

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDIT REPORT**

**CHANGE OF CUSTODY  
AGREED-UPON PROCEDURES REPORT  
AS OF APRIL 4, 2025**

**DEPARTMENT OF PERSONNEL SERVICES**



**Audit Committee Submittal Date: 02/27/2026**

## **SUMMARY**

---

### **Background**

The Department of Finance (DOF) performed a change of custody agreed-upon procedures for the Department of Personnel Services (DPS)' outgoing director with a change of custody date of April 4, 2025.

### **Audit Objective**

To inspect DPS' cash, cash equivalents, and capital assets and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted certain issues related to check receipts, gift cards, and 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

December 24, 2025

Joseph Angelo, Director  
Department of Personnel Services  
County of Sacramento  
700 H Street, Suite 4667  
Sacramento, California 95814

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

Dear Mr. Angelo:

We have performed the procedures enumerated below, which were agreed to by the Sacramento County Department of Personnel Services (DPS) regarding the change of custody on April 4, 2025. Our procedures were performed at DPS' various locations. DPS' management is responsible for maintaining adequate controls of its accounting operations and assets. The sufficiency of these procedures is the sole responsibility of DPS' management. In performing our agreed-upon procedures engagement, we have relied solely on representations provided by DPS relating to its responsibility for maintaining sufficient controls for its accounting operations and assets.

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

Our procedures and findings are summarized as follows:

1. We confirmed DPS' cash and cash receipts on hand as of April 4, 2025, and reconciled these amounts to COMPASS.

Result: DPS' cash counted agreed to COMPASS records without exception. However, we noted issues regarding cash receipts. See ATT 1 – *Schedule of Accountability* and Finding #1 at ATT 2 - *Current Findings and Recommendations*.

2. We confirmed DPS' gift cards on hand and reconciled the amounts to the gift card log as of April 4, 2025.

Result: DPS' gift cards on hand agreed to gift card log as of April 4, 2025. However, we noted issues with gift cards. See ATT 1 – *Schedule of Accountability* and Finding #2 at ATT 2 - *Current Findings and Recommendations*.

3. We inspected nine (9) out of 17 capital assets in the possession of DPS to verify the assets are properly identified and located at the listed locations.

Result: We were not able to verify the existence of one (1) capital asset. See ATT 1 - *Schedule of Accountability* and Finding #3 at ATT 2 - *Current Findings, Observation, and Recommendations*.

We were engaged by DPS 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-procedure 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 DPS' 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 DPS 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 DPS' operations as a whole.

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

Joseph Angelo, Director  
December 24, 2025

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 DPS' 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: Hong Lun (Andy) Yu, CPA  
Chief of Audits

Attachments:

ATT 1 – *Schedule of Accountability*  
ATT 2 – *Current Findings and Recommendations*  
ATT 3 – *Current Status of Prior Recommendations*

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
SCHEDULE OF ACCOUNTABILITY

**IMPREST CASH**

	Amount Authorized <sup>(1)</sup>	Amount Counted <sup>(2)</sup>	Variance
Administration	\$ 430.00	430.00	-
<b>Total</b>	<b>\$ 430.00</b>	<b>430.00</b>	<b>-</b>

**CASH RECEIPTS**

Type of Receipt	Deposit Permit Number	Amount Posted by Treasury <sup>(3)</sup>	Amount Counted <sup>(4)</sup>	Variance
Check	1300893270	\$ 3,193.17	3,193.17	-
Check	1300893612	1,073.00	1,073.00	-
Check	1300893690	608.33	608.33	-
Check	1300893701	360.00	360.00	-
Check	1300894169	75.00	30.00	45.00 <sup>(5)</sup>
Check		-	27,905.01	(27,905.01) <sup>(6)</sup>
<b>Total</b>		<b>\$ 1,043.33</b>	<b>28,903.34</b>	<b>(27,860.01)</b>

**GIFT CARDS**

	Amount Per DPS Records <sup>(7)</sup>	Amount Counted <sup>(8)</sup>	Variance
<b>Total</b>	<b>\$ 1,070.00</b>	<b>1,070.00</b>	<b>-</b>

<b><u>CAPITAL ASSETS</u></b>	Book Value <sup>(9)</sup>	Amount Sampled <sup>(10)</sup>	Amount Verified <sup>(11)</sup>	Exception <sup>(12)</sup>
<b>Total</b>	<b>\$ 36,008.79</b>	<b>13,305.44</b>	<b>11,592.86</b>	<b>(1,712.58)</b>

- (1) Amount represents the authorized amount reported in the Sacramento County Financial System (COMPASS).
- (2) Amount represents the imprest cash counted and inspected on April 4, 2025.
- (3) Amounts represent DPS' daily receipts deposited to and posted by Treasury.
- (4) Amounts represent DPS' daily receipts counted on hand as of April 4, 2025.
- (5) This deposit permit consisted of a total of 5 checks. 3 out of 5 checks, total \$45 was not documented at DPS log and not found during cash count procedures. See Finding #1 at ATT 2 - *Current Findings and Recommendations*.
- (6) Total 10 checks in amounts of \$27,905.01 were not deposited to Treasury. See Finding #1 at ATT 2 - *Current Finding and Recommendations*
- (7) Amount represent DPS' total gift cards on hand as of April 4, 2025. The total \$1,070 total gift cards did not include expired \$1,800 gift cards as described at See Finding #2 at ATT 2 - *Current Findings and Recommendations*.
- (8) Amounts represent DPS' gift cards counted or verified as of April 4, 2025.
- (9) Amount represents the total book value of DPS' capital assets reported in COMPASS.
- (10) Amount represents the total book value of sample capital assets selected for testing from DPS' capital assets reported in COMPASS.
- (11) Amount represents the total book value of DPS' capital assets verified from our sample testing.
- (12) Amount represents the difference between the "Amount Sampled" and "Amount Verified" columns. Variance noted. See Finding #3 at ATT 2 - *Current Findings and Recommendations*.

See Independent Accountant's Report on Applying Agreed-Upon Procedures

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

1. **Check Receipts**

**Criteria**

According to Sacramento County Charter Article VIII, Section 39, *“Every county or township officer, board or commission, authorized to collect fees or money must pay into the county treasury all such fees or moneys collected by him or them, as the case may be, not later than seven (7) days following receipt thereof.”*

Any voided check receipts should be properly documented with the reason for voiding and approved by the appropriate supervisor.

Check receipts should be treated as cash. Control logs of check receipts should be maintained and should be easily traceable and subject to regular review. The documentation on the control logs should not be altered using white-out or correction tape. If a correction is necessary, the log should be updated by clearly noting the issue, and identifying the staff member making the correction, and recording the date of the change. The appropriate supervisor should approve and document all changes.

Deposited check receipts should be reconciled against control logs on a monthly basis at a minimum, and any discrepancies should be promptly investigated and resolved in a timely manner.

**Condition**

During our review of check receipt handling at Department of Personnel Services (DPS) office, we noted the following exceptions:

- a. 16 of total 18 check receipts on hand were maintained at DPS office for over 30 days. Four (4) of them, had been held at DPS office since 2023. DPS staff explained that 10 of them, totaling \$27,905.01, should have been voided. However, no formal voiding action was taken, and the checks remained unprocessed.

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

- b. DPS maintained controls logs for check receipts. However, some entries in the logs were altered using white-out correction tape, without any explanation or documented approval for the changes.
- c. Three (3) check receipts totaling \$45 deposited to County were not recorded in the control log.
- d. No documented reconciliations were noted between check receipts on hand, control logs, and Treasury deposit records in the Sacramento County Financial System (COMPASS).

Cause

DPS did not have formal check receipt handling procedures for staff to follow.

Effect

DPS did not comply with Sacramento County Charter Article VIII, Section 39 as it did not deposit its check receipts within seven (7) days.

Not depositing or voiding checks timely, incomplete documentation of check control logs, and absence of reconciliation procedures increase the risk of misappropriation, loss, or delayed processing of funds.

Recommendation

We recommend that DPS deposit all checks received within seven (7) days to comply with the County Charter.

We also recommend DPS develop and implement formal check receipt handling procedures, including timely depositing and voiding of checks, proper documentation of changes to control logs, and regular reconciliations between receipts, logs, and COMPASS records. We further recommend DPS provide training and oversight on these procedures to its staff to ensure compliance.

DPS should require appropriate supervisor's approval for voiding and destroying any checks and document the reasons for voiding.

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

Management Response

DPS Employee Benefits Office (EBO) concurs with the auditor's recommendations to develop and implement policies and procedures. DPS will review its processes and establish procedures to ensure appropriate controls. DPS will also assess the appropriate process to ensure checks are deposited within seven days, or as promptly as reasonably practicable. A significant challenge in this area is that EBO receives various checks from multiple sources, some of which are made out to specific recipients rather than the County. These checks often lack detailed information or a description of their purpose, necessitating research to determine the appropriate fund for their deposit or other disposition. Additionally, EBO has concerns about endorsing checks made out to specific recipients and depositing them in the County treasury without authorization or understanding of the check's intent. Furthermore, some of the checks referenced in the audit were found in the office of an employee who was on leave immediately before the audit. Consequently, EBO was investigating the circumstances regarding these checks and could not take further action without additional information. Given that some checks dated back more than two years, EBO aimed to avoid depositing checks without verifying their status. For example, if a voided check had not been properly destroyed, depositing it could result in bank fees and/or complications with vendor accounts and reconciliations. The employee responsible for this issue no longer works for the County.

The remaining three checks referenced in the audit findings originated from a different DPS location. DPS Administration acknowledges that these checks were not recorded within seven days of receipt. Going forward, DPS Administration will ensure that checks are promptly recorded without any delay.

2. Gift Cards

Criteria

Gift cards should be treated as cash. Control logs of gift cards should be maintained to track the receipt, distribution, and remaining balance. If any gift cards

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

expire, the reason for non-distributing prior to the expiration should be documented, and the expired cards should be removed from the control log.

Condition

DPS did not provide documentation showing approval for distribution of gift cards or proof the gift cards were distributed to individuals.

The gift card control log showed that 34 Visa gift cards, with a total value of \$1,800.00, had expired without being used. There was no documentation explaining why the cards were not distributed prior to expiration, nor were the expired cards removed from the control log.

Cause

DPS did not have formal gift card handling procedures for staff to follow.

Effect

The lack of documentation for gift card distribution and approval, combined with the expiration of \$1,800.00 in unused gift cards increases the risk of mismanagement, misuse, or loss of program resources, and may prevent intended recipients from receiving the benefits.

Recommendation

We recommend DPS establish and enforce procedures for managing gift cards. This should include:

- Maintaining an up-to-date control log that accurately tracks all gift cards received, distributed, and on hand.
- Performing monthly reconciliations between gift cards on hand and the control log, with timely investigation and resolution of any discrepancies.
- Documenting all distributed gift cards, including recipient name, purpose of distribution, date, recipient acknowledgment, and appropriate approval.
- Prioritizing the use of gift cards nearing expiration to minimize waste.
- Removing expired gift cards from the control log, documenting the reason for non-distribution, and obtaining supervisory approval for the removal.

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

These steps will help strengthen accountability, improve transparency, and ensure effective use of resources.

Management Response

EBO agrees that if gift cards are to be maintained and distributed, appropriate procedures should be established and enforced. Due to resource limitations, EBO does not have the ability to develop, implement, and manage programs for properly awarding and distributing gift cards. Consequently, EBO has informed its providers that it will no longer accept gift cards and has not accepted any since January 2024. This is also why many gift cards expired, since they couldn't be awarded or distributed before their expiration dates. Most of these gift cards were received before the current management took over and were not centrally maintained or logged. In a previous audit, DOF issued similar findings and recommendations, including ensuring all gift cards were properly logged. During that audit, some expired gift cards were found to be improperly logged, so EBO ensured these gift cards were logged as recommended. Currently, gift cards are only issued by providers or partners as incentives or rewards directly to employees, and EBO does not receive, hold, or distribute these gift cards. EBO currently lacks an effective way to award or distribute the remaining gift cards in its possession and would like to surrender them to the DOF. Additionally, EBO will dispose of the expired gift cards as directed by the DOF, as they are unsure of the proper mechanism for doing so.

3. Capital Assets

Criteria

Per Section 2.63.010 of the Sacramento County Code of Ordinances, each County department is required to have its inventory physically inspected and counted.

DPS should enter complete and accurate capital asset information into COMPASS and have all assets assigned and affixed with identifying numbers to ensure proper tracking and accountability.

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

Condition

During our inspection of DPS' capital assets, we noted that four (4) out of total nine (9) selected capital assets, with a total book value of \$8,597, were not affixed with capital asset tags. While we were able to identify and verify three (3) of these assets through other means, one (1) - Catalyst 9300 48-port UPOE Network device with a book value of \$1,712.58 - could not be verified as there was another identical asset in the possession of DPS. Although the two (2) assets had a serial number on each, the serial numbers were not recorded in COMPASS.

Cause

DPS did not perform an inventory count or reconcile its capital assets on-hand to records in COMPASS.

In addition, DPS did not have formal procedures to ensure capital asset tags are affixed upon receipt and all necessary asset information, including serial numbers, is accurately recorded in COMPASS. This contributed to difficulties in distinguishing between identical assets and maintaining accurate asset records.

Effect

DPS did not comply with County Code Section 2.63.010. Without asset tags and recorded serial numbers, DPS' ability to accurately identify, track, and safeguard capital assets is reduced. This increases the risk of asset misplacement, duplication, or misreporting, and may result in incomplete or inaccurate asset records in COMPASS.

Recommendation

We recommend DPS establish and implement formal procedures to verify and reconcile physical assets with COMPASS records on an annual basis at a minimum to improve asset accountability and prevent identification issues.

DPS should tag all capital assets with identification numbers and record complete and accurate asset information, including serial numbers, in COMPASS.

COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT FINDINGS AND RECOMMENDATIONS

Management Response

DPS adheres to DOF's physical/visual inventory procedures for County-owned assets. These procedures, initially conducted every three years at the time of the audit, have been revised every two years, as per the memorandum from the DOF Director to Department Heads and Dependent Park District Administrators dated July 20, 2025. Additionally, DPS follows DOF's practice of conducting a book inventory of assets during the years when a physical inventory is not performed. Moreover, any assets previously lacking identification number stickers have been appropriately re-tagged.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT STATUS OF PRIOR RECOMMENDATIONS**

**CURRENT STATUS OF PRIOR RECOMMENDATION (REPORT DATE JULY 2, 2024  
FOR THE CHANGE OF CUSTODY DATE MARCH 2, 2024)**

**FINDINGS SECTION**

**1. Check Receipts**

Prior Recommendation

We recommended that Department of Personnel Services (DPS) maintain a control log for check receipts and perform reconciliation to ensure check receipts are being deposited accurately to COMPASS.

Current Status of Prior Recommendation

It appears that the prior recommendation has been partially implemented. See Finding #1 at ATT 2 - *Current Findings and Recommendations*.

**2. Gift Cards**

Prior Recommendation

We recommended DPS ensure that all gift cards are adequately logged, tracked, monitored, and audited on a regular basis. We also recommended DPS conduct an inventory of gift card balances on a monthly basis at a minimum and ensure that gift cards agree to their respective logs and investigate any differences in a timely manner.

Current Status of Prior Recommendation

It appears that the prior recommendation has been partially implemented. See Finding #2 at ATT 2 - *Current Findings and Recommendations*.

**3. Capital Assets**

Prior Recommendation

We recommended that DPS perform an inventory count of its capital assets and reconcile to COMPASS records on an annual basis at a minimum, per County Code Section 2.63.010. We also recommended DPS properly tag all capital assets with identification numbers and record complete and accurate asset information in COMPASS.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF PERSONNEL SERVICES (DPS)  
CHANGE OF CUSTODY  
APRIL 4, 2025  
CURRENT STATUS OF PRIOR RECOMMENDATIONS**

Current Status of Prior Recommendation

It appears that the prior recommendation has been partially implemented. See Finding #3 at ATT 2 - *Current Findings and Recommendations*.

**OBSERVATION SECTION**

**Assigned Equipment**

Prior Recommendation

We recommended DPS follow Department of Technology countywide best practices and ensure equipment records are properly maintained. Additionally, we recommended DPS request the equipment be returned or update the inventory records to reflect the department possessing the equipment.

Current Status of Prior Recommendation

It appears that the prior recommendation has been implemented.