

# COUNTY OF SACRAMENTO

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

## **INTERNAL AUDIT REPORT**

**AGREED-UPON PROCEDURES  
DMACS – COMPASS RECONCILIATION  
FOR THE PERIOD  
JANUARY 1, 2009 TO MARCH 31, 2021**

**DEPARTMENT OF FINANCE  
REVENUE RECOVERY DIVISION**



**Audit Committee Submittal Date: 08/19/2021**

## **SUMMARY**

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### **Background**

The County of Sacramento Department of Finance, Revenue Recovery Division (RRD), collects revenue for the County and other government entities, certain court ordered fines and fees, restitution payments owed to victims of crime, aid overpayments, and any other obligation referred to RRD. RRD implemented the Debt Management and Collection System (DMACS) as its collection system in 2009.

### **Review Objective**

RRD requested Internal Audit Unit to perform this agreed-upon procedures to assist RRD in evaluating its operational controls over periodic cash account reconciliations between DMACS and the County's general ledger system, Comprehensive Online Management Personnel and Accounting System for Sacramento County (a.k.a. COMPASS) for the period of January 1, 2009 through March 31, 2021.

### **Summary**

We did note one exception from the agreed-upon procedures performed. Please see *ATT I – Finding and Recommendation*.



County of Sacramento

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*Intra-Departmental Memorandum*

June 29, 2021

To: Melina Turpin  
Assistant Director of Revenue Recovery Division

From: Ross McCarthy   
Senior Audit Manager

Subject: **DMACS – COMPASS RECONCILIATION**

We have performed the procedures enumerated below, which were requested and agreed to by the County of Sacramento Department of Finance, Revenue Recovery Division (RRD), solely to assist RRD in evaluating its operational controls over periodic cash account reconciliations between Debt Management and Collection System (DMACS) and the County's general ledger system, Comprehensive Online Management Personnel and Accounting System for Sacramento County (a.k.a. COMPASS) for the period January 1, 2009 through March 31, 2021.

Our engagement to apply agreed-upon procedures were conducted in accordance with Standards for Attestation Engagements contained in Generally Accepted Government Auditing Standards except for paragraph 3.56 regarding our independence as described in the next paragraph, issued by the Comptroller General of the United States. The sufficiency of the procedures to be performed is solely the responsibilities of RRD. 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.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair Generally Accepted Government Auditing Standards' independence standards. Specifically, auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit. Although the Director of Finance manages RRD, the staff that has the responsibility to perform audits within the Auditor-Controller Division have no other responsibility regarding the internal control or accounting of RRD, the accounts, reconciliations, and records being inspected including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

This report is applicable solely to procedures referred to below and is not intended to pertain to any of RRD's other operations, procedures or compliance with other laws and regulations. The procedures we performed are summarized as follows:

1. We interviewed RRD's staff and reviewed RRD's internal control policies and procedures related to the cash account reconciliations between DMACS and COMPASS to gain an understanding of RRD's reconciliation process. We also identified key internal controls related to the reconciliations between DMACS and COMPASS and tested the controls on a sample basis.

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

2. We compared data from DMACS and COMPASS to verify that the overall data was being reconciled within the four trust funds (Receipts, Refund, Supplemental Security Income, and Restitution trusts) across both platforms.

Finding: During our procedures, we noted the DMACS activity matches COMPASS activity from January 1, 2009 to September 30, 2020 excluding a few discrepancies that have been subsequently resolved. However, we also noted that the DMACS trust funds' adjusted cash balance does not agree to undistributed payments in DMACS and the differences fluctuate each accounting period. See ATT I, *Finding and Recommendation*.

3. We selected two months each year from January 2009 to September 2020, traced a total of 60 DMACS cash transactions to COMPASS and supporting documentation on a sample basis, and verified that reconciliations were performed for those months without any exceptions.

Finding: We did not note any exceptions from our testing of 60 cash transactions.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by Generally Accepted Government Auditing Standards. We were not engaged to, and did not perform an audit or examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on RRD's accounting records, compliance with certain laws and regulations, 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.

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 RRD'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.

Attachment:

ATT I - *Finding and Recommendation*

COUNTY OF SACRAMENTO  
DEPARTMENT OF FINANCE - REVENUE RECOGNITION DIVISION  
AGREED-UPON PROCEDURES  
DMACS – COMPASS RECONCILIATION  
FOR THE PERIOD JANUARY 1, 2009 TO March 31, 2021  
FINDING AND RECOMMENDATION

**1. Trust Fund Cash Balances in DMACS**

Comment

Debt Management and Collection System (DMACS) tracks cash receipts and payments for Revenue Recovery Division (RRD) activity within four trust funds. These funds include Receipts, Refund, Supplemental Security Income (SSI), and Restitution Trusts. When cash is received, it is either remitted in the same accounting period or recorded as a pending payment for a future accounting period. Therefore, the balance of each trust should equal the amount of undistributed payments.

During our procedures, we noted the DMACS activity matches the Comprehensive Online Management Personnel and Accounting System for Sacramento County (COMPASS) activity from January 2009 to September 2010 excluding a few discrepancies that have been subsequently resolved. However, we also noted that the DMACS trust funds' adjusted cash balance does not agree to undistributed payments in DMACS and the differences fluctuate each accounting period. Below is a table to show the difference between the adjusted trust fund cash balances and the undistributed payments as of March 31, 2021.

**DMACS Account Balances as of March 31, 2021**

	<b>Receipts Trust</b>	<b>Refund Trust</b>	<b>SSI Trust</b>	<b>Restitution Trust</b>
Adjusted Cash Balance per DMACS <sup>1</sup>	\$ 3,156,202	526,494	264,581	5,405,862
Pending Payments in DMACS	2,786,540	506,127	133,522	5,126,768
<b>Difference</b>	<b>\$ 369,662</b>	<b>20,367</b>	<b>131,059</b>	<b>279,094</b>

<sup>1</sup> Amount of DMACS cash balance less month-end timing differences.

Recommendation

We recommend RRD reconcile these four trust funds between DMACS and COMPASS.

Management's Response

Revenue Recovery agrees with the recommendation and is currently working on such a reconciliation. Expected completion of the reconciliation is during Q1 of Fiscal Year 2021-22.