

**COUNTY OF SACRAMENTO
INTERNAL SERVICES
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER**

Intra-Departmental Correspondence

March 30, 2012

To: Julie Valverde
Director of Finance

From: Hong Lun (Andy) Yu, C.P.A. 
Audit Manager

Subject: **DEPARTMENT OF REVENUE RECOVERY CASH REVIEW –
FEBRUARY 2012**

We have performed the procedures enumerated below for the County of Sacramento Department of Revenue Recovery (DRR). These procedures were performed solely to evaluate DRR's cash handling control procedures for the month of February 2012. DRR's management is responsible for maintaining sufficient cash handling controls for DRR. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 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 DRR's other operations, procedures, or compliance with laws and regulations. The procedures we performed are summarized as follows:

- We reviewed the DRR's cash handling procedures.

Finding: We noted an issue regarding DRR's petty cash handling. See Attachment I, *Findings and Recommendations*.

- We reconciled cash on hand to financial records.

Finding: We noted an issue with controls over imprest cash. See Attachment I, *Findings and Recommendations*.

- We reconciled the daily deposits to the amounts reported on the Sacramento County Financial System (aka COMPASS).

Finding: The daily deposits and were reconciled to COMPASS without exception.

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on DRR's cash balances, financial schedules, compliance, or results of our procedures referred above. Accordingly, we do not express such opinions. This report relates only to the review of DRR's cash handling procedures, and does not extend to DRR's operations as a whole. 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, Sacramento County Treasurer, and DRR'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

cc: Members, Board of Supervisors
David Villanueva, Chief Deputy County Executive
Connie Ahmed, Director of Revenue Recovery
Bryan Celey-Butlin, Assistant Treasurer

COUNTY OF SACRAMENTO
DEPARTMENT OF REVENUE RECOVERY
CASH HANDLING REVIEW
SUMMARY OF DEPOSITS AND IMPREST CASH COUNTED

For the Month of February 2012

DEPOSITS

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Amounts Recounted</u>	<u>Amounts Posted by Treasury⁽¹⁾</u>	<u>Variance</u>
1300450530	2/2/2012	\$ 32,919.67	32,919.67	-0-
1300451355	2/7/2012	39,152.25	39,152.25	-0-
1300451893	2/17/2012	62,497.12	62,497.12	-0-
1300451896	2/21/2012	56,676.43	56,676.43	-0-

IMPREST CASH on February 17, 2012

<u>Cash Location</u>	<u>Petty Cash Reconciled</u>	<u>Cash Drawer Reconciled</u>	<u>Total Imprest Cash Balance</u>	<u>Authorized Amount</u>	<u>Variance</u>
Branch Center Road	\$ 246.43 ⁽²⁾	400.00	646.43	650.00	(3.57)

(1) Amounts represent combined Department of Revenue Recovery deposits from Branch Center Road and Department of Finance locations.

(2) The \$246.43 amount includes \$4.70 cashier drawer overage and \$.02 customer change left, total \$4.72 (\$4.70 + \$.02). See Attachment I, *Findings and Recommendations*.

COUNTY OF SACRAMENTO
DEPARTMENT OF REVENUE RECOVERY
CASH HANDLING REVIEW
FEBRUARY 2012

Findings and Recommendations

Imprest Cash Balance

Comment

Total imprest cash balance of the Department of Revenue Recovery (DRR) on February 17, 2012, did not agree to the imprest cash noted in the Sacramento County Financial System (aka COMPASS). We recalculated a total of \$646.43 in DRR's total imprest cash balance on February 17, 2012. Imprest amounts noted in COMPASS are \$650.00. The \$3.57 (\$ 650.00 - \$646.43) difference could not be substantiated and is less than the authorized amount in COMPASS.

Recommendation

We recommend that DRR investigate the difference between total imprest cash balance and the authorized imprest funds noted in COMPASS. We further recommend that DRR submit a relief of accountability (ROA) for the \$3.57 shortage in its imprest fund to the Department of Finance.

Management Response

DRR has investigated the difference and is unable to identify any specific instances that can be attributed to the \$3.57 shortage in the imprest fund. DRR will submit a request for Relief of Accountability to Department of Finance for this amount.

Petty Cash Control

Comment

DRR requires its cashiers to reconcile their drawers at the end of each day. During our fieldwork procedure, we noted that there was an overage of \$4.70 on January 24, 2012, as a result of the cashier drawer reconciliation. This \$4.70 overage was added to the Petty Cash fund.

In addition, when customers make on site payments to DRR, occasionally they either forget or do not take their change in coin. From February 14, 2012 to March 26, 2012, four customers had left their change totaling \$2.03 that was included in DRR's Petty Cash fund.

For the period of January 24, 2012 to March 26, 2012, the total amount of funds included in Petty Cash Fund as a result of the above transaction totaled \$6.73 (\$4.70 overage plus \$2.03 in customer changes).

COUNTY OF SACRAMENTO
DEPARTMENT OF REVENUE RECOVERY
CASH HANDLING REVIEW
FEBRUARY 2012

Findings and Recommendations

Petty cash was counted on February 17, 2012, which included the \$4.70 overage and \$.02 customer change left (total \$4.72). See Schedule I, *Summary of Deposits and Imprest Cash Counted*.

Recommendation

We recommend DRR create an overage/shortage log to track overages and shortages as a result of cashier drawer reconciliation. In the event of an overage that includes customer change received, the log should be updated with an overage entry, and the overage fund should be deposited to the County Treasury separately. In the event of a shortage, petty cash should not be used to replenish the shortage to the cashier drawers. Any shortage amount should be noted in the log and if necessary a Relief of Accountability should be submitted to the Department of Finance.

Management Response

DRR Management has reviewed and revised the petty cash policy and procedure. Cashiering staff have been trained on the updated procedure. The Cashiers understand that petty cash funds are to be separate from all cashier drawer transactions. Funds are not added for any reason other than replenishment and will only be removed from petty cash with an approved receipt and supporting documentation. The Cashiers will track daily cash overage and shortage in Compass and Fiscal Services will update the DMACS general ledger appropriately.

Petty Cash Reimbursement

Comment

During our fieldwork, we noted that DRR purchased a printer in the amount of \$215.49 from its petty cash fund on April 11, 2012. This was a deviation of DRR's policies for petty cash at the time of our fieldwork, which stated that "*Petty cash reimbursements are for \$50.00 or less. If a purchase is over \$50.00 it will be reimbursed by a claim.*" DRR's management explained to us that this was an emergency, one time expense authorized by its Assistant Director.

Recommendation

We recommend DRR follow its petty cash policy. DRR should consider using procurement cards or purchase orders to purchase items that are not specified in the petty cash policy.

Management Response

As a general rule, DRR uses procurement cards and purchase orders when necessary. In this particular case, however, the County had cancelled the procurement card in error,

COUNTY OF SACRAMENTO
DEPARTMENT OF REVENUE RECOVERY
CASH HANDLING REVIEW
FEBRUARY 2012

Findings and Recommendations

thus purchase was denied. The employee used a personal credit card in lieu of deferring the purchase and the purchase was authorized by the Assistant Director. The policy has also been updated to permit pre-authorized exceptions to the maximum amount of reimbursement from petty cash. Henceforth, DRR will ensure that employees comply with the petty cash policy.