Agency’s Organizational Chart so the Head Start 0 – 5 Director reports directly to the Chief Executive Officer. • Request Region IX approval to extend the Final SF-425 closeout reporting and liquidation period for the 2019 grant year to ensure allocated costs within the “Other” line item associated with the facility cost pool for 1900/1920 Mariposa Mall are in alignment with outcome of QIP.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Description of Incident	Underlying/Root Causes	Actions taken to address this specific incident
Continued from prior page		<ul style="list-style-type: none">• Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement.• Review the organizational structure of financial duties associated with the Head Start grant and assess possible restructuring of duties.• Review available financial training opportunities available on Uniform Guidance and Head Start regulations for Head Start financial staff based on restructuring of financial duties among staff. Determine if the pending Fiscal Initiative training at Region IX anticipated in May 2020 will align with these training needs.• External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures• Review the Accounting Policies and Procedure Manual - Section X Financial Reporting Procedures for needed additions and/or updates.• External auditor will present recommendations to the Board of Commissioners.• Update documentation of procedures used in the computation of the Federal Interest based on recommendations received from the external auditors.• Document monitoring and oversight procedures for reporting.• Discuss and negotiate with Region IX representatives any items for resolution based on the results of external auditor recommendations.• Obtain Board approval for any necessary updates to the Accounting Policies and Procedures Manual.• Board approval for final QIP status in December 16, 2020 Board meeting.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Actions Taken to Strengthen Systems Program-wide

Key Element:	Internal Controls				
Intended Outcome:	Assess and Strengthen Internal Controls				
Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Obtain Training and Technical Assistance (T&TA) Region IX for Board Roles and Responsibilities for Head Start grantees.	March 13, 2020	Emilia Reyes	T&TA to be provided at Board Retreat March 13, 2020 as requested through Region IX.	Sign-in sheets will be utilized to document those in attendance.	Complete - training held on March 13, 2020.
Weekly meetings with CEO, CFO, Financial Officer, Head Start 0-5 Director, and Finance Manager – Special Projects will occur to review progress status with QIP.	February 5, 2020 through December 31, 2020	Emilia Reyes, Rebecca Heinricy, Kathleen Shivaprasad, Jim Rodriguez, Arthur Montejano	Quality Improvement Plan.	Sign-in sheets will be utilized to document those in attendance.	First meeting was held February 5, 2020. Meeting continue.
Review draft of QIP with Region IX Program and/or Fiscal Specialists on February 12, 2020. Incorporate feedback into draft. Continue to hold frequent conversations with Region IX personnel on status of QIP.	February 12, 2020	Andrea Harvey, Joanna Chan, Emilia Reyes, Rebecca Heinricy, and Kathleen Shivaprasad	Quality Improvement Plan.	Sign-in sheet for call.	Complete -- QIP was approved by Region IX per letter dated February 24, 2020.
Request clarification on timing of 2019 carryover requests for pending facility projects to allow for timely obligation and liquidation of 2020 grant funds if an extension is requested for the SF-425 reporting.	February 12, 2020	Emilia Reyes, Rebecca Heinricy, and Kathleen Shivaprasad	Guidance from Region IX Program and Fiscal Specialists	Meeting call sign-in sheet 2/12/2020.	Complete- Guidance received – Can submit carry-over using Interim SF-425.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Submit January 20, 2020 monitoring review letter and report from HHS along with the current draft of the QIP to Finance Committee on February 13, 2020 and then to the Board on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. Head Start board representative will report out to the CWPC.	Finance Committee on February 13, 2020; Board meeting on February 26, 2020 and forward.	Emilia Reyes and Rebecca Heinricy	Committee meeting packets.	Committee meeting packets and meeting minutes.	On-going- Report and QIP provided via Finance Committee on February 13, 2020 with CEO update to Board on February 26, 2020. Updates continue.
Update the Agency's Organizational Chart so the Head Start 0 – 5 Director reports directly to the Chief Executive Officer.	February 24, 2020	Emilia Reyes and Heather Brown	CEO has knowledge and experience within the areas of early childhood education and fiscal.	Organization Chart	Complete - reporting structure updated as of February 17, 2020.
Request Region IX approval to extend the Final SF-425 closeout reporting and liquidation period for the 2019 grant year to ensure allocated costs within the "Other" line item associated with the facility cost pool for 1900/1920 Mariposa Mall align with outcome of QIP.	February 26, 2020	Emilia Reyes, Rebecca Heinricy, and Kathleen Shivaprasad	Guidance from Region IX Program and Fiscal Specialists	Letter to request the extension based on potential adjustment to "Other" fiscal line item.	<u>Update – Fresno EOC submitted the an updated SF-425 for 2019 on August 6, 2020.</u>
Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement.	Week of March 2 nd . Week of July 7 th .	Emilia Reyes, Jim Rodriguez, Rebecca Heinricy, Arthur Montejano		Contract	<u>Update – Hudson, Henderson & Company completed their procedures and provided a draft report to be presented to the Finance Committee.</u>
Review the organizational structure of financial duties associated with the Head Start grant and assess possible restructuring of duties.	March 27, 2020	Emilia Reyes and Heather Brown, Rebecca Heinricy, and Kathleen Shivaprasad	Consult peer Head Start programs for suggestions as to structure of fiscal personnel.	Organization Chart; Job Descriptions	Complete -- Two managers and one accountant have been hired.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Review available financial training opportunities available on Uniform Guidance and Head Start regulations for Head Start financial staff based on restructuring of financial duties among staff. Determine if the pending Fiscal Initiative training at Region IX anticipated in May 2020 will align with these training needs.	April / May 2020	Select Head Start financial staff and/or program leadership.	Trainers to be determined	Training Agenda	T&TA requests reviewed on March 4, 2020. CEO, Financial Officer, and several staff have completed the OHS Region IX Fiscal Institute webinar series.
External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures.	September 2020	Applicable Finance Office and Head Start personnel	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training will be completed in September.</u>
One member of the Board of Commissioners will participation <u>participate</u> in the staff training and technical assistance provided by the External CPA firm based on outcome of their agreed upon procedures	September 2020	At least one member of the Board of Commissioners including a member of the Finance Committee	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training is being scheduled for the second half of September. A Board member will be in attendance.</u>
Review the Accounting Policies and Procedure Manual - Section X Financial Reporting Procedures for needed additions and/or updates.	June 10, 2020	Rebecca Heinrich	External Auditor guidance	Board Agenda item and minutes	Complete –changes were presented to the Finance Committee on June 10 th and approved by the full Board on June 24 th .
External auditor will present recommendations to the Board of Commissioners.	June 10, 2020 & September 23, 2020	External Auditor; Emilia Reyes,	External Auditor guidance	Board Agenda item and minutes	<u>Update – The external auditors presented a draft report to the Finance Committee on September 9, 2020.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Update documentation of procedures used in the computation of the Federal Interest based on recommendations received from the external auditors.	October 28, 2020	Rebecca Heinricy	External Auditor guidance	Federal Interest / SF-429 Procedures	Update – Will incorporate updates from new external auditor's procedures.
Document monitoring and oversight procedures for reporting.	June 10, 2020 (Finance Committee) and June 24, 2020 (Board)	Emilia Reyes, Rebecca Heinricy, Susan Shiomi, Arthur Montejano	Review if T&TA would be beneficial.	Monitoring Procedures	Complete – Monitoring Procedures were approved by the board on June 24 th .
Discuss and negotiate with Region IX representatives any items for resolution based on the results of external auditor recommendations.	As needed, but by November 6, 2020	Board Chair, Emilia Reyes, Jim Rodriguez, Rebecca Heinricy, Kathleen Shivaprasad, Arthur Montejano, Region IX representatives	Guidance from Region IX program and fiscal specialists.	Letters and supporting documents.	Updated – Initial meeting was held on June 10 th . Based on the discussion, Fresno EOC has engaged the auditor for new set of procedures calculating historical costs and potential disallowed costs as well as the federal interest in the FEP.
Obtain Board approval for any necessary updates to the Accounting Policies and Procedures Manual.	June 10, 2020 / June 24, 2020; November 18, 2020	Board of Commissioners; Emilia Reyes	Board meeting packet	Policies and Procedures	Board approved updates to the Manual on June 24 th . Future approval, as needed.
Obtain Board approval final QIP status and Corrective Actions in November 18, 2020 Board meeting.	November 18, 2020	Board of Commissioners; Emilia Reyes	External auditor recommendations	SF-429	Updated – QIP will be approved and submitted timely within the new deadline.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Summary of progress towards outcome:

Fresno EOC Head Start staff worked with the external auditing firm to complete the expanded procedures timely. The draft report was presented to the Finance Committee on September 9 to receive their feedback and guidance. The draft report provides recommendations to improve internal controls and reporting. The staff training will be scheduled in the second half of September, pending coordination of availability; one member of the board has agreed to attend. The report will be presented at the next Board of Commissioners meeting on September 23, 2020 for review and acceptance.

DRAFT

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Area of Deficiency

Description of Incident	Underlying/ Root Causes <i>Why do we think this happened?</i>	Actions taken to address this specific incident <i>What were some immediate actions taken?</i> <i>What did we do that specifically addressed this incident?</i>
<p>“Grantee continued to charge facility costs to the federal award that were not properly allocated. The grantee’s Fresno Executive Plaza (FEP) facility cost pool that was implemented for the FEP facility resulted in charges to the federal grant for costs that were not incurred specifically for the federal award and expenses that did not directly benefit the Head Start program.”</p>	<ul style="list-style-type: none"> • Utilization cost pool for the allocation of facility costs for the Fresno Executive Plaza location. • Assessment of space utilization within the Fresno Executive Plaza. • Depreciation not adjusted for Federal Share of facility. • Inclusion of building improvements within the cost pool. • Allocation of space in 1900 Building A occupied starting July 2003 (prior to mortgage pay-off in June 2010) without receiving advance approval from HHS. 	<ul style="list-style-type: none"> • Submit January 20, 2020 monitoring review letter and report received from HHS along with the initial draft of the QIP to Finance Committee meeting on February 13, 2020 and then to the Board meeting on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. The Head Start board representative will report out to the County-Wide Policy Council. • Assess proper inclusion of each fixed asset that is depreciating within the facility cost pool as of January 2019 onward and adjust allocation of depreciation as necessary. • Compute the reduction in depreciation allocated to Head Start on assets with Federal Interest from January 2019 to current and make appropriate adjustments to the cost allocation prior to close out of the 2019 grant. Update square footage rate computation to establish a unique rate for Head Start 0-5 spaces that incorporates this adjustment. • Perform a walk-thru of the 1900/1920 facility to verify the accuracy of the occupancy of the 1900/1920 buildings and note any areas where space utilization may be shared. Document and adjust any items noted. • Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement. • Compute the Federal Interest generated with the 1900 Building A for evaluation as potential disallowed cost. • Review available financial training opportunities available on Uniform Guidance and Head Start regulations for Head Start financial staff based on restructuring of financial duties among staff. Determine if the pending Fiscal Initiative training at Region IX anticipated in May 2020 will align with these training needs. • External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Description of Incident	Underlying/Root Causes	Actions taken to address this specific incident
Continued from prior page		<ul style="list-style-type: none">• Review the Accounting Policies and Procedure Manual - Section VIII Cost Allocation for needed additions and/or updates.• Review facility cost pool procedure step-by-step outline for the Fresno Executive Plaza facility cost pool allocation process for needed additions and/or updates.• External auditor will present recommendations to the Board of Commissioners.• Assess proper inclusion of each fixed asset that is depreciating within the facility cost pool for periods prior to January 2019. Compute estimate for potential disallowed costs.• Compute the reduction for depreciation allocated to Head Start on assets with Federal Interest prior to January 2019.• Discuss and negotiate with Region IX representatives any items for resolution based on the results of external auditor recommendations.• Obtain Board approval for any necessary updates to the Accounting Policies and Procedures Manual.• Obtain Board approval for final QIP status in December 31, 2020 Board meeting.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Actions Taken to Strengthen Systems Program-wide

Key Element:	Accountability for funds, property, and other assets				
Intended Outcome:	Ensure adequate accountability is maintained within financial records				
Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Submit January 20, 2020 monitoring review letter and report received from HHS along with the initial draft of the QIP to Finance Committee meeting on February 13, 2020 and then to the Board meeting on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. The Head Start board representative will report out to the County-Wide Policy Council.	Finance Committee on February 13, 2020; Board meeting on February 26, 2020 and forward.	Emilia Reyes and Rebecca Heinrichy	Committee meeting packet.	Committee meeting packets and meeting minutes.	On-going- Report and QIP provided via Finance Committee on February 13, 2020 with CEO update to Board on February 26, 2020. Updates continue..
Assess proper inclusion of each fixed asset that is depreciating within the facility cost pool as of January 2019 onward and adjust allocation of depreciation as necessary.	February 3, 2020 to February 28, 2020.	Rebecca Heinrichy, Darlene Trujillo, and Kristy Fung.	Fixed Asset and general ledger records.	Journal Entries and supporting documents	Complete. Any depreciation within the FEP facility cost pool for site specific improvements were removed.
Compute the reduction in depreciation allocated to Head Start on assets with Federal Interest from January 2019 to current and make appropriate adjustments to the cost allocation prior to close out of the 2019 grant. Update square footage rate computation to establish a unique rate for Head Start 0-5 spaces that incorporates this adjustment.	February 3, 2020 to February 28, 2020.	Rebecca Heinrichy and Darlene Trujillo,	Fixed Asset and SF-429 computation records	Journal Entry and supporting documents.	Adjustments have been computed and captured.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Perform a walk-thru of the 1900/1920 facility to verify the accuracy of the occupancy of the 1900/1920 buildings and note any areas where space utilization may be shared. Assess and adjust any items noted.	February 11, 2020	Kathleen Shivaprasad, Kerry Wiley, Darlene Trujillo, Susan Shiomi, and Mary Xiong	Facility occupancy worksheet and observation checklist.	Observation checklist	Completed walk-through and adjusted square footage.
Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement.	Week of March 2 nd . Week of July 7 th .	Emilia Reyes, Rebecca Heinrich, Jim Rodriguez, Arthur Montejano		Contract	<u>Update – Hudson, Henderson & Company completed their procedures and provided a draft report to be presented to the Finance Committee.</u>
Compute the Federal Interest generated with the 1900 Building A for evaluation as potential disallowed cost.	March - September 2020	Rebecca Heinrich, Darlene Trujillo, External Auditor, <u>Jim Rodriguez,</u> <u>Arthur Montejano</u>	Supporting square footage occupancy worksheets.	Supporting computation worksheets.	<u>Updated – The external auditors completed their procedures including a computation of Federal Interest and potential disallowed costs.</u>
Present updated Federal Interest computations for 1900 Building A to the Board of Directors	September 23, 2020	Rebecca Heinrich, Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	External auditor's report and calculations	External auditor's report and calculations	<u>Update –. Staff met with the auditors to discuss disallowed costs and will present results to the Board.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Review available financial training opportunities available on Uniform Guidance and Head Start regulations for Head Start financial staff based on restructuring of financial duties among staff, including the pending Fiscal Initiative training at Region IX anticipated in May 2020.	April / May 2020	Select Head Start financial staff and/or program leadership. Jim Rodriguez	Trainers to be determined	Training Agenda – CEO, Financial Officer, and Accounting Managers attended Fiscal Initiative training.	T&TA requested on March 4, 2020. Staff completed the OHS Region IX Fiscal Institute webinar series. CFO training being coordinated.
External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures.	September 2020	Applicable Finance Office personnel	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training will be completed in the second half of September.</u>
One member of the Board of Commissioners will participate in the training and technical assistance provided by the External CPA firm based on outcome of their agreed upon procedures	September 2020	At least one member of the Board of Commissioners including a member of the Finance Committee	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training is being scheduled for September. A Board member will be in attendance.</u>
Review Accounting Policies and Procedure Manual - Section VIII Cost Allocation for needed additions and/or updates.	June 10, 2020; June 24, 2020	Rebecca Heinrich	External Auditor guidance	Board Agenda item and minutes	Complete – The Board of Directors approved proposed changes on June 24 th .
Review facility cost pool procedure step-by-step outline for the Fresno Executive Plaza facility cost pool allocation process for needed additions and/or updates.	October 2020	Rebecca Heinrich and Darlene Trujillo	External Auditor guidance	Facility cost procedure	Updated – Facility cost pool procedures will be updated when the auditor's procedures are complete.
External auditor will present recommendations to the Board of Commissioners.	June 10, 2020 & September 23, 2020	External Auditor; Emilia Reyes	External Auditor guidance	Board Agenda item and minutes	<u>Update – A draft will be presented to the Finance Committee on September 9, 2020.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Assess proper inclusion of each fixed asset that is depreciating within the facility cost pool for periods prior to January 2019. Compute estimate for potential disallowed costs.	August 31, 2020	Rebecca Heinrich and Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	Fixed Asset Module records	Fixed Asset records and general ledger.	<u>Update = The external auditor has produced a draft report which includes estimates for potential disallowed costs. These were presented to the Finance Committee on September 9.</u>
Compute the reduction for depreciation allocated to Head Start on assets with Federal Interest prior to January 2019.	August 31, 2020	Rebecca Heinrich and Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	Fixed Asset records, general ledger, and Federal Interest computation.	Federal Interest computation worksheet and fixed asset records.	<u>Update = The external auditor has computed an updated depreciation amount which excludes potential disallowed costs and resulting updated Federal Interest. This was presented to the Finance Committee on September 9.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Discuss and negotiate with Region IX representatives any items for resolution based on the results of external auditor recommendations.	November 2020	Board Chair, Emilia Reyes, Rebecca Heinrich, Region IX representatives	Guidance from Region IX program and fiscal specialists.	Letters and supporting documents.	Updated – Initial meeting was held on June 10 th . Based on the discussion had, EOC has engaged the auditor for new set of procedures calculating historical costs and potential disallowed costs as well as the federal interest in the FEP.
Obtain Board approval for any necessary updates to the Accounting Policies and Procedures Manual.	June 24, 2020	Board of Commissioners; Emilia Reyes	Board meeting packet	Policies and Procedures	<u>Board approved updates to the Manual on June 24th. Future approval will occur, as needed.</u>
Obtain Board approval for final QIP status in November 18, 2020 Board meeting.	November 18, 2020	Board of Commissioners; Emilia Reyes	External auditor recommendations	SF-429	Scheduled

Summary of progress towards outcome:

Hudson, Henderson & Company completed their procedures including updated computations for potential disallowed costs as well as updated computations for federal interest. A draft of this report was presented to the Finance Committee on September 9. The report will go to the Board of Commissioners on September 23 for review, approval, and guidance on how to proceed.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Area of Deficiency

Description of Incident	Underlying/ Root Causes <i>Why do we think this happened?</i>	Actions taken to address this specific incident <i>What were some immediate actions taken?</i> <i>What did we do that specifically addressed this incident?</i>
<p>“The grantee did not accurately record a notice of federal interest and did not accurately report the amount of federal interest on the Real Property Status Report (SF-429) for the Fresno Executive Plaza (FEP) property located at 1900 and 1920 Mariposa Mall, Fresno, California.”</p>	<ul style="list-style-type: none"> • Methodology used for computing Federal Interest as reported SF-429 • Reliance on alternate supporting documents prior to 1999 due to unavailability of general ledger. • Space in 1900 Building A was occupied starting July 2003, which was prior to mortgage pay-off in June 2010, without receiving advance approval from HHS. • Role of CEO, Board, and Internal Audit in monitoring / oversight not clearly documented. 	<ul style="list-style-type: none"> • Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement. • Weekly meetings with CEO, Financial Officer, and Head Start 0-5 Director will occur to review progress status with QIP • Submit January 20, 2020 monitoring review letter and report received from HHS along with the initial draft of the QIP to Finance Committee meeting on February 13, 2020 and then to the Board meeting on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. The Head Start board representative will report out to the County-Wide Policy Council (CWPC). • Compute the Federal Interest generated with the 1900 Building A for evaluation as potential disallowed cost. • External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures. • External auditor will present recommendations to the Board of Commissioners. • Compute the reduction for depreciation allocated to Head Start on assets with Federal Interest prior to January 2019 based on occupancy percentage and Federal Interest share. • Update computation of federal interest for the FEP facility incorporating recommendations from the external auditor. • Review allocation of interest, bond amortization, and mortgage principal across all occupants and their funding sources to ensure Federal Share and Non-Federal Share are accurately reported.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Description of Incident	Underlying/Root Causes	Actions taken to address this specific incident
Continued from prior page		<ul style="list-style-type: none">• Update documentation of procedures used in the computation of the Federal Interest based on recommendations received from the external auditors.• Obtain Board approval for any necessary SF-429 revision and final QIP status in December 16, 2020 Board meeting.• Amend and file, if necessary, revised SF-429 report via Online Data Collection (OLDC) within GrantSolutions.gov based upon CEO and Board approval.

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Actions Taken to Strengthen Systems Program-wide

Key Element:	Reporting				
Intended Outcome:	Ensure reporting is completed accurately and timely				
Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Procure and contract with an independent, third party Certified Public Accounting (CPA) firm, who has no prior work history with Fresno EOC, to review the current facility cost allocation pool methodology for accuracy of allocations and to identify areas of enhancement.	Week of March 2 nd . Week of July 7 th .	Emilia Reyes, Rebecca Heinricy, Jim Rodriguez, Arthur Montejano		Contract	<u>Update – Hudson, Henderson & Company completed their procedures and provided a draft report to be presented to the Finance Committee.</u>
Weekly meetings with CEO, CFO, Financial Officer, Head Start 0-5 Director, and Finance Manager – Special Projects will occur to review progress status with QIP	February 5, 2020 through December 31, 2020	Emilia Reyes, Rebecca Heinricy, Kathleen Shivaprasad, Jim Rodriguez, Arthur Montejano	Quality Improvement Plan.	Sign-in sheets will be utilized to document those in attendance.	First meeting was held February 5, 2020. Meetings continue.
Submit January 20, 2020 monitoring review letter and report received from HHS along with the initial draft of the QIP to Finance Committee meeting on February 13, 2020 and then to the Board meeting on February 26, 2020. Monthly status update on the QIP will be provided to the Board by the CEO. The Head Start board representative will report out to the CWPC.	Finance Committee on February 13, 2020; Board meeting on February 26, 2020 and forward.	Emilia Reyes and Rebecca Heinricy	Committee meeting packets.	Committee meeting packets and meeting minutes.	On-going- Report and QIP provided via Finance Committee on February 13, 2020 with CEO update to Board on February 26, 2020. Updates continue.

Program Improvement Plan

Updated **August-September 2020**

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Compute the Federal Interest generated with the 1900 Building A for evaluation as potential disallowed cost.	March – September 2020	Rebecca Heinrichy, Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	Supporting square footage occupancy worksheets.	Supporting computation worksheets.	<u>Updated – The external auditors completed their procedures.</u>
Present updated Federal Interest computations for 1900 Building A to the Board of Directors	September 23, 2020	Rebecca Heinrichy, Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	External auditor's report and calculations	External auditor's report and calculations	<u>Update – Staff met with the auditors to discuss disallowed costs and will present results to the Board.</u>
External CPA firm to provide training and technical assistance to Finance Office personnel based on outcome of their agreed upon procedures.	September 2020	Applicable Finance Office personnel	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training will be completed in the second half of September.</u>
One member of the Board of Commissioners will participation in the training and technical assistance provided by the External CPA firm based on outcome of their agreed upon procedures	September 2020	At least one member of the Board of Commissioners including a member of the Finance Committee	External Auditor guidance	Sign-in sheets will be utilized to document those in attendance.	<u>Staff training is being scheduled for the second half of September. A Board member from the Finance Committee will be in attendance.</u>
External auditor will present recommendations to the Board of Commissioners.	June 10, 2020 & September 23, 2020	External Auditor; Emilia Reyes	External Auditor guidance	Board Agenda item and minutes	<u>Update – The external auditors presented a draft report to the Finance Committee on September 9, 2020.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Compute the reduction for depreciation allocated to Head Start on assets with Federal Interest prior to January 2019.	August 31, 2020	Rebecca Heinrich and Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	Fixed Asset records, general ledger, and Federal Interest computation.	Federal Interest computation worksheet and fixed asset records.	<u>Update – The external auditor has computed an updated depreciation amount and resulting updated Federal Interest. This was presented to the Finance Committee on September 9.</u>
Update computation of federal interest for the FEP facility incorporating recommendations from the external auditor.	September 30, 2020	Rebecca Heinrich and Darlene Trujillo, External Auditor, Jim Rodriguez, Arthur Montejano	External Auditor guidance	Federal Interest computation worksheet and supporting documents	<u>Update – The external auditor has provided recommendations which will be incorporated after staff training is completed.</u>
Review allocation of interest, bond amortization, and mortgage principal across all occupants and their funding sources to ensure Federal Share and Non-Federal Share are accurately reported.	June 17, 2020	Rebecca Heinrich, Darlene Trujillo, Susan Shiomi, Mary Xiong, Jim Rodriguez, External Auditor	Occupancy records, general ledger, and facility cost allocation rate history.	Facility cost pool allocation historical documents and general ledger.	This analysis has been prepared and further review and research into impact is on-going.
Update documentation of procedures used in the computation of the Federal Interest based on recommendations from the external auditors.	October 28, 2020	Rebecca Heinrich, External Auditor, Jim Rodriguez, Arthur Montejano	External Auditor guidance	Federal Interest / SF-429 Procedures	<u>Update – Staff will incorporate recommendations after completion of training.</u>

Program Improvement Plan

Updated ~~August~~ September 2020

Finance Committee approval 2/13/2020; Board approval 2/26/2020; Region IX approval 2/24/2020

Implementation Activities	Timeline	Staff responsible	Resources/ TTA	Documentation	Status of Activities
Obtain Board approval for any necessary SF-429 revision and final QIP status in November 18, 2020.	November 18, 2020	Board of Commissioners; Emilia Reyes, Jim Rodriguez	External recommendations auditor	SF-429	Updated – QIP will be approved and submitted timely within the new deadline.
Amend and file, if necessary, revised SF-429 report via Online Data Collection (OLDC) within GrantSolutions.gov based upon CEO and Board approval.	December 11, 2020	Emilia Reyes; Rebecca Heinrich; Darlene Trujillo; Jim Rodriguez	External recommendations auditor	SF-429	Updated – SF-429 will be approved and filed timely within the new deadline.

Summary of progress towards outcome:

Fresno EOC Head Start staff met with the external auditor to discuss their draft report and recommendations. The report was presented to the Finance Committee on September 9 and will go to the Board of Commissioners on September 23 for acceptance and guidance. Staff will incorporate the auditor's recommendations upon completion of training in second half of September. Staff will also proceed to resolve the issue of disallowed costs and updated federal interest in accordance with guidance provided by the Board of Commissioners.



FINANCE COMMITTEE MEETING

Date: September 9, 2020	Program: Finance
Agenda Item #: 8	Officer: Rebecca Heinricy
Subject: Health Insurance Report	Officer: Jim Rodriguez

Background

The information presented below is intended to keep the Board apprised on the financial status of the Agency's health insurance plan.

As of July 31, 2020, the health insurance reserve is at \$3.3 million, which covers approximately 3.5 months of average expenditures. To date, contributions from programs and employees for 2020 total \$6,940,783 while the Fund paid out \$6,438,413 in expenses. The health insurance report is included for reference.

Changes to the health insurance plan in 2018 through 2020 include:

- Effective January 2018: 10% increase in Employer and Employee premiums, increase in select co-pays, and a discount for completion of a wellness visit.
- Effective January 2019: 5% increases in Employer and Employee premiums, and increase the coverage of preventive dental procedures from 80% to 100%.
- Effective January 2020: 4% overall increase in Employer premiums and 22% overall increase in Employee premiums. Wellness plan now has the same annual deductible but will have a 25% discounted employee premium. The employee + child and employee + children tiers were consolidated.

The following presents a sample of the 2020 monthly health insurance premium tier rates. There are additional tiers depending on type of coverage selected.

	Agency	Employee (Discounted)	Total Premium
Employee Only	\$ 590	\$ 90	\$ 680
Family	\$ 1,220	\$ 210	\$ 1,430

FRESNO EOC
HEALTH INSURANCE FUND REPORT
 THROUGH JULY 31, 2020

	2020							2019				
	January	February	March	April	May	June	July	YTD totals Jan - Jul	Mo. Avg. Prev 12 mos	YTD totals Jan - Jul	Annual Jan - Dec	Annual Mo. Avg Jan - Dec
Beginning Fund Balance	2,754,344	2,787,832	3,259,086	3,478,571	3,148,975	3,456,596	3,628,264					
<u>Income</u>												
Agency Contributions	764,269	926,323	936,853	910,416	898,686	892,243	599,411	5,928,201	824,322	5,587,539	9,551,207	795,934
Additional Agency Contr.	0	0	0	0	0	0	0	0	14,103	97,736	266,968	22,247
Employee Contributions	169,247	254,529	172,963	171,034	85,018	80,986	78,805	1,012,582	142,580	935,481	1,633,863	136,155
Total Income	933,516	1,180,852	1,109,816	1,081,450	983,704	973,229	678,216	6,940,783	981,005	6,620,756	11,452,038	954,336
<u>Expenses</u>												
Health Claims Paid	522,608	294,706	439,030	937,674	284,680	500,940	601,294	3,580,932	573,916	3,904,904	7,210,969	600,914
Dental Claims Paid	40,011	64,322	54,514	47,659	23,110	16,495	75,113	321,224	51,778	404,277	704,388	58,699
Prescriptions Paid	199,983	169,145	217,113	247,094	191,765	100,191	193,702	1,318,993	215,475	1,288,901	2,555,607	212,967
Vision Claims Paid	10,011	11,476	7,284	5,770	4,032	6,968	8,980	54,521	8,321	69,964	115,300	9,608
Stop Loss Premiums	112,415	113,050	114,712	115,206	114,710	114,673	113,965	798,731	109,644	728,747	1,245,746	103,812
Stop Loss Claims	(41,994)	0	0	0	0	0	0	(41,994)	(76,999)	(80,236)	(885,228)	(73,769)
Life Insurance Premiums	14,653	14,707	14,787	14,751	14,769	14,563	14,479	102,709	14,604	101,431	173,967	14,497
Pinnacle	14,626	14,610	15,207	15,224	14,901	14,867	14,802	104,237	14,648	99,788	171,324	14,277
Blue Cross	15,155	15,156	15,715	15,671	15,599	15,564	15,492	108,352	15,212	103,162	177,354	14,780
Benefits Consultant	7,722	7,722	7,722	7,721	7,749	7,750	7,750	54,136	9,893	90,417	155,000	12,917
Employee Assist. Program	1,876	1,877	1,876	1,877	1,876	1,877	1,877	13,136	1,877	13,129	22,511	1,876
Preferred Chiropractors	783	783	787	787	784	782	778	5,484	670	3,583	6,139	512
Other Expenses	2,179	2,044	1,584	1,613	2,108	1,671	1,533	12,732	1,900	15,830	25,900	2,158
ACA Fees	0	0	0	0	0	5,220	0	5,220	435	20,807	20,807	1,734
Total Expenses	900,028	709,598	890,331	1,411,047	676,083	801,561	1,049,765	6,438,413	941,375	6,764,704	11,699,785	974,982
Current Fund Activity (net)	33,488	471,254	219,485	(329,597)	307,621	171,668	(371,549)	502,371	39,631	(143,948)	(247,747)	(20,646)
Ending Fund Balance	2,787,832	3,259,086	3,478,571	3,148,975	3,456,596	3,628,264	3,256,715	3,256,715				
<u>Enrollment</u>												
Employee only-Traditional	349	347	338	333	330	326	333		337		314	
High-Deduct	44	40	40	42	43	44	40		42		23	
Family coverage-Traditional	448	452	465	469	468	469	468		463		502	
High-Deduct	29	31	31	31	30	30	30		30		11	
Dental coverage only	39	38	35	35	37	37	37		37		41	
Temp/On Call Plan	0	0	0	0	0	0	0		0		1	
Total employees enrolled	909	908	909	910	908	906	908		908		893	
Total dependants covered												
Average contributions per employee	1,027	1,300	1,221	1,188	1,083	1,074	747		1,080		1,069	
Average expenses per employee	990	781	979	1,551	745	885	1,156		1,036		1,092	

Estimated # months funded: 3.5



FINANCE COMMITTEE MEETING

Date: September 9, 2020	Program: Finance
Agenda Item #: 9	Officer: Rebecca Heinrichy
Subject: Variance Report	Officer: Jim Rodriguez

Background

The information presented below is intended to keep the Board apprised on the fiscal status of selected program(s) within the Agency that are routinely shared with Program Directors and Executive staff.

The prepared financial analysis reports and/or requested updates for the program(s) listed below are included for informational purposes.

- Transit Systems

FINANCE OFFICE INTEROFFICE MEMO

DATE: AUGUST 31, 2020
TO: MONTY COX
CC: EMILIA REYES, MICHELLE TUTUNJIAN, JIM RODRIGUEZ, SUSAN SHIOMI
FROM: REBECCA HEINRICY
SUBJECT: TRANSIT SYSTEMS FINANCIAL ANALYSIS – JULY 2019 –JUNE 2020

Revenue:

Transit Systems operates with a fiscal year of July 2019 to June 2020. Revenue is from a diversity of funding including contractual (or fee-for-service) agreements, services to other Fresno EOC programs (billed at cost), and grant revenue. Budgeted revenue for the period was \$9,090,815. Actual revenue is \$8,586,630 that is 94% of budget. Revenue includes \$299,591 of CSBG revenue. At the completion of the 2019-2020 year, a total of \$560,987 of local transportation fund (LTF) revenue was carried over to future periods for utilization within consolidated transportation services agency (CTSA) eligible projects. This amount is not reflected in current period revenue. The fiscal period is complete.

Expenditures:

Actual expenses are \$9,055,866, which is 99.6% of budget. Expenses for Transit are primarily personnel (65%), fuel (9%) and vehicle maintenance (10%).

Observations:

Transit Systems has been challenged by having numerous years of flat or declining funding from the majority of its funding sources. Several contracts received funding increases late in the 2019-2020 funding year due to efforts to negotiate these contracts. During the year, expenses have increased due to the impact of minimum wage increases on personnel wages, an increase in health insurance premium rates, and increased fleet maintenance needs due to an aging fleet. Several one-time costs were incurred during the year to enhance computer technology (\$15,000), and electric car chargers (\$29,120). Pricing and cost allocation methodologies associated with providing meal delivery services continues to be reviewed as this is a primary source for the program's deficit. Transit Systems continues to review its routes and operations to maximize efficient operations and identify new entrepreneurial opportunities.

VARIANCE REPORT

July 2019 - June 2020

	Fiscal Year BUDGET	Fiscal Year ACTUAL	BALANCE	USED
<u>Revenue:</u>				
Contract Revenue	\$ 7,136,666	\$ 7,143,877	\$ 7,211	100%
LTF Utilization	1,654,149	1,143,162	(510,987)	69%
CSBG Revenue	300,000	299,591	(409)	100%
Total Revenue	\$ 9,090,815	\$ 8,586,630	\$ (504,185)	94%
<u>Personnel Expense:</u>				
Salaries	\$ 3,943,180	\$ 3,913,632	\$ 29,548	99%
Fringe	1,947,644	1,947,604	40	100%
Total Personnel	\$ 5,890,825	\$ 5,861,236	\$ 29,589	99%
<u>Vehicle Costs:</u>				
Fuel	\$ 834,000	\$ 834,018	\$ (18)	100%
Maintenance	791,820	881,883	(90,063)	111%
Parts Expense	145,000	144,508	492	100%
Leased Vehicles	26,400	26,404	(4)	100%
Auto Insurance	245,200	244,579	621	100%
Registration	16,620	16,481	139	99%
Mobile Radio Rental Costs /GPS equip. costs	13,250	13,167	83	99%
Total Vehicle Costs:	\$ 2,072,290	\$ 2,161,040	\$ (88,750)	104%
<u>Operational Costs:</u>				
FCRTA Admin./Augment.	\$ 175,000	\$ 173,052	\$ 1,948	99%
Travel/Training	9,000	8,809	191	98%
Misc. Program	18,000	17,747	253	99%
Office Supply/Computer Exps.	117,200	117,352	(152)	100%
Postage	1,400	1,321	79	94%
Printing	8,600	8,583	17	100%
Telephone (all)	50,500	50,673	(173)	100%
Utilities	58,000	57,890	110	100%
Bldg. Maint./Security/Janitorial	49,500	49,332	168	100%
Service/Pest Control/Yard Maint				
Medical tests and Drugtests	17,000	16,672	328	98%
Uniform Costs/Laundry	16,000	15,499	501	97%
Gen. Liab. Ins.& Cyber/excess/prop.	76,000	75,554	446	99%
Equipment	29,100	29,120	(20)	100%
Tools	9,000	8,006	994	89%
FCEOC Indirect @ 7.5%	481,400	393,111	88,289	82%
Audit Expense @ .12%	7,900	6,826	1,074	86%
Depreciation	4,100	4,042	58	99%
Total Operational Costs:	\$ 1,127,700	\$ 1,033,590	\$ 94,110	92%
Total Non-Personnel	\$ 3,199,990	\$ 3,194,630	\$ 5,360	100%
Total Expenditures	\$ 9,090,815	\$ 9,055,866	\$ 34,949	99.6%
Net Income (Loss)	\$ -	\$ (469,236)	\$ (469,236)	