AGENDA STAFF REPORT

Control: 26001685

MEETING DATE:	09/29/2026
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	All Districts
SUBMITTING AGENCY/DEPARTMENT:	Auditor-Controller
DEPARTMENT CONTACT PERSON(S):	Andrew Hamilton, 714-834-2457 Salvador Lopez, 714-834-2470

SUBJECT: Cash Difference Funds, Cash Shortages and Overage Funds Fiscal Year 2025-26

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	No Legal Objection	CONSENT CALENDAR 3 Votes Board Majority

Budgeted: N/A	**Current Year Cost:** N/A	**Annual Cost:** N/A
Staffing Impact: No		**Sole Source:** No
Current Fiscal Year Revenue: N/A	**Funding Source:** N/A	**County Audit in Last 3 years:** No
Levine Act Review Completed? N/A		

Prior Board Action: 9/23/2025 #3

RECOMMENDED ACTION(S):

Receive and file the Auditor-Controller Annual Report of County Cash Difference Funds, County Cash Shortages and County Overage Funds for FY 2025-26.

SUMMARY:

Receiving and filing the Annual Report of Cash Differences Funds, Cash Shortages and Overage Funds for FY 2025-26 will fulfill the requirement of the Auditor-Controller, pursuant to Government Code Sections 29370.1, 29380.1 and 29390.1.

BACKGROUND INFORMATION:

Pursuant to Government Code Sections 29380.1 and 29390.1, the County Board of Supervisors (Board) authorized the Auditor-Controller to replenish Cash Difference Funds, transfer money in the Overage Funds (Board Resolution 83-354 dated March 8, 1983), and replenish cash shortages up to $2,500 (Board Resolution 05-033 dated February 15, 2005). Additionally, pursuant to Government Code Section 29370.1 (Board Resolution 99-135 dated April 6, 1999), the Board authorized the Auditor-Controller to establish, increase, reduce or discontinue Cash Difference Funds.

Cash Difference Funds are used to reimburse cash deficits of County Funds of $10 or less that occur from employee mishandling of cash receipts or disbursements pursuant to Government Code Section 29373.1. Cash Difference Funds are also used to increase an underpayment received on an account by the Treasurer-Tax Collector or any County officer of $10 or less as allowed under Revenue and Taxation Code section 2611.4. In alignment with the County Accounting Manual, the established threshold is $10 or less, and therefore that is the amount applied.

The Board directed the Auditor-Controller to file a report annually identifying all officers' Cash Difference Funds and new Funds established during that fiscal year, indicating the dollar amount of each Fund. Attachment A provides a listing of Cash Difference Funds as of June 30, 2026.

Cash shortages are losses or deficits of more than $10 in a County officer's cash account where there is no proof of fraud or gross negligence in connection with the shortage and the loss is not covered by insurance. Cash shortages are reported to local law enforcement agencies as well as County Executive Office Risk Management. Cash shortages are replenished after review by the Auditor-Controller and, when appropriate, by the District Attorney. Cash shortages cannot be replenished by Cash Difference Funds.

It is the Auditor-Controller’s responsibility to review cash shortages to ensure departments have provided sufficient required information regarding the shortage, have reported the shortage to the appropriate authorities, have performed an internal investigation to determine if the shortage is due to employee fraud or gross negligence and have taken appropriate corrective action. To obtain relief of accountability for cash shortages, County Accounting Procedure C-3 requires departments to provide a letter to the Auditor-Controller. The Internal Audit Department reviews the Relief of Accountability letters and makes a recommendation to the Auditor-Controller on whether relief of accountability should be granted and the shortage reimbursed when the shortages are over $1,000. The Internal Audit Department also assesses the adequacy of related internal controls for departments with individual cash shortages of over $1,000. Cash shortages over $2,500 are also submitted to the District Attorney’s Office for review and evaluation.

For FY 2025-26, there were no cash shortages requiring assessment by the Internal Audit Department or review and evaluation from the District Attorney's Office.

The Board also directed the Auditor-Controller to file a report annually accounting for all such replenishments made during the year. Listings of cash difference and cash shortage replenishments made during FY 2025-26 are found on Attachment A and Attachment B, respectively. The amounts reported on these attachments may be cumulative totals of multiple replenishments.

The Cash Overage Fund receives funds when an amount paid to any County officer exceeds the amount due to the County for any account and such excess does not exceed $10. Government Code Section 29380.1 requires the Auditor-Controller to file a report annually accounting for cash overages transferred to the County General Fund. Attachment C provides a listing of Cash Overage Funds as of June 30, 2026.

<u>Prior Board Action:</u>
On September 23, 2025, the Board received and filed the Auditor-Controller Annual Reports of County Cash Difference Funds, County Cash Shortages and County Overage Funds for FY 2024-25.

FINANCIAL IMPACT:
N/A

STAFFING IMPACT:
N/A

REVIEWING AGENCIES/DEPARTMENTS:
Internal Audit

ATTACHMENTS:
Attachment A - Annual Report of County Cash Difference Funds & Activity
Attachment B - Annual Report of County Cash Shortages
Attachment C - Annual Report of County Overage Funds
Attachment D - California Government Code Sections 29370-29390.1 and California Revenue and Taxation Code Section 2611.4
Attachment E - Board of Supervisors Resolutions 83-354, 05-033, and 99-135