

# COUNTY OF SACRAMENTO

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

## INTERNAL AUDIT REPORT

**SHERIFF'S DEPARTMENT  
FIELD AND INVESTIGATIVE SERVICES,  
OFF-DUTY EMPLOYMENT UNIT  
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, Field and Investigative Services Division, Off-Duty Employment Unit.

### **Audit Objective**

Agreed upon procedures were performed to verify the account balances of imprest cash, external bank accounts, and money received from Off-Duty Employment Unit's daily operations for the review period April 20, 2022 to May 5, 2022.

### **Summary**

We noted an exception related to Off-Duty Employment Unit's separation of duties over cash handling.



County of Sacramento

*Intra-Departmental Memorandum*

November 8, 2022

To: Peggy Marti  
Assistant Treasurer

From: Ben Lamera  
Director of Finance

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

A handwritten signature in black ink, appearing to be "A Yu", written over the name of the Chief of Audits.

Subject: **SACRAMENTO COUNTY SHERIFF'S DEPARTMENT, FIELD AND INVESTIGATIONS SERVICES DIVISION, OFF-DUTY EMPLOYMENT UNIT CASH HANDLING REVIEW - FOR THE PERIOD APRIL 20, 2022 TO MAY 5, 2022**

We have performed the procedures enumerated below, which were agreed to by you, for the Sacramento County Sheriff's Department (Sheriff), Field and Investigations Services Division, Off-Duty Employment Unit (Off-Duty).

These agreed-upon procedures were performed solely to assist you to evaluate Off-Duty's cash handling control procedures for the period April 20, 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 Off-Duty are summarized as follows:

1. We obtained and reviewed Off-Duty's cash receipt policies and procedures to identify any concerns or internal control issues.

Result: We noted that one staff person performs the billing, recording of checks received, and preparation of deposits. With one person performing all duties there is no check and balance in place to ensure the work is performed correctly. See ATT 2 - *Current Findings and Recommendations*.

2. We visited Off-Duty's location unannounced, observed and documented how the cashier handled received cash, and performed a walkthrough of the cash receipt process with the cashier.

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

3. We reconciled Off-Duty's 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 determined the current status of findings and recommendations reported on Off-Duty's prior cash handling review report dated March 30, 2016.

Result: All the prior recommendations had been implemented. See ATT 3 - *Current Status of Prior Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of an opinion or conclusion, respectively, on Sheriff'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.

Sheriff's responses to the findings identified during our engagement 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 an opinion 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, Sacramento County Treasurer, 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*

ATT 2 - *Current Findings and Recommendations*

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

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
 FIELD AND INVESTIGATIONS SERVICES DIVISION  
 OFF-DUTY EMPLOYMENT UNIT  
 CASH HANDLING REVIEW  
 SUMMARY OF DEPOSITS  
 FOR THE PERIOD APRIL 20, 2022 TO MAY 5, 2022

DEPOSITS

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Amount Counted<sup>(1)</sup></u>	<u>Sheriff's Deposit Record</u>	<u>Amount Posted by Treasury<sup>(2)</sup></u>	<u>Variance</u>
1300806135	4/28/2022	\$ 104,025.06	104,025.06	104,025.06	0.00
1300806752	5/5/2022	17,184.01	35,478.99 <sup>(3)</sup>	35,478.99	0.00

Amounts represent daily receipts counted from review of checks on May 4, 2022.

Daily receipts were agreed to amounts reported on the Sacramento County Financial System (a.k.a. COMPASS).

\$35,478.99 deposit included \$17,184.01 of Off Duty's check payments counted on May 4, 2022.

See Independent Accountant's Report

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
FILED AND INVESTIGATIONS SERVICES DIVISION  
OFF-DUTY EMPLOYMENT UNIT  
CASH HANDLING REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD APRIL 20, 2022 TO MAY 5, 2022

1. **Separation of Duties**

Condition

We noted that the cash handling procedures of the Sacramento County Sheriff, Field and Investigations Services, Off-Duty Employment Unit (Off-Duty), did not have proper separation of duties for mail-in payments of checks. Off-Duty's Records Officer II receives mail, performs billing, processes payments, and makes deposits via carrier to County Treasury. With one person performing all check deposit duties, there is no check and balance in place to ensure the work is performed correctly.

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 Off-Duty consider filling the vacant position to have greater separation of duties regarding the billing-receipting process.

Sheriff's Management's Response

We concur with this recommendation. It was never the intention to leave the Sheriffs Records Specialist Level 2 position vacant. The position was vacated on September 27, 2020 due to a promotion. The SSO experienced challenges with filling the vacancy due to the strict hiring protocol and background process for the department. The position was filled on June 19, 2022.

COUNTY OF SACRAMENTO  
DEPARTMENT OF CHILD SUPPORT SERVICES  
PROCUREMENT CARD PROGRAM REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS

PERIOD APRIL 1, 2021 TO NOVEMBER 30, 2021

Now that the Off Duty program is fully staffed, the Sheriffs Records Specialist Level 2 is responsible for checking the mail, receiving and logging checks into the Off Duty check log and the Sheriffs Records Officer 2 then verifies the checks, applies the payments in the system and prepares the deposits.

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
FILED AND INVESTIGATIONS SERVICES DIVISION  
OFF-DUTY EMPLOYMENT UNIT  
CASH HANDLING REVIEW  
CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD APRIL 20, 2022 TO MAY 5, 2022

**FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE PERIOD  
JULY 1, 2015 TO SEPTEMBER 30, 2015, DATED MARCH 30, 2016**

**1. Mail Receipt Log**

Prior Recommendation

We recommended Sacramento County Sheriff Department, Field and Investigations Services Division, Off-Duty Employment Unit (Off-Duty) prepare and maintain a mail log for payments received by mail, reconcile the mail log to the database and the deposit made to Sacramento County Treasury, and investigate any discrepancies in a timely manner.

Current Status

It appears the prior recommendation has been implemented.

**2. Check Endorsement**

Prior Recommendation

We recommended Off-Duty restrictively endorse checks immediately upon receipt.

Current Status

It appears the prior recommendation has been implemented.