

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: AUDITOR-CONTROLLER

BOARD AGENDA # *B-1

Urgent Routine

AGENDA DATE November 6, 2001

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT: **ACCEPT THE AUDITOR-CONTROLLER'S REPORT ON FORMER CLERK-RECORDER KAREN MATHEWS' FISCAL MANAGEMENT OF THE STANISLAUS COUNTY CLERK-RECORDERS OFFICE**

STAFF
RECOMMEN-
DATIONS:

1. ACCEPT THE AUDITOR-CONTROLLER'S REPORT ON FORMER CLERK-RECORDER KAREN MATHEWS' FISCAL MANAGEMENT OF THE STANISLAUS COUNTY CLERK-RECORDERS OFFICE.
2. APPROVE THE REPORT RECOMMENDATIONS CONTAINED HEREIN.
3. AUTHORIZE THE DISTRIBUTION OF THIS REPORT AND EXHIBITS TO THE DISTRICT ATTORNEY FOR REVIEW AND APPROPRIATE ACTION.

FISCAL IMPACT: Based upon our review, Karen Mathews should reimburse the County for all of her personal expenses incurred by the County, or provide the Auditor-Controller's Office with a detailed explanation and reason why all personal expenses described in this report should not be immediately repaid to the County. Following an audit performed by Bartig, Basler & Ray, our external auditors, Karen Mathews paid to the County the sum of \$1,201.00 in September 2000, for charges she placed on her County credit card. She also paid the County the sum of \$186.14 in October 2000 for credit card purchases for flowers. The current audit has identified the sum of \$912.27, which the Auditor's office has determined must be paid back to the County. These monies are in addition to the \$1,387.14 which she has previously paid back to the County.

BOARD ACTION AS FOLLOWS:

No. 2001-856

On motion of Supervisor Blom , Seconded by Supervisor Caruso
and approved by the following vote,
Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

- 1) X Approved as recommended
- 2) Denied
- 3) Approved as amended

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Christine Ferraro Deputy

File No.

ACCEPT THE AUDITOR-CONTROLLER'S REPORT ON FORMER CLERK-RECORDER
KAREN MATHEWS' FISCAL MANAGEMENT OF THE STANISLAUS COUNTY CLERK-
RECORDERS OFFICE.

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DISCUSSION: On July 31, 2001, the Stanislaus County Auditor-Controller's Office was requested by the Board of Supervisors to conduct a fiscal management review of Former Stanislaus County Clerk-Recorder Karen Mathews. This request was preceded by a Stanislaus County Civil Grand Jury Report issued June 1, 2001, which criticized the fiscal conduct of Former Clerk-Recorder Karen Mathews.

The Auditor-Controller assigned Stephen Smith, Chief Deputy Auditor-Controller to review relevant Clerk-Recorder records, prepare a written report and make a presentation to the Board of Supervisors setting forth findings and recommendations. The complete Report containing six findings and recommendations is attached, along with exhibits. The findings address employment of relatives, personal phone calls, violation of ordinance on purchasing of services, meals charged on County credit card, and deposit of receipts in the County Treasury.

Auditor staff met with Karen Mathews and reviewed the draft report and findings with her on October 16, 2001.

POLICY ISSUES: Approval of these recommendations will meet the Board of Supervisors' goal of efficient government.

STAFFING IMPACT: There is minimal staffing impact to the implementation of these recommendations. Existing staff should be able to modify their duties to perform the recommended functions.

ATTACHMENTS AVAILABLE
FROM YOUR CLERK

**REVIEW OF FINANCIAL CONDUCT OF FORMER
CLERK-RECORDER KAREN MATHEWS
October 31, 2001**

Employment of Relatives

Finding

Per Section 3.08.250 of the Stanislaus County Ordinance “..... No person related to a full-time elected or appointed county officer.... by blood..... shall be appointed or transferred into a department employing such relative in a direct conflict of interest position.” Karen Mathews, a full-time elected county officer, employed her son, Michael Mathews, for a total compensation of \$10,636.80 between April 1, 1998 and November 3, 1998. During this period, the former Clerk-Recorder Karen Mathews signed eleven of her son’s timecards. A direct conflict of interest is defined as a situation in which the employee of the relative would be in a position to affect the terms and conditions of employment. Karen Mathews, as the department head, had the ability to affect the terms and conditions of her son in the Clerk-Recorder’s Office. A violation of the County’s nepotism policy occurred by the employment of Michael Mathews by the then Clerk-Recorder Karen Mathews.

Recommendations

All prospective employees should be required to complete Section 8 of the Application for Employment, County of Stanislaus. Section 8 requires the applicant to list any relatives employed by the County of Stanislaus. The employing County department and the Personnel Department should review this section for all prospective employees and reject all applications that could potentially violate Section 3.08.250 of the County Ordinance.

Personal Phone Calls

Finding

Pursuant to the Stanislaus County Personal Telephone Call Policy, abuse of the telephone constitutes grounds for discipline under the county code. Abuse includes unauthorized, non-business use of equipment and includes misuse of county-paid time. It includes, for example, unauthorized long distance calls or loss of employee productivity because of ongoing, repeated personal telephone calls, even locally. For the period July 1996 to June 2000, the county cell phones assigned to Karen Mathews incurred charges totaling \$5,686.36. A study undertaken by the Telecommunications Division of Management Information Services concluded that of the total 6,189 minutes, 4,069 were to non-county numbers. A proration of the minutes between county and non-county numbers to the charges by period incurred results in \$3,593.31 in charges for non-county numbers. A violation of the Stanislaus County Personal Telephone Calls Policy appears to have occurred by the then Clerk-Recorder Karen Mathews, in utilizing a county phone for non-county business.

REVIEW OF FINANCIAL CONDUCT OF FORMER
CLERK-RECORDER KAREN MATHEWS

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Recommendation

Personal use of County phones over and above the occasional call by employees to their homes, child's school, babysitter, doctor's office, etc., should be reimbursed to the County in the following month. We recommend that Ms. Mathews provide reimbursement to the County for personal telephone charges. Upon meeting with Ms. Mathews she estimates that ten percent of the cell phone charges are non-county related. She has agreed to reimburse the County for ten percent of \$5, 686.36 which equates to \$568.

Violation of Ordinance on Purchasing of Services

Finding

Section 2.24.030 A, Purchasing Duties, states the Purchasing Agent shall: Purchase for the county and its offices all material, supplies, furnishings, equipment, livestock and other personal property of whatever kind and nature, except in cases of emergency as provided in this chapter, no purchase of personal property by any person other than the purchasing agent shall be binding upon the county or constitute a lawful charge against any county funds. Furthermore pursuant to Section 2.24.050, all purchases, except those from the revolving fund of the purchasing agent, shall be made only upon submission of properly completed written requisitions. According to one Purchasing Department Buyer, purchases were made by the Clerk-Recorder's Office without submission of a written requisition.

Recommendation

Except where specifically allowed, otherwise, all purchases shall comply with the County Ordinance and shall be made only upon submission of written requisitions to the Purchasing Agent.

Federal Express Charges

Finding

We noted fifteen charges between July 9, 1997 and January 12, 1999, to Federal Express in the Clerk-Recorder's Department budget that had no supporting documentation to indicate they are an allowable County expense. We met with Karen Mathews and she said the charges were for sending documents to authors who were contemplating writing articles regarding her story and other organizations interested in her case.

Recommendation

No recommendation at this time.

Meals Charged on County Credit Card

Finding

We found that the Clerk-Recorder's credit card activity included meals at a total cost of \$488.54 for the period April 11, 1997 to November 14, 1997. We were unable to verify that the meal expenses had been authorized as allowable meal expenses for the Clerk-Recorder. There are no written Trip Authorizations to support these charges and therefore they must be treated as personal expenses. A violation of the Stanislaus County Purchasing Card Policy occurred when the then Clerk-Recorder Karen Mathews improperly used the County credit card for the purchase of personal meals.

Recommendation

We recommend reimbursement by the former Clerk-Recorder to the County of half of the meals charged, which represents the former Clerk-Recorder's share when being guarded by a deputy sheriff. This computes to \$244.27. The Deputy Sheriff's meals related to the guarding of Ms. Mathews appear to be appropriate charges to the County. Written Trip Authorizations should be prepared prior to all out of town travel. In-town meals should be documented on the receipt as to the County purpose of the meeting and the names of the employees attending.

Cash Receipts Procedures

Finding

We reviewed evidence that a check was received by the Clerk-Recorder's Office that was not deposited into the Treasury. The Associated Chaplains in California State Service sent a check for \$139 on November 10, 2000 to Karen Mathews, Stanislaus County Clerk for \$39.00 in mileage reimbursement and \$100.00 in honorarium. The check was received on November 15, 2000, and rather than being deposited, was given to Karen Mathews. We have been able to confirm from Karen Mathews that this check was cashed by her and that she is in the process of reimbursing the Associated Chaplains. A copy of the cashed check has been requested from the Associated Chaplains so that the endorsement can be examined. A violation of the County's Gift Policy and state law appears to have occurred when Clerk-Recorder Karen Mathews cashed the check for the honorarium from the Associated Chaplains.

Recommendation

All checks received by the Clerk-Recorder's Office should be receipted and immediately deposited into the County Treasury. Karen Mathews should reimburse the County the \$100 honorarium that should have been deposited into the County Treasury.

EXHIBIT LIST

1. Stanislaus County Code Section 3.08.250 Nepotism Policy
2. Code of Ethics and Gift Policy for Stanislaus County
3. Records of Payments to Mike D. Mathews, Son of Karen Mathews, and Authorization for Reimbursement Signed by Karen Mathews
4. Stanislaus County Auditor's Records Showing Credit Card Transactions by Karen Mathews from January 1, 1997 to March 31, 2000
5. Summary of In-Town Credit Card Expenditures by Karen Mathews for Meals from January 13, 1997 to December 14, 1999
6. Summary of Out-of-Town Credit Card Expenditures for Meals by Karen Mathews from January 28, 1997 to December 8, 1999
7. Stanislaus County Credit Card Policy
8. Memo dated January 26, 1995 from Auditor Byron Bystrom on County Credit Card Policy
9. Credit Card Expense Claiming Procedures Effective March 1, 1995
10. Register Report Karen Mathews Credit Card Activity 1997
11. Meal Reimbursement Limits
12. Stanislaus County Travel Policy (Old)
13. Stanislaus County Travel Policy (New)
14. Stanislaus County Purchasing Card Policy
15. Karen Mathews Credit Card Authorization Forms
16. Memo From Karen Mathews Dated March 30, 1995 Requesting Increase in Credit Card Limit to \$1,000.00
17. Memo From Karen Mathews Dated October 10, 1995 Requesting Increase of Credit Card Limit to \$5,000.00
18. Board of Supervisors Agenda Item Regarding Travel and Credit Card Policy dated January 17, 1995

19. Board of Supervisors Agenda Item Regarding Credit Card Policy dated August 7, 2001
20. Report of Audit of Clerk-Recorder's Office Prepared by Bartig, Basler & Ray, CPA
21. Stanislaus County Deposit Permit Dated September 8, 2000, Showing \$1,201.00 Deposit to County from Karen Mathews
22. Stanislaus County Deposit Permit Dated July 20, 2000, Showing \$186.14 Deposit to County from Karen Mathews
23. Stanislaus County Offices Telephone Directory and Personal Telephone Calls Policy dated October 1995
24. Stanislaus County Offices Telephone Directory and Personal Telephone Calls Policy dated January 1999
25. Telephone Summary – Karen Mathews – July 1996 to June 2000
26. Stanislaus County Code Section 2.24.030 Regarding Purchasing Agent Duties
27. Elections Code Section 14100
28. Vendor Payment History Report Regarding At-Pac July 1, 1998 to August 18, 2000
29. County of Stanislaus Blue Claim Forms Regarding Federal Express Account Records Including Thank You Letter from Miramax dated June 8, 2001
30. Thank You Honorarium to Karen Mathews in the Amount of \$100.00
31. Karen Mathews' Letter to the Fair Political Practices Commission Dated October 6, 1997; Fair Political Practices Commission Letters to Karen Mathews Dated October 7, 1997 and October 21, 1997
32. Grand Jury Report Issued June 1, 2001 For the Stanislaus County Clerk-Recorder
33. County Clerk-Recorder's Response to the Grand Jury Report Dated July 26, 2001
34. Stanislaus County Code Section 3.28.010, Subsection L Regarding Misuse of County Property