

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDIT REPORT**

**CHANGE OF CUSTODY  
AGREED-UPON PROCEDURES REPORT  
AS OF FEBRUARY 14, 2022**

**ANIMAL CARE AND REGULATION**



**Audit Committee Submittal Date: 5/19/2022**

## **SUMMARY**

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### **Background**

The Department of Finance (DOF) performed a change of custody agreed-upon procedures for the new Director of Sacramento County Animal Control and Regulation (ACR) with a change of custody date of February 14, 2022.

### **Audit Objective**

To inspect Probation's cash, cash equivalents, and capital assets as of February 10, 2022 and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted that ACR did not have all capital assets tagged with an inventory number, some petty cash receipts pending reimbursement were over 12 months old, and reconciliations of daily check logs to COMPASS were older than 30 days.



**County of Sacramento**

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*Inter-Office Memorandum*

April 21, 2022

To: Annette Bedsworth, Director  
Animal Care and Regulation

From: Ben Lamera  
Director of Finance

By: Hong Lun (Andy) Yu, CPA  
Audit Manager

A handwritten signature in blue ink, appearing to be "H. Yu", is written over the name of the sender.

Subject: **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE SACRAMENTO COUNTY ANIMAL CARE AND REGULATION (ACR) CHANGE OF CUSTODY ON FEBRUARY 14, 2022**

We have performed the procedures enumerated below, which were agreed to by Sacramento County Animal Care and Regulation (ACR) regarding the change of custody on February 14, 2022. We performed our procedures at ACR's office located at 3839 Bradshaw Road, Sacramento, California, 95827. ACR's management is responsible for maintaining sufficient controls for its accounting operations and capital assets. The sufficiency of these procedures is solely the responsibility of ACR'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 ACR's other operations, procedures or compliance with laws and regulations.

Our procedures and findings are summarized as follows:

1. We counted ACR's imprest cash and all cash receipts on hand as of the close of business on February 10, 2022, the last business day before February 14, 2022. See ATT I, *Schedule of Accountability* and ATT II, *Current Findings and Recommendations*.

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

2. We reviewed the capital asset listing and haphazardly selected and physically inspected 9 of 19 of capital assets at ACR's location.

Finding: We noted exceptions related to ACR's capital asset record keeping and tracking as a result of our procedures. See ATT II, *Current 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 ACR'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. ACR's responses to the findings identified during our procedures are described in ATT II, *Current Findings and Recommendations*. We did not perform procedures to validate ACR'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, and ACR 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 I, *Schedule of Accountability*  
ATT II, *Current Findings and Recommendations*  
ATT III, *Prior Findings and Recommendations*

**COUNTY OF SACRAMENTO  
ANIMAL CARE AND REGULATION (ACR)  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
SCHEDULE OF ACCOUNTABILITY**

**Imprest Cash**

<u>Counted Date</u>	<u>Imprest Cash</u>	<u>Authorized Amount</u>	<u>Counted Amount</u>	<u>Variance</u>
02/10/2022	Back-up Change Fund	\$ 300.00	300.00	\$ 0.00
02/10/2022	Change Fund	700.00	700.00	0.00
02/10/2022	Petty Cash	120.00	120.00	0.00
Total		<u>\$ 1,120.00</u>	<u>1,120.00</u>	<u>\$ 0.00</u>

**Cash Receipt**

<u>Receipts Date</u>	<u>Type of Receipt</u>	(a) <u>Counted Amount</u>	(b) <u>Deposit Amount Posted by Treasury</u>	(a) – (b) <u>Variance</u>
02/10/2022	Cash	\$ 957.11	957.11	\$ 0.00
02/10/2022	Credit Card	621.00	621.00	0.00
02/10/2022	Online Receipts	1,210.00	1,210.00	0.00
02/07-09/2022	Mail-in Receipts	2,840.00	2,840.00	0.00

**Capital Assets**

<u>Capital Assets on Hand</u>	<u>Total Acquired Value Reported</u> <sup>(1)</sup>	<u>Total Acquired Value Inspected</u> <sup>(2)</sup>	<u>Identified Variance</u> <sup>(3)</sup>
Capital Assets	<u>\$ 199,249.78</u>	<u>110,592.88</u>	<u>\$ 0.00</u>

(1) Amount represents the total acquisition value of capital assets reported in Sacramento County Financial System (aka COMPASS). All assets are fully depreciated and have \$0.00 book value.

(2) Amount consists of 9 assets that were inspected.

(3) No variance in terms of value was noted. However, 2 capital assets were missing county inventory number tags. See ATT II, *Current Findings and Recommendations*.

See Independent Accountant's Report on Applying Agreed Upon Procedures

**COUNTY OF SACRAMENTO  
ANIMAL CARE AND REGULATION (ACR)  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
CURRENT FINDINGS AND RECOMMENDATIONS**

## **1. Capital Asset**

Condition:

During our inspection of Animal Care and Regulation (ACR) capital assets, we sampled 9 out of the 19 recorded capital assets for physical inspection. Based on our inspection, we noted that the county inventory number tags could not be found on the Medical Trailer for Spade and Neuter and the AKC Reunite Disaster Relief Trailer. This is a repeated finding from our previous procedures performed.

Criteria:

All capital assets should be tagged with an inventory number in order to properly track and account for the asset.

Effect:

Not verifying that asset tags are in place makes it difficult to track and vulnerable to theft or misappropriation.

Recommendation:

We recommend ACR tag all capital assets with an inventory number and routinely verify asset tags are in place in order to properly track and account for the assets.

Management's Response:

Animal Care and Regulation concurs with the finding. The finding has been reviewed with program staff. Capital assets will be assigned a unique inventory tag and asset number. Every year during the preparation of the fiscal budget, a review will be conducted of assets to confirm the assignment of inventory tags and asset number are in compliance with government standards. ACR has started the process in 2022 and should be completed by June 30, 2022.

## **2. Petty Cash**

Condition:

During our cash count of petty cash, we noted eight of twelve receipts for petty cash expenditures (or \$28.94) were older than twelve months. Because of the amount of time that has lapsed, these expenditures may not be eligible for reimbursement.

Criteria:

Government Code section 911.2 requires that "claims" (invoices) must be present "not later than one year after the accrual of the cause of action."

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ANIMAL CARE AND REGULATION (ACR)  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
CURRENT FINDINGS AND RECOMMENDATIONS**

Department of Finance Memo to all Agency Administrators and Department Heads dated March 1, 2016, stated in pertinent part, "...invoices over one year could not be processed for payment, unless the department can attest to the fact that the invoices were presented timely and were not processed for payment due to an oversight."

Effect:

ACR's petty cash account has not been replenished since November 2019 and hence the ACR balance authorized is overstated or may not be needed.

Recommendation:

We recommend ACR determine the amount of petty cash needed and if needed, develop procedures to ensure the petty cash fund is replenished on a timely basis. ACR should consider closing its petty cash account if the account is no longer needed.

Management's Response:

Animal Care management agrees with this recommendation. The Administrative Service Officer will institute a practice of quarterly reconciliation and reporting of petty cash funds. The reconciliation will be completed by two individuals. This will be in place by June 30, 2022.

### **3. Daily Check Receipt Reconciliation**

Condition:

During our review, we noted that the reconciliation process between the daily check receipt logs generated in Chameleon Case Management System and the Comprehensive Online Management Personnel and Accounting System (COMPASS) Deposit Permits can take up to 30 days to complete. This is a repeated finding from our previous procedures performed.

Criteria:

Timely reconciliations between the check log and deposit permits should be kept current in order to verify that all checks have been deposited to the Treasury and properly accounted for in COMPASS.

Effect:

Untimely reconciliations of financial transactions could lead to misstated revenues or misappropriation of assets not being detected and resolved in a timely manner.

**COUNTY OF SACRAMENTO  
ANIMAL CARE AND REGULATION (ACR)  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
CURRENT FINDINGS AND RECOMMENDATIONS**

Recommendation:

We recommend ACR complete daily reconciliations between the check log and deposit permits at least within a week in order to verify that all checks have been deposited to the Treasury and properly accounted for in COMPASS.

Management Response

Animal Care management agrees with recommendation. The process has been implemented in April 2022. Daily check receipt reconciliation was immediately modified to ensure mail-in receipts were deposited and reconciled.

**4. Repeat Deficiencies**

Condition:

We noted ACR has not fully implemented recommendations made in the prior change of custody engagement report dated on August 19, 2021, and as a result findings number 1 and 3 above are repeated in this report.

Criteria:

Prior engagement's recommendations need to be implemented on a timely basis to ensure information is accurate and reliable.

Effect:

Not implementing the prior engagement's recommendations may lead to inefficient work processes requiring additional time to correct errors or locate missing assets.

Recommendation:

We recommend ACR develop procedures to ensure all recommendations from this report are implemented on a timely basis.

Management Response:

Animal Care management concurs with the recommendations. The repeated finding for number 1 is being corrected and will be completed by June 30, 2022. Item number 3 was identified and corrected in April 2022.



**COUNTY OF SACRAMENTO  
ANIMAL CARE AND REGULATION (ACR)  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
PRIOR FINDINGS AND RECOMMENDATIONS  
CHANGE OF CUSTODY ON JUNE 30, 2021, DATED AUGUST 19, 2021**

### **1. Capital Asset**

Prior Recommendation:

We recommended ACR properly implement the Sacramento County Asset Capitalization Policy and receive training on the asset module in COMPASS. ACR should submit an EMR for the cannibalized Marlin rifle to DOF Capital Assets Unit to properly retire the asset from COMPASS. We further recommend ACR tag all capital assets with an inventory number in order to properly track and account for the assets.

Current Status:

It appears that the prior recommendation have been partially implemented. We noted that ACR did not tag all capital assets with inventory numbers. See Finding #1 on ATT II, *Current Findings and Recommendations*.

### **2. Imprest Cash**

Prior Recommendation:

We recommended ACR implement Sacramento County Accounting Policy 1003 – Imprest Cash Funds. ACR should send a letter to the Director of Finance notifying the return of \$100.00 change fund so DOF can make an appropriate journal entry in COMPASS to properly record the return of the funds.

Current Status:

The prior recommendation has been implemented. However, we note another issue related to petty cash. See Finding #2 on ATT II, *Current Findings and Recommendations*.

### **3. Mail-in Receipts**

Prior Recommendation:

We recommended ACR deposit all receipts in a timely manner, at a minimum once a week. We also recommend ACR perform reconciliations between the check log and deposit permits in a timely manner in order to verify that all checks have been deposited to the Treasury and properly accounted for in COMPASS.

Current Status:

It appears that the prior recommendation has not been fully implemented. We noted that ACR took more than 30 days to reconcile daily check receipt information in Chameleon Case Management system. See Finding #3 on ATT II, *Current Findings and Recommendations*.