

## ABAG FINANCE AND PERSONNEL COMMITTEE

### Summary Minutes

July 16, 2015

#### Members Present

Mayor Bill Harrison  
Supervisor Karen Mitchoff  
Councilmember Desley Brooks  
Supervisor David Cortese  
Supervisor Scott Haggerty  
Supervisor Mark Luce  
Councilmember Julie Pierce

#### Jurisdiction

City of Fremont  
County of Contra Costa  
City of Oakland  
County of Santa Clara  
County of Alameda  
County of Napa  
City of Clayton

#### Members Absent

Supervisor John Gioia  
Supervisor Dave Pine  
Supervisor David Rabbitt

County of Contra Costa  
County of San Mateo  
County of Sonoma

#### Officers and Staff Present

Ezra Rapport, Executive Director  
Bradford Paul, Asst. Exec. Director  
Kenneth Moy, Legal Counsel  
Charles Adams, Interim Finance  
Director  
Brian Kirking, HR and IT Director  
Susan Hsieh, Asst. Finance Director

#### Guests

Mayor Pro Tem Pat Eklund  
Ken Bukowski, Videographer  
Andrew Totaro, Supervisor Scott  
Haggerty Intern

City of Novato

1. The meeting was called to order by Mayor Harrison, Committee Chair, at 5:10 pm.
2. There was no public comment.
3. Summary Minutes of the May 21, 2015 meeting were approved. /M/  
Mitchoff/S/Luce/C/approved unanimously.

4. Mr. Adams presented the financial reports for May 2015. He informed the committee of the modifications to the financial report and reported on the financial outlook. /M/Luce/S/Pierce/C/acceptance of the report unanimously.
5. Mr. Adams reported on the conditions imposed by MTC on the six-month interagency agreement. MTC requested ABAG to re-prepare our indirect overhead plans, provide a corrective action plan for recommendations made by the State Controller's Office (SCO), and provide a written response from our auditors indicating that there was inconsistency with their single audit report and issues raised by the SCO and PWC reports. MTC also withheld payment for certain charges.

Mr. Adams advised the Committee that our indirect overhead plans were prepared in accordance with federal guidelines. In addition, our oversight agency EPA issued a memo in June 2015 directly addressing MTC's concern and confirming that our allocation method is appropriate.

The SCO, PWC and our auditors followed different scope and objectives in performing their examinations. It is inappropriate to request an audit firm to make such a statement when these reports are not comparable. The SCO report concluded that the review did not identify any significant deficiencies with ABAG's administrative and internal accounting controls. The PWC Engagement Partner reported at the 6/24/15 MTC Commission Meeting that they did not identify any abuse or misuse of MTC funds as part of their procedure. Both conditions imposed by MTC are inappropriate.

The Committee discussed potential solutions and directed staff to work with MTC to resolve the issues. The Committee also directed staff to advise them the amount withheld by MTC.

6. Mr. Adams reported on payment of FY 15-16 membership dues. \$740 thousand (or 39%) of the \$1.89 million budgeted membership dues were collected through July 7, 2015. The Committee directed staff to report the status again at the next meeting.
7. Mr. Adams reported on the status of line of credit renewal and advised the Committee that an update will be provided at the next meeting.

8. Mr. Adams reported on the SCO recommendations. The SCO review concluded that the review did not identify any significant deficiencies with ABAG's administrative and internal accounting controls but noted serious weaknesses in ABAG's oversight of the Finance Authority operations. Mr. Adams reported that ABAG will continue to strength the controls over FAN and will integrate the recommendations with the recommendations from our internal investigation. He also advised the Committee of the status on other recommendations including accounts payable processing, performance evaluations, bank reconciliations, travel polices, and a centralized contract tracking system.
9. There was no reportable action from Closed Session.
10. Meeting was adjourned at 6:54 pm.

Submitted: Susan Hsieh, Assistant Finance Director