

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDIT REPORT  
CHANGE OF CUSTODY REPORT  
GENERAL SERVICES**



**Audit Committee Submittal Date: 12/21/2018**

## SUMMARY

---

### Background

The County of Sacramento Department of General Services (General Services) Director retired on September 7, 2018. The Department of Finance performed a change of custody agreed-upon procedures to inspect their cash and assets and to prepare a schedule of accountability of cash and assets at the time of the Interim Director's retirement.

### Audit Objective

Inspect General Services' cash and assets. Identify any issues with General Services' cash and assets. Prepare an accountability schedule of General Services' cash and assets.

### Summary

We noted issues related to General Services' imprest cash, cash receipts, parking revenues, parts inventory, and capital assets.



County of Sacramento

---

*Inter-Office Memorandum*

November 9, 2018

To: Jeff Gasaway  
Interim Director of General Services

From: Ben Lamera  
Director of Finance

By: Alan A. Matré, C.P.A.  
Chief of Audits

A handwritten signature in blue ink, appearing to read "Alan A. Matré", is placed to the right of the "By:" line.

Subject: **REPORT OF AGREED-UPON PROCEDURES FOR THE COUNTY OF SACRAMENTO DEPARTMENT OF GENERAL SERVICES (GENERAL SERVICES) CHANGE OF CUSTODY ON SEPTEMBER 7, 2018**

At your request, we have performed the procedures enumerated below and on the next page solely to assist General Services with its change of custody on September 7, 2018. We performed our procedures at various County of Sacramento Department offices located throughout Sacramento, California. General Services' management is responsible for maintaining sufficient controls for its accounting operations and capital assets. The sufficiency of these procedures is solely the responsibility of General Services' 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 the next page and is not intended to pertain to any of General Services other operations, procedures or compliance with laws and regulations.

Our procedures and findings are summarized as follows below and on the next page:

- We obtained a listing of General Services' capital assets reported in the Sacramento County Financial System (a.k.a. COMPASS) and selected a sample to inspect their existence.

Finding: We noted exceptions that require your attention as a result of our procedures. See Attachment I, *Schedule of Accountability* and Attachment II, *Comments and Recommendations*.

- We counted General Services' imprest cash and compared it to the amount authorized in COMPASS.

Finding: We noted exceptions that require your attention as a result of our procedures. See Attachment I, *Schedule of Accountability* and Attachment II, *Comments and Recommendations*.

- We counted General Services' cash receipts as of September 7, 2018 and compared it to the amount posted by the County Treasury.

Finding: General Services' Administration and Real Estate divisions did not receive any cash receipts as of September 7, 2018. However, General Services' Surplus and Parking divisions did. As such, we noted exceptions that require your attention as a result of our procedures. See Attachment I, *Schedule of Accountability* and Attachment II, *Comments and Recommendations*.

- We inspected General Services' postage meters' balance as of September 7, 2018.

Finding: We did not note any exceptions that require your attention as a result of our procedures. See Attachment I, *Schedule of Accountability*.

- We obtained a listing of General Services' parts inventory and selected a sample to inspect their existence.

Finding: We noted exceptions that require your attention as a result of our procedures. See Attachment I, *Schedule of Accountability* and Attachment II, *Comments and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on any of the accounts, financial statements, compliance, or items referred to above and on the previous page. Had we made an examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, other matters may have come to our attention that would have been reported to you. This report relates only to General Services' change of custody on September 7, 2018, and does not extend to General Services as a whole.

General Services' responses to the findings identified during our procedures are described in Attachment II, *Comments and Recommendations*. We did not perform procedures to validate General Services' responses to the comments and, accordingly, we do not express an opinion on the responses to the comments.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, and General Services' 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, *Schedule of Accountability*

Attachment II, *Comments and Recommendations*

**COUNTY OF SACRAMENTO  
GENERAL SERVICES  
CHANGE OF CUSTODY  
SCHEDULE OF ACCOUNTABILITY**

SEPTEMBER 7, 2018

**Capital Assets**

Asset	Total Population	Amount Sampled	Non-Compliant Amounts
<b>Total</b>	\$ 104,026,480.93 <sup>(i)</sup>	803,099.27 <sup>(ii)</sup>	22,582.95 <sup>(iii)</sup>

**Postage Meters**

Meter Number	Amount Per General Services Records <sup>(iv)</sup>	Amount Verified <sup>(v)</sup>	Difference
0345463	\$ 1,023.648	1,023.648	0.00
0345415	13,443.441	13,443.441	0.00
0345428	40,000.261	40,000.261	0.00
<b>Total</b>	<b>\$ 54,467.350</b>	<b>54,467.350</b>	<b>0.00</b>

**Parts Inventory**

Location	Total Population <sup>(vi)</sup>	Amount Sampled <sup>(vii)</sup>	Amount Verified <sup>(viii)</sup>	Difference <sup>(ix)</sup>
Rancho Cordova	\$ 17,061.65	1,028.18	1,024.91	(3.27)
Build Up	212,095.86	28,723.14	28,767.83	44.69
Bradshaw	300,291.14 <sup>(x)</sup>	3,626.66	3,626.66	0.00
<b>Total</b>	<b>\$ 529,448.65</b>	<b>33,377.98</b>	<b>33,419.40</b>	<b>41.42</b>

**Imprest Cash**

Division	Amount Per COMPASS <sup>(xi)</sup>	Amount Counted <sup>(xii)</sup>	Difference
Administration Petty Cash	\$ 325.00	325.00	0.00
Real Estate Petty Cash	100.00	100.00	0.00
Surplus Change Fund	150.00	150.00	0.00
Parking Change Fund	600.00	582.25	(17.75) <sup>(xiii)</sup>
<b>Total</b>	<b>\$ 1,175.00</b>	<b>1,157.25</b>	<b>(17.75)</b>

**Daily Receipts**

Location	Amount Per Treasury <sup>(xiv)</sup>	Amount Counted <sup>(xv)</sup>	Difference <sup>(xvi)</sup>
Surplus	\$ 507.96	658.17	150.21
Parking (1/2)	76.25	76.25	0.00
Parking (2/2)	686.25	706.25	20.00
<b>Total</b>	<b>\$ 1,270.46</b>	<b>1,440.67</b>	<b>170.21</b>

Number superscripts are described on the next page.

**COUNTY OF SACRAMENTO  
GENERAL SERVICES  
CHANGE OF CUSTODY  
SCHEDULE OF ACCOUNTABILITY**

SEPTEMBER 7, 2018

- (I) Amount consists of the acquisition value of the County of Sacramento, Department of General Services' (General Services) capital assets reported in the Sacramento County Financial System (a.k.a. COMPASS).
- (II) Amount represents the acquisition value of General Services' capital assets reported in COMPASS selected for testing.
- (III) Amount represents the asset that was unavailable to view. See Finding Number 5 at Attachment II, *Comments and Recommendations* for more detail.
- (IV) Amounts represent postage amounts on General Services' meters as of September 7, 2018.
- (V) Amounts represent the postage amounts General Services' meters and reconciling items.
- (VI) Amounts represent the total parts inventory amount from each location obtained from the parts inventory list.
- (VII) Amounts represent the amount we selected for testing from the parts inventory list.
- (VIII) Amounts represent the amount we physically inspected.
- (IX) Amounts represent the difference from the "Amount Verified" column and "Amount Sampled" column.
- (X) Amount represents an adjustment of \$27.13 to the original total population amount \$300,318.27 to \$300,291.14 (\$300,318.27 - \$27.13). See Finding Number 4 at Attachment II, *Comments and Recommendations* for more detail.
- (XI) Amounts represent General Services' authorized imprest cash.
- (XII) Amounts represent the imprest cash counted and inspected.
- (XIII) Amount represents the difference from "Amount Counted" column and "Amount Per COMPASS" column. See Finding Number 1 at Attachment II, *Comments and Recommendations* for more detail.
- (XIV) Amounts represent General Services' daily receipts deposited to and posted by the County Treasury.
- (XV) Amounts represent General Services' daily receipts counted and inspected.
- (XVI) Amount represents the difference from "Amount Counted" column and "Amount Per Treasury" column. See Finding Numbers 1 and 2 at Attachment II, *Comments and Recommendations* for more detail.

**COUNTY OF SACRAMENTO  
GENERAL SERVICES  
CHANGE OF CUSTODY  
COMMENTS AND RECOMMENDATIONS**

SEPTEMBER 7, 2018

**1. Imprest Cash**

Comment

During our engagement, we noted the following issues related to County of Sacramento (County), Department of General Services' (General Services) imprest cash:

- I. General Services' Parking does not balance its ticket/change machine back to its starting balance of \$400.00. Instead, staff adjusts the change/float balance through increases or decreases from parking ticket receipts received through the ticket/change machine. All parking receipts should be deposited to County Treasury. As such, a \$17.75 (\$600.00 - \$582.25) imprest cash shortage occurred between General Services' Parking's authorized imprest cash amount of \$600.00 and recounted amount of \$582.25. Imprest cash counted should agree to the authorized amount in Sacramento County Financial System (a.k.a. COMPASS).
  
- II. General Services' Surplus had \$150.00 of unauthorized imprest cash. Only authorized imprest cash should be maintained and utilized for County operations.

By not making complete and whole deposits, and not agreeing General Services' imprest cash to the authorized amounts in COMPASS, theft or misappropriation of funds could occur without management's knowledge.

Recommendation

We recommend General Services reconcile imprest cash to the authorized amounts and make complete and whole deposits for its parking receipts to County Treasury. In addition, the \$150.00 of unauthorized imprest cash from General Services' Surplus should be deposited to County Treasury.

General Services Management's Response

General Services concurs with these recommendations. The \$150.00 of unauthorized imprest cash was deposited to the County Treasury via DP# 1300685433.

**2. Cash Receipts Overage**

Comment

We noted General Services' Surplus had \$0.21 overage from its cash receipts that was not logged on an over/short log. In addition, the funds were not deposited to County Treasury or recorded in COMPASS. By not logging the overage on an over/short log and not depositing



**COUNTY OF SACRAMENTO  
GENERAL SERVICES  
CHANGE OF CUSTODY  
COMMENTS AND RECOMMENDATIONS**

SEPTEMBER 7, 2018

the overage to County Treasury, theft or misappropriation of funds could occur without management's knowledge.

In addition, we noted that General Services' Parking used cash receipts to balance the change fund machine. We counted General Services' Parking daily receipts to be \$706.25 and the amount deposited was \$686.25, resulting in a deposit shortage of \$20.00 (\$706.25 - \$686.25). As noted in Finding Number 1, Item I, on page 1 of this attachment, there was a \$17.75 shortage; therefore, General Services' Parking replenished the imprest cash from its daily cash receipts. As such, the \$20.00 was not deposited to County Treasury, but used to replenish the change fund machine. By not making whole complete deposits, theft or misappropriation of funds could occur without management's knowledge.

Recommendation

We recommend General Services ensure all overages be logged on an over/short log and deposited to County Treasury and recorded in COMPASS. The \$0.21 overage should be deposited to County Treasury, and recorded in the overage account in COMPASS. The \$2.25 (\$20.00 - \$17.75) difference should be deposited to County Treasury and we reiterate our recommendation at Finding Number 1 regarding making complete and whole deposits for its parking receipts to County Treasury.

General Services Management's Response

General Services concurs these recommendations. However it should be noted the imprest amount of \$400.00 will vary throughout the business day as the machine makes change from the imprest amount. Based on the number of large bills received, the imprest amount may need to be made whole before daily receipts are reconciled.

**3. Parking Revenues**

Comment

During our inspection, we noted General Services' Parking's automated ticket software system, Opus Symphony, is not recording all of the parking tickets disbursed to customers. We noted ticket number 4851 was not recorded in Opus Symphony's ledger reports. All parking transactions should be recorded and tracked. By having missing and omitted parking transactions, lost and incorrect deposits, and misappropriation of parking revenues could occur without management's knowledge.

Recommendation

We recommend General Services work with the parking system contractor to correct the non-recording of parking tickets on Opus Symphony.

**COUNTY OF SACRAMENTO**  
**GENERAL SERVICES**  
**CHANGE OF CUSTODY**  
**COMMENTS AND RECOMMENDATIONS**

SEPTEMBER 7, 2018

General Services Management's Response

General Services concurs with this recommendation and will work with the Contractor to address this issue. A solution should be identified by December 31, 2018.

**4. Parts Inventory**

Comment

During our inspection, we noted General Services had two instances (one from Build Up and one from Rancho Cordova) where the number of part items counted did not agree to the quantity on hand from the parts inventory list. Parts counted should agree to the quantity on hand on the parts inventory list. By not doing so, parts could go missing or be misappropriated without management's knowledge.

We further noted that one part number from the Bradshaw location did not have the correct part inventory total. The part inventory total on the parts inventory list for this part number was \$74.17; however, the correct amount was \$47.04. This resulted in an over reported total part inventory amount of \$27.13 (\$74.17 - \$47.04). As such, we adjusted the total parts inventory population of \$300,318.27 to \$300,291.14 (\$300,318.27 - \$27.13) as shown at Attachment I, *Schedule of Accountability*.

Recommendation

We recommend General Services perform parts inventory counts and reconcile the counts to the parts inventory list and investigate any differences quarterly. We further recommend General Services cross foot the quantity on hand and the average price per item to obtain the inventory total for each part number and investigate any differences monthly.

General Services Management's Response

General Services does not believe it is feasible, with the given resources, to perform a complete parts inventory quarterly. General Services will implement quarterly cycle counts on randomly selected parts items. The cycle counts will be implemented during the third quarter of FY 2019.

Regarding the second part of the recommendation, this is also not feasible. As noted during the review, many of these differences are due to the rounding of cents in the average price of individual part items, based on purchase price, as calculated by the Fleet Management System.

**COUNTY OF SACRAMENTO  
GENERAL SERVICES  
CHANGE OF CUSTODY  
COMMENTS AND RECOMMENDATIONS**

SEPTEMBER 7, 2018

**5. Capital Asset Issues**

Comment

During our inspection, we noted six pieces (6) pieces of equipment that were missing inventory/asset tags. Capital asset numbers 81332 (gas sewer machine), 83288 (recorder), 73817 (scanner), 82537 (combination sealer machine), 82538 (refurbished numbering machine), and 79029 (alignment machine) were not affixed with inventory/asset tags. Proper internal controls dictate that capital assets be affixed with inventory/asset tags that agree the asset to COMPASS. There is the potential that County assets could be misappropriated when they are not properly affixed with inventory/asset tags.

In addition, we were unable to inspect a vehicle, asset number 78941 (2014 Dodge Caravan). Per our inquiry with the contact person provided by General Services, asset number 78941 was transferred to a different individual and General Services was not updated on the transfer. Capital assets should be easily tracked and available to view when requested. By not tracking assets when transfers occur, assets could go missing or stolen without management's knowledge.

Recommendation

We recommend General Services ensure all capital assets have an inventory/asset tag. We further recommend that all of its assets be tracked when transfers occur and be available to view when requested.

General Services Management's Response

General Services concurs with the first recommendation and will work to tag capital assets with an Asset Number tag, which will agree to the number assigned in COMPASS, this should be completed by March 31, 2019.

With regard to the second recommendation, within two business days the vehicle was located and photographed by General Services. It was discovered not to have been transferred, but rather the Departmental contact for the vehicle had been changed. This vehicle belongs to a Departmental sub-pool of vehicles and is not assigned to a specific individual.