

**Department of Finance**

Ben Lamera  
Director



**Auditor-Controller Division**

Joyce Renison  
Assistant Auditor-Controller

**County of Sacramento**

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Subject: Report of Agreed-Upon Procedures for the Sacramento County Sheriff's Department, Civil Bureau's Teleosoft CountySuite Software System Review For The Period From March 9, 2017 To April 28, 2017

Contact: Joyce Renison, Assistant Auditor-Controller, (916) 874-7248

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**ASSIGNMENT**

The Sacramento County Sheriff's Department, Civil Bureau (Civil Bureau) is responsible for providing services related to the civil court process within Sacramento County. The Civil Bureau provides services such as serving: summons, small claims documents, restraining orders, bench warrants, evictions and other court ordered notices related civil judgments. In September 2016, the Civil Bureau replaced its civil file management software system (Civil Automated system (CAS)) with the Teleosoft CountySuite Software System (Teleosoft) for tracking and reporting civil activities. The attached agreed-upon procedures report, for your information, is for the review of the Civil Bureau's Teleosoft software system for the period March 9, 2017 to April 28, 2017.

The attached report was provided to the Audit Committee on May 10, 2018.



County of Sacramento

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*Inter-Office Memorandum*

April 20, 2018

To: Scott R. Jones  
Sheriff

From: Ben Lamera  
Director of Finance

By: Alan A. Matré, C.P.A.  
Chief of Audits

A handwritten signature in blue ink, appearing to read "Alan A. Matré", is placed over the printed name and title.

Subject: **SACRAMENTO COUNTY SHERIFF'S DEPARTMENT, CIVIL BUREAU (CIVIL) TELEOSOFT COUNTYSUITE SHERIFF SOFTWARE SYSTEM AGREED-UPON PROCEDURES FOR THE PERIOD FROM MARCH 9, 2017 TO APRIL 28, 2017**

We have performed the procedures enumerated below, and on page 2, which were agreed to by you, for the Sacramento County Sheriff's Department, Civil Bureau (Civil). These agreed-upon procedures were performed solely to assist Civil to evaluate Teleosoft CountySuite Sheriff Software System (System) for the period of March 9, 2017 to April 28, 2017.

Civil's management is responsible for maintaining sufficient internal controls for the System. The sufficiency of the procedures is solely the responsibility of Civil. 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 procedures referred to below and is not intended to pertain to any of Civil's other operations, procedures, or compliance with laws and regulations.

The procedures and associated findings are as follows:

1. We obtained an understanding of the following Civil processes by reading Civil's written policies/procedures and inquiries with Civil's staff related to the System in order to identify any inconsistent or improper processes or improper separation of duties.
  - a) The process of the collecting funds from debtors
  - b) The process of depositing funds to the County Treasury
  - c) The process of transferring funds from the County Treasury to the commercial bank account
  - d) The process of making payments to creditors

e) The accounting process of recording, reconciling, and reporting steps a) to d) noted above

Finding: We noted several exceptions as a result of our procedures. See Attachment I, *Comments and Recommendations*.

2. We observed and performed a walkthrough of Civil's processes identified at procedure Number 1 as it relates to the System in order to identify any inconsistent or improper processes or improper separation of duties.

Finding: We noted several exceptions as a result of our procedures. See Attachment I, *Comments and Recommendations*.

3. We tested the processes identified in Procedures 1a) to 1e) by sampling 10 transactions for the period March 9, 2017 to April 28, 2017 to identify any:

- a) Deviation from Civil's policies and procedures
- b) Incorrect amounts collected from debtors, deposited to the County Treasury, transferred to commercial bank accounts, paid to creditors, or recorded or reported in the System
- c) Improper safeguard of funds received from debtors or unused checks from commercial bank accounts
- d) Unauthorized transactions
- e) Unrecorded transactions
- f) Duplicate transactions
- g) Transactions without proper accounting trails or backup documentation

Finding: We noted several exceptions as a result of our procedures. See Attachment I, *Comments and Recommendations*.

4. We tested Civil's processes by sampling 10 transactions for the period March 9, 2017 to April 28, 2017 in order to identify any unusual, unauthorized, unrecorded, duplicate, and improper transactions.

Finding: We did not note any exception as a result of our procedures.

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, examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Civil'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.

Scott R. Jones, Sheriff  
April 20, 2018  
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Sheriff's Management responses to the findings identified during our procedures are described in Attachment I, *Comments and Recommendations*. We did not perform procedures to validate Sheriff's Management responses to the findings and, accordingly, we do not express opinions on the responses to the findings. However, we have included our comments regarding Sheriff's Management responses to the findings in Attachment I, *Comments and Recommendations*.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Executive, Sacramento County Audit Committee, and Sheriff's Department 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.

Attachment

Attachment I: *Comments and Recommendations*

cc: Members, Board of Supervisors  
Nancy Newton, Assistant County Executive  
David Villanueva, Chief Deputy County Executive  
Britt Ferguson, Chief Financial Officer, County Executive Office  
Mitchel D. Andrews, Lieutenant, Sacramento County Sheriff's Department  
Wanda Ferguson, Records Manager, Sacramento County Sheriff's Department

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COMMENTS AND RECOMMENDATIONS

**CURRENT FINDINGS**

**1. WRITTEN BUSINESS PROCEDURES**

**a. Outdated Written Business Processing Procedures**

Comment

Sacramento County Sheriff's Department (Sheriff) Civil Bureau's (Civil), written procedures were outdated. The desk procedures for: Data Entry of Bank and 3<sup>rd</sup> Party Levy, Processing Bench Warrants, Entering Temporary Restraining Orders (TROs), and Post and Scan Service Trip Tickets were also outdated. These procedures were written for Civil's previous accounting system – CAS (Civil Automated System). However, Civil did not have written procedures specific for its current accounting system, Teleosoft CountySuite Sheriff Software System (System). Outdated procedures can weaken Civil's internal control and operation efficiency by creating confusion and inconsistency.

Recommendation

Civil should update its policies and procedures to reflect its current processes and System.

Sheriff's Managements Response

The comment states Civil Bureau written procedure are outdated and specifically addresses the following four written procedures as being outdated: Data Entry of Bank and 3<sup>rd</sup> Party Levy; Processing Bench Warrants; Entering Temporary restraining Orders; and Scanning/Posting Service Trip Tickets. The recommendation is for Civil to update its policies and procedures to reflect current system processes. All Civil Bureau written procedures (including three of the four mentioned above) were updated during 2017 as part of a Civil Bureau internal goal established in February of 2017 to revise all procedure and training materials to reflect conformity with the new County Suite Sheriff<sup>TM</sup> program. The Data Entry of Bank and 3<sup>rd</sup> Party Levy procedure is currently being addressed.

Department of Finance (DOF)'s Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**b. No Written Procedures for Tracking Check Payments Received**

Comment

Civil had some written procedures about receiving payments, however Civil did not have written procedures specifically for logging and tracking check payments received. Logging and tracking check payments is a critical business procedure that should be documented as

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part of Civil's business processes. In addition, as described at Finding Number 2b, Civil did not prepare a log to track check payments received. Therefore, Civil is exposing itself to the risk that check payments could be misappropriated without documented procedures for staff to follow for handling check payments and no log to track check payments. Civil cited the high volume of check payments received as the reason for not having procedures for logging and tracking check payments received.

Recommendation

Civil should develop written procedures for logging and tracking check payments.

Sheriff's Management Response

The comment here states there is no written procedure related to logging and tracking check payments received. The recommendation is for Civil to develop written procedures for logging and tracking check payments. The Civil Bureau has maintained written procedures for: mail sorting; identification and batching of checks; scanning batched checks; and posting checks. All of these are part of the tracking process for received checks. These procedures were revised as of July 31, 2017 as part of the Civil Bureau internal goal to revise all procedures and training materials. These procedure revisions were emailed to the individual conducting the evaluation on September 20, 2017. With respect to logging received checks, the Civil Bureau creates a scanned PDF file of batched checks received, by date received, which serves as a log. A hand-written log would not be feasible due to the volume of checks received each day which reaches 1,000 or more. During our discussion with the Auditor-Controller there was a consensus concerning the logging of checks. We agreed that if, on the same day, one individual opens, batches and scans the checks, this would suffice to satisfy the received check log concern.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response. There was no consensus about logging checks between the Sheriff and the DOF, Auditor-Controller Division. Also, there was no agreement about on how to satisfy the receiving and tracking check payments.

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**c. No Written Procedures for Timely Deposit of Payments**

Comment

Civil did not have written procedures related to process time for receipt and deposit of payments received. Without written procedures, Civil does not have written standards for benchmarking process time for depositing payments. As described at Finding Number 2e, during our testing, Civil took 40 days to deposit payments received, which did not comply with the Sacramento County Charter's requirement to deposit funds within seven days. Without written procedures or standards, deposits could be held for an extended period of time and thereby affecting business operations.

Recommendation

Civil should develop written deposit procedures or standards, including process time, that comply with current County requirements.

Sheriff's Management Response

The comment here states there is no written procedure related to processing time for receipt and deposit of payments. The comment further points out that during their testing the Civil Bureau took 40 days to deposit payments received and stated this does not comply with a County Charter requirement to deposit payments within seven days. The Civil Bureau has written procedure for receipt and deposit of payments. It does not have timeframes written into it. Including timelines will continue to be a matter of management discussion. Of concern is the fact that inclusion of timelines, although likely appropriate, would not be adhered to until adequate staffing in the Accounting Unit could ensure compliance with said timeline. For most of 2017 the deposits took about 40 days. We have recently been able to reduce this to about 8 days with the assistance of additional temporary staff. Maintenance of this reduction is dependent on adequate staffing.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**d. No Written Procedures for Software Change Requests**

Comment

The System was developed and maintained by Civil's contractor, Teleosoft, Inc. Teleosoft, Inc. is responsible for creating and maintaining the core back-end computational logic,

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database, components and features that are indirectly accessed by Civil front-end users. Teleosoft, Inc. is also responsible for testing, debugging, and delivering back-end software changes requested by Civil. Civil did not have written procedures for making back-end software change requests to Teleosoft, Inc. Civil should have written procedures related to requesting backend software changes. Without a written set of instructions to be followed for making such requests, Civil could have unauthorized staff make requests or have changes made to the software system that are not tracked or known by management. Teleosoft, Inc. was working on a security query log for changes. But, there were no written procedures for making such requests to Teleosoft, Inc.

Recommendation

Civil should develop written procedures and authorizations for making back-end software change requests to Teleosoft, Inc.

Sheriff's Management Response

The comment states there are no written procedures for making back-end software change requests to Teleosoft, Inc. It further warns that, because of this, staff could make unauthorized requests for software changes without management knowledge. The recommendation is for Civil to develop procedures and authorizations for making back-end software change requests to Teleosoft, Inc. Although not addressed as a bureau procedure; the procedure for software change orders is written into contract WA00031575 executed on April 4, 2014 between The County of Sacramento and Teleosoft, Inc. This contract is valid until July 15, 2020 and outlines the procedure required for software change requests. It stipulates that no change can occur unless it is in writing, agreed to by both parties and authorized by the County Project Manager (PM). The current PM is Senior Information Technology Analyst from Field Support Division, Technical Operations. As such, current software change requests are addressed. I do however appreciate the observation of the Auditor-Controller because the contract does have an expiration date. We will write a procedure to address software change requests after the contract expiration.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.



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**e. No Written Procedures for Removing Access to Sheriff's Software Systems**

Comment

Civil did not have written procedures for terminating a departing employee's access to Sacramento County's Financial System (a.k.a. COMPASS), the System, and other Sheriff software systems. There should be written procedures for removing departing staff from Sheriff's software systems. There is potential that Civil could inadvertently grant continued access permission to its software systems to individuals that are no longer affiliated with Civil. The cause is attributed to Civil not having procedures listed on its Employee Departure Checklist to remove departing employees from its software systems.

Recommendation

Documented exit procedures for staff members leaving Civil should include steps for removing access to Sheriff's software systems.

Sheriff's Management Response

The comment states there is no procedure for terminating a departing employee's access to Sacramento County's Financial System (a.k.a. COMPASS), the County Suites Sheriff system and other Sheriff software systems. It further warns that Civil could inadvertently grant continued access permission to software systems to individuals no longer affiliated with Civil. It specifically attributes this to not having such a procedure listed on the Employee Departure Checklist. This comment appears to address two scenarios. First, an employee leaving the Civil Bureau but still employed in the County. Second, an individual separating from County service. Individuals leaving the Civil Bureau have their permissions to the County Suites Sheriff™ software removed. This scenario is addressed on the New Employee Checklist which addresses 23 items that are addressed when an employee either arrives in or departs the Civil Bureau. Item 13 is titled "Teleosoft Software Logon." New Employee Check List, Revision 3/17, attached for reference. For the employee separating from County service, their permissions to all County and SSD systems are removed by IT at time of separation. Either way, employee access to software systems is addressed.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response. The check list referred in Sheriff's Management Response is not attached in this report.

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**2. BUSINESS PROCESS**

**a. Cashiering Process Deficiency**

Comment

During our procedures, we noted that Civil did not utilize security cameras in its cashiering area and mail sort area to monitor the cashiering function and mail sort. We further noted that cashiers were not monitored when handling and accepting cash payments, and occasionally only one staff member opened the mail and handled checks. Cash handling should be performed in a secure and controlled environment to monitor the cash handling process. Also, mail should be opened in a monitored area if it is going to be handled by one staff member. Misappropriation of cash and checks could occur without properly monitored and secured cashiering and mail sort.

Recommendation

We recommend Civil either use security cameras to monitor its cashiering and mail sort areas or require two staff members handling cashiering function and open the mail.

Sheriff's Management Response

The comment here states there are no cameras monitoring the cashiering and mail sorting areas. It further recommends either installation of cameras or a two employee mandate in cashiering and mail sorting areas. The recommendation allows for two ways to address the concern; either camera installation or a two employee mandate in the cashiering and mail sorting functions. The cashiering area is designed to accommodate two cashiers. We currently have two cashiers working simultaneously about 60-70% of the time but do not have adequate staffing to impose a two employee mandate in cashiering. Cameras for the cashiering area have been a topic of discussion in the past and will likely be implemented. The mail sorting area is designed to accommodate two employees. We currently have two employees sorting mail about 40-50% of the time but do not have adequate staffing to impose a two employee mandate in the mail sorting area. Cameras for the mail sorting area have not been a matter of discussion. The mail sorting area is in the open and in direct view of the Bureau Commander's office and the Record Manager's office. We will consider the use of cameras in this area.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

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**b. Not Tracking of Check Payment Received**

Comment

Civil did not prepare a log to track check payments received. In addition, as described at Finding Number 1b, Civil did not have written procedure for tracking check payment received. Therefore, Civil could potentially lose checks or have checks misappropriated because check payments received are not logged and tracked upon receipt before they are processed and staff has no written procedure to follow for handling check payments. Civil cites the high volume of check payments received as the reason for not preparing a check log.

Recommendation

Civil should prepare a check log to track check payments received.

Sheriff's Management Response

The comment here states the Civil Bureau does not prepare a log to track checks received and recommends we prepare a log. This is true to the extent that a hand-written or typed log is not prepared for received checks. Logging each check received by hand, or typing a log, is not a practical solution to this issue due to the volume of checks received in one day (as many as 1,000 or more). However, we do open all incoming mail each day, sort all incoming mail each day and batch (by date received) all incoming checks each day according to an existing written procedure. The batched checks are scanned to a PDF file by date received. All checks are retained in a locked safe until they can be scanned and posted. Scanning checks to PDF files by date is the closest process we have to creating a log of checks received. We are open to considering alternatives.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**c. Altered Checks and Check Stubs Received**

Comment

Civil staff used correction tape to "white out" certain language on checks and check stubs received. Correction tape should not be used to "white out" language on checks received. The use of correction tape on checks and check stubs presents the risk that check amounts

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could be misappropriated without management knowledge. Furthermore, a check is a control document and should not be altered.

Recommendation

We recommend that Civil staff does not use correction tape to alter checks and check stubs received. If confusing language is printed on the checks and check stubs, Civil staff should note the explanation to the confusing language as an attachment to the checks and check stubs. The staff should also sign and date the attachments to the checks and check stubs for audit trail purposes.

Sheriff's Management Response

The comment here states Civil staff used correction tape to "white out" certain language on checks and check stubs received. We do not train any employee to use correction tape on checks or check stubs. We will make sure that the existing mail sort, check receiving, identification and batching written procedures include instructions to this extent. We appreciate the observation of the Auditor-Controller.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**d. Incompatible Job Duties**

Comment

Civil has assigned one of its temporary staff members to: scan and process checks, prepare checks for batching, edit contact details, and investigate differences. These critical business process duties should not be performed by one staff member. Segregation of duties should be implemented in order to identify and correct errors in a timely manner. The potential for not identifying and correcting errors in a timely manner can occur when there is inadequate segregation of duties. Civil is contributing the cause to staffing limitations and assigns multiple job assignments to a single temporary staff member.

Recommendation

Civil should have adequate segregation of duties in order to identify and correct errors in a timely manner and protect critical business processes.

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Sheriff's Management Response

The comment here states one temporary employee was assigned to: scan and process checks; prepare checks for batching; edit contact details; and investigate differences. The comment further warns that these business process duties should not be performed by one staff member. We agree. Our current process has four steps each performed by different employees. One employee receives, opens and sorts mail and is typically someone from the Clerical Unit. Another employee performs the check identification, batching and scanning process and is an employee in the Accounting Unit. A third employee performs the check posting function and is an employee in the Accounting Unit. A fourth employee performs the check dispersing function and is an employee in the Accounting Unit. As for editing contact details, this should be performed by individuals in the Clerical Unit and not the Accounting Unit. As noted elsewhere, staffing has a direct impact on our ability to adequately address separation of duties. Proper separation is a constant issue aggravated by vacancies, vacation and sick leave.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**e. Untimely Deposits**

Comment

During our procedures, on March 9, 2017, we noted that nine out of ten payments received were deposited to County Treasury on April 18, 2017. Therefore, Civil took 40 days to deposit these nine payments received. Based on further inquiry, Civil normally deposit its payment received in about 40 days. The Sacramento County Charter Article VIII, Section 39 mandates that *"every [department or agency] ... authorized to collect fees or money must pay in the county treasury all such fees or moneys collected ... not later than seven days following receipt thereof..."* Accordingly, customer payments received at Civil should be retrieved, processed, and deposited to the County Treasury no later than seven days. Therefore, Civil was not in compliance with the County Charter.

Recommendation

Recommended at Finding Number 1d, Civil should develop written deposit procedures or standards including process time, that comply with Sacramento County requirement. In addition, Civil should deposit payments received to County Treasury no later than seven days after received.

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Sheriff's Management Response

The response here is the same as the response to comment 1.c.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**3. SYSTEM WORK ROLES AND PERMISSION**

**a. Unlimited Software System Access and Editing/Deleting Capabilities**

Comment

During our procedures, we noted two staff members within the Civil that had unlimited and complete access, including input, edit, and deleting capabilities, to the System.

Civil's staff should have permissions and accesses to the System that are consistent with their job assignments. Proper internal controls should promote segregation of job assignments by not allowing staff complete access to an organization's software system.

In addition, any staff members that have capabilities to delete any comments or transactions posted in the System can potentially delete any comments or transactions on the System without anyone knowing and risking the potential of misappropriation.

Recommendation

We recommend Civil change the permission for the two staff members that have unlimited access to the System to agree with their job assignments. Also, access permissions for all Civil staff should be reviewed and agreed to job positions and assignments.

In addition, we recommend Civil does not grant any deletion capabilities to its staff. Instead of deleting of any incorrected comments or transactions posted in the System, staff should perform adjusting entries for any transactions that need to be corrected once posted on the System to maintain audit trails.

Sheriff's Management Response

The comment here is critical of two employees retaining unlimited system capabilities and is critical of any employee having deleting capabilities. The recommendation is to change system permissions for the two staff members to agree with their job assignments. The

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recommendation further states that no employee should have deleting abilities. Instead, the Civil Bureau should require adjusting entries for transactions needing to be corrected. We appreciate the observations of the Auditor-Controller and are working toward the implementation of these recommendations.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**b. No Work Roles Rotation of Position Assignments**

Comment

Civil rotated staff members' assignments (i.e., cashiering, mail opening, remittance processing, accounting, etc.), but did not change the work roles in the System to correspond with the staff member's current job assignments. During our procedures, we noted several Civil staff members, including temporary staff that could individually: open mail, process cashier customer payments, input information into the software system, and be involved in the check deposit and check production processes. Civil should have internal controls and processes in place to properly segregate job assignments and corresponding work roles in the System. Job assignments and the System's work roles should mirror each other and be properly segregated. Because job assignments are regularly switched, Civil staff members have job assignments and work roles that are not segregated. Hence, errors and omissions could occur and not be discovered in a timely manner.

Recommend

Civil should agree job assignments with work roles in the System and ensure proper segregation of duties for both.

Sheriff's Management Response

The comment here states Civil Bureau staff assignments are rotated but system permissions are not updated to correspond with the rotation of staff assignments. This is correct. The current system permissions are more broad and overlapping. The system permissions module for the County Suite Sheriff<sup>TM</sup> software application is currently being managed by Teleosoft, Inc. while they complete requested refinements. It is scheduled to be turned over to the Civil Bureau in May 2018. The issue addressed here, as well as those addressed in 3.c. and 3.d. will be corrected once we receive the system permissions module.

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DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**c. Untimely System Access Restriction Upon Staff Departure**

Comment

Civil took one to two days to update the System's permission table for restrictions to the System when staff departs from Civil. Since the permission table is maintained by Teleosoft, Inc., and depending on when the update requests are made by Civil, it could take another one to two days to update the permission table for the requested restriction to be processed. Therefore, Civil did not have the capability to restrict access to the System immediately upon a staff member's departure. There could be unauthorized individuals who are no longer affiliated with Civil that have access to the System.

Recommendation

Civil should develop written procedures to update the System's permission table immediately upon staff's departure.

Sheriff's Management Response

The comment here states that removal of system access for departing staff is taking too long (2-4 days from employee departure) and recommends a written procedure addressing immediate system permission table updates. We have submitted input to Teleosoft, Inc. based on some of the other recommendations in this audit report, to more easily address role assignment and system permission changes. Once this module is turned over we will be able to update the system permission table immediately.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**d. Incompatible System Permissions**

Comment

The System's permission table has user categories for Civil's staff: supervisors, accounting (senior), accounting (new), and clerical. The supervising and accounting (senior) user permissions can write and void checks. They can also change payee check numbers, dates, and perform reconciliation duties. In addition, the supervisors, accounting (senior),



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accounting (new), and clerical positions can change: cases, files, contacts, and services. Staff should not have incompatible permissions, such as, inputting and editing within the System. There should be a segregation of permissions and access in the System in order to protect critical business operations. There is the potential of Civil not identifying and correcting errors in a timely manner in addition to the risk of misappropriation without the knowledge of management.

Recommendation

There should be adequate segregation of duties in the System's permission table in order to identify and correct errors in a timely manner and protect critical business processes.

Sheriff's Management Response

The comment here is critical of overlapping system permissions within the County Suite Sheriff™ application. I understand the concern here. As noted in the response to 3.b., we are requesting further refinement of the system permissions module to more closely address issues like this one. As a side note, some of the permission overlap has been due to the lack of sufficient staffing to adequately separate the work roles. The most appropriate correction here would be the augmentation of Accounting Unit staffing to adequately segregate duties along with a more granular system permissions table that would allow more detailed permission assignments. The updates to the permissions table module are being addressed.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**e. Voiding Transactions Process Deficiency**

Comment

Sheriff records specialists can void their own transactions and approve their own voided transactions in the System. Voids should be reviewed and approved by supervisors; staff should not have the ability to void and approve their own transactions. The potential for misappropriation can occur when staff is capable of voiding their own work. Manually generated void slips are produced for voids, but staff initiating the voids can potentially approve their own voided transactions.

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Recommendation

Supervisors should be responsible for reviewing and approving voids and not the staff that created them.

Sheriff's Management Response

The comment here states there is a potential for an employee to request a void and also approve the request for a void. The recommendation states a supervisor level employee should be responsible for review and approval of voids (separation of roles). The current void process has three control measures. First, an employee completes a void slip (paper) requesting a void. Second, the void slip is provided to an individual in the Account Clerk class who accesses the County Suite Sheriff<sup>TM</sup> system and voids the transaction (the system maintains an audit trail of all voids and who conducted the void. Third, at the end of each day a balance sheet including all voided transactions is produced and the necessary supporting documentation (including the void slip) is attached. This balance sheet is reviewed and approved by the Account Technician (supervisor). During our meeting with the Auditor-Controller the concern was raised that one person could request and complete a void without second party knowledge/participation. This is true to the extent that an Account Clerk could produce a void slip and complete the void in the system by them self. However, that void is still reported on the balance sheet that is approved by the Accounting Technician (supervisor). We believe this process provides sufficient control to address the concern. We will make sure the written procedure for voiding transactions properly addresses this process. Additionally, we will open a discussion with Teleosoft regarding the possibility of a change order to the program that would address voids entirely within the system via a two party void request and approval process.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**4. THE SYSTEM - OTHERS**

**a. Remote Access to the System**

Comment

During our procedures, we noted that all of Civil's staff, including temporary staff, had remote access to the System. Remote access to the System should be reserved for staff members that have a business need to remotely access the system away from the office.

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Granting remote access to staff members that do not have a business need could potentially expose the System to be compromised by unauthorized users.

Recommendation

We recommend Civil only grant the System's remote access to staff members that have business needs.

Sheriff's Management Response

I will preface this section of the Management Response by stating that Current Findings 4.a. through 4.e. are, in my opinion, outside the scope of the original agreed-upon procedures as outlined in the Letter of Engagement. However, since they have raised these concerns, I have responded to the degree possible given my position and knowledge of the system. Personnel from the Sheriff's Technical Services Bureau (IT) have provided responses to Findings 4.b., 4.c., and 4.e. because those findings are within the purview of IT response.

The comment states all Civil Bureau staff members have remote access to the system. It recommends only employees with business needs be granted remote access. This concern was raised by the Auditor-Controller during their testing. At that time I instructed IT to remove remote desktop access capabilities for all individuals assigned to the Civil Bureau except for the Bureau Commander and the Records Manager. Currently, no employee in Civil has remote desktop access except for the Bureau Commander and Records Manager.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response. In addition, we are required by professional standards to report any significant concerns or issues noted during our engagement.

**b. Lack of Independent Review of Software Coding**

Comment

Teleosoft, Inc. performs the coding, system updates, and software support for the System. However, Sheriff Department's Information Technology (IT) Bureau's staff did not review the work performed by Teleosoft, Inc. Proper internal controls should include an independent review of any software coding and system updates performed by Teleosoft, Inc. by the Sheriff's staff or an independent contractor. Without an independent review of coding

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and system updates, the Sheriff's Department could be exposing itself to the risk that changes to the System are not in its best interests.

Recommendation

We recommend Sheriff review Teleosoft, Inc.'s coding and system updates.

Sheriff's Management Response

A Project Manager and Business Analyst (Tech Ops Project Team) from the Sheriff's Department Technical Operations were assigned to the Automated Civil System (ACS) project. The Technical Operations Project Team was the liaison between Teleosoft and Civil Bureau.

The Technical Operations Project Team, Security Operations Group, Network Team, and Civil Bureau did in fact review the work performed by Teleosoft. During the quality assurance testing phase reviews were provided regarding Data Migration, the release of the Civil Documents, General Levies, and Major Levies. These reviews were documented in the project plans.

An Independent review of software coding by Technical Operations software developers was not specifically outlined or specified in the Sacramento Board of Supervisors Approved Contract (WA00031575) or the Deliverables and Payment Schedule. However, cybersecurity is at the forefront off all networked connections. To this end, the Sheriff's Department's Security Operations Group leverages machine learning and behavioral algorithms to monitor both automated access and user interactions.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**c. Access to Sheriff's Server**

Comment

Teleosoft, Inc.'s personnel have access to Sheriff's server and can access it anytime in order to perform trouble shooting and make requested fixes to the System. Although, Teleosoft, Inc.'s personnel have gone through background checks, they are not Sheriff's staff members. Non-Sheriff personnel's access and activities to Sheriff's server should be monitored and reviewed by an authorized Sheriff's Department staff member. Since the Sheriff has granted

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unlimited access to the live server and is not reviewing access to it, changes could be made without Sheriff's knowledge.

Recommendation

We recommend Sheriff's staff monitor and review Non-Sheriff personnel's access and activities to the server.

Sheriff's Management Response

Teleosoft is one of the many vendors that the Sheriff's Department has an Information Technology (IT) relationship with. Although Teleosoft has access to a group of servers the Teleosoft Application resides on, it does not mean they have access to other Sheriff's Department applications or data. Additionally, the Sheriff's Department applies security controls across Program Management, Governance, Architecture and Operations. Access by Teleosoft personnel are granted only in accordance with their roles and permissions within the specified application.

Teleosoft's personnel have limited access to their application and do not have access to the entire breadth of the Sheriff's Department's databases. The structure of these permissions is based around the roles and responsibilities of each of Teleosoft's personnel. All activity, whether a Sheriff's staff member, Teleosoft, or other vendor, is tracked and monitored using advanced cybersecurity products.

The Sheriff's Department employs a number of personnel in the Security Operations Group. The unit is responsible for assessing vulnerabilities, incident management, compliance, and administration. The Security Operations Group monitors all activity and will continue providing cybersecurity moving forward. The Sheriff's Department agrees with this assessment. Supporting this position is evidenced by the creation of a Security Team within the Information Technology realm over two years ago.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

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**d. Access to Signature File**

Comment

Civil and IT Bureau's staff has given Teleosoft, Inc.'s personnel complete access to the server where the software system is located including the signature stamp. Therefore, Teleosoft, Inc.'s personnel have access to Sheriff Scott R. Jones' electronic signature file used to sign checks issued to Civil trust fund's recipients. Access to the electronic signature stamp used to sign checks should be limited to authorized Sheriff's staff. The electronic signature stamp maybe accessible and could be potentially compromised by individuals that do not have a business reason to have access to it.

Recommendation

Sheriff should restrict access and monitor the use of its electronic signature stamp used to sign checks.

Sheriff's Management Response

The comment here states the Sheriff's electronic signature stamp is accessible by Teleosoft, Inc. personnel due to the fact that they have access to the server where the application is stored. The recommendation is to restrict access to the electronic signature stamp and monitor its use. By virtue of a contractual agreement to maintain and troubleshoot the system; Teleosoft, Inc. will continue to have access to the necessary servers. However, access to the Sheriff's electronic signature stamp is restricted. There are at least three levels of restriction. First, the signature is not simply an image file stored in a file directory that can be browsed to and copied. It has been converted from an image into a binary string that can later be deciphered by the program and converted back into an image of the signature when a check is produced. Second, this binary string is embedded in a restricted access field within a table in a database. Third, the program is on a restricted access server. It can be replaced, when necessary, by designated Teleosoft, Inc. personnel with the proper tools and knowledge. We believe access to the Sheriff's signature stamp is properly restricted.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

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**e. Lack of IT Audit**

Comment

Teleosoft, Inc. has not had an IT Audit. Teleosoft, Inc.'s personnel have access to Civil's production and test servers where its software system is maintained. Entities that have access to Sheriff's servers and software applications should ensure their systems are secured in order to reduce the risk of Sheriff's IT systems being compromised by non-authorized individuals. There is no independent certification that Teleosoft, Inc.'s IT systems and internal controls are secure when interfacing with Sheriff's server and software application.

Recommendation

We recommend Sheriff request an IT audit from Teleosoft, Inc. and then review the IT Audit report and note if there are any findings that could have an effect on Sheriff's server and software system.

Sheriff's Management Response

As stated in the response to 4 (b.), cybersecurity is at the forefront of all networked connections. To this end, the Sheriff's department's Security Operations Group leverages machine learning and behavioral algorithms to monitor both automated access and user interactions. Because cybersecurity is a constantly evolving field that estimates probability and risk, the need for additional appliances, software, and services is needed to oversee a public connected server to the Sheriff's Department. Currently, the Sheriff's Department does conduct several layers of auditing, but can always increase the awareness. Given the appropriate funding levels, the Sheriff's Department can deploy a far more robust cybersecurity plan that effectively protects the Sheriff's Department's critical infrastructure.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.

**5. DISASTER RECOVERY PLAN**

Comment

When we performed our procedure in March 2017, we noted Civil did not have a disaster recovery plan for its IT systems. Organizations should have disaster recovery plans for critical information systems in order to recover and continue operations when IT systems are

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unexpectedly offline. However, we noted that Civil developed its disaster recovery plan in April 2017.

Recommendation

Civil should continue to implement and update its disaster recovery plan as necessary.

Sheriff's Management Response

The report states the Civil Bureau did not have a disaster recovery plan for its IT systems but notes that a disaster recovery plan was developed in April (during the audit). The disaster recovery plan for IT systems is within the purview of the Technical services Bureau who provided the plan.

DOF's Comment Regarding Sheriff's Management Response

We express no assertion regarding Sheriff's Management Response.