

Internal Services
Department of Finance
Auditor-Controller Division

Ben Lamera,
Assistant Auditor-Controller



Bradley J. Hudson,
County Executive

David Villanueva,
Chief Deputy County Executive

Julie Valverde,
Director of Finance

County of Sacramento

November 28, 2012

Cyndi Lee
Clerk of the Board of Supervisors
County of Sacramento
700 H Street, Room 2450
Sacramento, CA 95814

Dear Ms. Lee:

Enclosed is our final report on the agreed-upon procedures regarding the Clerk of the Board of Supervisors cash handling procedures for September 2012.

We wish to thank your staff for the cooperation and assistance they provided during this procedure.

Sincerely,

JULIE VALVERDE
DIRECTOR OF FINANCE

By: Hong Lun (Andy) Yu
Audit Manager


cc: Kathy McClellan, Administrative Service Officer II

**COUNTY OF SACRAMENTO
INTERNAL SERVICES
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER**

Intra-Departmental Correspondence

October 3, 2012

To: Julie Valverde
Director of Finance

From: Hong Lun (Andy) Yu, C.P.A. 
Audit Manager

Subject: **CLERK OF THE BOARD OF SUPERVISORS CASH REVIEW –
SEPTEMBER 2012**

We have performed the procedures enumerated below for the County of Sacramento, Clerk of the Board of Supervisors (the Clerk of the Board). These procedures were performed solely to evaluate the Clerk of the Board's cash handling control procedures for the month of September 2012. The Clerk of the Board's management is responsible for maintaining sufficient cash handling controls. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to procedures referred to below and is not intended to pertain to any of the Clerk of the Board's other operations, procedures, or compliance with laws and regulations. The procedures we performed are summarized as follows:

- We reviewed the Clerk of the Board's cash handling procedures.

Finding: We noted issues regarding the Clerk of the Board not having proper segregation of duties for deposits and deposit reconciliation reports not being signed. See Attachment II, *Findings and Recommendations*.

- We reconciled daily deposits and cash on hand to the amounts reported on Sacramento County's Financial System (aka COMPASS).

Finding: The daily deposits and cash on hand were reconciled to COMPASS. See Attachment I, *Summary of Deposits and Imprest Cash Counted*.

- We reconciled imprest cash on hand to the authorized amounts posted in COMPASS.

Finding: Imprest cash on hand included a \$20.28 variance in the petty cash fund balance, which will be deposited to balance the amount of petty cash to the authorized amount. See Attachment I, *Summary of Deposits and Imprest Cash Counted*.

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on the Clerk of the Board's cash balances, financial schedules, compliance, or results of our procedures referred above. Accordingly, we do not express such opinions. This report relates only to the review of the Clerk of the Board's cash handling procedures, and does not extend to the Clerk of the Board's operations as a whole. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Treasurer, and the Clerk of the Board'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.

Attachments

cc: Members, Board of Supervisors
David Villanueva, Chief Deputy County Executive
Cyndi Lee, Clerk of the Board of Supervisors
Bryan Celey-Butlin, Assistant Treasurer

COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
CLERK OF THE BOARD OF SUPERVISORS CASH REVIEW
SUMMARY OF DEPOSITS AND IMPREST CASH COUNTED
FOR THE MONTH OF SEPTEMBER 2012

Clerk of the Board of Supervisors (Clerk of the Board)
700 H Street, Sacramento, CA 95814

Funds deposited during September 2012

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Amount Posted by Clerk of the Board</u>	<u>Amount Posted by Treasury</u>	<u>Variance</u>
1300471442	9/11/12	\$ 1,740.00	1,740.00	-0-
1300471610	9/11/12	2,220.00	2,220.00	-0-
1300471975	9/14/12	972.60	972.60	-0-
1300472688	9/25/12	2,280.00	2,280.00	-0-
1300472966	9/26/12	4,560.00	4,560.00	-0-
1300472995	9/26/12	2,340.00	2,340.00	-0-
1300473021	9/26/12	810.00	810.00	-0-
1300473362	9/28/12	676.00	676.00	-0-
1300473364	9/28/12	61.11	61.11	-0-
1300473387	9/28/12	840.00	840.00	-0-

Imprest Funds Counted on September 22, 2012

	<u>Authorized Imprest Amount</u>	<u>Imprest Cash Counted</u>	<u>Variance</u>
Cash Drawers	\$ 200.00	200.00	-0-
Petty Cash	<u>100.00</u>	<u>120.28⁽¹⁾</u>	<u>20.28⁽²⁾</u>
Total	<u>\$ 300.00</u>	<u>320.28</u>	<u>20.28</u>

(1) Imprest petty cash counted balance includes \$47.13 cash on hand, and \$73.15 in receipts.

(2) The Clerk of the Board has reconciled its imprest fund balance to the approved amount. The \$20.28 variance is a result of the reconciliation process and has been deposited to the County Treasurer.

COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
CLERK OF THE BOARD OF SUPERVISORS CASH REVIEW
FOR THE MONTH OF SEPTEMBER 2012

FINDINGS AND RECOMMENDATIONS

Segregation of Deposit Duties

Comment

During our review of the deposit process for the Clerk of the Board of Supervisors (Clerk of the Board), we noted that one staff member is responsible for preparing the deposit, bringing the prepared funds to County Treasury for deposit, and reconciling the deposit once posted to Sacramento County's Financial System (aka COMPASS). As the deposit process is carried out by one staff member, this is not proper segregation of duties regarding the deposit process.

Recommendation

We recommend that the Clerk of the Board assign one of the deposit responsibilities to another staff member so that there is proper segregation of duties for the deposit process.

Management Response

Due to our limited staffing, one person has been responsible for preparing the deposit, bringing the prepared funds to the County Treasury for deposit, and reconciling the deposit once posted in COMPASS. Beginning with checks logged on November 14, 2012, a Deputy Clerk II will be permanently assigned the task of bringing the prepared funds to the County Treasury for deposit.

Daily Cash Reconciliation Report Signature

Comment

The Clerk of the Board reconciles cash receipts by electronic spreadsheets daily. After the reconciliation is completed, the staff that performs the reconciliation prints a hard copy of the daily cash reconciliation report and submits the report to another staff for preparation of deposits. While reviewing the daily cash reconciliation report, we noted that the names of the staff who performed the reconciliation was typed and printed on the report, however, the reports were not signed by the staff who performed the reconciliation. Signatures on the report are a way to certify that the daily cash reconciliation report is completed by the staff at a certain date. Without a signature, we cannot verify that the daily cash reconciliation report was performed by the staff on the date indicated on the report. The electronic spreadsheet can be modified or adjusted after the reconciliation is performed, and with all information on the report typed in, it can be done by any staff member at any time. Therefore, the daily reconciliation report could be altered without notice.

COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
CLERK OF THE BOARD OF SUPERVISORS CASH REVIEW
FOR THE MONTH OF SEPTEMBER 2012

FINDINGS AND RECOMMENDATIONS

Recommendation

We recommend that immediately after a staff finishes the daily cash receipt reconciliation report, the staff print a hard copy of the daily reconciliation report, then sign and date the report.

Management Comment

Effective November 14, 2012, staff began signing and dating the printed daily cash receipt reconciliation reports.

Voided Receipt

Comment

The Clerk of the Board does not have written procedures for voiding cash receipts. While reviewing the receipt books, we noted that one receipt, number 1391887 had been voided. The copy in the receipt book had been crossed out and the word "void" was written on it. It appears that the original copy of the receipt that would have been provided to the customer had been thrown away. The staff voided the receipt had not signed the copy in the cash receipt book, and no explanation was given as to the reason why the receipt was voided. By not having procedures for voiding cash receipts, a receipt can be voided by anyone for any reason, and Clerk of the Board would have difficulty following up the voided receipt.

Recommendation

We recommend that the Clerk of the Board include voiding cash receipts in its written procedures, to indicate that if a receipt is voided, the original copy of the receipt needs to be maintained in the receipt book, and the staff member responsible for voiding the receipt needs to document the reasons why the receipt was voided along with a signature and date.

Management Response

We have revised our procedures to include instructions on processing voided receipts. All staff responsible for writing receipts will be instructed to leave voided receipts in the book and to document the reason the receipt was voided. A log will be placed at the front counter near the receipt books for the purpose of logging voided receipts. In addition voided receipts will be noted on the daily cash reconciliation report.