

# 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**

**COMMUNITY DEVELOPMENT**



**Audit Committee Submittal Date: 05/19/2022**

## **SUMMARY**

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### **Background**

The Department of Finance (DOF) performed a change of custody agreed-upon procedures for the new director of Community Development starting on February 14, 2022.

### **Audit Objective**

To inspect Community Development's cash and capital assets as of February 14, 2022 and confirm the record to the Sacramento County Accounting System (a.k.a. COMPASS).

### **Summary**

We noted an issue related to Community Development's tracking of capital assets.



Ben Lamera  
Director

Joyce Renison  
Assistant Auditor-Controller

**County of Sacramento**

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*Inter-Office Memorandum*

April 19, 2022

To: Dave Defanti, Director  
Community Development

From: Ben Lamera  
Director of Finance

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

A handwritten signature in black ink, appearing to be "M" followed by a horizontal line.

Subject: **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR SACRAMENTO COUNTY COMMUNITY DEVELOPMENT CHANGE OF CUSTODY ON FEBRUARY 14, 2022**

We have performed the procedures enumerated below, which were agreed to by Sacramento County Department of Community Development (Community Development) regarding the change of custody on February 14, 2022. We performed our procedures at Community Development's offices located throughout Sacramento County. Community Development's management is responsible for maintaining sufficient controls for its accounting operations and assets. The sufficiency of these procedures is solely the responsibility of Community Development'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 Community Development's other operations, procedures or compliance with laws and regulations.

Our procedures and findings are summarized as follows:

1. We counted Community Development'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, and compared it to the authorized amount in the Sacramento County Financial System (COMPASS). See ATT 1 – *Schedule of Accountability*.

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

2. We reviewed the capital asset listing and physically inspected 10 out of 75 capital assets at various locations on February 10, 2022, the last business day before February 14, 2022. Please see ATT 1 – *Schedule of Accountability*.

Finding: We noted one instance of an asset not being tagged. See Finding #1 at ATT 2 - *Current Finding and Recommendation*.

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

Community Development's response to the finding identified during our procedures is described in ATT 2 – *Current Finding and Recommendation*. We did not perform procedures to validate Community Development's response to the finding and, accordingly, we do not express an opinion on the response to the finding.

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 Community Development'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 – *Schedule of Accountability*
- ATT 2 – *Current Finding and Recommendation*

**COUNTY OF SACRAMENTO  
COMMUNITY DEVELOPMENT  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
SCHEDULE OF ACCOUNTABILITY**

**Imprest Cash**

<b>Imprest Cash On Hand</b>	<b>Amount Reported</b>	<b>Amount Counted</b>	<b>Variances</b>
Petty Cash	\$ 500.00	500.00	\$0.00

**Capital Assets**

<b>Capital Assets On Hand</b>	<b>Acquired Value Reported</b>	<b>Amount Inspected</b>	<b>Exception</b>
Capital Assets	\$ 2,313,197.46 (1)	250,533.00 (2)	\$0.00

(1) Amount consists of the acquisition value of Community Development's capital assets reported in the Sacramento County Financial System (COMPASS) for 75 units.

(2) Amount represents the acquisition value of Community Development's capital assets reported in COMPASS for the 10 units selected for inspection.

**COUNTY OF SACRAMENTO  
COMMUNITY DEVELOPMENT  
CHANGE OF CUSTODY ON FEBRUARY 14, 2022  
FINDINGS AND RECOMMENDATIONS**

**1. Capital Asset**

Condition:

During our inspection of Community Development's capital assets, we sampled 10 out of the 75 recorded capital assets for physical inspection. Based on our inspection, we noted that the County inventory number tag could not be found on a Superpave Gyratory Compactor.

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 Community Development 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:

Community Development's current process is to count fixed assets quarterly and annually. Administrative staff relies on management staff to verify all fixed assets are managed and accounted for appropriately. The untagged asset in this case was a result of lack of communication. Community Development will implement additional internal controls to ensure fixed assets are managed appropriately. Administrative staff will no longer rely on management staff for fixed asset matters. Administrative staff will physically verify fixed assets are tagged and accounted for.