

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
January 24, 2017

To: Board of Supervisors

From: Department of Finance

Subject: Request For Relief Of Accountability For Cash Losses In The Amount Of \$9,973.12 Occurring At The Payments Services Bureau Within The Department Of Finance

Supervisory District(s): All

Contact: Ben Lamera, Director of Finance, 874-6001

**Overview**

The Department of Finance, Auditor-Controller, Payment Services Bureau (Payment Services) is responsible for paying invoices on behalf of the County of Sacramento (County).

Payment Services recently implemented a new verification process and amended its internal controls over its payment processes. During implementation of this change in internal control procedures, Payment Services reviewed and reconciled all open and unpaid invoices or credit balances for vendors. As credit balances were identified, Payment Services reached out to department(s) requesting they contact their vendor(s) to recover credit balances or resolve the differences. Four vendor credits were identified as uncollectible, were over ten years old, and the County no longer has a relationship. The amount requested for relief is comprised of vendor credits in the amounts of: \$2,059.78, \$107.75, \$1,805.59, and \$6,000.00; totaling \$9,973.12. The losses were identified on July 25, 2016 and occurred during fiscal years 1995, 1999, and 2001.

Approval of the Department of Finance's request for relief of accountability (ROA) will allow the department to remove the vendor credits from its financial records.

**Recommendation**

Approve the attached request for relief of accountability from Payment Services in the amount of \$9,973.12.

**Measures/Evaluation**

Recently amended internal control procedures regarding check writing processes are intended to quickly identify and address and/or eliminate any future vendor credit balances.

**Fiscal Impact**

The net fiscal impact to the County is cash losses in the amount of \$9,973.12 from business operations occurring in the County's General Fund (001A).

Request For Relief Of Accountability For Cash Losses In The Amount Of \$9,973.12 Occurring At The Payments Services Bureau Within the Department of Finance

**BACKGROUND**

Payment Services processes vendor claims for County departments and special districts within Sacramento County. Vendor payments processed by Payment Services includes: contract and vendor payments, payments for judgments, court-ordered payments, and interpreter claims. Payment Services also performs pre-audits in order to ensure that the approximate 500,000 payments processed annually are accurate and payable to authorized parties.

The County of Sacramento's Accounting System and Procedures Manual requires the Auditor-Controller's Office to review cash losses from County departments equal to, or exceeding, \$1,000.00 and forward the requests for relief of accountability (ROA) to the Board for approval. Cash losses equal to, or greater than, \$1,000.00 must be presented to the Board annually. The Department of Finance is requesting relief of accountability in the amount of \$9,973.12 to remove the outstanding vendor credit balances from its financial records.

**DISCUSSION**

Payment Services recently implemented a new verification process and amended its internal controls over its check writing processes. As part of these amended internal control procedures, vendor credit balances are now part of the reconciliation process when confirming amounts paid to vendors. Additionally, the amended procedures require a daily reconciliation of vendor credits and timely follow up with the County departments where the vendor credits originated from. This change is intended to ensure that prompt action is taken to address any future occurrences of vendor credits.

During implementation of this change in procedures, Payment Services reviewed and reconciled all open and unpaid invoices or credit balances for vendors. As each balance was identified, Payment Services reached out to the department(s) requesting they contact their vendor(s) to recover credit balances or resolve the differences. Ultimately, four (4) vendor uncollectible credits were identified.

The four (4) separate uncollectible vendor credits occurred during fiscal years 1995, 1999, and 2001, in the following amounts:

Fiscal Year 1995	\$2,059.78
Fiscal Year 1999	107.75
Fiscal Year 2001	<u>7,805.59</u>
Total:	\$9,973.12

Due to the age of the vendor credits, the County no longer has the invoices and supporting documentation to support any claim of overpayment (credits). There are no current invoices or activities with the vendors that could potentially offset these credits. Therefore, in the absence of a current relationship with the vendors and no supporting documentation, we are unable to substantiate and pursue collection.

Also attached is the Department of Finance's Internal Audits staff report for this request. The results of the review confirmed that the circumstances related to the loss have been properly reported and reviewed as required by the County's Accounting System and Procedure Manual.

Request For Relief Of Accountability For Cash Losses In The Amount Of \$9,973.12 Occurring  
At The Payments Services Bureau Within the Department of Finance

The results of that review did not indicate evidence of fraud or gross negligence on the part of County management. In addition, the request and appropriate supporting documentation have been reviewed and were found to be complete. Therefore, we are recommending the Board approve the request for relief of accountability.

**MEASURES/EVALUATION**

Recently amended internal control procedures regarding check writing processes are intended to quickly identify and address and/or eliminate any future vendor credit balances.

**FINANCIAL ANALYSIS**

The net fiscal impact to the County is cash losses in the amount of \$9,973.12 from business operations occurring in the County's General Fund (001A).

Respectfully submitted,

APPROVED:  
NAVDEEP S. GILL  
County Executive

\_\_\_\_\_  
BEN LAMERA, Director  
Department of Finance

By: \_\_\_\_\_  
DAVID VILLANUEVA  
Chief Deputy County Executive

Attachments:

- ATT 1 - Department of Finance Request for ROA in the amount of \$2,059.78
- ATT 2 - Department of Finance Request for ROA in the amount of \$107.75
- ATT 3 - Department of Finance Request for ROA in the amount of \$1,805.59
- ATT 4 - Department of Finance Request for ROA in the amount of \$6,000.00
- ATT 5 - Department of Finance, Auditor-Controller Division, Intra-Departmental Correspondence Report Dated October 14, 2016

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

1 To:	<i>BEN LAMERA</i> Director of Finance		
2 From:	Joyce Renison, Sr. Accounting Manager, Department of Finance	Date:	8/11/16
3 Subject:	<b>REQUEST FOR RELIEF OF ACCOUNTABILITY</b>		
4	We are requesting Relief of Accountability for the assets listed below: <input checked="" type="checkbox"/> Cash (ignore items 6a and 6c) <input type="checkbox"/> Fixed Asset – Equipment (book value is \$10,000 and under) <input type="checkbox"/> Controlled Equipment (inventoriable non-fixed asset, including firearms)		
5	in the amount of: \$ <b>2,059.78</b>		

6 <b>Background Information</b>		
6a County identification record number:	6b Date the asset was lost, stolen, or discovered missing: <b>7/25/16</b>	6c Cost and net book value of asset:
6d Detailed description of missing asset(s):  Two credits entered 8/4/94 reference C248680 and four documents entered 1998 netting to \$2,059.78 vendor#410001, Memorex Telex.		
6e Unit or location where asset was assigned when discovered missing:  Payment Services report of proposals for payment run showed credit balance from 1994.		

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

7 <b>Circumstances Surrounding the Loss</b>	
7a Name, title, and department of person reporting the loss:  Burke Knight, Accounting Tech Payment Services Unit Department of Finance	7b Name(s) and telephone number(s) of person(s) responsible for control of the missing asset(s):  Joyce Renison, Sr. Accounting Manager, 916-874-6055
7c Detailed description of the loss:  Credit #1700000776 & 1700000777 entered on vendor 8/4/94 reference C248680.	
7d How was the loss discovered?  During recent review of check run proposal, saw old credit with no current activity.	
7e Specify agencies contacted and dates:  Memorex Telex, vendor #410001, two credits reference C248680, no invoice copies to review. Vendor's only activity is two credits and four smaller invoices. No further activity entered on vendor. Not able to recover this if this is a valid credit due to the time period and years past.	

**COUNTY OF SACRAMENTO**  
**Department of Finance**

Request for Relief of Accountability

8 Detail the existing security measures that should prevent asset losses:  <b>Timely review and follow up on all credit balances, request refunds timely.</b>
9 Detail security changes set in place after the loss to prevent future losses:  <b>7/25/16</b>
10 Contact person(s) and telephone number(s):  <b>Burke Knight, 916-874-4590</b>

We understand that the approval of this request for relief of accountability by the Director of Finance does not address the department's appropriations if the item(s) need to be replaced.

Attach: Completed and signed Equipment Movement Report (EMR)  
Copy of required police report (City or Sheriff)

**COUNTY OF SACRAMENTO  
Department of Finance**

Agenda Date: January 24, 2017

ATT 2

Request for Relief of Accountability

1	<i>Ber Lamera</i>		
To:	Director of Finance		
2	Joyce Renison, Sr. Accounting Manager, Department of Finance	Date:	8/11/16
3	<b>REQUEST FOR RELIEF OF ACCOUNTABILITY</b>		
4	<p>We are requesting Relief of Accountability for the assets listed below:</p> <p><input checked="" type="checkbox"/> Cash (ignore items 6a and 6c)</p> <p><input type="checkbox"/> Fixed Asset – Equipment (book value is \$10,000 and under)</p> <p><input type="checkbox"/> Controlled Equipment (inventoriable non-fixed asset, including firearms)</p>		
5	in the amount of: \$ <b>107.75</b>		

<b>6</b>		
<b>Background Information</b>		
6a County identification record number:	6b Date the asset was lost, stolen, or discovered missing: <b>7/25/16</b>	6c Cost and net book value of asset:
6d Detailed description of missing asset(s): Vendor #410006, Data Recal, credit #1700000740 entered 7/15/98 for \$107.75. Per COMPASS no activity other than this credit. No copies of invoices or activity for the vendor.		
6e Unit or location where asset was assigned when discovered missing: Payment Services report of proposals for payment run showing credit balance from 1998.		

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

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7a Name, title, and department of person reporting the loss:  Burke Knight, Accounting Tech Payment Services Unit Department of Finance	7b Name(s) and telephone number(s) of person(s) responsible for control of the missing asset(s):  Joyce Renison, Sr. Accounting Manager, 916-874-6055
7c Detailed description of the loss:  Credit #1700000740 entered on vendor 7/15/98. Reference is PO012257 doc dated 7/1/198.	
7d How was the loss discovered?  During recent review of check run proposal, saw old credit with no current activity.	
7e Specify agencies contacted and dates:  Data recal, vendor #410006, has a credit of \$107.75 with no other activity this was per COMPASS SCARS. Recover not possible due to the time period and years past.	



**COUNTY OF SACRAMENTO  
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**COUNTY OF SACRAMENTO  
Department of Finance**

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5	in the amount of: \$ <b>1,805.59</b>		

<b>6 Background Information</b>		
6a County identification record number:	6b Date the asset was lost, stolen, or discovered missing: <b>7/25/16</b>	6c Cost and net book value of asset:
6d Detailed description of missing asset(s):  Credit #1700025516 entered 10/13/00 doc header states DOF/AC Void 9 warrants. Vendor#400417, Arden Manor Drug Store. Incorrect vendor paid should be Manor Drug, Vendor#400418.		
6e Unit or location where asset was assigned when discovered missing:  Payment Services report of proposals for payment run showed credit balance from 2000.		

**COUNTY OF SACRAMENTO  
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Request for Relief of Accountability

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<p>7a Name, title, and department of person reporting the loss:</p> <p>Burke Knight, Accounting Tech Payment Services Unit Department of Finance</p>	<p>7b Name(s) and telephone number(s) of person(s) responsible for control of the missing asset(s):</p> <p>Joyce Renison, Sr. Accounting Manager, 916-874-6055</p>
<p>7c Detailed description of the loss:</p> <p>Credit #1700025516 entered on vendor 10/13/00, references void of 9 warrants paid to wrong vendor.</p>	
<p>7d How was the loss discovered?</p> <p>During recent review of check run proposal, saw old credit with no current activity.</p>	
<p>7e Specify agencies contacted and dates:</p> <p>Arden Mandor, vendor #400417, was paid rather than the correct vendor Manor Drug Stores, vendor #400418, no invoice copies to review. References a void of 9 warrants. We have the credit on Arden Manor since 10/13/00, recover not possible if it is a correct credit due to the time period and years past.</p>	

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

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9 Detail security changes set in place after the loss to prevent future losses:  <b>7/25/16</b>
10 Contact person(s) and telephone number(s):  <b>Burke Knight, 916-874-4590</b>

We understand that the approval of this request for relief of accountability by the Director of Finance does not address the department's appropriations if the item(s) need to be replaced.

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**COUNTY OF SACRAMENTO  
Department of Finance**

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5	in the amount of: \$ <b>6,000.00</b>		

<b>6 Background Information</b>		
6a County identification record number:	6b Date the asset was lost, stolen, or discovered missing: <b>7/25/16</b>	6c Cost and net book value of asset:
6d Detailed description of missing asset(s): Credit entered 2/26/01 and no new payments on vendor#19234, Sher Co Insurance Services.		
6e Unit or location where asset was assigned when discovered missing: Payment Services report of proposals for payment run showed credit balance from 2001.		

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

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7a Name, title, and department of person reporting the loss:  Burke Knight, Accounting Tech Payment Services Unit Department of Finance	7b Name(s) and telephone number(s) of person(s) responsible for control of the missing asset(s):  Joyce Renison, Sr. Accounting Manager, 916-874-6055
7c Detailed description of the loss:  Credit #170029747 entered on vendor 2/26/01 for invoice 1315 entered 2/26/01.	
7d How was the loss discovered?  During recent review of check run proposal, saw old credit with no current activity.	
7e Specify agencies contacted and dates: Sher Co Insurance Service, vendor #19234, document#1900824145 references invoice 1315, no invoice copies to review. Vendor has thirteen payments each at \$6,000 for the period of 1/00-01/01. If period is correct credit was entered in error. Vendor has another #25060 with no activity entered on that vendor number. Not able to recover this if this is a valid credit due to the time period and years past.	

**COUNTY OF SACRAMENTO  
Department of Finance**

Request for Relief of Accountability

8

Detail the existing security measures that should prevent asset losses:

**Timely review and follow up on all credit balances, request refunds timely.**

9

Detail security changes set in place after the loss to prevent future losses:

**7/25/16**

10

Contact person(s) and telephone number(s):

**Burke Knight, 916-874-4590**

We understand that the approval of this request for relief of accountability by the Director of Finance does not address the department's appropriations if the item(s) need to be replaced.

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**COUNTY OF SACRAMENTO**  
**INTERNAL SERVICES**  
**DEPARTMENT OF FINANCE**  
**AUDITOR-CONTROLLER**

*Intra-Departmental Correspondence*

October 14, 2016

To: Ben Lamera  
 Director of Finance

From: Alan A. Matré  
 Chief of Audits



Subject: **THE DEPARTMENT OF FINANCE, AUDITOR-CONTROLLER DIVISION,  
 PAYMENT SERVICES UNIT REQUEST FOR RELIEF OF  
 ACCOUNTABILITY FOR CASH LOSSES IN THE AMOUNT OF  
 \$9,973.12**

On August 11, 2016, we were informed by the personnel of the Department of Finance, Auditor-Controller Division, Payment Services Bureau (Payment Services) that cash losses of \$9,973.12 had occurred. The losses were due to vendor credits that were not refunded to the County of Sacramento. Payment Services was unable to recover the lost monies due to the lapse of time since the vendor credits were created. The losses are summarized below:

<u>Type</u>	<u>Fiscal Years</u>	<u>Amounts</u>	<u>Total</u>
Vendor Credit (Vendor #410001)	1995	\$ 2,059.78	\$ 2,059.78
Vendor Credit (Vendor #410006)	1999	\$ 107.75	\$ 107.75
Vendor Credit (Vendor #400417)	2001	\$ 1,805.59	\$ 1,805.59
Vendor Credit (Vendor #19234)	2001	\$ 6,000.00	\$ 6,000.00
		Total	<u>\$ 9,973.12</u>

The Payment Services considers the losses described above as isolated incidences and is not modifying their vendor payment policies and procedures. Based on Payment Services' investigation concerning the losses, and its existing procedures, we recommend that relief of accountability be granted.

Our examination was limited to reviewing written reports and interviewing department personnel and does not constitute an audit.