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 17, 2024 AND FEBRUARY 7, 2025

PROBATION DEPARTMENT

SACRAMENTO COUNTY

Audit Committee Submittal Date: 10/16/2025

SUMMARY

Background

The Department of Finance (Finance) performed a change of custody agreed-upon procedures for the Chief Probation Officer of the Sacramento County Probation Department (Probation) with a change of custody date of February 7, 2025. The prior Chief Probation Officer's last working day in office was December 17, 2024.

Audit Objective

To inspect Probation's cash, cash equivalents, and capital assets as of February 7, 2025, and confirm the record to the Sacramento County Accounting System (COMPASS).

Summary

We noted issues with timely deposits of cash receipts, record keeping and tracking of bus passes, and capital asset management.

Department of Finance
Chad Rinde
Director

County of Sacramento

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

September 10, 2025

Jamal Rowe
Chief Probation Officer
Sacramento County Probation Department
8745 Folsom Blvd
Sacramento, CA 95826

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

Dear Chief Rowe:

We have performed the procedures enumerated on the next page, which were agreed to by the Sacramento County (County) Department of Probation (Probation) regarding the change of custody on February 7, 2025. We began to perform our procedures on December 17, 2024, the outgoing Chief Probation Officer's last working day in office, at Probation's offices located at 8745 Folsom Blvd, 4000 Branch Center, 4100 Branch Center, 711 E Street, 7300 Lincolnshire Drive, and 9601 Kiefer Blvd. Probation's 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 Probation relating to its responsibility for maintaining sufficient controls for its accounting operations and assets.

Probation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of the County's mandated review of Probation'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 counted Probation's cash and all receipts on hand on the prior Chief Probation Officer's last working day in office, December 17, 2024 and compared our count to the Sacramento County Financial System (a.k.a. COMPASS) records.

   Result: We noted an exception related to timely deposits for cash receipts. See ATT 1 – *Schedule of Accountability* and Finding #1 in ATT 2 – *Findings and Recommendations*.

2. We reviewed the cash reconciliation on December 17, 2024.

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

3. We counted gift cards and bus passes on hand during our fieldwork and reconcile the balances back to December 17, 2024.

   Result: We noted an exception related to tracking of Probation's bus passes. See ATT 1 – *Schedule of Accountability* and Finding #2 in ATT 2 – *Findings and Recommendations*.

4. We inspected a sample of the capital assets in the possession of the Department on December 17, 2024.

   Result: We noted exceptions as a result of the procedures performed. See ATT 1 – *Schedule of Accountability* and Finding #3 in ATT 2 – *Findings and Recommendations*.

5. We verified that the prior Chief Probation Officer returned all assigned County assets to the Department prior to the change of custody on February 7, 2025.

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

We were engaged by Probation 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 opinion or conclusion, respectively, on Probation'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 Probation 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 Probation's operations as a whole.

Probation's response to the findings identified during our procedures are described in ATT 2 – *Current Findings and Recommendations*. We did not perform procedures to validate Probation's 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 Probation'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: 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 Recommendation*

COUNTY OF SACRAMENTO
PROBATION DEPARTMENT
CHANGE OF CUSTODY
DECEMBER 17, 2024 AND FEBRUARY 7, 2025
SCHEDULE OF ACCOUNTABILITY

IMPREST CASH	Amount Authorized (1)	Amount Counted (2)	Variance
Administrative Services	$ 8,250.00	8,250.00	
Youth Detention Facility	2,500.00	2,500.00	
Total	$ 10,750.00	10,750.00	

CASH RECEIPTS

Administrative Services Type of Receipt	Deposit Permit Number	Amount Posted by Treasury (3)	Amount Counted (4)	Variance
Check	1300885404	$ 19,045.19	19,045.19	
Check	1300885413	1,100.00	1,100.00	
Check	1300885414	1,250.00	1,250.00	
Check	1300885668	951.53	951.53	
Total		$ 22,346.72	22,346.72	

GIFT CARDS

Card Type	Face Value	Number of Cards as of 12/17/2024	Value of Cards Counted	Number of Cards Per Record	Value of Cards Per Record	Variance
Big 5	$ 25.00	55	$ 1,375.00	55	1,375.00	
Big 5	50.00	12	600.00	12	600.00	
Chick-fil-A	10.00	92	920.00	92	920.00	
Chipotle	10.00	45	450.00	45	450.00	
Cinemark	10.00	43	430.00	43	430.00	
Dutch Bros	10.00	32	320.00	32	320.00	
In-N-Out	20.00	95	1,900.00	95	1,900.00	
Jamba Juice	10.00	61	610.00	61	610.00	
McDonald's	10.00	91	910.00	91	910.00	
Old Navy	50.00	49	2,450.00	49	2,450.00	
Olive Garden	25.00	29	725.00	29	725.00	
Panda Express	10.00	84	840.00	84	840.00	
Raley's	50.00	32	1,600.00	32	1,600.00	
Raley's	100.00	179	17,900.00	179	17,900.00	
Red Robin	25.00	28	700.00	28	700.00	
Safeway	50.00	96	4,800.00	96	4,800.00	
Safeway	100.00	146	14,600.00	146	14,600.00	
Save Mart	50.00	28	1,400.00	28	1,400.00	
Save Mart	100.00	10	1,000.00	10	1,000.00	
Shell	50.00	115	5,750.00	115	5,750.00	
Starbucks	10.00	58	580.00	58	580.00	
Subway	20.00	89	1,780.00	89	1,780.00	
Target	10.00	7	70.00	7	70.00	
Target	50.00	73	3,650.00	73	3,650.00	
Top Golf	50.00	13	650.00	13	650.00	
Uber	25.00	34	850.00	34	850.00	
Visa	50.00	443	22,150.00	443	22,150.00	
Visa	100.00	219	21,900.00	219	21,900.00	
Walmart	10.00	2	20.00	2	20.00	
WinCo	100.00	24	2,400.00	24	2,400.00	
Total		2,284	$ 113,330.00	2,284	113,330.00	

BUS PASSES

Pass Type	Face Value	Number of Passes as of 12/17/2024	Value of Counted Passes	Number of Passes Per Record	Value of Passes Per Record	Variance
Basic Daily Pass	$ 7.00	1,558	$ 10,906.00	1,559	10,913.00	(7.00) (5)

CAPITAL ASSETS	Acquisition Value (6)	Amount Sampled (7)	Amount Verified (8)	Variance (9)
Total	$ 2,238,347.25	1,272,160.33	1,219,469.77	(52,690.56)

See footnotes at Page 2.

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SCHEDULE OF ACCOUNTABILITY

(1) Amounts represent the authorized amount reported in the Sacramento County Financial System (COMPASS).

(2) Amounts represent the imprest cash counted and inspected on December 17, 2024.

(3) Amounts represent Probation's cash receipts deposited to and posted by Treasury. All four (4) cash receipts counted were deposited late, see Finding #1 at ATT 2 - *Findings and Recommendations* .

(4) Amounts represent Probation's cash receipts counted and inspected on December 17, 2024.

(5) Variance of $7.00 is the net amount for $21.00 (3 bus passes at $7.00 each) bus passes held by Probation Officer not counted during fieldwork and the $14.00 (2 bus passes at $7.00 each) bus passes issued not used at Finding #2. See Finding #2 at ATT 2 - *Findings and Recommendations* .

(6) Amount represents the acquisition value of Probation's capital assets reported in the Sacramento County Financial System (COMPASS).

(7) Amount represents the acquisition value of Probation's capital assets selected as a sample for testing.

(8) Amount represents the acquisition value of capital assets that were verified during a physical inspection of sampled capital assets.

(9) Variance of $52,690.56 represents the acquistion value of one (1) asset that was capitalized incorrectly. See Finding #3 at ATT 2 - *Current Findings and Recommendations* .

COUNTY OF SACRAMENTO
PROBATION DEPARTMENT
CHANGE OF CUSTODY
DECEMBER 17, 2024 AND FEBRUARY 7, 2025
FINDINGS AND RECOMMENDATIONS

1. Cash Receipts

Criteria

Per Sacramento County Charter, Article VIII. County Officers Other than Supervisors, Sec. 39. Payment of Fees into County Treasury (Sacramento County Code), *"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 days following receipt thereof, except that the Tax Collector shall deposit his collection with the County Treasurer daily. Said officer, board or commission shall also file therewith a detailed statement of same in writing, a duplicate copy of which shall at the same time be filed with the Auditor, in such form as the Auditor may require."*

Condition

During the change of custody review, we counted four (4) checks for a total of $22,346.72 in cash receipts held by the Probation Department (Probation) as of December 17, 2024. We noted that three (3) checks counted during fieldwork were not deposited until January 3, 2025 and one (1) check was not deposited until January 17, 2025. The timing of deposits was four (4) days late for three (3) checks and 14 days late for one (1) check. Probation stated that their normal process is to deposit checks biweekly.

Cause

The current process and practice indicate that Probation is not aware of the timely deposit requirement documented in the Sacramento County Charter and does not have adequate policies and procedures to ensure timely deposit.

Effect

Not depositing payments received within seven (7) days may increase the likelihood of payments received being lost or stolen and not be detected. In addition, the Probation Department is not in compliance with the Sacramento County Charter.

Recommendation

We recommend the Probation to update and implement its policies and procedures regarding timely deposit of cash receipts to comply with the Sacramento County Charter.

Management Response

Probation agrees with the recommendation to update and implement policies and procedures regarding the timely deposit of cash receipts. The department has already begun implementing revised procedures to ensure compliance with the Sacramento County Charter, Article VIII, Section 39. On July 17, 2025, we initiated changes to our deposit process to ensure that all fees and monies collected are deposited into the County Treasury within seven (7) days of receipt. Staff are currently being trained on the updated procedures, and we are formalizing documentation to support consistent compliance moving forward.

2. Bus Passes

Criteria

Probation should document all bus passes in its tracking file to adequately account for all bus passes on hand for the entire department including bus passes issued to the divisions in an earlier period that have not yet been used.

Condition

Probation Fiscal Services' staff purchase bus passes for the Probation Department's use and distributes bus passes to the divisions when requested. Bus passes distributed to divisions were tracked on Fiscal Service's inventory tracking files. The divisions also maintained a tracking log for the bus passes issued for their business use and records distribution to customers. However, Fiscal Services did not maintain central bus pass balance tracking report showing the total balance of Probation's bus passes; therefore, bus passes distributed by Fiscal Services, but not used by the divisions in the prior year could have been unidentified during our count.

We counted nine (9) bus passes valued at $7.00 per pass for a total of $63.00 for Probation's Placement Services division and compared the count to the division records. These bus passes were distributed by Fiscal Services. The tracking file maintained by Placement Services documented 50 bus passes with 41 being issued and nine (9) remaining bus passes. However, we noted that these 50 bus passes distributed to the division were not documented on Fiscal Services' current bus pass inventory tracking file and Fiscal Services' staff did not know of these bus passes' existence. This amount is not reported as a variance in ATT 1 – *Schedule of Accountability* as there were records maintained by Placement Services.

In addition, during our bus pass count of Adult Court Services division, we noted the variance of two (2) bus passes for a total of $14.00 which was marked as distributed to customers on record; however, these two (2) passes ultimately were not used and kept at the Adult Court Services division.

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We did not count $21.00 for three (3) passes at $7.00 per pass held by a Probation Officer offsite as they were not available for the count.

Cause
It appears that Probation did not maintain adequate policies and procedures to track and safeguard bus pass inventory and did not maintain central bus pass balance which makes it difficult to account for all bus passes on hand.

Effect
Not tracking all the bus passes on hand could lead to theft or misappropriation of assets that goes undetected.

Recommendation
We recommend Probation update its policies and procedure to ensure that all bus passes are properly accounted for. Probation should track and maintain all bus passes including total bus pass balance for the entire department.

Management Response
The Probation Department has started implementing improvements to our bus pass tracking procedures. We are enhancing our centralized inventory tracking to include all bus passes on hand across the department, including those previously distributed to divisions but not yet used. This centralized approach will improve accountability and ensure accurate reporting of total bus pass balances. Updated procedures are being documented, and staff will be trained to ensure consistent application moving forward.

3. **Capital Assets**

Criteria
Per Finance 1301: Asset Capitalization, an inventory of capital assets should be performed on a regular basis. The frequency of inventory shall be determined by the Director of Finance to meet applicable regulations. Also, Finance 1301 noted "*Physical inventory shall be performed no less than once every three years for all assets and once every two years for federally funded assets.*"

Probation should know where assets are located and track any movement if an asset is relocated.

All capital assets should be tagged with an assigned asset/inventory number in order to properly track and account for the asset. Probation should enter complete and accurate information into COMPASS.

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Per County of Sacramento's Asset Capitalization Policy, the capitalization threshold for equipment was $5,000 or more from July 1, 1996, through June 30, 2025.

Capital assets that are inoperable should be removed from Probation's capital asset listing.

Condition
During our inspection of a sample of 35 out of 387 capital assets under Probation, we noted the following:

- One (1) asset could not be located for our inspection to determine existence and whether asset is in an operable condition during fieldwork. Probation indicated that the asset may be out for repairs. Probation subsequently reported that the asset was located.

  Asset # 87228 – Networked Video Recorder

- Nine (9) assets did not have an asset tag or inventory tag affixed to the asset.

  Asset #86457 – Training Lab Turnkey System
  Asset #87575 – Moto Shot ELITE Target System
  Asset #65398 – Baileigh Tube Bender
  Asset #90354 – TEK84 Intercept Body Scanner
  Asset #91018 – Narcotic Analyzer Device
  Asset #91261 – Computer Voice Stress Analyzer (CVSA) III
  Asset #92206 – Vero Vision Mail Scanner – Gen 3
  Asset # 71175 – Cutting Table w/ Control Software
  Asset # 42290 – Metor M-200 Metal Detector, Walk Thru Multi Zone

- One (1) asset selected for inspection actually had multiple components that were stationed in different locations. In reviewing this asset with Department of Finance staff, this asset was deemed to be capitalized incorrectly and needs to be removed. Acquisition value for these components should not have been capitalized as they do not meet the County Asset Capitalization Threshold. The recorded acquisition value for the asset was $52,690.56. The book value of the asset is $0.00.

  Asset # 86040 – AV Computer Equipment

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- One (1) asset was inoperable.

  Asset #65398 – Baileigh Tube Bender

Cause
It appeared that Probation did not have adequate policies and procedures in place to ensure the accurate reporting and safeguarding of capital assets and did not conduct periodic physical inventory inspections.

Effect
Not recording complete and accurate information in COMPASS and having assets without inventory numbers makes it hard to track assets and increases vulnerability to theft or misappropriation.

Probation's capital asset listing will be incorrectly stated until the capital asset that was improperly capitalized and inoperable and unused equipment are removed from COMPASS.

Recommendation
We recommend Probation conduct a physical inventory inspection, conduct future physical inventories as directed by the Department of Finance, update its policies and procedures over capital assets to ensure that all capital assets are properly tagged with assigned inventory numbers and accurately recorded with all required asset information in COMPASS for proper tracking and safeguarding.

We also recommend Probation submit Equipment Movement Reports to retire assets that were capitalized incorrectly and dispose of inoperable and unused capital assets in accordance with the County of Sacramento's capital asset policy. Probation should work with Department of Finance's Capital Asset staff to resolve the above-mentioned matter.

Management Response
The Probation Department has initiated corrective actions to strengthen our capital asset management practices. We are reinforcing the implementation of physical inventory procedures and ensuring that all capital assets are properly tagged with assigned inventory numbers. Additionally, we are reviewing and updating asset records in COMPASS to maintain complete and accurate information.

In collaboration with the Department of Finance's Capital Asset staff, we are preparing Equipment Movement Reports to retire assets that were improperly capitalized or are

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inoperable. Policies and procedures are being strictly implemented to ensure compliance with Finance 1301 and the County's Asset Capitalization Policy, including adherence to the required inventory frequency and proper tracking of asset movement.

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CURRENT STATUS OF PRIOR RECOMMENDATION

CURRENT STATUS OF PRIOR RECOMMENDATION (REPORT DATE SEPTEMBER 20, 2021 FOR THE CHANGE OF CUSTODY DATE APRIL 30, 2021)

Gift Card Tracking

Prior Recommendation
We recommended Probation use a log such as a spreadsheet to track all gift card activities including issuance of the oldest cards first, distribution, and available ending balance of all gift cards. Log should identify balances available at the divisions that receive the gift cards for distribution to participants.

Current Status of Prior Recommendation
It appears that the prior recommendation has been implemented.