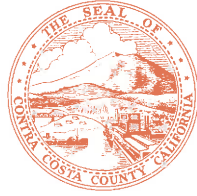


Office of the Auditor-Controller  
Contra Costa County

Robert R. Campbell  
Auditor-Controller

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Elizabeth A. Verigin  
Assistant Auditor-Controller

Harjit S. Nahal  
Assistant Auditor-Controller

July 16, 2018

TO: David Twa, County Administrator

FROM: Robert R. Campbell, Auditor-Controller  
By: Laura Garvey, Auditor-Controller Division Manager

SUBJECT: Office of the Public Works Department Report of \$6,557.00 Shortage

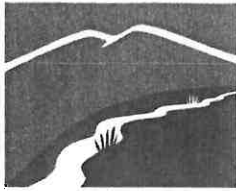
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In accordance with Administrative Bulletin 207.7, Section VI.C *Relief of Shortages and Account Collections – For Shortages Greater than \$250*, the attached copy of the subject report is being forwarded for your review and presentation to the Board of Supervisors for action.

The Office of the Auditor-Controller has verified and concurs with the contents of the report. Upon the Board's approval, the requested relief shall be authorized.

RRC/sb

Cc: Brian Balbas,  
Diana Oyler




Contra Costa County  
**Public Works**  
Department

Brian M. Balbas, Director  
Deputy Directors  
Stephen Kowalewski, Chief  
Mike Carlson  
Warren Lai  
Carrie Ricci  
Joe Yee

## Memo

July 16, 2018

**TO:** Robert Campbell, Auditor-Controller  
Attention: Laura Garvey, AC Division Manager-Internal Audit

**FROM:** Brian Balbas, Public Works Director   
By: Diana Oyler, Chief of Fiscal Services

**SUBJECT:** Relief of Shortage – CSA M17 and R10 Revolving Fund(s)

Public Works is requesting a relief of shortage estimated in the amount of \$6,557.00 due to missing rental payments collected at Montara Bay Community Center, Lefty Gomez Center, and Rodeo Senior Center that cannot be located.

The Montara Bay Community Center in San Pablo and the Lefty Gomez Community Center in Rodeo are rented out to the public for various community events. The Community Centers are managed by Special District staff with the daily operations being performed on-site by contract employee(s).

The contracted employees have been Jason Alfonso and Larry Austin. Until January 2018, Austin provided oversight primarily for Lefty Gomez with some support for the Rodeo Senior Center. He resigned and provided thirty (30) days notification to prepare for the transition. At that time, staff determined that Alfonso would begin providing oversight for the use of all three (3) sites and the Rodeo Senior Center would be limited to use by established users and exclude one day rental use. That practice continued until June 4, when Alfonso resigned without notice.

The Special Districts staff became aware of discrepancies with revenue and deposits related to Montara Bay Community Center, Lefty Gomez Community Center, and Rodeo Senior Center in early 2018. At that time, there was no suspicion of fraud and staff worked to resolve the matter. As staff spent time doing internal investigations of rental documentation, receipt logs, and bank deposit documentation, it became clear that fraudulent activity or theft by contracted staff was a reasonable conclusion.

In May 2018, staff was approached by a renter with concern regarding the return of her \$600 deposit. As staff began to investigate the matter, it became clear that her deposit, as well as the deposits of other facility users, were retained without cause. Staff has been able to determine that the Facility Coordinators were not submitting all rental fees and deposits in accordance with established procedures to the County. A detailed

Robert Campbell  
July 16, 2018  
Page 2 of 3

spreadsheet of these matters is attached for review. The time period that has been captured in the attached spreadsheet includes July 2017-May 2018. However, many of the shortages have no documentation that has been submitted to county staff. As a result, we only become aware of new cases when a former or future scheduled renter presents with their copies of a rental agreement and supplemental documentation detailing a deposit or payment submission. As a result the stated date range may not be conclusive.

While the matter is under investigation, staff have been able to determine that the total estimated loss to date is \$6,557.00 (Montara Bay \$4,481, Rodeo Senior Center \$620, and Lefty \$1,456). Of these amounts, it is suspected that that Austin is responsible for \$820.00 while Alfonso seems to be responsible for \$5,737.00.

Once we became aware of the matter, it was reported to Wanda Quever who provided direction to contact law enforcement and the Auditor-Controller's office. Furthermore, she directed staff to provide refunds to renters as the error is with the County and the renters should not be penalized as a result.

The amount of shortage may not be final as we are continuing to receive reports from the former renters with concerns related to past or future rentals, although it should be noted that these reports have significantly declined in recent weeks.

County Costa County Sheriff Deputy Mudd met with Special Districts staff on June 19, 2018 to capture initial findings. All information pertaining to the matter has been recorded in incident #P181700164.

As a result of these incidences, staff is reviewing options to prevent similar occurrences from happening in the future. In January 2018 we amended our practice to begin review income on weekly intervals with county and contracted staff. Additionally, we began to have county staff finalize deposits with our banking institution in lieu of contracted staff. In light of recent findings, we are considering the addition of restricting on site cash payments for facility use, tracking contracts (in addition to receipts) numerically with the requirement that all copies of documents must be submitted to county staff (even if voided or otherwise damaged). We are continuing to review and refine our rental practices and are determined to address matters for sound fiscal responsibility and community service. Moreover, all rentals have been suspended until a new Facility Coordinator is identified.

Efforts made to recover the shortage have included attempts to contact Alfonso by telephone and email. Based on the limited response and failure to come in to discuss the matter, the department has determined that further efforts to collect would not be successful. Furthermore, it would not be justified to extend additional resources to

Robert Campbell  
July 16, 2018  
Page 3 of 3

recover the amount of the loss when measured against improbability of a successful recovery.

The signer of this memorandum verifies under penalty of perjury that the foregoing is true and correct.

Please feel free to contact Rochelle Johnson with any questions. She can be reached by email at [Rochelle.Johnson@pw.cccounty.us](mailto:Rochelle.Johnson@pw.cccounty.us) or at 925-313-2299. Thank you.

BMB:RJ:ss  
G:\spdist\R10-M17Shortage\Relief of Shortage June 2018Finance\_Dir RevJuly16.docx  
Attachment: Rental Discrepancy Spreadsheet  
c: Mike Carlson, Admin  
Diana Oyler, Finance  
Liza Mangabay, Finance  
Laura Strobel, County Administrator  
Sergeant Brian Holland, Sherriff Dept.  
Sharon Hymes-Offord, Risk Management  
Carl Roner, Special Districts  
Michele Wara, Admin  
Linda Zimmerman, Admin

Rental Issues - Jason Alfonso (Facility Coordinator)

<u>Renter (Initial Payment Date)</u>	<u>Facility</u>	<u>Payment</u>	<u>Check/cash</u>	<u>Receipt #</u>	<u>Refund</u>	<u>Loss incurred</u>	<u>Description</u>
<b>MONTARABAY COMMUNITY CENTER</b>							
Laura Ramirez (7/19/17)	MTB	\$824 unaccounted	check&cash	G1368476, G1368477 (voided in our records) G1368671 G1368676 * Invalid (2)	\$400 (refunded)	\$ (824.00)	Laura completed a rental application on 7/19/17. Was not given receipts for payment and receipt #'s listed on application were invalid (2). Laura was provided a new application to complete in October when she paid off balance. Paid an extra security fee via check which was later voided. Receipt #'s on 2nd application were reflected as voided in County receipt book. Payments were never accounted for. Renter was refunded \$400.
Carolina Garcia (Omar Romero) (7/2017)	MTB	\$1,087 unaccounted	cash	G1368469 Invalid (1)	\$600.00	\$ (1,087.00)	Carolina called County staff in regards to a rental that occurred on 9/24/17. Her boyfriend Omar Romero executed the application for the rental in 7/2017. County was not aware of rental. Carolina provided rental application which showed initial deposit of \$200 paid with a total rental fee of \$1,087 (\$600 total deposit). Payments went unaccounted for. County will honor full refund of \$600 deposit.

<u>Renter (Initial Payment Date)</u>	<u>Facility</u>	<u>Payment</u>	<u>Check/cash</u>	<u>Receipt #</u>	<u>Refund</u>	<u>Loss incurred</u>	<u>Description</u>
Alejandro Anaya (Francisco Olmedo)	MTB	\$570 unaccounted	cash	G1368494 Invalid (1)	\$570.00	\$ (570.00)	Ramon called County staff on 7/11 in regards to a rental scheduled for 7/28. A rental application for Alejandro was executed and paid for by Francisco Olmedo (Grandfather), Ramon was speaking on their behalf. Ramon and Francisco came to the PWD on 7/12 and provided a copy of the application. The application showed a cash payment of \$570 made and a note of a check withheld until end of event. The check was for the deposit amount of \$400. County staff requested proof of the check being cashed for confirmation. (Ramon called 7/12, after meeting in person, confirming check was never cashed) County was unaware of the executed application and the receipt number listed corresponds to another renter in County receipt book. The application will be considered as receipt for the cash payment which the County will honor and reimburse.
Angelica Lara (2/6/18)	MTB	\$200 unaccounted	cash	G1368491 *Invalid (1)	\$200.00	\$ (200.00)	Angelica executed a rental application on 2/6/18. County staff was not made aware of the rental. Angelica reached out to County staff once she noticed the closure signs at the MonTarabay facility. She was able to provide a copy of her application but was not given a receipt. The receipt number listed on her application corresponded to another rental in the County receipt book. County will honor to another rental in the County receipt book. County will honor refund of \$200.
Ines Ceballos (3/13/18)	MTB	\$500 unaccounted	cash	G1368499 *Invalid (1)	\$500.00	\$ (500.00)	Ines and her son showed up at the Counties office inquiring about their scheduled rental after they found out the facility was closed due to vandalism. The County was unaware of the rental agreement. Ines provided a copy of her application executed on 3/13/18. The application showed an initial down payment of \$500 was made via cash. But, the receipt number listed corresponded to another rental in the County receipt book. The \$500 payment went unaccounted for. County will honor full refund.

<u>Renter (Initial Payment Date)</u>	<u>Facility</u>	<u>Payment</u>	<u>Check/cash</u>	<u>Receipt #</u>	<u>Refund</u>	<u>Loss incurred</u>	<u>Description</u>
Carlos Clavel/Alexis Armstrong (3/20/18)	MTB	\$600 unaccounted	??	G1368502 *Invalid (1)	\$600.00	\$ (600.00)	Carlos notified County staff of his rental via phone call. County had no documentation of Carlos's rental. Carlos provided his application, executed 3/20/2018, which stated he paid \$600. The payment was unaccounted for. The rental scheduled for 6/9/18 was cancelled due to facility closure. Renter will be given full refund.
Abimelec Santiago (4/10/18)	MTB	\$200 unaccounted	cash	G13685006 *Invalid(3)	\$200.00	\$ (200.00)	Santiago executed a rental application on 4/10/18 for an event scheduled in September. The rental had to be cancelled due to facility closure as well as the facility coordinator's resignation. As County staff was processing refunds and reviewing rental applications it was found that Santiago's deposit payment went unaccounted for. The receipt number listed on his application was not a valid number and he was not given any other proof of payment. County will honor deposit refund of \$200.
Silvia Munguia (4/24/18)	MTB	\$300 unaccounted	cash	G1368506 *Invalid (1)	\$300.00	\$ (300.00)	Silvia executed a rental application on 4/24/18. The application shows an initial deposit of \$300 paid in cash. But the receipt number listed is one that corresponds to a separate rental in County receipt book. The initial payment was not accounted for. Silvia came to the PW office on 7/6/18 with a copy of her application but no receipt. County will honor refund of \$300.
Tracy Saephan (5/8/18)	MTB	\$200 unaccounted	cash	G1368499 *Invalid (1)	\$200.00	\$ (200.00)	Tracy reached out to County staff inquiring about her rental scheduled for 7/15/18. County staff had no documentation of the rental. Tracy was able to provide her rental application executed on 5/8/18 which showed a \$200 initial deposit paid, but had no receipt. The receipt number listed on the application corresponded to another rental in County receipt book. Payment was unaccounted for. County will honor refund of \$200.
<b>Total Loss</b>						<b>\$ (4,481.00)</b>	

<u>Renter (Initial Payment Date)</u>	<u>Facility</u>	<u>Payment</u>	<u>Check/cash</u>	<u>Receipt #</u>	<u>Refund</u>	<u>Loss incurred</u>	<u>Description</u>
<b>LEFTY GOMEZ</b>							
Daniel Vasquez (Ledesma) (3/22/18)	Lefty	\$200 accounted, \$312 unaccounted	check	G1367766	\$200 (refunded)	\$ (312.00)	Daniel called County staff inquiring about deposit refund being withheld. He had received a letter on County letterhead stating his deposit was withheld due to nonpayment, but it was not sent by County staff. Daniel's initial deposit payment (\$200) was recorded and accounted for. Daniel also stated when he came to pay off balance with a check that he was told he had to pay with cash. The remaining balance (\$312) went unaccounted for. After reviewing Daniels case the County honored the \$200 deposit refund.
Aaron Miles (3/7/18)	Lefty	\$512 unaccounted	cash	G1367762 * Invalid(1) G1367789 * Invalid(2)	\$200 (refunded)	\$ (512.00)	Aaron had an event scheduled for 6/9/2018 at Lefty Gomez. The County did not have documentation for Aaron's event but he was able to provide his application on the day of the event. After reviewing the application, County staff found the receipt numbers listed had discrepancies with the County receipt book. Aaron also stated he was told the County only accepts cash payments by the coordinator (Jason). Aaron's payments went unaccounted for. But, the County honored his refund of \$200.



<u>Renter (Initial Payment Date)</u>	<u>Facility</u>	<u>Payment</u>	<u>Check/Cash</u>	<u>Receipt #</u>	<u>Refund</u>	<u>Loss incurred</u>	<u>Description</u>
Torrie Newman (Amber Gallant) (3/14/18)	Lefty	\$200 accounted unaccounted \$152	cash	G1367763	\$200 (refunded)	\$ (152.00)	Amber contacted County staff in regards to a rental scheduled by Torrie (mother) inquiring about deposit refund being withheld. Torrie received a letter on County letterhead stating her deposit was withheld due to having unsanctioned alcohol at event, but the letter was not from County staff. County staff spoke with both Amber and Torrie who stated there was no alcohol at event (baby shower) and also provided documentation including text messages with coordinator (Jason Alfonso) in regards to making a special arrangement to pay off remaining balance. The remaining balance was paid in the Pinole shopping center and no receipt was given. That payment went unaccounted for. The initial deposit payment of \$200 was accounted for. After review of all documentation a refund of Torrie's deposit was honored by County.
Miguel Cielo (5/2/18)	Lefty	\$280 unaccounted	cash	G1368407 *Invalid (2)	\$280 (refunded)	\$ (280.00)	Miguel executed a rental application on 5/2/18 for an event scheduled in June. He reached out to County staff after he was't able to get ahold of the coordinator to pay off his remaining balance. The County was unaware of his rental agreement. Miguel came to the Public Works Department with a copy of his application to discuss. After reviewing his application, it was found that the receipt number listed was invalid and the payment went unaccounted. The County honored Miguel's documentation and provided a full refund.
<b>Total Loss</b>						<b>\$ (1,256.00)</b>	

Renter (Initial Payment Date)      Facility      Payment      Check/cash      Receipt #      Refund      Loss incurred      Description

<b>Invalid (1)</b>	Receipt # corresponds to another rental in receipt book
<b>Invalid (2)</b>	Receipt # corresponds to an unused receipt in receipt book.
<b>Invalid (3)</b>	Not a valid receipt #

Montarabay Loss	\$ (4,481.00)
Lefty Gomez loss	\$ (1,256.00)
<b>Total loss</b>	<b>\$ (5,737.00)</b>

Rental Issues - Larry Austin (Facility Coordinator)

Renter (Initial Payment Date)	Facility	Payment	Check/cash	Receipt #	Refund	Loss incurred	Description
<b>RODEO SENIOR CENTER</b>							
Lisa Alvarado (12/2017)	Senior Center	\$310.00	check	G1368009	\$200 (refunded)	\$ (310.00)	Lisa contacted County staff on 4/5/18 in regards to her deposit refund. She paid via check so County staff was able to confirm payment was received. However, County staff found her payment was recorded as payment for another rental that was funded via cash in the same amount (\$310). The cash payment went unaccounted. The County honored Lisa's refund of \$200.
Adrienne Aguilar (1/13/2018)	Senior Center	\$310.00	check	G1368019	\$200 (refunded)	\$ (310.00)	Adrienne executed a rental application on 1/13/18 for an event scheduled in March. She paid via check but her payment was recorded as a payment for another rental that was funded via cash in the same amount (\$310). County staff confirmed her check was deposited and honored her deposit refund. The cash payment went unaccounted.
<b>Total Loss</b>						<b>\$ (620.00)</b>	

**LEFTY GOMEZ FACILITY**

Mary Rodriguez (1/9/18)	Lefty Gomez	\$200 unaccounted	cash	G1367746 (\$200)	No refund	\$ (200.00)	Mary had an event on 6/3/18 at Lefty Gomez Community Center. She initially filled out her rental application with Larry Austin (facility coordinator who resigned on 1/31/18) on 1/9/18. Deposit payment of \$200 was recorded on application and in receipt book. But, the money was never deposited into the County bank account nor was it included in paperwork collected from Larry upon resignation. Payment went unaccounted for and remaining balance was not paid. Therefore, Mary was notified that she will not receive her deposit refund due to nonpayment of balance.
<b>Total Loss</b>						<b>\$ (200.00)</b>	

<b>Invalid (1)</b>	Receipt # corresponds to another rental in receipt book
<b>Invalid (2)</b>	Receipt # corresponds to an unused receipt in receipt book.
<b>Invalid (3)</b>	Not a valid receipt #

<b>Rodeo Senior Center</b>	<b>\$ (620.00)</b>
<b>Lefty Gomez</b>	<b>\$ (200.00)</b>
<b>Total Loss</b>	<b>\$ (820.00)</b>