



COUNTY OF HUMBOLDT

For the meeting of: 11/22/2021

File #: 21-1741

To: Board of Supervisors

From: Clerk of the Board

Agenda Section: Departmental

SUBJECT:

Consideration of a Resolution and Vote of No Confidence in Karen Paz Dominguez, Auditor-Controller (Supervisor Bass, Supervisor Bushnell)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Consider taking a Vote of No Confidence in Karen Paz Dominguez, Auditor-Controller; and Adopt the resolution expressing a Vote of No Confidence in the job performance of the Humboldt County Auditor-Controller.

SOURCE OF FUNDING:

N/A

DISCUSSION:

The Auditor-Controller is an elected county official. Government Code Section §26881 provides that the county auditor, or in counties that have the office of controller, the auditor-controller shall be the chief accounting officer of the county. Upon order of the Board of Supervisors, the auditor or auditor-controller shall prescribe, and shall exercise a general supervision, including the ability to review departmental and countywide internal controls, over the accounting forms and the method of keeping the accounts of all offices, departments, and institutions under the control of the Board of Supervisors and of all districts whose funds are kept in the county treasury.

Karen Paz Dominguez's tenure as Auditor-Controller has been marred with deficiencies in the following ways:

- Interest apportionment has not taken place for the entirety of Fiscal Year (FY) 2020-21 or 2021-22;
- Cash has not been reconciled since FY 2018-19 (currently Macias, Gini & O'Connell [MGO] is bringing this work up to date);
- As reported by Fortuna Union High School, statutory deadlines for reporting property taxes are not being met;
 - On Nov. 10, 2021, the Board of Supervisors was notified that the Fortuna Union High

School District passed a vote of non-confidence in the county Auditor-Controller, Karen Paz Dominguez

- FY 2019-20 single audit is two months past due, following a six-month extension. This has significant impacts on Workforce Innovation and Opportunity Act (WIOA) funding, the Department of Child Support Services, California Development Block Grant (CDBG) funds, Roads funding, First 5 and has made the county ineligible for United States Department of Agriculture (USDA) grants and potentially other competitive state and federal programs;
 - The Workforce Development Board passed a Vote of No Confidence in the county Auditor-Controller, Karen Paz Dominguez at their Nov. 19, 2021 Board meeting.
 - First 5's legal counsel has contacted the county regarding the county's failure to comply with the Memorandum of Understanding between the county and First 5, specific to fiscal services through the county Auditor-Controller
- The FY 2020-21 cost plan was due Dec. 2019; it was not approved by the State Controller until June 2021 and still remains unposted;
- The FY 2021-22 cost plan was due Dec. 2020 and is still not completed;
 - Due to delays, the FY 2021-22 budget was developed using FY 2019-20 costs as an estimate, it is likely there will be large deviations and thereby creating significant budgetary impacts
- The Auditor-Controller failed to respond to correspondence from the IRS regarding payroll tax discrepancies, causing \$173,022 in penalties, assessments, and liens;
- The Financial Transactions Report is due to the State Controller's Office by the end of January, following the close of the fiscal year. The Financial Transactions report has not been submitted for FY 2019-20 and the county can be penalized up to \$5,000 for the failure to meet this statutory deadline;
- Lobbyist reports have not been submitted timely, \$14,000 in penalties have been assessed;
- The Chart of Accounts has not been finalized yet and object codes continue to be closed;
 - Departments are struggling to obtain from the Auditor-Controller tools such as the setup of funds, budget units, ten-digit org keys and job ledger codes to effectively manage their budgets
- Delays in posting journals, supplemental budgets and appropriation transfers, often times more than eight months after submittal, are limiting the ability of departments to effectively manage budgets and expenditures;
 - Failure to post these transactions timely forces staff to conduct extensive manual tracking
 - Failure to post transactions resulted in delinquent CARES Act reporting and other mandated financial reporting
- Failure to pay vendors timely, resulting in late fees, inflated cost proposals, lost discounts and the elimination of credits accounts;
- Failure to pay employee expense claims timely;
- Failure to pay child support payments timely;
- Failure to promptly settle employees;
- Failure to timely post daily deposits to the general ledger;
- Failure to effectively transition and manage payroll;

- CalCard penalties for failure to process payments timely;
- Delayed payment of Election/Poll Worker's stipends;
- Refusal to post interest apportionment from non-general funds to the general fund as allowed by Government Code. This has eliminated more than \$1 million in interest that is rightfully due to the general fund as discretionary revenue;
- The Auditor-Controller has publicly misrepresented status of the single audit;
- Budget blocks have been removed, making it difficult to manage appropriations;
 - Government Code §29122 The board shall not approve a claim and the auditor shall not issue payment for any obligation in excess of that authorized in the budget unit appropriation, except upon an order of a court, for an emergency, or as otherwise provided by law
- FY 2020-21 Adopted Budget has not been finalized or submitted to the State Controller Office as actuals for FY 2019-20 are not yet available;
 - The deadline was Dec. 1, 2020
- Failure to adhere to the Board of Supervisors request for written Board reports detailing operational impacts associated to the payroll transfer and other county operations;
- Failure to participate in meetings, collaborate or communicate with departments or external agencies regarding financial transaction activities;
- Refusal to update budget reports and participation in the budget process; and
- Failure to take responsibility for her actions.

The county has allocated substantial resources to assist the Auditor-Controller, to no avail. These resources included consultants to assist with year-end and payroll process, additional staffing, and leadership training and coaching.

The action before you today is a Vote of No Confidence and adoption of a No Confidence Resolution. The Vote of No Confidence is a vote that your Board no longer has confidence in the job performance of Karen Paz Dominguez, Humboldt County Auditor-Controller. Adoption of the resolution along with the Vote of No Confidence will direct that the Auditor-Controller to act with all speed and diligence to remedy all items detailed in today's agenda item, and to faithfully fulfill the duties of her office.

FINANCIAL IMPACT:

There is no financial impact to the action before you today other than staff time to create the Board report. In addition to the financial impacts detailed in this report, staff have indicated a severe loss in productivity.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by providing community-appropriate levels of service .

OTHER AGENCY INVOLVEMENT:

N/A

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ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion.

ATTACHMENTS:

Resolution

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A