

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
October 18, 2016  
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: Sheriff’s Department, Contract And Regional Services, Civil Bureau Cash Handling Review - For The Month Of March 2016

Supervisory District: All

Contact: Ben Lamera, Assistant Auditor-Controller, 874-7450

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**RECOMMENDATION**

Receive and file the attached report, *Sheriff’s Department, Contract And Regional Services, Civil Bureau Cash Handling Review - For The Month Of March 2016.*

Respectively Submitted,

**Ben Lamera**  
Director of Finance

Attachment 1: Sheriff’s Department, Contract and Regional Services, Civil Bureau Cash Handling Review - For the Month of March 2016

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

*Intra-Departmental Correspondence*

September 6, 2016

To: Ben Lamera  
Director of Finance

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



Subject: **SACRAMENTO COUNTY SHERIFF'S DEPARTMENT, CONTRACT AND REGIONAL SERVICES, CIVIL BUREAU CASH HANDLING REVIEW – FOR THE MONTH OF MARCH 2016**

We have performed the procedures enumerated below, which were agreed to by you, for the Sacramento County Sheriff's Department's Contract and Regional Services, Civil Bureau (Civil).

These procedures were performed solely to evaluate Civil's cash handling control procedures for the month of March 2016. Sheriff's management is responsible for maintaining sufficient cash handling controls for its bureau. 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 Sheriff's other operations, procedures, or compliance with laws and regulations. The procedures we performed for Civil are summarized as follows:

- We reviewed Civil's cash handling procedures.

Finding: We noted concerns related to Civil's cash handling procedures. See Attachment III, *Current Findings and Recommendations*.

- We reconciled daily deposits and cash on hand to the amounts reported on the Sacramento County Financial System (a.k.a. COMPASS).

Finding: The daily deposits and cash on hand were reconciled and agreed to COMPASS. See Attachment I, *Summary of Deposits and Imprest Cash Counted*.

- We reconciled imprest cash to the authorized amounts posted in COMPASS.

Finding: The imprest cash was reconciled and agreed to COMPASS. See Attachment I, *Summary of Deposits and Imprest Cash Counted*.

- We determined the current status of findings and recommendations reported on Civil's prior cash handling review report for the month of March 2014, dated June 11, 2014.

Finding: The current status of prior findings and recommendations for Civil is at Attachment II, *Current Status of Prior Findings and Recommendations*.

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on Sheriff'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 Civil's cash handling procedures, and does not extend to Sheriff'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.

Sheriff's responses to the findings identified during our engagement are described in Attachment III, *Current Findings and Recommendations*. We did not perform procedures to validate Sheriff's responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Executive, Sacramento County Treasurer, and Sheriff'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

Attachment I: *Summary of Deposits and Imprest Cash Counted*

Attachment II: *Current Status of Prior Findings and Recommendations*

Attachment III: *Current Findings and Recommendations*

cc: Members, Board of Supervisors  
Scott Jones, Sheriff  
Assistant County Executive  
David Villanueva, Chief Deputy County Executive  
Britt Ferguson, Chief Financial Officer, County Executive Office  
Peggy Marti, Assistant Treasurer, Department of Finance  
Anita Peden, Chief of Administrative Services, Sheriff's Department  
Gerald Lane, Lieutenant/Commander of Civil, Sheriff's Department

SACRAMENTO COUNTY SHERIFF'S DEPARTMENT  
 CONTRACT AND REGIONAL SERVICES  
 CIVIL BUREAU  
 CASH HANDLING REVIEW  
 SUMMARY OF DEPOSITS AND IMPREST CASH COUNTED  
 FOR THE MONTH OF MARCH 2016

DEPOSITS

Deposit Permit Number	Deposit Date	Amount Counted <sup>(1)</sup>	Deposit Amounts		Variance
			Civil's Deposit Record <sup>(2)</sup>	Amount Posted by Treasury <sup>(3)</sup>	
1300590365	03/04/16	\$ 514.00	93,486.16	93,486.16	-0-
1300590624	03/09/16	3,745.00	115,093.64	115,093.64	-0-
1300590783	03/09/16	430.26	130,828.13	130,828.13	-0-
1300591336	03/16/16	210.00	125,104.00	125,104.00	-0-
1300591591	03/18/16	105.00	212,957.45	212,957.45	-0-
1300591854	03/21/16	35.00	71,444.89	71,444.89	-0-
1300592014	03/23/16	70.00	139,746.87	139,746.87	-0-
1300592234	03/23/16	70.00	94,631.02	94,631.02	-0-
1300592333	03/24/16	70.00	126,648.69	126,648.69	-0-
1300594615	04/15/16	130.00	83,285.40	83,285.40	-0-
1300594725	04/18/16	24,337.26	85,577.37	85,577.37	-0-
1300594944	04/20/16	135.89	333,834.14	333,834.14	-0-
1300594946	04/20/16	170.00	650.00	650.00	-0-
1300595976	04/29/16	83.43	153,407.04	153,407.04	-0-
1300596913	05/06/16	70.00	120,185.86	120,185.86	-0-

OTHER RECEIPTS

Amount Counted <sup>(1)</sup>
\$ 407.52 <sup>(4)</sup>
370.89 <sup>(5)</sup>

IMPREST CASH

Imprest Cash Type	Imprest Cash Counted	Authorized Amount	Variance
Change Fund	\$ 500.00	500.00	-0-
Total	\$ 500.00	500.00	-0-

<sup>(1)</sup> Amounts consist of daily receipts, checks, and cash recounted on 3/3/2016. See Finding #3 of Attachment III, *Current Findings and Recommendations* for untimely and partial deposits.

<sup>(2)</sup> Deposit amounts include the amounts noted in Amount Counted <sup>(1)</sup> column.

<sup>(3)</sup> Daily receipts were agreed to amounts reported on the Sacramento County Financial System (a.k.a. COMPASS).

<sup>(4)</sup> Amount consists of checks received at Civil and returned back to senders.

<sup>(5)</sup> Amount consists of checks issued and mailed by Civil, but were returned back to Civil due to non-deliverable address.

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**FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE MONTH OF  
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**1. Check Payment Receipt Log**

Prior Comment

Sacramento County Sheriff's Department's Contract and Regional Services; Civil Bureau (Civil) provides several ways for customers to make payment. Customers can pay through the cashiering window, mail, and lock box (drop box). Forms of payments accepted at the cashiering window are cash and checks, and through the mail and drop box are checks only.

During our review, we noted that Civil did not maintain any receipt logs to track check payments initially received through the cashiering window, mail, and drop box. Without a log to track checks upon receipt through the cashiering window, mail, and drop box, misappropriation of funds could occur and not be detected in a timely manner. See Finding #2 *Accountability for Checks* of this attachment as it relates to this finding.

Prior Recommendation

We recommend Civil prepare and maintain receipt logs for its cashiering window, mail, and drop box, reconcile the receipt logs to the deposit made to Sacramento County Treasury and entered in its Civil Automated System (CAS), Civil's record keeping system.

Prior Management's Response

The Civil Bureau recognizes the need for an intake receipt log to document payments received each day, so that accurate and timely reconciliation may take place with the log and daily deposits. The current software program and manpower allocation within the bureau does not allow for it due to the volume of intake transactions on a daily basis. We value the recommendation and have already planned to address it in the development of the new civil software system (see RFP 8036 10.1.1 page 84 "a log of receipt of payments".)

Current Status

It appears our recommendation has not been implemented. See Finding #1 in Attachment III, *Current Findings and Recommendations*.

**2. Accountability for Checks**

Prior Comment

Civil receives payments for services, levies, and evictions, etc. While Civil processes these payments in CAS, if the lien is already satisfied, or required forms are incomplete/incorrect,

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etc., the Sheriff Records Specialist (SRS)/Account Clerks (ACs) will return the payments along with the documentations to the check originators. When these payments are returned to the check originators, the SRS/AC logs the payments on Civil's logs. As described in Finding #1 *Check Payment Receipt Log* of this attachment, Civil did not record initial check payments received, but recorded the check payments returned to check originators on logs.

We visited Civil's office on March 14, 2014, and counted all checks and cash received on that date. We noted the check numbers and amounts on our workpaper. Civil's Records Manager informed us on April 15, 2014, that all checks were input in CAS (see Finding #3 *Untimely and Partial Deposits* of this attachment). We revisited Civil's office on April 16, 2014, and April 17, 2014. During our revisits, we noted the following:

- a. We discovered that one check in the amount of \$98.38 was not entered in CAS and we informed Civil during our revisit about this unaccounted check. Subsequent to our revisit, Civil informed us that this check had been deposited to County Treasury on May 2, 2014. See Finding #3 *Untimely and Partial Deposits* of this attachment.
- b. Three checks that were expected to be returned to check originators in the amounts of \$1.50, \$30.00, and \$298.80 were not logged on Civil's logs for returned checks as of April 17, 2014. Subsequent to our revisit, Civil informed us that these three checks were returned to the check originators.
- c. One check in the amount of \$3.00 was input in CAS twice. Another check in the amount of \$3.00 was not input in CAS. This incident was not discovered by Civil during its review process.

Based on the above incidents, funds could be missing, recorded in error, subject to theft, and/or misappropriated without being detected. In addition, the six checks described above were not logged on the required logs when check payments were returned to the check originators.

Prior Recommendation

We reiterate our recommendation as described in Finding #1 *Check Payment Receipt Log* of this attachment. We also recommend the individual reviewing the checks confirm the check numbers and amounts are entered in CAS correctly, and note and investigate any

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discrepancies in a timely manner. We further recommend Civil review and reconcile cash and checks received at its location to ensure all payments received are accounted for. Also, check payments returned to check originators should be logged on Civil's logs.

Prior Management's Response

The Civil Bureau recognizes the need to verify a payment receipt log with our computer system for check numbers and amounts in order to assure timely and accurate reconciliation. In addition to the steps being taken in response #1, this will be addressed in the development of the new civil software system (see RFP 8036 10.1.8 page 85.)

Current Status

It appears our recommendation has been implemented.

**3. Untimely and Partial Deposits**

Prior Comment

As described in Finding #2 *Accountability for Checks* of this attachment, we noted Civil's check payments were not deposited timely. We counted all daily receipts, checks and cash, received at Civil's office on March 14, 2014. Out of the daily receipts, checks counted were deposited periodically from March 20, 2014 through May 2, 2014. The last check in the amount of \$98.38 was deposited approximately 7 weeks after it was initially received. Since the daily receipts were not deposited intact, and no payment receipt log was maintained as described in Finding #1 *Check Payment Receipt Log* of this attachment, checks could be lost or misappropriated without management's knowledge.

Prior Recommendation

We recommend Civil deposit daily receipts intact and in a timely manner. In addition, as described in Finding #1 of this attachment, a check payment receipts log is maintained.

Prior Management's Response

The Civil Bureau recognizes the need to have a receipt log and to deposit receipts intact and timely. The audited transaction listed in the "comment" section was an anomaly and is not a reflection of our regular practice. That said, timely, accurate, and complete deposit practices are important and will be addressed in the development of the new civil software system (see

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RFP 8036 10.1.1 page 84 - "log of receipt of payments" and 10.2.12 & 10.2.12D - "deposits".)

Current Status

It appears our recommendation has not been implemented. See Finding #3 of Attachment III, *Current Findings and Recommendations*.

**4. Drop Box**

Prior Comment

Civil only requires one individual to open the drop box. As stated in previous Finding #1 *Check Payment Receipt Log* of this attachment and without a second individual present, theft or misappropriation of funds could occur.

Prior Recommendation

We recommend Civil establish and implement procedures where a second individual is present when the drop box is open to retrieve the funds/documents. Funds should be recorded on a receipt log immediately with both individuals' signatures to ensure the funds are accounted. Also, the drop box's receipt log should be reconciled to the deposit amount in County Treasury and CAS.

Prior Management's Response

The Civil Bureau recognizes that when handling cash it is a best practice to have double custody, as recommended. The drop box, located in the lobby of our office, acts in the same manner as a postal mail box without requiring the need for postage. Although this is a good recommendation, it is not applicable because the contents of the drop box and mail from the facility mail room are both handled the same; in single custody. Additionally, very few documents in the drop box have checks attached and the total dollar value is minimal. We understand double custody procedures are a best practice, but have no plans on implementing them for our drop box process.

Current Status

It appears our recommendation has not been implemented. See Finding #4 of Attachment III, *Current Findings and Recommendations*.



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**5. Reconciling Cash Drawers at Closing**

Prior Comment

Civil has one AC that counts the cash drawer before business opens and after business closes. This AC reconciles the daily receipts to the daily accountability sheets. In addition, this AC has the ability to void transactions in CAS. It appears this individual's job duties lack proper separation of duties. Since this individual counts the cash drawer before business opens and after business closes, reconciles daily receipts to daily accountability sheets, and has the ability to void transactions in CAS, error and misappropriation of funds could occur and not be detected in a timely manner.

Prior Recommendation

We recommend Civil establish and implement procedures where proper separation of duties is present and AC reconciling cash drawers and daily accountability sheets do not have the ability to void transactions in CAS. We further recommend Civil establish and implement procedures where a second individual is present when the cash drawers are counted at closing. The second individual should recount the funds and reconcile the amount counted to the report. Both individuals should sign and date indicating the count agreed to its accountability sheet.

Prior Management's Response

The Civil Bureau agreed with the recommendation and immediately developed and implemented new procedures. The cash drawer procedures now include double verification by accounting and cashiering of the cash drawers and accountability documentation and reconciliation of cash, currency, checks and receipts.

Current Status

It appears our recommendation has been implemented.

**6. Separation of Duties**

Prior Comment

Civil's Accounting Technician has the ability to approve check disbursements, prepare/print checks, void transactions, reconcile reports to COMPASS, and has custody of blank checks. Proper separation of duties mean one individual does not have the ability to approve check

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disbursements, prepare/print checks, void transactions, reconcile reports to COMPASS, and have custody of blank checks. As such, misappropriation of funds could occur without management's knowledge.

Prior Recommendation

We recommend Civil implement proper separation of duties and limit the abilities and responsibilities of Civil's Accounting Technician. We further recommend Civil transfer the Accounting Technician's other job duties/tasks and responsibilities to Civil's other staff members and the ability to do said job duties/tasks be restricted to appropriate staff members only.

Prior Management's Response

The Civil Bureau agrees that there must be a separation of duties and computer security permissions for supervisory and management personnel. These security permissions will be part of the new computer software system.

The Civil Bureau has added a new position, Senior Accounting Manager, who is assigned the higher level duties that the Accounting Technician was previously performing.

Current Status

It appears our recommendation has been implemented.

**7. CAS Restrictions**

Prior Comment

Adequate internal controls mean that access restrictions to CAS should be established in order to allow for editing and deletion to authorized users only. During our review, we noted any Civil staff member with access to CAS had the ability to edit or delete writ of execution information and amounts. CAS has the ability to track users utilizing its system. However, Civil did not establish restrictions in CAS to allow editing and deletion by authorized users only to prevent users with access from editing or deleting writ of execution information and amounts.

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In addition, we noted ACs have the ability to post, disburse, and void transactions and checks in CAS. Without proper restrictions and authorization in CAS, misappropriation of funds could occur and not be detected in a timely manner.

Prior Recommendation

We recommend Civil implement adequate internal controls in CAS to prevent unauthorized users from accessing writ of execution information and amounts. Any edits to writ of execution information or amounts should only be performed by CAS users authorized to do so. All other CAS users should be restricted to view access only.

Prior Management's Response

The Civil Bureau disagrees with this recommendation. The dollar amounts detailed in the Writ are viewed as "memo" information, similar to "credit limits" for credit cards. A copy of the original writ is included in the file, and is regularly used for verification purposes related to actual financial transactions. In addition, all changes made to data in our current computer system are logged in a security record and can be accessed and audited. This security and auditing function will also be carried over to the new civil program currently being developed in RFP 8036.

Current Status

It appears our recommendation has not been implemented. See Finding #6 of Attachment III, *Current Findings and Recommendations*.

**8. Check Endorsement**

Prior Comment

During our review of Civil, we noted checks were not restrictively endorsed upon receipt. By not restrictively endorsing checks upon receipt, unendorsed checks could be deposited or cashed by someone other than Sacramento County.

Prior Recommendation

We recommend Civil restrictively endorse checks immediately upon receipt.

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Prior Management's Response

The Civil Bureau recognizes the need to endorse checks upon receipt but understand that this is not the practice for the majority of the checks received by the County of Sacramento as Daily Deposits and processed by Treasury's Remittance Processing Unit. Check endorsement upon receipt will be addressed during the development of the new civil software.

Current Status

It appears our recommendation has not been implemented. See Finding #7 of Attachment III, *Current Findings and Recommendations*.

**9. Authorized Signor on Bank Account**

Prior Comment

Civil has an external bank account other than County Treasury. Civil uses this bank account to issue checks to appropriate parties for levies on wages, bank accounts, or other assets. We noted five authorized signors on this bank account. However, the Director of Finance is not listed as an authorized signor. Sacramento County policies and procedures require all external bank accounts have the Director of Finance as an authorized signor.

Prior Recommendation

We recommend Civil contact the bank's institution and include the Director of Finance as an authorized signor.

Prior Management's Response

The Civil Bureau will recommend to the Sheriff to authorize the Director of Finance to be added as an authorized signor and upon approval will notify the bank.

Current Status

It appears our recommendation has been implemented.

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**1. Check Payment Receipt Log**

Sacramento County Sheriff's Department's Contract and Regional Services, Civil Bureau (Civil) provides several ways for customers to make payment. Customers can pay through the cashiering window, mail, and lock box (drop box). Forms of payments accepted at the cashiering window are cash and checks, and through the mail and drop box are checks only.

Comment

During our review, we noted that Civil did not maintain any receipt logs to track check payments initially received through the cashiering window and drop box. In addition, we noted that Civil was scanning batches of mail in payments processed by the Account Clerks (ACs), but did not scan all mail in payments. We further noted Civil was not reconciling the scanned batches of mail in payments to the deposit and amounts entered in its Civil Automated System (CAS), Civil's record keeping system. Without a log to track checks upon receipt through the cashiering window and drop box, and not scanning all mail in payments, misappropriation of funds could occur and not be detected in a timely manner.

Recommendation

We recommend Civil prepare and maintain receipt logs for all of its cashiering window, mail, and drop box, reconcile the receipt logs to the deposit made to Sacramento County Treasury (County Treasury) and entered in CAS.

Civil's Management's Response

After last year's recommendation, the Civil Bureau implemented a process of scanning and documenting via PDF images all checks that are received through the mail for levy receivables which took place the of a hand written log. This type of check and receiving point constitutes approximately 85% of all checks received and makes up the majority of the dollar value total. This scanning process was intended to be a compromise until the new Civil software program was able to be implemented.

The Civil Bureau recognizes the need for an intake receipt log to document payments received each day, so that accurate and timely reconciliation may take place with the log and daily deposits. The current software program and manpower allocation within the bureau does not allow for it due to the volume of intake transactions on a daily basis. We value the recommendation and have already addressed it in the development of the new civil software system (see RFP 8036 10.1.1 page 84 "a log of receipt of payments".) The new system has been developed and is undergoing the final stages of testing. The testing has gone well, and the new system should be operational during the last quarter of 2016.

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**2. Written Cash Handling Procedures**

Comment

We noted Civil's Daily Transaction Balancing written procedures were not updated to reflect the current practice for counting cash drawers. We further noted the Equipment Fund fee of \$15.00 has not been updated in the procedures to reflect the current fee of \$18.00. Outdated procedures can weaken Civil's internal control over cash handling by creating confusion and inconsistency.

Recommendation

We recommend Civil's management evaluate its written cash handling procedures periodically and update the procedures as necessary in a timely manner.

Civil's Management's Response

We value the recommendation and will be making the necessary changes to the written procedures.

**3. Untimely and Partial Deposits**

Comment

We noted Civil's check payments were not deposited timely. In addition, the daily check payments were not deposited intact. We counted all daily receipts, checks received, and cash in safe on March 3, 2016. Out of the daily receipts, checks counted were deposited periodically from March 9, 2016 through May 6, 2016, see Attachment I, *Summary of Deposits and Imprest Cash Counted*. The last check in the amount of \$70.00 was deposited approximately 9 weeks after it was initially received.

Per Sacramento County Code, Sacramento County Charter, Article VIII. County Officers Other than Supervisors, Sec. 39. Payment of Fees into County Treasury (Sacramento County Code), *"Every county or township officer, board or commission, authorized to collect fees or money must pay into the county treasury all such fees or moneys collected by him or them, as the case may be, not later than seven (7) days following receipt thereof, except that the Tax Collector shall deposit his collection with the County Treasurer daily. Said officer, board or commission shall also file therewith a detailed statement of same in writing, a duplicate copy of which shall at the same time be filed with the Auditor, in such form as the Auditor may require."*

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Per Sheriff's Department General Order Cash Handling Procedures, "*Each day's cash receipts will be deposited intact...and...Managers will insure that all cash that should have been received was, in fact received, recorded accurately and deposited promptly.*"

As such, the payments deposited into County Treasury with the deposit dates of March 16, 2016 through May 6, 2016, see Attachment I, *Summary of Deposits and Imprest Cash Counted*, were not in accordance with the Sacramento County Code and not in accordance with the Sheriff's Department General Order Cash Handling Procedures as described above. Since the daily receipts were not deposited timely and not intact, and no payment receipt log was maintained as described in Finding #1 *Check Payment Receipt Log*, checks could be lost or misappropriated without management's knowledge.

Recommendation

We recommend Civil deposit daily receipts intact and no later than seven days following receipt per the Sacramento County Code and deposited promptly per the Sheriff's Department General Order Cash Handling Procedures. In addition, as described in Finding #1, a check payment receipts log is maintained.

Civil's Management's Response

The audited transaction listed in the "comment" section was an anomaly and is not a reflection of our regular practice. This particular file was waiting for corrected documentation from the requestor. If we had not received the corrected documentation, we would have returned the check, paperwork and logged this check in the unprocessed check log. Eventually the corrected paperwork was received and at that time we were able to process the check.

The Civil Bureau recognizes the need to have a receipt log and to deposit receipts intact and timely. That said, timely, accurate, and complete deposit practices are important and has been addressed in the development of the new civil software system (see RFP 8036 10.1.1 page 84 - "log of receipt of payments" and 10.2.12 & 10.2.12D - "deposits"). The new system has been developed and is undergoing the final stages of testing. The testing has gone well, and the new system should be operational during the last quarter of 2016.

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4. **Drop Box**

Comment

Civil only requires one individual to open the drop box. As stated in previous Finding #1 *Check Payment Receipt Log* and without a second individual present, theft or misappropriation of funds could occur.

Recommendation

We recommend Civil establish and implement procedures where a second individual is present when the drop box is open to retrieve the funds/documents. Funds should be recorded on a receipt log immediately with both individuals' signatures to ensure the funds are accounted. Also, the drop box's receipt log should be reconciled to the deposit amount in County Treasury and CAS.

Civil's Management's Response

The Civil Bureau recognizes that when handling cash it is a best practice to have double custody, as recommended. The drop box, located in the lobby of our office, acts in the same manner as a postal mail box without requiring the need for postage. Although this is a good recommendation, it is not applicable because the contents of the drop box and mail from the facility mail room are both handled the same; in single custody. Additionally, very few documents in the drop box have checks attached and the total dollar value is minimal. We understand double custody procedures are a best practice, but have no plans on implementing them for our drop box process.

5. **Returned Checks Issued and Mailed by Civil**

Comment

Civil stored checks issued and mailed by Civil that were returned to Civil due to non-deliverable address (returned check) in an unsecured overhead file cabinet. Proper internal controls indicate checks should be kept in a secured location at all times to prevent theft or misappropriation.

We further noted that one returned check did not have its check number documented in CAS as a returned check from the United States Postal Office (Post Office). As such, returned checks are not easily tracked and could be lost or misappropriated without management's knowledge.



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Recommendation

We recommend Civil store the returned checks in a secured location at all times. We further recommend the returned checks be clearly documented with their check numbers in CAS.

Civil's Management's Response

Due to staffing changes, the location where the checks returned via US Postal Service were being kept had been changed. We agree with the recommendation and we have since changed the location of storage to a locked file cabinet.

The audited transaction listed in the "comment" section was an anomaly and is not a reflection of our regular practice. After further research the missing check number was clearly identified through all documentation and scanned images maintained in the file. The comment was later modified to include the check number.

**6. CAS Restrictions**

Comment

Adequate internal controls mean that access restrictions to CAS should be established in order to allow for editing and deletion to authorized users only. During our review, we noted any Civil staff member with access to CAS has the ability to edit or delete writ of execution information and amounts. CAS has the ability to track users utilizing its system. However, Civil did not establish restrictions in CAS to allow editing and deletion by authorized users only to prevent users with access from editing or deleting writ of execution information and amounts.

In addition, we noted ACs have the ability to post, disburse, and void transactions and checks in CAS. Without proper restrictions and authorization in CAS, misappropriation of funds could occur and not be detected in a timely manner.

Recommendation

We recommend Civil implement adequate internal controls in CAS to prevent unauthorized users from accessing writ of execution information and amounts. Any edits to writ of execution information or amounts should only be performed by CAS users authorized to do so. All other CAS users should be restricted to view access only.

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Civil's Management's Response

The statement listed in the "comment" section with regard to "any civil staff member with access to CAS has the ability to edit or delete writ of execution information and amounts" is not completely accurate. While any staff can change the writ amounts, these are strictly limitations of how much is to be collected on a particular file and does not represent funds being received or disbursed. As to any amounts that do represent funds received or distributed, no one with the exception of the Records Manager has authority to change those amounts.

**7. Check Endorsement**

Comment

The Sheriff's Department General Order Cash Handling Procedures mentions "*restrictive endorsement of checks*". However, we noted checks were not restrictively endorsed. Proper internal controls indicate that checks be endorsed immediately upon receipt. By not restrictively endorsing checks upon receipt, unendorsed checks could be deposited or cashed by someone other than Sacramento County.

Recommendation

We recommend Civil restrictively endorse checks immediately upon receipt. We further recommend the Sheriff's Department General Order Cash Handling Procedures be updated to require the practice of restrictively endorsing checks immediately upon receipt.

Civil's Management's Response

The Civil Bureau recognizes the need to endorse checks upon receipt. A check endorsement machine was purchased and implementation of check endorsement began the first week of August 2016.

The Sheriff's Department is in the process of updating its Cash Handling General Order. Section III will be updated to reflect that checks should be endorsed upon receipt.

**8. Trust Fund Reconciliations**

Comment

We noted the most recent trust fund reconciliation performed was for October 2014. By not performing monthly trust fund reconciliations, issues or discrepancies would not be detected

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and corrected in a timely manner, and theft or misappropriation of funds could occur without management's knowledge.

Recommendation

We recommend Civil reconcile its trust fund from November 2014 to its current reconciliation status. We further recommend Civil reconcile its trust fund at least monthly. If there are any differences, they should be noted and investigated. If the differences cannot be resolved, they should be noted on an overage/shortage log and recorded in COMPASS.

Civil's Management's Response

Due to staffing shortages this practice was not kept up. The Civil Bureau recognizes the need to reconcile its trust fund at least once per month and steps are currently in place to correct this and bring the reconciliations to a current status.

**9. Repeat Findings**

Comment

We noted that Findings 1, 3, 4, 6, and 7 of this attachment are repeat findings from the prior cash handling review report, see Attachment II, *Current Status of Prior Findings and Recommendations*. Proper internal controls indicate that these findings be resolved in a timely manner.

Recommendation

We recommend Civil implement all recommendations that are noted in this attachment in a timely manner.

Civil's Management's Response

We are taking all steps that are feasible to implement all recommendations as stated in the Civil Management's Response to each item.