

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDIT REPORT**

**CASH HANDLING REVIEW  
AGREED UPON PROCEDURES  
FOR THE MONTHS  
AUGUST 2022, SEPTEMBER 2022,  
AND MAY 2023**

**DEPARTMENT OF TECHNOLOGY**



**Audit Committee Submittal Date: 10/19/2023**

## **SUMMARY**

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### **Background**

The Department of Finance performed a cash handling review of the Sacramento County Department of Technology (DTech).

### **Audit Objective**

Agreed upon procedures were performed to evaluate DTech's cash handling control procedures for the months August 2022, September 2022, and May 2023.

### **Summary**

We noted exceptions related to timing of cash receipt deposits and imprest cash fund account.

**Department of Finance**

Chad Rinde  
Director



**County of Sacramento**

**Divisions**

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

August 18, 2023

Peter Aw-Yang, Assistant  
Treasurer Department of  
Finance County of Sacramento  
700 H Street, Room 1710  
Sacramento, CA 95814

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

Dear Mr. Aw-Yang:

At your request, we have performed the procedures enumerated below, and on page 2, which were agreed by you for the Sacramento County (County), Department of Technology (DTech). These procedures were performed solely to evaluate DTech's cash handling control procedures for the months August 2022, September 2022, and May 2023. 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.

DTech's management is responsible for maintaining sufficient cash handling controls. 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 page 2, 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 page 2, and is not intended to pertain to any of DTech's other operations, procedures or compliance with laws and regulations.

The procedures we performed are summarized as follows:

1. We obtained and inspected DTech's cash handling policies and procedures used for cash receipts and cash transaction reports to identify any concerns or internal control issues.

Result: We noted an exception as described in procedure #2. See ATT 2 – *Current Findings and Recommendations*.

Peter Aw-Yang, Assistant Treasurer  
August 18 , 2023

2. We visited DTEch's cashiers on an unannounced basis on May 18, 2023 and observed and documented how the cashier handled cash received and performed a walkthrough of the cash receipt process with cashiers to identify any internal control issue or non-compliance with the County's and/or DTEch's cash receipt policies and procedures.

Result: We noted an exception related to timing of cash receipt deposits.  
See ATT 2 - *Current Findings and Recommendations*.

3. We inspected a sample of DTEch's daily cash receipts to verify transaction receipts were provided to customers, correct amounts were charged and cash receipts were properly safeguarded.

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

4. We performed unannounced cash counts at DTEch's operational location and traced revenues counted to reconciliation schedules and confirmed deposits to Sacramento County's financial system (COMPASS).

Result: We did not note any exception other than the issue described in procedure #2.  
See ATT 2 - *Current Findings and Recommendations*.

5. We performed an unannounced cash count on DTEch's imprest cash and traced the imprest cash on hand to the authorized amounts posted in COMPASS.

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

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

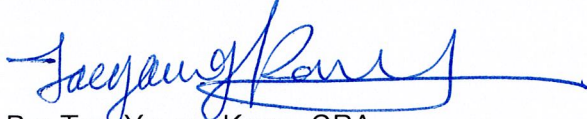
DTEch's response to the findings identified during our engagement are described in ATT 2 - *Current Findings and Recommendations*. We did not perform procedures to validate DTEch's responses to the findings and accordingly, we do not express an opinion on the responses to the findings.

Peter Aw-Yang, Assistant Treasurer  
August 18, 2023

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, Sacramento County Treasurer and DTech'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,

CHAD RINDE  
DIRECTOR OF FINANCE



By: Tae-Young Kang, CPA  
Audit Manager

Attachments:

- ATT 1 - *Summary of Imprest Cash and Cash Receipts*
- ATT 2 - *Current Findings and Recommendations*
- ATT 3 - *Current Status of Prior Recommendations*

COUNTY OF SACRAMENTO  
DEPARTMENT OF TECHNOLOGY  
CASH HANDLING REVIEW  
SUMMARY OF IMPREST CASH AND CASH RECEIPTS  
AUGUST 2022, SEPTEMBER 2022, AND MAY 2023

Imprest Cash

	<u>Amount Authorized</u>	<u>Amount Counted</u>	<u>Variance</u>
Petty Cash	\$ 100.00	100.00	0.00

Cash Receipts

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Amount Tested</u>	<u>Amount Posted in COMPASS</u>	<u>Exception <sup>1</sup></u>
1300813711	8/12/2022	\$ 2.80	2.80	2.80
1300815101	8/26/2022	1.18	1.18	1.18
1300817657	9/21/2022	2.44	2.44	
1300835606 <sup>2</sup>	5/05/2023	3,651.31	3,651.31	
1300835440	5/05/2023	209.45	209.45	
1300836970 <sup>2</sup>	5/19/2023	8,925.00	8,925.00	
1300836637	5/19/2023	206.00	206.00	
1300836184	5/19/2023	21,819.00	21,819.00	21,819.00
1300836579	5/23/2023	284.00	284.00	
1300836573	5/23/2023	306.00	306.00	

<sup>1</sup> Represents amounts that were not deposited within seven (7) days of receipt. See Finding # 1 at ATT 2 - *Current Findings and recommendations* .

<sup>2</sup> Deposit Permit numbers 1300835606 and 1300836970 each consist of two cash receipts for testing.

COUNTY OF SACRAMENTO  
DEPARTMENT OF TECHNOLOGY  
CASH HANDLING REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS  
AUGUST 2022, SEPTEMBER 2022, AND MAY 2023

## 1. Timing of Cash Receipt Deposits

### Condition

Based on our testing of 12 cash receipts, we noted that Department of Technology (DTech) did not deposit three (3) cash receipts to the Sacramento County Treasury within seven (7) days following receipt as required by Sacramento County Charter Article VIII, Section 39.

### Criteria

According to Sacramento County Charter Article VIII, Section 39, *“Every county or township officer, board or commission, authorized to collect fees or money must pay into the county treasury all such fees or moneys collected by him or them, as the case may be, not later than seven (7) days following receipt thereof.”*

### Effect

DTech is not compliant with Sacramento County Charter Article VIII, Section 39. Untimely deposits create opportunities for mishandling or loss of the funds that may not be detected in a timely manner.

### Recommendation

We recommend DTech update its policies and procedures to include the timing of cash receipt deposits consistent with Sacramento County Charter Article VIII, Section 39.

DTech should deposit its cash receipts within seven (7) days following receipt.

### Management Response

DTech’s procedures for Check Deposits now include the requirement for a Deposit Permit to be posted within seven (7) days of departmental receipt

## 2. Imprest Cash Fund Account

### Condition

During our imprest cash review, DTech’s staff could not locate the record of DTech’s imprest cash in Sacramento County’s financial system (COMPASS). Upon further review, we noted DTech’s imprest fund was not recorded in the correct fund account of DTech (031A), but rather recorded under General Fund (001A) in COMPASS.

This is a repeat finding from prior review.

COUNTY OF SACRAMENTO  
DEPARTMENT OF TECHNOLOGY  
CASH HANDLING REVIEW  
CURRENT FINDINGS AND RECOMMENDATIONS  
AUGUST 2022, SEPTEMBER 2022, AND MAY 2023

Criteria

DTech should record its imprest fund under correct fund account (031A) COMPASS.

Effect

DTech's staff was not able to locate the record of DTech's imprest cash in COMPASS. Without the knowledge of proper recording of the fund, DTech may not verify proper authorization of the fund and likely encounter issues when an increase/decrease of the fund is needed in the future.

Recommendation

We recommend DTech contact Department of Finance (DOF), General Accounting Unit to resolve the imprest cash recorded in the incorrect fund account in COMPASS.

Management Response

DTech will contact DOF, General Accounting Unit to close the imprest cash account currently recorded in COMPASS.



COUNTY OF SACRAMENTO  
DEPARTMENT OF TECHNOLOGY  
CASH HANDLING REVIEW  
CURRENT STATUS OF PRIOR RECOMMENDATION  
AUGUST 2022, SEPTEMBER 2022, AND MAY 2023

FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE PERIOD  
SEPTEMBER 2014 THROUGH DECEMBER 2014

**1. Petty Cash (Imprest Cash)**

Prior Recommendation

We recommended Department of Technology (DTech) perform monthly reconciliations and maintain an imprest cash log to ensure all funds disbursed are tracked and reviewed for appropriateness. We also recommended the overage be deposited to County Treasury and Sacramento County's Financial System (COMPASS). Any overages/shortages, should be noted and investigated immediately, posted in the overage/shortage account in COMPASS, and deposited to County Treasury. We further recommended DTech contact the Department of Finance to resolve the imprest cash recorded in the incorrect fund account in COMPASS.

Current Status

DTech performed imprest cash reconciliation and maintained imprest cash log. However, the imprest cash was not recorded in the correct fund account (031A) in COMPASS. See ATT 2 – *Current findings and Recommendations*

**2. County Wide , Cellular Telephones**

Prior Recommendation

We recommended DTech monitor County cell phone usage by reviewing or sampling certain invoices and ensuring all necessary personal cell phone usages were reimbursed. We also recommended DTech's cellular phone coordinator monitor the ongoing cell phone usages to ensure that the cell phones are being used for appropriate business uses.

Current Status

It appears that the prior recommendation has been implemented