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ORANGE COUNTY  
BOARD OF SUPERVISORS

**Agenda Item No. 2  
October 1, 2008 Meeting**

**DATE:** September 22, 2008

**TO:** Children and Families Commission of Orange County

**FROM:** Michael M. Ruane, Executive Director

A handwritten signature in black ink, appearing to read "Michael M. Ruane".

**SUBJECT: Budget and Grantee Payment Process Update**

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**SUMMARY:**

Your Commission of Orange County approved changes to the operational processes for the Operating Budget and Fund Balances at the July 2008 Commission meeting. The revised policies authorized the full encumbrance and reserve of multi-year contracts within the first fiscal year of the executed contract. The following is an update on the status of the Fiscal Year 2008-09 budget and notification of the grantee payment process to be implemented by the Orange County Auditor/Controller's office.

**Restatement of Adopted FY 2008-09 Budget**

Implementation of a restated FY 2008-09 Operating Budget is in progress and will address the presentation of multi-year contract encumbrances within one fiscal year budget, establishment of multiple reserve accounts, and subsequent changes to CAPS, the county's general ledger reporting structure, and CAPS+, the upgraded fiscal system utilized by the Commission.

The restated FY 2008-09 Operating Budget will be presented at the January 2009 Commission meeting in conjunction with the regularly scheduled mid-year Operating Budget Adjustments. In addition, the recommended revisions will be incorporated into the Long-Term Financial Plan, the Strategic Funding Plan, and the FY 2008-09 financial statements.

**Grantee Payment Process**

The Commission processes electronic grantee invoice payments through the Outcomes Collection Evaluation and Reporting Service (OCERS) invoicing module and the County Auditor/Controller's CAPS system. It has been the practice to encumber each grantee agreement's maximum payment obligation annually to a unique grantee vendor number in the CAPS system.

As part of the CAPS+ implementation process, the Auditor/Controller's office issued new vendor numbers for all grantees that established new contract encumbrances for FY 2008-09. Since most Commission agreements cover multiple fiscal years, this change created two vendor numbers for each grantee in CAPS. However, the current CAPS system is not programmed to combine payments for electronic invoices submitted with multiple vendor numbers.

An alternate method has been developed with the Auditor/Controller's office to maintain the current electronic processing of grantee invoice payments. The alternate method moves all prior years' encumbrance balances under the FY 2007-08 vendor numbers to the current fiscal year's encumbrances under the FY 2008-09 vendor numbers. Since this is a revision to the existing process, the Auditor/Controller has requested that we notify your Commission of this action. However, this new method does not impact the timing, dollar amounts of payment processing, or fiscal reporting.

**STRATEGIC PLAN & FISCAL SUMMARY:**

This agenda item does not include a funding request.

**RECOMMENDED ACTIONS:**

1. Receive Budget and Grantee Payment Process Update

**ATTACHMENTS:**

None

**Contact:** Brenda Manriquez