

County of Santa Clara
Office of the County Executive
Office of Budget and Analysis




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DATE: May 19, 2009

TO: Board of Supervisors

FROM: 
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Acting County Executive

SUBJECT: Delegation of Authority to administratively transfer funds related to the SCVMC Budget Reserve approved budget and end-of-year transactions.

RECOMMENDED ACTION

Approve delegation of authority to the County Executive to transfer funds between the Santa Clara Valley Medical Center (SCVMC) and Special Programs and Reserves budgets as necessary, relating to the Board Approved use and annual Fiscal Year-End technical adjustments of SCVMC Budget Reserves in accordance with Board policy for period May 19, 2009 through May 19, 2014. Delegation of authority will expire on May 19, 2014.

FISCAL IMPLICATIONS

There is no net impact on the County General Fund as a result of these actions. The annual year-end interagency transfer is one of the annual technical adjustments between the Enterprise Fund and the designated General Fund balance required to appropriately account for funds and have funds deposited pursuant to Board policy.

REASONS FOR RECOMMENDATION

This action will allow Controller's Office and SCVMC to correctly account for the interagency transfers approved by the Board of Supervisors in the FY 2009 and subsequent budgets.

The final amount of the budget reserve transfer is not known until after fiscal year-end. This action will allow the County Controller's Office and SCVMC to correctly account for the interagency transfers when the final transfer back to the General Fund exceeds the budgeted amount approved by the Board of Supervisors. This process allows the funds to be appropriately moved to be in accordance with the Board policy and happen within the required accounting time frame.

BACKGROUND

In order to help support future-year hospital operations and mitigate the growth of the General Fund Grant to SCVMC, the Board of Supervisors approved a series of recommendations developed by the VMC Subsidy Task Force. In April 2000, the full Board of Supervisors approved these recommendations, which included the provision that positive year-end budget variances were to be retained in the SCVMC Enterprise Fund in order to mitigate the growth of the General Fund Subsidy to SCVMC. This strategy has proven to be successful and has managed the growth of the subsidy required by SCVMC.

At the annual June Budget Hearings, the Board of Supervisors approves the use of SCVMC budget reserves to support hospital operations for the coming Fiscal Year. Prior to the approval of this delegation, multiple appropriation modifications in addition to the June Budget Hearings were required to accomplish the technical adjustments to complete the transfer of SCVMC budget reserve funds each fiscal year. Waiting for Board approval for these transfers created timing issues with the County Controller's Office, the closing of the fiscal year and the completion of the annual audit. For improved timeliness, a delegation of authority has been requested to execute these technical appropriation modifications. If approved by the Board this will be the second delegation of authority to complete these transfers. The previous delegation was from February 10, 2004 through February 9, 2009. During this period of the previous delegation, all transfers were completed in a timely manner and no audit exceptions were generated as a result of this process.

CONSEQUENCES OF NEGATIVE ACTION

The County Controller and SCVMC would be unable to correctly account for the interagency transfers. Without the delegated authority, the Board would be required to continue to approve these technical transfers and the improvement in timeliness would not occur.