

CHIEF EXECUTIVE OFFICER'S REPORT

September 2016

401 K Audit – During the course of the audit it was discovered that our original Empowerment document agreement had a box checked that indicated that the plan does not include Roth contributions. Our agency has provided this contribution option for many years. The error has caused a delay in the auditor's finishing. The auditor has requested that we work with Empowerment to amend the original document that would reflect the Roth option. It turns out that this is not as simple as we originally thought. Because the IRS has oversight concerning these matters we had to retrain specialized council to file the amendment and only when the IRS approves the request will the auditor be able to attest that our 401K plan conforms to the industry standard. This particular matter is anticipated to cost our agency between \$4,000 to \$8,000. We will be asking Empowerment to share in the cost. The overall goal is to have our plan approved by the auditor. Given this issue and other difficulties we have had with Empowerment we are shopping for a new vendor.

Community Corrections – Kristina continues in her capacity as acting Director for the program. We have several applications and will be reviewing the list in the next couple of days. If an applicant is selected Kristina will remain at CC for a long transitioning and mentoring time period.

Kristina reports that she is making changes to the curriculum and is reviewing documents for updates. She is working with the screening committee to provide a more comprehensive review of the applicants on the community side of CC. The referrals have not be coming at the pace we need and thus the revenue picture is not where we need it to be. The good news is that Kristina's efforts have paid off and there is now a higher number of applicants being accepted. Because we have had staff turn over the overall revenue shortfall has been offset by savings in personnel. The offset did not cover the total loss, but has given us a smaller target to chase.

We are preparing for the OBH audit review and have not received DCJ's finding yet. We anticipate that a report will be delivered in the month of October and we are anticipating that the IRT contract will not be terminated. If this is the case then we move to address the findings of the audit. We have learned that Glen Tapia has suffered an injury and will not return for a period of three months. Kristina is working with DCJ management as she responds to findings from the first audit.

We continue to the quest to market the sale of CC.

SyCare – We have had a positive experience with the introduction of the new EHR software. There are some individual center issues that are being worked out, but I must report that Sandy has done an outstanding job to sort out the various circumstances that have surfaced during the implementation process. She is sponsoring the Latino Chamber Candidate Forum this Friday and I plan to support her by attending. She has worked hard to introduce the SyCare brand in the partnership regions and I expect on going great work in this area. We are having to meet more often as we move closer to the looming RFP release, which will be sometime in October.

ICHP – Chris will be traveling to the valley in the next two weeks to introduce her new staff. She is excited to have this type of support and hope it will get her close to helping with the daily work load. She continues to struggle with our contract with VO and has been very critical of Myron in his capacity as a board member and his involvement with the operating agreement with VO. She is struggling with moving to getting the budget approved for the balance of the year and is having similar difficulties with the strategic plan. We have agreed to not meet monthly as a board and have delegated this to the Executive Committee.