

# COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDIT UNIT

**INTERNAL AUDIT UNIT REPORT**

**CHANGE OF CUSTODY  
AGREED-UPON PROCEDURES REPORT  
JULY 25, 2025**

**CLERK OF THE BOARD OF SUPERVISORS**



**Audit Committee Submittal Date: 12/18/2025**

## **SUMMARY**

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### **Background**

The Department of Finance (Finance) performed a change of custody agreed-upon procedures for the outgoing Director of the Sacramento County Clerk of the Board of Supervisors (COB) with a change of custody date of July 25, 2025.

### **Audit Objective**

To inspect COB's cash, cash equivalents, and capital assets as of July 25, 2025, and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted an exception related to recording and tracking of capital assets.

**Department of Finance**

Chad Rinde  
Director



**County of Sacramento**

**Divisions**

Auditor-Controller  
Consolidated Utilities Billing &  
Services  
Investments  
Revenue Recovery  
Tax Collection & Licensing  
Treasury

November 26, 2025

Hang Nguyen, Interim Director  
County of Sacramento  
Clerk of the Board of Supervisors  
700 H Street, Suite 2450  
Sacramento, CA 95814

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Dear Ms. Nguyen:

We have performed the procedures enumerated on page two, which were agreed to by the County of Sacramento, Clerk of the Board of Supervisors (COB), regarding the change of custody on July 25, 2025. We performed our procedures at the COB's office located at 700 H Street, Room 2450, Sacramento, California, 95814. The COB's management is responsible for maintaining sufficient controls for its accounting operations and assets.

COB has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of a mandated review of COB's assets due to a change of custody. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1. We counted COB's imprest cash and all receipts on the change of custody date and compared our count to the Sacramento County Financial System (COMPASS) records.

Result: We did not note any exceptions as a result of the procedures performed.  
*ATT 1 – Schedule of Accountability*

2. We inspected 10 of 26 capital assets in the possession of the COB to verify that these assets existed and were operable and properly identified with tags.

Result: We noted an exception related to recording and tracking of capital assets which was a repeat finding from a prior review. *ATT 1 - Schedule of Accountability, ATT 2 – Current Finding and Recommendation, ATT3 – Current Status of Prior Recommendation.*

3. We verified that the COB's outgoing Director returned all assigned County assets to COB prior to departing COB.

Result: We did not note any exceptions as a result of the procedures performed.

We were engaged by COB to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the Standards for Attestation Engagements contained in *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States of America. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on COB's fiscal processes or results of our procedures referred above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the COB regarding change of custody review procedures and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Hang Nguyen, Interim Director  
November 26, 2025

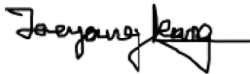
This report relates only to the results of our procedures referred to above and does not extend to COB's operations as a whole.

COB's response to the finding identified during our procedures is described in ATT 2 – *Current Finding and Recommendation*. We did not perform procedures to validate COB's response to the finding and, accordingly, we do not express an opinion on the response to the finding.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, and COB's management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this restriction is not intended to limit distribution of this report, which is a matter of public record.

Sincerely,

CHAD RINDE  
DIRECTOR OF FINANCE



By: Tae-Young Kang, CPA  
Audit Manager

Attachments:

ATT 1 – *Schedule of Accountability*  
ATT 2 – *Current Finding and Recommendation*  
ATT 3 – *Current Status of Prior Recommendation*

**COUNTY OF SACRAMENTO  
CLERK OF THE BOARD OF SUPERVISORS  
CHANGE OF CUSTODY  
JULY 25, 2025**

**SCHEDULE OF ACCOUNTABILITY**

**IMPREST CASH**

	Amount Authorized <sup>(1)</sup>	Amount Counted	Variance
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Petty Cash	\$ 100.00	100.00	0.00
Change Fund	200.00	200.00	0.00
Total	<u>\$ 300.00</u>	<u>300.00</u>	<u>0.00</u>

**DAILY DEPOSIT**

	Amount Posted By Treasury	Amount Counted	Variance
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash/Check Deposit	\$ 30.00	30.00	0.00
Total	<u>\$ 30.00</u>	<u>30.00</u>	<u>0.00</u>

**CAPITAL ASSETS**

	Total Acquisition Value <sup>(2)</sup>	Amount Tested <sup>(3)</sup>	Amount Verified <sup>(4)</sup>	Variance <sup>(5)</sup>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 1,077,227.75</u>	<u>846,585.89</u>	<u>631,819.24</u>	<u>214,766.65</u>

- (1) Amounts represent the authorized amount reported in the Sacramento County Financial System (COMPASS).
- (2) Amount represents the acquisition value of Clerk of the Board of Supervisors' (COB) capital assets reported in COMPASS.
- (3) Amount represents the acquisition value of COB's capital assets tested.
- (4) Amount represents the acquisition value of capital assets that were verified during our testing.
- (5) Amount represents the acquisition value of a missing asset that was not removed from the capital asset list in COMPASS. See ATT 2 - *Current Finding and Recommendation*.

**COUNTY OF SACRAMENTO  
CLERK OF THE BOARD OF SUPERVISORS  
CHANGE OF CUSTODY  
JULY 25, 2025**

**CURRENT FINDING AND RECOMMENDATION**

**1. Capital Asset**

Criteria:

According to the Sacramento County policy #1301: Asset Capitalization, “*all equipment acquisitions with a cost greater than \$10,000 and “having a useful life greater than one year” should be capitalized.*”

According to the Sacramento County policy #1401: Relief of Accountability (ROA) – Fixed Asset Policy:

*“Each County department and/or agency has a designated official responsible for the regular monitoring, documenting, and reporting of the existence, location, use, and condition of County-owned property and assets.*

*In the event of any loss of a fixed asset, it is the responsibility of the department or agency to determine the amount of the actual loss, if any, from the receipts, records and/or reconciliations within 30 days of the discovery of the lost or stolen fixed asset. All fixed asset losses must be reported to the Department of Finance (DOF).*

*Reporting the loss of fixed assets must be timely in order to conduct a thorough and complete investigation and to allow DOF to adjust the financial system to correctly reflect fixed assets on an annual basis...*

*When a fixed asset loss is discovered, the department or agency shall complete an investigation into the facts surrounding the loss and attempt to determine the reason for the loss.*

*After the department or agency completes its investigation, the ROA form, as prescribed by the Director of Finance, is completed including the required department head’s signature to acknowledge the information.”*

Condition:

During our inspection of Clerk of the Board of Supervisors (COB) capital assets, we sampled 10 out of 26 recorded capital assets for physical inspection. In addition to the 10 samples, we also followed up on one capital asset discovered as missing during the prior Change of Custody review conducted on April 5, 2023 for proper disposition. Based on our procedures performed, we noted the following:

**COUNTY OF SACRAMENTO  
CLERK OF THE BOARD OF SUPERVISORS  
CHANGE OF CUSTODY  
JULY 25, 2025**

**FINDING AND RECOMMENDATION**

- Four (4) studio grade cameras with acquisition value over \$10,000 each were capitalized as one asset (asset number 90973) instead of four (4) different assets. The total acquisition value of the four (4) cameras was \$96,793.89.
- A computer hardware asset (asset number 73035) with acquisition value of \$214,766.65 and book value of \$0.00) discovered as missing during prior Change of Custody review was still not properly removed from the capital asset list in COMPASS.

As such, COB is not fully compliant with Policy #1301 and 1401.

Cause:

COB grouped four (4) studio-grade cameras, each exceeding the \$10,000 capitalization threshold under a single asset number (90973) instead of capitalizing them individually as required by Policy 1301. Subsequent to prior Change of Custody review, COB created additional three (3) asset numbers and affixed them to each camera; however, COB did not assign values for each asset. Therefore, COMPASS was not fully updated with the new asset numbers and values.

COB also did not complete the necessary procedures to remove a decommissioned asset (asset number 73035) from COMPASS including the submission of ROA form to DOF as required by Policy #1401.

Effect:

Not removing missing or decommissioned assets from COMPASS leads to overstated asset counts and inaccurate asset listings, which can mislead stakeholders about the actual resources available. In addition, COB may spend unnecessary time and resources trying to locate or reconcile assets that no longer exist.

Although additional asset tags were physically affixed, the failure to update COMPASS means:

- The system does not recognize the individual assets, making it difficult to track their location, condition, or status.

**COUNTY OF SACRAMENTO  
CLERK OF THE BOARD OF SUPERVISORS  
CHANGE OF CUSTODY  
JULY 25, 2025**

**FINDING AND RECOMMENDATION**

- This weakens internal controls and increases the risk of loss, theft, or mismanagement going undetected.

Recommendation:

To ensure compliance with Policy #1301 and 1401, and to strengthen internal controls over capital asset management, we recommend COB to take the following actions:

- a. Update COMPASS to fully reflect each of the four (4) studio-grade cameras as separate capital assets, each with its own asset number and acquisition value.
- b. Complete and submit the ROA form for the decommissioned computer hardware asset (asset number 73035) to DOF, including documentation of the investigation and department head's acknowledgment. Upon approval, ensure the asset is properly removed from the capital asset list in COMPASS to reflect its decommissioned status.
- c. Implement a review and reconciliation process to verify that all capital assets are accurately recorded, updated, and disposed of in accordance with County policies.
- d. Assign accountability to designated personnel to monitor compliance with capitalization thresholds and ROA reporting timelines.
- e. Provide refresher training to staff responsible for asset management on the requirements of Policies #1301 and #1401 emphasizing the importance of timely and accurate asset recording, capitalization, and disposition to maintain the integrity of financial records.

Management Response:

The Clerk of the Board has initiated taking corrective actions to strengthen our capital asset management practices. We are reviewing and updating COMPASS to reflect complete and accurate information. In collaboration with the Department of Finance Asset Management Staff we will ensure asset #73035 is properly removed from COMPASS. We are providing training to all staff responsible for asset management on the requirements outlined in policies #1301 & #1401, with an emphasis on the importance of timely and accurate asset recording, capitalization, and disposition to ensure the integrity of the County's financial records.

**COUNTY OF SACRAMENTO  
CLERK OF THE BOARD OF SUPERVISORS  
CHANGE OF CUSTODY  
JULY 25, 2025**

**CURRENT STATUS OF PRIOR RECOMMENDATION**

**From the Prior Change of Custody (April 5, 2023) Review Report, dated June 14, 2023**

1. Capital Asset

Prior Recommendation:

We recommended Clerk of the Board of Supervisors (COB) investigate the missing computer hardware regarding asset 90973, file a Relief of Accountability (ROA) form, then adjust its capital assets accordingly with COMPASS records.

We recommended COB routinely verify asset tags are in place in order to properly track and account for the assets.

Additionally, we recommended COB tag all capital assets individually with its own inventory tracking number.

Current Status:

COB partially implemented our recommendation. Although COB tagged individually all capital assets, it did not update the Sacramento County Financial System (COMPASS) and did not submit ROA to DOF and removed for missing computer hardware. See ATT 2 – *Current Finding and Recommendation*.