

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

MINUTES OF TUESDAY, MAY 22, 2007

Committee Chairman Marc Munaretto called the meeting to order at 9:30 a.m. The following Members were present: Marc Munaretto; John Hammerand; Tina Hill; Lyn Orphal; and Daniel Ryan. Barbara Wheeler arrived at 9:35 a.m. and Marie Chmiel arrived at 9:36 a.m. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Pam Palmer and Cheryl Walsh, Auditor’s Department; Peter Austin, County Administrator; John Hadley, Facilities Management; interested public; and the press.

Marc Munaretto, Chairman	
Marie M. Chmiel	John Hammerand
Tina Hill	Lyn Orphal
Daniel P. Ryan	Barbara Wheeler

MINUTES

Ms. Hill made a motion, seconded by Ms. Orphal to approve the May 8, 2007 minutes of the Finance and Audit Committee and the May 8, 2007 minutes of the Joint Finance and Audit and Transportation Committees meeting. The minutes were approved as submitted with a unanimous voice vote.

PUBLIC PARTICIPATION: None

PRESENTATION: None

NEW BUSINESS

*Resolution amending Resolution #R-200608-17-213 designating depositories for funds and other public monies in the custody of the County Treasurer:* Mr. Hammerand made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution amending Resolution #R-200608-17-213 designating depositories for funds and other public monies in the custody of the County Treasurer. The motion carried with all members present voting aye on a roll call vote (Wheeler, Hill, Orphal, Chmiel, Ryan, Hammerand and Munaretto).

*Resolution authorizing the award of bid for parking lot seal coating and related service at McHenry County Government Center Campus:* Chairman Munaretto noted that the Management Services Committee had amended the Resolution adding the following language to the third “Whereas”: “which can be covered by the Facilities Management budget at this time...” Mr. Hammerand made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing the award of bid for parking lot seal coating and related service at McHenry County Government Center Campus. Mr. Hammerand commented that he would like to have seen an attachment with the various bids that had been received: Mr. Hadley stated he would provide such information in the future and noted that three bids were received in the amounts of \$86,208, 75,305 and 88,740. The services to be provided will be seal coating and re-stripping of the Garage, West, East and the administration parking lots along with the replacement of approximately 5,000 square feet of asphalt. After discussion a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Wheeler, Hill, Orphal, Chmiel, Ryan, Hammerand and Munaretto).

Chairman Munaretto asked that the Budget Policies be moved from Reports to New Business for discussion at this time. He stated that it is the responsibility of the Finance and Audit Committee to adopt a formal budget process for the next fiscal year in May or June. He noted that there is one Human Resources issue that should be discussed and considered as a possible change to the proposed policy. He asked Mr. Sarbaugh to explain this issue. Mr. Sarbaugh stated that the proposed change would address concerns when an employee leaves a department and that position is filled by a current employee. Some departments want to move that other employee into the vacant position and pay that employee at the rate the previous employee was receiving. He noted that some of these increases can be several thousand dollars. He stated that this issue could be addressed by placing a cap on the amount of increases and if a salary increases beyond the grade and level that increase request would need approval by the full County Board. Ms. Orphal questioned if such a policy would impact the wage and salary study. Mr. Sarbaugh stated it should not, as all positions have a grade and wage range. Mr. Austin stated he was disappointed that this discussion was taking place at this time noting that the Board had previously taken steps to acknowledge that we do not always hire an employee at the bottom of the wage scale and staff is allowed flexibility when going through the hiring process. Such requests are approved and signed by the HR Director and the County Administrator. Mr. Sarbaugh pointed out that these would not be considered “new hires” as the concern is with current employees back-filling positions that become

available through a retiring or departing employee and a department automatically allowing that person to earn whatever the previous employee was making. Chairman Munaretto noted that the potential for abuse has been identified and the question is do we want to do something to address these concerns by placing some restrictions on this anomaly. Ms. Chmiel stated when replacing an employee even though a decision is made to hire within, it should still be considered a new hire for that position and skill sets must be considered along with salary. There should be no guarantee that a replacing person would receive the same salary. Ms. Hill noted there was no need to rush into this issue and suggested that the HR Committee consider this item at their June 11<sup>th</sup> meeting. The Finance and Audit Committee could then consider it on June 12<sup>th</sup>. Ms. Austin commented that there are some differences of opinion on the role of the County Board versus the role of Management. Ms. Orphal stated those factors could also be considered at the HR Committee. Mr. Austin noted that it is important to make sure employees are compensated fairly, stating that "one size does not fit all." Chairman Munaretto asked Mr. Austin for his opinion of the Board role. Mr. Austin stated that the Board provides the budget and has ultimate control. The Board also hires a County Administrator, a Human Resources Director, etc. to manage various issues. Chairman Munaretto stated that perhaps a clear understanding of the roles should have a more global discussion not focusing on just personnel. It was noted at this point the Committee is discussing a possible change to the budget policy. Mr. Sarbaugh stated that the budget kick-off workshop begins on Friday, June 1, 2007. Chairman Munaretto stated that it has been his philosophy to properly adopt a policy before it is given to employees. After further discussion, Committee consensus was to schedule a joint meeting of the Finance and Audit Committee and the Human Resources Committee on Tuesday, June 5, 2007 at 8:15 a.m. to consider adoption of the FY 07/08 budget policies. Said policies will also be included on the County Board agenda for June 5, 2007.

EXECUTIVE SESSION: None

OLD BUSINESS: None

#### REPORTS TO COMMITTEE

*Auditor's Report:* Ms. Palmer reported that two internal audits had been completed, those were for the 1<sup>st</sup> quarter payroll and for overtime. She reviewed the internal audit program and what factors are considered when determining what audit should be conducted. Several risk factors are considered before developing a plan to carry out an audit. She asked Ms. Walsh to provide a summary to the above mentioned audits that were recently completed. Ms. Walsh noted that the 1<sup>st</sup> Quarter Payroll Audit was conducted to determine if payroll records are accurately reported to ADP; to determine if the ADP processed correctly to the General Ledger and to determine if payroll records were correctly posted to IFMS. The Audit covered payroll from various departments including Planning and Development; County Clerk; County Recorder; Mental Health Board; Sheriff; Health Department; Valley-Hi and Transportation for payroll periods from September 3, 2006 to November 25, 2006. She reported that the audit revealed some double payments and these duplicate payments occurred when an employee was covered under the Public Employee Disability Act (PEDA). This occurs when the Treasurer's Office does not "turn off" the automatic hours that the employee is paid. Three such occurrences were found, but have since been rectified. It was noted that a procedure should be implemented to make sure these duplicate payments do not occur. A better use of time clocks might help address these concerns, however the time clocks are not currently wired to ADP. Chairman Munaretto noted a better reporting link between data processing and HR may be necessary and suggested that HR review hours and certify those hours and then send them to payroll for processing payments. A procedure will be developed to ensure that duplicate payments are not made.

Ms. Walsh then reviewed the Overtime Audit, noting this audit was conducted to determine that overtime was paid correctly, that overtime was authorized and that an employee's status qualified them for overtime pay. The audit revealed no deficiencies.

The Committee thanked Ms. Walsh and Ms. Palmer for their update and were pleased that the audits revealed only one area of concern. Ms. Palmer commented that follow-up audits would be conducted to ensure that deficiencies are being addressed.

Ms. Palmer reported that last week's Tier Technology Conference reviewed future changes to software programs that will bring significant updates to ADP. She also noted that Virchow Krause will present the Audit Report at the June 12th meeting.

Ms. Hill reported that the Management Services Committee has put the Travel Policy on the "back burner" and will revisit this policy after the Board Rules are adopted. Chairman Munaretto pointed out that the Travel Policy is really an HR issue and should be addressed by that Committee. He added that any policy regarding photography should be part of a building use policy not the County Board Rules. Ms. Orphal asked that the Travel Policy be included on the June 11<sup>th</sup> agenda for the Human Resources Committee.

*Contingency Reports:* Mr. Sarbaugh submitted the General Fund Contingency Report and the Courthouse Remodeling Contingency Report. He stated there had been no changes to the Valley-Hi statement. He will be meeting to discuss a close-out of the Jail project. Ms. Chmiel questioned if Smith Engineering had been completed. Mr. Sarbaugh was unsure, noting this would need to be discussed with the Purchasing Department. Ms. Hill questioned why I.T. items on the Courthouse remodeling project had not been budgeted by I.T. Mr. Sarbaugh stated these were part of the build-out project. Chairman Munaretto noted that the I.T. additions were due to the changes in the scope of the project to meet obligations to be a separate circuit court. Mr. Sarbaugh pointed out these items were budgeted for in the Contingency account for that project.

Ms. Wheeler asked what was going to be budgeted for in the Animal Control Contingency account. Mr. Austin stated there is a meeting scheduled for this coming Friday in which such details would be determined. Chairman Munaretto asked that the Health Department provide more guidance as to what operational costs should be anticipated with the project, including any additional personnel costs. He felt preliminary estimates of such costs should be available to better understand the long term impact on the budget. He also noted that he would like to do a post-mortem examination of the process that got the Board to the Animal Control Facility. He stated that process was flawed and it needs to be determined what we did, when we did it and why it was done. The process needs to have a critical review so we do not make the same mistakes in the future. He stated the Standing Committee process appeared to be completely ignored and after the proposal to purchase the State Farm building failed, the contract was still extended and the item reappeared on the County Board agenda under "New and Unfinished Business." Mr. Austin will provide a report of the process for the Committees review.

*Economic Development Corporation:* Chairman Munaretto reported that a Strategic Planning Session was recently held.

*McHenry County Convention & Visitors Bureau:* A meeting was held yesterday.

Chairman Munaretto provided an update on the Agritourism Task Force. The Task Force is meeting once a month to review and discuss various ordinances and how they will interact with Agritourism.

Mr. Sarbaugh asked if the Committee would like to schedule a joint meeting with the Human Resources Committee for Tuesday, June 5, 2007 at 8:15 a.m. to consider the Budget Policies. Said policies could be included on the County Board agenda for consideration also on June 5<sup>th</sup>. Members agreed and a meeting will be scheduled. Members requested that the proposed document be available for their review prior to this meeting.

**ADJOURNMENT**

Noting no further business, Ms. Hill made a motion, seconded by Mr. Hammerand, to adjourn the meeting at 10:55 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

Resolution amending Resolution #R-200608-17-213 designating depositories for funds and other public monies in the custody of the County Treasurer  
Resolution authorizing the award of bid for parking lot seal coating and related service at McHenry County Government Center Campus

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