

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

DEPT: CEO-Risk Management Division

BOARD AGENDA # *B-3

Urgent

Routine

AGENDA DATE May 6, 2014

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Close the Workers' Compensation Bank Account Through Bank of the West

STAFF RECOMMENDATIONS:

Approve the closure of the Workers' Compensation Bank Account through Bank of the West.

FISCAL IMPACT:

This bank account has a balance of \$312,352.03 that will be returned to Stanislaus County upon closure. The County's previous third party administrator utilized this account to pay workers' compensation benefits to injured workers, and the balance in this account was replenished to \$500,000 on a monthly basis. The difference between the current balance and the \$500,000 will be recorded as an expense for the 2013-2014 Fiscal Year, as it represents the amount of checks that were cashed on the account since the (continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2014-213

On motion of Supervisor Monteith, Seconded by Supervisor Chiesa

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, Monteith, and Chairman De Martini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT: (continued):

last replenishment. The few remaining outstanding checks will be reissued through the County's new third party administrator.

DISCUSSION:

The County's Workers' Compensation Program is self-insured and utilizes a third party administrator to administer its claims payments. In the early 1990's, a separate bank account was established, with Board of Supervisors' approval, to pay workers' compensation benefits to injured workers, which used an imprest balance. This meant that a balance was held in a bank account that was controlled by the third party administrator and was replenished by the County on a monthly basis. In 2002, with Board approval, the imprest balance was increased from \$300,000 to \$500,000 in order to accommodate the increasing costs of medical care and benefits. This account was reconciled each month by County staff in order to prevent fraudulent activity.

In July 2013, a new bank account was established for the County's new third party administrator, York Risk Services Group, Inc. At that time, the County changed the type of bank account from an imprest balance to a zero balance account. The new methodology reduces the County's risk of fraudulent activity on its bank accounts by receiving a list of issued checks and monitoring the amount that has cleared the bank on a daily basis.

The original bank account was left open until such time that all outstanding checks issued by the previous third party administrator could clear. While there are still a few outstanding checks, the Risk Management Division and Auditor-Controller's Office believe that it is necessary to close this original account and return the funds to the County. The outstanding checks will be reissued through the new third party administrator.

POLICY ISSUE:

This action is consistent with the Board of Supervisors' priority of promoting efficient delivery of public services.

STAFFING IMPACT:

There is no staffing impact associated with this item.

CONTACT PERSON:

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