



May 23, 2024

INFORMATION ACTION

SUBJECT: FIRST 5 GLENN COUNTY

SUMMARY OF THE ISSUE

First 5 Glenn County has failed to meet state requirements in regard to the submission of the fiscal year (FY) 2022–23 audit and annual report. First 5 Glenn County has acknowledged the importance of adhering to deadlines set by First 5 California (F5CA) and Health and Safety Code Section 130140-130150. The adopted First 5 Glenn County audit for FY ending June 30, 2023, has a negative fund balance and specific findings. This is an unprecedented situation and Commissioners have requested to have a conversation with First 5 Glenn County to better understand the path forward.

First 5 Glenn County Chair Bill Wathen will provide information regarding the audit, actions that have been taken, and address F5CA Commissioner questions.

A detailed timeline and implications regarding this situation are included in the Background section below.

BACKGROUND

On February 23, 2024, the State Controller's Office (SCO) sent a letter to First 5 Glenn County regarding the delinquent Audit Report for FY 2022–23.

On February 29, 2024, F5CA sent First 5 Glenn letters of non-compliance regarding their Small Population County Funding Augmentation (SPCFA) grant and Delinquent State Audit Report and Annual Report. In alignment with the SCO, F5CA allowed for a 5-day response time to cure the non-compliance issues. In addition, F5CA set up a meeting with First 5 Glenn to discuss the letters.

On March 11, 2024, F5CA met with First 5 Glenn County to discuss the letters and a path forward. During the meeting, F5CA staff offered to provide intensive support to address the non-compliance issues. To that end to trigger that support, F5CA asked First 5 Glenn County to formally respond to the letters of non-compliance.

On April 24, 2024, First 5 Glenn provided a formal response to the non-compliance letters, which included the three attachments in this item.

On April 30, 2024, F5CA staff attended First 5 Glenn County's Commission meeting, at the direction and request of Director Wong, to provide support as First 5 Glenn County adopted the July 1, 2022 – June 30, 2023, audit report that reflects a significant negative balance. The First 5 Glen County meeting agenda can be found at <http://www.first5glenncounty.com/documents/First-5-April-30-Agenda-1.pdf>.

Due to the issues of non-compliance of state requirements, the SCO has not distributed any disbursements to First 5 Glenn County.

This is an unprecedented situation in the 25-year history since the establishment of the California Children and Families Commission, and consideration should be made to review the Commission's grant oversight processes and procedures.

SUMMARY OF PREVIOUS COMMISSION DISCUSSION AND ACTION

The Commission has not previously discussed or taken action on this subject.

FISCAL DETAIL

Fiscal detail related to this issue will be provided by First 5 Glenn County Chair Bill Wathen.

ATTACHMENTS

- A. First 5 Management Letter DRAFT
- B. First 5 Path Forward
- C. First 5 Glenn County Report 23-1