

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT
COUNTY CLERK/RECORDER
CASHIERING MODULE SOFTWARE
SYSTEM REVIEW
JULY 1, 2020 TO SEPTEMBER 4, 2020



Audit Committee Submittal Date: 01/08/2021

SUMMARY

Background

The County Clerk/Recorder (CCR) is the custodian of official records for Sacramento County. CCR is responsible for complying with the State of California's statutory requirements. Some of the CCR's various responsibilities include: recording real property documents, issuing marriage licenses, issuing birth and death certificates, filing and maintaining oaths of office, performing civil marriages, and authenticating notary public and public health officer records.

The Department of General Services published a request for proposal (RFP) in May 2015 to solicit software providers in order to replace CCR's multifaceted and disparate software systems with a single fully integrated platform. The new software system needed to fulfill all of CCR's core business requirements of: recording, cashiering, accounting, and indexing. With resolution #2016-0170 approved on March 22, 2016, the County Board of Supervisors approved the CCR's acquisition of a new software system.

CCR requested the Internal Audits Unit (IAU) to review the cashiering module of their new software system and related cash handling procedures.

Audit Objective

The objectives of the audit are to identify and assess key processes and controls related to the cashiering module for CCR software system and design tests to verify that key controls are in place and functioning as intended for its cashiering functions.

Summary

There were two (2) deficiencies noted after reviewing the cashiering module and related cash handling procedures for the CCR's new software system. The deficiencies noted were for the CCR not having written operating instructions for the cashiering module's usage and staff members having full permission rights within the software system.

Department of Finance

Ben Lamera
Director



Auditor-Controller Division

Joyce Renison
Assistant Auditor-Controller

County of Sacramento

November 2, 2020

Donna Allred, County Clerk/Recorder
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The Sacramento County Clerk/Recorder (CCR) migrated to a new software system on June 5, 2017 in order to consolidate its multifaceted and disparate platform infrastructure into a single fully integrated software system. As requested by the CCR, we audited selected key processes and controls related to the cashiering module for the new CCR software system and related cash handling procedures for the period July 1, 2020 to September 4, 2020.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit was conducted to assess and identify key processes and controls for the cashiering module of the CCR software system and related cash handling procedures, and design tests to verify that key controls are in place and functioning as intended.

Management is responsible for the design, implementation, and maintenance of effective internal controls to ensure compliance with federal and state regulatory requirements. Management is also responsible for maintaining effective and efficient internal controls to safeguard County assets.

The scope of our audit will include the cashiering module of the CCR software system and related cash handling procedures for the period July 1, 2020 to September 4, 2020.

The audit methodology utilized to conduct this performance audit included:

Internal Control Review:

- We conducted a preliminary survey of the internal control environment and identified key controls related to the cashiering module of the CCR software system and related cashiering functions.

Donna Allred, County Clerk/Recorder
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Document Review:

- We reviewed the agreement between the CCR and the software system vendor AgileFlow (formerly known as ACS Enterprise Solutions, LLC), related to required agreement performances for the cashiering module of the software system.
- We reviewed selected cashiering transactions and supporting documentation related to the CCR's cashiering operations for consistency with County of Sacramento policies and procedures and agreement requirements.

Testing:

- We tested, on a sample basis, key internal control processes identified for the cashier module for CCR software system and cashiering functions as listed below:
 - Tested 27 cashiering transactions including: cashier job titles, software system permission roles, supporting documents, agreement Sacramento County's financial system (a.k.a. COMPASS), transaction processes, and CCR's approved payment schedule.
 - Tested ten (10) certified document numbers from CCR's banknote vault log to identify any transactions not processed in the software system.
 - Compared job duties for five (5) CCR staff members to their authorized permission roles in the software system.

In connection with this audit, there are certain disclosures that are necessary pursuant to *Generally Accepted Government Auditing Standards*.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair *Generally Accepted Government Auditing Standards'* independence standards. Specifically, "auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit."

Although the Director of Finance is statutorily obligated to maintain the accounts of departments, districts or funds that are held in the County Treasury, we believe that the following safeguard and division of responsibility exist. The staff that has the responsibility to perform audits within the Auditor-Controller Division has no other responsibility of the accounts and records being audited including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

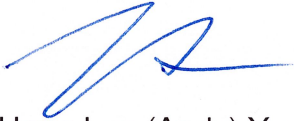
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Based on our audit, there were two (2) exceptions noted related to the cashiering module of the CCR's software system and related cash handling procedures for the period July 1, 2020 to September 4, 2020. See Attachment I, *Findings and Recommendations*.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, and the CCR's management, and should not be used for any other purpose. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Hong Lun (Andy) Yu, CPA
Audit Manager

Attachment I: *Findings and Recommendations*

County of Sacramento
Sacramento County Clerk/Recorder
Cashier Module Software System Review
Findings and Recommendations
July 1, 2020 to September 4, 2020

FINDINGS AND RECOMMENDATIONS

1. Written Software System Operating Procedures

Condition

The County Clerk/Recorder (CCR) does not have written operating procedures or manual for its clerk recorder software system. CCR staff was trained on the new software system, but staff was not given an operating instruction manual for the software system's usage.

Criteria

Written procedures allow organizations to effectively communicate and consistently apply working standards throughout the organization. Organizations with written procedures can: save time, reduce mistakes, promote consistency, and document institutional knowledge regarding the software system's usage.

Effect

The lack of written software system operating procedures can lead to increased errors, inconsistency, and reduced work quality.

Cause

The CCR's software system was scheduled to be implemented in phases. The cashiering module is functional, but the remaining phases and modules have yet to be fully integrated. The CCR is waiting for the software system to be completed and fully functional before developing an operating instruction manual for the software system's usage.

Recommendation

We recommend CCR create written procedures for its CCR software system.

Management's Response

The first finding is that CCR does not have written operating procedures or a manual for the program, and the Recommendation is to create written procedures when all phases have been fully integrated. While some system processes have been incorporated into updated procedures, the Department agrees with the Recommendation and will implement when appropriate.

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FINDINGS AND RECOMMENDATIONS

(Continued)

2. Software System Permission Roles

Condition

The CCR has five (5) staff members that have full permission rights within the clerk recorder software system. Additionally, one (1) staff member from the Department of Technology (D-Tech) and the software system's vendor have full access and permission rights to the CCR software system. Individuals granted full access and permission rights to the software system are permitted to perform accounting functions, void transactions, cashier payments, and update permission rights, etc.

Criteria

Individuals with access rights to the CCR software system should have permission rights consistent with their job duties.

Effect

Errors and the possible misappropriation of funds and assets could occur when individuals have permission rights within the CCR software system that are inconsistent with their job duties.

Cause

CCR's software system is under development and not fully functional. CCR management allowed full access and permission rights to selected staff members and the vendor that were deemed necessary for the software system's development and implementation.

Recommendation

We recommend the CCR review the job duties for staff members with full permission rights once full implementation of the software system is completed. Software system permission rights should be updated to reflect the job duties performed by those staff members.

Management's Response

The second finding pertains to the level of staff access to system permissions. The Department agrees with the Recommendation to review and update permission rights based on job duties, when the system is fully implemented.