

# COUNTY OF SACRAMENTO

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

## INTERNAL AUDIT REPORT

### CHANGE OF CUSTODY AGREED-UPON PROCEDURES REPORT AS OF DECEMBER 20, 2024

DEPARTMENT OF CHILD, FAMILY, AND  
ADULT SERVICES



Audit Committee Submittal Date: 02/27/2026

## **SUMMARY**

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### **Background**

The Department of Finance (Finance) performed a change of custody agreed-upon procedures for the Director of the Sacramento County Department of Child, Family, and Adult Services (DCFAS) with a change of custody date of December 20, 2024.

### **Audit Objective**

To inspect DCFAS' cash, cash equivalents, and capital assets as of December 20, 2024, and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted issues with recordkeeping and tracking of bus passes and gift cards, capital asset management, and timely removal of signature authority for external bank accounts.

**Department of Finance**

Chad Rinde

Director



**County of Sacramento**

**Divisions**

Auditor-Controller

Consolidated Utilities Billing &  
Service

Investments

Revenue Recovery

Tax Collection & Licensing

Treasury

January 30, 2026

Shelby Boston, Director  
Department of Child, Family, and Adult Services  
County of Sacramento  
9750 Business Park Drive, Suite 220  
Sacramento, CA 95827

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

Dear Ms. Boston:

We have performed the procedures enumerated on the next page, which were agreed to by the Sacramento County (County) Department of Child, Family, and Adult Services (DCFAS) regarding the change of custody on December 20, 2024. We began to perform our procedures on December 20, 2024, the outgoing Director's last working day in office. DCFAS' management is responsible for maintaining sufficient controls for its accounting operations and assets. In performing our agreed-upon procedures engagement, we have relied solely on representations provided by DCFAS relating to its responsibility for maintaining sufficient controls for its accounting operations and assets.

DCFAS has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of the County's mandated review of DCFAS' 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.

Our procedures and findings are summarized as follows:

1. We counted DCFAS' cash and all receipts on hand on the prior Director's last working day in office, December 20, 2024 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.

2. We reviewed the cash reconciliation on December 20, 2024.

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

3. We verified whether authorized signers of external bank accounts were properly updated on December 20, 2024.

Result: We noted an exception related to timely removal of external bank account signature authority. See ATT 1 – *Schedule of Accountability* and Finding #1 in ATT 2 – *Current Findings and Recommendations*.

4. We counted gift cards and bus passes on hand during our fieldwork and reconciled the balances back to December 20, 2024.

Result: We noted exceptions related to recordkeeping and tracking of DCFAS' bus gift cards and bus passes. See ATT 1 – *Schedule of Accountability* and Finding #2 and 3 in ATT 2 – *Current Findings and Recommendations*.

5. We inspected a sample of the capital assets in the possession of the Department on December 20, 2024.

Result: We noted an exception related to DCFAS' capital asset management. See Finding #4 in ATT 2 – *Current Findings and Recommendations*.

6. We verified that the prior Director returned all assigned County assets to the Department prior to the change of custody on December 20, 2024.

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

We were engaged by DCFAS to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the standards for attestation engagements contained in *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

Shelby Boston, Director  
January 30, 2026

opinion or conclusion, respectively, on DCFAS' 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 DCFAS 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.

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

DCFAS' response to the findings identified during our procedures are described in ATT 2 – *Current Findings and Recommendations*. We did not perform procedures to validate DCFAS' response to the findings and, accordingly, we do not express an opinion on the response to the findings.

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 DCFAS' 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 Findings and Recommendations*  
ATT 3 – *Current Status of Prior Recommendations*

COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES (DCFAS)  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
SCHEDULE OF ACCOUNTABILITY

**IMPREST CASH**

	Amount Authorized <sup>(1)</sup>	Amount Counted <sup>(2)</sup>
Administration Petty Cash	\$ 200	200
Child Protective Services (CPS) Petty Cash	10,000	10,000
Public Guardian Petty Cash	5,000	5,000
Senior Volunteer Programs Low Income Senior Volunteers <sup>(3)</sup>	45,000	45,000
<b>Total</b>	<b>\$ 60,200</b>	<b>60,200</b>

**EXTERNAL BANK ACCOUNT**

	Amount Per Reconciliation
Public Guardian, Conservator, and Public Administrator Program	\$ 16,008,945

**GIFT CARDS**

	Quantity of Cards Counted as of 12/20/2024	Value Counted	Quantity of Cards per DCFAS Fiscal Records	Quantity of Cards per DCFAS Local Records	Quantity Variance Counted vs Fiscal Record	Quantity Variance Local vs Fiscal Records	Quantity Variance Counted vs Local Records
Chicago House	151	Unknown <sup>(4)</sup>	166	148	15 <sup>(5)</sup>	18 <sup>(5)</sup>	3 <sup>(5)</sup>
Pasadena House	113	\$ 890	166	118	53 <sup>(5)</sup>	48 <sup>(5)</sup>	5 <sup>(5)</sup>
Madison House <sup>(6)</sup>	Unable to count	Unable to count	166	Not available	Unknown	Unknown	Unknown
FPRRS Amex Cards	765	76,500	765	765	-	-	-
Uber	33	1,450	15	33	18 <sup>(5)</sup>	18 <sup>(5)</sup>	-
<b>Total</b>	<b>1062</b>	<b>Unknown</b>	<b>1278</b>	<b>1064</b>	<b>86</b>	<b>84</b>	<b>8</b>

**Bus Passes**

	Dollar Amount	Quantity of Passes as of 12/20/2024	Value of Counted Passes	Quantity of Passes Per DCFAS Records	Value of Passes Per DCFAS Records	Quantity Variance	Value Variance
ER North	\$ 7	43	\$ 301	43	\$ 301	-	\$ -
ER South	7	49	343	49	343	-	\$ -
ER East	7	49	343	49	343	-	\$ -
Perm/Adoption South	7	56	392	50	350	6 <sup>(7)</sup>	\$ 42 <sup>(7)</sup>
Perm/Adoption North	7	23	161	24	168	(1) <sup>(7)</sup>	(7) <sup>(7)</sup>
Perm/Adoption East	7	21	147	21	147	-	\$ -
<b>Total</b>		<b>241</b>	<b>\$ 1,687</b>	<b>236</b>	<b>\$ 1,652</b>	<b>5</b>	<b>\$ 35</b>

**CAPITAL ASSETS**

	Total Value <sup>(8)</sup>	Amount Tested <sup>(9)</sup>	Amount Verified <sup>(10)</sup>	Exception <sup>(11)</sup>
<b>Total</b>	<b>\$ 541,613</b>	<b>265,240</b>	<b>149,557</b>	<b>115,683</b>

<sup>(1)</sup> Amount represents the authorized amount reported in the Sacramento County Financial System (COMPASS).

<sup>(2)</sup> Amount represents the imprest cash counted on December 20, 2024.

<sup>(3)</sup> The imprest cash is maintained in an external bank account and is used to issue monthly checks to low income senior volunteers. This bank account was closed on 12/1/2025.

<sup>(4)</sup> The value for 111 of the total 151 gift cards was confirmed to be \$890. The remaining 40 gift cards had a value of \$5 or \$10; however, due to a lack of documentation, the exact quantity of each denomination could not be determined. As a result, the total value of the 151 gift cards could not be accurately determined. See Finding #2 in ATT 2 - *Current Findings, Observation, and Recommendations*.

<sup>(5)</sup> Due to lack of supporting documentation, DCFAS was either unable to explain gift card variances noted or to determine the discrepancies between our counts and its records.

<sup>(6)</sup> The information for Madison House was not provided, preventing the performance of a gift cards count and local record inspection.

<sup>(7)</sup> DCFAS did not properly tracked and reconcile bus passes on hands across different locations and its records. As a result, we noted several discrepancies. See Finding #3 in ATT 2 – *Current Findings and Recommendations*.

<sup>(8)</sup> Amount represents the total acquisition value of DCFAS' capital assets as reported in COMPASS.

<sup>(9)</sup> Amount represents the total acquisition value of sample capital assets tested.

<sup>(10)</sup> Amount represents the total acquisition value of DCFAS' capital assets verified through our sample testing with no exceptions noted.

<sup>(11)</sup> Amount represent the acquisition value of the assets without an asset tag affixed. See Finding #4 in ATT 2 - *Current Findings and Recommendations*.

\* All amounts are rounded to the nearest dollar.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

**1. Bank Signing Authority**

Criteria

Proper internal controls should require immediate removal of signatory authority upon an employee's separation to prevent unauthorized access to financial assets.

Condition

Department of Child, Family, and Adult Services' (DCFAS) maintained two external bank checking accounts: one for Public Administrator/Guardian/Conservator Program and the other for Senior Volunteer Services.

The outgoing Director was not removed as a signer from the Department of Child, Family, and Adult Services' (DCFAS) external bank account until January 3, 2025 – two (2) weeks after their departure on December 20, 2024.

See ATT 1 – *Schedule of Accountability*.

Cause

It appears that DCFAS did not maintain adequate policies and procedures to remove signatory authority of an outgoing employee from external bank accounts in a timely manner.

Effect

The former Director remained listed as an authorized signer on the external bank accounts for approximately two weeks following their departure, which may have introduced a degree of financial exposure, including the potential for unauthorized transactions and reputational concerns.

Recommendation

We recommend DCFAS establish and implement policies and procedures that include immediate notification to financial institutions and removal of signatory authority on the employee's last working day. We also recommend DCFAS regularly review and update authorize signers on all accounts.

Management Response

DCFAS agrees with the recommendation to establish and implement policies and procedures that include immediate notification to financial institutions and removal of signatory authority on the employee's last working day. In addition, DCFAS will regularly review and update authorized signers on all accounts, if any, as part of our fiscal year end processes.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

## **2. Gift Cards**

### Criteria

Sound internal control practices and inventory management standards require accurate, complete, and timely tracking of all distributed assets. This includes maintaining reconciled records of gift card quantities, denominations, issuances, returns, and balances across all locations.

### Condition

DCFAS' Fiscal division (Fiscal) distributes gift cards to other divisions and tracks the distribution activities using its inventory tracking files. The receiving divisions also maintain their own tracking logs for the gift cards issued to the customers for business purposes. However, DCFAS did not maintain an accurate report of total gift card balances. In addition, we noted that passes distributed by Fiscal – but not used or returned by the divisions – were not properly tracked by Fiscal.

We counted 1,062 gift cards, but unable to confirm their total value due to the following reasons:

- a. For 40 out of 151 gift cards we counted at Chicago House location, neither the records nor the custodian could verify whether these cards were valued at five (\$5) or ten (\$10) dollars.
- b. The gift card records appeared incomplete. As a result, we noted a variance between our count and DCFAS' records. Specifically, there was a difference of 86 cards between our count and the number recorded in Fiscal's records. We also identified a discrepancy of 84 cards between Fiscal's records and the receiving divisions' records.
- c. Two locations (Chicago House and Pasadena House) had gift cards that were not on Fiscal's records.
- d. We were unable to count gift cards located at Madison House location due to a lack of information provided.

See ATT 1 – *Schedule of Accountability*.

### Cause

The discrepancies appear to stem from a lack of centralized reconciliation procedures, inconsistent recordkeeping between Fiscal and receiving divisions, and inadequate documentation of gift card values and locations. Additionally, it appeared that the oversight or communication protocols during distribution and return processes were insufficient.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

Effect

Inaccurate and incomplete tracking of gift cards increases the risk of loss, misuse, or misappropriation of public resources. It also may hinder DCFAS' ability to ensure accountability and transparency in the use of gift cards for business purposes.

Recommendation

We recommend DCFAS:

- Establish a standardized reconciliation process between Fiscal and all receiving divisions.
- Require consistent documentation of gift card values and issuances.
- Conduct periodic reconciliations of physical inventory against both central and local records.
- Ensure all gift card types and locations are included in the central tracking system.
- Implement oversight controls to verify that all distributed, used, and returned gift cards are properly recorded and accounted for.

Management Response

The inaccurate and incomplete tracking of gift cards occurred during the initial implementation of a new program. Sacramento Welcome Homes (SWH), managed by DCFAS, received licensure as Temporary Shelter Care Facilities in June 2024, which introduced new requirements to issue youth allowances via gift cards.

During the period from June 2024 through December 2024, staffing transitions at SWH, combined with insufficient training and the absence of fully established procedures, contributed to weaknesses in gift card tracking and reconciliation. Management acknowledges that internal controls were not fully developed at program inception. Management identified these control gaps and implemented corrective actions. Beginning in January 2025, Fiscal staff conducted periodic on-site physical inventories of gift cards at SWH, which were increased to monthly audits in July 2025. These corrective actions have strengthened oversight, improved accountability, and allowed for the standardization of gift card inventory tracking and reconciliation procedures.

Management will continue to monitor the effectiveness of these controls and provide ongoing training to ensure sustained compliance and accurate tracking of gift card activity.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

**3. Bus Passes**

Criteria

Effective internal control standards and inventory management practices require accurate and timely reconciliation of distributed assets. All issued, used, returned, and remaining bus passes should be consistently tracked and reconciled across both Fiscal and receiving divisions.

Condition

Fiscal distributes bus passes to other divisions and tracks the distribution activities using its inventory tracking files. The receiving divisions also maintain their own tracking logs for the bus passes issued to the customers for business purposes. However, DCFAS did not maintain an accurate report of the total bus pass balance. In addition, we noted that passes distributed by Fiscal – but not used or returned by the divisions – were not properly tracked by Fiscal.

We counted 56 bus passes valued at \$7.00 each, totaling \$392, at DCFAS' Adoption South location and compared the count to the division's records. The tracking file maintained by Adoption South documented only 50 bus passes, leaving six (6) bus passes – worth \$42 – not recorded in either the division or Fiscal's records.

At DCFAS' Adoption North location, we counted 23 bus passes (valued at \$7.00 each, totaling \$161) and compared the count to the division's records. The tracking file documented 24 bus passes – one (1) more than was physically counted, resulting in a \$7 discrepancy. Additionally, we noted inconsistencies in Fiscal's records: three (3) passes that had been distributed were still listed as available and two (2) returned passes were not reflected in inventory tracking file.

See ATT 1 – *Schedule of Accountability*.

Cause

The discrepancies appear to result from a lack of centralized reconciliation procedures and inconsistent communication between Fiscal and the receiving divisions. Additionally, it appears that the oversight or review of tracking logs and inventory updates were insufficient.

Effect

Inaccurate tracking of bus passes increases the risk of loss, misuse, or misappropriation of resources. It also may impact DCFAS' ability to monitor and control inventory effectively.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

Recommendation

We recommend DCFAS establish a standardized reconciliation process between Fiscal and all receiving divisions to ensure accurate tracking of bus pass inventories. We also recommend that DCFAS periodically review and update the tracking logs, and implement oversight controls to verify that all distributed, used, and returned passes are properly recorded.

Management Response

DCFAS agrees with the recommendation and has implemented corrective actions effective September 2025. DCFAS established a standardized reconciliation process between Fiscal and all receiving divisions to ensure accurate tracking of bus pass inventories. Fiscal staff now periodically review and update bus pass tracking logs and perform reconciliation and oversight reviews to verify that all bus passes distributed, used, and returned are properly recorded.

**4. Capital Assets**

Criteria

According to Policy #1301: Asset Capitalization, *“Physical inventory shall be performed no less than once every three years for all assets and once every two years for federally funded assets.”*

Effective internal control standards and asset management practices require all capital assets to have a visible and securely affixed asset tag for identification, tracking, and inventory purposes.

Condition

During our inspection of a sample of 16 capital assets (with acquisition value of \$265,240 and a book value of \$77,280) out of 21 under DCFAS, we noted that the following six (6) assets did not have an asset tag affixed:

- Asset #74355 – C-PRE-1HWUPG, Case Cracker workstation
- Asset #91519 – Casecracker Onyx Lite - Interview Room Recording
- Asset #91535 – Key Tracer: 48 Key System - Kings Main
- Asset #91536 – Key Tracer: 32 Key System - Kings FSU
- Asset #91101 – Astrophysics XIS 6545 X-Ray Machine
- Asset #91102 – HIPEPLUS/PZ-0989 Metal Detector

The total acquisition value of these assets was \$115,683 and a book value of \$43,321. See ATT 1 – *Schedule of Accountability*.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, AND ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT FINDINGS AND RECOMMENDATIONS**

Cause

It appeared that DCFAS did not have adequate policies and procedures to ensure proper tracking of its assets and did not conduct periodic physical inventory inspections.

Effect

The absence of asset tags:

- Increases the risk of asset misplacement or loss
- Complicates inventory verification and audit trail accuracy
- May lead to noncompliance with financial reporting and asset management policies

Recommendation

We recommend that DCFAS:

- Affix asset tags to the six identified assets immediately
- Review and reinforce asset tagging procedures
- Conduct periodic physical inspection in accordance with Policy #1301 verify all assets are properly tagged, tracked, and safeguarded.

Management Response

DCFAS agrees with the recommendation. During a facility move, some identified assets lost their asset tags. To prevent recurrence, DCFAS will inspect the affected assets, affix asset tags, and reinforce asset tagging procedures with applicable staff. In accordance with Policy #1301, DCFAS will continue periodic physical inspections and ongoing monitoring to ensure assets remain properly tagged, tracked, and safeguarded.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT STATUS OF PRIOR RECOMMENDATIONS**

**CURRENT STATUS OF PRIOR RECOMMENDATION (REPORT DATE  
AUGUST 24, 2018 FOR THE CHANGE OF CUSTODY DATE MAY 18, 2018)**

**1. Missing Inventory Tags**

Prior Recommendation

We recommended that the Department of Child, Family, and Adult Services (DCFAS) ensure that inventory tags are attached to equipment capital assets for which it is responsible.

Current Status of Prior Recommendation

It appears that the prior recommendation has not been implemented. See Finding #4 in ATT 2 – *Current Findings and Recommendations*.

**2. Unauthorized Imprest Cash**

Prior Recommendation

We recommended that DCFAS ensure its imprest cash balances agree with authorized amounts noted in COMPASS. We further recommended that DCFAS regularly reconcile imprest cash and deposit any overages with the County Treasury.

Current Status of Prior Recommendation

It appears that the prior recommendation has been implemented.

**3. Unauthorized Gift Card Purchase**

Prior Recommendation

We recommended DCFAS staff review and monitor purchases made with gift cards to prevent the acquisition of prohibited items.

Current Status of Prior Recommendation

It appears that the prior recommendation has been implemented.

**4. Internal Control Over Gift Cards**

Prior Recommendation

We recommended that DCFAS log and track gift card usage, including beginning and ending balances. We also recommended DCFAS reconcile gift card activities on a regular basis.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD, FAMILY, ADULT SERVICES  
CHANGE OF CUSTODY  
DECEMBER 20, 2024  
CURRENT STATUS OF PRIOR RECOMMENDATIONS**

Current Status of Prior Recommendation

It appears that the prior recommendation has not been implemented. See Finding #2 in ATT 2 – *Current Findings and Recommendations*.

**5. Unknown Bus Pass and Gift Card Balances**

Prior Recommendation

We recommended DCFAS monitor bus passes and gift cards. We further recommend DCFAS ensure custodians maintain detailed logs that track activities and running balances.

Current Status of Prior Recommendation

It appears that the prior recommendation has not been implemented. See Finding # 2 and 3 in ATT 2 – *Current Findings and Recommendations*.