

AUDIT MEMO

SUBJECT: Revolving Fund Deficiency Claim for Reimbursement	NO.: 24-02
REFERENCES: Government Code sections 16400, 13070, 13293 through 13295 State Administrative Manual section 8072	DATE ISSUED: March 15, 2024

PURPOSE: This Audit Memo reminds and informs state entities of existing instructions for preparing and submitting a revolving fund deficiency claim for reimbursement. Additionally, this Audit Memo includes entity reporting requirements and the Revolving Fund Reimbursements annual report format.

AUTHORITY: Government Code section 16400, permits entities to replenish certain revolving fund deficiencies from existing appropriations of their designation with the approval of the Director of the California Department of Finance. Finance's Director has delegated this responsibility to the Office of State Audits and Evaluations (OSAE).

REIMBURSEMENT PROCESS

Refer to State Administrative Manual section 8072 for further information.

Where to File: Except as noted below, entities have been delegated authority to approve deficiency claims of less than \$1,000. Send these claims directly to the State Controller's Office (SCO) for reimbursement. Do not split claims to meet the "less than \$1,000" criteria.

For claims \$1,000 or greater, or for a multiple deficiency claim that totals \$2,500 or more, entities must file a reimbursement claim, Standard Form 27A, with OSAE.

Standard Form 27A: File all reimbursement claims on Standard Form 27A, *Claim for Reimbursement*. Include a copy of both sides of the canceled check(s) that caused the deficiency, and a description and supporting documents of attempted collection activities. Ensure all applicable boxes are selected in the Summary of Shortage section. The Standard Form 27A can be located on the Department of General Services' website at: <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std027A.pdf>.

The state entity's internal audit unit, if one exists, must review all claims prior to submission to OSAE. The claim must be signed by the head of the internal audit unit.

Claim Submittal: Claims can be submitted electronically to OSAEReports@dof.ca.gov or by mail to:

California Department of Finance
ORF Reimbursement
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814

OSAE Claim Review:

OSAE reviews each submitted claim for inclusion of:

- Proper approvals/signatures
- Completeness of information for the type of deficiency
- Purpose of the original payment
- Copy of canceled check(s)
- Explanation of unavailable canceled check(s) copy or unresolved claim correction
- Explanation indicating what corrective steps have been taken and documents supporting the actions

Additionally, claims will be processed upon confirmation that the required annual report was submitted to OSAE for the prior fiscal year.

Approved Claims: OSAE will return an approved claim to the entity with an approval stamp. The entity should submit the approved claim to SCO for reimbursement.

Denied Claims: OSAE will return any denied claim to the entity with an explanation letter addressing the reason(s) for denial. Denied claims should be filed as equity claims with the Department of General Services, Office of Risk and Insurance Management (DGS). Cash shortages in trust or bank accounts that create deficiencies in established fund balances are considered equity claims. For additional information on filing a claim with DGS, please click on the following link: [File Government Claim for Eligible Compensation \(ca.gov\)](http://File%20Government%20Claim%20for%20Eligible%20Compensation%20(ca.gov))

ANNUAL REPORTING REQUIREMENTS

Entities must report annually to OSAE, by September 30, the disposition of all claims for reimbursement of revolving fund deficiencies for the period ending June 30 of the prior fiscal year. OSAE requires this annual report from every entity, even if there is no activity. A sample format is attached to this memo. Ensure entity contact information is included.

Submit annual reports to: OSAEReports@dof.ca.gov

REVOLVING FUND AUDITS

OSAE may conduct audits of state entity revolving funds pursuant to Government Code sections 13070, and 13293 through 13295.

Please distribute this Audit Memo to entity Internal Auditors, Accounting Officers, and others as appropriate. If you have any questions, please contact Rick Cervantes, Audit Manager, OSAE, at (916) 322-2985, Ext. 3528 or OSAEReports@dof.ca.gov.

/s/ Cheryl L. McCormick

Cheryl L. McCormick, Chief
Office of State Audits and Evaluations
California Department of Finance

Entity Name
Revolving Fund Deficiency Claim for Reimbursement
As of June 30, 20XX

Entity Contact

Name:

Phone Number:

Email Address:

<u>Claim Schedule Number</u>	<u>Claim Schedule Date</u>	<u>Date Paid</u>	<u>Claim Schedule Amount</u>	<u>27A Amount</u>	<u>Reason for</u>
--------------------------------------	------------------------------------	----------------------	--------------------------------------	-----------------------	-------------------