

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller *SPK*

BOARD AGENDA # *B-2

Urgent ☐

Routine ☒

AGENDA DATE October 15, 2013

CEO Concurs with Recommendation YES ☒ NO ☐
(Information Attached)

4/5 Vote Required YES ☐ NO ☒

SUBJECT:

Approval to Accept the Auditor-Controller's Report on Stanislaus County's Revolving Funds as of June 30, 2013

STAFF RECOMMENDATIONS:

Accept the Auditor-Controller's report on Stanislaus County's revolving funds as of June 30, 2013.

FISCAL IMPACT:

The total amount of the revolving funds as of June 30, 2013 was \$145,792. Of that total, \$90,835 is accounted for and reported in the General Fund; \$45,445 is accounted for and reported in the Special Revenue Funds; \$4,850 is accounted for and reported in the Enterprise Funds; \$700 is accounted for and reported in the Internal Service Funds; and \$3,962 is accounted for and reported in the Trust and Agency Funds. One new revolving Fund was added over the prior Fiscal Year. Please refer to Attachment A for a detailed listing of the revolving funds.

(continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2013-498

On motion of Supervisor Withrow, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST:

Christine Ferraro
CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (continued):

There were four revolving fund changes requiring reporting during Fiscal Year ending June 30, 2013:

The amounts assigned to three revolving funds were increased during Fiscal Year 2012-2013. The Salida Branch Library increased the amount in their change fund by \$60 from \$150 to \$210 due to an increase in customer demand for services. The Health Services Agency increased the amount in their Indigent Health Care Program change fund by \$50 from \$50 to \$100 due to an increase in patients paying a Share of Cost/Patient Liability amount and the need for making change. The Health Services Agency also established an Administration Public Information Officer Change Fund in the amount of \$50. This new revolving fund is utilized by the Public Information Officer in the event of emergencies and for essential supplies to support the Health Services Agency.

One revolving fund was closed during Fiscal Year 2012-2013. The Stanislaus Council of Governments, formerly the Stanislaus Area Association of Governments, chose to close their revolving change fund of \$50 established originally under its former name. The Stanislaus Council of Governments determined there was no longer a need for the revolving fund. The total cash returned to the County Treasury for this fund was \$50.

The total adjustment to the revolving funds during Fiscal Year ending June 30, 2013 was a net increase of \$110.

The Auditor-Controller's Office was notified of four instances of cash loss requiring reporting during Fiscal Year ending June 30, 2013:

The four losses concern cash held in cash drawers at several locations in the Health Services Agency. Three separate occurrences resulted in shortages of \$10, \$20 and \$20. The department could not provide a specific reason as to why the shortages occurred but determined after a review was performed the losses were most likely a result of established procedures not being adhered to.

Additionally, on October 29, 2012, The Health Services Agency, Paradise Medical Office, located in Modesto, reported a cash loss of \$171 from one of two cash drawers utilized by the office. The loss was due to an employee borrowing the cash from the drawer. The employee returned the cash shortly thereafter. The department initiated an investigation as soon as the loss was recognized. The loss was also investigated by the Auditor-Controller's Office. The Auditor-Controller's Office issued a report regarding the incident. Please refer to Attachment B for a review of the report. The employee involved in the cash loss no longer works for the County.

The total loss to the revolving funds during Fiscal Year ending June 30, 2013 was a loss of \$221.

While performing the review of selected revolving funds we noted two issues that are included as part of this report:

One revolving bank account fund held by the Treasurer-Tax Collector Revenue Recovery Division for the period under review had an account balance of \$670 for an established \$5,000 amount. The division had not submitted replenishment requests accurately and in a timely fashion. A difference of \$4,330 with the established imprest amount existed as of June 30, 2013. The division did attempt to reconcile the fund by listing the outstanding payments. Additionally, during Auditor-Controller's review of the department's reconciliation process we noted duplicate items listed as outstanding items. The division has revised their procedures related to the reconciliation process. Since our review the fund has been replenished in the amount of \$3,350. The amount of \$980 is still outstanding.

One revolving bank account fund held by the Law Library for the period under review had an account balance of \$2,518 for an established \$3,000 balance. We noted this fund was not being replenished on a monthly or quarterly basis. This is an agency revolving trust fund and has been replenished on an as needed basis due to low activity in the account. The Law Library has revised their procedures to include quarterly replenishments of their account beginning October 1, 2013 and every quarter thereafter as recommended by accounting best practices.

DISCUSSION:

A revolving fund is an account into which a fixed amount of money is established by an advance of funds, without charge to an appropriation, for the purpose of minor disbursements or disbursements for a specific purpose (e.g., postage due). When disbursements are made, a voucher is completed to record the date, amount, nature and purpose. At the appropriate time, a report with substantiating vouchers is prepared, the account is replenished for the exact amount of the disbursements and appropriate general ledger accounts are charged. The total of cash plus substantiating vouchers should always equal the total fixed amount of money set aside in the revolving fund.

Pursuant to Government Code Section 29321.1, "...the county auditor shall...render a written report to the board at the end of each fiscal year identifying the revolving funds in existence during the fiscal year, the amount of such fund, and the officer using the fund."

On December 5, 1989, the Board of Supervisors by resolution authorized the Auditor-Controller to "perform the function of the Board in establishing, increasing, reducing or discontinuing any of the revolving funds provided for in this article." Pursuant to the authority granted the Auditor-Controller, changes to the revolving funds have occurred during the fiscal year. The establishment of revolving funds that exceed \$1,000 must still have Board approval.

POLICY ISSUE:

Acceptance of this report supports the Board's priority of Efficient Delivery of Public Services by helping improve the efficiency of County government processes. The Board must also confirm that the utilization and establishment of revolving funds is consistent with Government Code section 29321.1.

STAFFING IMPACT:

There are no staffing impacts associated with the adoption of this report. The Auditor-Controller's Office will continue to monitor and track the various funds and accounts maintained by departments.

CONTACT INFORMATION:

Lauren Klein, CPA

Auditor-Controller

(209) 525-6576

**Stanislaus County
Revolving Fund Schedule
June 30, 2013**

Attachment A

<u>Department</u>	<u>Address</u>	<u>Change Fund</u>	<u>Special Fund</u>	<u>Revolving Fund</u>	<u>Total</u>
<u>GENERAL FUNDS</u>					
Agricultural Commissioner Weights & Measures Modesto Office	3800 Cornucopia Way, Ste B, Modesto	\$100.00		\$600.00	
Auditor-Controller Postage Trust-Postage Due				\$4,000.00 ***	
Assessor Postage Due Change Fund	1010 10th St. 2nd Flr, Modesto	\$100.00		\$25.00	
Board of Supervisors Petty Cash	1010 10th St. 6th Flr, Modesto			\$30.00	
Clerk-Recorder Elections Clerk-Recorder Clerk-Recorder Vital Statistics Clerk-Recorder	1021 I Street, 1st Floor, Modesto	\$50.00 \$200.00 \$200.00 \$200.00		\$200.00	
Cooperative Extension	3800 Cornucopia Way, Ste A	\$100.00			
District Attorney Interstate Witness Contact Witness Protection Program	832 12th Street. Ste 300		\$5,000.00 * \$50,000.00 *		
General Services Agency Bulk Mailing Permit	1010 10th St. 5th Floor, Modesto			\$2,500.00 ***	
Parks Modesto Reservoir Woodward Reservoir Frank Raines Park La Grange Park Parks Permits Change Fund Modesto Reservoir - Gas Modesto Reservoir - Gas	3800 Cornucopia Way, Ste C, Modesto	\$2,525.00 \$2,350.00 \$475.00 \$250.00 \$25.00 \$200.00 \$200.00		\$50.00 \$250.00	
Planning	1010 10th St. 3rd Floor, Modesto	\$30.00			
Probation	2215 Blue Gum Ave, Modesto	\$200.00			
Public Administrator Probate	250 E. Hackett, Modesto			\$10,000.00 *	
Public Defender Postage Due	1021 I St, 3rd Flr, Ste 3500, Modesto			\$25.00	
Sheriff Civil Division Petty Cash Fingerprint Alternate Work Program	801 11th St, Ste 2200, Modesto 250 E. Hackett, Modesto 250 E. Hackett, Modesto 801 11th St, Ste 3100, Modesto	\$150.00 \$200.00 \$200.00		\$300.00	

<u>Department</u>	<u>Address</u>	<u>Change Fund</u>	<u>Special Fund</u>	<u>Revolving Fund</u>	<u>Total</u>
Treasurer-Tax Collector	1010 10th St. 2nd Flr, Modesto				
Over, Short, Postage Due				\$300.00	
Registered Mail, Writs of Execution				\$5,000.00 *	
Change Fund		\$3,000.00			
Collection Division		\$1,800.00			
TOTAL GENERAL FUND		\$12,555.00	\$55,000.00	\$23,280.00	\$90,835.00

SPECIAL REVENUE

Area Agency on Aging	121 Downey Ave., Suite 102				
Petty Cash				\$200.00	
Behavioral Health & Recovery	800 Scenic Drive, Modesto				
Change Fund		\$50.00			
Petty Cash				\$80.00	
Homeless				\$8,000.00 *	
Emergency Revolving Fund				\$120.00	
WMRS Change Fund	500 N. 9th St, Modesto	\$50.00			
TRS Change Fund		\$50.00			
Stanislaus Recovery Center	1904 Richland Ave, Ceres	\$200.00			
Training Change Fund		\$100.00			
Child Support Services	251 E Hackett Rd, Modesto				
Revolving				\$100.00 *	
Community Service Agency	251 E Hackett Rd, Modesto				
Revolving				\$1,900.00 *	
Cashier		\$300.00			
Office Services				\$500.00	
Postage Due				\$22,000.00	
Emergency Client Services				\$250.00	
Turlock Out Station	101 Lander Ave Turlock	\$200.00			
District Attorney	832 12th Street, Suite 300				
Child Abduction Unit			\$5,000.00 *		
Environmental Resource					
Change Fund	3800 Cornucopia Way, Ste C, Modesto	\$700.00			
Petty Cash	3800 Cornucopia Way, Ste C, Modesto			\$100.00	
Health Services Agency					
IHCP Public Information Officer Change Fund	830 Scenic Drive, Modesto	\$50.00			
Vital Statistics	820 Scenic Drive, Modesto	\$100.00			
Communicable Disease	820 Scenic Drive, Modesto	\$950.00			
Crippled Children	830 Scenic Drive, Modesto			\$2,500.00 *	
IHCP Change Fund	820 Scenic Drive, Modesto	\$100.00			
Library	1500 I Street, Modesto				
Main-Circulation		\$300.00			
Main-Xerox		\$100.00			
Main-Reference		\$100.00			
Ceres	2250 Magnolia Ave, Ceres	\$100.00			
Hughson	2412 A Third St, Hughson	\$50.00			
Newman	1305 Kern, Newman	\$50.00			
Salida	4835 Sisk Rd, Salida	\$210.00			
Turlock	550 Mineret Ave, Turlock	\$140.00			
Waterford	324 E St, Waterford	\$50.00			
Keyes	4420 Maud Ave, Keyes	\$50.00			

<u>Department</u>	<u>Address</u>	<u>Change Fund</u>	<u>Special Fund</u>	<u>Revolving Fund</u>	<u>Total</u>
Oakdale	151 S. First Ave. Oakdale	\$70.00			
Denair	4801 Kersey, Denair	\$50.00			
Empire	18 S. Abbie, Empire	\$50.00			
Patterson	46 N. Salado, Patterson	\$50.00			
Riverbank	3442 Santa Fe, Riverbank	\$50.00			
Share Acct- Safety Deposit Box	1419 J St, Modesto			\$25.00	
Petty Cash		\$100.00			
Planning					
Building Permits	1010 10th St. 3rd Flr, Modesto	\$100.00			
Building Permits	1010 10th St. 3th Flr, Modesto	\$100.00			
Public Works					
Change Fund	Morgan Road Office	\$100.00			
TOTAL SPECIAL REVENUE		<u>\$4,670.00</u>	<u>\$5,000.00</u>	<u>\$35,775.00</u>	<u>\$45,445.00</u>
 <u>ENTERPRISE FUNDS</u>					
Fink Road Landfill					
Fink Road Landfill	4000 Fink Rd, Crows Landing	\$1,000.00			
Health Services Agency - Clinics					
Business Office	830 Scenic Drive, Modesto			\$1,000.00	
Hughson Clinic	2412 3rd St, Hughson	\$300.00			
Outpatient		\$150.00			
Specialty Clinic		\$200.00			
Ceres Medical Office	3109 Whitmore Ave, Ceres	\$200.00			
MAB Pediatrics		\$100.00			
Physical Therapy (REHAB)		\$100.00			
Business Office Petty Cash				\$350.00	
Business Office Window		\$100.00			
Turlock	800 Delbon St, Ste A, Turlock	\$300.00			
McHenry	1209 Woodrow, Modesto	\$300.00			
West Modesto Clinic	401 Paradise Rd, Modesto	\$450.00			
Public Works - Transit					
Transit - Postage Due				\$300.00 ***	
TOTAL ENTERPRISE FUNDS		<u>\$3,200.00</u>	<u>\$0.00</u>	<u>\$1,650.00</u>	<u>\$4,850.00</u>
 <u>INTERNAL SERVICE FUNDS</u>					
Risk Management	1010 10th St., 5th Floor, Modesto				
General Liability - Minor Claims				\$500.00	
Strategic Business Technology					
SBT Local Purchases	801 11th St, Ste 4100, Modesto			\$200.00	
TOTAL INTERNAL SERVICE FUNDS		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$700.00</u>	<u>\$700.00</u>

<u>Department</u>	<u>Address</u>	<u>Change Fund</u>	<u>Special Fund</u>	<u>Revolving Fund</u>	<u>Total</u>
<u>TRUST AND AGENCIES</u>					
Animal Services	3647 Cornucopia Way, Modesto				
Rabies Control		\$300.00			
Rabies Control				\$100.00	
Change Fund		\$400.00			
Law Library	1101 - 13th St, Modesto	\$112.00		\$3,000.00 *	
StanCERA	832 12th St, Ste 600, Modesto			\$50.00	
TOTAL TRUST AND AGENCIES		<u>\$812.00</u>	<u>\$0.00</u>	<u>\$3,150.00</u>	<u>\$3,962.00</u>
TOTAL REVOLVING FUNDS		<u>\$21,237.00</u>	<u>\$60,000.00</u>	<u>\$64,555.00</u>	<u>\$145,792.00</u>

* Held in outside checking account.

** Held in County Treasury.

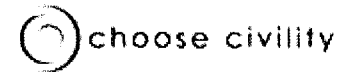
***On deposit with the Post Office.



AUDITOR-CONTROLLER

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ATTACHMENT B

STANISLAUS COUNTY EXECUTIVE SUMMARY HEALTH SERVICES AGENCY – PARADISE MEDICAL OFFICE CASH SHORTAGE REPORT

ENGAGEMENT PURPOSE

This report contains the results of our investigation into a reported cash shortage at the Health Services Agency, Paradise Medical Office (clinic). The Health Services Agency reported a cash shortage of \$171.00 in one of the two cash drawers utilized by the clinic. The Auditor-Controller's Office was notified of the missing funds and an investigation was performed.

The Auditor-Controller's Office is required to investigate instances of cash shortages or losses when notified of these instances. We performed limited procedures which consisted primarily of inquiry and observation of Health Services Agency personnel at the Paradise Medical Office along with a review of department written policies and procedures.

OBJECTIVE

The objective of this evaluation was to identify the cash handling policies and procedures utilized by the Health Services Agency, Paradise Medical Office, to receive, handle, and safeguard customer payments including daily reconciliation and deposit of those payments. We evaluated such procedures for any significant weaknesses regarding internal controls over cash, also noting any potential inefficiency related to operational aspects.

DESCRIPTION OF CASH SHORTAGE

On Monday, October 29, 2012, during the required opening cash count procedures for the day, two employees performing these procedures noticed \$171.00 was missing from the required \$225.00 imprest balance. Of the required \$225.00 imprest amount only \$54.00 was noticed in the locked cash bag. Clinic employees followed appropriate procedures and notified their supervisors of the cash shortage.

Clinic staff determined that the shortage occurred over the weekend when Urgent Care was open for residents who require care during that time period. The employee assigned to handle the cash drawers over the weekend borrowed \$171.00 from the cash drawer. The cash was returned to the clinic on Tuesday, October 30, 2012.

CONCLUSION

While the department has adequate procedures in place to prevent this type of cash shortage these procedures were not adhered to by department employees. Department cash procedures require the cash to be counted by a control clerk and verified by a collection clerk twice a day, once in the morning and again in the evening. During the weekend the cash is counted by the control clerk and verified by either a Medical Assistant or Nurse on duty.

In this instance the control clerk was the employee who borrowed the cash. This employee did not request verification of the cash balances from clinic professional staff nor did the professional staff on duty during that time initiate the cash verification process.

However, department cash handling procedures and performance of these procedures detected the cash shortage soon after the theft. Additionally, clinic management and employees acted appropriately and quickly once the theft was determined. The department initiated disciplinary action toward the employee involved and an investigation regarding this incident.

We would like to thank the Health Services Agency and Paradise Medical Office personnel for their cooperation. Their assistance contributed significantly to the successful completion of our evaluation.

MANAGEMENT COMMENTS

Observation: Department cash handling procedures appear to be sufficient however based upon the incident performance of these procedures requires strengthening. Controls are in place through the verification process when the cash count is performed thereby reducing the risk of theft by one individual.

Recommendation: The department should provide further instruction to staff regarding the cash handling procedures in place and the importance of adhering to these procedures.

Department Response: After the incident, staff received extensive training and education on the department's cash handling and other related internal control policies and procedures. The lead clerical staff were directed to more closely oversee, supervise and monitor the Clinic's cash handling process to ensure full compliance with the Department's internal control policies and procedures.

The log sheet used to record the daily cash transactions is currently being revised from a manually dated log to an updated version with pre-printed dates. The new log will help staff ensure that cash transactions for all dates are accounted for; eliminating the risk of potential omissions during the daily cash balancing process. This will help identify any discrepancies and strengthen the control process.

The employee involved in this incident has since been terminated and is no longer working for the department.