

Management Audit of the County of Santa Clara Controller- Treasurer Department

Prepared for the
Board of
Supervisors of
the County of
Santa Clara by
the Management
Audit Division

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Oct. 21, 2015

County of Santa Clara

Board of Supervisors

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October 21, 2015

Supervisor S. Joseph Simitian, Chair
Supervisor Cindy Chavez, Vice Chair
Board of Supervisors Finance and Government Operations Committee
70 West Hedding Street
San Jose, CA 95110

Dear Supervisors Simitian and Chavez:

We have completed a management audit of the County of Santa Clara Controller-Treasurer Department. This study was conducted pursuant to the authority of the Board of Supervisors in accordance with the Board's power of inquiry, as provided in Article III, Section 302 (c) of the County Charter. The audit was conducted in conformity with the United States Government Accountability Office (GAO) Audit standards.

The scope of the audit included a review of all operations, ranging from general accounting, claims processing, payroll, and contracts monitoring, to property tax apportionment, investments and debt management, grants and State reimbursements, audits, and more. A draft report was issued June 25, 2015, and exit conferences were held with staff of the Controller-Treasurer Department, Procurement, and the Office of the County Executive on July 9, July 13, and August 18. This audit report includes six sections, and presents findings and recommendations related to staffing deficits, payroll and timekeeping procedures and training, contract auditing, management accountability for fixed assets, unclaimed County monies escheated by the State Controller, and development of a Departmental management information reporting system.

In addition, the 10 most populous California counties were surveyed to obtain information on specific areas of operations, and to identify specific policies and procedures utilized by these other jurisdictions. Responses were received from seven counties, in addition to the County of Santa Clara. The participating counties included Contra Costa, Kern, Los Angeles, Orange, Sacramento, San Bernardino, and San Diego. The report includes 14 recommendations, 12 of which are directed to the Controller-Treasurer and two are directed to the Employee Services Agency. The written response of the Controller-Treasurer is included on page 127 of the report. The Controller-

Board of Supervisors:

Mike Wasserman
District 1

Cindy Chavez
District 2

Dave Cortese
District 3

Ken Yeager
District 4

S. Joseph Simitian
District 5

County Executive: Jeffrey V. Smith

Supervisor S. Joseph Simitian
Supervisor Cindy Chavez
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Treasurer agreed or partially agreed to all 14 of the recommendations. The Employee Services Agency did not provide a response at the time of the issuance of this audit report. A response will subsequently be provided by the Agency directly to the Board of Supervisors.

Implementation of these recommendations would result in enhanced staffing and reorganization in critical financial management units of the Controller-Treasurer Department, and commencement or expansion of various County-wide financial management and oversight functions, including:

- (1) Resumption of payroll audits throughout County departments;
- (2) Performance of all Charter required custody audits upon department managers leaving office, including certification of fixed asset changes since the last physical inventory resulting in increased accountability of County managers and improved internal control over hundreds of millions of dollars of fixed assets;
- (3) Commencement of County-wide contract evaluation, monitoring and audit activities on all major County contracts;
- (4) Commencement of Grants auditing on all major grants.
- (5) Increased verification of all property tax apportionment analyses to all taxing entities;
- (6) Ongoing verification of all property tax refunds in excess of \$50,000;
- (7) Updating and maintaining all financial and operational policies and procedures of the Controller-Treasurer Department;
- (8) Resumption of County-wide payroll, cost plan, SB 90, grant and other training for all accounting and financial staff, including training in work paper development in support of grants, State and federal reimbursements, and annual revenue and expenditure budget estimates;
- (9) Resumption of ongoing review and analysis of all departmental fees and charges to ensure current and accurate computations;
- (10) Development and implementation of a comprehensive Departmental monthly management information reporting system;

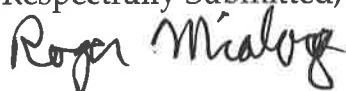
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- (11) Increased recovery of County monies held and escheated by the State Controller estimated to amount to more than \$200,000 on a one-time basis and tens of thousands of dollars annually thereafter; and,
- (12) Establishment of Unit and Division Manager positions in all units and divisions which currently lack such managerial staffing to ensure operational continuity and quality control redundancy in all critical areas of greatest financial risk to the County.

The estimated \$1.56 million annual cost of the recommended staffing enhancements would be partially or fully offset by increased revenues and reimbursements and reduced expenditures from the expanded oversight activities as described above.

We would like to thank all of the staff and management of the Controller-Treasurer Department for their assistance throughout the audit process. Their cooperation is greatly appreciated.

Respectfully Submitted,



Roger Mialocq
Board of Supervisors Management Audit Manager

c:
Supervisor Cortese
Supervisor Wasserman
Supervisor Yeager

Project Staff: Jeff Segol and Adrian Gonzales

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Executive Summary

1. Controller-Treasurer Staffing and Reorganization

The Controller-Treasurer Department is responsible for establishing, operating and managing a County-wide accounting and financial management system to ensure the safeguarding and fiscally prudent oversight of the \$5 billion of taxpayer monies appropriated by the Board of Supervisors annually, and to invest these and other public entity monies pursuant to the requirements of State law. Santa Clara Controller-Treasurer staffing is the lowest compared with the 10 largest counties with approximately 44.6 percent fewer staff and responsibility for 65.3 percent greater expenditures than the average of the comparison counties. The Department has no Assistant Controller-Treasurer, lacks an Assistant Manager position in some divisions, and has insufficient or no staff dedicated to important financial responsibilities. Further, the Controller-Treasurer Department has not been able to develop and retain senior and management staff to ensure a consistently high level of performance. As a result, the Controller-Treasurer Department has experienced an on-going series of significant operational errors over the past 20 years that have exposed the County to unnecessary financial risks, losses and public criticism. Board of Supervisors authorization of additional positions and a Departmental reorganization as described in this section would strengthen County-wide internal controls, financial management, reporting and accountability at an annual cost of about \$1.56 million, less expenditure savings and increased revenues and reimbursements resulting from enhanced oversight.

2. Timekeeping and Payroll Policies

In FY 2013-14, the Controller-Treasurer Department disbursed approximately \$2.2 billion in salary and benefits to 17,000 employees. Time and attendance data collection practices vary across departments, and there is presently no centralized Controller-Treasurer timekeeping and payroll policy. Consequently, no comprehensive countywide training exists for department timekeepers or for employee timekeeping and attendance practices. Given the wide range of timekeeping policies, the Controller-Treasurer's Payroll Unit is insufficiently staffed to conduct necessary audits to validate the accuracy of department timekeeping information prior to payroll disbursement. Furthermore, audit trails for each department vary, making it difficult to analyze and verify performance metrics. Inconsistent timekeeping practices increase the County's risk of errant payroll disbursements. In addition, due to limited Payroll Unit staffing, errors are only caught when reported by other departments. The Controller-Treasurer should (1) establish a Countywide timekeeping and payroll procedural manual, (2) develop a standardized training curriculum for all timekeeping staff, focusing on

timekeeping oversight and management practices, and the enforcement of employee time reporting policies, (3) hire two additional staff to support implementation and ongoing support (costs are included in Section 1 of this report), and (4) collaborate with all departments to identify potential solutions for mitigating payroll errors. The Payroll Unit's improved payroll oversight and audit capacity could help the County recover up to \$2.9 million annually in unreported erroneous overpayments.

3. Backlog of State-held Unclaimed Moneys Owed to the County

In 2007, the Management Audit Division identified \$146,148 of unclaimed checks and other monies identified as the property of the County of Santa Clara that were held by the California State Controller's Office and remained unclaimed. A process to periodically claim such funds was subsequently assigned for implementation to the Controller-Treasurer Department. However, an updated review of unclaimed funds held by the State Controller identified 442 items totaling \$222,246 that were unclaimed as of November 20, 2014. Funds held by the State Controller do not accrue interest, are not available to fund County programs or pay for County expenses. Unclaimed monies are transferred to the State General Fund monthly, even if such monies are identified as the property of the County of Santa Clara, unless the County submits claims to the State Controller for these monies. The Controller-Treasurer Department should immediately process a claim for all funds held by the State Controller's Office that are identified as the property of the County or any of its departments, agencies or political subdivisions, or that is addressed to any County facility. In addition, the Department should amend its policies and procedures manual by preparing a written policy and procedure pertaining to the processing of claims for County monies held by the State Controller.

4. Centralized Contract Review

The County of Santa Clara has no centralized review for many of its services contracts, particularly those with other governmental agencies and non-profit community-based organizations. These contracts are generally developed by County departments, and review by the Office of the County Counsel is limited to whether the proposed contract document is legally sufficient. Previous audits, special studies and other memoranda from the Management Audit Division have regularly documented contracting problems, primarily with payment and performance language that is not clear, or is not consistent for different contractors providing similar services. Further, documentation requirements are not consistent and are generally inadequate. County departments, and the Board of Supervisors, have struggled to properly enforce the contracts, ensure contractor performance, and ensure that County expenditures are limited to those justified by services provided, within contract dollar limits. Establishing a Contracts

Division in the Controller-Treasurer Department to review proposed contract language on major service contracts, to audit contractor performance and compliance, and to provide County-wide training of fiscal staff related to fiscal administration and contract monitoring, would provide the fiscal quality control function for County contracting, coordinated with the County Executive's Office of Countywide Contract Management, and the Procurement Department's oversight of contract business and legal provisions with County Counsel. Collectively, these contract development and oversight offices would ensure that taxpayer monies are properly spent only on high-quality services, and that non-performing/non-compliant contractors are identified early in the contracting process.

5. Fixed Asset Accountability

As of June 30, 2013, County financial statements reported \$5.0 billion of assets, which must be inventoried and reported annually by County officers and department managers to the Controller-Treasurer pursuant to State and County law. County law also requires department managers who vacate their positions to certify department assets in a form prescribed by the Chief Internal Auditor, subject to audit. Although 24 officers and department managers vacated their positions since July 1, 2008, none filed a certification of department assets as required, four managers did not go through the minimally mandated cash-on-hand audit, and no fixed-asset audits were conducted. Consequently, there is no managerial accountability or consequences to departing officers or managers for not safeguarding valuable taxpayer assets. During the past 10 fiscal years, County officers and department managers, excluding the Health and Hospital System (HHS), submitted annual reports to the Controller-Treasurer listing \$3 million of assets, or a median of \$128,000 annually, which were written off by the Controller-Treasurer because they could not be located. During the same period, HHS reported \$38.7 million of unable to locate assets, of which \$4.3 million were written off and \$0.8 million are still missing. It is recommended that the Board of Supervisors amend the County Ordinance Code to (a) establish annual fixed asset inventory dates as required by State law, and (b) to update Ordinance Code Section A15-14 based on the current County organization and current Board policies. The Controller-Treasurer should also update County fixed asset policies and procedures, and an employment agreement should be required to ensure the filing of fixed asset inventory certifications when Managers and Officers leave their position. Implementation of these recommendations would improve internal control over fixed assets.

6. Management Information

As the Chief Fiscal Officer for the County, the Controller-Treasurer is responsible to ensure that the accounting policies and procedures, and the financial systems employed by the County, provide accurate and timely information. Currently, the Controller-Treasurer Department Policy and Procedure Manual does not include a section describing the Departmental management information system, organizational responsibilities related to the production and use of management information, or a description of the specific reports and other elements that comprise the system. Although the Department has developed and implemented some reports and reporting procedures, the existing information is not comprehensive or standardized throughout the Department. As a result, the Controller-Treasurer Department has experienced some operational problems which could have been avoided. Specific examples can be directly traced to the absence of a comprehensive management information system and to a lack of policies and procedures, and are described in the other sections of this report. It is recommended that the Controller-Treasurer Department implement a comprehensive management information system as described in this section with the assistance of the additional administrative support position recommended in Section 1 of this report. This would enable the Department to improve timeliness, prioritize workload, focus on efforts to achieve established goals, and proactively address issues internally, rather than when reported by external sources.

Introduction

This *Management Audit of the Controller-Treasurer Department* was authorized by the Board of Supervisors of the County of Santa Clara as part of the County's Fiscal Year 2013-14 Management Audit Program, pursuant to the Board's power of inquiry specified in Article III, Section 302(c) of the Charter of the County of Santa Clara.

Purpose and Scope

The purpose of the management audit was to examine the operations, management practices and finances of the Controller-Treasurer Department, and to identify opportunities to increase the Department's efficiency, effectiveness and economy.

As part of this management audit, the Management Audit staff conducted more than 30 survey and fieldwork interviews with managers, supervisors and line staff in all units of the Controller-Treasurer. These interviews in some cases included direct observation of staff as they conducted their regular duties. We also reviewed procedure manuals maintained by the Department, internal reports prepared by the Department, and information from databases maintained by the Department. We also conducted a benchmarking survey, with responses by seven of the 10 largest California counties, in order to identify differences in practices in those counties compared to the County of Santa Clara.

Work on this audit began with an Entrance Conference on October 31, 2013, and a draft report was issued to the Department on June 25, 2015. The lengthy time period for this audit was the result of some staff leaving Management Audit Division employment during the project, and the reassignment of other staff to higher Board priorities, particularly the review of San Jose Fire Department emergency medical response completed in 2014.

This report identifies six findings that encompass major areas of Department operations, including overall staffing relative to workload, organizational structure, availability of management information, payroll processing, availability to the County of unclaimed checks held by the State of California, and the need for improved oversight of drafting of contracts prepared by departments for private firms to provide services to the County, including subsequent compliance auditing. It is noted that a separate finding pertaining to Departmental policies and procedures was not included,

since each of the six report sections include specific recommendations that written procedures be developed or that existing procedures be updated to address the issues contained therein. Consequently, the Department needs to perform a comprehensive review of its Departmental policy and procedure manual as well as the manuals used by each of its divisions.

Audit Methodology

This management audit was conducted under the requirements of Board of Supervisors Policy 3.35, adopted in 2001, and amended in both 2005 and 2010. That policy states that management audits are to be conducted under generally accepted government auditing standards issued by the United States Government Accountability Office. In accordance with these requirements, we performed the following management audit procedures:

Audit Planning-This management audit was selected by the Board of Supervisors using a risk assessment tool and estimate of audit work hours developed at the Board's direction by the Management Audit Division. After audit selection by the Board, a detailed management audit work plan was developed and provided to the Department.

Entrance Conference-An entrance conference was held on October 31, 2013 with Department managers to introduce the management audit team, describe the management audit program and scope of review, and respond to questions. A letter of introduction from the Board, a management audit work plan, and a request for background information were also provided at the entrance conference.

Pre-Audit Survey-A preliminary review of documentation and interviews with managers, supervisors and key line staff from the Department were conducted to obtain an overview understanding of the Department, and to isolate areas of operations that warranted more detailed assessments. Based on the pre-audit survey, the work plan for the management audit was refined.

Field Work-Field work activities were conducted after completion of the pre-audit survey, and included: (a) additional interviews with management and line staff of the Department (more than 30 staff were interviewed), including observations of staff on the job; (b) a further review of documentation and other materials provided by the Department and available from other sources, including procedures manuals maintained by the Department and by selected other jurisdictions, used to identify best practices for comparison; (c) analyses of data conducted manually and electronically

from systems maintained by the Department or elsewhere in the County, and; (d) surveys of other jurisdictions to measure performance and to determine organizational and operational alternatives that might warrant consideration by the County of Santa Clara.

Draft Report-on June 25, 2015, a draft report was prepared and provided to the Finance Agency Director, Controller-Treasurer Department management, and other relevant parties to provide our tentative findings, conclusions and recommendations.

Exit Conference-An exit conference was held on July 9, 2015 with Department managers to collect any additional information relevant to our report, to correct any errors, and to obtain their views on the report findings, conclusions and recommendations. A separate exit conference was held on July 8 specific to Section 4, including Department managers and representatives of other affected departments, including the Office of the County Executive and the Procurement Department. Following the exit conferences, a revised draft with any corrections was provided to the Department for its use in preparing a formal written response to the report.

Final Report-A final report was prepared following the exit conference. The Department was requested to provide a written response to the report, which is attached to the final report.

We conducted this performance audit in accordance with generally accepted government auditing standards set forth in the 2011 revision of the “Yellow Book” of the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Description of the Controller-Treasurer Department

The Controller-Treasurer Department is the primary agency responsible for overseeing financial transactions for the County of Santa Clara, for maintaining its financial records, and for overseeing all financial operations of the County. According to its website: “The mission of the Controller-Treasurer Department, as steward of the public’s financial resources, is to promote the County’s financial viability by managing its accounting systems and assets with integrity.” Functions of the Department include

disbursing payroll to County employees, disbursing payments to vendors, investing funds for the County and on behalf of other local governments within the County, receiving and apportioning revenues on the County's behalf from local, State and federal sources, raising capital for the County through debt sales, and preparing the County's annual financial statement, known as the Comprehensive Annual Financial Report. The Department also maintains Countywide accounting and other financial systems, develops and maintains Countywide accounting policies and procedures, trains accounting staff throughout the County, maintains control over County fixed assets, and conducts payroll, grant and other audits.

Revenues and Expenditures

The Department's gross expenditures totaled \$18.9 million in Fiscal Year 2013-14, including nearly \$11 million for salary and benefit costs, and the remainder for services and supplies. The largest services and supplies cost was \$4.4 million in internal data processing charges for operation of the various accounting systems the Department oversees. The Department also collected \$391.8 million in revenues and transfers in that year, the overwhelming proportion of them Countywide discretionary revenues, such as portions of property tax collections and sales taxes, that support many other Departments besides the Controller-Treasurer Department

Organizational Structure

In Fiscal Year 2014-15, the Department consisted of eight operating divisions, plus administrative staff, with authorized staffing of 106.4 full-time equivalent positions. An organizational chart of the existing organization is provided at the end of Section 1 of this report. It is noted that Section 1 of this report pertains to staffing and a proposed reorganization of the Controller-Treasurer Department and includes a proposed organization chart as Attachment 1.3. The eight current operating divisions, their subunits and functions are as follows:

Administration-3.0 positions, including the Controller-Treasurer, a Management Analyst and an Administrative Assistant, and 1.4 positions allocated from the Finance Agency Director and her two support positions, which have Agency-wide responsibilities. The Controller-Treasurer reports directly to the Finance Agency Director.

Tax Apportionment, Tax Roll Control, & Cost Accounting Division-This Division consists of three functions and is overseen by a Division Manager. One is the Property Tax Apportionment function, which is responsible for distributing the property taxes received from each taxpayer to the proper local government agencies serving that taxpayer's address, such as the County, cities, school districts and special districts. Staffing for this function is 5.0 FTEs. The second function is Tax Roll Control, which corrects errors in the tax rolls based on information provided by the Office of the Assessor or other sources, was moved during the course of the audit from the Tax Collector's Office to the Controller-Treasurer Department, where it resides in most counties. This function is staffed with 15 positions. Lastly, this Division includes the 2.0 FTE Cost Accounting unit, which is responsible for preparing the County's Cost Allocation Plan, which is required by federal and State accounting standards to be used in allocating central administrative services costs, such as facilities maintenance, personnel, accounting and the cost of the County Executive's Office and the Board of Supervisors, to operating departments in order to receive reimbursement for such costs in State and federal funded programs.

Accounting Division-This Division consists of two functions and is managed by a Division Manager. The General Accounting Unit, with 13.0 FTEs, oversees the County's routine accounting transactions, such as the distribution of State and federal monies among the departments who are supposed to receive them, provides support to County departments and other local governments for whom it provides accounting services, controls wire transfer transactions and maintains, reviews and directs the monthly accounting-period end and year-end closing process of the County's accounting records in the SAP accounting system. General Accounting staff also have significant responsibilities in working with the County's outside auditor to prepare the Comprehensive Annual Financial Report. The Accounting Division also includes the 11.0 FTE Claims Unit which processes payments to vendors who provide services to the County, and is also responsible for conducting audits of the County's Procurement Card program, and other decentralized payment functions permitted under County policies.

RDA and Disbursement Division-This Division consists of the Payroll Unit, with 13.0 FTEs, which is responsible for preparing the biweekly payroll for County employees, and the a two staff member RDA Unit, which was added to the Division to oversee accounting related to the County's responsibility, under State law ABX126, to oversee successor agencies to the city redevelopment agencies that were disbanded under State law as of February 1, 2012. This Division is also managed by a Division Manager.

Treasury Division-The Treasury Division is a 3.0 FTE division, which is responsible for investing surplus cash not immediately needed for operations on behalf of the County and other local governments for whom the Controller-Treasurer carries out this function. We note that in looking at the results of a previous 2002 management audit of this Department, we confirmed that the Treasury Division was providing more frequent and more detailed reports regarding the status of the County's debt portfolio, as recommended in the prior audit and approved by the Board of Supervisors, including tracking opportunities for refinancing the County's debt at lower interest rates.

Fiscal Services Division-This division is overseen by a Fiscal Services Manager and has three units that support three different County information technology systems. The 11.0 Accounting System and Procurement team is responsible for maintenance and enhancement of the County's SAP accounting system, and for the implementation of updates and new functions to that system. The 4.0 FTE Human Resource Payroll System team is responsible for maintenance and enhancement of HaRP, which is the County's human resources and payroll system. A separate 5.0 FTE Kronos Support team is responsible for maintenance and updates to Kronos, which is the County's primary timekeeping system.

Internal Audit Division-The 8.0 FTE Internal Audit Division is led by the Internal Audit Manager and is responsible for conducting finance-related audit projects, including custody audits of departmental assets when department managers leave, and selected audits on other topics. The Internal Audit Division was significantly involved in auditing of redevelopment agencies dissolved by State law in 2012, to ensure the proper disbursements of their assets.

Debt Management Division- The Debt Management Division includes a manager and one staff position. This Division is responsible for the monitoring and oversight of approximately \$2 billion of outstanding bond and other debt instruments issued by the County and special districts within the County.

Valley Health Plan Division-The Valley Health Plan oversight division oversees the financial operations of VHP including the annual development of rates and charges. It is staffed with a division manager and one staff member. During the course of this audit, the Controller-Treasurer relinquished this responsibility.

Department Accomplishments

The Controller-Treasurer Department reported its major accomplishments, as follows:

- Continuously achieved one of the highest bond ratings awarded to local governments.
- Successfully paid 17,000 County employees every biweekly pay period, despite operating under 32 different union agreements.
- Received the Certificate of Achievement for Governmental Reporting Excellence from the Government Finance Officers Association for the last 15 years.
- Successfully implemented the PeopleSoft payroll and SAP accounting systems on time and within budget.
- Issued over \$2.1 billion in long-term debt to assist with building the County's infrastructure and supporting its operations.
- Invested up to \$5 billion for the County, school districts and special districts.
- Throughout the years, provided a source of staffing to fill vacant fiscal officer, administrative support officer and senior accounting/financial positions.
- Assisted in the reduction of 45,000 backlogged tax roll corrections.
- Played a key role in the elimination of redevelopment agencies throughout the County, allowing for millions of dollars of property taxes to be returned to the taxing entities.
- Assisted with ensuring that VMC accounting and budget information from its Sun accounting system is captured in the County's SAP accounting system and the two systems are reconciled on a timely basis.
- Implemented employee self-service for timecard information and E-Pay, which allows employees to view paycheck information virtually.
- Updated procedures and expanded staff to ensure that prior errant property tax distributions will not be repeated in the future.
- Revamped the review of P-Card, general payments and travel reimbursements to ensure proper amounts are paid to vendors and County employees.

Survey of Other Jurisdictions

To gain an understanding of distinctions and similarities between the Controller-Treasurer Department and parallel organizations in other counties, we developed a survey and solicited responses from the 10 largest California counties. The counties of Contra Costa, Kern, Los Angeles, Orange, Sacramento, San Bernardino and San Diego responded fully or in part to the survey.

When appropriate, information from the surveys has been included in various sections of this report. It should be noted that the survey responses contain self-reported information. The Management Audit Division did not verify the accuracy of the reported information. A summary of survey responses from each jurisdiction is included as Attachment I.1. Copies of the fully response from each jurisdiction are available upon request. It is noted that this audit commenced on October 31, 2013, but was twice interrupted for higher-priority assignments, including the audit of City of San Jose Fire Department Emergency Medical Response Time, and the audit of Assessment Appeals Refunds-Internal Controls. As a result, the survey data reported for other counties in this section pertains to Fiscal Year 2013-14.

Highlights from the survey responses include:

- Controller-Treasurer staffing ranged from 29 to 603 authorized positions among the counties. The County of Santa Clara has 106.4 positions.
- Four of the responding counties have a monthly report that goes to the Controller providing key metrics for all units within the Controller's oversight. Santa Clara does not have such a report.
- All but one of the responding counties reported having at least one staff member dedicated to claims for mandated costs, otherwise known as SB90 claims, from the State. The County of Santa Clara had such a position at one time, did not have it during the period of the audit, but has reinstated it since the audit was conducted, as part of the Fiscal Year 2015-16 budget. At the time of the audit, the County of Santa Clara had two positions splitting their time among fee review, SB90 claims, and the County's cost allocation plan, with the cost plan taking up the majority of their time.

- Two counties review accounts payable accounts for potential discounts from prompt payment. The County of Santa Clara did not review them during the period of the audit, but since the audit has instituted the practice, using the new Arriba procurement system.
- Three counties indicated they provided detail review of vendor billings prior to payment, as opposed to the County of Santa Clara's limited review, based on most accounts payable responsibility being decentralized to operating departments.
- Only the County of San Bernardino reported having third-party advisor on investments, as does the County of Santa Clara.
- Two counties execute investment trades electronically. The others do so by phone, as does the County of Santa Clara.
- Two counties charge operating departments for "extra" banking services, such as cancelling checks. The County of Santa Clara does not.

Acknowledgements

We would like to thank the Finance Director, the current and previous Controller and the Controller-Treasurer staff for their cooperation and assistance throughout this management audit. Staff were cooperative and open to identify methods by which the Department can improve its operations and its level of service to the County. Managers, supervisors and line staff provided much of the data contained in the report to Management Audit staff.

County	Authorized positions in the Controller's Office budget in FY 2012-13?		Controller-specific job classification for accountants?		Monthly management reporting?		Oversee fixed assets? What system is used?		County hospital
	Open-Ended Response	Response	Comments	Response	Metrics Reported	Response	FA System	Response	
Santa Clara		86	No		No	Does report General Fund cash balance	Yes	SAP	Yes
San Diego		246.5	Yes		Yes	Cash flows, Payroll statistics (overtime, leave pay), Debt Outstanding, AR Discharged, General Fund cash balance	Yes	Oracle	No hospital
San Bernardino		29	No		No		Yes	SAGE	No
Kern		54	Yes	Only one position is unique: Senior Accountant is not allowed in any other departments.	Yes	Cash balance reported daily; Workload backlogs reported weekly; Audit status reported weekly; Cash flow monitored by Treasurer; Accounts Receivable decentralized in depts, adjusted at year end; Long Term Debt administered by Co Admin Officer; Positions administered by Personnel	Yes	Internally-developed legacy system	Yes
Orange		408	No		Yes	Monthly status reports from all units, Cash balance, positions, backlogs, status of audits, claims processed, reconciliations	Yes	CGI-Advantage	No hospital
Los Angeles		603	No		Yes	Daily Cash Activity Report, Monthly Summary	Yes	CGI Advantage	Yes

County	3) What fixed asset system used?		Annual write-off of missing assets.		Use SAP? If no, what system is used?		Does hospital use County accounting system? What alternative used?		Frequency of training provided to other departments.	
	Hospital System	Response	Response	Accounting System	Response	Comments	Response	Other (please specify)		
San Diego	SAP ("HIS continuing to fully utilize SAP fixed asset module")	\$100,001 - \$1,000,000	Yes		No	Sun	Other (please specify)	Marked every few months and annually		
San Diego			No				Other (please specify)	Annually, quarterly user group meetings, ad hoc		
San Bernardino	The hospital uses Meditech and exports data to the County's fixed asset system, SAGE.	\$100,001 - \$1,000,000	No	CGI	No	The hospital uses Meditech	Annually			
Kern		\$100,001 - \$1,000,000	No		No	The hospital is required to use the Countywide financial system. Additionally, they maintain McKesson and Star for internal purposes	Ad hoc or as-needed			
Orange		Less than \$100,000	No				Annually			
Los Angeles		Less than \$100,000	No	CGI Advantage	Yes	Hospitals also use separate system for patient charges	Every few months			

County	Dedicated unit to train other departments?		Use third-party software for cost plan? Response	Cost-allocation Software (please specify)	FTEs in Controller's Office, by function.			How often are county dep reevaluated?
	Response	Comments			Cost Allocation Plan	SB90 Grant Claiming	Rates and Fees Evaluation/Review	
San Diego	No		Yes	MAXCARS				
San Diego	No		Yes	MAXCARS	3	2	2	Annually
San Bernardino	Yes	The General Accounting Section	No		3	1	2	Annually
Kern	No		No		1	0	0	Other (please define)
Orange	No		No	MGT of America	4	1	1	Every three to five years
Los Angeles	No		Yes	CDM Web ASP by Hightech Systems Inc.	4	2	2	Annually

County	Payment rates and fees changed or Other (please define)	Controller's role in updating fees.			Approximately how much did the County spend on services and supplies in FY 2012-13?			Monitor avail- payable disc Response
		Reviews depts. work papers	Provides assistance on request	Provides periodic help/training	No involvement in fees	Open-Ended Response	Response	
Santa Clara	"Whenever there is a change"	X	X			"Budget is \$11,290,720"	No	
San Diego		X	X			\$1,900,000,000	Yes	
San Bernardino					X	\$95,000,000	No	
Kern	As needed		X			\$376,000,000	Yes	
Orange		X						
Los Angeles			X			\$6,000,000,000	No	

County	ability and implementation of accounts units for prompt payment?	Number and value of cash discounts, FY 2012-13.		Discounts lost in FY 12-13 (i.e., offered, not utilized)		Level of control on vendor payments for departmental purchases.
Response	Other (please specify)	Total count of discounts taken	Total cash value of discounts taken	Total count of discounts lost	Total cash value of discounts lost	Response
San Diego			\$196,090		\$11,971	We provide only limited review of payments, as accounts payable authority is primarily decentralized to operating departments under existing County policy.
San Bernardino		N/A	N/A	N/A	N/A	We review and approve all payments in detail, including reviewing proper authorization within the purchasing department, availability of funds and appropriateness of the purchase in relation to County policies.
Kern	All claims ready for payment are reviewed for discount when received.	Not Tracked		not tracked		We review and approve all payments in detail, including reviewing proper authorization within the purchasing department, availability of funds and appropriateness of the purchase in relation to County policies.
Orange						We provide only limited review of payments, as accounts payable authority is primarily decentralized to operating departments under existing County policy.
Los Angeles	Decentralized - monitored by Departments	Unknown	Unknown	Unknown	Unknown	We review and approve all payments in detail, including reviewing proper authorization within the purchasing department, availability of funds and appropriateness of the purchase in relation to County policies.

County	Please indicate how changes to your timekeeping policies and procedures are communicated to County timekeeping staff outside of the Controller's office. (Select all that apply)				Centralized timekeeping manual for departments
	Countywide emails or memorandums	Periodic trainings	Distribution of updated policies and procedure manuals	Other (please describe)	
Response					Response
Santa Clara	X				No, each department has its own policy manual on timekeeping procedures.
San Diego	X	X	X	On-line training through our Learning Management System	Other (please describe)
San Bernardino	X	X	X		Yes
Kern	X	X			Yes
Orange					
Los Angeles	X	X	X		Yes

County	Agreements?	Trailing for timekeepers?	Review of bargaining agreements for timekeeping issues?	Average payroll adjustment transaction rate per pay period.
Response	Other (please describe)	Response	Who is involved, their role in the process, etc.	Response
San Joaquin		No	Yes	2-3%
San Diego	Countywide business rules and standards. Departments have internal policies that follow centralized guidance.	Yes	Yes	4-5%
San Bernardino		Yes	Yes	1% or less
Kern		Yes	No	1% or less
Orange				
Los Angeles		Yes	Yes	1% or less

County	Which department manages your county's operational and custodial banking? (Operational meaning day-to-day expenses and departmental transactions; custodial meaning trusts, reserves, and investment accounts)				Departments charged separately for extra
Response	Operational Banking - Controller	Operational Banking - Treasurer	Custodial Banking - Controller	Custodial Banking - Treasurer	Response
Santa Clara		X	X		Yes, but only some services are charged to departments (please specify what is charged in the "Other" field)
San Diego		X		X	Other
San Bernardino		X		X	No, the county pays for all extra cost services as a whole and absorbs the cost
Kern	X			X	
Orange					
Los Angeles		X		X	No, the county pays for all extra cost services as a whole and absorbs the cost

County	Does the internal audit unit follow the Generally Accepted Government Auditing Standards ("yellow book") or some other standard, such as the Institute of Internal Auditors International Professional Practices Framework ("red book")?	Response	Please specify	Does the internal audit unit routinely audit the accounts and records of County offices and departments when the head of a department leaves?	Response	Comments
San Bernardino	Cost banking services? Other (please specify)	Response				
San Bernardino		Another standard (please specify, below)	IIA Red Book	No		
San Diego	Costs are allocated to all departments based on average daily balance or cash in pool	Another standard (please specify, below)	IIA Red Book	Yes		
San Bernardino		Another standard (please specify, below)	Red Book		Comments	We do a Certified Statement of Asset Transfer (CSAT) every time a department head leaves their position.
Kern	To be answered in Treasurer's section.	Yellow Book		Yes		
Orange						
Los Angeles		Yellow Book	IIA Professional Practices as well	No		

County	Average daily cash balance available for investment in FY 2012-13, excluding pension funds?	Amount of your FY 2012-13 investment earnings, excluding pension funds?	Third-party or contracted investment adviser monitoring your treasury investments?
Response	Open-Ended Response	Open-Ended Response	Response
Santa Clara	\$4,157,900,000	25,119,600	Yes
Contra Costa	\$62,500,000	8,900,000	No
San Bernardino	\$370,576,446.58 (\$4.4 billion average Pool balance)	22,707,607	Yes
Los Angeles	\$22,803,952,000	(98,877,000)	No
Sacramento	\$2,000,000,000	10,000,000	No

County	Treasury investment staffing?	Electronic trade execution? What alternative method?	Outside vendors used by investment unit, by function.
Response	Response	Alternative/Electronic system	Open-Ended Response
Santa Clara	3 to 5	No	Bloomberg - Research & Analytics; BoNY Mellon - Custodial; Sungard - Financial Accounting
Contra Costa	3 to 5	No	Bloomberg - Market analytics; CreditSights - Credit research; Egan-Jones - Credit research and ratings; Fitch Credit Points - Credit research and ratings; Fitch Ratings - Investment Pool rating; S&P Capital IQ - Credit analytics; Sympro - Portfolio accounting; Bank of America - Operational banking; Bank of New York - Custodial banking; PFM Asset Management - Outside investment advisor
San Bernardino	5 to 10	Yes	Citibank - custodial bank; Bloomberg - market analytics; Moody's - rating services; Standard & Poor's - rating services; Fitch - rating services
Los Angeles	3 to 5	Yes	Wells Fargo - Custodial Banking; Bloomberg - market analytics; Sungard - Investment Software
Sacramento	2 or fewer	No	

County	Which department manages your county's operational and custodial banking meaning day-to-day expenses and departmental transactions; custodial banking meaning trusts, reserves, and investment accounts)			
	Operational Banking - Controller	Operational Banking - Treasurer	Custodial Banking - Controller	Custodial Banking - Treasurer
Response				
Santa Clara	X			X
Contra Costa	X	X		X
San Bernardino		X		X
Los Angeles		X		X
Sacramento		X		X

County	Response	Other (please specify)
Santa Clara	No, the county pays for all extra cost services as a whole and absorbs the cost	
Contra Costa	Yes, departments are charged for extra services	
San Bernardino	No, the county pays for all extra cost services as a whole and absorbs the cost	
Los Angeles	Yes, but only some services are charged to departments (please specify what is charged in the "Other" field)	Armored Car; Account Reconciliation; Online bank reporting; Lockbox
Sacramento	No, the county pays for all extra cost services as a whole and absorbs the cost	

Section 1. Controller-Treasurer Staffing and Reorganization

Background

- Pursuant to Charter Section 601 and Ordinance Code Section A15-15, the Controller-Treasurer Department is responsible for establishing, operating and managing a County-wide accounting and financial management system to ensure the safeguarding and fiscally prudent oversight of the \$5 billion of taxpayer monies appropriated by the Board of Supervisors annually, and to invest these and other public entity monies pursuant to the requirements of State law. To perform its duties, the FY 2014-15 Controller-Treasurer budget authorized 106.4 positions, an increase of only 6.4 positions over the past 12 years, since FY 2002-03.

Problem

- Santa Clara Controller-Treasurer staffing is the lowest compared with the 10 largest counties with approximately 44.6 percent fewer staff and responsibility for 65.3 percent greater expenditures than the average of the comparison counties¹. The Department has no Assistant Controller-Treasurer, lacks an Assistant Manager position in some divisions, and has insufficient or no staff dedicated to important financial responsibilities of the Controller-Treasurer. Further, the Controller-Treasurer Department has not been able to develop and retain senior and management staff to ensure a consistently high level of performance.

Adverse Effect

- As a result, the Controller-Treasurer Department has experienced an on-going series of significant operational errors over the past 20 years that have exposed the County to unnecessary financial risks, losses and public criticism. The Department's inability to retain senior and management staff has exacerbated the effects of staffing shortages and diminished internal expertise.

Recommendations/Savings/Benefits

- It is recommended that the Board of Supervisors authorize additional positions and a Departmental reorganization as described in this section. Implementation of these recommendations would strengthen County-wide internal controls, financial management, reporting and accountability at an annual cost of about \$1.56 million, less expenditure savings and increased revenues and reimbursements resulting from enhanced Controller-Treasurer oversight.

¹ This comparison excludes the County of Los Angeles (LA), since it distorts the comparative data due to its size. When LA is included, Santa Clara has 45 percent fewer staff and responsibility for 48 percent more expenditures than the comparison counties.

Legal Authority

The Charter and the Ordinance Code of the County of Santa Clara prescribe the duties, responsibilities, and powers of the Auditor-Controller². Charter Section 601 specifies that the Auditor-Controller is the chief accounting officer of the County with the power and duty to:

- (1) Keep accounts showing the financial transactions of all offices and departments of the County and those districts whose funds are kept in the County treasury.
- (2) Prescribe and exercise general supervision over accounting systems to be installed and maintained and financial reports to be rendered by such offices, departments and districts.
- (3) Prepare such reports as the Board of Supervisors or the County Executive may deem necessary for information and use in the management and control of the operations of the county.

Ordinance Code Sections A15-1 through A15-16 specify the duties, responsibilities, and powers of the Director of Finance as the ex officio Auditor-Controller, Treasurer, Tax Collector, Recorder and Purchasing Agent of the County. Organizationally, the Board of Supervisors has created the position of Controller-Treasurer as the manager of the Controller-Treasurer Department, reporting to the Director of Finance, who is responsible to oversee all of the departments that comprise the Finance Agency.

Authorized Staffing

As the chief accounting officer for the County, with centralized responsibility for the proper accounting, reporting and safeguarding of revenue receipts and expenditures approaching \$5.0 billion, it is essential that the Controller-Treasurer Department be fully staffed with highly competent professionals to ensure adequate oversight, training and auditing of the County's financial transactions on a continuous basis. Anything short of a comprehensive and fully staffed County Controller-Treasurer Department increases financial risk to the County and jeopardizes taxpayer assets by exposing them to increased potential for staff error, misappropriation, fraud and abuse.

² The County Charter refers to the Auditor-Controller position. However, operationally the County of Santa Clara has established the manager of the Controller-Treasurer Department with responsibilities of a county Auditor-Controller-Treasurer.

To evaluate staffing of the Controller-Treasurer Department, several comparisons were made, including (1) internal growth within the County of Controller-Treasurer staffing versus total annual County expenditures; (2) County of Santa Clara annual expenditures per Controller-Treasurer authorized position versus comparable expenditures and staffing in the 10 most populous counties; and, (3) Controller-Treasurer staff per million population in the County of Santa Clara and in the other 10 most populous counties. These comparisons are shown in the following tables.

Table 1.1

Growth in County Expenditures vs. Increase in Controller-Treasurer Staffing
FY2002-03 to FY 2014-15

<u>Fiscal Year</u>	<u>Authorized Positions</u>	<u>County Expenditures</u>
2002-03	100.0	\$2,953,363,000
2014-15	106.4	4,609,559,000
Percent Increase	6.4%	56.1%

As shown in Table 1, over the past 12 fiscal years staffing in the Controller-Treasurer Department has increased minimally, while County expenditures increased at nearly nine times the rate of growth of Controller-Treasurer staffing.

Table 1.2

Comparison of County Expenditures Per Budgeted Controller-Treasurer Position
with the 10 Most Populous Counties

<u>County</u>	<u>FY 2013-14</u> <u>Actual Expenditures</u>	<u>Aud-Control-Tres</u> <u>FY 2014-15 Staff</u>	<u>Expenditures</u> <u>Per Position</u>
Santa Clara	\$4,609,559,000	106.4	\$43,322,923
Contra Costa	2,539,781,000	62.7	40,506,874
Riverside	3,601,927,000	103.0	34,970,165
Kern	1,769,186,000	54.0	32,762,704
Los Angeles	22,817,205,000	728.0	31,342,315
San Diego	4,035,789,000	157.0	25,705,662
Alameda	3,229,790,000	137.0	23,575,109
San Bernardino	3,371,156,000	153.0	22,033,699
Sacramento	2,784,225,000	129.0	21,583,140
Orange	5,378,548,000	285.5	18,839,047
Fresno	1,189,907,000	111.0	10,719,883
Avg Excl Santa Clara	5,071,751,000	192.0	26,203,860
Santa Clara vs. Avg	-9.1%	-44.6%	+65.3%

The comparison of County-wide annual expenditures per Controller-Treasurer authorized position in the 10 most populous counties shown in Table 2 confirms the relative low level of staffing in the County of Santa Clara. For each authorized position, the County of Santa Clara expends \$43.3 million, which was 65.3 percent more than the average of the 10 comparison counties, and the 106.4 authorized Santa Clara positions was 44.6 percent less than the 192.0 average number of Controller-Treasurer positions in the 10 most populous counties.

Table 1.3
Comparison of Controller-Treasurer Staff Per Million Population
with the 10 Most Populous Counties²

<u>County</u>	<u>1-1-14</u> <u>Population</u>	FY 2014-15 <u>Auditor-Controller-</u> <u>Treasurer Staff</u>	<u>Staff Per</u> <u>Million Population</u>
Riverside	2,295,298	103.0	44.9
San Diego	3,212,298	157.0	48.9
Santa Clara	1,874,526	106.4	56.8
Contra Costa	1,096,637	62.7	57.2
Kern	872,332	54.0	61.9
Los Angeles	10,069,036	728.0	72.3
San Bernardino	2,091,618	153.0	73.1
Alameda	1,583,979	137.0	86.5
Sacramento	1,460,480	129.0	88.3
Orange	3,132,681	285.5	91.1
Fresno	967,491	111.0	114.7
Avg Excl SC	2,678,185	192.0	73.9
Santa Clara vs. Avg	-30.0%	-44.6%	-23.2%

Table 3 provides a third basis for analysis of Controller-Treasurer staffing by comparing staff per one million population with the 10 most populous counties. Based on population, the County of Santa Clara had the third lowest level of Controller-Treasurer staffing, with 56.8 positions per one million population. However, at this level, the County of Santa Clara had 23.2 percent fewer staff per million population than the 73.9 position average of the 10 most populous counties.

Operating Failures Related to Understaffing and a Lack of Long-term Controller-Treasurer Senior and Management Staff:

The consequences of understaffing and not staffing various functions of the Controller-Treasurer Department, combined with the inability to retain senior and management

staff has increased the Department's risk of internal control failures. Internal control failures occur when operating policies and procedures are not kept current or do not exist, when regular training in operating policies and procedures does not occur, and when internal audits intended to safeguard against internal control failures are scaled back or eliminated. Further, all of these risks are heightened when the institutional knowledge and expertise of senior staff and management of an organization is diminished by attrition. The following examples of poor operating results experienced by the Controller-Treasurer Department have been selected from a retrospective review of significant events that impacted the Department over the past 25 years.

July 1996

Incorrect Calculation of Projected Property Tax Apportionment Budget:

- 1) Incorrectly calculated and distributed erroneous property tax budget estimates to all the taxing entities in the County in 1996, overstating city budgeted revenues by millions of dollars.

July 1997

\$10.7 Million Property Tax Apportionment Error:

- 2) Apportioned more than \$10.7 million to the County Central Fire District, the Los Altos County Fire District, the Saratoga Fire Protection District, and the South Santa Clara County Fire District in error between FY 1992-93 and FY 1996-97 rather than to the State ERAF fund. State legislation was required to deem the erroneous allocations correct and avoid severe operational consequences for the districts if made to repay the excess property tax allocations. AB 1712 was approved by the Assembly and the Senate, but vetoed by the Governor.

January 1999

\$5.3 Million Property Tax Apportionment Error:

- 3) Additional property tax apportionment errors were discovered for the period FY 1988-89 through FY 1991-92 and totaled about \$5.3 million. AB 236 forgave the County for all property tax apportionment errors from FY 1988-89 through FY 1996-97, and was signed into law on September 28, 1999.

June 2002

Audit Reports Improved Management Information & Updated Policies and Procedures Needs

- 4) Although a June 2002 management audit of the Controller-Treasurer identified internal control weaknesses related to inadequate management information and policies and procedures, those same organizational deficiencies continued unabated. Corrective action was never taken due to a lack of staff resources, and the County's exposure to material financial risks continue.

July 2003

Departmental Claims Processing Audits Must be Reinstated

- 5) With the completion of Phase 1 implementation of the more efficient SAP accounting system, the Controller-Treasurer decentralized claims processing by transferring responsibility for payment of vendor invoices to the departments and deleted three positions from the Claims Unit in FY 2003-04. Compliance with County accounting and internal control procedures was intended to be accomplished by field audits of departments on a periodic basis. However, Claims staffing was not restored and Internal Audit staffing was reduced from 11 positions to only four positions by FY 2010-11, delaying the schedule for these audits by 18 months. The current level of auditing is on a sampling basis, and is not as robust as the Controller-Treasurer would prefer if staffing were available.

July 2008

Four Charter Required Audits of Vacated Managers Abandoned Due to Internal Audit Backlog

- 6) While 24 department managers and County Officers vacated their position since FY 2008-09, only 18 were audited in accordance with the Charter requirement, and none filed a required certified statement of assets to be transferred to their successor. Further, due to reduced Internal Audit staffing, audits of four vacated department managers were not conducted, due to the excessive amount of time that had passed since their positions were vacated. All of the audits conducted met the minimum requirements of the Ordinance Code, but excluded accounts receivable and fixed assets which had normally been included in such audits.

November 2009

General Fund Cash Crisis

- 7) In November 2009, the Controller-Treasurer determined that the General Fund cash balance would be near zero once the pending payroll was paid. Inadequate

allocation of staff resources to cash management, budget review and management information collection and reporting resulted in this unforeseen financial problem.

April 2011

Excessive \$30.4 Million Loss of VMC Fixed Assets Reported

- 8) In April 2011 an audit reported that the Controller-Treasurer had requested authority to write off \$30.4 million (acquisition value) of fixed assets that had been reported to the County Executive as unable to locate. These assets were in the custody of Valley Medical Center and had been reported to the Controller-Treasurer between FY 2006-07 and FY 2009-10. At the time the assets were reported by VMC to the Controller-Treasurer as unable to locate, the Controller-Treasurer reported the losses to the County Executive. The County Executive insisted that the hospital conduct a thorough search for these assets and provide specific reasons why they could not be found. Consequently, the Board of Supervisors was not immediately advised of the losses. During the subsequent fiscal years, VMC has made improvements to its fixed asset accounting and tracking procedures, and increased staff resources dedicated to oversight and accounting for fixed assets. However, in the three fiscal years reported since FY 2009-10, VMC reported to the Controller-Treasurer an additional \$4.5 million of unable to locate assets, and this information is now reported annually to the Finance and Government Operations Committee of the Board of Supervisors, which approves the write-off of these assets.

December 2013

Millions of Dollars of Lost Cash Discounts

- 9) Between FY 2004-05 and FY 2013-14, the County received about \$955,000 in total cash discounts (about 0.006 percent) on its purchases of services and supplies, which totaled \$17.3 billion during this 11-year period. The annual average was about \$87,000 on \$1.6 billion of expenditures per year. Realizing cash discounts on County expenditures where cash discounts are available is a joint responsibility of the Controller-Treasurer Department, Procurement and the operating departments of the County. However, as the department designated by charter and ordinance code responsible for County-wide accounting and financial systems, the Controller-Treasurer has the fiduciary obligation to ensure cash discounts are taken when available and availability should be consistent with prevailing business practices.

During the FY 2004-05 to FY 2013-14 period, both the Controller-Treasurer Department and the Procurement Department reported operating at minimal

staffing levels that did not include sufficient resources to manage the County-wide cash discount function at the level necessary to maximize savings consistent with the average annual expenditure of \$1.6 billion. While a well-managed cash discount function may have produced average annual savings of 0.01 percent or more (\$1.6 million), the County was only able to average \$87,000 per year. During this time, the County moved to a strategic contracting model and focused on best value and value-added service with less emphasis on discounting. However, the ability to increase discounts could have been improved with additional Controller-Treasurer staff in the Claims Unit responsible for coordinating and expediting vendor payment processing. Currently, the Controller-Treasurer and Procurement are in the process of implementing an enhanced payment processing system that is designed to maximize cash discounts in the future.

October 2014

\$2.6 Million Property Tax Refund Error

- 10) Issued duplicate property tax refund in October 2014 in the amount of \$2.6 million that was only discovered as a result of the property taxpayer reporting the overpayment to the County. The Tax Roll Control Unit had outdated written policies and procedures. This important internal control function had been deferred due to staffing deficiencies.

Organizational Analysis

As shown in the FY 2014-15 organization chart of the Controller-Treasurer Department (Attachment 1.1), the Department is organized into eight divisions and 14 functional units. For comparative purposes, we analyzed the organization charts of Controller departments in other major California counties. Attachment 1.2 shows the results of that comparison with the Auditor-Controller Department of the County of Los Angeles, which has a comprehensive organization that is divided into 12 divisions and 61 operating units. The comparison is based on Fiscal Year 2014-15 information for both departments. Since the Controller-Treasurer Department in the County of Santa Clara includes the treasurer function, an additional division and unit was added to the County of Los Angeles Auditor-Controller detail in Attachment 1.2 bringing the division total to 13 and the unit total to 62.

While it is noted that the County of Los Angeles has more than five times the population of the County of Santa Clara and more than four times the annual expenditures, the functional responsibilities of the two counties under federal, State and

local law are substantially the same. Therefore, the organizational structure of the two offices and the units within the organizations should be closely aligned. Nevertheless, staffing of the Controller-Treasurer function in the County of Los Angeles totals approximately 728 positions, versus only 106 in the County of Santa Clara. Using the Attachment 1.2 organizational comparison, it was determined that several important functions do not exist in the Santa Clara organization, exist but are understaffed, or exist but are no longer staffed. These organizational discrepancies are described below.

(1) Controller-Treasurer Administration:

Both the County of Los Angeles Auditor-Controller Department and the County of Santa Clara Controller-Treasurer Department are managed by a similar official as specified by State law. However, the County of Los Angeles is also staffed with three Assistant Auditor-Controller positions that bring additional depth of expertise to the office and ensure organizational continuity during times of managerial change when a vacancy occurs in the Auditor-Controller position due to retirement or other forms of attrition. Even though the County of Santa Clara accounts for the fourth highest amount of annual expenditures of the 58 California counties at \$4.6 billion in FY 2013-14 (only Los Angeles, San Francisco and San Diego expended more than Santa Clara), Santa Clara does not have an Assistant Controller-Treasurer position. Consequently, leadership transition periods in Santa Clara may be subject to periods of time when the office is managed by an interim appointment, and a newly appointed Controller-Treasurer may not be fully productive or effective until becoming familiar with the County's fiscal policies, procedures and financial history. Although the County of Santa Clara has a Finance Agency Director who oversees several finance related departments, this position does not have day-to-day operational responsibility to ensure that the financial transactions are occurring as intended and that the accounting internal controls are working effectively. These responsibilities would be assumed by an Assistant Controller during any period of leadership transition.

(2) Controller-Treasurer Accounting Division:

The Accounting Division is the largest division in the County of Santa Clara Controller-Treasurer Department with 25 authorized positions. The Division includes a General Accounting Unit and a Claims Unit. The General Accounting Unit is staffed with a Manager and 12 staff and prepares the County's financial statements, including the Comprehensive Annual Financial Report (CAFR), maintains its accounting books, establishes controls for financial transactions, oversees accounting for and distribution of various revenues, and accounts for fixed assets. The Claims Unit includes a total of 11 staff, two of whom are senior accountants. However, there was no Unit manager

position in this Unit, which is responsible for payment of vendor invoices, processing travel reimbursements, and auditing departmental P-Card transactions, at the time of the audit. The position has since been added.

(3) Controller-Treasurer Fiscal Services Division:

The Fiscal Services Division is staffed with a division manager and 20 accounting and systems analysts. The Division includes a Systems Development Unit and a Systems Maintenance Unit. The Systems Development Unit is staffed with a manager and eight staff. The Systems Maintenance Unit includes 11 systems analyst staff, but no unit manager.

(4) Controller-Treasurer Tax Apportionment/Cost Management/Tax Roll Control Division:

The Tax Apportionment/Cost Management/Tax Roll Control Division includes the Tax Apportionment Unit, the Cost Accounting Unit, and the Tax Roll Control Unit. The Division includes a total of 23 positions including a division manager. The Tax Apportionment Unit includes a unit manager and four staff. The Tax Roll Control Unit includes a unit manager and 14 staff. The Cost Accounting Unit includes only two staff and no manager. This unit is responsible for the preparation of the annual County-wide cost allocation plan, oversight and submission of SB 90 claims, County-wide review and analysis of departmental fees and charges, and County-wide training related to all of the cost accounting functions. Organizationally, the Cost Accounting Unit should be reestablished as a separate division with full responsibility for the annual County-wide cost allocation plan, oversight and submission of SB 90 claims, County-wide review and analysis of departmental fees and charges, and County-wide training related to all of the cost accounting functions with staffing authorization consistent with these responsibilities.

(5) Controller-Treasurer Contracts Monitoring Division:

The Controller-Treasurer Department does not have a contracts monitoring division. Consequently, most of the functions that this division would perform are not carried out by the County, or are carried out on a sporadic basis to a very limited extent by County auditors. Comparatively, the Auditor-Controller of the County of Los Angeles has 58 staff assigned to this function that are responsible for county-wide contract audits, departmental contract audits, special contract reviews as requested by the Board of Supervisors, county staff and contractor training, and county-wide contracting policy development. While the newly created Office of County Contracts in the County Executive's Office fulfills the contracting policy development function for the County of Santa Clara, the auditing, Board requested contract reviews, and training functions

generally do not occur, or are performed on a limited basis by internal audit or management audit staff.

(6) Internal Audit Division:

The Internal Audit Division of the Controller-Treasurer Department sustained the largest staff reduction of any of the divisions of the Controller-Treasurer Department between FY 2002-03 and FY 2010-11 declining from 10 positions to only four. Although its staffing has gradually been restored, the FY 2014-15 staffing level of eight is far below the level required for the Division to accomplish its audit responsibilities. Activities currently not being performed or being performed at a minimal, but inadequate level include (1) Charter required custody audits of department managers leaving the department (no longer auditing fixed assets or certifying fixed asset additions and deletions since the prior June 30 physical inventory); (2) compliance audits of all major grants; (3) audits of all major service contracts; (4) follow-up audits to previously completed Board assigned audits; and (5) audits of County-wide processes such as timekeeping and payroll. Based on these unfilled audit needs, clearly a staff of eight internal auditors in an organization with a \$5.5 billion budget is insufficient. Consequently, two additional auditor positions are recommended for the Internal Audit Division.

(7) Payroll Division:

Staffing in the Payroll Division of the Controller-Treasurer Department has decreased by 24 percent from 17 positions in FY 2002-03 to 13 positions in FY 2014-15, while the County payroll has increased by 94 percent from \$1.37 billion to \$2.66 billion and added 934 positions. As a result, the Payroll Division has had to reduce or eliminate activities that were important to maintaining internal control over the multi-billion dollar payroll. As these activities were eliminated, the risk of payroll errors and related financial losses has increased as discussed in Section 2 of this report. Payroll Division activities that should be reinstated or enhanced are discussed in greater detail in Section 2 of this report, but include the ongoing tasks of developing, enforcing and maintaining Countywide timekeeping and payroll policies, developing and implementing a centralized timekeeping and payroll training program, maintaining a management information system on payroll performance statistics, alleviating payroll correction processing workload, and conducting proactive payroll audits.

In addition to the specific organizational units that are understaffed or not staffed as described above, a second staffing factor that exists in other organizations, but is generally absent in the County's Controller-Treasurer Department is the authorization

for assistant unit and division managers in key parts of the organization where failure is not an option. The availability of a back-up position at the top of key units and divisions enables redundant verification of important periodic analyses, and provides an additional measure of protection against potentially catastrophic human or system errors. Due to the Department's enormous financial responsibility, the Controller-Treasurer Department regularly makes decisions and performs financial analyses that result in the expenditure, apportionment, investment, and borrowing of billions of dollars, often on behalf of school and other special districts.

Based on the staffing deficiencies described above, Attachment 1.3 describes the additional staffing and organizational modifications that would be necessary to fully staff the Controller-Treasurer Department in order to enable the Department to carryout its financial management, oversight, training and coordination responsibilities in a manner consistent with the size and complexity of the County. A total of 14 positions are recommended, less the three new positions recently recommended by the County Executive and approved by the Board of Supervisors for the FY 2015-16 budget. The estimated FY2015-16 cost of the recommended Controller-Treasurer staffing enhancement is approximately \$1.56 million, based on the FY 2015-16 position cost of similar positions in the Controller-Treasurer budget. However, some, if not all of this cost would be offset by expenditure savings and increased revenues and reimbursements resulting from audits, increased SB 90 and grant claims, additional revenues resulting from full cost recovery fees and charges, increased reimbursements from State and federal program claims and cost plan enhancements.

Controller-Treasurer is Unable to Retain Senior and Management Staff

In addition to operating for many years at minimal staffing levels, the Controller-Treasurer Department has historically had difficulty in retaining top quality accounting staff as they progress through the County's accounting series of job classifications and eventually transfer to another department or leave the County for a promotional opportunity. The inability to retain senior and management staff with substantial work experience in the Controller-Treasurer Department diminishes readily available institutional knowledge that can be a valuable asset in the management and oversight of day-to-day operations, minimizing risk as well as facilitating the expertise and professional growth of new and less experienced staff. A review of the current status of 15 management and supervisory staff showed that the average number of years of continuous work experience in the Controller-Treasurer Department was only 7.4 years.

No manager or senior staff member has more than 15 years with the Department, and most have less than 10 years.

The primary professional job classifications authorized for the Controller-Treasurer Department are the Accountant II, Accountant III, and Senior Accountant classifications. The FY 2014-15 authorization totals 29 positions in these classifications. Although the Accountant series of job classifications is the generic accounting classification used County-wide, the accounting job duties of positions in the Controller-Treasurer Department are substantially unique to the Department and have a County-wide focus as opposed to departmental accounting work, which is more focused on individual operational transactions. By comparison, accounting duties of accounting staff in the Controller-Treasurer's Department versus County department accountants are differentiated as described below:

Controller-Treasurer Accounting:

Accountants in the Controller-Treasurer Department typically perform complex County-wide functions that require examining, analyzing, maintaining, reconciling and verifying complex financial records often involving State, federal and special district entities, as well as approximately 500 separate funds accounted for by the Controller-Treasurer. Further, these Controller-Treasurer accounting functions also include specialty functions not found in departments, such as required annual reports to the State, the County-wide cost allocation plan, comprehensive annual financial report, property tax apportionment analyses, financial and operational systems analysis and development, and County-wide financial accounting and systems training.

County Department Accounting:

Accounting duties typically performed in County departments include operational and transaction related activities such as procurement of services, supplies and equipment, bi-weekly payroll and timekeeping, payment of vendor invoices, preparation of budget documents, maintenance of fixed asset records, receiving, accounting for and depositing revenue, preparation of SB 90 claims, accounting for grants, maintenance of departmental financial procedures manual, and preparation of department financial and operational reports as requested.

One potential method of reducing the turnover rate of Controller-Treasurer professional accounting staff would be to establish an accounting classification series specific to the Department. A series that permitted open entry at the beginning Accountant I and II level, but was progressively more restrictive through the Senior

Accountant, Accountant Manager, Assistant Division Manager, and Division Manager classifications, could provide a greater promotional career path within the Controller-Treasurer Department. Specialized classifications are sometimes used to recognize the unique specialized nature of the duties and responsibilities of the positions and the function they perform within the organization.

As an example, the County of Los Angeles Auditor-Controller Department has at least 15 such specialized classifications in the functional areas of accounting, payroll, and financial systems (see examples in Attachment 1.4). Development of these restricted classifications has enabled the Department to more precisely define job duties and responsibilities to the County-wide requirements of the Auditor-Controller, rather than the more generic specifications for similar positions in operating departments. Further, the development of these classifications has increased promotional opportunities within the Auditor-Controller Department and enhanced retention of skilled and experienced employees in the Department. Whereas the average number of years of service of the 15 current managers and supervisors in our Controller-Treasurer Department is only 7.4 years with the longest being 15 years, many of the senior audit staff in the Auditor-Controller Department in the County of Los Angeles average more than 10 years with the Department, while most of the Chief Auditors and Division Chiefs have more than 20 years of service.

Consequently, it is recommended that the Board of Supervisors direct the County Executive to direct the Employee Services Agency to (1) evaluate the specialized duties and responsibilities of accounting, payroll, and financial systems positions in the Controller-Treasurer Department to determine if a similar job classification structure as is used by the Auditor-Controller Department in the County of Los Angeles would improve retention of senior and managerial professional staff in the Controller-Treasurer Department, and (2) report the results of their analysis to the County Executive and the Board of Supervisors within three months from the date of approval of this recommendation by the Board of Supervisors.

CONCLUSION

The Controller-Treasurer Department has been understaffed for many years. It has the lowest staffing level of any of the 10 most populous counties, with 44.6 percent fewer staff and 65.3 percent more expenditure responsibility than the average large county auditor-controller department. As a result, it does not perform several important auditor-controller functions, and performs others on a limited basis. The consequences

of dedicating insufficient resources to the most critical financial county responsibility has been recurring operational and system failures involving as much as \$16 million each. With responsibility for overseeing the financial integrity of the County's \$5 billion annual expenditure budget and the investment of billions of dollars of monies on behalf of numerous other governmental entities, the budgetary savings that have been realized do not justify the financial risk.

By increasing staffing in several functional areas of the Department and developing specialized classifications to more precisely match the centralized accounting and financial duties of the Department, the Controller-Treasurer can substantially improve its County-wide financial management and oversight performance, while doing a better job of developing and retaining highly expert staff, further reducing the risk resulting from operational failures. The estimated FY 2015-16 cost of the recommended Controller-Treasurer staffing enhancement is approximately \$1.56 million, less expenditure savings and increased revenues and reimbursement associated with the additional functions these staff would implement.

RECOMMENDATIONS

It is recommended that the Controller-Treasurer:

- 1.1 (a) Prepare and submit a detailed staffing enhancement plan to the County Executive to address the organizational deficiencies as described in this section, within three months from the date of Board approval of this recommendation; and,
- (b) The County Executive review and forward this plan with his recommendations to the Board of Supervisors for implementation during the FY 2015-16 mid-year budget review. (Priority 1)

It is recommended that the Board of Supervisors direct the County Executive to direct the Employee Services Agency:

- 1.2 To evaluate the specialized duties and responsibilities of accounting, payroll, and financial systems positions in the Controller-Treasurer Department to determine if a similar job classification structure as is used by the Auditor-Controller Department in the County of Los Angeles would improve retention of senior and managerial professional staff in the Controller-Treasurer Department, and to report the results of this analysis to the County Executive and the Board of

Supervisors within three months of the approval of this recommendation by the Board of Supervisors. (Priority 2)

SAVINGS AND BENEFIT

Implementation of these recommendations would result in increased staffing and reorganization of the Controller-Treasurer Department and commencement of various County-wide financial management and oversight functions including:

- (1) Resumption of payroll audits throughout County departments;
- (2) Performance of all Charter required custody audits upon department managers leaving office including certification of fixed asset changes since the last physical inventory;
- (3) Commencement of County-wide contract monitoring and audit activities on all major County contracts;
- (4) Commencement of Grants auditing on all major grants.
- (5) Increased verification of all property tax apportionment analyses to all taxing entities;
- (6) Ongoing verification of all property tax refunds in excess of \$50,000;
- (7) Updating and maintaining all financial policies and procedures of the Controller-Treasurer;
- (8) Resumption of County-wide payroll, cost plan, SB 90, grant and other training for all accounting and financial staff, including training in work paper development in support of grants, State and federal reimbursements, and annual revenue and expenditure budget estimates;
- (9) Resumption of ongoing review and analysis of all departmental fees and charges; and,
- (10) Other financial activities as determined by the Controller-Treasurer.

The estimated cost of the Controller-Treasurer recommended staffing enhancement is approximately \$1.56 million annually based on the FY 2015-16 cost of similar positions in the Controller-Treasurer budget, less savings resulting from audits, increased SB 90 and grant claims, additional revenues resulting from full cost recovery fees and charges, increased reimbursements from State and federal program claims and cost plan enhancements.

**FINANCE AGENCY
CONTROLLER - TREASURER**

3/18/2014 DR

DIR Finance Agency Harrison, Emily A07 00009 1

Controller/ Treasurer Minato, Alan A08 00010 1

*FASM / ASM III	Olaiya, Margaret	A1Q	40065	1
*Sr Exec Asst	Exec Asst II Ward, Gretchen	C08	27239	1
Director, Info Systems Finan	Kobashigawa, Daryl	A1G	41785	1

Recorder
Revenue
Tax Collector
See Separate Charts

CT Div Mgr Vacant (Singh) B55 25628 1

*Sr Fin Anal / II / I Kieler, Grace @VHP A6A 40276 1

Admin Support 3				
Sr. Mgt Analys*MA	Ricasa, Daryl	B1P	31184	1
Exec Asst I ACE	Lewis, Sandra G.	X17	27402	1
OS III	vacant (Suba)	D09	41397	1

RDA and Disbursement Division 16				
CT Div Mgr	Niebla, Veronica	B55	39896	Exc Mgr 1

RDA 2				
Sr. Financial Analyst	Vacant	A6A	42275	1
Fin Analyst III	Fin Analyst I Vacant	A6B	42276	1
Payroll 13				
Payroll Mgr	Vacant (Torrey)	B7J	19151	1
*Sr Mgmt An MA	Renshaw, Sharon	B1N	30389	1
Assc Mgt An	*AMA-A Tu, Kathy	B1T	40913	1
*Sr Acct	Acct III Yang, Rong (Irene)	B7E	00526	1
Acct III	*Acct II / AA Caratiquit, Cristina	B78	00555	1
*Acct Aud Ap	Acct Asst add/delete (Chang)	B80	26815	1
Supv Acct Clerk I	Palmer, Rhonda	D95	30585	1
PR Svcs Clk	Townsend, Paula	C86	30120	1
PR Svcs Clk	Bul, Kenny	C86	30121	1
PR Svcs Clk	Nguyen, Hahuyen	C86	30122	1
PR Svcs Clk	vacant	C86	30123	1
PR Svcs Clk	Tanabe, Bonnie	C86	30124	1
Office Spec III	Barce, Reynaldo (W)	D09	29359	1

Accounting Division 25				
CT Div Mgr	Vacant (Minato)	B55	25629	Exc Mgr 1

General Accounting 13				
Gen Acctg Mgr	Tom, Annie	B7U	19078	1
*Sr. Acct	Acct III / II Tsang, Catherina	B7E	22906	1
Sr Acct	*Acct III Hardwicke, Mary A	B77	39487	1
Sr Acct	*Acct III Whittington, Rita	B77	41405	1
*Acct III	Acct II / AA Vuong, Melody	B77	00548	1
*Acct III	Acct II / AA Opiso-Williams, Fe	B77	00553	1
*Acct III	Acct II / AA Bazar, Jeanette	B77	32584	1
Acct III	*Acct II / A Phan, Trish Hatu	B78	00549	1
Acct III	*Acct II / A Igtiben, Mercedith	B78	40934	1
Acct III	*Acct II / A Mutuc, Marilou	B78	00554	1
Acct III	Acct II / *A Lu, Katelyn (Hoan)	B80	00547	1
Acct III	Acct II / *A Cruz, John Ray	B80	30884	1
Acct II / AAA	*Acct Asst Refuerzo, Emy (In)	D96	35917	1
Claims 11				
*Sr. Acct	Acct III Lo, Henry	B76	31191	1
*Sr Acct	add/delete Vacant (Perez)	B76	32583	1
*Mgmt Analyst	Mgt Analyst Laskin, Barbara	B1R	38207	1
Sr Acct - U	He, Lei (Maggie)	Q72	41749	x 12/27 1
*Acct III - A	Acct II / AA Jin, Ling (Rita)	B77	41393	1
Acct III	*Acct II / A Rosal, Vida Q.	B78	20641	1
Acct II / *AA	Acct Asst Pham, Chi	B80	29210	1
Acct II / AAA	*Acct Asst Truong, Tin	D96	34771	1
*AAA	Acct Asst Rivera, Cristina	B80	30857	1
*AAA	Acct Asst Ermitano, Mina	B80	30962	1
*AAA	Acct Asst Vu, Nancy	B80	34712	1

Fiscal Services Division 21				
Fiscal Services Mgr	Conrad, Steven	B74	00523	Exc Mgr 1

Financial Systems Development & Maintenance 20				
*ISM III	ISM II Chopra, Rinky	G11	25175	1
*ISM III	ISM II / I Nguyen, Annick-Tr	G11	30574	38782 1
*ISM III	ISM II Lu, Jennifer (Yen)	G11	40274	1
ISM II	*ISM I / Nguyen, Andrew	G14	24957	ISA I 1
*ISM II	ISM I Chang, Claire	G12	34063	1
ISM II	Vacant (Chopra)	G12	38782	1
ISM II	*ISM I Leong, Ron	G14	40273	1
ISM II	*ISM I Gosalia, Asit	G14	41395	1
ISM II	*ISM I Auer, Alexander Pa	G14	41396	1
ISM I	*ISA II / Lam, Toan	G28	41394	1
ISM I	*ISA II Santos, Michele Ma	G28	33076	1
*Mgt Anlst Prog Mgr II	Wong, Venus Lee	B1J	30395	MGR I 1
ISM I	*ISM II Banh, Barbara	G28	42273	1
*Mgmt Analyst	AMA -B / Epler, Rosie V	B1P	32685	Mgmt A 1
*Mgmt Analyst	AMA -B / vacant (Banh)	B1P	32660	1
Mgmt Analyst	AMA - *B Wong, Eva	B1R	39932	1
Sr Acct	Acct III Vacant (Auer)	B76	30390	1
*Sr Acct	Acct III Szeto, Vivian	B76	36663	1
*Sr Acct	Acct III Aguirre, Maridel R	B76	39003	1
*Sr Acct	Chou, Susan	B76	00527	1

Tax Apport / Cost Management / Tax Roll Control 23				
CT Div Mgr	Le, Kim	B55	39201	Exc Mgr 1

Tax Apportionment Division 5				
Prop Tax Mgr	Ma, Jacelyn (Ming Lin)	B8E	36268	1
*Sr. Acct	Acct III / II Kan, Kenneth (Yiu W)	B7E	23676	1
*Acct III	Acct II / AAA Cheng, Mu-Hua	B77	00544	1
*Acct III	Acct II / AAA Payne, Glenn Edward	B77	00546	1
*Acct III	Acct II / AAA Feliciano, Lynette (And)	B77	00551	1
Cost Accounting 2				
*Sr Acct	Acct III Yang-Wurm, TJ	B76	26504	1
Acct III	Acct II / *AAA Del Castillo, Bartolom	B80	00545	1
Tax Roll Control 15				
Tax Roll Mgr	Ochoa, Celina	C77	41409	1
Sr Mgmt Anal	MA / *AMA-B Aldama, David	B1R	41406	1
*Supv Acct Clk I	Lopez, Rene (Sr)	D95	41407	1
Supv Acct Clk	Supv Acct Clk Lleverino, Tam	D95	42232	1
*Sr Acct Clk	Acct Ck II / I Lee, Tiare (Sr.)	E87	41398	1
*Sr Acct Clk	Acct Ck II / I Vacant (Lopez)	E87	41399	1
*Sr Acct Clk	Acct Ck II / I Truong, San (Sr)	E87	41400	1
Sr Acct Clk	*Acct Ck II / I Gutierrez-Arias, Karla	D97	41401	1
Sr Acct Clk	Acct Ck II / *Roldan, Shirley (I)	D98	41392	1
Acct Ck II	Acct Ck *I Vacant (Pastrana)	D98	41389	1
Acct Ck II	Acct Ck *I Thompson, James Tod	D98	41390	1
Acct Clk II	*Acct Clk I Picken, Joan (I)	D98	41391	1
Acct Clk II	*Acct Clk I Zulueta, Charo (I)	D98	41404	1
Sr Acct Clk	Acct Ck II / *Robles, Erika	D98	41402	1
Sr Acct Clk	Acct Clk II / *Yalda, Azhar	D98	41403	1

Internal Audit Division 8				
Internal Aud Mgr	Haggerty, Rebec	B4B	34357	Mgr 1
Supv Internal Aud	Sub-Prob (Behr)	B21	38213	1
Sr Internal Aud IA III / II	Vacant	B31	26150	1
Sr Internal Aud IA III / II	Vacant	B31	40732	1
Sr Internal Aud IA III / II	Vu, Amy	B28	41099	1
*Sr Internal A IA III	Lim, Momo (Cyn)	B31	40204	1
*Sr Internal Aud	Chac, Jeanie	B31	18178	1
*Sr. Internal Aud	Mark, Brian P	B31	39489	1

Treasury Division 3				
Investment Of TARD	Vacant-Jacquelin	B84	00630	Exc Mgr 1
Fixed Inc Port Mgr	Francis, Gregory	B6A	37005	1
Fixed Inc Port Mgr	Flippin, Jacquelin	B6A	39963	1

Bond Management 3				
Debt Mgmt Officer	Vacant	B8D	36267	1
Debt Mgmt Of Extra Help	Woo, David	B8D		
Securities Analyst	McDonough, Pau	K17	26373	Anlst 1
Bond & Invst Anlst	Zhuo, Tina	B1M	00127	1

Positions Filled under Control	90
Vacant positions:	19
Total	109

Note: The Alternate Position is indicated in the chart. Some positions have more than one alternate. Asterisk (*) denotes the Current Position if different from the alternate position.

FY 2014-15 Auditor-Controller-Treasurer Staffing Comparison

County of Los Angeles and County of Santa Clara

Div/Unit	Organizational Function	FY 2014-15 Staffing	
		LA County	SC County
Departmental Management			
	Auditor-Controller	1	1
	Assistant Auditor-Controller	3	0
	Division Manager	12	8
Division 1	ADMINISTRATIVE SERVICES DIVISION *2	22	4.4
1	· Budget Preparation and Expenditure Control		
2	· Personnel Administration		
3	· Strategic Planning		
4	· Performance Counts!		
5	· Management Services		
6	· Fiscal Liaison with Shared Services		
7	· Master Agreement Audits		
8	· Special Projects		
Division 2	ACCOUNTING DIVISION*4	65	15
9	· Fiscal Monitoring		
10	· County Financial Reports		
11	· SB90 Claims		
12	· Controller Bonds Management		
13	· Fixed Assets Inventory		
14	· Franchise Receipts		
15	· Cost Rate Studies		
Division 3	COUNTYWIDE PAYROLL DIVISION	37	13
16	· Countywide Payroll Administration		
17	· Emp. Garnishment Withhold Salary Ord., Union/Tax Laws		
18	· HR System Security and Problem Resolutions		
19	· Employee Benefits Corrections/ Deductions		
Division 4	ENTERPRISE SYSTEMS SUPPORT DIVISION	42	0
20	· Training/Change Management		
21	· Acquisition/ Development/Support New Systems		
22	· Countywide Information Delivery and Reports		
23	· Departmental Network Support		
Division 5	SYSTEMS OPERATIONS DIVISION	57	20
24	· eCAPS Maintenance, Development,		
25	· Operation Support		
26	· eHR Production and Operation Support		
27	· eHR Maintenance and Development		
28	· Tax Systems		
Division 6	AUDIT DIVISION	61	7
29	· Department Audits		
30	· Management Audits		
31	· Audit Committee		
32	· Internal Control Reviews		
33	· Special Projects		
34	· Fiscal Manual		

Div/Unit	Organizational Function	FY 2014-15 Staffing	
		LA County	SC County
Division 7	CONTRACT MONITORING DIVISION	58	0
35	· County Contract Audits		
36	· Departmental Contract Audits		
37	· Board Requested Special Studies and Reviews		
38	· Countywide Contracting Policy Development		
39	· County Staff and Contractor Training		
40	· Group Homes/Foster Family Agency Audits		
Division 8	PROPERTY TAX APPORTIONMENT DIVISION**	42	9
41	· Apportionments		
42	· Tax Roll Extension		
43	· RDA/Successor Agency Accounting*3		
Division 9	PROPERTY TAX SERVICES DIVISION*5	42	15
44	· Public Service		
45	· Property Tax Refunds/Roll Changes		
46	· Direct Assessments		
Division 10	DISBURSEMENTS DIVISION*6	57	11
47	· Welfare Payments		
48	· Forged Warrants Investigations		
49	· Foster Care Payments		
50	· Welfare Banking		
51	· Vendor Payments		
52	· Trust Payments		
53	· Court Payments		
54	· Travel Arrangements		
Division 11	OFFICE OF COUNTY INVESTIGATIONS DIVISION	28	0
	· Investigates Allegations of Administrative and Criminal Misconduct by County Employees and Vendors		
55			
56	· Fraud Hotline		
57	· Other Special Investigations		
58	· Children's Group Home Ombudsman		
59	· Countywide Privacy Issues		
60	· HIPAA Compliance Audit Privacy Hotline		
Division 12	SHARED SERVICES DIVISION*1	90	1
61	· Consolidated Fiscal Operations for 18 Depts		
Division 13	TREASURY DIVISION	111	2
62	Treasury Investments and Management		
	Total FY 2014-15 Staffing	728	106.4

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May 1, 2015

County of
Los AngelesCLASS
SPECIFICATION

ACCOUNTANT II

HEAD CLERK



FINANCE ANALYST

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Class Specification: PAYROLL SPECIALIST III, AUDITOR CONTROLLER**ITEM NUMBER:** 1344**APPROVAL DATE:** 10/10/2002**DEFINITION:**

Supervises a group engaged in the processing of the County payroll or operates a terminal in the processing of the County payroll.

CLASSIFICATION STANDARDS:

Positions allocable to this class are restricted to the Department of Auditor-Controller and supervise a group in the Payroll Unit or operate a remote job entry terminal for the processing and production of various payroll reports, vendor payments, and trust payrolls.

EXAMPLES OF DUTIES:

Plans and schedules the work of the group in order to anticipate peak periods and meet deadlines.

Reviews the work of subordinates for adherence to work schedules and established procedures and policies and evaluates their performance.

Trains or supervises the training of new employees in the work of the group.

Coordinates the work of the group with that of other groups in the unit.

Plans, devises, and recommends new or revised payroll procedures and supervises their implementation.

Arranges work schedules, vacations, and time off for employees supervised.

Reviews, analyzes and makes necessary corrections to payroll/personnel transactions that appear as exceptions when processed by the Countywide Payroll and Personnel System.

Reviews the more difficult and complex payroll transactions for compliance with the Salary Ordinance and Countywide Payroll and Personnel System to ensure accuracy of payments.

Assists the operating section supervisor in the solution of specific complex payroll processing problems using established methods, procedures and standards

Answers inquiries requiring a knowledge of County payroll process and interprets County payroll policies and procedures.

Prepares or supervises the preparation of special reports based on payroll records and periodic statistical reports on production and workload.

May serve as a team member on projects, may assist other technicians or may independently complete a segment of a more complex payroll study, as assigned.

May operate a remote job entry terminal for the processing of various payroll reports, vendor payrolls, and trust payrolls.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

One year's experience at the level of the County of Los Angeles class of Payroll Specialist II, A/C processing the more difficult payroll transactions, performing complex control work and calculations pertaining to employee earnings, or acting as first assistant to the head of a group involved in processing the County's payroll.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

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Class Specification: PAYROLL SPECIALIST I, AUDITOR-CONTROLLER
ITEM NUMBER: 1342

APPROVAL DATE: 10/30/2002

DEFINITION:

Performs highly specialized clerical work in the processing of the County payroll.

CLASSIFICATION STANDARDS:

Positions allocable to this class are assigned to the Department of Auditor-Controller and are responsible for assisting in the processing of various payroll reports submitted by all County departments including timerolls, garnishments, warrant affidavits, supplemental warrants, subpoenas, ongoings, industrial accidents and other miscellaneous payroll documents. They also assist line departments in the resolution of their payroll-related problems.

EXAMPLES OF DUTIES:

Reviews and audits payroll documents submitted by all County departments for accuracy, completeness, and compliance with legal and County-wide Payroll System requirements.

Assists in auditing and processing the more difficult payroll transactions.

Assists in the resolution of payroll problems and payroll transaction exceptions.

May prepare special reports from payroll records.

May prepare payroll warrants including the preparation of source documents used to provide warrant issue records to the bank.

Assists in gathering data needed to answer correspondence or prepare reports requiring specialized knowledge of the County payroll process.

May operate office machines, as required.

MINIMUM REQUIREMENTS:
TRAINING AND EXPERIENCE:

Six months specialized clerical experience in the Department of Auditor-Controller preparing, processing, reviewing, and auditing payroll documents submitted for the preparation of the County payroll.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions may be required.

PHYSICAL CLASS:

2 - Light.

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Class Specification: PAYROLL SPECIALIST II, AUDITOR-CONTROLLER**ITEM NUMBER:** 1343**APPROVAL DATE:** 10/30/2002**DEFINITION:**

Processes the more difficult payroll transactions, performs complex control work and calculations pertaining to employee earnings, or acts as first assistant to the head of a group involved in processing the County's payroll.

CLASSIFICATION STANDARDS:

Positions allocable to this class are found in the Special Claims Section and restricted to the Department of Auditor-Controller and are responsible for performing the more difficult and complex payroll work in conjunction with the issuance of the County payroll, performing complex data control work and calculations in the audit of edit exceptions, or acting as first assistant to the head of a group in the Payroll Unit.

EXAMPLES OF DUTIES:

Reviews, audits and processes the more difficult payroll complex transactions submitted by County departments for accuracy, completeness, and compliance with legal and Countywide Payroll and Personnel System requirements.

Reviews, analyzes, and makes necessary corrections to payroll transactions that appear as exceptions when processed by the automated County-wide Payroll System.

Analyzes edit-exceptions for all payroll transactions and creates correction transactions as necessary requiring an extensive understanding of the entire payroll process and Salary Ordinance requirements.

Verifies the accuracy of converted data by balancing predetermined transaction counts and totals to edit reports and creates correction transactions, as necessary.

Calculates earnings, deductions, and net pay on all manual supplemental salary payments requiring highly specialized knowledge of various earnings types, tax calculations, and all deductions such as retirement, deferred compensation, percentage deductions, etc.

Receives inquiries from County departmental payroll/personnel offices regarding various payroll problems, and takes appropriate measures to resolve the problem.

Prepares or assists in the preparation of special reports based on payroll records and periodic statistical reports on production and workload.

Gathers data needed to answer correspondence requiring knowledge of County payroll procedures and policies.

Represents the unit as a primary source of knowledge of the County payroll process.

Trains or assists in training new employees in the work of the group.

May act for the supervisor in the latter's absence.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

One year's experience at the level of the County of Los Angeles class of Payroll Specialist I, A/C performing highly specialized clerical work in the processing of County Payroll -OR- One year's experience at the level of Payroll Clerk I with immediate responsibility for the processing of the payroll of a small County Department.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions may be required.

PHYSICAL CLASS:

2 - Light

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Class Specification: PRINCIPAL ACCOUNTANT, AUDITOR-CONTROLLER**ITEM NUMBER:** 0654**APPROVAL DATE:** 07/19/2011**DEFINITION:**

Participates in directing the work of a division of the Department of Auditor-Controller.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and report to a Division Chief, Auditor-Controller or a Chief Accountant, Auditor-Controller, or a Program Specialist IV, Auditor-Controller. Positions in this class are distinguished by their responsibility for supervising the activities of a major section of the Department of Auditor-Controller.

EXAMPLES OF DUTIES:

Participates in planning, organizing, directing, and evaluating the work of the division or a major section.

Recommends the modification of divisional policies and procedures and supervises the installation of approved changes.

Coordinates the work of the section with other sections and divisions of the department, other County agencies and State and Federal agencies.

Recommends and justifies measures to meet present and future personnel, space, and material requirements.

Assists in directing the maintenance of centralized accounting and disbursements records and maintains control over all financial transactions of the County, school districts, and special districts.

Assists in directing the maintenance of an appropriation accounting system providing centralized budget control over County revenues and expenditures.

Assists in directing the maintenance of cash accounts of all funds in the custody of the County Treasurer.

Assists in directing the preparation and maintenance of tax ledgers reflecting collections, apportionments, and delinquencies which affect the tax accounts of the County, municipalities, special districts, and school districts.

Assists in directing the preparation of County financial reports and statements of financial condition.

Assists in directing the compilation and publication of County preliminary and final budgets and the preparation of budget and tax resolutions.

Supervises the computation of the tax rates for the County, school districts, and special districts.

Assists in directing the reconciliation of all County, school, and special district warrants.

Assists in directing the maintenance of detailed records of County-owned real or personal property.

Assists in directing the maintenance of inventory controls and the resultant billing for items issued to County departments.

Assists in developing and maintaining accounting procedures and controls for all County payroll expenditures and deductions.

Assists in developing and maintaining accounting procedures and controls for the processing of all general claims against the County.

Assists in directing the pre-audit and processing of all warrants for the payment of trust monies, payroll, and general claims.

Assists in developing and maintaining accounting procedures and controls for all funds maintained in trust, which includes distribution of child support payments.

May act for a Division Chief, Auditor-Controller; Chief Accountant, Auditor-Controller; or Program Specialist IV, Auditor-Controller, in the latter's absence.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:****Option 1**

Completion of accounting courses in an accredited college equivalent to 21 semester units or 32 quarter units - AND - one year of accounting or auditing experience at the level of the Los Angeles County class of Supervising Accountant, Auditor-Controller; Senior Accountant-Auditor; or Senior Accounting Systems Analyst.

Option 2

Completion of accounting courses in an accredited college equivalent to 21 semester units or 32 quarter units - AND - two years of experience at the level of Senior Accountant, Auditor-Controller.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

2 - Light.

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Class Specification: PRINCIPAL ACCOUNTANT-AUDITOR**ITEM NUMBER:** 0682**APPROVAL DATE:** 06/29/2004**DEFINITION:**

Manages the work of an assigned group of audit teams.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller, Audit Division, and typically report to a Chief Accountant-Auditor. Positions are distinguished by their technical and administrative management of an assigned group of audit teams engaged in conducting audits and special studies and investigation of County departments.

EXAMPLES OF DUTIES:

Manages staff conducting management, performance, financial, and compliance audits, special investigations, and studies of County departments, special districts, and contract providers to assess the efficiency and effectiveness of departmental operations, programs and service delivery and to determine if department/program objectives are being met.

Reviews proposed contracts to ensure appropriate accounting and fiscal requirements and program outcome are incorporated in accordance with the funding sources' and the County's policies.

Assists in conducting monitoring reviews of County contractors' compliance with their County contract, including reviewing contract and funding source requirements, developing the monitoring process and instruments, completing the monitoring instruments, interviewing program participants, discussing the monitoring results with contractors and County staff, preparing the detailed report, and reviewing the contractors' corrective action plans.

Develops training for County staff that covers basic management, performance, financial, and compliance auditing and contract monitoring techniques.

Assists in reviewing County contracts for auditability and for areas to enhance the contractors' accountability for billed services.

Confers with department heads and management regarding the departments' contract monitoring efforts, including reporting the results of monitoring reviews, identifying the type and amount of training the department monitoring staff received, the effectiveness of the monitoring instruments used by department staff to monitor the contractors, and evaluating the department's overall contract monitoring plan.

Participates in planning, directing, and evaluating the work of the Audit Division.

Formulates accounting and financial controls and advises departmental personnel on implementation.

Confers with department heads, management, and administrative personnel in County departments, and outside agencies regarding accounting problems and audit findings.

Reviews, approves, and/or writes audit reports.

Assists in analyzing changes in laws and regulations for impact on areas under his/her supervision.

Evaluates the performance of assigned staff and develops necessary improvement plans.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college or university with 21 semester or 32 quarter units of accounting courses, including a course in auditing -AND- One year of auditing experience at the level of the County's class of Senior Accountant-Auditor.

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Class Specification: SUPERVISING ACCOUNTANT, AUDITOR CONTROLLER
ITEM NUMBER: 0653

APPROVAL DATE: 10/27/1989

DEFINITION:

Supervises accounting staff and performs highly specialized and complex accounting tasks.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and report to a Principal Accountant, Auditor-Controller. Positions in this class are distinguished by their responsibility for supervising accounting staff, performing highly specialized and complex accounting assignments, and for analyzing and complying with various ongoing changes to accounting and reporting requirements. Incumbents must have an extensive knowledge of accounting principles, practices, and methods in accordance with Generally Accepted Accounting Principles (GAAP).

EXAMPLES OF DUTIES:

Supervises and coordinates the work of the section with other sections and divisions of the department, other County agencies, and State and Federal agencies.

Assists in the preparation of the County's Comprehensive Annual Financial Report, including development of necessary adjustments and footnotes to comply with GAAP.

Supervises the performance of fiduciary responsibilities of the Auditor-Controller, including acting as Trustee of various joint power authorities and community facilities districts.

Supervises the distribution of property tax revenues and collections to various taxing agencies throughout the County, and maintains accounting records and controls of County revenues and expenditures.

Acts as the County's SB90 coordinator.

Prepares training materials and teaches classes on various accounting and budgetary topics to County departments.

Assists in the review and analysis of Federal arbitrage rules and regulations in conjunction with bond counsels and underwriters.

Acts for Section Head in his/her absence.

MINIMUM REQUIREMENTS:
TRAINING AND EXPERIENCE:

Completion of accounting courses in an accredited college equivalent to 21 semester units of 32 quarter units including a course in governmental accounting -AND- One year's accounting or auditing experience at the level of Los Angeles County's class of Senior Accountant, Auditor-Controller or above.

LICENSE:

California Class C Driver's License.

PHYSICAL CLASS:

2 - Light.

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Class Specification: SENIOR ACCOUNTANT-AUDITOR**ITEM NUMBER:** 0679**APPROVAL DATE:** 06/29/2004**DEFINITION:**

Supervises and conducts management, performance, financial, and compliance audits and other studies of County departments and contract providers.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and typically report to a Principal Accountant-Auditor or higher. Positions supervise lower level Accountant-Auditors and conduct the more complex management, performance, financial, and compliance audits, as well as conduct special studies and investigations of County departments that may include financial and compliance audits of private sector firms that provide goods and services under contract with the County.

EXAMPLES OF DUTIES:

Supervises and conducts management, performance, financial, and compliance audits special investigations, and studies of County departments, special districts, and contract providers to assess the efficiency and effectiveness of departmental operations, programs and service delivery and to determine if department/program objectives are being met.

Supervises and conducts audits of various components of information technology systems in County Departments.

Assists in the preparation of audit plans, schedules, and staff assignments.

Supervises and performs preliminary evaluations of County operations and develops appropriate audit strategies and plans.

Supervises and conducts audits of the financial records, contract compliance, and operations of private sector entities providing goods and services under contract with the County.

Reviews proposed contracts to ensure appropriate accounting and fiscal requirements and program outcomes are incorporated in accordance with the funding sources' and the County's policies.

Assists in conducting monitoring reviews of County contractors' compliance with their County contract, including reviewing contract and funding source requirements, developing the monitoring process and instruments, completing the monitoring instruments, interviewing program participants, discussing the monitoring results with contractors and County staff, preparing the detailed report and reviewing the contractors' corrective action plans.

Assists in training County staff on basic management, performance, financial, and compliance auditing and contract monitoring techniques.

Assists in reviewing County contracts for auditability and for areas to enhance the contractors' accountability for billed services.

Evaluates the monitoring instruments used by County staff to monitor the contractors' compliance with their County contract.

Confers with department heads and management regarding the departments' contract monitoring efforts, including reporting the results of monitoring reviews, identifying the type and amount of training the department monitoring staff received, the effectiveness of the monitoring instruments used by department staff to monitor the contractors and evaluating the departments' overall contract monitoring plan.

Discusses audit plans and reports to departmental personnel on the results of audits, investigations and studies, and write audit reports documenting the results.

Assists in the formulation of accounting and financial controls and advises departmental personnel on implementation.

Prepares workpapers, testwork schedules and statistical summaries of work performed.

Reviews the work of staff for accuracy, provides/arranges training for assigned audit staff to develop requisite technical skills, and ensures that audit work complies with generally accepted auditing standards.

MINIMUM REQUIREMENTS:

TRAINING AND EXPERIENCE:

A Bachelor's degree from an accredited college or university with 21 semester or 32 quarter units of accounting courses including a course in auditing -AND- (1) One year of auditing experience at the level of the County's class of Intermediate Accountant-Auditor, or (2) two years of professional auditing experience.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

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Class Specification: SENIOR ACCOUNTANT, AUDITOR-CONTROLLER

ITEM NUMBER: 0650

APPROVAL DATE: 10/27/1989

DEFINITION:

Performs the more difficult and complex accounting assignments in the Department of the Auditor-Controller.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and report to a Supervising Accountant, Auditor-Controller, or a Principal Accountant, Auditor-Controller. Positions in this class are distinguished by their responsibility for performing the more difficult and complex accounting assignments and for assisting in the supervision of journeyman accountants. Incumbents must have a broad knowledge of accounting principles, practices, and methods in accordance with Generally Accepted Accounting Principles (GAAP).

EXAMPLES OF DUTIES:

Conducts studies of procedures, operating problems, work assignments and forms, and prepares recommendations designed to increase efficiency, economy, and the effectiveness of section operations.

Analyzes and evaluates proposed changes in ordinances, regulations, and legislation, and advises supervisor of their effect on the operations of the department.

Assists in supervising and coordinating the work of the section with other sections and divisions of the department, other County agencies, and State and Federal agencies.

Maintains the County-wide automated general ledger and prepares various financial reports.

Assists in training accountants in the maintenance of accounting records and controls over revenues and expenditures.

Advises County departments on proper revenue and expenditure budgetary controls.

Responds to representatives of the news media, school districts, taxpayer groups, and the general public relative to the computation of tax rates and other information contained in the various financial publications of the County.

MINIMUM REQUIREMENTS:
TRAINING AND EXPERIENCE:

Completion of accounting courses in an accredited college equivalent to 21 semester units or 32 quarter units including a course in governmental accounting -AND- One year's accounting or auditing experience at the level of Los Angeles County's class of Accountant III or above.

LICENSE:

California Class C Driver's License.

PHYSICAL CLASS:

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Class Specification: SECTION MANAGER, AUDITOR-CONTROLLER**ITEM NUMBER:** 0649**APPROVAL DATE:** 10/29/2002**DEFINITION:**

Supervises the work of a major section in a division of the Department of Auditor-Controller.

CLASSIFICATION STANDARDS:

Position allocable to this class are located in divisions of the Department of Auditor-Controller which oversee payment processing and controls, and the control, investigation, and recovery of lost funds resulting from paid warrants and small claims actions. Incumbents must have a basic knowledge of accounting principles, or a thorough knowledge of the warrant and claims investigation process. Incumbents must also have supervisory and management skills, verbal and written communication skills, and the ability to establish and maintain cooperative and effective relationships with a broad range of professional and technical staff including other County managers and outside business representatives.

EXAMPLES OF DUTIES:

Plan, coordinates and controls the processing of warrants and/or notices to welfare recipients and vendors.

Supervises the maintenance of controls to ensure the accuracy of welfare payrolls and claims against government entities.

Supervises the investigation, collection, and accounting of lost or stolen welfare warrants.

Supervises operations dealing with small claims actions filed against the County.

Supervises operations dealing directly with welfare recipients or the public in areas concerning duplicate issuance, duplicate paid, or forged warrants.

Represents the county in problems involving vendors, banks, and other merchants or organizations having an interest in warrant forgeries.

Coordinates the work of a section with other divisions of the department, other county departments, and other public and private entities.

Conduct studies of procedures, operating problems, work assignments and forms, and recommends changes to increase the efficiency and effectiveness of section operations.

Implements changes resulting from studies and prepares directives to instruct section personnel.

Designs and implements monitoring methods to measure staff performance, quality of work and overall efficiency, economy, and the effectiveness of section operations.

Analyzes and evaluates proposed changes in ordinances, regulations, and legislation.

Assists in the development of divisional policies and procedures, and oversees implementation.

Monitors computer assisted processes and requests changes to computer systems affecting section operations.

Assists the division chief with the preparation of the annual operational budget for the section and monitors compliance.

May act for the division chief in the latter's absence

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

Graduation from an accredited college with 21 semester units or 32 quarter units of accounting - AND - One year's experience at the level of Los Angeles County's class of Senior Accountant-Auditor or higher.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions may be required.

PHYSICAL CLASS:

2 - Light.

SPECIALTY REQUIREMENTS:

Specialty / Change requirements to read:

Warrant/Claims Investigation

TRAINING AND EXPERIENCE: Five years' experience in investigation and collection work involving lost, stolen, and forged warrants, three years of which must have been in a supervisory capacity -OR- Two years' experience at the level of Assistant Head, Warrant Investigation.

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Job Interest Card**Class Specification: PROGRAM SPECIALIST VI, AUDITOR-CONTROLLER****ITEM NUMBER:** 0718**APPROVAL DATE:** 06/30/2004**DEFINITION:**

Assists the Auditor-Controller by carrying out the most difficult special projects, programs, and assignments.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and serve as technical consultants and advisors to management on technical procedural matters within their specialized area of expertise. Positions in this class are also responsible for reviewing and analyzing County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures.

EXAMPLES OF DUTIES:

Serves as advisor and technical expert on technical procedural matters within a specialized area of expertise.

Renders expert counsel and advice to management.

Conducts organization and management studies to assess the efficiency and effectiveness of the organizational unit.

Develops and implements changes to effect the most economic and efficient use of personnel and resources.

Develops, implements, and monitors automated County-wide financial systems, or upgrades and expands existing systems.

Performs management audits and organizational studies to promote the optimum use of County resources.

Reviews and monitors ongoing special fiscal programs for compliance to contractual agreements.

Analyzes and makes recommendations on proposed changes in State and Federal legislation.

Evaluates the feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language.

Prepares trend and fiscal impact reports for County financial managers.

May supervise subordinate staff assigned to special programs, projects, or assignments.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from accredited college or university in accounting, computer science, management science, public administration, or related field -AND- 1) One year of highly responsible experience analyzing and making recommendations for the solution of financial accounting problems in connection with County-wide financial systems at the level of the County's class of Program Specialist V, Auditor-Controller or 2) Seven years of responsible experience analyzing and making recommendations for the solution of problems of procedure, program, systems, finance, legislation of similar complex problems.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

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Job Interest Card**Class Specification: PROGRAM SPECIALIST V, AUDITOR-CONTROLLER****ITEM NUMBER:** 0717**APPROVAL DATE:** 06/30/2004**DEFINITION:**

Assists the Auditor-Controller by carrying out special projects, studies, and assignments.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and serve as technical consultants and advisors to management on technical procedural matters within their specialized area of expertise. Positions in this class are also responsible for analyzing County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures.

EXAMPLES OF DUTIES:

Serves as advisor and technical expert on technical procedural matters within a specialized area of expertise.

Advises and makes recommendations to management.

Develops, implements, and monitors automated County-wide financial systems, or upgrades and expands existing systems.

Performs management audits and organizational studies to promote the optimum use of County resources.

Reviews and monitors ongoing special fiscal programs for compliance to contractual agreements.

Analyzes and makes recommendations on proposed changes in State and Federal legislation.

Evaluates feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language.

Recommends methods of implementing changes mandated by new or revised legislation.

Develops and prepares trend and fiscal impact reports and studies.

May supervise subordinate staff assigned to special fiscal programs, projects, or assignments.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college or university in accounting, computer science, management science, public administration, or related field -AND- 1) One year of highly responsible experience analyzing and making recommendations for the solution of highly complex financial problems in connection with County-wide financial systems at the level of the County's class of Program Specialist IV, Auditor-Controller or 2) Six years of responsible experience analyzing and making recommendations for the solution of problems of procedure, program, systems, finance, legislative or similar complex problems.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

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Class Specification: PROGRAM SPECIALIST IV, AUDITOR-CONTROLLER**ITEM NUMBER:** 0716**APPROVAL DATE:** 04/06/2006**DEFINITION:**

Analyzes and makes recommendations for the solution of highly complex financial problems in connection with County-wide financial systems.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and are concerned primarily with analyzing highly complex financial accounting problems and making recommendations for their solution in connection with automated County-wide financial systems. Positions in this class also review and prepare detailed analyses of County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures. Incumbents must possess excellent analytical skills to interpret complex fiscal information and other data, devise logical conclusions and formulate sound recommendations, and prepare clear and concise written reports and procedures. Incumbent must also possess excellent public relations skills to confer with and advise management and staff from other County departments and agencies.

EXAMPLES OF DUTIES:

Develops, implements, and monitors the most complex automated County-wide financial systems and related management information systems, or upgrades and expands existing systems.

Conducts the most difficult management audits and organizational studies to promote the optimum use of County resources.

Reviews and monitors the status of ongoing special fiscal programs for compliance to contractual agreements.

Evaluates the feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language as directed.

Analyzes and makes recommendations on proposed changes in State and Federal legislation and determines fiscal impact on the County.

Analyzes and recommends methods of implementing changes mandated by new or revised legislation.

Develops and prepares the most difficult trend and fiscal impact reports and studies.

Consults with heads of departments and represents the department at meetings and conferences with personnel from outside agencies.

Serves as an expert-consultant to the Auditor-Controller in various disciplines related to the work of the department or in the department's County-wide audit program.

Conducts appropriate investigations and studies; and prepares related reports.

May assist in the supervision of subordinate staff assigned to special fiscal programs, management audits or organizational studies.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college or university in accounting, computer science, management science, public administration, or related field -AND- 1) Two years of highly responsible experience in an administrative, advisory, or staff capacity or equivalent dealing with the investigation and solution of procedural, financial, systems, legislative or similar complex problems at the level of the County's class of Principal Accountant, Auditor-Controller, Principal Accountant-Auditor, Principal Accounting Systems Analyst, or higher; or 2) Five years of responsible experience analyzing and making recommendations for the solution of problems of procedure, program, systems, finance, legislation or similar complex problems -OR- Three years of experience analyzing and making recommendations for the solution of

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Class Specification: PROGRAM SPECIALIST III, AUDITOR-CONTROLLER**ITEM NUMBER:** 0714**APPROVAL DATE:** 05/16/2002**DEFINITION:**

Analyzes and makes recommendations for the solution of complex financial accounting problems in connection with County-wide financial systems.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and are concerned primarily with analyzing and making recommendations for the solution of complex financial accounting problems in connection with automated County-wide financial systems. Positions in this class also review and prepare detailed analyses of County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures. Incumbents must possess strong analytical skills to interpret complex fiscal information and other data, devise logical conclusions and formulate sound recommendations; and prepare clear and concise written reports and procedures. Incumbent must also possess good public relations skills to confer with and advise management and staff from other County departments and agencies.

EXAMPLES OF DUTIES:

Develops, implements, and monitors complex automated County-wide financial systems and related management information systems, or upgrades and expands existing systems.

Conducts difficult management audits and organizational studies to promote the optimum use of County resources.

Monitors status of ongoing special fiscal programs for compliance to contractual agreements.

Evaluates the feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language as directed.

Analyzes and makes recommendations on proposed changes in State and Federal legislation and determines fiscal impact on the County.

Recommends methods of implementing changes mandated by new or revised legislation.

Develops and prepares difficult trend and fiscal impact reports and studies.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college in accounting, business administration, computer science/information systems, management, public administration, health care administration or a related field - AND - One year's responsible experience analyzing and making recommendations for the solution of financial accounting problems, in connection with Countywide financial systems, at the level of Los Angeles County's class of Program Specialist II, A/C - or - two years' experience in an administrative, advisory, or staff capacity or equivalent dealing with the investigation and solution of procedural, financial, systems, legislative or similar complex problems at the level of Los Angeles County's class of Senior Accountant-Auditor, Senior Accounting Systems Analyst, or higher. OR: four years' responsible experience analyzing and making recommendations for the solution of problems of procedure, program, systems, finance, legislative or similar complex problems at the level of Accounting Systems Analyst II, or higher.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

2 - Light.

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Class Specification: PROGRAM SPECIALIST II, AUDITOR-CONTROLLER**ITEM NUMBER:** 0713**APPROVAL DATE:** 06/30/2004**DEFINITION:**

Analyzes and makes recommendations for the solution of financial accounting problems in connection with County-wide financial systems.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and are concerned primarily with analyzing and making recommendations for the solution of financial accounting problems in connection with automated County-wide financial systems. Positions in this class also review and analyze County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures. Incumbent must possess good analytical skills to interpret complex fiscal information and other data, devise logical conclusions and formulate sound recommendations, and prepare clear and concise written reports and procedures. Incumbents must also possess good public relations skills to confer with and advise staff from other County departments and agencies.

EXAMPLES OF DUTIES:

Develops, implements, and monitors automated County-wide financial systems and related management information systems, or upgrades and expands existing systems.

Conducts management audits and organizational studies to promote the optimum use of County resources.

Monitors the status of ongoing special fiscal programs for compliance to contractual agreements.

Evaluates feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language as directed.

Analyzes and makes recommendations on proposed changes in State and Federal legislation and determines fiscal impact on the County.

Recommends methods of implementing changes mandated by new or revised legislation.

Develops and prepares trend and fiscal impact reports and studies.

Consults with heads of departments and represents the department at meetings and conferences with personnel from outside agencies.

Serves as a consultant to the Auditor-Controller in various disciplines related to the work of the department or in the department's County-wide audit program.

Makes appropriate investigations, studies, and reports as directed.

May supervise subordinate staff assigned to special fiscal programs, management audits or organizational studies.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college or university in accounting, computer science, management science, public administration, or related field -AND- 1) One year of responsible experience assisting in the analyses of financial accounting problems and making recommendations for their solution in connection with County-wide financial systems at the level of the County's class of Program Specialist I, Auditor-Controller or 2) Two years of experience in an administrative, advisory, or staff capacity or equivalent dealing with the investigation and solution of procedural, financial, systems, legislative or similar complex problems at the level of the County's class of Senior Accountant.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

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May 1, 2015

County of
Los AngelesCLASS
SPECIFICATION

ACCOUNTANT II

HEAD CLERK

FINANCE ANALYST

Contents

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Class Specification: PROGRAM SPECIALIST I, AUDITOR-CONTROLLER**ITEM NUMBER:** 0712**APPROVAL DATE:** 06/30/2004**DEFINITION:**

Assists in the analyses of financial accounting problems and makes recommendations for their solution in connection with County-wide financial systems.

CLASSIFICATION STANDARDS:

Positions allocable to this class are located in the Department of Auditor-Controller and are concerned primarily with assisting in the analyses of financial accounting problems and making recommendations for their solution in connection with automated County-wide financial systems. Positions in this class also assist in the review and analyses of County-wide departmental organizations, management, and programs to improve operational efficiency and reduce operating expenditures. Incumbents must be able to analyze and interpret complex fiscal information and other data, devise logical solutions and formulate sound recommendations, and prepare clear and concise written reports and procedures. Incumbents must also possess sufficient public relations skills to confer with and advise staff from other County departments and agencies.

EXAMPLES OF DUTIES:

Assists in developing, implementing and monitoring automated County-wide financial systems and related management information systems, or upgrading and expanding existing systems.

Assists in conducting management audits and organizational studies to promote the optimum use of County resources.

Assists in the monitoring of ongoing special fiscal programs for compliance to contractual agreements.

Assists in evaluating the feasibility and legal requirements of proposed contractual agreements for special programs and drafts contractual language as directed.

Assists in the analysis and making of recommendations on proposed changes in State and Federal regulations.

Assists in making recommendations on methods of implementing changes mandated by new or revised legislation.

Assists in developing and preparing trend and fiscal impact reports and studies.

Serves as a consultant to the Auditor-Controller in various disciplines related to the work of the department or in the department's County-wide audit program.

Makes appropriate investigations, studies, and reports as directed.

May assist in the supervision of subordinate staff assigned to special fiscal programs, management audits or organizational studies.

MINIMUM REQUIREMENTS:**TRAINING AND EXPERIENCE:**

A Bachelor's degree from an accredited college or university in accounting, computer science, management science, public administration, or related field -AND- One year of responsible experience in an administrative, advisory, or staff capacity at the level of the County's class of Accountant III or equivalent dealing with the investigation and solution of procedural, financial, systems, legislative or similar complex problems.

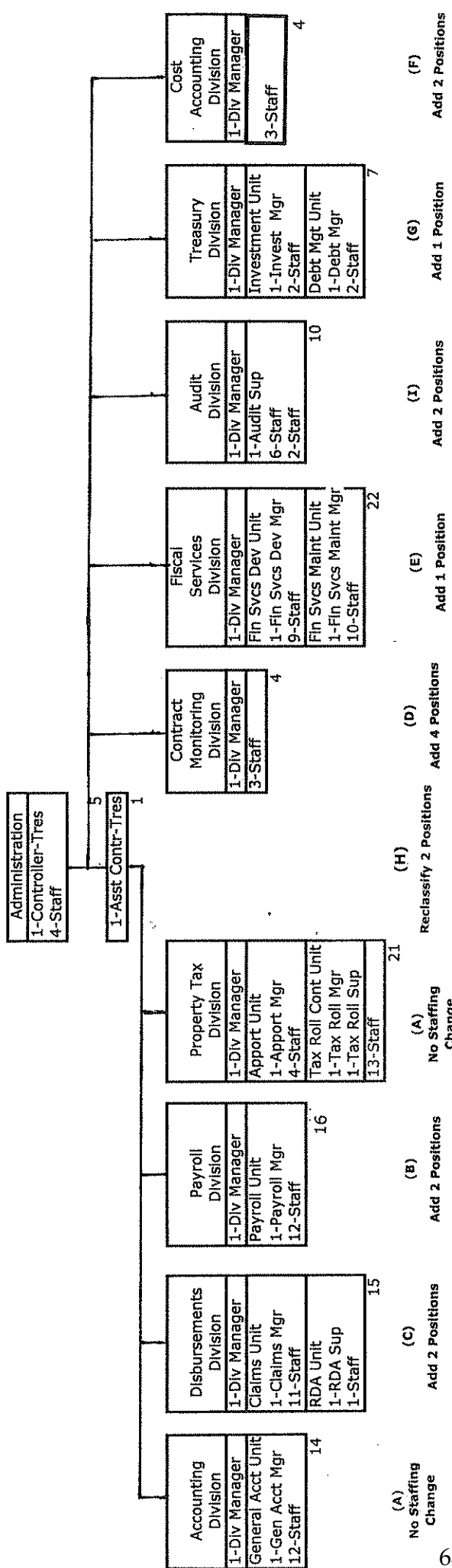
LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

2 - Light

Controller-Treasurer Staffing Required to Fully Staff County Fiscal Functions



- (A) No Staffing Change
- (B) Add two positions: two Management Analysts
- (C) Add two positions: one Disbursements Division Manager and one Claims Unit Manager
- (D) Add four positions: one Contracts Monitoring Division Manager and three auditor/analyst staff
- (E) Add one position: one Financial Services Unit Manager
- (F) Add two positions: two Cost Accountants
- (G) Add one position: one Treasury Division Manager
- (H) Reclassify two VHP positions to Assist Controller and Management Analyst
- (I) Add two positions: two Auditors

**DEPARTMENT OF AUDITOR-CONTROLLER
ORDINANCED AND FUNDED POSITIONS
2014-15 BUDGET**

ITEM NO.	POSITIONS	TOTAL	
		Ord	Funded
0646A	Accountant I	4	1
0647A	Accountant II	21	21
0647N	Accountant II	2	2
0648A	Accountant III	30	30
0657A	Accounting Officer II	2	2
2647A	Acctg Systems Analyst I	4	0
2648A	Acctg Systems Analyst II	32	32
2648N	Acctg Systems Analyst II	6	6
0642A	Acctg Technician I	5	3
0643A	Acctg Technician II	28	28
2646A	Asst. Acctg Systems Analyst	4	0
0721A	Asst. Auditor-Controller (UC)	3	3
0728L	Auditor-Controller	1	1
8250M	Career Development Intern	2	1
0652A	Chief Accountant	7	7
0685A	Chief Accountant-Auditor	7	7
2653A	Chief Acctg Systems Analyst	8	8
0727A	Chief Deputy, A/C (UC)	1	1
9087A	Children's Svcs Admin II	3	1
9088A	Children's Svcs Admin III	1	1
1573A	Claims Investigator II, A/C	1	1
1884A	Dept'l Human Resources Mgr II	1	1
0723A	Division Chief, A/C	12	12
6610A	Equipment Maintenance Worker	2	2
2124A	Executive Secretary V	1	1
1179A	Head Clerk	3	3
0677A	Intermediate Accountant-Auditor	38	35
0677N	Intermediate Accountant-Auditor	2	2
1138A	Intermediate Clerk	2	0
1176A	Intermediate Supervising Clerk	4	4
2221A	Int. Supervising Typist-Clerk	1	1
2214A	Intermediate Typist Clerk	2	1
1848A	Management Analyst	3	3
2109A	Management Secretary III	3	3
1331A	Payroll Clerk I	13	13
1342A	Payroll Specialist I, A/C	3	1
1343A	Payroll Specialist II, A/C	23	23
1344A	Payroll Specialist III, A/C	9	8
0654A	Principal Accountant, A/C	12	12
0682A	Principal Accountant-Auditor	26	24
2652A	Prin Accounting Systems Analyst	17	17
2343A	Procurement Aid	5	5

ITEM NO.	POSITIONS	TOTAL	
		Ord	Funded
2344A	Procurement Assistant I	7	7
2346A	Procurement Assistant II	3	3
2347A	Procurement Assistant III	4	4
0712A	Program Specialist I, A/C	21	21
0712N	Program Specialist I, A/C	1	1
0713A	Program Specialist II, A/C	31	31
0713N	Program Specialist II, A/C	1	1
0714A	Program Specialist III, A/C	17	17
0714N	Program Specialist III, A/C	1	1
0716A	Program Specialist IV, A/C	5	5
0717A	Program Specialist V, A/C	5	5
0718A	Program Specialist VI, A/C	1	1
2095A	Secretary II	1	1
2096A	Secretary III	1	0
0649A	Section Manager, A/C	2	2
0650A	Senior Accountant, A/C	21	21
0679A	Senior Accountant-Auditor	46	46
0679N	Senior Accountant-Auditor	2	2
2649A	Senior Acctg Systems Analyst	34	33
2649N	Senior Acctg Systems Analyst	1	1
1140A	Senior Clerk	8	5
2658A	Senior Data Control Clerk	0	0
1849A	Senior Depart'l Personnel Tech	4	4
6613A	Senior Equipment Maint. Worker	1	1
2116A	Senior Management Sec III	1	1
2101A	Senior Secretary II	1	1
2102A	Senior Secretary III	10	9
2216A	Senior Typist-Clerk	2	2
0907A	Staff Assistant I	3	3
0913A	Staff Assistant II	2	2
8243F	Student Professional Worker I	2	0
8242F	Student Worker	6	0
0653A	Supervising Accountant, A/C	10	10
0898A	Supv Administrative Assistant III	4	4
1174A	Supervising Clerk	2	2
2219A	Supervising Typist Clerk	2	2
1366A	Tax Services Clerk I	2	0
1367A	Tax Services Clerk II	16	16
1368A	Tax Services Specialist	13	13
1369A	Tax Services Supervisor I	7	7
1370A	Tax Services Supervisor II	3	3
1379A	Transportation Assistant	1	1
2331A	Warehouse Worker I	1	1
	Total	660	617

Section 2. Timekeeping and Payroll Policies

Background

- In FY 2013-14, the Controller-Treasurer Department disbursed approximately \$2.2 billion in salary and benefits to 17,000 employees. Individual departments process employee timecards into the County's Kronos timekeeping system where it is subsequently transmitted to PeopleSoft for payroll processing and disbursement by the Controller-Treasurer's Payroll Unit.

Problem

- Time and attendance data collection practices vary across departments, and there is presently no centralized Controller-Treasurer timekeeping and payroll policy. Consequently, no comprehensive countywide training exists for department timekeepers or for employee timekeeping and attendance practices. Given the wide range of timekeeping policies, the Controller-Treasurer's Payroll Unit is insufficiently staffed to conduct necessary audits to validate the accuracy of department timekeeping information prior to payroll disbursement. Furthermore, audit trails for each department vary, making it difficult to analyze and verify performance metrics.

Adverse Effect

- Inconsistent timekeeping practices increase the County's risk of errant payroll disbursements. Since Payroll Unit staff must rely on self-reported, aggregated timekeeping information provided by departments, the Controller-Treasurer's ability to ensure County funds are expended accurately is diminished, along with the reliability of performance metrics. In addition, due to limited Payroll Unit staffing, errors are only caught when reported by other departments.

Recommendations, Savings and Benefits

- The Controller-Treasurer should (1) establish a Countywide timekeeping and payroll procedural manual, (2) develop a standardized training curriculum for all timekeeping staff, focusing on timekeeping oversight and management practices, and the enforcement of employee time reporting policies, (3) hire two additional staff to support implementation and ongoing support (costs are included in Section 1 of this report), and (4) collaborate with all departments to identify potential solutions for mitigating payroll errors. The Payroll Unit's improved payroll oversight and audit capacity could help the County recover up to \$2.9 million annually in unreported erroneous overpayments.

Authority and Obligation to Monitor Attendance and Payroll

Section A25-665 (a) of the County Ordinance Code requires that each County department head shall be responsible for tracking and monitoring employee attendance records that are to be submitted to the Department of Finance in a manner consistent with policies and procedures set forth by the Director of Finance. While the County Ordinance Code provides the Director of Finance with the power to establish a countywide policy for timekeeping and payroll, no centralized administrative policy exists. Currently, the Controller-Treasurer, through the purview of the Director of Finance, delegates the responsibility for establishing proper internal controls for time reporting to each department director. The Controller-Treasurer retains the authority to monitor compliance with timekeeping policies. Countywide timekeeping and payroll are administered under the Controller-Treasurer's Disbursement Division through the Payroll Unit.

Timekeeping and Payroll Process

Every two weeks the Payroll Unit processes payroll distribution for over 17,000 employees in the County of Santa Clara. At present, pay periods close every other Sunday. The timekeeping system closes the following Monday evening, and payroll is processed by Tuesday to be disbursed by Friday. This is known as the "on-cycle" portion of payroll. Payroll distribution is administered through two separate but interfacing software programs.

First, timesheets must be entered through Kronos, the countywide timekeeping software program. Depending on the department and its timekeeping policies, time reporting is tracked in various ways, including employees acting as their own timekeeper through self-reporting, employees tracking their time and attendance by swiping in and out with their ID badges, or employees having their time recorded by a designated timekeeper. Departments assign designated time approvers to oversee the submittal of timesheets into payroll, with the timekeeper sometimes acting as both the timekeeper and approver. In some departments and divisions, timekeepers conduct initial timesheet management in separate software programs before uploading the data to Kronos. Departments require that employees enter their time by the Thursday prior to the Sunday pay period close.

After timesheets have been submitted through Kronos, employees and their supervisors have until the Monday to submit adjustments to the Payroll Unit for time reporting

corrections. Payroll Services Clerks (PSC) must approve all payroll entries and make manual adjustments based on the submittal of payroll error correction request forms. PSCs must also make other manual adjustments for additional compensation that is not currently entered into Kronos, including payouts for legal adjustments, special labor agreement benefits not built into the payroll system (such as tuition reimbursement), annual leave cash outs, and adjustments to correct errors that were administered in prior payroll periods, such as payroll deductions for prior overpayments and additional pay for prior underpayments. By Monday evening the information is transmitted from Kronos into PeopleSoft, the countywide payroll processing software, as payroll processing begins Tuesday for payroll disbursement on Friday.

Lack of Data Reliability Impacts Management Information System

At the start of this audit, Payroll Unit management explained that timekeeping and payroll performance metrics were not being compiled; however, through the fieldwork phase of this audit, Payroll Unit staff began compiling performance metrics by pay period analyzing total payroll payout, total payroll adjustments, categorization of adjustment causes, and financial impact for each adjustment. The audit team evaluated the first batch of pay period analytical reports generated by the Payroll Unit available for the fourth and fifth pay periods in calendar year 2014. Table 2.1 below provides an overview of the volume and types of payroll adjustments evaluated in our data sample.

Table 2.1
Volume of Payroll Adjustments by Cause for Pay Periods 1404 and 1405¹

Pay Period 1404			Pay Period 1405		
<u>Manual Adjustments</u>	<u>Count</u>	<u>Percent</u>	<u>Manual Adjustments</u>	<u>Count</u>	<u>Percent</u>
Legal adjustments	2,244	64%	Legal adjustments	1,631	71%
Annual leave cash outs	692	20%	Timekeeping error	481	21%
Timekeeping error	427	12%	Tuition reimbursement	120	5%
Tuition reimbursement	96	3%	Worker's comp adjust	31	1%
All other causes	45	1%	All other causes	23	1%
Total	3,504	100%	Total	2,286	100%

Source: Controller-Treasurer's PeopleSoft Payroll Database, Payroll Statistics Report

¹Pay periods 1404 and 1405 refer to the fourth and fifth pay periods in calendar year 2014.

It is important to note that the amount of adjustments listed in Table 2.1 above does not represent the number of employees who needed payroll adjustments, but rather, the

number of manual transactions that needed to be made by a PSC in the Payroll Unit. An employee needing an adjustment in pay could require multiple manual transactions. For example, if an employee who typically receives differential pay on top of normal salary needs to correct a timesheet for calling in sick, the PSC would need to make three manual transactions: 1) reduce differential pay, 2) reduce regular hours worked, 3) add sick leave/paid time off.

As detailed in Table 2.1, legal issues resulting in adjustments to payroll comprise the highest volume of payroll adjustments. Legal adjustments can occur for a variety of reasons, whether through litigious settlements regarding labor disputes or external changes in the payroll environment, such as CalPERS requiring retroactive adjustments in retirement contributions. Although legal issues evidently contribute significantly to the payroll adjustment workload of the Payroll Unit staff, labor relations operations reside under the purview of the Employee Services Agency and are consequently outside the scope of this audit.

Although the handling of labor related legal issues are outside the scope of this project, the audit team's evaluation of timekeeping errors revealed a discrepancy between the "timekeeping error" label applied by the Payroll Unit and the actual causes written in the originating payroll correction forms. As recorded in pay periods 1404 and 1405, there were 427 and 481 timekeeping errors, respectively, according to the data worksheets provided by the Payroll Unit. Our audit team subsequently requested all of the originating payroll correction form documentation to review and verify that these errors were actual timekeeping errors or adjustments caused by other factors. A timekeeping error indicates some degree of human error on behalf of the timekeepers and approvers, either through a lack of training, misunderstanding of timekeeping and payroll processes, or inevitable mistakes that may occur through manual processing.

After analyzing the payroll data for pay periods 1404 and 1405, we focused our sampling on high risk budget units for each pay period that individually comprised more than five percent of total timekeeping errors. Of the 50 budget units running payroll through the County, this methodology resulted in identifying five budget units for pay period 1404 and three budget units for pay period 1405. The audit team compared the payroll correction forms to the reasons listed in the payroll statistical spreadsheet to assess the reliability of this newly developed management information.

Due to the decentralized timekeeping system and lack of standardized policies, the way in which timekeepers and supervisors completed payroll correction request forms

varied greatly in the amount of detail provided behind requested timesheet adjustments. For example, if the payroll correction form requests an adjustment in time, the timekeeper or supervisor submitting the request could have completed the “additional information” section explaining that the employee had not submitted an exception form in time to get approval for changes in their work schedule (such as overtime) and thus the correction form was needed due to the employee’s failure to obtain approval prior to the timesheet submittal deadline. The reason for the correction form, therefore, would be an employee submitting their exception form late, as opposed to a timekeeper making a mistake. In contrast, another timekeeper or supervisor submitting a payroll correction form for the same reason could provide more general information on the form, such as “error” or “employee should have been paid overtime,” without including the context that the employee submitted their exception form late.

Since the audit team could not control the possibility for such variation in reporting in our analysis, we took the face value of explanations written on correction forms as the primary causes. The consequence of this approach could result in timekeeping errors being overstated, while employee errors may be understated. Although this information may not reflect the actual cause of every correction due to the lack of explanation provided in many of the correction forms evaluated, our observations do provide an estimate of the varying types of reasons corrections are submitted that are not caused by timekeepers making mistakes. The following Tables 2.2 and 2.3 summarize the frequency of correction causes as determined through this audit of “timekeeping errors” reported by the Payroll Unit for pay periods 1404 and 1405.

Table 2.2
“Timekeeping Errors” Stratified by Originating Cause for Pay Period 1404¹

<u>Cause</u>	<u>Count</u>	<u>Percent</u>
Error	249	74%
Late or no exception form	68	20%
Employee missed swipe in/out	9	3%
Late timesheet	6	2%
Annual leave cash out	3	1%
Unknown	1	0%
Total	336	100%

Source: Controller-Treasurer’s PeopleSoft Payroll Database, Payroll Statistics Report
¹High risk budget units include the Sheriff’s Department, Department of Correction, Probation Department, Social Services Agency, and Valley Medical Center.

Table 2.3
“Timekeeping Errors” Stratified by Originating Cause for Pay Period 1405¹

<u>Cause</u>	<u>Count</u>	<u>Percent</u>
Error	172	55%
Late or no exception form	60	19%
Deadline error	47	15%
Employee missed swipe in/out	22	7%
Late timesheet	10	3%
Annual leave cash out	2	1%
Unknown	1	0%
Total	314	100%

Source: Controller-Treasurer’s PeopleSoft Payroll Database, Payroll Statistics Report
¹High risk budget units for pay period 1405 include the Department of Correction, Social Services Agency, and Valley Medical Center.

As observed in Tables 2.2 and 2.3 above, a majority of the time, timekeeping errors were written as the cause of submitting a correction form for pay period samples analyzed; however, a significant portion of these adjustments were needed due to employees not submitting exception forms in a timely manner, forgetting to swipe their identification badges for the beginning and/or end of work shifts, and submitting timesheets late. With 26 percent and 45 percent of “timekeeping errors” in pay periods 1404 and 1405

actually originating from employee errors, the management information currently being compiled omits greater detail that errors are occurring not just from timekeepers, but from employee time reporting practices as well. A Countywide uniform timekeeping policy supported by standardized training for all timekeepers and timesheet approvers could require that individuals completing payroll correction forms to explicitly state the reason for employees requiring payroll adjustments so that the Payroll Unit could generate more accurate and meaningful payroll statistics that can guide management in finding ways to improve the overall process.

Centralized Timekeeping Management and Oversight is Needed

As the timekeeping data conveys, the reasons for submitting payroll correction forms stem not just from timekeepers making mistakes, but employees as well. Aside from payouts required by legal agreements, timekeeping related errors were the highest reoccurring cause for payroll adjustments, as documented in the two data samples analyzed for pay periods 1404¹ and 1405. In accordance with our observation of how payroll correction forms are completed and subsequently recorded, it is apparent that a centralized timekeeping policy established and enforced by the Controller-Treasurer Payroll Unit could alleviate the variances in how timekeeping is managed by timekeepers and timesheet approvers, as well as timekeeping and attendance principles practiced by employees.

Centralized oversight by the Payroll Unit could streamline training for timekeepers and employees when common problems are identified in various departments and divisions. For example, if timekeepers are experiencing trouble applying certain exceptions to timekeeping as permitted by applicable labor agreements, the Payroll Unit could identify these common problems across the County and implement a centralized training program to address them. Similarly, if timekeeping related errors are originating from employees not properly checking in at the beginning or end of their shifts with their ID badges or not properly completing exception forms, centralized training could be implemented by the Payroll Unit to correct this problem.

¹ In pay period 1404, annual leave cashout adjustments accounted for 20 percent of the total volume of payroll adjustments, second only to legal adjustments; however, leave cashout occurs only once annually in accordance with particular labor agreements and should not be considered a regular occurrence in pay periods throughout the year. If annual leave cashout adjustments were excluded from the total volume of adjustments for pay period 1404, timekeeping related errors would rise as the second highest cause of payroll adjustments accounting for 15 percent of total adjustments.

However, to identify reoccurring or systematic timekeeping and reporting errors across the various departments and divisions within the County, Payroll Unit management requires reliable data. A centralized timekeeping policy could establish standardized recording practices, so that payroll correction request forms contain sufficient detail to explain the need for such adjustments. Payroll Unit staff would subsequently need to modify their nascent payroll statistics reports so that categorizations of error types accurately reflect the reasons listed on the correction forms.

As discussed in the next section, the Payroll Unit's current staffing level is already insufficient to expand beyond its current operating levels; however, by adding two permanent full-time employees, the Payroll Unit could implement a centralized timekeeping and payroll manual, reflecting the various timekeeping methods in different departments, payroll oversight issues facing timekeepers and approvers, and employee time reporting concerns. In addition to implementing centralized standards, these additional staff can also implement the centralized training program. Once centralized timekeeping standards are implemented, the new staff members should analyze the updated payroll statistical reports on a monthly basis to identify what type of timekeeping related errors are occurring in order to subsequently coordinate corrective training sessions. This should be in addition to their ongoing support for training and maintaining countywide employee compliance with timekeeping policies and procedures.

The two additional staff members could also potentially provide relief support for PSCs to alleviate the payroll management workload discussed next in this Section of the report. Estimated personnel expenditures are included as a part of our recommendation to increase overall staffing levels, which is addressed in Section 1: Staffing and Reorganization of this report.

Timekeeping and Payroll Cycle Deadlines May Exacerbate Payroll Adjustment Workload

While automated mechanisms through PeopleSoft allow the Payroll Unit to approve payroll disbursement, thousands of manual adjustments must be administered by the Payroll Unit from the on-cycle Friday to the following Monday closure of Kronos. As discussed in the previous section, the audit team evaluated payroll statistics compiled by the Payroll Unit for two pay periods, indicating that payroll staff have to input

anywhere from 2,000 to 4,000 manual adjustments into PeopleSoft at the end of every on-cycle pay period.²

During the course of this audit, the Payroll Unit had five PSC positions; however, only three PSCs are available to process payroll correction forms during the on-cycle period, as one PSC focuses solely on managing CalPERS transactions and another PSC is working out of class to fulfill a vacant accountant position. With a workload requiring the manual processing of 2,000 to 4,000 payroll corrections, three PSCs must individually process, over the course of two days, anywhere from 333 to 667 manual adjustments a day in order to meet the on-cycle Kronos timekeeping deadline. As reported by the Payroll Unit management and staff, such a workload, in addition to other job responsibilities, inhibit the Unit's ability to conduct proactive audits of timekeeping and reporting practices.

Although the grand majority of all manual adjustments derive from external factors, as observed by the volume of payroll adjustments caused by legal issues in Table 2.1, the timekeeping process itself causes a large volume of manual adjustments, particularly from departments and divisions which operate facilities and programs 24 hours a day, seven days a week. These agencies include the Office of the Sheriff, Department of Correction, Probation Department, Social Services Agency, and the Health & Hospital System, among others.

The irregular hours worked over the weekend impose a burden not only for timekeepers, but for the Payroll Unit staff as well, primarily due to the payroll and timekeeping deadlines. Just as every other department, timekeepers in programs operating 24 hours a day must submit their timesheets every other Thursday; however, since the pay period ends on Sunday, timekeepers must project hours worked over the weekend. Consequently, whenever there is an adjustment of time worked, such as an employee calling out sick or an employee working unscheduled overtime, payroll corrections must be submitted that following Monday if changes are to be incorporated for the coming payroll processing, or they may be adjusted in later pay periods. For the two pay periods analyzed by the audit team, we found that the five budget units with the highest volume of timekeeping related payroll adjustments all included 24-hour

² It is important to note that the only two pay period samples available to the audit team for this analysis included annual cashout adjustments and a significant lawsuit settlement which may not reflect the average volume of pay period adjustments due to the possible inflation from these particular circumstances.

programs. Table 2.4 below highlights the volume of on-cycle timekeeping related adjustments by budget unit.

Table 2.4
Volume of Timekeeping Related Adjustments by Budget Unit
for Pay Periods 1404 and 1405¹

Pay Period 1404			Pay Period 1405		
Budget Unit	Count	Percent	Budget Unit	Count	Percent
921-VMC	183	43%	921-VMC	214	44%
501-Social Services Agency	53	12%	501-Social Services Agency	82	17%
230-Sheriff	38	9%	240-Correction	22	5%
246-Probation	38	9%	230-Sheriff	20	4%
240-Correction	24	6%	414-Custody Health	19	4%
All Other Budget Units	91	21%	All Other Budget Units	124	26%
Total	427	100%	Total	481	100%

Source: Controller-Treasurer's PeopleSoft Payroll Database, Payroll Statistics Report

¹Pay periods 1404 and 1405 refer to the fourth and fifth pay periods in calendar year 2014.

With the limited data available and lack of context behind every payroll adjustment, we were unable to confirm specific amounts of payroll adjustments in these departments caused by the payroll cycle deadline; however, the correlation of budget units with the largest volumes of payroll corrections being those departments operating 24-hour programs is an indication that the timekeeping and payroll cycle deadlines contribute to the volume of corrections needed. This observation also correlates with information obtained during interviews of timekeepers in different departments and divisions operating 24-hour programs that the Sunday closure of the pay period often requires the submittal of payroll correction requests.

If the Controller-Treasurer Department were to revise the countywide payroll cycle to end every other Friday instead of every other Sunday, this may mitigate the volume of correction requests from County programs operating through the weekends. The payroll cycle would need to be altered from every other Monday to Sunday to every other Saturday to Friday.

However, our audit team also conferred with the Controller-Treasurer's Fiscal Services Division as we learned that they had conducted an informal analysis toward the start of calendar year 2013 regarding weekend payroll corrections. The Division had found

through a review of five pay periods that one to 13 percent (average of six percent) of total payroll correction forms were caused by the weekend operations. While the Fiscal Services Division agreed that the County could work to lower weekend payroll reporting errors, the Division expressed concern over adjusting the payroll cycle without assessing the impacts on the timekeeping, payroll, and financial systems. It is also possible that other potential operational adjustments could mitigate weekend payroll errors, such as requiring 24-hour programs to maintain administrative staff coverage to adjust timesheets at the end of a weekend to prevent the need for payroll correction requests.

With the lack of detail for payroll correction requests originating from weekend operations, we are unable to determine whether shifting the payroll cycle is the most effective and efficient means for reducing the volume of weekend payroll correction requests. In conjunction with our prior finding regarding the insufficiency of management information and its impact on our ability to determine the actual causes for timekeeping adjustments, we find that there is need for an additional collaborative study with all County departments, such a study being outside the scope of this audit. We recommend that the Board of Supervisors direct the Controller-Treasurer to conduct a countywide timekeeping and payroll management assessment with all departments to determine the root causes for payroll errors and to identify the most efficient operational adjustments to mitigate the volume of payroll corrections.

Potential Loss in Unrecovered Overpayments

According to the statistical reports for pay periods 1404 and 1405, there were 427 and 481 timekeeping errors, respectively. Between the two pay periods, the volume of payroll corrections resulting in deductions and payouts maintained their proportions with about one deduction for every four payouts. Table 2.5 below shows the average volume and value of timekeeping error payroll corrections for the two pay periods analyzed in this audit.

Table 2.5
Average Value of Timekeeping Error Payroll Corrections

Payroll Corrections	Count	Value
Deductions (Prior Overpayment)	93	\$506
Pay Outs (Prior Underpayment)	343	\$582
Technical Adjustments, No Pay Adjustment	19	-

Source: Analysis of Payroll Statistics Reports for Pay Periods 1404 and 1405

The data presented in Table 2.5 is based upon reported errors as documented through payroll correction request forms and in the payroll statistics reports. As we noted before, due to the lack of staffing and high workload for the Payroll Unit, PSCs are unable to conduct proactive payroll audits and consequently maintain no other data to indicate what volume of errors may be occurring unreported.

However, without known exception to justify the payroll correction ratio of one to four in the payroll process, according to probability theory, there should be a normal distribution of payroll errors that result in overpayments and underpayments. In other words, normal distribution theory suggests that there should be an equal or near equal volume of corrections that result in deductions and payouts. Between the two pay periods, there was an average discrepancy of 250 corrections between payroll deduction and payout corrections. Assuming that 250 payroll deductions are not being reported per pay period, using the average deduction value of \$506, and incorporating known exceptions for a normal distribution of payroll corrections³, we estimate the annual value of unreported overpayments to be \$2,937,969. With the recommendation to standardize policies, training, and to hire additional staffing, the County may be able to mitigate and proactively correct payroll errors to recover up to our estimated \$2.9 million at risk on an annual basis.

CONCLUSION

Due to the volume of payroll correction requests resulting from timekeeping related errors caused by both timekeepers managing timesheets and employee practices for reporting time worked, the Controller-Treasurer should establish a Countywide timekeeping and payroll procedural manual to monitor and enforce standardized timekeeping and reporting practices for all departments. In addition, the Controller-Treasurer should develop a standardized training curriculum for timekeeping oversight and employee time reporting practices. Hiring additional staff to coordinate the implementation of these recommendations, to provide ongoing analytical and administrative support, and to alleviate current Payroll staff workload will increase

³ In our audit sampling of payroll corrections for high risk budget units, we found that 11 percent of the payout samples were caused by pay rate adjustments being submitted late. Since these pay rate adjustment errors primarily increase salaries and result in a pay out, we assumed that 11 percent of the average difference between deductions and payouts would result in pay rate adjustments and therefore be an exception to the assumption of normal distribution. Our at-risk estimate subsequently dropped from \$3,301,089 to \$2.9 million.

annual expenditures, these expenditures being included in Section 1: Staffing and Reorganization of this report. Implementing these recommendations would enable the Controller-Treasurer Department and Payroll Unit to improve payroll oversight, mitigate payroll errors, and potentially recover up to \$2.9 million in erroneous payroll overpayments.

RECOMMENDATIONS

The Board of Supervisors should:

- 2.1 Direct the Controller-Treasurer to establish a central timekeeping and payroll procedural manual that addresses the following issues:
 - i. **Employee Timekeeping and Attendance Practices:** The manual should address how employees or designated timekeepers track employee timesheets for the varying methods used to track time in the County. The manual should also address how employees complete and submit exception forms when they seek adjustments in their work schedules.
 - ii. **Correction Forms:** The manual should address how timekeepers and approvers complete payroll correction request forms so that the Payroll Unit can better track and record the causes for timesheet and payroll adjustments.
(Priority 3)
- 2.2 Direct the Controller-Treasurer to establish a centralized training program in order to streamline training for timekeepers/approvers and employee timekeeping and attendance practices reflective of changes adopted in the central manual. (Priority 3)
- 2.3 Direct the Controller-Treasurer to conduct a Countywide timekeeping and payroll management assessment with all departments to determine the root causes for payroll errors and to identify the most efficient operational adjustments to mitigate the volume of payroll corrections. (Priority 3)

SAVINGS, BENEFITS AND COSTS

Recommendations 2.1 and 2.2 rely upon the Payroll Unit maintaining sufficient staffing to coordinate and implement a centralized timekeeping manual and training program.

If Recommendations 2.1 and 2.2 are to be successfully carried out, the Payroll Unit will need two additional staff members, of which this recommendation and its associated costs are included in Section 1: Staffing and Reorganization of this report. With additional Payroll staff to train and enforce department timekeeping standards, in addition to conducting proactive audits of payroll records, the County may recover up to \$2.9 million in erroneous overpayments.

Recommendation 2.3 is a directive for the Controller-Treasurer's Department to assess the timekeeping and payroll operational needs of all County departments, and to identify ways to improve payroll management, including mitigating weekend payroll corrections. There are no immediate financial impacts associated with this recommendation.

Section 3. Backlog of State-held Unclaimed Moneys Owed to the County

Background

- In an August, 2007 memo to the Board of Supervisors, the Management Audit Division identified \$146,148 of unclaimed checks and other monies identified as the property of the County of Santa Clara that were held by the California State Controller's Office and remained unclaimed. These funds were subsequently claimed and returned to the County. In order to prevent a backlog of unclaimed items accumulating with the State Controller again, a process to periodically claim these funds was subsequently assigned for implementation to the Controller-Treasurer Department.

Problem

- Based on an updated review of unclaimed funds identified as the property of the County of Santa Clara held by the State Controller, 442 items totaling \$222,246 remained unclaimed as of November 20, 2014.

Adverse Effect

- Funds held by the State Controller do not accrue interest, are not available to fund County programs or pay for County expenses. Pursuant to Section 1564(c) of the California Code of Civil Procedure unclaimed monies are transferred to the State General Fund monthly, even if such monies are identified as the property of the County of Santa Clara, unless the County submits claims to the State Controller for these monies. Further, monies originally sent as payment to the County in relation to County services or business matters, but not received and properly recorded, could result in the County unduly levying late payments, pursuing unnecessary collection efforts or delaying or denying services.

Recommendations, Savings and Benefits

- The Controller-Treasurer Department should immediately process a claim for all funds held by the State Controller's Office that are identified as the property of the County or any of its departments, agencies or political subdivisions, or that is addressed to any County facility. In addition, the Department should amend its policies and procedures manual by preparing a written policy and procedure pertaining to the processing of claims for County monies held by the State Controller.

Background

The California State Controller holds more than \$6.9 billion in unclaimed funds that have been transferred to the State by corporations, business associations, financial institutions, and insurance companies. When checks, bank accounts, stocks, insurance policies, and other non-real estate financial assets held by these companies become dormant for an extended period of time, they are remitted to the State. The law defines how long each of these different property types must remain dormant before transfer to the State, but generally the term is three years of inactivity. These assets are held by the State while attempts are made to contact the owner, and are listed on the State Controller's website. The State Controller charges nothing to claim funds, so the entire amount of any unclaimed funds that are due to the County of Santa Clara is available to the County.

In a memo dated August 2007, the Management Audit Manager notified the County of Santa Clara Board of Supervisors that a large amount of unclaimed property that belonged to the County was held by the State Controller's office. The 341 items totaled \$146,148, which was successfully claimed and returned. Because of the quantity of items owed to the County, the State Controller agreed to release the funds in a streamlined procedure that allowed the County to claim multiple items at once. Following this, a procedure was supposed to be implemented in the County Controller-Treasurer Department that would regularly check for funds with the State Controller and claim them.

Unclaimed County Funds with the State Controller

Funds owed to the County of Santa Clara can become dormant due to incorrect contact information that makes them undeliverable, typos in the name of the County department, or a mistake in processing the payment. After the funds go unclaimed for the required period, they are sent to the State Controller and listed on an online database.

In a November 2014 comprehensive review of funds listed on the State Controller's website that appear to belong to the County of Santa Clara or its entities, the Management Audit Division identified 442 items totaling \$222,246. The largest of these unclaimed items is worth \$48,368, but most are worth less than \$100, with the average being about \$503. The table below shows the range of amounts payable to the County, the listed entity owed, and the reporting entity that formerly held funds. A large number of unclaimed funds appear to be refunds, vendor payments, or insurance payouts that were either not properly processed or were sent to an invalid address. A complete list of unclaimed items is included in Attachment 3.1, and additional information on two of the largest items is in Attachments 3.2 through 3.3.

Table 3.1

**Distribution of 442 Unclaimed Items Held by the State Controller
By Amounts, Entity Owed, and Reporting Entity
As of November 2014**

Range of Amount Owed	Count of Items*	Entity Owed	Count of Items	Reporting Entity	Count of Items
More than \$10,000	2	County of Santa Clara	110	Bank of America	23
\$1,000 to \$9,999	48	County Recorder, Clerk, or Clerk Recorder	71	J.P. Morgan Chase	22
\$500 to \$999	23	County Tax Collector	21	Beverly Health and Rehab Services	14
\$100-\$499	101	County Sheriff	13	Stanford University or Stanford Hospital	11
Less than \$100	260	County Child Support Services	9	AT&T	10
Other	8	Other	218	Other	362

*Eight items on the State Controller’s website did not specify the exact amount owed to the County. Six of them indicated that the amount owed was \$100 or greater, and two were less than \$100.

The County of Santa Clara and its various associated departments receive tens of thousands of payments each year from clients, vendors, taxpayers and other entities. Due to the large volume, some percentage of payments will be misdirected and ultimately be transmitted to the California State Controller’s Unclaimed Property Division. However, funds held by the State Controller do not accrue interest, and are unavailable to the County if not claimed. In addition, the State Controller’s Office is not proactive in notifying government agencies that the Office is holding property belonging to another government agency, including cities, counties, states and the federal government. Further, depending on the type of asset and period of dormancy, unclaimed items may eventually revert to the State if not claimed. Because most unclaimed monies are in the form of cash held by the State Controller, pursuant to California Code of Civil Procedure Section 1564(c), the State Controller transfers

all unclaimed monies to the State General Fund on a monthly basis.¹ Consequently, the County of Santa Clara is losing money on State-held assets that could otherwise be invested or used to provide County services. As the unclaimed funds are now listed in a searchable database, it would take a minimum level of resources to periodically check for new unclaimed moneys and initiate the claims process. Such periodic evaluation would avoid large sums of money accruing with the State Controller.

The periodic checking process recommended by the Management Audit Division in 2007 was either not properly acted upon originally, or not implemented by the organization due to staffing shortages and/or the failure to develop the recommended written procedure for this monitoring process. A review of Controller-Treasurer Department procedures found no reference to periodically checking for unclaimed property, or an assignment of duty for this type of process in the Controller-Treasurer Department. It is important that this process be reinstated and codified in the Department Policy and Procedure Manual in order to ensure that it is regularly performed on a timely basis. At the exit conference, the Department reported that Accounting Division staff is assigned to this function and have made some claims since the initial 2007 report on this issue. However, the claims have been very limited, as explained below.

Under current procedures, County staff attempt to verify that each unclaimed item is actually due to the County before an item is claimed. Any item not belonging to the Controller-Treasurer Department is not claimed, but rather is referred to the County department that appears to be the intended recipient of the monies. This was based on the premise that County departments have a better understanding of amounts owed to them than does the Controller-Treasurer Department. In many instances, the departments refused to claim amounts under the belief that the customer had already reimbursed the County for the amounts that they owed.

This has resulted in the more than 400 items going unclaimed, even though the payee is the County of Santa Clara, or a County department or agency, and even though the payment was addressed to a County facility. As a result, hundreds of thousands of dollars intended by the payors to be paid to the County of Santa Clara have been transferred by the State Controller to the State General Fund. To remedy the unintended escheatment of County of Santa Clara monies by the State Controller to the State General Fund, the Controller-Treasurer

¹ The actual language is as follows: "At the end of each month, or more often if he or she deems it advisable, the Controller shall transfer all money in the Abandoned Property Account in excess of fifty thousand dollars (\$50,000) to the General Fund." Maintenance of a \$50,000 cash balance is probably a minimum level for working capital purposes to cover uncashed checks issued pursuant to payments made on approved claims.

Department should implement revised procedures for the identification and claiming of unclaimed monies held by the State Controller. The alternative procedure would establish the County's criteria for identifying and claiming unclaimed monies as: "Any item held by the State Controller that identified the County of Santa Clara or a County department or agency as the "Owner Name", or any item that was addressed to an address that is a County facility." By claiming any and all items that meet the recommended criteria, all monies held by the State Controller that were originally paid to the County of Santa Clara or addressed to a County facility would be remitted by the State Controller to the County for its review and disposition. In accordance with Government Code Sections 50050-50053, the County would be able to determine the County department or agency, to which payment of the monies was intended and effectuate payment, including to County taxpayers, if appropriate and any remaining monies transferred to the County General Fund. This recommended alternative procedure for claiming unclaimed monies held by the State Controller was reviewed with County Counsel who concurs with the legality of this process which would be more beneficial to the County.

CONCLUSION

Current procedures used by the Controller-Treasurer Department to identify and claim unclaimed monies held by the California State Controller's Office results in the exclusion of hundreds of items intended by the payors to be paid to the County of Santa Clara. As a result, more than \$222,000 in unclaimed County of Santa Clara monies have been transferred to the State General Fund. By revising the Controller-Treasurer procedures for the identification and claiming of unclaimed monies held by the State Controller, the County can recover these monies and increase future revenue from this source. Consequently, the Controller-Treasurer Department should prepare a written procedure for the claiming of unclaimed monies held by the State Controller as described in this section and implement the procedure as soon as possible.

RECOMMENDATIONS

The Controller-Treasurer should:

- 3.1 Immediately submit claims for unclaimed funds currently held by the State Controller and identified as property of the County of Santa Clara or originally addressed to a County facility. (Priority 1)

- 3.2 Formally assign organizational responsibility to the Controller-Treasurer's General Accounting Unit for claiming cash and other assets belonging to the County that are temporarily held by the State Controller. The Unit should ensure that the process of checking for, identifying and claiming unclaimed funds is properly codified in the Departmental Policy and Procedures Manual and implemented on an ongoing basis. (Priority 3)

SAVINGS, BENEFITS AND COSTS

Implementation of Recommendation 3.1 would result in an immediate benefit of approximately \$222,246 to the County. The implementation of Recommendation 3.2 would provide periodic transfers of funds to the County estimated in the tens of thousands annually.

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
1	COUNTY CLERK OF SANTA CLARA	191 N 1ST STREET	SAN JOSE CA 95113-0000	015044250	\$ 182.00	INSURANCE COMPANY OF THE WEST
2	COUNTY FO SANTA CLARA HEA	2325 ENBROG LN STE 380	SAN JOSE CA 95128	964903870	\$ 112.38	UNITED PARCEL SERVICE OASIS SUPPLY CORP
3	COUNTY GOVERNMENT	70 WEST HEDDING STREET	SAN JOSE CA 95110-1705	954706683	\$ 4.00	AMERICAN GENERAL LIFE
4	COUNTY GOVERNMENT CENTER	70 W HEDDING STREET	SAN JOSE CA 95110	953319137	\$ 174.67	OSI EDUCATIONAL SERVICES
5	COUNTY OF SANTA CLARA			953417174	\$ 1.69	General Binding Corporation
6	COUNTY OF SANTA CLARA	PO BOX 19533	IRVINE CA 92623	955586649	\$ 58.12	SELECT MEDICAL CORPORATION
7	COUNTY OF SANTA CLARA			957602755	\$ 1.75	FULBRIGHT & JAWORSKI LLP
8	COUNTY OF SANTA CLARA			957602756	\$ 33.00	FULBRIGHT & JAWORSKI LLP
9	COUNTY OF SANTA CLARA			957602757	\$ 34.00	FULBRIGHT & JAWORSKI LLP
10	COUNTY OF SANTA CLARA	UNKNOWN		957605626	\$ 44.80	KAISER FOUNDATION HEALTH PLAN
11	COUNTY OF SANTA CLARA	1290 RIDDER PARK DRIVE	SAN JOSE CA 95113	958934102	\$ 41.90	EARTHINK INC.
12	COUNTY OF SANTA CLARA	UNKNOWN	UNKNOWN 00000	9595958560	\$ 100.00	BANK OF AMERICA - CALIFORNIA-NORTH
13	COUNTY OF SANTA CLARA	1735 N FIRST ST SUITE 250	SAN JOSE CA 95112	960886188	\$ 1,863.05	KAISER FOUNDATION HEALTH PLAN
14	COUNTY OF SANTA CLARA	UNKNOWN	CA	960877432	\$ 28.00	ALLIANCE TITLE COMPANY
15	COUNTY OF SANTA CLARA	P O BOX 5460	SAN JOSE CA 95150-5460	961974356	\$ 423.86	AT&T SERVICES INC.
16	COUNTY OF SANTA CLARA	1555 BERGER DR	SAN JOSE CA 95112	962847777	\$ 146.04	HAJOCA CORPORATION
17	COUNTY OF SANTA CLARA	2310 N FIRST ST	000CA	964566720	\$ 10.00	STANDARD PARKING CORPORATION
18	COUNTY OF SANTA CLARA	70 W HEDDING ST	SAN JOSE CA 95110	964683848	\$ 13.50	KAISER FOUNDATION HEALTH PLAN
19	COUNTY OF SANTA CLARA	UNKNOWN	UNKNOWN 00000	964784092	\$ 58.45	BANK OF AMERICA - CALIFORNIA-NORTH
20	COUNTY OF SANTA CLARA			964917482	\$ 119.00	CHICAGO TITLE COMPANY
21	COUNTY OF SANTA CLARA	2220 MOORPARK AVENUE	SAN JOSE CA 95128	966275131	\$ 150.00	STANFORD HOSPITAL AND CLINICS
22	COUNTY OF SANTA CLARA			966554535	\$ 100.00	SANTA CLARA COUNTY FEDERAL CREDIT UNION
23	COUNTY OF SANTA CLARA	PARKING ENFORCEMENT CENTER		967337421	\$ 58.00	DTG OPERATIONS INC.
24	COUNTY OF SANTA CLARA	P O BOX 1897	SAN JOSE CA 95106-0849	969027702	\$ 152.00	MERCURY INSURANCE COMPANY
25	COUNTY OF SANTA CLARA	STANFORD UNIV PARKING ENFORCEM	SAN JOSE CA 95106-0849	969112404	\$ 58.00	STANFORD HOSPITAL AND CLINICS
26	COUNTY OF SANTA CLARA	70 HEDDING STREET	SAN JOSE CA 95110	969217669	\$ 11.00	FNF UTC LLC
27	COUNTY OF SANTA CLARA	STARLIGHT FNDTN ATTN AP	SAN JOSE CA 95138	969928157	\$ 63.87	AT&T SERVICES INC.
28	COUNTY OF SANTA CLARA	UNKNOWN	UNKNOWN 00000	970762795	\$ 315.29	BANK OF AMERICA - CALIFORNIA
29	COUNTY OF SANTA CLARA	UNKNOWN	UNKNOWN 00000	970770817	\$ 432.81	BANK OF AMERICA - CALIFORNIA
30	COUNTY OF SANTA CLARA	1555 BERGER DRIVE	SAN JOSE CA 95112	970770817	\$ 3,601.82	BANK OF AMERICA - CALIFORNIA
31	COUNTY OF SANTA CLARA	2220 MOORPARK AVENUE	SAN JOSE CA 95128	972260340	\$ 723.00	COMPASS GROUP USA INC
32	COUNTY OF SANTA CLARA	2700 CAROL DRIVE	SAN JOSE CA 95125	972260340	\$ 5,317.77	STANFORD HOSPITAL AND CLINICS
33	COUNTY OF SANTA CLARA	1735 N FIRST ST 3RD FL	SAN JOSE CA 95112	973029582	\$ 2.02	SAGE TELECOM
34	COUNTY OF SANTA CLARA	1735 N FIRST ST STE 250	SAN JOSE CA 95112	973134727	\$ 70.06	KAISER FOUNDATION HEALTH PLAN
35	COUNTY OF SANTA CLARA	PARKING ENFORCEMENT CENTER	SAN JOSE CA 95106-0849	973134728	\$ 86.56	KAISER FOUNDATION HEALTH PLAN
36	COUNTY OF SANTA CLARA	PARKING ENFORCEMENT CENTER	SAN JOSE CA 95106-0849	973311774	\$ 35.00	FEDERAL EXPRESS CORPORATION
37	COUNTY OF SANTA CLARA	1553 BERGER DR BLDG # 1 DIVN	SAN JOSE CA 95112	973311775	\$ 35.00	FEDERAL EXPRESS CORPORATION
38	COUNTY OF SANTA CLARA	70 W HEDDING ST	SAN JOSE CA 95110	973493622	\$ 3,900.00	SUBURBAN PROPANE PARTNERS
39	COUNTY OF SANTA CLARA	455 SILICON VALLEY BLVD	SAN JOSE CA 95110	974144427	\$ 91.39	AT&T SERVICES INC.
40	COUNTY OF SANTA CLARA	COUNTY OF SANTA CLARA PARKING	SAN JOSE CA 95138	974147436	\$ 155.73	AT&T SERVICES INC.
41	COUNTY OF SANTA CLARA	820 ENBORG COURT	SAN JOSE CA 95106	974585426	\$ 35.00	CITIBANK N.A.
42	COUNTY OF SANTA CLARA	UNKNOWN	SAN JOSE CA 95128	975304302	\$ 130.00	HARCOURT, INC.
43	COUNTY OF SANTA CLARA		UNKNOWN 00000	976579721	\$ 174.78	
44	COUNTY OF SANTA CLARA	C/O ZACHARY DEVINE	SAN JOSE CA 95112	977494661	\$ 1,710.00	
45	COUNTY OF SANTA CLARA	C/O ZACHARY DEVINE	SAN JOSE CA 95112	977795431	\$ 7.22	
46	COUNTY OF SANTA CLARA	C O TAX COLLECTOR	SAN JOSE CA 95110-1767	97795432	\$ 13.37	
47	COUNTY OF SANTA CLARA	C O TAX COLLECTOR	SAN JOSE CA 95110-1767	977917737	\$ 30.00	
48	COUNTY OF SANTA CLARA	70 W HEDDING ST EW	SAN JOSE CA 95110-1767	977917738	\$ 30.00	
49	COUNTY OF SANTA CLARA	2400 MOORPARK AVE	SAN JOSE CA 95128-2631	978141071	\$ 162.91	
50	COUNTY OF SANTA CLARA	E WING 70 W HEDDING ST	SAN JOSE CA 95110	978481599	\$ 40.40	
51	COUNTY OF SANTA CLARA	2310 NORTH FIRST ST.	SAN JOSE CA 95131	978630853	\$ 3.50	
52	COUNTY OF SANTA CLARA	DEPT OF WEIGHTS AND MEASURES	SAN JOSE CA 95112	978926324	\$ 25.00	VALLEY RADIOLOGISTS MEDICAL ASSOCIATES
53	COUNTY OF SANTA CLARA (PAYEE)			N/A	\$ 300.00	
54	COUNTY OF SANTA CLARA (PAYEE)			001083048	\$ 300.00	MECHANICS BANK OF RICHMOND
55	COUNTY OF SANTA CLARA CALIF			001083048	\$ 300.00	MECHANICS BANK OF RICHMOND
56	COUNTY OF SANTA CLARA CLERKS R			960582055	\$ 140.00	ARAMARK CORPORATION
57	COUNTY OF SANTA CLARA COMPANY			969521754	\$ 17.00	RABOBANK N.A.
58	COUNTY OF SANTA CLARA DBA SAINT	CLARA VALLEY MEDICAL CTR		957603707	\$ 444.10	VALLEY RADIOLOGISTS MEDICAL ASSOCIATES
59	COUNTY OF SANTA CLARA DEPARTME	PO BOX 1897	SAN JOSE CA 95109	957386623	\$ 729.60	BLUE CROSS/SHEILD OF MA
60	COUNTY OF SANTA CLARA DEPARTME		SAN JOSE CA 95109-1897	978284349	\$ 291.11	CHUBB GROUP OF INSURANCE COMPANIES

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
61	COUNTY OF SANTA CLARA DEPT OF UNKNOWN	UNKNOWN	UNKNOWN 00000	976579722	\$ 513.50	
62	COUNTY OF SANTA CLARA DEPT REV UNKNOWN	UNKNOWN	UNKNOWN 00000	970762797	\$ 50.00	BANK OF AMERICA - CALIFORNIA
63	COUNTY OF SANTA CLARA DOR 1555 BERGER DR 2		SAN JOSE CA 95112	974585427	\$ 50.00	CITIBANK N.A.
64	COUNTY OF SANTA CLARA ESA DE 2201 LITTLE ORCHARD ST		SAN JOSE CA 95125	974569841	\$ 14,998.00	STATE FARM MUTUAL AUTOMOBILE INS CO
65	COUNTY OF SANTA CLARA HEA 2220 MOORPARK AVE 2ND FL		SAN JOSE CA 95128	964971361	\$ 17.49	COLLEGE OF AMERICAN PATHOLOGISTS
66	COUNTY OF SANTA CLARA HHS 2325 ENBORG LN		SAN JOSE CA 95128	N/A	\$ 26.22	IRON MOUNTAIN INC & SUBSIDIARIES
67	COUNTY OF SANTA CLARA HHS 2325 ENBORG LN		SAN JOSE CA 95128	N/A	\$ 204.06	IRON MOUNTAIN INC & SUBSIDIARIES
68	COUNTY OF SANTA CLARA RECORDER 2325 ENBORG LN STE 380		SAN JOSE CA 95128	971603661	\$ 58.00	AVIDBANK
69	COUNTY OF SANTA CLARA SCCHA ATTN: SHOP		SAN JOSE CA 95131	969950320	\$ 198.58	AT&T SERVICES INC.
70	COUNTY OF SANTA CLARA SCHALLEN		SAN JOSE CA 95131	968178702	\$ 10.44	MYERS INDUSTRIES INC.
71	COUNTY OF SANTA CLARA SHERIFF		CA 00000	974556356	\$ 35.00	FIRST REPUBLIC BANK
72	COUNTY OF SANTA CLARA TAX COLL			954386648	\$ 1,470.00	BANK OF AMERICA - CALIFORNIA
73	COUNTY OF SANTA CLARA TAX COLL			954397425	\$ 245.83	BANK OF AMERICA - CALIFORNIA
74	COUNTY OF SANTA CLARA TAX COLL			970762798	\$ 149.23	BANK OF AMERICA - CALIFORNIA
75	COUNTY OF SANTA CLARA TAX COLL			974725306	\$ 1,581.32	BANK OF AMERICA - CALIFORNIA
76	COUNTY OF SANTA CLARA WARRANT			968489674	\$ 12.38	BARCLAYS BANK DELAWARE
77	COUNTY OF SANTA CLARA WARRANT			973442437	\$ 16.05	EMSC
78	COUNTY OF SANTA CLARA WARRANT			977472051	\$ 68.84	
79	COUNTY OF SANTA CLARA WEST YOU			968178703	\$ 471.97	MYERS INDUSTRIES INC.
80	COUNTY SANTA CLARA			972310087	\$ 30.07	GENERAL ELECTRIC COMPANY
81	SANTA CLARA C	70 W HEDDING ST E WIND 2ND FL	SAN JOSE CA 95110-0000	961245148	\$ 40.00	STANFORD UNIVERSITY
82	SANTA CLARA C	191 N FIRST ST ATTN: COURT C	SANTA CLARA CA 95110	961245149	\$ 320.00	STANFORD UNIVERSITY
83	SANTA CLARA C	CLERK RECORDER 70 WEST HEDDIN	SANTA CLARA CA 95051	963867014	\$ 50.00	STANFORD UNIVERSITY
84	SANTA CLARA C	70 HEDDING STREET 7TH FLOOR	SANTA CLARA CA 95051	963867015	\$ 75.00	STANFORD UNIVERSITY
85	SANTA CLARA C	70 HEDDING STREET 7TH FLOOR	SANTA CLARA CA 95051	963867016	\$ 75.00	STANFORD UNIVERSITY
86	SANTA CLARA C	ROADS AND AIRPORTS DEPARTMENT	SANTA CLARA CA 95051	963867017	\$ 1,992.10	STANFORD UNIVERSITY
87	SANTA CLARA C	70 WEST HEDDING ST 1ST FL	SAN JOSE CA 95110	977476158	\$ 30.00	WACHOVIA SBA LENDING INC
88	SANTA CLARA C	70 WEST HEDDING ST 1ST FL	SAN JOSE CA 95110	977476159	\$ 19.00	WACHOVIA SBA LENDING INC
89	SANTA CLARA CITY RECORDERS OFF	700 WEST HEDDING STREET	SAN JOSE CA 95110-0000	955901694	\$ 63.00	NEXSTAR FINANCIAL CORPORATION
90	SANTA CLARA CITY SHE	55 WEST YOUNGER AVE	SAN JOSE CA 95110	954275295	\$ 136.85	LONG S DRUG STORES CA INC.
91	SANTA CLARA CLERK RECORDER	UNKNOWN		961409402	\$ 25.00	SILICON VALLEY BANK
92	SANTA CLARA CLERK RECORDER	70 WEST HEDDING STREET AT FIR	SAN JOSE CA 95110	969561919	\$ 19.00	SILICON VALLEY BANK
93	SANTA CLARA CLERK RECORDER	70 WEST HEDDING STREET	SAN JOSE CA 95110	976485194	\$ 27.00	SILICON VALLEY BANK
94	SANTA CLARA CLERK RECORDER	PO BOX 7622	SAN FRANCISCO CA 94120-7622	955474798	\$ 219.00	MEDTRONIC INC IDE & SAP DISBURSEMENT ACC
95	SANTA CLARA CNTY	55 WEST YOUNGER AVE	SAN JOSE CA 95110	963336645	\$ 134.45	ARAMARK CORPORATION
96	SANTA CLARA CNTY	1290 RIDDER PARK	SAN JOSE CA 95131	977973770	\$ 136.65	KMBS
97	SANTA CLARA CNTY CLERK RCOR	CNTY GVT CTR EAST WING	SAN JOSE CA 95110-0000	970815008	\$ 24.00	GENERAL ELECTRIC COMPANY
98	SANTA CLARA CNTY CLERK RCOR	CNTY GVT CTR EAST WING	SAN JOSE CA 95110-0000	970815008	\$ 24.00	GENERAL ELECTRIC COMPANY
99	SANTA CLARA CNTY CLERK REC CNTY	70 HEDDING ST 1ST FLOOR	SAN JOSE CA 95110	970815009	\$ 24.00	GENERAL ELECTRIC COMPANY
100	SANTA CLARA CNTY DEPT	976 LENZEN AVENUE ROOM 1300	SAN JOSE CA 95126	Details	\$ 38.50	QUALCOMM INCORPORATED
101	SANTA CLARA CNTY PUB HLTH LAB	2220 MOORPARK AVE RM 204L	SAN JOSE CA 95128	958800654	\$ 155.00	STANFORD HOSPITAL AND CLINICS
102	SANTA CLARA CNTY RECORDER CNTY	70 WEST HEDDING ST	SAN JOSE CA 95110	966275300	\$ 16.00	SELECT PORTFOLIO SERVICING INC
103	SANTA CLARA CNTY RECORDER CNTY	70 WEST HEDDING ST	SAN JOSE CA 95110	956681565	\$ 16.00	SELECT PORTFOLIO SERVICING INC
104	SANTA CLARA CNTY RECORDER CNTY	70 WEST HEDDING ST	SAN JOSE CA 95110	961266263	\$ 16.00	SELECT PORTFOLIO SERVICING INC
105	SANTA CLARA CNTY RECORDER CNTY	70 WEST HEDDING ST	SAN JOSE CA 95110	961266264	\$ 15.00	SELECT PORTFOLIO SERVICING INC
106	SANTA CLARA CNTY RECORDER	70 W HEDDING ST E WING	SAN JOSE CA 95110-0000	970815010	\$ 18.00	GENERAL ELECTRIC COMPANY
107	SANTA CLARA CNTY RECORDER	70 W HEDDING ST E WING	SAN JOSE CA 95110-0000	970815011	\$ 21.00	GENERAL ELECTRIC COMPANY
108	SANTA CLARA CNTY RECORDERS OFF	70 W. HEDDING ST. 1ST FL.	SAN JOSE CA 95110	973454845	\$ 12.00	RBS CITIZENS N.A.
109	SANTA CLARA CNTY RECORDERS OFF	70 W. HEDDING ST. 1ST FL.	SAN JOSE CA 95110	973454846	\$ 12.00	RBS CITIZENS N.A.
110	SANTA CLARA CO		CA	958752528	\$ 206.00	WELLS FARGO FINANCIAL CALIFORNIA INC
111	SANTA CLARA CO	70 W HEDDING ST 104	SAN JOSE CA 95110-1705	960315382	\$ 1.05	DS WATERS OF AMERICA INC.
112	SANTA CLARA CO	RE JOANN MCMILLION	SAN JOSE CA 95127	973847967	\$ 1,083.00	BEVERLY HEALTH & REHAB SERVICES
113	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491164	\$ 3.65	SEARSROEBUCK AND CO.
114	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491165	\$ 3.71	SEARSROEBUCK AND CO.
115	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491166	\$ 6.08	SEARSROEBUCK AND CO.
116	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491167	\$ 3.58	SEARSROEBUCK AND CO.
117	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491168	\$ 3.65	SEARSROEBUCK AND CO.
118	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491169	\$ 1.04	SEARSROEBUCK AND CO.
119	SANTA CLARA CO DEPT OF CSS	PO BOX 7622	SAN FRANCISCO CA 94120	968491170	\$ 3.58	SEARSROEBUCK AND CO.
120	SANTA CLARA CO EOC		SAN FRANCISCO CA 94120	975456426	\$ 100.00	COMMONWEALTH CENTRAL CREDIT UNION

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
121	SANTA CLARA CO HEALTH DEPT	650 S BASCOM AVE	SAN JOSE CA 95128	952633040	\$ 16.00	SERVICE CORPORATION INTL.
122	SANTA CLARA CO LIBRARY AD	14600 WINCHESTER BLVD	SAN JOSE CA 95112	961963182	\$ 98.71	AT&T SERVICES INC.
123	SANTA CLARA CO PUBLIC HEALTH	2220 MOORPARK AVE RM204L	SAN JOSE CA 95128-2690	965858775	\$ 91.46	SANTA CLARA CO PUBLIC HEALTH
124	SANTA CLARA CO PUBLIC HEALTH	IMMUNIZATION PROGRAM	SAN JOSE CA 95126	978718167	\$ 460.29	HUMANA INC. AND SUBSIDIARIES
125	SANTA CLARA CO PUBLIC HEALTH	IMMUNIZATION PROGRAM	SAN JOSE CA 95126	978718245	\$ 41.35	HUMANA INC. AND SUBSIDIARIES
126	SANTA CLARA CO PUBLIC HEALTH	IMMUNIZATION PROGRAM	SAN JOSE CA 95126	978718332	\$ 18.63	HUMANA INC. AND SUBSIDIARIES
127	SANTA CLARA CO PUBLIC HEALTH	IMMUNIZATION PROGRAM	SAN JOSE CA 95126	978718333	\$ 40.46	HUMANA INC. AND SUBSIDIARIES
128	SANTA CLARA CO RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	971853064	\$ 24.00	REGIONS BANK
129	SANTA CLARA CO SHERIFF			975456247	\$ 3,577.76	COMMONWEALTH CENTRAL CREDIT UNION
130	SANTA CLARA CO SHERIFF			975456427	\$ 3,577.76	COMMONWEALTH CENTRAL CREDIT UNION
131	SANTA CLARA CO SHERIFF	55 WEST YOUNGER ST	SAN JOSE CA 95110	978538451	\$ 253.04	RYDER TRUCK RENTAL INC
132	SANTA CLARA CO SHERIFF	55 WEST YOUNGER ST	SAN JOSE CA 95110	978538452	\$ 240.11	RYDER TRUCK RENTAL INC
133	SANTA CLARA CO SHERIFFS	UNKNOWN	CA 00000	974097199	\$ 443.00	JPMORGAN CHASE BANK N.A.
134	SANTA CLARA CO TAX COLLECTOR			9686677935	\$ 125.00	BAY AREA ESCROW SERVICES
135	SANTA CLARA CO TRANS	3331 N 1ST ST C 2 RISK MGMT	SAN JOSE CA 95134	954364359	\$ 32.89	KAISER FOUNDATION HEALTH PLAN
136	SANTA CLARA CO HEALTH DEPT	645 S. BASCOM AVENUE	SAN JOSE CA 95128	978682371	\$ 11.00	CARRIAGE TEAM CALIFORNIA
137	SANTA CLARA CONVENTION CENTER	5001 GREAT AMERICA PKWY	SANTA CLARA CA 95054	968955633	\$ 541.11	POMEROY IT SOLUTIONS SALES CO. INC.
138	SANTA CLARA CONVENTION CTR	5001 GREAT AMERICA PKY	SANTA CLARA CA 95054-1119	957105098	\$ 38.22	ARAMARK CORPORATION
139	SANTA CLARA CONVENTION CTR	5001 GREAT AMERICA PKY	SANTA CLARA CA 95054-1119	973331875	\$ 0.01	ARAMARK CORPORATION
140	SANTA CLARA COU	645 S BASCOM AVE EMS RM 139	SAN JOSE CA 95128-0000	957105565	\$ 114.66	ARAMARK CORPORATION
141	SANTA CLARA COU	645 S BASCOM AVE EMS RM 139	SAN JOSE CA 95128-0000	957105566	\$ 241.50	ARAMARK CORPORATION
142	SANTA CLARA COU	645 S BASCOM AVE EMS RM 139	SAN JOSE CA 95128-0000	957105567	\$ 728.47	ARAMARK CORPORATION
143	SANTA CLARA COU	RE: GLORIA WINKLEMAN	SAN JOSE CA 95112	960587002	\$ 1,747.00	EINSTEIN NOAH RESTAURANT GROUP INC
144	SANTA CLARA COUNTY	300 CURTNER AVE	SAN JOSE CA CA 95127	969319544	\$ 1,196.00	BEVERLY HEALTH & REHAB SERVICES
145	SANTA CLARA COUNTY	931 DELMAS AVENUE	SAN JOSE CA 95125-1401	013445774	\$ 2,499.83	WASHINGTON MUTUAL BANK FA
146	SANTA CLARA COUNTY	FBO JANICE CORREA	SAN JOSE CA 95136-0000	016763100	\$ 102.00	ORANGE COAST TITLE COMPANY
147	SANTA CLARA COUNTY			017251038	\$ 200.00	METROPOLITAN LIFE INSURANCE COMPANY
148	SANTA CLARA COUNTY			018373103	\$ 98.00	NORTH AMERICAN TITLE COMPANY
149	SANTA CLARA COUNTY	2471 BERRYESSA RD STE#2	SAN JOSE CA 95133-1300	952883428	\$ 132.45	STATE FARM MUTUAL AUTOMOBILE INS CO
150	SANTA CLARA COUNTY	DEPARTMENT OF CHILD SUPPORT SE	SAN FRANCISCO CA 94120-7622	954335517	\$ 49.38	WASTE MANAGEMENT INC.
151	SANTA CLARA COUNTY			95668728	\$ 60.00	GOLDEN 1 CREDIT UNION THE
152	SANTA CLARA COUNTY			959963993	\$ 300.00	BANK OF AMERICA - CALIFORNIA-WORTH
153	SANTA CLARA COUNTY			960257214	\$ 492.00	SERVICELINK
154	SANTA CLARA COUNTY	70 WEST HEDDING ST	SAN JOSE CA 95110	960710146	\$ 3.00	CENLAR CENTRAL LOAN ADMINISTRATION
155	SANTA CLARA COUNTY	1553 BERGER DRIVE	SAN JOSE CA 95112	960812400	\$ 40.00	COMPASS GROUP USA INC
156	SANTA CLARA COUNTY	70 WEST HEDDING STREET	SAN JOSE CA 95110-1767	964059528	\$ 11.00	SERVICE CORPORATION INTL.
157	SANTA CLARA COUNTY		CA 00000	964707449	\$ 230.55	FIDELITY NATIONAL INC
158	SANTA CLARA COUNTY	PO BOX 4926	SANTA CLARA COUNTY CA 95150-	964727949	\$ 427.33	AT&T SERVICES INC.
159	SANTA CLARA COUNTY	70 WEST HEDDINGTO STREET EAST	SAN JOSE CA 95110	966385896	\$ 19.00	WACHOVIA SBA LENDING INC
160	SANTA CLARA COUNTY	MENTAL HEALTH DEPT	SAN JOSE CA 95128	966513637	\$ 25.67	CALIFORNIA PHYSICIANS SERVICE
161	SANTA CLARA COUNTY	UNKNOWN	UNKNOWN CA 00000	967353576	\$ 687.20	HSBC FINANCE CORPORATION
162	SANTA CLARA COUNTY	70 W HEDDING STREET 6TH F	SAN JOSE CA 95110	967383394	\$ 2,194.79	FDIC 10155 AMTRUST BANK
163	SANTA CLARA COUNTY			9676996645	\$ 15.00	COMMONWEALTH CENTRAL CREDIT UNION
164	SANTA CLARA COUNTY	70 W HEDDING ST 5TH FL	SAN JOSE CA 00000	9688972166	\$ 51.45	LIVENOTE INC. & SUBSIDIARIES
165	SANTA CLARA COUNTY	70 WEST HEDDING ST EAST WING 6	SAN JOSE CA 95110	969068234	\$ 4,689.80	CARRINGTON MORTGAGE SERVICES
166	SANTA CLARA COUNTY	401 RIDGE VISTA AVE	SAN JOSE CA CA 95127	969319545	\$ 2,423.08	BEVERLY HEALTH & REHAB SERVICES
167	SANTA CLARA COUNTY	RE: LINDA NOLA	SAN JOSE CA CA 95127	969319546	\$ 2,306.00	BEVERLY HEALTH & REHAB SERVICES
168	SANTA CLARA COUNTY	RE: TIMOTHY KEMP	SAN JOSE CA CA 95127	969319547	\$ 627.00	BEVERLY HEALTH & REHAB SERVICES
169	SANTA CLARA COUNTY	RE: JASON KAISER	SAN JOSE CA CA 95127	969319548	\$ 702.00	BEVERLY HEALTH & REHAB SERVICES
170	SANTA CLARA COUNTY	RE: GORDON HALLIDAY	SAN JOSE CA CA 95127	969319549	\$ 857.00	BEVERLY HEALTH & REHAB SERVICES
171	SANTA CLARA COUNTY	401 RIDGE VISTA AVE	SAN JOSE CA CA 95127	969319550	\$ 329.00	BEVERLY HEALTH & REHAB SERVICES
172	SANTA CLARA COUNTY	401 RIDGE VISTA AVE	SAN JOSE CA CA 95127	969319551	\$ 894.00	BEVERLY HEALTH & REHAB SERVICES
173	SANTA CLARA COUNTY	401 RIDGE VISTA AVE	SAN JOSE CA CA 95127	969319552	\$ 50.00	BEVERLY HEALTH & REHAB SERVICES
174	SANTA CLARA COUNTY	401 RIDGE VISTA AVE	SAN JOSE CA CA 95127	969319553	\$ 2,620.00	BEVERLY HEALTH & REHAB SERVICES
175	SANTA CLARA COUNTY	RE: NANCY MARIACHALAR	SAN JOSE CA CA 95127	969319554	\$ 495.00	BEVERLY HEALTH & REHAB SERVICES
176	SANTA CLARA COUNTY	RE: PATRICK HARLEY	SAN JOSE CA CA 95127	969319555	\$ 1,826.00	BEVERLY HEALTH & REHAB SERVICES
177	SANTA CLARA COUNTY	RE: ROBERT DUNN	SAN JOSE CA CA 95127	969319556	\$ 1,053.00	BEVERLY HEALTH & REHAB SERVICES
178	SANTA CLARA COUNTY	191 N 1ST ST	SAN JOSE CA 95113	969749595	\$ 7,940.00	BEVERLY HEALTH & REHAB SERVICES
179	SANTA CLARA COUNTY	P O BOX 1897	SAN JOSE CA 95109-1897	969775389	\$ 58.37	CVS/PHARMACY INC.
180	SANTA CLARA COUNTY	MENTAL HEALTH DEPT	SAN JOSE CA 95128	969838220	\$ 44.13	CALIFORNIA PHYSICIANS SERVICE

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
181	SANTA CLARA COUNTY	1553 BERGER DR BL 1	SAN JOSE CA 95112	971834306	\$ 1,384.00	MERYVN'S LLC
182	SANTA CLARA COUNTY	70 W HEDDING STREET	SAN JOSE CA 95110	971903817	\$ 12.00	JPMORGAN CHASE BANK NA
183	SANTA CLARA COUNTY	70 W HEDDING STREET	SAN JOSE CA 95110	971903818	\$ 12.00	JPMORGAN CHASE BANK NA
184	SANTA CLARA COUNTY	C/O B	SAN JOSE CA 95113	972421491	\$ 4.00	MAYO FOUNDATION FOR MEDICAL
185	SANTA CLARA COUNTY	C/O BOARD OF SUPERVISORS	SAN JOSE CA 95110	972635015	\$ 37.31	XEROX CORPORATION
186	SANTA CLARA COUNTY	70 W HEDDING STREET	SAN JOSE CA 95110	972710693	\$ 116.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
187	SANTA CLARA COUNTY	DEPT OF CHILD SUPPORT SERVICES	SAN FRANCISCO CA 94120-7622	973130783	\$ 5.40	STANFORD UNIVERSITY
188	SANTA CLARA COUNTY	DEPT OF CHILD SUPPORT SERVICES	SAN FRANCISCO CA 94120-7622	973130784	\$ 5.40	STANFORD UNIVERSITY
189	SANTA CLARA COUNTY	DEPT OF CHILD SUPPORT SERVICES	SAN FRANCISCO CA 94120-7622	973130785	\$ 5.40	STANFORD UNIVERSITY
190	SANTA CLARA COUNTY			9733330672	\$ 220.56	COMMONWEALTH CENTRAL CREDIT UNION
191	SANTA CLARA COUNTY			9733330673	\$ 10.00	COMMONWEALTH CENTRAL CREDIT UNION
192	SANTA CLARA COUNTY	CLERK	SAN JOSE CA 95110	973429806	\$ 7.82	CAPITAL ONE NATIONAL ASSOCIATION
193	SANTA CLARA COUNTY	FAMILY SUPPORT TRUSTEE	SAN FRANCISCO CA 94120-7622	975294186	\$ 292.02	
194	SANTA CLARA COUNTY	1555 BERGER DR BLDG 2	SAN JOSE CA 95112	975986947	\$ 861.00	
195	SANTA CLARA COUNTY	1555 BERGER DR BLDG 2	SAN JOSE CA 95112	975986948	\$ 861.00	
196	SANTA CLARA COUNTY	1555 BERGER DR BLDG 2	SAN JOSE CA 95112	975986949	\$ 565.25	
197	SANTA CLARA COUNTY	705 GOLD LAKE DR STE 240	FOLSOM CA 95630	976597070	\$ 105.52	
198	SANTA CLARA COUNTY	70 W HEDDING ST -6TH FL EAST	SAN JOSE CA 95110	976599549	\$ 12.00	
199	SANTA CLARA COUNTY	70 W HEDDING ST 6TH FL E WING	SAN JOSE CA 95110	976872643	\$ 6,037.98	HSBC FINANCE CORPORATION
200	SANTA CLARA COUNTY	1ST FLOOR EAST WING	SAN JOSE CA 95110	977217064	\$ 18.00	ONEWEST BANK
201	SANTA CLARA COUNTY	RECORDER	SAN JOSE CA 95110	977217065	\$ 6.00	ONEWEST BANK
202	SANTA CLARA COUNTY	RECORDER	SAN JOSE CA 95110	977217066	\$ 7.00	ONEWEST BANK
203	SANTA CLARA COUNTY	70 W HEDDING STREET EAST WIN	SAN JOSE CA 95110	977699321	\$ 37.35	
204	SANTA CLARA COUNTY	1555 BERGER DRIVE	SAN JOSE CA 95110	977699321	\$ 15.08	
205	SANTA CLARA COUNTY	976 LENZEN AVE	SAN JOSE CA 95112	979356320	\$ 100 and over	MEDTRONIC INC
206	SANTA CLARA COUNTY	195 E VIRGINIA ST	SAN JOSE CA 95126		\$ 100 and over	RICOH USA INC.
207	SANTA CLARA COUNTY - HARRELL			Details		
208	SANTA CLARA COUNTY 457 PLAN	1947 CRESTMONT DRIVE	SAN JOSE CA 95124	9592721827	\$ 161.00	OCT - ANAHEIM ESCROW
209	SANTA CLARA COUNTY 457 PLAN	1947 CRESTMONT DRIVE	SAN JOSE CA 95124	971087568	\$ 48.42	OAKMARK SMALL CAP FUND
210	SANTA CLARA COUNTY 921 299 530	224 AIRPORT PKWY STE 500	SAN JOSE CA 95110-	971087851	\$ 16.04	OAKMARK SMALL CAP FUND
211	SANTA CLARA COUNTY AIDS COALIT	PO BOX 54010	SAN JOSE CA 95154	013843463	\$ 2,508.78	AT&T CORPORATE HEADQUARTERS
212	SANTA CLARA COUNTY AUTO	PO BOX 4802	SAN JOSE CA	967272528	\$ 1.21	
213	SANTA CLARA COUNTY AUTOMOTIVE	1120 S. BASCOM AVE.	SAN JOSE CA 95150-	960478944	\$ 250.00	
214	SANTA CLARA COUNTY C	BUSINESS DIVISION 70 WEST HEDD	SAN JOSE CA 95110	017485548	\$ 142.00	
215	SANTA CLARA COUNTY CLEK	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95110	965480192	\$ 37.00	WHOLE FOODS MARKET INC.
216	SANTA CLARA COUNTY CLEK	1ST FLOOR -E WING	SAN JOSE CA 95110	978354480	\$ 13.00	VITAMIN SHOPPE INDUSTRIES INC
217	SANTA CLARA COUNTY CLEK	70 WEST HEDDING ST	SAN JOSE CA 95110	953301126	\$ 20.00	PLATTE RIVER INSURANCE COMPANY
218	SANTA CLARA COUNTY CLEK	70 WEST HEDDING ST	SAN JOSE CA 95110	967595716	\$ 121.00	FIRST HORIZON
219	SANTA CLARA COUNTY CLEK	70 W HEDDING ST	SAN JOSE CA 95110	967595717	\$ 27.00	FIRST HORIZON
220	SANTA CLARA COUNTY CLEK	70 WEST HEDDING STREET EAST W	SAN JOSE CA 95110	978264782	\$ 21.00	FINTG HOLDINGS INC
221	SANTA CLARA COUNTY CLEK	70 WEST HEDDING STREET EAST W	SAN JOSE CA 95110	978468681	\$ 15.00	CHICAGO TITLE INSURANCE COMPANY
222	SANTA CLARA COUNTY CLEK	RECORDERS OFFICE	SAN JOSE CA 95110	978468682	\$ 24.00	CHICAGO TITLE INSURANCE COMPANY
223	SANTA CLARA COUNTY CLEK	70 WEST HEDDING	SAN JOSE CA 95110	978843396	\$ 12.00	
224	SANTA CLARA COUNTY CLEK RECO			N/A	\$ 67.00	FIRST HORIZON / FIRST TENNESSEE BANK
225	SANTA CLARA COUNTY CLEK RECO			969089189	\$ 27.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
226	SANTA CLARA COUNTY CLEK RECO		00000-0000	969089190	\$ 27.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
227	SANTA CLARA COUNTY CLEK RECO	70 WEST HEDDING STREET	SAN JOSE CA 95110	961697671	\$ 7.00	COAST NATIONAL BANK
228	SANTA CLARA COUNTY CLEK RECO	COUNTY GOVERNMENT CENTER	SAN JOSE CA 95110	961991104	\$ 10.00	CHICAGO TITLE COMPANY
229	SANTA CLARA COUNTY CLEK RECO	BUSINESS DIVISION/ FIRST FLOOR	SAN JOSE CA 95110	965629950	\$ 78.00	SUNTRUST MORTGAGE
230	SANTA CLARA COUNTY CLEK RECO	70 W HEDDING ST 1ST FLOOR	SAN JOSE CA 95110	969304845	\$ 42.35	WYNDHAM WORLDWIDE CORPORATION
231	SANTA CLARA COUNTY CLEK RECO	70 W HEDDING ST 1ST FLOOR	SAN JOSE CA 95110	970980147	\$ 18.00	PRINCIPAL BANK
232	SANTA CLARA COUNTY CLEK RECO	70 W HEDDING ST 1ST FL	SAN JOSE CA 95110	972168684	\$ 13.00	THE GOLDEN 1 CREDIT UNION
233	SANTA CLARA COUNTY CLEK RECO	70 WEST HEDDING ST 1ST FL	SAN JOSE CA 95110	973511075	\$ 35.00	PRINCIPAL BANK
234	SANTA CLARA COUNTY CLEK RECO	UNKNOWN	SAN JOSE CA 95110	973511076	\$ 17.00	PRINCIPAL BANK
235	SANTA CLARA COUNTY CLEK RECO	70 W HEDDING ST EAST WING	SAN JOSE CA 95110	975471607	\$ 23.00	XCEED FINANCIAL FEDERAL CERDIT UNION
236	SANTA CLARA COUNTY CLERKRECORD	"70 W. HEDDING ST. EAST WING"	SAN JOSE CA 95110	977089062	\$ 11.00	CH2M HILL INDUSTRIAL DESIGN&CONST INC
237	SANTA CLARA COUNTY COMMUNITY P			961610092	\$ 9.00	BANK OF THE WEST
238	SANTA CLARA COUNTY CORONERS OF	PO BOX 5280	SAN JOSE CA 95150-0000	001204323	\$ 38.95	WELLS FARGO BANK N A
239	SANTA CLARA COUNTY COUNTY TAX	COUNTY GOVT CENTER EAST WING	SAN JOSE CA 95110	963539265	\$ 17.45	STATE COMP INSURANCE FUND
240	SANTA CLARA COUNTY D	1555 BERGER DR BLDG 2	SAN JOSE CA 95112	973446754	\$ 48,368.42	FIRST HORIZON - FIRST TENNESSEE BANK
				971103323	\$ 1,400.00	21ST CENTURY INSURANCE CO

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
241	SANTA CLARA COUNTY D			973388540	\$ 100.00	KEYPOINT CREDIT UNION
242	SANTA CLARA COUNTY D	PUB HLTH ADULT IMMUN GROUP, CUSTOMER REFUND FOR	SAN JOSE CA 95126-0000	978646719	\$ 202.76	PUB HLTH ADULT IMMUN
243	SANTA CLARA COUNTY DBA SCHOOLS	P O BOX 7622	SAN JOSE CA 95154-	018416572	\$ 493.13	PACIFIC BELL TELEPHONE COMPANY
244	SANTA CLARA COUNTY DEPARTMENT	OF ENVIRONMENTAL HEALTH	SAN FRANCISCO CA 94120-7622	959988449	\$ 300.00	HARRIS CORPORATION
245	SANTA CLARA COUNTY DEPARTMENT	AGRICULTURE WTS MS MAIN OFC	SAN JOSE CA 95112-2716	967781956	\$ 202.00	ARAMARK CORPORATION
246	SANTA CLARA COUNTY DEPT OF CHI	PO BOX 7622	SAN JOSE CA 95112	973312171	\$ 117.42	FEDERAL EXPRESS CORPORATION
247	SANTA CLARA COUNTY DEPT OF CHI	PO BOX 7622	SAN FRANCISCO CA 94110	961400108	\$ 167.07	LOCKHEED MARTIN CORPORATION
248	SANTA CLARA COUNTY DEPT OF ENV	1555 BERGER DR BLDG 2 STE 300	SAN FRANCISCO CA 94120-0000	961727177	\$ 62.50	SYNGENTA SEEDS INC
250	SANTA CLARA COUNTY DIST ATTY	PO BOX 660446	SAN JOSE CA 95112	973619871	\$ 154.00	YMCA OF SILICON VALLEY
251	SANTA CLARA COUNTY DISTRICT AT	UNKNOWN	ARCADIA CA 91066-0446	952595954	\$ 85.00	STATE COMP INSURANCE FUND
252	SANTA CLARA COUNTY DISTRICT AT	UNKNOWN	UNKNOWN 00000	954391671	\$ 192.46	BANK OF AMERICA - CALIFORNIA-NORTH
253	SANTA CLARA COUNTY DISTRICT ATTOR	UNKNOWN	UNKNOWN 00000	959988449	\$ 237.09	BANK OF AMERICA - CALIFORNIA-NORTH
254	SANTA CLARA COUNTY DIST ATTOR	UNKNOWN	UNKNOWN 00000	956324443	\$ 200.00	BANK OF AMERICA - CALIFORNIA-NORTH
255	SANTA CLARA COUNTY DIVISION OF	1553 BERGER DRIVE	SAN JOSE CA 95112	956324444	\$ 248.29	BANK OF AMERICA - CALIFORNIA-NORTH
256	SANTA CLARA COUNTY DOC	UNKNOWN	UNKNOWN 00000	969824120	\$ 50.00	WAL-MART STORES INC. AND SUBSIDIARIES
257	SANTA CLARA COUNTY ENV HEALTH	UNKNOWN	UNKNOWN 00000	959963995	\$ 50.00	BANK OF AMERICA - CALIFORNIA-NORTH
258	SANTA CLARA COUNTY ENV HEALTH	1555 BERGER DR	SAN JOSE CA 95112	Details	\$100 and over	7-ELEVEN INC.
259	SANTA CLARA COUNTY ENV HEALTH	1555 BERGER DR	SAN JOSE CA 95112	Details	\$100 and over	7-ELEVEN INC.
260	SANTA CLARA COUNTY ENV HEALTH	1555 BERGER DR	SAN JOSE CA 95112	Details	\$100 and over	7-ELEVEN INC.
261	SANTA CLARA COUNTY ENV HEALTH	1555 BERGER DR	SAN JOSE CA 95112	Details	\$100 and over	7-ELEVEN INC.
262	SANTA CLARA COUNTY F	14700 WINCHESTER BLVD	LOS GATOS CA 95032-1818	964235360	\$ 0.20	CDW LLC
263	SANTA CLARA COUNTY FAMILY SUPP	P O BOX 7622	SAN FRANCISCO CA 94120-	018307955	\$ 252.46	HERTZ CORPORATION BANK RECONCILIATION DEPARTMENT
264	SANTA CLARA COUNTY FCU	852 N 1ST ST	SAN JOSE CA 95112-	012232293	\$ 374.17	
265	SANTA CLARA COUNTY FCU	2255 S HEDDING STREET	CA	956663747	\$ 1,170.76	STANFORD UNIVERSITY
266	SANTA CLARA COUNTY FIRE MARSHA	700 WEST BASKOM AVENUE SUITE 100	SAN JOSE CA 95110-	013569280	\$ 150.00	STANFORD UNIVERSITY
267	SANTA CLARA COUNTY FOUNDATION	210 HACINDA AVNU	CAMPBELL CA 95008-	013604836	\$ 922.72	
268	SANTA CLARA COUNTY H	300 CURTNER	SAN JOSE CA 95125	967504837	\$ 47.06	HEALTH NET LIFE INSURANCE CO.
269	SANTA CLARA COUNTY H D	PO BOX 5280	SAN JOSE CA 95150	952633041	\$ 26.00	SERVICE CORPORATION INTL.
270	SANTA CLARA COUNTY HEA	2220 MOORPARK AVE	SAN JOSE CA 95128-2613	001553597	\$ 40.00	GREAT-WEST LIFE ASSURANCE COMPANY THE
271	SANTA CLARA COUNTY HEALTH	2220 MOORPARK AVENUE	SAN JOSE CA 95128-	965829118	\$ 7.20	BLUE CROSS AND BLUE SHIELD OF ALABAMA
272	SANTA CLARA COUNTY HEALTH DEP	2220 MOORPARK AVENUE	SAN JOSE CA 95128-	970806370	\$ 14.40	CONNECTICUT GENERAL LIFE INSURANCE COMPA
273	SANTA CLARA COUNTY HEALTH DEP	C/O SAVE ON DRUGS	CA 00000-0000	001732789	\$ 40.00	LINCOLN NATIONAL LIFE INSURANCE COMPANY
274	SANTA CLARA COUNTY HEALTH DEPTA	ENVIRONMENTAL HEALTH SERVICES	MARINA DEL REY CA 90291-	961235630	\$ 196.00	CARRIAGE TEAM CALIFORNIA
275	SANTA CLARA COUNTY HEALTH DEPT	70 HEDDING STREET	SAN JOSE CA 95110	957130786	\$ 329.00	GREAT-WEST LIFE ASSURANCE COMPANY THE
276	SANTA CLARA COUNTY HEALTH DEPT	PO BOX 515004	SACRAMENTO CA 95851	977810142	\$ 53.99	ASPEN PUBLISHERS INC.
277	SANTA CLARA COUNTY I	ADMINISTRATIVE OFFICES	SAN JOSE CA 95113	959102659	\$ 899.76	PRUDENTIAL INSURANCE COMPANY
278	SANTA CLARA COUNTY LIBRARY	1177 CORVALLIS DRIVE	SAN JOSE CA 95120	974985170	\$ 54.13	GENERAL ELECTRIC COMPANY
280	SANTA CLARA COUNTY O	1555 BERGER DRIVE	SAN JOSE CA 95112	960395571	\$ 14.62	JOHNSON CONTROLS, INC.
281	SANTA CLARA COUNTY OF	55 W YOUNGER ST	SAN JOSE CA 95110	961771900	\$ 2.27	GAP INC
282	SANTA CLARA COUNTY OF	2325 ENBORG LN STE 380	SAN JOSE CA 95128-	011299303	\$ 500.00	THOUSAND TRAILS INC
283	SANTA CLARA COUNTY OF	ATTN ANDY BURSCHE 1290 RID	SAN JOSE CA 95128	965620506	\$ 29.34	SHERWIN-WILLIAMS COMPANY THE
284	SANTA CLARA COUNTY OF HEALTH D	POST OFFICE BOX 5651	SAN JOSE CA 95131	958380270	\$ 8.80	MARSHALL & ISLEY TRUST COMPANY N.A.
285	SANTA CLARA COUNTY OF VMC	PO BOX 7622	SAN JOSE CA 95150-	001505070	\$ 161.50	BELL SAVINGS & LOAN ASSOCIATION
286	SANTA CLARA COUNTY OFFICE OF A		SAN FRANCISCO CA 94120-7622	957229415	\$ 567.50	MDS ANALYTICAL TECHNOLOGIES US INC
287	SANTA CLARA COUNTY OFFICE OF T			977494241	\$ 1,356.00	WELLS FARGO & COMPANY
288	SANTA CLARA COUNTY OFFICE OF T			954391672	\$ 615.00	BANK OF AMERICA - CALIFORNIA-NORTH
289	SANTA CLARA COUNTY PARKING			970642761	\$ 50.00	THE AMERICAN BOTTLING COMPANY
290	SANTA CLARA COUNTY PARKING			974595285	\$ 70.00	WICHITA STATE UNIVERSITY ICAA INC
291	SANTA CLARA COUNTY PARKING			974595285	\$ 35.00	CITIBANK N.A.
292	SANTA CLARA COUNTY PARKING			974595286	\$ 35.00	CITIBANK N.A.
293	SANTA CLARA COUNTY PARKING			974595287	\$ 35.00	CITIBANK N.A.
294	SANTA CLARA COUNTY PARKING			009274201	\$ 357.34	AMERICAN SAVINGS FA
295	SANTA CLARA COUNTY PARKING			973766749	\$ 273.00	WELLPOINT INC
296	SANTA CLARA COUNTY PROP TAX			965855762	\$ 158.56	WELLPOINT INC
297	SANTA CLARA COUNTY PUBLI			971887118	\$ 8.92	STERICYCLE INC.
298	SANTA CLARA COUNTY PUBLI			977506612	\$ 158.00	
299	SANTA CLARA COUNTY PUBLI					
300	SANTA CLARA COUNTY PUBLI HEAL					

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
301	SANTA CLARA COUNTY RECORDER			954470223	\$ 80.00	CALIFORNIA BANK & TRUST
302	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST E WING	SAN JOSE CA 95110-0000	970815012	\$ 6.00	GENERAL ELECTRIC COMPANY
303	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST EAST WING	SAN JOSE CA 95110-0000	970815013	\$ 30.00	GENERAL ELECTRIC COMPANY
304	SANTA CLARA COUNTY READING COU	1667 FAIRWOOD AVE	SAN JOSE CA 95125	963603380	\$ 420.00	
305	SANTA CLARA COUNTY REC	70 WEST HEDDING ST.	SAN JOSE CA 95110	971853053	\$ 38.00	REGIONS BANK
306	SANTA CLARA COUNTY REC OFFICE	70 W HEDDING	SAN JOSE CA 95110	964748958	\$ 16.00	MORGAN STANLEY CREDIT CORPORATION
307	SANTA CLARA COUNTY REC OFFICE	70 W HEDDING	SAN JOSE CA 95110	964748959	\$ 16.00	MORGAN STANLEY CREDIT CORPORATION
308	SANTA CLARA COUNTY RECORD	70 W HEDDING STREET1ST FL	SAN JOSE CA 95110	959641385	\$ 18.00	FDIC-10015-WAMU
309	SANTA CLARA COUNTY RECORD	1ST FLOOR	SAN JOSE CA 95110	962947215	\$ 12.00	FDIC 10001 NETBANK FSB
310	SANTA CLARA COUNTY RECORD	1ST FLOOR	SAN JOSE CA 95110	962947216	\$ 7.00	FDIC 10001 NETBANK FSB
311	SANTA CLARA COUNTY RECORD	1ST FLOOR	SAN JOSE CA 95110	962947217	\$ 36.00	FDIC 10001 NETBANK FSB
312	SANTA CLARA COUNTY RECORD		CORONA CA 00000	963008984	\$ 15.00	FDIC 10082 VINEYARD BANK NA
313	SANTA CLARA COUNTY RECORD	70 W HEDDING ST	SAN JOSE CA 95110	965051154	\$ 12.00	FDIC 10105 GUARANTY BANK
314	SANTA CLARA COUNTY RECORD		CA 00000	967419467	\$ 7.00	FDIC 10147 UNITED COMMERCIAL BANK
315	SANTA CLARA COUNTY RECORDER	UNKNOWN		953452048	\$ 10.00	BRIDGE BANK NATIONAL ASSOCIATION
316	SANTA CLARA COUNTY RECORDER	70 W. HEDDING ST.		955321916	\$ 19.00	SILICON VALLEY BANK
317	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING ST.	SAN JOSE CA 95110	960695117	\$ 10.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
318	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING ST.	SAN JOSE CA 95110	960695118	\$ 22.00	FIDELITY NATIONAL TITLE COMPANY OF CALIF
319	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET	SAN JOSE CA 95110	960695119	\$ 9.00	FIDELITY NATIONAL TITLE COMPANY OF CALIF
320	SANTA CLARA COUNTY RECORDER	70 W. HEDDING ST	SAN JOSE CA 95110	960729103	\$ 76.00	FIRST REPUBLIC BANK
321	SANTA CLARA COUNTY RECORDER	70 W HEDDING	SAN JOSE CA 95110	961159979	\$ 12.00	CTX MORTGAGE LLC
322	SANTA CLARA COUNTY RECORDER			961991105	\$ 7.00	CHICAGO TITLE COMPANY
323	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING	SAN JOSE CA 95110	961991106	\$ 9.00	CHICAGO TITLE COMPANY
324	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING ST	SAN JOSE CA 95110	962619429	\$ 9.00	PNC BANK NATIONAL ASSOCIATION
325	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING ST.	SAN JOSE CA 95110	963573919	\$ 1.20	FIRST AMERICAN TITLE COMPANY
326	SANTA CLARA COUNTY RECORDER	801 N FIRST STREET SUITE 400	SAN JOSE CA 95110	963653486	\$ 13.00	EBAY INC
327	SANTA CLARA COUNTY RECORDER		CA 00000	964916319	\$ 120.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
328	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET	SAN JOSE CA 95110	964916801	\$ 19.00	CHICAGO TITLE COMPANY
329	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	968416401	\$ 7.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
330	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING ST	SAN JOSE CA 95110	971089279	\$ 30.00	FIRST HORIZON / FIRST TENNESSEE BANK
331	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571362	\$ 27.00	JPMORGAN CHASE BANK N.A.
332	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571363	\$ 27.00	JPMORGAN CHASE BANK N.A.
333	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571364	\$ 27.00	JPMORGAN CHASE BANK N.A.
334	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571919	\$ 23.00	JPMORGAN CHASE BANK N.A.
335	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571920	\$ 23.00	JPMORGAN CHASE BANK N.A.
336	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110	972571921	\$ 23.00	JPMORGAN CHASE BANK N.A.
337	SANTA CLARA COUNTY RECORDER	70 W. HEDDING STREET	SAN JOSE CA 95110	972710694	\$ 21.00	FIDELITY NATIONAL TITLE INSURANCE COMPAN
338	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110-1767	973572566	\$ 9.00	FNF UTC LLC
339	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95110-1705	973847252	\$ 50.00	WELLS FARGO HOME MORTGAGE
340	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95115	971137788	\$ 27.00	JPMORGAN CHASE BANK N.A.
341	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95114	971137789	\$ 27.00	JPMORGAN CHASE BANK N.A.
342	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95116	971137790	\$ 27.00	JPMORGAN CHASE BANK N.A.
343	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95112	971137791	\$ 27.00	JPMORGAN CHASE BANK N.A.
344	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95113	971137792	\$ 27.00	JPMORGAN CHASE BANK N.A.
345	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95119	971137793	\$ 36.00	JPMORGAN CHASE BANK N.A.
346	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95120	971137794	\$ 36.00	JPMORGAN CHASE BANK N.A.
347	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95117	971137795	\$ 36.00	JPMORGAN CHASE BANK N.A.
348	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95121	971137796	\$ 39.00	JPMORGAN CHASE BANK N.A.
349	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95118	971137797	\$ 21.00	JPMORGAN CHASE BANK N.A.
350	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET 1ST FL	SAN JOSE CA 95122	971137798	\$ 24.00	JPMORGAN CHASE BANK N.A.
351	SANTA CLARA COUNTY RECORDER	701 OCEAN ST.	SANTA CRUZ CA 95060	977523965	\$ 10.00	
352	SANTA CLARA COUNTY RECORDER		CA 00000	977524488	\$ 12.00	
353	SANTA CLARA COUNTY RECORDER			977529045	\$ 36.00	
354	SANTA CLARA COUNTY RECORDER	70 WEST HEDDING STREET	SAN JOSE CA 95110	977529209	\$ 24.00	AMERICAN CONTRACTORS INDEMNITY COMPANY
355	SANTA CLARA COUNTY RECORDER	70 W HEDDING ST	SAN JOSE CA 95111	978558875	\$ 23.00	FNF UTC LLC
356	SANTA CLARA COUNTY RECORDER LI			978633892	\$ 21.00	FNF UTC LLC
357	SANTA CLARA COUNTY RECORDER LI	EAST WING 1ST FLOOR	SAN JOSE CA 95110	969218934	\$ 1,769.00	FNF UTC LLC
358	SANTA CLARA COUNTY RECORDERS	70 W HEDDING ST	SAN JOSE CA 95110	954380492	\$ 315.00	BANK OF AMERICA - NORTH CAROLINA
359	SANTA CLARA COUNTY RECORDERS			973572562	\$ 9.00	FNF UTC LLC
360	SANTA CLARA COUNTY RECORDERS O			964818980	\$ 100.00	BRIDGE BANK N.A.

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
361	SANTA CLARA COUNTY RECORDERS O	70 W HEDDIN ST 1ST FL	SAN JOSE CA 95110	965629951	\$ 9.00	SUNTRUST MORTGAGE
362	SANTA CLARA COUNTY RECORDERS O	70 W HEDDIN ST 1ST FL	SAN JOSE CA 95110	965629952	\$ 9.00	SUNTRUST MORTGAGE
363	SANTA CLARA COUNTY RECORDERS O			965987320	\$ 37.35	KEYPOINT CREDIT UNION
364	SANTA CLARA COUNTY S	55 WEST YOUNGER STREET	SAN JOSE CA 95110	970963426	\$ 16.51	STANFORD UNIVERSITY
365	SANTA CLARA COUNTY S	55 WEST YOUNGER STREET	SAN JOSE CA 95110	970963427	\$ 70.00	STANFORD UNIVERSITY
366	SANTA CLARA COUNTY S	333 WEST JULIAN STREET	SAN JOSE CA 95110	973842738	\$ 0.01	CDW LLC
367	SANTA CLARA COUNTY S	C/O CITATION PROCESSING CENTER	NEWPORT BEACH CA 92658-0479	976966381	\$ 45.00	
368	SANTA CLARA COUNTY SANTA C	70 W HEDDING STREET 1ST FL	SAN JOSE CA 95110	959641386	\$ 58.00	FDIC-10015-WAMU
369	SANTA CLARA COUNTY SHERIF	55 WEST YOUNGER AVE.	SAN JOSE CA 95110	970989106	\$ 10.00	COMPUPAY INC
370	SANTA CLARA COUNTY SHERIF	55 WEST YOUNGER AVE.	SAN JOSE CA 95110	970989107	\$ 10.00	COMPUPAY INC
371	SANTA CLARA COUNTY SHERIFF			001710179	\$ 53.59	LOCKHEED MISSILES & SPACE COMPANY INC
372	SANTA CLARA COUNTY SHERIFF	C/O 1601 S DEANZA BLVD 140	CUPERTINO CA 95070	965622247	\$ 25.00	PROGRESSIVE CHOICE INSURANCE C
373	SANTA CLARA COUNTY SHERIFF	C/O 14374 SARATOGA AVE	SARATOGA CA 95070	965622248	\$ 25.00	PROGRESSIVE CHOICE INSURANCE C
374	SANTA CLARA COUNTY SHERIFF	C/O 14374 SARATOGA AVE	SARATOGA CA 95070	965622249	\$ 25.00	PROGRESSIVE CHOICE INSURANCE C
375	SANTA CLARA COUNTY SHERIFF	55 W. YOUNGER AVE	SAN JOSE CA 95110	968412123	\$ 635.92	TRAVELSCAPE LLC
376	SANTA CLARA COUNTY SHERIFF	70 W HEDDING STREET EAST WIN	SAN JOSE CA 95110	974595288	\$ 78.37	CITIBANK N.A.
377	SANTA CLARA COUNTY SHERIFF	55 W YOUNGER AVENUE	SAN JOSE CA 95110	977201069	\$ 0.01	
378	SANTA CLARA COUNTY SHERIFF	55 W YOUNGER AVE ATTN CIVIL	SAN JOSE CA 95110	N/A	\$ 23.08	BRIGHT HORIZONS CHILDREN'S CENTERS
379	SANTA CLARA COUNTY SHERIFF DEP	55 W YOUNGER	SAN JOSE CA 95101	973599990	\$ 0.60	PROGRESSIVE WEST INSURANCE COM
380	SANTA CLARA COUNTY SHERIFFS DE			954391673	\$ 2,000.00	BANK OF AMERICA - CALIFORNIA-NORTH
381	SANTA CLARA COUNTY SHERIFFS DE	C/O 14374 SARATOGA AVENUE	SARATOGA CA 95070	965622250	\$ 25.00	PROGRESSIVE CHOICE INSURANCE C
382	SANTA CLARA COUNTY T	3799 DEANS PLACE WAY	SAN JOSE CA 95121	964509459	\$ 79.00	WELLS FARGO FINANCIAL CALIFORNIA INC
383	SANTA CLARA COUNTY T	COUNTY GOVERNMENT CTR EAST WIN	SAN JOSE CA 95110-0176	964819928	\$ 11.00	EMC CORPORATION
384	SANTA CLARA COUNTY T	UNKNOWN	CA 00000	964983127	\$ 39.00	AUTOMATION INC.
385	SANTA CLARA COUNTY T	UNKNOWN	CA 00000	964983128	\$ 2.00	AUTOMATION INC.
386	SANTA CLARA COUNTY T AX COLLEC			952614003	\$ 440.00	FREMONT BANK
387	SANTA CLARA COUNTY TAX			013637409	\$ 1,421.70	AAMES FINANCIAL CORPORATION
388	SANTA CLARA COUNTY TAX	COUNTY GOVERNMENT CENTER EAST	SAN JOSE CA 95110-1767	974708178	\$ 58.67	GLOBAL KNOWLEDGE NETWORK INC
389	SANTA CLARA COUNTY TAX COLLECT	5478 DON JUAN CIRCLE	SAN JOSE CA 95123-0000	916763110	\$ 427.25	ORANGE COAST TITLE COMPANY
390	SANTA CLARA COUNTY TAX COLLECT	1841 POTRERO DRIVE	SAN JOSE CA	012518754	\$ 333.92	CALIFORNIA TITLE COMPANY OF NORTHERN CALIFORNIA
391	SANTA CLARA COUNTY TAX COLLECT	70 WEST HEDDING ST	SAN JOSE CA 00000	962861078	\$ 83.31	ESCROW CONTROL COMPANY
392	SANTA CLARA COUNTY TAX COLLECT	70 W. HEDDING ST.	SAN JOSE CA 95110	964957528	\$ 8.54	FIDELITY NATIONAL TITLE COMPANY OF CALIF
393	SANTA CLARA COUNTY TAX COLLECT			971509319	\$ 1,566.95	WELLS FARGO & COMPANY
394	SANTA CLARA COUNTY TAX COLLECT	COUNTY GOVERNMENT CTR	SAN JOSE CA 95110-1767	972254515	\$ 2,430.00	EMC CORPORATION
395	SANTA CLARA COUNTY TAX COLLECT	70 W HEDDING ST	SAN JOSE CA 95110-1767	973572568	\$ 16.89	FNF UTC LLC
396	SANTA CLARA COUNTY TAX COLLECT	70 W. HEDDING STREET	SAN JOSE CA 95110-1767	973746970	\$ 4,565.81	FIRST AMERICAN TITLE COMPANY
397	SANTA CLARA COUNTY TAX COLLECT	70 W. HEDDING STREET	SAN JOSE CA 95110-1767	973747508	\$ 2,175.73	FIRST AMERICAN TITLE COMPANY
398	SANTA CLARA COUNTY TAX COLLECT	70 WEST HEDDING ST EAST WING	SAN JOSE CA 95110-1767	975617476	\$ 103.74	BBVA COMPASS
399	SANTA CLARA COUNTY TRAFFIC	PO BOX 390877	MOUNTAIN VIEW CA 94039	957166674	\$ 1,716.82	STATE COMP INSURANCE FUND
400	SANTA CLARA COUNTY VALLEY MEDI	C/O WILLIS INSURANCE SERVICES	SAN FRANCISCO CA 94104	958833947	\$ 180.00	LIBERTY MUTUAL INSURANCE CO.
401	SANTA CLARA COUNTY WAREHOUSE			000389033	\$ 74.81	
402	SANTA CLARA COUNTY/A PN434-12-			954470004	\$ 1,590.00	CALIFORNIA BANK & TRUST
403	SANTA CLARA COUNTY TAX COLLECT			017394175	\$ 87.00	EQUAL ESCROW, INC.
404	SANTA CLARA COUNTY TAX COLLECT			017394176	\$ 99.00	EQUAL ESCROW, INC.
405	SCC ASAP PROJECT	1555 BERGER DR BLDG 2	SAN JOSE CA 95112	970588530	\$ 239.99	CELCO PARTNERSHIP
406	SCC CLERK OF THE BOA RD	CLERK OF THE BOARD 10TH FLOOR	SAN JOSE CA 95110	954690519	\$ 57.00	GE CAPITAL INFORMATION TECHNOLOGY SOLUTI
407	SCC COUNTY BLERK BUSINESS DIV.	70 WEST HEDDING STREET	SAN JOSE CA 95110	955300333	\$ 50.00	SANTA CLARA VALLEY WATER DISTRICT
408	SCC ENVIRON RESOURCE	70 W HEDDING ST	SAN JOSE CA 95110-1705	963989727	\$ 18.44	CELCO PARTNERSHIP
409	SCC FOSTER ADOPTIVE PARENT	373 W JULIAN ST STE 300	SAN JOSE CA 95110	972380707	\$ 101.10	STATE COMP INSURANCE FUND
410	SCC HHS DADS	976 LENZEN AVE	SAN JOSE CA 95126-2737	957368194	\$ 8.17	CELCO PARTNERSHIP
411	SCC LIBRARY	1095 N 7TH ST	SAN JOSE CA 95112	975494313	\$ 63.13	RICOH USA INC.
412	SCC PUBLIC ADMINISTRATOR			016888578	\$ 790.00	ALDERWOODS GROUP (CALIFORNIA), INC.
413	SCCDOC	UNKNOWN	UNKNOWN 00000	956324521	\$ 100.00	BANK OF AMERICA - CALIFORNIA-NORTH
414	SCCDOC	UNKNOWN	CA 00000	964789249	\$ 300.00	BANK OF AMERICA - CALIFORNIA-NORTH
415	SCCDOC	UNKNOWN	UNKNOWN 00000	974097297	\$ 100.00	JPMORGAN CHASE BANK N.A.
416	TAX COLLECTOR COUNTY OF SANTA			976584431	\$ 2,332.11	
417	TAX COLLECTOR OF SANTA CLARA			954392440	\$ 1,235.72	
418	TAX COLLECTOR OF SANTA CLARA C			974098714	\$ 410.20	
419	TAX COLLECTOR SANTA CLARA	COUNTY GOVERNMENT CENTER	SAN JOSE CA 95110-1768	978841844	\$ 404.20	
420	TAX COLLECTOR SANTA CLARA CNTY	COUNTY GOVERNMENT CENTER EAST	SAN JOSE CA 95110	974596262	\$ 500.00	

County of Santa Clara Uncashed Checks Held by the State Controller as of November 20, 2014

Count	Payee	Address	City	Controller Acct. No.	Amount	Payor
421	TAX COLLECTOR SANTA CLARA COU	COUNTY GOVERNMENT CENTER EAST	SAN JOSE CA 95110	974596263	\$ 152.12	
422	TAX COLLECTOR SANTA CLARA COU	70 W HEDDING STREET	SAN JOSE CA 95110-1767	976162753	\$ 30.00	
423	TAX COLLECTOR SANTA CLARA COU	70 W HEDDING STREET	SAN JOSE CA 95110-1767	976162754	\$ 30.00	
424	TAX COLLECTOR SANTA CLARA COU			954392441	\$ 2,832.34	
425	TAX COLLECTOR SANTA CLARA COU			954392442	\$ 507.74	
426	TAX COLLECTOR SANTA CLARA COU			954392443	\$ 1,402.48	
427	TAX COLLECTOR SANTA CLARA COU			956230227	\$ 1,669.58	
428	TAX COLLECTOR SANTA CLARA COU	O W HEDDING ST EAST WING	SAN JOSE CA 95110	957094230	\$ 189.82	
429	TAX COLLECTOR SANTA CLARA COU	UNKNOWN	UNKNOWN 00000	964789948	\$ 1,846.50	
430	TAX COLLECTOR SANTA CLARA COU			971508967	\$ 1,406.28	
431	TAX COLLECTOR SANTA CLARA COU	UNKNOWN	UNKNOWN 00000	976584432	\$ 2,000.00	
432	TAX COLLECTOR SANTA CLARA COU	UNKNOWN	UNKNOWN 00000	976584433	\$ 251.64	
433	TAX COLLECTOR SANTA CLARA COU			977134245	\$ 1,118.79	
434	TAX COLLECTOR SANTA CLARA COU	UNKNOWN	CA 00000	978841845	\$ 2,049.92	
435	TAX COLLECTOR SANTA CLARA COUS	70 W HEDDING STREET	SAN JOSE CA 95110-1767	976162755	\$ 30.00	
436	TAX COLLECTOR SANTA CLARE CTY	70 W HEDDING ST	SAN JOSE CA 95110-1767	975454892	\$ 200.00	
437	TAX COLLECTORS SANTA CLARA	UNKNOWN	CA 00000	976511626	\$ 1,083.42	
438	VALLEY MEDICAL CENTER PROFESSI	ATTN: GREG MILES	SAN JOSE CA 95150	979357579	\$ 45.90	UPS OASIS SUPPLY CORPORATION
439	VMC IMMUNIZATION PROGRAM 0000a	976 LENZEN RM 1217	SAN JOSE CA 95126	973537098	\$ 4.49	
440	VMC MEDICAL GROUP INC	PO BOX 5730	SAN JOSE CA 95150-	004013549	\$ 26.40	CALIFORNIA PHYSICIANS SERVICE DBA BLUE SHIELD OF CALIF
441	VMC MEDICAL GROUP INC	PO BOX 5730	SAN JOSE CA 95150-	004014889	\$ 65.00	CALIFORNIA PHYSICIANS SERVICE DBA BLUE SHIELD OF CALIF
442	VMC MEDICAL GROUP INC	P O BOX 5730	SAN JOSE CA 95150-	004053817	\$ 54.40	CALIFORNIA PHYSICIANS SERVICE DBA BLUE SHIELD OF CALIF
442 Total					\$ 222,246.40	

Tuesday, November 4, 2014



Controller *John Chiang*

California State Controller's Office

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UNCLAIMED PROPERTY PROPERTY DETAILS SCREEN

Date: 11/4/2014

Source: INT

Property ID Number: 973446754

Owner(s) Name: SANTA CLARA COUNTY COUNTY TAX

Reported Owner Address: COUNTY GOVT CENTER EAST WING
SAN JOSE CA 95110

Type of Property: Cashier's Checks

Cash Reported: \$48,368.42

Reported By: FIRST HORIZON - FIRST TENNESSEE BANK

According to our records, you may be entitled to the money, property, or proceeds from any sale of the property listed above. You may be eligible to file your claim electronically with no need to submit paper documents if:

- You are the only owner listed in the Property Details Screen above; and,
- The property value is less than \$500.

Note: Some properties such as cashier's checks, money orders, royalties and safe deposit box contents cannot be claimed online, because they require additional proof of ownership to safeguard your property.

This new online feature can allow your claim to be processed more quickly than traditional paper claims, with payment generally issued within 14 days.

Note: If you have an outstanding debt with a California state agency, city or county, your unclaimed property payment may be intercepted to pay the debt. Thank you for your patience.

To begin the claim process, click the "Claim This Property" button below and fill in the requested information. After you have entered the requested information for your claim, you will be notified if you are eligible to file electronically; if not, you will receive instructions for submitting a paper claim.



ABOUT SSL CERTIFICATES



[Return to the Unclaimed Property Search page.](#)

If you need further information please contact our Call Center between 8am and 5pm Pacific Standard Time. Monday through Friday, excluding state holidays, at (800) 992-4647 (Nationwide) or (916) 323-2827 (Outside of US), or you may contact them by email.

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California State Controller's Office. John Chiang, Controller.

Wednesday, January 1, 2014



Controller *John Chiang*

California State Controller's Office

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UNCLAIMED PROPERTY PROPERTY DETAILS SCREEN

Date: **1/1/2014** Source: **INT** Property ID Number: **969749595**
 Owner(s) Name: **SANTA CLARA COUNTY**
 Reported Owner Address: **191 N 1ST ST
SAN JOSE CA 95113**
 Type of Property: **Accounts Payable**
 Cash Reported: **\$7,940.00**
 Reported By: **CVS/PHARMACY INC.**

According to our records, you may be entitled to the money, property, or proceeds from any sale of the property listed above.

If you are claiming this property or the proceeds, you must complete Steps 1-4.

Please note: If you are claiming multiple properties, you may file one Claim Affirmation Form and attach a copy of the Property Details screen for each additional property you are claiming. If there are multiple owners for any property, each owner must either sign the Claim Affirmation Form or file a separate Claim Affirmation Form to receive their share of the property.

STEP 1

Write down your Property ID Number; you may need to refer to this number later.

- Print and keep this "Property Details" screen for your records.

STEP 2

Fill out a Claim Affirmation Form.

- Click here to [Claim This Property](#) and to fill out the Claim Affirmation Form. You must **still print and sign** the Claim Affirmation Form and send it to the address below with the required documents. We need an original signature so you cannot submit the completed form electronically. Note: This is a secure website; your personal information is protected.

OR

- If you prefer, you may contact us at the number listed below and one of our representatives will mail the Claim Affirmation Form with your property information to you. When you receive the form and filing instructions, complete, **sign and return** the form along with the required documents.

You must **SIGN** the Claim Affirmation Form or it will be returned.

STEP 3

Read the filing instructions and send us copies of the documents required to prove ownership.

STEP 4

Mail the completed, signed Claim Affirmation Form and required documents to:

Unclaimed Property Division
P.O. Box 942850
Sacramento, CA 94250-5873

Due to the large volume of claims we receive and process, it may take up to 180 days to process your claim. You may check the status of your claim at any time by selecting the Claims Status Search option at:



Controller Betty T. Yee

California State Controller's Office

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UNCLAIMED PROPERTY PROPERTY DETAILS SCREEN

Date: **6/25/2015** Source: **INT** Property ID Number: **974569841**

Owner(s) Name: **COUNTY OF SANTA CLARA ESA DE ; MCCLURE MARTIN WALTER**

Reported Owner Address: **2201 LITTLE ORCHARD ST
SAN JOSE CA 95125**

Type of Property: **Indiv Policy Ben or Claim Paym**

Cash Reported: **\$14,998.00**

Reported By: **STATE FARM MUTUAL AUTOMOBILE INS CO**

According to our records, you may be entitled to the money, property, or proceeds from any sale of the property listed above. You may be eligible to file your claim electronically with no need to submit paper documents if:

- You are the only owner listed in the Property Details Screen above; and,
- The property value is less than \$1,000.

Note: Some properties such as cashier's checks, money orders, royalties and safe deposit box contents cannot be claimed online, because they require additional proof of ownership to safeguard your property.

This new online feature can allow your claim to be processed more quickly than traditional paper claims, with payment generally issued within 14 days.

Note: If you have an outstanding debt with a California state agency, city or county, your unclaimed property payment may be intercepted to pay the debt. Thank you for your patience.

To begin the claim process, click the "Claim This Property" button below and fill in the requested information. After you have entered the requested information for your claim, you will be notified if you are eligible to file electronically; if not, you will receive instructions for submitting a paper claim.



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Board of Supervisors Management Audit Division

Section 4. Centralized Contract Review

Background

The County of Santa Clara has no centralized review for many of its services contracts, particularly those with other governmental agencies and non-profit community-based organizations. These contracts are generally developed by County departments, and review by the Office of the County Counsel is limited to whether the proposed contract document is legally sufficient, not whether it represents good business practices or is a good deal for the County and taxpayers.

Problem

Previous audits, special studies and other memoranda from the Management Audit Division have regularly documented contracting problems, primarily with payment and performance language that is not clear, or is not consistent for different contractors providing similar services. Further, documentation requirements are not consistent and are generally inadequate.

Adverse Effect

This lack of clear contract language has resulted in regular disputes with contractors, documented in these previous Management Audit reports, as to how their performance is to be judged, their level of compensation, and other matters. County departments, and the Board of Supervisors, have struggled to properly enforce the contracts, ensure contractor performance, and ensure that County expenditures are limited to those justified by services provided, within dollar limits supposedly established in the contracts.

Recommendations, Savings and Benefits

It is recommended that a Contracts Division be established in the Controller-Treasurer Department to review proposed contract language on major service contracts, to audit contractor performance and compliance, and to provide County-wide training of fiscal staff related to fiscal administration and contract monitoring. The Controller-Treasurer Contracts Division would provide the fiscal quality control function for County contracting, coordinated with the County Executive's Office of Countywide Contract Management, and the Procurement Department's oversight of contract business and legal provisions with County Counsel. Collectively, these contract development and oversight offices would ensure that taxpayer monies are properly spent only on high-quality services, and that non-performing/non-compliant contractors are identified early in the contracting process.

Contracting for professional services, including agreements with other governmental agencies and with community-based organizations, is highly decentralized, with agreements generally developed by the County operating departments who are going to use the contracted services themselves, or have the contractor provide services to department clients. Such contracts are reviewed by the Office of County Counsel, but that office's review is specific to whether a contract is legally sufficient, not whether its provisions represent good business practices, or are a good deal for the County.

The lack of resources devoted to contract review was identified by the Office of the County Executive in an October 16, 2014 report to the Finance and Government Operations Committee, which identified the available resources as one Deputy County Counsel with overall oversight as part of his duties, one portion of a staff person in the Office of Budget and Analysis, which oversees the Master Contract List and Master Acquisition List of contracts that have been delegated to operating departments, and 4.0 FTEs in the Procurement Department to support training and respond to requests for assistance with the procurement process.

As a result of this decentralized contracting process with limited support, the Management Audit Division in recent years has identified in management audits, special studies and other reports to the Board, numerous examples of problematic contracts. Examples of contract problems identified in past studies include the following:

Gardner Family Health Network

In response to a request by this non-profit for \$4.3 million in subsidies, advances and a line of credit from the County, we reviewed Gardner's operations and finances. One of our findings was that Gardner had budgeted \$762,000 of a net \$2.3 million in surplus from operations of its six clinics located in the County of Santa Clara to offset losses of a seventh clinic located in San Mateo County. The \$2.3 million included funding from \$1.5 million contract from the County of Santa Clara to provide primary health care services. Although the agreement stated: "Contractor will not use County funds for general costs that do not support or otherwise directly relate to the scope of contracted services," Gardner argued that it could use the surplus for the San Mateo County clinic, because that clinic served some County of Santa Clara residents, rather than preserving the surplus for future operations at clinics within this County. We recommended that additional County financial assistance to Gardner include a prohibition on using surplus funds generated from County agreements at the San Mateo County clinic.

We also recommended that Gardner’s financial operations within the County of Santa Clara be accounted for in a separate account, something not required under Gardner’s agreements with the County.

Department of Drug and Alcohol Services Contracts

In a 2014 management audit of the Department of Alcohol and Drug Services, Management Audit staff identified shortfalls in the evaluation process for non-profit community-based organizations that provide treatment services to clients. Providers of services to adult clients did not provide evaluation methods that followed clients once they left treatment, even though at least one method, called Continuous Recovery Monitoring, was available. Instead, measures required in the services contracts focused primarily on numbers of clients treated, waiting times, amount of direct service time provided to clients, and other process measures.

For service providers to youth clients, the Department did not include in contracts a practice it informally followed of requesting and receiving corrective action plans when providers did not meet contract performance measures, which frequently occurred. Department management also acknowledged that the performance standards “do not accurately gauge the work being performed by providers, because they are not rooted in industry standards or best practices for youth outpatient treatment.” Although revised standards were being planned at the time of the audit, Management Audit staff found that even the revised standards were not clearly linked to best practices. We also found that contracts with service providers to youth did not provide caseload standards to the contractors, which varied widely from one provider to another, as did costs to the County per service hour. Finally, substance abuse prevention contracts with youth providers generally lacked performance measures entirely.

Wraparound Services Contracts

In 2013, Management Audit Division staff was asked by the County Executive to review payment issues related to four contractors that provided social services and mental health “wraparound” services provided to children removed from their homes and placed in group homes, or in danger of such removal and placement. The services are supposed to permit such children to remain with their families and in their communities.

That review identified several weaknesses in the contracts with these providers, including:

Contracts with providers for the last half of Fiscal Year 2012-13 and all of Fiscal Year 2013-14 eliminated a previous provision requiring contractors to return unspent funds due to cost savings, to be expended in future years. One provider also used a surplus of funds in one year to offset a deficit in another year, because its contract did not address whether that was permitted. Another provider received verbal approval, not reflected in its contract as required, to use cost savings for wraparound services for other services for clients in the County.

While provisions in the contracts required the providers to get Social Services Agency approval for changes to their annual budgets, SSA reported that contractors were not in fact required to submit annual budgets, and SSA did budget its funds for individual contractors, but to the wraparound program as a whole.

Average monthly costs per child varied significantly among the four providers, suggesting differences in the services provided and in cost effectiveness among the providers. No service cost, quality or quantity standards, related to the needs of the children served, were provided in the providers' contracts.

Lastly, the contracts did not include a methodology by which payments to contractors would be tracked and reconciled with contractor expenses, even though such an accounting process was necessary to perform a final accounting at the conclusion of the three-year contract period for the \$48.1 million paid to the contractors.

Probation Department Contracts

A review of Probation Department administrative and support services functions in 2013 found that the Department's contracts with service providers did not provide sufficient information, such as the units of service actually provided by a contractor, to permit the cost effectiveness of contractors to be evaluated, or even to determine if the services paid for had actually been rendered. As a result, one contractor was paid at least \$45,404 for services not provided.

The audit also found that the Probation Department had been authorized to spend up to \$230,000 in County discretionary monies on a contract with the County Office of Education to provide Community Day School services to some Juvenile Court wards as

an alternative to incarceration, but the Department entered into a contract that could cost up to \$557,151, then amended that amount to \$382,621, without returning to the Board to amend its authorization for that contract, or to obtain authorization to expand the to the larger amount of \$557,151.

Deloitte Consulting Contract for Valley Medical Center

On November 6, 2007, the Board of Supervisors approved a \$20 million contract with Deloitte Consulting to provide design and implementation services for Transformation 2010, a project to achieve financial performance improvements at Valley Medical Center. Prior to the award of the contract, the Management Audit Division provided several memoranda to the Office of County Counsel and to the Board of Supervisors, expressing concerns about aspects of the proposed contract, including Deloitte's refusal to document non-labor contract expenses with receipts, failure to link the cost of the contract to the number of hours expected to be provided, and failing to provide phased work orders for the project, thereby giving the Board an opportunity to review the project at milestone dates and possibly end or modify it based on interim results. We also noted that performance measures and benchmarks to determine the success of Deloitte's work were not well defined in the contract, making verification of results difficult to determine.

A subsequent review of the contract results, completed by the Management Audit Division in August 2010, assessed results of two of the 13 Deloitte savings initiatives pursued, for supply chain improvements at the hospital, and for organizational restructuring. This review concluded that there was a lack of precise, verifiable criteria to calculate successful savings from the initiatives, and limited evidence that Deloitte's efforts were responsible for any savings that did occur. This report recommended that any future such contracts measure savings based on actual, rather than budgeted expenditures, as VMC did for the Deloitte engagement. It also recommended that the method for calculating savings be determined in advance, and account for changes in demand and other factors not linked to a consultant's work, and that work papers documenting savings be more precise than in the Deloitte engagement. The current County Executive also concluded that Deloitte's work had been of limited value.

Based on these recent examples, and similar problems we have found over the history of the management audit program in the County, there is a need for more centralized review of service contracts to ensure that the language is clear and enforceable, and that the contracts reflect proper business practices and a fair deal for the County and for

County taxpayers. Based on the history of contract issues impacting virtually every area of County government, it is clear that the County Auditor-Controller must more aggressively exercise his powers and duties under Charter Section 6.01, by conducting contract audits for purposes of ensuring proper management, control and oversight of County financial operations.

CONTRACT REVIEW IN OTHER GOVERNMENT AGENCIES

Based on the obvious need identified for greater centralized review of contract terms, we used Internet searches and other means to identify other government agencies that provide more centralized contract review than does the County of Santa Clara.

A key example is provided in the County of Los Angeles, which operates a Countywide Contract Monitoring Division in the Department of Auditor-Controller, with a Division Chief overseeing a 46-person staff and reporting to one of the three Assistant Auditor-Controllers. According to the Auditor-Controller's FY 2012-13 annual report, the most recent available, this unit provides technical support in contracting to health services and social services departments, including developing monitoring tools for staff to use that cover key contract requirements, and recommending contract language to hold contractors more accountable.

The Division also developed the Contractor Alert Reporting Database, a centralized online database that resides on the County's existing financial system and improves interdepartmental oversight and communication regarding contractor performance issues, alerting departments who are considering contracting with entities that have had past performance problems, thereby encouraging contractors to comply with County requirements.

The Division also regularly conducts reviews of contracting processes in selected County departments to recommend improvements, audits contractors on payment and service issues, and provides contract monitoring training to more than 950 County staff and contractors in the social services and health services departments. It has developed a Contract Accounting and Administration Handbook for departments to use, establishing very specific record-keeping and accounting standards that County contractors must follow.

Other detailed centralized contract review systems are provided at the State level. For example, the State of New Mexico requires all professional services contracts by all State

agencies be reviewed by Contracts Review Bureau in the Administrative Services Division of the Department of Finance and Administration. The approval of contracts through this process includes submission of a contract brief, which includes a description of the services to be provided, how the contract was awarded, whether performance measures are included, with information on the measures attached. Any departures from standard contract language provided by the Bureau require Bureau approval on a year-to-year basis. All contracts include a not-to-exceed amount that must be approved by the Bureau, and how payments will be made, including the requirement for the contractor to submit a detailed statement of accounting for services rendered under the contract terms.

Similarly, the State of Louisiana Office of Contractual Review adopts rules and regulations for procurement, management, control and disposition of professional, personal, consulting and social services required by State agencies, and also reviews all contracts worth more than \$20,000.

The State of North Dakota requires contracts entered into by State agencies to be reviewed by assigned counsel in the Office of the Attorney General. It also has developed a detailed "Contract Drafting and Review Manual" providing key issues to be considered in developing various types of contracts, including sample language to be used in writing key contract provisions.

Based on the historical contracting problems previously identified in the County of Santa Clara, and the existence of these examples of more centralized contract review in other jurisdictions, we believe the County should provide additional centralized review of contracts, beyond that provided by County Counsel.

The County has already made some limited steps in this regard. In October 2014, the Office of the County Executive provided the Finance and Government Operations Committee with a progress report on countywide contracting issues, including implementation of revised Board contracting policies adopted in 2012.

This update noted that the Board policy, even as revised, included many exemptions, types of contracts where the policy itself states that its requirements should not apply, and exceptions, case-by-case requests by County departments for relief from some requirements. The report stated that most often exemptions and exceptions are sought for competitive bidding requirements, and for permission to enact contracts for terms greater than the five-year limit in the Board policy. The report noted that contracts

reviewed by the Procurement Department now include standard forms other departments must complete, justifying in detail departures from these policies. Procurement also had developed more detailed guidelines for departments to use when determining whether a sole source contract for professional services is appropriate.

The report indicated, that for contracts reviewed by the Board, the County Executive's Office was pursuing an administrative pre-approval process for such exemptions and exceptions, similar to what Procurement is now requiring, so that the reasons for such requests are vetted prior to a contract coming to the Board, and consistent information is provided by departments justifying such requests.

The Board took additional action on November 18, 2014, approving as a policy decision creation of an Office of Countywide Contract Management within the Office of the County Executive. As described in a memorandum proposing the unit:

"At this time, the unit would be focused on analytical work and scoping activities related to bringing forward a more comprehensive proposal for contracting compliance, governance, and implementation activities. . . . To be clear: the proposed staffing discussed in this legislative file does not include resources for the implementation of contract policies or other programs, but rather lays a groundwork for the kind of analysis required to support these initiatives."

Approved by the Board were 3.0 positions, either Principal Budget and Public Policy Analysts, or Budget and Public Policy Analysts, at a cost of up to \$126,048 in FY 2014-15, and \$530,207 in FY 2015-16. The proposal also included \$250,000, appropriated in mid-FY 2014-15, for consultant assistance with this project.

The memorandum also indicated that the new unit's work would include identifying additional resources that need to be provided to assist departments with the contracting process, and where those additional resources should be placed. It concluded:

"There is an identified need for greater promptness, consistency, transparency, and support to assist departments in dealing with contracting issues. A center-led, rather than centralized, model will be the goal in moving forward with scoping work, recommendations for policy modifications, and resource augmentation, both centrally and within departments to support contracting activities."

The Management Audit Division supports the creation of this new unit, and its pending work to identify how to improve the County's contracting process. We believe that the additional analysis should proceed from the standpoint of reviewing all contracts above a certain dollar amount, that have been negotiated by County departments without approval from the Procurement Department, for proper business practices and clear terms, before they are submitted to the Board of Supervisors for approval. The dollar level of such review will determine the amount of additional staff required, although Section 1 of this report, regarding reorganization of the Controller-Treasurer Department, suggests a four-person unit be provided.

We also strongly recommend that some of the additional resources, once they are identified, be placed within the Controller-Treasurer Department. We recommend this placement for the following reasons:

- The County Executive's Office is responsible for developing and implementing County policy through the annual budget in collaboration with the operating departments. As such, the Office has the programmatic and County-wide policy expertise to ensure that contracts are drafted to provide the appropriate quality and quantity of services envisioned by the budget.
- The Controller-Treasurer Department is ultimately going to have to approve payments under the contracts, in its role as the accounts payable processor for the County. Ensuring that contract terms are clear, and contracts reflect sound business practices, will reduce the likelihood of conflicts over payments at a later date. During an exit conference for this audit, Procurement Department staff suggested this role is properly placed in that department. We believe both departments should conduct their own reviews, in part because Controller-Treasurer, because they are not working directly with other departments on a specific procurement, may be less subject to pressure from departments or vendors to approve less-than-optimal contract terms for operational reasons.
- The County Auditor-Controller is designated as the Chief accounting officer of the County and is specifically charged with overseeing the financial operations of the entire County, conducting audits, monitoring financial transactions and issuing reports for use in managing and controlling the financial operations of the County. In this connection, reviewing and analyzing the financial and business terms of contracts in advance of Board approval would improve the quality of County contracts and facilitate the County's contract audit function.

- The Controller-Treasurer Department already provides training to County staff in key fiscal monitoring functions, such as business meal and travel policies, use of direct payment codes for purchases, and operation of the County's SAP accounting system. Training in contract monitoring, provided in conjunction with the Procurement Department and the County Executive's contract function, would be a logical extension of the Controller-Treasurer Department's focus on training.
- More broadly, the public purpose of the Controller-Treasurer Department, as stated in the FY 2014-15 Final Budget, is to "maintain the financial integrity of County government in order to assure the cost-effective use of taxpayer monies to support services for County residents." Providing additional review of contracts relates directly to this purpose.

Essentially, we believe there should be multiple actors involved in review of services contracts that are for large amounts, as exemplified by some of the contracts discussed earlier in this section. Underlying this belief is our observation, from the contracting snafus described in this section, and others we have reported on over the years, that there is an ongoing tension between, on one side, the Procurement Department, the Controller-Treasurer Department, and other "regulatory" departments whose job is to enforce State and County laws and policies and provide proper stewardship of taxpayer monies; and, on the other side, vendors who regularly criticize contracting procedures and policies as too burdensome, along with County "service-provider" departments whose primary worry is getting consultants and other contract vendors on board as quickly as possible, with a minimum of bureaucratic fiction, so that the services contracted for can be provided. We believe giving contract review to multiple entities with the regulatory authority enhances their authority and ability to enforce good contracting practices against attempts to cut corners for operational expediency.

Accordingly, we recommend that the Controller-Treasurer Department work with the Office of the County Executive's Office of Countywide Contract Management to determine the additional resources needed for additional review of contracts submitted for approval to the Board of Supervisors, and request those additional resources for a Contracts Division within the Controller-Treasurer Department. This request would logically accompany the request for additional staff identified in Section 1 of this report. Assuming the staff performing this function were at the Internal Auditor II classification, which we believe would be appropriate, costs of each position would be

approximately \$106,460 at Salary Step III, including benefits, based on the FY 2014-15 County Salary Ordinance and current benefit rates.

CONCLUSION

Previous management audits and other reports by the Management Audit Division have identified numerous instances of contracting problems in County departments, leading to disputes over payments, limited ability to monitor contractor performance, and poor stewardship of taxpayer monies. These problems are a result of a decentralized process that provides limited review of whether contract terms are clear and represent good business practices and a fair deal for the County.

RECOMMENDATIONS

It is recommended that the Controller-Treasurer Department:

- 4.1 Develop a proposal, with the Office of Countywide Contract Management in the Office of the County Executive, to add staff for the creation of a new Contracts Division to review contracts for clarity, good business practices and favorable terms to the County, before such contracts are presented to the Board of Supervisors for approval, to perform contract audits on an on-going basis, and to provide training to staff in other County departments on contract monitoring. The proposal should include a dollar amount above which the Controller-Treasurer Contract Division would perform a review of the proposed contract terms and conditions, and tie the proposed staffing to the workload associated with that dollar limit. (Priority 1)

SAVINGS, BENEFITS AND COSTS

The number of staff required for this function would depend on the dollar-level of contracts for which review was required. It is assumed that the average annual cost of staff for the function, based on using the Internal Auditor II classification, would be approximately \$104,460 annually per position in salary and benefits. Providing this review would ensure that contract terms are clear, reflect good business practices, and are fair to the County, preventing the variety of contract problems described at the start of this section.

Section 5. Fixed Asset Accountability

Background

- As of June 30, 2013, County financial statements reported \$5.0 billion of assets, which must be inventoried and reported annually by County officers and department managers to the Controller-Treasurer pursuant to State and County law. County Ordinance Code Section A15-14 also requires department managers who vacate their positions to certify department assets in a form prescribed by the Chief Internal Auditor, with such certifications being subject to audit.

Problem

- Although 24 officers and department managers vacated their positions since July 1, 2008, none filed a certification of department assets as required, four managers did not go through the minimally mandated cash-on-hand audit, and no fixed-asset audits were conducted. Consequently, there is no managerial accountability or consequences to departing officers or managers for not safeguarding valuable taxpayer assets. Also, the County's annual fixed asset inventory preparation and filing dates do not comply with State law, and the Board of Supervisors has not established alternative dates by ordinance as State law requires. However, the Controller-Treasurer has developed alternate dates which meet operating needs, and will submit them for Board approval in an amended ordinance.

Adverse Effect

- During the past 10 fiscal years, County officers and department managers, excluding the Health and Hospital System (HHS), submitted annual reports to the Controller-Treasurer listing \$3 million of assets, or a median of \$128,000 annually, which were written off by the Controller-Treasurer because they could not be located. During the same period, HHS reported \$38.7 million of unable to locate assets, of which \$4.3 million were written off and \$0.8 million are still missing.

Recommendations, Savings and Benefits

- It is recommended that the Board of Supervisors amend the County Ordinance Code to (a) establish annual fixed asset inventory dates as required by State law, and (b) to update Ordinance Code Section A15-14 based on the current County organization and current Board policies. The Controller-Treasurer should also update County fixed asset policies and procedures, and an employment agreement should be required to ensure the filing of fixed asset inventory certifications when Managers and Officers leave their position. Implementation of these recommendations would improve internal control over fixed assets.

According to State law and County ordinance, the County of Santa Clara is required to track and certify inventory on a regular basis. California Government Code Section 24051 requires a board of supervisors to establish policies and procedures for all department directors or county officers to inventory under oath all county property under their possession or charge. While this statute requires the preparation and filing of inventory to occur at least annually by July 10th, the law does provide for a board of supervisors to establish by ordinance its own time frame, not to exceed three years.

Under the County of Santa Clara Ordinance Code, Section A15-14 requires that all County officers in charge of departments file all inventories, inclusive of fixed assets, to the Director of Finance at least annually, and in the manner designated by the Director of Finance. The Controller-Treasurer, under the purview of the Finance Director, published and disseminated to all departments a Fixed Assets Policies and Procedures manual that was last updated in April 2011. Controller-Treasurer staff also indicated during our exit conference that the manual is currently under review for an updated publication.

While the County of Santa Clara does require the annual inventory of assets, Government Code Section 24051, County Charter Section 602, and County Ordinance Section A15-14 also require that department officers certify an inventory of assets prior to vacating their positions of authority. The Ordinance Code requires the Chief Internal Auditor to collect a certified inventory of all assets under the charge of a vacating County officer, and empowers the Chief Internal Auditor to audit, at the minimum, the cash on hand of such certified inventory. The Government Code also requires that the vacating County officer deliver the certified inventory of assets to his or her successor.

Failure to Comply with State Law Deadlines to Prepare and File Annual Inventory

Government Code Section 24051, Subsection (b) stipulates that by ordinance the board of supervisors will provide annual direction for county departments to prepare inventory and a correspondingly different date for the filing of said inventories. Accordingly, Ordinance Code Section A15-14 mandates all departments to “file with the Director of Finance not less often than annually, and at times fixed by the Director of Finance,” an inventory of all assets. While the Ordinance Code calls for annual preparation of inventory as mandated by State law, the Ordinance Code remains silent on delineating dates by which an inventory must be prepared and filed.

Currently, the Fixed Assets Policies and Procedures manual requires the annual inventory to be initiated in the month of August. This manual, however, does not set a separate date for filing all inventories. Controller-Treasurer Department staff provided other documents disseminated to all departments at the annual initiation of inventory, including a sample cover letter issued every year that sets a deadline for filing inventory, typically in the month of November. While the policies and procedures manual and other internal documents set the dates for inventory preparation and filing, these dates are not stipulated by ordinance of the Board of Supervisors, and the November filing exceeds the July 10th deadline established in the Government Code. During the course of this audit, the Office of the County Counsel expressed concern over failure to comply with State law due to the Ordinance Code remaining silent on firm dates for the annual preparation and subsequent filing of inventory as mandated in the Government Code. The Board of Supervisors should amend the Ordinance Code to establish firm dates for the annual preparation and filing of inventory to ensure compliance with State law.

Failure to Comply with State and County Laws for Asset Certification of Vacating Officers

Section 602 of the County Charter requires that the Administrative Code, or Ordinance Code, provide direction for auditing the accounts and records of all offices and departments for two scenarios: (1) when directed by the Board of Supervisors, County Executive or Auditor-Controller, and (2) when there is a vacancy in any office charged with the responsibility for receipt, disbursement, or custody of cash. Under the requirement of the County Charter, Ordinance Code Section A14-15, Subsection (b) stipulates that whenever a County officer responsible for managing any assets vacates his or her position, that officer shall also be responsible for certifying an inventory of all assets (including cash on hand, trust-accounts, accounts receivable, fixed assets, unused receipts, and unused warrants) in a form prescribed by the Chief Internal Auditor. The Chief Internal Auditor will also be responsible for auditing, at the minimum, cash on hand as certified by the vacating officer.

During the course of this audit, interviews with the Internal Audit Division (IAD) revealed that the County has not been operating in compliance with these regulatory requirements. Although the Chief Internal Auditor is supposed to prescribe an inventory process, prior to this audit which commenced on October 31, 2013, the IAD had not established any policies or procedures for the certification of assets when department managers vacate their positions. Consequently, since at least FY 2007-08, the IAD has not collected any certified inventories from vacating County officers. While

there are no policies or procedures and certified asset inventories are not collected, the IAD has historically audited cash on hand, as required by County ordinance.

Furthermore, Government Code 24051, Subsection (c) also requires that certified asset inventories be delivered by the vacating department officer to his or her successor in office, that the successor shall acknowledge in writing receipt for such inventory, and that the receipt shall be filed with the county clerk or auditor. Since the IAD does not collect certified inventories from vacating officers, the County fails to comply with State law, as there are no transition inventories to deliver to successor County officers or file with either the County Clerk or Auditor.

After coordinating with the Employee Services Agency Office of Labor Relations and IAD, it was determined that 24 department managers vacated their positions from July 1, 2008 until July, 2014. Of these managers, six managers did not undergo cash-on-hand audits, including four managers for whom the IAD determined too much time had elapsed between position vacancy and audit assessment, and two managers who were overseeing non-cash operations. During this time period, the IAD did not conduct any transition audits of fixed assets, since the Division’s policy focused on verifying cash assets only. Table 5.1 provides an overview of transition audits that should have occurred during this timeframe.

Table 5.1
Cash on Hand Transition Audits of County Managers
FY 2007-08 through FY 2013-14

Cash on Hand Audits	Count	Percent
Number of Managers Audited	18	75%
Number of Managers Not Audited Due to a Lapse in Time	4	17%
Number of Managers Not Requiring an Audit Due to Non Cash Operations	<u>2</u>	8%
Total	24	100%

Source: List of Executive Managers provided by ESA Labor Relations; Confirmation and explanation of transition audits provided by the IAD.

With the hiring of new management within the Internal Audit Division and the Finance Agency, the Director of Finance subsequently delivered a memorandum to the County

Executive detailing the shortcomings of the transition audit program and the intent of the IAD to include a revitalization project of the transition audit program in its Fiscal Year 2014-15 Work Plan. On January 27, 2015, the Internal Audit Manager issued a memorandum to the Controller-Treasurer addressing proposed improvements in the transition audit program as follows:

- Defining which officers and managers are subject to transitions audits;
- Designing an asset certification form and transition audit review procedures;
- Proposing updates to the Ordinance Code; and,
- Proposing better coordination between the Employee Services Agency and the Controller-Treasurer to identify vacating managers who are subject to a transition audit.

The IAD's new transition audit review procedures and recommended adjustments to the County Ordinance Code would update the Code to (1) remove references to the courts, and (2) limit the scope of certification of assets by County managers and officers, including removing fixed assets from the list of assets for which managers and officers are responsible. Based on our review of Government Code Section 24051 and County Ordinance Code Section A15-14, it is clear that both State and County law intended for managers and officers of county departments, offices and institutions to be responsible and held accountable for the assets in their possession, or for which they are in charge pursuant to the managerial or administrative position which they occupy.

Consequently, the Controller-Treasurer has proposed an alternative procedure to the procedure described in the January 27, 2015 memorandum described above, which will achieve the goal of managerial accountability for all taxpayer assets over which County managers and officers have charge, and do so without requiring costly mid-year inventories. The Controller-Treasurer has proposed that Internal Audit verify the certified statement of assets submitted by a manager or officer when vacating his or her position by certifying only the additions and deletions to the fixed asset inventory since the most recent prior fiscal year June 30 physical inventory reported to the Controller-Treasurer.

Therefore, the Controller-Treasurer should submit the proposed revised procedure to the Board of Supervisors for approval and the corresponding amendment of Ordinance Code Section A15-14. Following amendment of County Ordinance Code Section A15-14, the Director of Finance should also direct the Controller-Treasurer to create a policy to

guide applicable County managers and officers identified by the IAD in submitting their asset certification forms prior to leaving their position or office.

With the realization that only 75 percent of departing managers went through a cash-on-hand transition audit and that none of the managers turned in the legally required asset certifications, we also recommend that a contractual safeguard requiring applicable County managers and officers to submit their asset certification forms prior to leaving office be implemented. The County may withhold accumulated sick leave, which otherwise would be disbursed in a lump sum payout upon retirement, with prior agreement from an employee, which may come in the form of an employment contract. The Employee Services Agency should require as a condition of appointment that all prospective department heads, County managers and officers identified by the IAD as subject to Ordinance Code Section A15-14 execute employment agreements authorizing the County to withhold lump sum sick leave payouts due at retirement, until legally required asset certification forms are submitted. These would be employees who are covered by the executive management salary ordinance, and are not part of any of the County's collective bargaining agreements.¹

Unable to Locate Fixed Assets

In the Controller-Treasurer's manual of policies and procedures, fixed assets are defined as "tangible assets of significant value with useful life that extends beyond one year; and are broadly classified as land, buildings and improvements, infrastructure, and equipment," usually worth at least \$5,000 or more in value at the time of acquisition. Whenever a fixed asset cannot be accounted for through the course of the annual inventory inspection, those assets will be labeled as unable to locate (UTL) and reported to the Controller-Treasurer in each department's annual inventory report. There are a variety of reasons for assets being UTL including:

- Prior disposal, retirement or trade-in of assets without proper documentation
- Prior transfer of assets to a different department without proper documentation
- Misplaced in an unknown location (yet to be located)
- Theft

¹ A total of 54 positions were identified by Controller Internal Audit as being subject to Ordinance Code Section A15-14. Of these, 52 positions are executive management, and would be covered by the proposed recommendation. The Vector Control Manager, who is represented by the County Employees Management Association, and the County Surveyor, who is represented by Local 21 of the International Federation of Professional and Technical Engineers, would not be covered by the recommendation.

County Departments' Annual Write Offs Minimal in Comparison to the Hospital System

Every year the Controller-Treasurer requests approval from the County Executive to write off UTL assets for every department. Over the last decade the losses identified from the Countywide asset management program, not including HHS, have been minimal, with a median annual write off value of \$128,380. The annual UTL write offs value less than \$1 million 90 percent of the time, as detailed in Table 5.2.

Table 5.2
Annual Write-Off Value of UTL Assets at Acquisition for
County Departments Outside the HHS, CY 2004 to CY 2013

Calendar Year	Annual Write Off Value
2004	\$549,541
2005	\$1,053,529
2006	\$100,756
2007	\$87,840
2008	\$34,919
2009	\$42,992
2010	\$716,603
2011	\$271,141
2012	\$56,748
2013	\$156,004
Total	\$3,070,074

*Source: Controller-Treasurer Department,
Inventory Certification Records*

While all departments outside the HHS have written off about \$3 million over this last 10-year period, not all assets labeled as UTL for the HHS have been written off, due to inconsistent inventory practices. In 2011, the Management Audit Division published a management audit of the Santa Clara Valley Health and Hospital System - Administration and Support Services with a section dedicated to the Control of Hospital Assets. Recommendations from that report included adopting and enforcing stricter oversight of inventory certification due to significant discrepancies in tracking inventory.

The Finance Agency reported at the April 16, 2014 FGOC meeting that HHS had appointed an Asset Coordinator to manage the inventory process and reconcile the discrepancies in its annual UTL reporting. As reported in Table 5.3 below, HHS reported \$1.3 million in UTL assets for 2013; however, the HHS did not request these assets to be written off until completion of the Asset Coordinator’s investigation of unaccounted for assets. Subsequently, UTL assets and their acquisition values are carried over and accounted for again in following annual UTL reports summarized in Table 5.3.

Table 5.3
Annual Write Off Value of HHS UTL Assets at Acquisition, 2004–2013

Calendar Year	Annual Write-Off Value
2004	\$117,817
2005	\$18,312
2006	\$3,650,796
2007	\$3,959,363
2008	\$16,778,427
2009	\$6,315,686
2010	\$3,391,862
2011	\$1,754,234
2012	\$1,371,162
2013	\$1,330,000
Total	\$38,687,659

*Source: Controller-Treasurer Department,
 Inventory Certification Records*

Subsequent to this analysis, the HHS submitted a report to FGOC on April 14, 2015 for the 2014 calendar year, detailing \$5.6 million worth of assets that were not identified in this inventory. Of this amount, \$4.3 million worth of assets (with purchase dates as far back as 1962) were declared as UTL with a net book value of \$270,110; \$394,699 worth of assets were identified as being properly disposed, but had not been removed from the SAP inventory; and, \$819,338 worth of assets were reported as UTL, but not written off pending further investigation.

Santa Clara County's Annual Write Offs Comparable to Peer Counties

The Management Audit Division surveyed other large counties within the State to gather and analyze various operating statistics of comparable Controller-Treasurer functions. Regarding fixed assets, only four peer agencies responded to our inquiry about the total annual value of UTL assets typically written off. As depicted in Table 5.5 below, the results were evenly divided with Los Angeles and Orange Counties responding that they typically wrote off less than \$100,000 in assets every year. San Bernardino and Kern Counties explained that they wrote off anywhere from \$100,000 to \$1 million annually. It is important to note that we have not verified the accuracy of write offs in these counties; this information is self-reported.

Table 5.5
Peer Survey Comparative Results on Unable-to-Locate Fixed Assets

<u>County</u>	<u>UTL Value ≤ \$100,000</u>	<u>UTL Value \$100,000 - \$1M</u>	<u>UTL Value ≥ \$1M</u>	<u>County Hospital?</u>	<u>County Hospital Integrated with County Asset Management System?</u>
Santa Clara			X	Yes	Yes
Kern		X		Yes	Yes
Los Angeles	X			Yes	Yes
Orange	X			No	Not Applicable
San Bernardino		X		Yes	No

Source: Survey of peer California counties; peer data is self-reported.

The two counties who typically write off between \$100,000 to \$1 million (San Bernardino and Kern), also report operating a public hospital system similar to the County of Santa Clara; however, the County of Santa Clara has continuously reported annual UTL asset values in excess of \$1 million for the last 10 years, primarily due to HHS's portion of the annual UTL listing. In conjunction with our observation that departments outside the HHS have written off over \$3 million in lost assets over a decade and that HHS recently wrote off \$4.3 million in assets for calendar year 2014, the

evidence supports our recommendations to increase accountability and control over Countywide asset inventory.

CONCLUSION

The County of Santa Clara manages a Countywide fixed asset management program accounting for approximately \$5.0 billion in assets. Over the course of 10 years, departments outside of HHS wrote off over \$3 million while HHS recently wrote off \$4.3 million for CY 2014 with \$819,000 worth of assets still under review. As the County moves forward in improving its asset management program, the Controller-Treasurer's Department will need to focus on meeting compliance with State and County laws regarding setting inventory preparation and filing dates and holding County managers and officers accountable for appropriately verifying asset inventory prior to leaving their position or office. The Employee Services Agency can further promote this endeavor by requiring all applicable County managers and officers selected to prospectively be hired as a department manager subject to Ordinance Code Section A15-14, to execute employment contracts that permit the County to withhold lump sum sick leave payouts due at retirement, until a legally required asset certification form is submitted when leaving their position or office.

RECOMMENDATIONS

The Board of Supervisors should:

- 5.1 Amend County Ordinance Code Section A15-14 Subsection (a) to delineate separate dates for preparing the annual asset inventory and subsequently filing the inventory with the Controller-Treasurer in order to comply with State law (Government Code Section 24051). (Priority 1)
- 5.2 Direct the Controller-Treasurer to update the Fixed Assets Policies and Procedures manual to include the inventory preparation and filing dates as they are established by ordinance in accordance with recommendation 5.1. (Priority 3)
- 5.3 Amend County Ordinance Code Section A15-14 Subsections (a) and (b) to update and clarify inventory requirements as described in this section. (Priority 1)

- 5.4 Direct the Controller-Treasurer to establish a procedural guide for applicable County managers and officers on how to complete and submit the asset certification form when leaving their position or office. (Priority 3)
- 5.5 Direct the Employee Services Agency to require as a condition of appointment that all prospective department heads, County managers and officers identified by the IAD as subject to Ordinance Code Section A15-14, execute employment agreements authorizing the County to withhold lump sum sick leave payouts due at retirement until legally required asset certification forms are submitted. These would be employees who are covered by the executive management salary ordinance, and are not part of any of the County's collective bargaining agreements. (Priority 3)

SAVINGS, BENEFITS AND COSTS

Recommendation 5.1 will ensure the County complies with State law regarding timing of inventory preparation and inventory filing. Recommendation 5.2 will ensure the inventory preparation and filing dates adopted by ordinance through Recommendation 5.1 are reflected in the Controller-Treasurer's internal policies. No significant financial impacts are associated with the implementation of these recommendations.

Recommendation 5.3 will update and clarify inventory requirements stipulated in the Ordinance Code. Recommendation 5.4 will also ensure that the updated inventory requirements are communicated to applicable County officers. No significant or immediate financial impacts are associated with the implementation of these recommendations.

Recommendation 5.5 will empower the Controller-Treasurer to withhold accrued wages of a vacating County manager or officer as a safeguard mechanism to ensure accountability of public assets as required by law. No significant or immediate financial impacts are associated with the implementation of this recommendation. Pursuant to County Counsel's advice, this recommendation only applies to unrepresented executive managers. As a result, no meet-and-confer processes are required with labor organizations.

Section 6. Management Information

Background

- As the Chief Fiscal Officer for the County, the Controller-Treasurer is responsible to ensure that the accounting policies and procedures, and the financial systems employed by the County, provide accurate and timely information, that managers can rely upon to exercise their responsibilities over the receipt, expenditure, and investment of all funds in the custody of the Department. These requirements are embodied in State law, the County Charter (Section 601), and the County Ordinance Code (Section A15-15).

Problem

- Currently, the Controller-Treasurer Department Policy and Procedure Manual does not include a section describing the Departmental management information system, organizational responsibilities related to the production and use of management information, or a description of the specific reports and other elements that comprise the system. Although the Department has developed and implemented some reports and reporting procedures, the existing information is not comprehensive or standardized throughout the Department.

Adverse Effect

- As a result, the Controller-Treasurer Department has experienced some operational problems which could have been avoided. Specific examples can be directly traced to the absence of a comprehensive management information system and to a lack of policies and procedures, and are described in the other sections of this report. Backlogged custody audits, unclaimed County property held by the State Controller, and the FY 2012-13 backlog of 48,000 unprocessed property tax roll corrections and assessment appeal refunds, to name a few.

Recommendations/Savings/Benefits

- It is recommended that the Controller-Treasurer Department implement a comprehensive management information system as described in this section with the assistance of the additional administrative support position recommended in Section 1 of this report. The successful implementation of a comprehensive management information system would enable the Department to improve timeliness, prioritize workload, focus on efforts to achieve established goals, and proactively address issues internally, rather than when reported by external sources.

The Controller-Treasurer is the Chief Financial Officer of the County and is responsible to establish all of the accounting and financial systems in the County, to train County staff in the use of these systems, to ensure that the County systems and accounting policies and procedures comply with State and federal requirements, and to monitor compliance. Due to these County-wide responsibilities, it is essential that the Controller-Treasurer Department have a comprehensive management information system that provides valid and reliable information on all important aspects of the Departments operations on an established periodic basis (daily, monthly, yearly depending on the information). Although the Controller-Treasurer Department has eight Divisions and 14 Units, the Department does not have a uniform management information system that reports measurable parameters to the Controller-Treasurer on a regular basis. The Controller-Treasurer does receive periodic updates from various divisions, but they are not standardized and often in the form of casual emails or conversations. Further, the Division Managers themselves often did not have a standardized format for management information from their staff, similarly relying on casual communication for updates.

While periodic staff meetings are an important component of a comprehensive management information system, a lack of a standardized management information reporting system for each division, and for the Controller-Treasurer's Office as a whole, does not promote an easily-understandable mode of communication. When a transition of function occurs, or when personnel transfer elsewhere, there is a significant amount of knowledge loss that could otherwise be retained. Someone new entering a management position would have no record of progress, goals, or key performance data, if a substantial portion of the management information system is by email or conversation. The Controller-Treasurer's Office should undertake developing a management information system for each individual division. In addition, a management information system for the office as a whole, to be delivered periodically to the Controller-Treasurer, should also be developed. Such a system provides an ongoing, historic record of performance, which is otherwise lost if not captured by a Departmental management information system. Such a system can be the difference between a smooth transition of management within the organization, and the genesis of unforeseen significant operational problems, due to the County-wide responsibilities of the Controller-Treasurer Department.

The development of a comprehensive management information system should include an assessment of each unit and division in the Department to identify the key operating data that is used to measure workload and performance. Once identified, these

parameters should be measured and reported on a periodic basis as determined by the Department, and included in divisional reports and a consolidated Departmental report. Specific responsibilities should be assigned to positions responsible for the compilation and reporting of the information, and the distribution should also be included in the written policies and procedures. Ultimately, this Controller-Treasurer information should feed into a County-wide reporting system to the County Executive and the Board of Supervisors.

Throughout this report, examples of operational failures can be traced directly back to the absence of specific written procedures. Further, these failures were in nearly all cases compounded due to the absence of a comprehensive management information system that would have provided warning signs to Unit, Division and Departmental management. As an example, the Management Audit Division reported in August 2007 that the State Controller was holding hundreds of checks valued at nearly \$150,000 that were identified as the property of the County. At that time, the responsibility to monitor and claim such property was given to the Controller-Treasurer Department. Now, eight years later, it was determined that the Controller-Treasurer Department had not been performing its monitoring and claiming responsibilities. Such information would have become immediately apparent if revenue from this source suddenly disappeared from a periodic management report to the Division Manager or to Departmental management. Similarly, a periodic report from the Internal Audit Division identifying a growing backlog of custody audits, including the months and years overdue, would have triggered a proactive inquiry as to the cause and implementation of corrective action, and/or reporting of this Charter compliance problem to the County Executive and the Board of Supervisors.

CONCLUSION

The Controller-Treasurer Department has primary responsibility for the County accounting system and its accurate implementation in all transactions and records affecting more than \$5 billion of revenue and expenditures annually. However, the Department does not have a comprehensive management information system to facilitate its oversight and monitoring responsibilities and enable the timely identification of problems and implementation of corrective actions.

RECOMMENDATIONS

It is recommended that the Controller-Treasurer Department:

- 6.1 Perform a comprehensive assessment of all units and divisions within the Department to identify all key workload and performance parameters to be tracked and reported periodically in a management information system. Prepare detailed written policies and procedures describing the management information system, its components, the positions responsible to compile and prepare the periodic reports and the distribution list of the positions that should receive the reports. Implement the system as soon as possible. (Priority 1)

SAVINGS, BENEFITS AND COSTS

The implementation of this recommendation would enable the Controller-Treasurer Department to significantly improve the thoroughness and timeliness of its monitoring of operations related to both internal Controller-Treasurer operations and County-wide issues. The costs associated with the development and implementation of a comprehensive system would include some additional staff time throughout the Department for the compilation and reporting of information. If the recommended additional staffing in Section 1 of this report is approved by the Board of Supervisors, this function would be included in the additional staff resources without need for any additional staff resources for this function.

County of Santa Clara

Finance Agency

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5205 FAX 287-7629



September 8, 2015

TO: Roger Mialocq, Management Audit Division

FROM: Alan Minato, ^{AM} Controller-Treasurer

SUBJECT: Response to Management Audit of the Controller-Treasurer Department

See my response to your audit of the Controller-Treasurer Department dated July 20, 2015:

Section 1 Controller-Treasurer Staffing and Reorganization

It is recommended that the Controller-Treasurer:

- 1.1 (a) Prepare and submit a detailed staffing enhancement plan to the County Executive to address the organizational deficiencies as described in this section, within three months from the date of Board approval of this recommendation; and,
- (b) The County Executive review and forward this plan with his recommendations to the Board of Supervisors for implementation during the FY 2015-16 mid-year budget review. (Priority 1)

It is recommended that the Board of Supervisors direct the County Executive to direct the Employee Services Agency:

- 1.2 To evaluate the specialized duties and responsibilities of accounting, payroll, and financial systems positions in the Controller-Treasurer Department to determine if a similar job classification structure as is used by the Auditor-Controller Department in the County of Los Angeles would improve retention of senior and managerial professional staff in the Controller-Treasurer Department, and to report the results of this analysis to the County Executive and the Board of Supervisors within three months of the approval of this recommendation by the Board of Supervisors. (Priority 2)

Response:

- 1.1 The Controller-Treasurer Department agrees with the recommendation and will review Harvey Rose's proposed positions and work with Administration to forward a plan for additional positions during the FY 2015-16 mid-year budget review.
- 1.2 The Controller-Treasurer Department will assist the Employee Services Agency if needed.

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Ken Yeager, S. Joseph Simitian
County Executive: Jeffrey V. Smith

Board of Supervisors Management Audit Division

Section 2 Timekeeping and Payroll Policies

The Board of Supervisors should:

- 2.1 Direct the Controller-Treasurer to establish a central timekeeping and payroll procedural manual that addresses the following issues:
 - i. Employee Timekeeping and Attendance Practices: The manual should address how employees or designated timekeepers track employee timesheets for the varying methods used to track time in the County. The manual should also address how employees complete and submit exception forms when they seek adjustments in their work schedules.
 - ii. Correction Forms: The manual should address how timekeepers and approvers complete payroll correction request forms so that the Payroll Unit can better track and record the causes for timesheet and payroll adjustments.
(Priority 3)
- 2.2 Direct the Controller-Treasurer to establish a centralized training program in order to streamline training for timekeepers/approvers and employee timekeeping and attendance practices reflective of changes adopted in the central manual. (Priority 3)
- 2.3 Direct the Controller-Treasurer to conduct a countywide timekeeping and payroll management assessment with all departments to determine the root causes for payroll errors and to identify the most efficient operational adjustments to mitigate the volume of payroll corrections. (Priority 3)

Response:

- 2.1 The Controller-Treasurer Department agrees with the recommendation and will develop a payroll procedures manual that addresses timekeeping and attendance practices and payroll related forms.
- 2.2 The Controller-Treasurer Department agrees with the recommendation and will begin development of the training program for department timekeeping and payroll related staff.
- 2.3 The Controller-Treasurer Department agrees with the recommendation and will study the payroll adjustment process with the goal of minimizing payroll errors and correction requests.

Section 3: Backlog of State-held Unclaimed Moneys Owed to the County

The Controller-Treasurer should:

- 3.1 Immediately submit claims for unclaimed funds currently held by the State Controller and identified as property of the County of Santa Clara or originally addressed to a County facility. (Priority 1)
- 3.2 Formally assign organizational responsibility to the Controller-Treasurer's General Accounting Unit for claiming cash and other assets belonging to the County that are temporarily held by the State Controller. The Unit

should ensure that the process of checking for, identifying and claiming unclaimed funds is properly codified in the Departmental Policy and Procedures Manual and implemented on an ongoing basis. (Priority 3)

Response:

- 3.1 The Controller-Treasurer Department will develop and document a process to increase claims for unclaimed amounts held by the State Controller.
- 3.2 The Controller-Treasurer Department assigned this task to one of its operating units several years ago, but this unit will take a more proactive and aggressive approach in claiming amounts.

Section 4 Centralized Contract Review

It is recommended that the Controller-Treasurer Department:

- 4.1 Develop a proposal, with the Office of Countywide Contract Management in the Office of the County Executive, to add staff for the creation of a new Contracts Division to review contracts for clarity, good business practices and favorable terms to the County, before such contracts are presented to the Board of Supervisors for approval, to perform contract audits on an on-going basis, and to provide training to staff in other County departments on contract monitoring. The proposal should include a dollar amount above which the Controller-Treasurer Contract Division would perform a review of the proposed contract terms and conditions, and tie the proposed staffing to the workload associated with that dollar limit. (Priority 1)

Response:

- 4.1 The Controller-Treasurer Department agrees to assist the Office of Countywide Contract Management within the County Executive's Office to ensure that contracts conform to County policies and payments to contractors are appropriate. We recognize that one of our core functions is to properly audit contract payments and this is dependent on the creation of appropriate and clear County contracting policies. Whether additional staffing for the Controller-Treasurer Department is necessary will be determined by these policies and how the Office of Countywide Contract Management evolves into an operating unit.

Section 5 Fixed Asset Accountability

The Board of Supervisors should:

- 5.1 Amend County Ordinance Code Section A15-14 Subsection (a) to delineate separate dates for preparing the annual asset inventory and subsequently filing the inventory with the Controller-Treasurer in order to comply with State law (Government Code Section 24051). (Priority 1)

The Employee Services Agency did not provide a written response to the audit prior to the issuance of this audit report. The Agency expects to issue a response directly to the Board of Supervisors.

- 5.2 Direct the Controller-Treasurer to update the Fixed Assets Policies and Procedures manual to include the inventory preparation and filing dates as they are established by ordinance in accordance with recommendation 5.1. (Priority 3)
- 5.3 Amend County Ordinance Code Section A15-14 Subsections (a) and (b) to update and clarify inventory requirements as described in this section. (Priority 1)
- 5.4 Direct the Controller-Treasurer to establish a procedural guide for applicable County managers and officers on how to complete and submit the asset certification form when leaving their position or office. (Priority 3)
- 5.5 Direct the Employee Services Agency to include a provision in employment agreements with all applicable newly hired County managers and officers permitting the Controller-Treasurer to withhold all accrued wages at the end of their tenure until a certification of department assets form has been submitted to the Controller-Treasurer. (Priority 3)

Response:

5.1, 5.2, and 5.3

The Controller-Treasurer Department agrees with these recommendations and will assist in changing County Ordinances and revise the Fixed Asset Policies and Procedures Manual to reflect inventory filing dates.

5.4 The Controller-Treasurer Department agrees with this recommendation. It recently revised its instructions and procedures for certifying assets upon leaving positions or offices, but will now further revise them to comply with the Harvey Rose's recommendation.

5.5 No response from the Controller-Treasurer Department.

Section 6 Management Information

It is recommended that the Controller-Treasurer Department:

- 6.1 Perform a comprehensive assessment of all units and divisions within the Department to identify all key workload and performance parameters to be tracked and reported periodically in a management information system. Prepare detailed written policies and procedures describing the management information system, its components, the positions responsible to compile and prepare the periodic reports and the distribution list of the positions that should receive the reports. Implement the system as soon as possible. (Priority 1)

Response:

- 6.1 The Controller-Treasurer Department agrees with this recommendation and has already developed some management reporting tools.

cc: Emily Harrison, Finance Director
Gary Graves, Chief Operating Officer

County of Santa Clara

Employee Services Agency
Eighth Floor – East Wing
70 West Hedding Street
San Jose, California 95110



DATE: October 20, 2015

TO: Board of Supervisors' Management Audit Division

FROM: John P. Mills *John P. Mills*
Deputy County Executive
Acting Director, Employee Services Agency

**SUBJECT: REVISED EMPLOYEE SERVICES AGENCY RESPONSE TO
REVISED RECOMMENDATIONS OF THE MANAGEMENT
AUDIT OF THE CONTROLLER-TREASURER DEPARTMENT**

The Employee Services Agency (ESA) has reviewed pertinent recommendations of the Management Audit of the Controller-Treasurer Department, prepared by the Board of Supervisors' Management Audit Division's contract auditor, the Harvey M. Rose Accountancy Corporation. ESA's responses to these recommendations are below.

Recommendation 1.2: It is recommended that the Board of Supervisors direct the County Executive to direct the Employee Services Agency to evaluate the specialized duties and responsibilities of accounting, payroll, and financial systems positions in the Controller-Treasurer Department to determine if a similar job classification structure as is used by the Auditor-Controller Department in the County of Los Angeles would improve retention of senior and managerial professional staff in the Controller-Treasurer Department, and to report the results of this analysis to the County Executive and the Board of Supervisors within three months of the approval of this recommendation by the Board of Supervisors. (Priority 2)

ESA Response: Partially Agree. The Management Audit Division's recommendation may not address the retention issue. ESA instead proposes an analysis of the reasons for turnover to determine the appropriate course of action. A review of exit interview information would provide some clarification as to reasons for turnover. Based on such an analysis, a classification study of senior and managerial classifications in the Controller-Treasurer Department to create more specialized classifications may be one possible approach. ESA-Human Resources (HR) proposes to work with the Controller-

Treasurer Department to conduct this retention/turnover analysis and report the results to the Board of Supervisors by mid-2016.

As a point of information, ESA-HR recently conducted a classification study in the Controller-Treasurer Department, which resulted in the creation of a specialized Controller-Treasurer Accounting Manager classification to provide flexibility in managing the Department. In addition, ESA-HR also worked with the Controller-Treasurer Department to identify the appropriate classification for a support position in the Investment Unit. A classification study of the Payroll Services Clerks is also currently underway.

Revised Recommendation 5.5: The Board of Supervisors should direct the Employee Services Agency to require as a condition of appointment that all prospective unrepresented (non-union) department heads, executive managers, and appointed officers identified by the Controller-Treasurer's IAD as subject to Ordinance Code Section A15-14, executive employment agreements authorizing the County to withhold lump sum sick leave payouts due at retirement until legally required asset certification forms are submitted. These would be employees who are covered by the executive management salary ordinance, and are not part of any of the County's collective bargaining agreements. In addition, ESA should meet and confer with the County Executive Management Association (CEMA) to negotiate an amendment to the collective bargaining agreement adding a provision authorizing the County to withhold lump sum sick leave payouts due at retirement from any member occupying a position that is subject to Ordinance Code Section A15-14, until legally required asset certification forms are submitted. Currently, two CEMA positions, the Vector Control Manager and the County Surveyor, are subject to Ordinance Code Section A15-14. (Priority 3)

ESA Response: Disagree. Individual employment agreements that cover only a subset of newly appointed executive leaders, for only one provision of employment terms, are not a preferred solution, nor does such an approach represent best practice in the field of human resources.

In the case of new executives hired from outside the County organization, there is no accrual of sick leave, so there is nothing to be collected. Sick leave accrual for existing executives was discontinued in 2007, so few have any balance remaining. In the case of internal promotions to the executive ranks, while sick leave balances are present, County Counsel's opinion is that there is a strong argument that sick leave earned under the terms of a labor agreement prior to appointment to executive leader positions are entitled, and therefore not subject to be captured and surrendered at the time of separation from the County.

In the case of the County Employees Management Association (CEMA)* represented position of Vector Control Manager, ESA does not agree to seek to negotiate an amendment to the existing five-year labor contract to include a term that is considered less favorable and applies only to this one position. As for the County Surveyor position, it is represented by the International Federation of Professional and Technical Engineers Local 21, and not by CEMA. Likewise, ESA does not recommend seeking to re-open this contract in the middle of its current term.

**(NOTE: In the revised draft of the management audit report, CEMA is referred to as the "County Executive Management Association" or the "County Employee Managers Association;" however, the correct name of the bargaining unit is the County Employees Management Association.)*

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