

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDITS REPORT**

**CHANGE OF CUSTODY  
AGREED-UPON PROCEDURES REPORT  
AS OF MARCH 1, 2023**

**DEPARTMENT OF FINANCE**



**Audit Committee Submittal Date: 08/17/2023**

## **SUMMARY**

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### **Background**

The Department of Finance (DOF) performed a change of custody agreed-upon procedures for the outgoing Director of Finance with a change of custody date of March 1, 2023.

### **Audit Objective**

To inspect DOF's cash and assets as of March 1, 2023 and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted issues related to DOF's capital asset inventory record and outdated Deputy Auditor- Controller list.

**Department of Finance**

Joyce Renison  
Interim Director



**County of Sacramento**

**Divisions**

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

June 20, 2023

Joyce Renison, Interim Director  
Department of Finance  
County of Sacramento  
700 H Street, Suite 3650  
Sacramento, CA 95814

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

We have performed the procedures enumerated below, which were agreed to by the Sacramento County Department of Finance (DOF) regarding the change of custody on March 1, 2023. We performed our procedures at DOF's various locations. DOF's management is responsible for maintaining sufficient controls for its accounting operations and assets. The sufficiency of these procedures is solely the responsibility of DOF's management. 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 the procedures referred to below and is not intended to pertain to any of DOF's other operations, procedures or compliance with laws and regulations.

Our procedures and results are summarized as follows:

1. We counted DOF's imprest cash and all cash receipts on hand, and compared it to the authorized amount in the Sacramento County Financial System (COMPASS).

Result: DOF's imprest cash agreed to the authorized amount without any exceptions. See ATT 1 – *Schedule of Accountability*.

2. We reviewed the capital asset listing and inspected a sample of 11 out of total 41 capital assets for testing.

Result: We noted an issue related to capital asset recordkeeping. See ATT 1 – *Schedule of Accountability* and Finding #1 at ATT 2 - *Current Findings and Recommendations*.

3. We reviewed bank reconciliations prepared by the Treasurer's Office and compared the amounts to COMPASS.

Joyce Renison, Interim Director

June 20, 2023

Result: Bank reconciliations agreed with COMPASS information.

4. We reviewed the Treasurer Investment Reports and reconciliation information for pooled and non-pooled investments and compared the total to COMPASS.

Result: Treasurer Investment reports and reconciliations agreed to COMPASS. See ATT 1 – *Schedule of Accountability*.

5. We reviewed the warrant stock control numbers and the destruction of the physical and electronic warrant signature plates of the outgoing Director of Finance.

Result: We did not note any exceptions from these procedures performed.

6. We verified that Departments that have personnel deputized by Director of Finance for signature authority were timely notified of the departure of Director of Finance.

Result: The Departments were timely notified of the departure of Director of Finance. However, we noted an area of concern related to obsolete information on Deputy Auditor-Controller list. See Finding #2 at ATT 2 - *Current Findings and Recommendations*.

Except for paragraph 3.56 of *Generally Accepted Government Auditing Standards (GAGAS)*, this agreed-upon procedures engagement was conducted in accordance with the Standards for Attestation Engagements contained in *GAGAS*, issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit or examination, the objective of which would be the expression of an opinion or conclusion, respectively, on DOF'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.

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 responsible for and overseeing internal controls over DOF's operations, the staff that has the responsibility to perform this agreed-upon procedures has no responsibility regarding the internal controls over DOF's operations tested or reviewed, the accounts or records being inspected including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

Joyce Renison, Interim Director

June 20, 2023

DOF's response to the findings identified during our procedures is described in ATT 2 - *Current Findings and Recommendations*. We did not perform procedures to validate DOF'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 DOF'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,

JOYCE RENISON  
INTERIM DIRECTOR OF FINANCE



By: Tae-Young Kang, CPA  
Audit Manager

cc: David Villanueva, Deputy County Executive, Administrative Services  
Mark Aspesi, Assistant Auditor-Controller, Department of Finance

Attachments:

ATT 1 - *Schedule of Accountability*  
ATT 2 - *Current Findings and Recommendations*

**COUNTY OF SACRAMENTO  
DEPARTMENT OF FINANCE  
CHANGE OF CUSTODY  
SCHEDULE OF ACCOUNTABILITY**

**March 1, 2023**

<b>Imprest Cash</b>	Authorized Amount	Counted Amount	Variance
Administration	\$ 150	150	0
CUBS	900	900	0
Treasury	12,300	12,160	(140) <sup>1</sup>
<b>Collected Receipts</b>	Deposited Amount	Counted Amount	Variance
Payroll	\$ 60	60	0
Revenue Recovery	15,206	15,206	0
CUBS	92,432	92,432	0
Treasury	2,064,861	2,064,861	0
<b>Pooled Investments</b>	Custodian Amount	Reconciled Amount	Variance
Pooled Funds	\$ 6,456,786,405	6,456,786,405	0
<b>Non-Pooled Investments</b>	Custodian Amount	Reconciled Amount	Variance
Non Pooled Funds	\$ 911,253,645	911,253,645	0
<b>Capital Assets on Hand</b>	Total Acquired Value Reported	Total Acquired Value Inspected	Exception
Capital Assets	\$ 15,218,765	6,860,602	0

<sup>1</sup> The \$140 difference represents cash shortage and was properly accounted for according to Treasury's policies and procedures . In addition, this amount is below the \$200 single cash loss or \$500 annual cash loss threshold requiring submission of relief of accountability.

County of Sacramento  
Department of Finance  
Change of Custody  
Current Finding and Recommendation

March 1, 2023

## 1. Capital Asset Inventory Record

### **Condition:**

During our inspection of capital assets, we noted that Opex Falcon 5 Scanner (asset # 85699) with an acquisition value of \$30,733.51 and a book value of \$4,610.03, located at Remittance Processing, did not have a County property tag assigned and the asset's serial number was not recorded in Sacramento County Financial System (COMPASS).

### **Criteria:**

Capital asset information entered into COMPASS should be complete, accurate, and all capital assets should be tagged with County inventory number so that assets can be properly tracked and accounted for.

### **Effect:**

Capital assets without complete and accurate information recorded in COMPASS and/or missing county inventory tags may not be safeguarded from loss.

### **Recommendation:**

We recommend Department of Finance (DOF) properly tag all capital assets with county inventory number and record complete and accurate asset information in COMPASS.

### **Management Response:**

We agree with the finding and will provide additional training and information to ensure all assets are properly tagged and recorded in the system.

## 2. Outdated Deputy Auditor-Controller List

### **Condition:**

During our review of the Deputy Auditor-Controller list, maintained by DOF Administrative Division, we noted that DOF was not notified for departure of Deputy Auditor-Controllers from several County departments; therefore, the Deputy Auditor-Controllers who departed from the departments were not formally de-deputized and the Deputy Auditor-Controllers list was not up to date.

County of Sacramento  
Department of Finance  
Change of Custody  
Current Finding and Recommendation

March 1, 2023

**Criteria:**

DOF should maintain accurate Deputy Auditor-Controller list.

**Effect:**

Not formally removing deputized authority may allow improper signing authority be exercised by unauthorized personnel. In addition, absence of Deputy Auditor-Controllers due to departure from the departments may not be detected by DOF to prevent the departments' operational disruption or delay due to absence of signing authority within the departments.

**Recommendation:**

We recommend that DOF send out the Deputy Auditor-Controller list to all applicable County departments periodically to verify that the information on the list is current and accurate and follow up with those departments whose information on the list is not current to update the signing authority information in a timely manner.

We also recommend DOF establish a formal policies and procedures related to adding and removing of Deputy Auditor-Controller so that the process can be performed timely and consistent manner.

**Management Response:**

We agree with the finding and will send out the Deputy Auditor-Controller list to the Departments to verify the information on the list is up-to-date. Also, we will establish formal policies and procedures related to adding and removing Deputy Auditor-Controllers in order to timely update the list.