

# COUNTY OF SACRAMENTO

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

## **INTERNAL AUDITS REPORT**

### **CHANGE OF CUSTODY AGREED-UPON PROCEDURES FINAL REPORT AS OF April 30, 2021**

#### **PROBATION DEPARTMENT**



**Audit Committee Submittal Date: 10/14/2021**

## **SUMMARY**

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### **Background**

The Department of Finance (Finance) performed a change of custody agreed-upon procedures for the Interim Chief Probation Officer of the Sacramento County Probation Department (Probation) with a change of custody date of April 30, 2021.

### **Audit Objective**

To inspect Probation's cash, cash equivalents, and capital assets as of April 30, 2021 and confirm the record to the Sacramento County Accounting System (COMPASS).

### **Summary**

We noted an issue with Probation's record keeping and tracking of gift cards for the participants in Probation's programs.

Department of Finance

Ben Lamera  
Director



Auditor-Controller Division

Joyce Renison  
Assistant Auditor-Controller

**County of Sacramento**

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*Inter-Departmental Memorandum*

September 20, 2021

To: Marlon Yarber, Interim Chief Probation Officer  
Sacramento County Probation Department

From: Ben Lamera  
Director of Finance

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

A handwritten signature in blue ink, appearing to be "H. Yu", is written over the name of the sender.

Subject: **REPORT OF AGREED-UPON PROCEDURES FOR THE SACRAMENTO COUNTY PROBATION DEPARTMENT (PROBATION) CHANGE OF CUSTODY ON APRIL 30, 2021**

Enclosed is our final report on the Sacramento County Probation Department change of custody on April 30, 2021.

Please contact Mark Wright at (916) 874-5127 if you have any questions regarding this report.

We would like to take this opportunity to thank you and your staff for the cooperation and assistance we received during our procedures.

Enclosure



County of Sacramento

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*Inter-Office Memorandum*

September 20, 2021

To: Marlon Yarber, Interim Chief Probation Officer  
Sacramento County Probation Department

From: Ben Lamera  
Director of Finance

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

A handwritten signature in blue ink, appearing to be "A Yu", is written over the "By:" line.

Subject: **REPORT OF AGREED-UPON PROCEDURES FOR THE SACRAMENTO COUNTY PROBATION DEPARTMENT (PROBATION) CHANGE OF CUSTODY ON APRIL 30, 2021**

We have performed the procedures enumerated below, which were agreed to by Sacramento County Probation Department (Probation) change of custody on April 30, 2021. We performed our procedures at Probation office's located at 8745 Folsom Blvd., 4100 Branch Center Road, and 9601 Kiefer Blvd. Sacramento, California. Probation's management is responsible for maintaining sufficient controls for its accounting operations and assets. This agreed-upon procedures engagement was conducted in accordance with Standards for Attestation Engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of Probation'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 Probation's other operations, procedures or compliance with laws and regulations.

Our procedures and findings are summarized as follows:

1. We counted Probation's imprest cash on hand at the Folsom Blvd. location on August 9, 2021 and at the Kiefer Blvd location on August 11, 2021. See Attachment I, *Schedule of Accountability*.

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

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2. We reviewed cash reconciliations for the period April 30, 2021 to August 12, 2021, the last day of fieldwork.

Finding: We did not note any exceptions as a result of the procedures performed. See Attachment I, *Schedule of Accountability*.

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3. We reviewed bank statements and reconciliations for external bank accounts for the period April 30, 2021 through August 12, 2021, the last day of fieldwork.

Finding: We did not perform this procedure because Probation did not have any outside bank accounts.

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4. We inspected the capital asset listing and physically inspected 29 of 290 capital assets at Probation's location.

Finding: We did not note any exceptions as a result of the procedures performed. See Attachment I, *Schedule of Accountability*.

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5. We counted gift cards and bus passes on hand, at the above noted locations, during our fieldwork and reconciled the balances back to change of custody date, April 30, 2021.

Finding: We noted some gift cards on hand are not recorded into a ledger or spreadsheet for tracking the balance on hand. See Attachment I, *Schedule of Accountability* and Attachment II, *Finding and Recommendation*.

This agreed-upon procedures engagement was conducted in accordance with 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 Probation'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. Probation's response to the finding identified during our procedures is described in Attachment II, *Finding and Recommendation*. We did not perform procedures to validate Probation's response to the finding and, accordingly, do not express an opinion on the response.

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 Probation 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 - *Finding and Recommendation*

**COUNTY OF SACRAMENTO  
PROBATION DEPARTMENT  
CHANGE OF CUSTODY  
SCHEDULE OF ACCOUNTABILITY**

**April 30, 2021**

**Imprest Cash**

<u>Counted Date</u>	<u>Imprest Cash</u>	<u>Authorized Amount</u>	<u>Counted Amount</u>	<u>Variance</u>
08/09/2021	Administration	\$ 8,250	8,250	\$ 0
08/11/2021	Youth Detention	2,500	2,500	0
Total		<u>\$ 10,750</u>	<u>10,750</u>	<u>\$ 0</u>

**Gift Cards**

<u>Card Type</u>	<u>Dollar Amount</u>	<u>Number of Cards 04/30/2021</u>	<u>Value of Cards</u>
Safeway	\$ 100.00	183	\$ 18,300.00
Safeway	50.00	129	6,450.00
Raley's	100.00	195	19,500.00
Raley's	50.00	73	3,650.00
Shell	50.00	140	7,000.00
Target	50.00	7	350.00
Walmart	6.34	1	6.34
Total			<u>\$ 55,256.34</u>

**Bus Passes**

<u>Location</u>	<u>Bus Pass Value</u>	<u>Number of Bus Passes 04/30/2021</u>	<u>Value of Bus Passes</u>
Administration	\$ 7.00	4,364	\$ 30,548.00

**Capital Assets**

<u>Capital Assets on Hand</u>	<u>Total Acquired Value Reported</u> <sup>(1)</sup>	<u>Value of Amount Inspected</u> <sup>(2)</sup>	<u>Identified Variance</u>
Capital Assets	\$ 1,248,115	78,285	\$ 0

(1) Amount represents the total acquisition value of capital assets reported in COMPASS. Assets are depreciated and have a book value of \$320,260.30.

(2) Amount represents the acquisition value of capital assets determined based on our procedures performed.

**COUNTY OF SACRAMENTO  
PROBATION DEPARTMENT  
CHANGE OF CUSTODY  
FINDING AND RECOMMENDATION**

**April 30, 2021**

**Gift Card Tracking**

Condition

The Probation Department (Probation) uses spreadsheets to track gift cards that have been purchased to be used for its programs. However, we noted Probation has 137 Shell and 7 Target gift cards that have not been recorded into a log to identify the gift cards on hand. These gift cards are recorded in a log when they have been distributed for use but there is no tracking of cards available for distribution. In addition, the 7 Target gift cards are kept separate from other recently purchased Target gift cards and have not been issued prior to issuing newly purchased Target gift cards. The oldest Target gift cards on hand should be issued first before the more recently purchased Target gift cards.

Criteria

Proper internal controls dictate maintaining controls over and tracking assets that are subject to theft or misappropriation.

Effect

Not tracking the available balance of gift cards could lead to not being able to detect theft or misappropriation on a timely basis. In addition, by not issuing the older gift cards first, the older cards may become obsolete or defective.

Recommendation

We recommend Probation use a log such as a spreadsheet to track all gift card activities including issuance of the oldest cards first, distribution, and available ending balance of all gift cards. Log should identify balances available at the divisions that receive the gift cards for distribution to participants.

Management Response

Probation agrees with the recommendation to use a log such as a spreadsheet to track all gift card activities including issuance of the oldest cards first, distribution, and available ending balance of all gift cards. Probation also agrees the log should identify balances available at the divisions that receive the gift cards for distribution to participants.

Probation implemented these recommendations effective August 28, 2021.