

Attachment B



Office of the Auditor-Controller

County of Santa Barbara

One Office. One County. One Future.

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Auditor-Controller

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To the Honorable Board of Supervisors

County of Santa Barbara, California

The fiscal year 2020-2021 Cash Shortages & Overages Report for the period 7/1/2020-6/30/2021 is submitted pursuant to California Government Code Section 29380.1, which notes that the Auditor-Controller will render a written report and give an account to the Board of the cash difference (shortage) fund and the overage fund at the end of each fiscal year.

Cash Shortages & Overages Background

Cash overages and shortages are recorded by departments in the County's Financial Information Network (FIN). The Internal Audit (IA) division of the Office of the Auditor-Controller has compiled the shortages and overages from FIN and included responses from department management for their causes.

While cash shortages and overages primarily result from routine cash handling errors, a new accounting standard referred to as GASB 84 was implemented during the fiscal year, which resulted in additional shortages and overages that are unique in nature.

This year's Cash Shortages & Overages Report will be separated into two sections. The first section of the report presents routine cash shortages and overages, while the second section presents cash shortages and overages that are associated with GASB 84.

Routine Cash Shortages & Overages

<u>Department</u>	<u>Cash Shortages</u>	<u>Cash Overages</u>
Behavioral Wellness	\$80.00	\$0.00
Clerk-Recorder-Assessor	213.00	5,828.85
Community Services	1,533.00	1,807.45
Probation	20.00	0.00
Public Health	191.10	220.02
Sheriff	797.44	1.43
Total	\$2,834.54	\$7,857.75

See the following page for the cause of each shortage and overage:

- The Behavioral Wellness department recorded one instance of petty cash theft totaling \$80 to IA. Procedures were implemented by the department to mitigate the risk of a future theft.
- The Clerk-Recorder-Assessor (CRA) department recorded \$213 in shortages and \$5,828.85 in overages due to errors in transaction processing and cash collection. The department communicated to IA that customers often remit higher fees than required. Many of the CRA services such as recording or vital certificates are urgent in nature for customers. If a recording is denied because a check is short, it becomes a costly burden for the customer to have the CRA reject the recording, send it back to them, and have them resubmit. The CRA Office follows government code 29375.1 that notes when an amount paid to any county office exceeds the amount due to the County, and such excess does not exceed ten dollars, the office may deposit the excess in the overage fund within the County Treasury.
- The Community Services department Parks division recorded shortages of \$1,533 and overages of \$1,807.45 due to errors in transaction processing and cash collection. The overages and shortages are routine in nature due to the high-volume of cash transactions at the Parks' gates. The department communicated to IA that a new reservation system will shift business online and minimize cash shortages and overages prospectively.
- The Probation department recorded shortages of \$20 due to errors in transaction processing and cash collection.
- The Public Health department recorded shortages of \$191.10 and overages of \$220.02 due to errors in transaction processing and cash collection.
- The Sheriff-Coroner department recorded total shortages of \$797.44 and an overage of \$1.43. The cash overage was due to errors in transaction processing and cash collection. A cash shortage of \$730 was due to a clerical error upon transfer of inmates from the Lompoc Jail to the Santa Barbara County Jail. The department has established procedures for transferring inmates between the two jails to prevent this error from occurring again. The department also reported a petty cash shortage of \$65.19 due to a missing receipt. The petty cash shortage was identified by a reconciliation performed by department staff. The department communicated to IA that they have established a process that requires a receipt be given to whoever signed the petty cash receipt voucher and both the receipt and voucher will be kept in a safe. An additional shortage of \$2.25 was recorded due to errors in transaction processing and cash collection.

GASB 84 Cash Shortages & Overages

<u>Department</u>	<u>Fund Closure Cash Impact</u>
County Counsel	-\$1,000.00
Court Special Services	23,137.39
District Attorney	-300.00
Sheriff	985.00
Total (net)	<u><u>\$22,822.39</u></u>

During the fiscal year the County implemented accounting pronouncement GASB No. 84 Fiduciary Activities. GASB 84 reclassified certain funds from “fiduciary” funds to other fund types. This

GASB 84 Cash Shortages & Overages (continued)

reclassification identified accumulated differences over the life of these funds that were accounted for as shortages and overages for tracking and implementation of the GASB.

A handwritten signature in black ink, appearing to read 'JR', with a stylized flourish extending to the right.

Jonathan Rodriguez, CPA
Internal Audit Supervisor
January 11, 2022