

# COUNTY OF SACRAMENTO

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

## **INTERNAL AUDIT REPORT**

**SHERIFF'S OFFICE  
FIELD AND INVESTIGATIVE SERVICES DIVISION  
IMPACT BUREAU  
AGREED UPON PROCEDURES**

## **CASH HANDLING REVIEW**



**Audit Committee Submittal Date: 11/09/2023**

## **SUMMARY**

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### **Background**

The Department of Finance (Finance) performed a cash handling review of the Sacramento County Sheriff's Office, Field and Investigative Services Division, Impact Bureau (Bureau).

### **Audit Objective**

Agreed upon procedures were performed to review the Bureau's cash receipts policies and procedures, observe and document how cash was received and accounted for within the Sacramento County Accounting System (COMPASS), how unclassified cash was controlled, verify balances of unclassified cash, and review reconciliations of external bank accounts for the review period December 1, 2022 through January 10, 2023.

### **Summary**

We noted the Bureau did not record the balance or expenditure activities of the unclassified fund in COMPASS.

**Department of Finance**

Chad Rinde  
Director



**County of Sacramento**

**Divisions**

Auditor-Controller  
Consolidated Utilities Billing &  
Service  
Investments  
Revenue Recovery  
Tax Collection & Licensing  
Treasury

October 23, 2023

Peter Aw-Yang, Assistant Treasurer  
Department of Finance  
County of Sacramento  
700 H Street, Room 1710  
Sacramento, CA 95814

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Dear Mr. Aw-Yang:

We have performed the procedures enumerated below, and on page 2, which were agreed upon by you, regarding Sacramento County Sheriff's Office (Sheriff), Field and Investigative Services Division, Impact Bureau (Bureau). These procedures were performed solely to evaluate Bureau's cash handling control procedures for the period December 1, 2022 to January 10, 2023. For the purpose of this cash handling review, "cash" is defined as all forms of money, and includes, but is not limited to, currency, coin, checks, electronic checks, money orders, credit cards, and debit cards.

Sheriff's management is responsible for maintaining sufficient cash handling controls. 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, and on page 2, 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 on page 2, and is not intended to pertain to any of Bureau's other operations, procedures or compliance with laws and regulations.

Our procedures and findings are summarized as follows:

1. We obtained and reviewed the Bureau's cash receipt policies and procedures to identify any concerns or internal control issues.

Result: We did not note any exceptions as a result of this procedure.

Peter Aw-Yang  
Assistant Treasurer  
October 23, 2023

2. We visited the Bureau's location to observe and document how unclassified cash was controlled, and perform a walkthrough of the cash handling process with Bureau's staff.

Result: We noted that the Bureau did not record the balance or expenditure activities of the unclassified fund in Sacramento County's Accounting System (COMPASS). See ATT 2 – *Current Finding and Recommendation*.

3. We counted the Bureau's unclassified cash on hand on January 10, 2023, and compared amounts to the Bureau's documentation.

Result: We did not note any discrepancy between the amount counted and the amount per Bureau's documentation. However, we noted some concerns as described in the procedure #2 above. See ATT 1 – *Summary of Cash and Bank Account* and ATT 2 – *Current Finding and Recommendation*.

4. Reviewed the external bank account for Asset Forfeiture, bank reconciliations, and traced the Bureau's bank balance to COMPASS.

Result: We did not note any exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with the Standards for Attestation Engagements contained in *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States of America. We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on the Bureau's cash balances, financial schedules, compliance, or results of our procedures previously referred to. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the results of our procedures referred to above, and does not extend to Sheriff's or the Bureau's operations as a whole.

Sheriff's responses to the findings identified during our procedures are described in ATT 2 - *Current Finding and Recommendation*. We did not perform procedures to validate Sheriff's responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

Peter Aw-Yang  
Assistant Treasurer  
October 23, 2023

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 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.

Sincerely,

CHAD RINDE  
DIRECTOR OF FINANCE



By: Hong Lun (Andy) Yu, CPA  
Chief of Audits

Attachments

*ATT 1 – Summary of Unclassified Cash and Bank Account*  
*ATT 2 – Current Finding and Recommendation*

SACRAMENTO COUNTY SHERIFF'S OFFICE  
FIELD AND INVESTIGATIVE SERVICES  
IMPACT BUREAU  
CASH HANDLING REVIEW  
FOR THE PERIOD DECEMBER 1, 2022 TO JANUARY 10, 2023

SUMMARY OF UNCLASSIFIED CASH AND BANK ACCOUNT

**Unclassified Cash**

| <u>Amount as of<br/>January 10, 2023</u>                                   | <u>Amount<br/>Counted</u> | <u>Amount Per<br/>COMPASS</u> | <u>Variance</u> |
|--|---------------------------|-------------------------------|-----------------|
| High Intensity Drug Trafficking<br>Area (HIDTA)                            | \$ 1,440.00               | 0.00                          | 1,440.00 (1)    |
| California Multi-Jurisdictional<br>Methamphetamine<br>Enforcement (CALMET) | 7,356.00                  | 0.00                          | 7,356.00 (1)    |
| Division 6 Safe  | 34,340.51                 | 0.00                          | 34,340.51 (1)   |

**Asset Forfeiture**

| <u>External Bank Account<br/>Date</u> | <u>Balance<br/>Per<br/>Bank Reconciliation</u> | <u>Balance<br/>Per<br/>COMPASS</u> | <u>Variance</u> |
|---------------------------------------|--|------------------------------------|-----------------|
| December 31, 2022                     | \$ 1,181,448.05                                | 1,404,485.83                       | 223,037.78 (2)  |

(1) Cash on hand balance was not recorded in Sacramento County Financial System (COMPASS). See ATT 2 - *Current Finding and Recommendation*

(2)

Bank reconciliation is performed monthly and reconciled to COMPASS annually at June 30th. The variance was reconciled at June 30, 2023.

SACRAMENTO COUNTY SHERIFF'S OFFICE  
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IMPACT BUREAU  
CASH HANDLING REVIEW  
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CURRENT FINDING AND RECOMMENDATION

**1. Impact Bureau – Unclassified Funds**

Condition

During our review of the Bureau's cash handling procedures, we noted that the Bureau has cash on hand referred to as unclassified funds designated for investigative purposes. This fund operates similar to an imprest account but the balance of the unclassified funds was not recorded in COMPASS as an imprest cash fund.

A single COMPASS entry is made to the general ledger expenditure account when the funds are withdrawn, and cash funds are deposited into the Bureau's safe. The Bureau logs the use of the funds and maintains an ongoing balance of available funds. However, the balance of the funds or related expenditure activities are not recorded in COMPASS.

Criteria

All cash funds on hand and expenditure activities should be accounted for in COMPASS for accurate financial reporting and transparency.

Effect

Not recording the balance or expenditure activities of Bureau's unclassified funds in COMPASS makes the funds vulnerable for theft and/or misappropriation without being detected in a timely manner.

Recommendation

We recommend the Bureau establish an imprest cash account in COMPASS to account for the unclassified funds, replenish the funds once a year at a minimum, and properly record the expenditure activities of unclassified funds in COMPASS.

In addition, we recommend the Bureau reconcile the balance and activities of the unclassified funds to COMPASS once a month at a minimum to investigate and resolve any discrepancies in a timely manner.

SACRAMENTO COUNTY SHERIFF'S OFFICE  
FIELD AND INVESTIGATIVE SERVICES  
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CURRENT FINDING AND RECOMMENDATION

Management Response

We partially agree with the auditor's recommendation.

We agree that an imprest cash account in compass should be established to record the unclassified funds balance. We will work with Department of Finance to set up this account. We will make annual entries to record activity and ensure the balance in compass reconciles to the balance of unclassified funds on hand.

We do not agree with a minimum replenishment recommendation. Due to the nature of the funds, it is not always necessary to replenish or add funding. The funds are used for payment to informants for information and completed work, purchases of drugs or contraband from criminal suspects, and other necessary investigative expenses. More times than not an arrest is made and funds are returned. Therefore, in order to be responsible stewards of the funds and to not let the balance grow too large, we will continue current practices and replenish the funds only when necessary for operations.

We do not agree with reconciling the unclassified funds to compass on a monthly basis. After consulting with the Department of Finance, an annual entry to record activity and ensure the balance in compass reconciles to the balance in the safe(s) would be sufficient and consistent with other internal processes. Currently, ledgers are reconciled to the safe balance(s) on a monthly basis. Quarterly, there is an audit and cash count done by the Division Budget Coordinator and Executive Officer. Annually, there is a report submitted to the Sheriff's Fiscal Bureau by the Division Budget Coordinator and an internal Audit and cash count is performed by Fiscal staff.