

**Audit and Finance Committee (AFC) Meeting Notes
August 22, 2022 @ 10:30AM; Room 502**

AFC Members in Attendance:

Mr. Jim Holland & Mr. Chris Winslow

Staff in Attendance:

Dr. Joseph Casey, Matt Harris, Gerard Durkin, Khara Durden, Steve Sanderson, & Mary Martin Selby

Call to Order: Mr. Winslow called the meeting to order at 10:30AM. He introduced the first presenter, Ms. Mary Martin Selby.

1. Healthcare Update: Ms. Mary Martin Selby, Director of Human Resources & Ms. Claire Harlin, Account Executive for USI Insurance Services

- Ms. Martin Selby introduced Ms. Claire Harlin to review the upcoming 2023 Health Plan Preliminary Review.
- Mr. Holland asked for clarification on the new healthcare rate in relation to last year's rate. Ms. Carlin stated 2022 rates were held flat to 2021 and this year's rate will increase approximately 5.3 percent.
- Ms. Carlin reviewed the impacts of the increase in rates on employee health plans and respective payroll deductions.
- Mr. Winslow asked about the impact of the pandemic and employees delaying visits to healthcare provider, and if the County saw a decline in visits to the County's Employee Medical Center (EMC). Ms. Martin Selby relayed that the EMC was additionally staffed and prioritized for COVID-19 related incidences. Ms. Martin Selby also stated that wellness visits that were once put off due the pandemic are back in full swing.
- Mr. Holland asked if there could be an impact from the COVID-19 pandemic on healthcare providers. Ms. Carlin stated that there had been an increase in catastrophic claims related to COVID-19 illnesses, but recent claims have decreased over the last year. Ms. Carlin stated that she was unsure where the cost of treatment for COVID-19 was being paid but believes the Federal Government has been paying those claims.

2. Budget Update: Mr. Matt Harris, Deputy County Administrator for Finance and Administration & Mr. Gerard Durkin, Budget Director

a. *Economic Update*

- Mr. Durkin reviewed national, state, regional, and local economic indicators in relation to the impact on the County's year-end outlook and upcoming FY2024 Budget cycle.
- Regarding national delinquencies, Mr. Winslow confirmed that he follows credit card balances and has seen the same increase nationwide and wonders if savings from pandemic relief payments have started to wear off.

- Regarding housing indicators, Mr. Holland commented that Chesterfield has maintained regulatory reform for housing to help keep costs of housing lower as well as lower real estate tax rates.
- Mr. Holland commented that it is difficult to compare to prior recessions as there have been different methods of work (for example, teleworking) now compared to previous recessions, but that companies' investments could be hampered by increasing interest rates.
- Mr. Durkin reviewed year-end strategies for the County's expected surplus. Regarding the increase of Tax Relief for the Elderly and Disabled, Mr. Holland asked for staff to provide a review of the policy to ensure the County is remaining equitable with tax relief.
- Mr. Holland and Mr. Winslow commented that they agree with staff's recommendations for the FY2022 Year-End Strategy.

b. *Referendum Update*

- Mr. Harris stated that Board of Supervisors will be presented a comprehensive review of the Referendum during the next Board of Supervisor's meeting on Wednesday, August 24, 2022.

3. Internal Audit: Ms. Khara Durden, Director of Internal Audit & Mr. Steve Sanderson, Assistant Director of Internal Audit

a. *FY2023 Audit Plan and Hotline Activity Update*

- Ms. Durden reviewed the FY2023 Audit Plan Update which provides information on completed, in progress, and remaining audit projects.
- The FY2023 Audit Plan update included an update on the Constitutional Officer Audit project. Ms. Durden stated that the Commissioner of the Revenue declined engagement with both the External Auditor and Internal Audit regarding Tax Relief Agreed Upon Procedures. Ms. Durden reassured that Internal Audit is open to working with all Constitutional Officers in the County.
- Mr. Holland shared that he is concerned with the lack of cooperation of some Constitutional Officers. Mr. Winslow stated that citizens become unaware of internal processes with this lack of cooperation. Mr. Winslow and Mr. Holland asked staff to prepare an audit plan to present to the Board of Supervisors.
- Mr. Sanderson reviewed Internal Audit Hotline activity and updated the Committee on closed topics.

b. *Periodic Reports*

- Ms. Durden continued review of the Audit Report indicating APA Comparative Report rankings and examining specific Internal Audit reports.
- Mr. Winslow asked staff why there is a large volume of open cases for Schools. Mr. Sanderson and Ms. Durden stated that most of the open cases are Schools technology cases and that some audit recommendations have recently been completed. Dr. Casey confirmed that Schools IST has been in contact with the County's IST to collaborate on audit projects.

- Mr. Holland requested that staff provide information on who the 12 Regional Partnership Organizations are that were included in the Regional Partnership Organization Audit (April 6, 2022). Ms. Durden listed the organization involved. Mr. Holland also asked if the regional partnerships have contacted Internal Audit for assistance. Ms. Durden confirmed that some organizations have reached out and Internal Audit has provided assistance.
- Mr. Winslow and Mr. Holland commended the Internal Audit department for a job well done.

Mr. Winslow adjourned the meeting at 12:03PM.