

# COUNTY OF SACRAMENTO

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

## INTERNAL AUDIT REPORT

SHERIFF'S DEPARTMENT  
SUPPORT SERVICES DIVISION,  
FISCAL AND ALARM UNITS  
AGREED UPON PROCEDURES

CASH HANDLING REVIEW



Audit Committee Submittal Date: 12/15/2022

## **SUMMARY**

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### **Background**

The Department of Finance (Finance) performed a cash handling review of the Sacramento County Sheriff's Department, Support Services Division, Fiscal and Alarm Units.

### **Audit Objective**

Agreed upon procedures were performed to verify the account balances of imprest cash, external bank accounts, and money received from Fiscal and Alarm Unit's daily operations for the review period March 28, 2022 to May 5, 2022.

### **Summary**

We noted exceptions related to Alarm Unit's separation of duties over cash handling and Fiscal Unit's imprest checking account reconciliation process. Both exceptions are repeat findings from prior cash handling review report.



County of Sacramento

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*Intra-Departmental Memorandum*

November 8, 2022

To: Peggy Marti  
Assistant Treasurer

From: Ben Lamera  
Director of Finance

A handwritten signature in black ink, appearing to be "BL", written over a horizontal line.

By: Hong Lun (Andy) Yu, C.P.A.  
Chief of Audits

Subject: **SACRAMENTO COUNTY SHERIFF'S DEPARTMENT, SUPPORT SERVICES DIVISION, FISCAL AND ALARM UNITS' CASH HANDLING REVIEW - FOR THE PERIOD OF MARCH 28, 2022 TO MAY 5, 2022**

We have performed the procedures enumerated on page 2, which were agreed to by you, for the Sacramento County Sheriff's Department (Sheriff), Support Services Division, Fiscal and Alarm Units (Units) as listed below:

- Sacramento County Sheriff's Department
- Support Services Division
    - Fiscal Unit
    - Alarm Unit

These agreed-upon procedures were performed solely to assist you to evaluate the above Units' cash handling control procedures for the period of March 28, 2022 to May 5, 2022. For the purpose of this cash handling review, "cash" is defined as all forms of money, and includes, but is not limited to, currency, coin, checks, electronic checks, money orders, credit cards, and debit cards.

Sheriff's management is responsible for monitoring and maintaining sufficient cash handling controls for its Divisions and Units. 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 and on the next page 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 on the next page and is not intended to pertain to any of Sheriff's other operations, procedures, or compliance with laws and regulations.

The procedures we performed for the Units' are summarized as follows:

1. We visited the Units' locations unannounced and observed and documented how the cashiers handle cash received, and performed a walkthrough of the cash receipt process with the cashiers.

Result: We did not note any exceptions as a result of this procedure.

2. We obtained and reviewed the Units' cash receipt policies and procedures to identify any concerns or internal control issues.

Result: We did not note any exceptions as a result of this procedure.

3. We reconciled daily deposits to the amounts reported on the Sacramento County Financial System (a.k.a. COMPASS).

Result: We did not note any exceptions as a result of this procedure.

4. We reconciled online payments reported in Alarm Unit's billing, receivable, and management system, CryWolf, to the amounts reported in COMPASS.

Result: We did not note any exceptions as a result of this procedure.

5. We reconciled imprest checking account to the authorized amounts posted in COMPASS.

Result: We did note that the correction of reconciling items were not timely. See ATT 2 - *Current Findings and Recommendations*.

6. We determined the current status of prior findings and recommendations reported on the Units' prior cash handling review report dated March 30, 2016.

Result: We noted that one of the prior findings has not been fully corrected as mentioned in number 5 above. See ATT 3 - *Current Status of Prior Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with the Standards for attestation Engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit, examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Sheriff's fiscal processes, financial schedules, 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.

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

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, County Treasury, and Sheriff'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

*ATT 1 - Summary of Deposits and Imprest Cash*

*ATT 2 - Current Findings and Recommendations*

*ATT 3 - Current Status of Prior Findings and Recommendations*

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
SUPPORT SERVICES DIVISION  
FISCAL AND ALARM UNITS  
CASH HANDLING REVIEW  
SUMMARY OF DEPOSITS AND IMPREST CASH  
FOR THE PERIOD MARCH 28, 2022 TO MAY 5, 2022

## DEPOSITS

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Sheriff's Deposit Record</u>	<u>Amount Posted by Treasury</u>	<u>Variance</u>
1300803494	3/29/2022	\$ 9,054.85	9,054.85	0.00
1300804092	4/5/2022	16,350.00	16,350.00	0.00
1300804338	4/7/2022	2,497.00	2,497.00	0.00
1300804794	4/12/2022	2,270.00	2,270.00	0.00
1300805010	4/14/2022	5,930.00	5,930.00	0.00
1300805326	4/19/2022	5,810.00	5,810.00	0.00
1300805526	4/21/2022	1,285.00	1,285.00	0.00
1300805856	4/26/2022	1,950.00	1,950.00	0.00
1300806526	5/3/2022	15,990.00	15,990.00	0.00

## ONLINE PAYMENTS

<u>Online Payment</u>	<u>Deposit Date</u>	<u>Sheriff's Deposit Record</u>	<u>Amount Posted by Treasury</u>	<u>Variance</u>
Credit Cards and E-Checks	4/1/2022 - 4/30/2022	\$ 50,850.00	50,293.00	557.00 <sup>(1)</sup>

## IMPREST CASH

<u>Imprest Cash Location</u>	<u>Revolving Fund Balance</u>	<u>Authorized Amount</u>	<u>Variance</u>
Revolving Fund Checking Account	\$ 3,300.00	3,300.00	0.00

<sup>(1)</sup> \$512.00 difference due to timing of receipts and deposits to Sacramento County Financial System (a.k.a. COMPASS)

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SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
SUPPORT SERVICES DIVISION  
FISCAL AND ALARM UNITS  
CASH HANDLING REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD MARCH 28, 2022 TO MAY 5, 2022

**1. Separation of Duties – Alarm Unit**

Condition

We noted that the cash handling procedures of the Sacramento County Sheriff, Support Services Division, Alarm Unit, did not have proper separation of duties for mail-in payments of checks. Alarm's Sheriff Records Specialist II receives mail and makes deposits to billing, receivable, and management system, CryWolf. With one person performing all check deposit duties, there is no check and balance in place to ensure the work is performed correctly.

This is a repeat finding from report dated March 30, 2016.

Criteria

Proper internal controls dictate separation of duties for mail-in payments from receipt to deposit to Treasury.

Sheriff's Office General Order, Cash Handling, Shortage and Overage Procedures Section II, states in pertinent part, *"No one person or department should handle all aspects of a cash transaction from beginning to end. If the size of the program does not allow for complete separation of duties, the program must establish additional procedures to mitigate internal weaknesses such as increasing the supervision of staff involved."*

Effect

Without proper separation of duties present, accounting errors or misappropriation of funds could go undetected without management's knowledge.

Recommendation

We recommend Alarm Unit consider adding another person to the cash handling process and having them either open the checks or add deposits to CryWolf, in order to have greater separation of duties regarding the billing-receipting process.

Sheriff's Management's Response

We agree with the auditor's recommendation and the following action have been taken to improve the situation. We now have one Sheriffs Records Specialist Level 2 open the mail, endorse the checks, and create a daily batch that will be forwarded to the second Sheriffs Records Specialist Level 2 who will apply the payments to customer's accounts in CryWolf. The Administrative Services Officer 3 supervising the Unit will continue to review, verify, and create the deposit permit for the daily batches in the Comprehensive Online Management Personnel and Accounting System (COMPASS).

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
SUPPORT SERVICES DIVISION  
FISCAL AND ALARM UNITS  
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CURRENT FINDINGS AND RECOMMENDATIONS  
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**2. Imprest Checking Account Reconciling Items – Fiscal Unit**

Condition

We noted that the Sacramento County Sheriff's Department, Fiscal Unit, did not correct reconciling items for the imprest checking account on a timely basis. We noted that reconciling items that occurred in June 2019 were resolved until April 29, 2022.

Criteria

Proper internal controls dictate that bank account reconciling items be corrected on a timely basis.

Sheriff's Department General Order, Cash Handling, Shortage and Overage Procedures Section III, H., states in pertinent part, *"Monthly bank reconciliations will be prepared by employees not responsible for the issuance or custody of cash....The completed reconciliation will be reviewed promptly by appropriate personnel."*

Effect

Not correcting reconciling items timely may lead to accounting errors or going undetected or misstating account balances.

Recommendation

We recommend the Fiscal Unit develop procedures to ensure bank account reconciling items are corrected at least monthly.

Management's Response

We agree with the auditor's recommendation and the issue had already been addressed and corrected as of April 29, 2022, prior to the cash handling review. A monthly bank reconciliation is, and always has been, completed on a monthly basis. A memo was sent to Department of Finance on April 29, 2022 explaining the delayed reimbursement request referenced in this finding.

**3. Repeat Findings**

Condition

We noted Finding #1 and #2 are repeat findings from the prior cash handling review report, see ATT 3 - *Current Status of Prior Findings and Recommendations*.



SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
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CURRENT FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD MARCH 28, 2022 TO MAY 5, 2022

Criteria

Proper internal controls dictate that identified findings be resolved in a timely manner.

Recommendation

We recommend the Fiscal and Alarm Units implement procedures that ensure noted findings are fully implemented and monitored for compliance.

Sheriff's Management's Response

We agree with the auditor's recommendation. As stated in the management responses above, processes are now in place and the Sheriff's Office has fully implemented recommendations.

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
SUPPORT SERVICES DIVISION  
FISCAL AND ALARM UNITS  
CASH HANDLING REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD MARCH 28, 2022 TO MAY 5, 2022

**FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE MONTH OF  
SEPTEMBER 2015, DATED MARCH 30, 2016**

**1. Separation of Duties – Mail-In Payments**

Prior Recommendation

The Sacramento County Sheriff's Department, Fiscal and Alarm Units should comply with the Sheriff's Department General Order Cash Handling Procedures and implement proper internal controls over their mail-in payments cash handling process by separating their mail in payments cash handling responsibilities.

Current Status

It appears the prior recommendation has been implemented by the Fiscal Unit, but not implemented by the Alarm Unit. See Finding #1 at ATT 2 - *Current Findings and Recommendations*.

**2. Systems Restrictions**

Prior Recommendation

We recommended the Fiscal and Alarm Units place proper restrictions on Alarm Unit's billing, receivable, and management system, CryWolf, and the electronic mail log, respectively, to assign proper access to the appropriate staff. In addition, we recommended these Units perform adjusting entries for any transactions that need to be corrected once posted in the systems and any deletions are not allowed.

Current Status

It appears the prior recommendation has been implemented.

**3. Depositing of Payments**

Prior Recommendation

We recommend the Fiscal Unit to deposit all checks in a timely manner, at least once a week.

Current Status

It appears the prior recommendation has been implemented.

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
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CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD MARCH 28, 2022 TO MAY 5, 2022

**FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE MONTH OF  
SEPTEMBER 2015, DATED MARCH 30, 2016**

**4. Posting of Payments**

Prior Recommendation

We recommended the Fiscal Unit reconcile its check log to deposits in COMPASS and note and investigate any discrepancies.

Current Status

It appears the prior recommendation has been implemented.

**5. Revolving Fund Checking Account**

Prior Recommendation

We recommended the Fiscal Unit reconcile its revolving fund checking account amount to the authorized amount posted in COMPASS and investigate and resolve any discrepancies. We further recommended the Fiscal Unit identify the stale dated checks that make up the variance and issue replacement checks to the rightful payees, or deposit the difference to Sacramento County Treasury.

In addition, revolving fund checks should be locked in a secure location with restricted access, and any unauthorized signers be immediately removed from the checking account to prevent misappropriation of funds. Also the Unit should update and review the list of authorized signers periodically.

Current Status

It appears the prior recommendation has been partially implemented. We noted that the resolution of discrepancies did not occur timely as noted in Finding #2 at ATT 2 - *Current Findings and Recommendations*.

**6. Repeat Findings**

Prior Recommendation

We recommended the Fiscal Unit to implement all recommendations that were noted in our previous report dated March 28, 2014.

Current Status

It appears the prior recommendations have been implemented except for revolving fund checking account reconciliations as noted in number 5 above.