

Attachment B



Cash Shortages & Overages Report

For the period of July 1, 2024—June 30, 2025



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FUTURE

County of Santa Barbara
Office of the Auditor-Controller
Internal Audit Division

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Photo: Santa Ynez Valley, by Ben Pinillos

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Background

The Cash Shortages & Overages Report for the period of July 1, 2024 to June 30, 2025 is submitted by the Internal Audit Division of the Santa Barbara County Office of the Auditor-Controller pursuant to California Government Code Section 29380.1. Per the aforementioned Government Code, the Auditor-Controller will render a written report and give an account to the County Board of Supervisors (Board) of the cash difference (shortage) fund and the overage fund at the end of each fiscal year.

Cash shortages and overages are recorded by departments in the County's general ledger system. These variances primarily result from routine cash handling errors; however, some entries are also made to correct or adjust previously recorded shortages or overages. In aggregate, these transactions result in a net cash overage or shortage, as applicable. Internal Audit subsequently requested explanations from department management regarding the underlying causes of their net shortages and overages, which are summarized within this report for the Board's review and consideration.

Cash Shortages & Overages

The table below presents the net shortages and overages recorded by each department for the reporting period.

<u>Department</u>	<u>Cash Shortages</u>	<u>Cash Overages</u>
Clerk-Recorder-Assessor	\$58.65	\$1,648.60
Community Services	760.00	323.00
Public Health	0.10	1.55
Public Works	209.41	29.74
Sheriff	0.00	20.00
Treasurer-Tax Collector*	1,383.61	667.05
Total	<u>\$2,411.77</u>	<u>\$2,689.94</u>

*Treasurer-Tax Collector amounts include the Tax Collector's Overage Fund.

The cause of each net cash shortage and cash overage, with explanations provided in part by department management, are as follows:

- Clerk-Recorder-Assessor
 - The Department recorded \$58.65 in net cash shortages and \$1,648.60 in net cash overages primarily due to customers that submit small overpayments by mail in an effort to not make an underpayment. These customers choose to overpay by a few dollars rather than risk that a request be rejected due to insufficient payment. The department typically posts cash shortages and overages in aggregate monthly for efficiency due to the high volume of small dollar transactions.
- Community Services
 - The Parks Division of the Department recorded net cash shortages of \$760.00 and net cash overages of \$323.00 primarily due to errors in cash collection. Of the 33 recorded cash shortage entries, two entries were greater than \$50.00. Of the 31 recorded cash overage entries, one overage entry of \$1,695.00 was recorded and subsequently reversed. This overage was due to the

Department's transition to a new payment system that automatically collected payments from a financial institution that was not allowed via Department policy, which resulted in an overage that was later corrected with the funds returned.

- Public Health
 - The Department recorded a cash shortage of \$0.10 and net cash overages of \$1.55 primarily due to errors in transaction processing, cash collection, and bank deposits. The shortage occurred at one location and the overage occurred at one location.
- Public Works
 - The Department recorded net shortages of \$209.41 and net overages of \$29.74 primarily due to errors in transaction processing. The shortages occurred over 11 separate transactions; whereby, a staff member gave change in excess of the amount due. The overages occurred over nine separate transactions; whereby, in most cases a customer did not want their change, or a check was written by a customer that exceeded the total amount due.
- Sheriff
 - The Department recorded a cash overage of \$20.00 due to an error in transaction processing and cash collection.
- Treasurer-Tax Collector
 - The Department recorded net shortages of \$1,383.61 and net overages of \$667.05 primarily due to the nature of the Department's property tax collection process, which generates a significant volume of transactions that have the potential for shortages and overages.

Cash Shortages & Overages Changes from Prior Fiscal Year (FY)

The table below presents the changes in net shortages and overages recorded by each department compared with the prior period.

<u>Department</u>	Cash Shortages	Cash Overages
	<u>FY 2023-24 to 2024-25</u>	<u>FY 2023-24 to 2024-25</u>
	<u>Increase or -Decrease</u>	<u>Increase or -Decrease</u>
Clerk-Recorder-Assessor	\$57.65	-\$762.46
Community Services	-330.05	-755.00
First 5	-2.75	0.00
Probation	0.00	-57.00
Public Health	-4.95	-28.50
Public Works	186.16	11.09
Sheriff	0.00	13.00
Treasurer-Tax Collector*	1,284.14	667.05
Total	<u>\$1,190.20</u>	<u>-\$911.82</u>

*Starting in FY 2024-25, the cash shortage and overage amounts presented for the Treasurer-Tax Collector include those recorded in the Tax Collector's Overage Fund.



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