

# Sonoma County

## Auditor-Controller-Treasurer-Tax Collector

### Internal Audit Report

#### **Internal Audit: Sonoma County Auto Theft Task Force**

For the Period: July 1, 2019 - June 30, 2020

Engagement No: 3464  
Report Date: January 10, 2022



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## Table of Contents

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**Sonoma County Auto Theft Task Force**  
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	<u>Page</u>
Executive Summary .....	1
Introduction, Background and Scope .....	2
Procedures, Findings & Recommendations .....	3
Staff Acknowledgement .....	6

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## Executive Summary

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As a part of the 2021-2022 Audit Plan, the Internal Audit Division of the Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office (Internal Audit) audited the internal controls over the Sonoma County Auto Theft Task Force (SONCATT) Fund to confirm that revenue and expenditures were appropriate prior to the transfer of the SONCATT fund from the District Attorney's office to the Sheriff's office.

Based on the work we performed, we found the system of internal controls over the SONCATT is properly designed, except as discussed below:

### Current audit findings:

**1) Revenue remitted to Sonoma County was unable to be confirmed for accuracy**

Actual vehicle registration records were not provided by the State or the DMV despite multiple requests. As a result, we were unable to confirm that the vehicle registration fee revenue received from the State was accurate. The State remits to the County the registration fee revenue collected by the DMV. The State does not perform a reconciliation of revenue collections on the actual number of vehicles registered.

**2) SONCATT Confidential Fund has excess money in the safe according to the MOU**

For the fiscal year ended June, 30, 2020, the SONCATT Confidential Fund, kept in a safe, exceeded the approved MOU limit by \$23,263. The SONCATT MOU states no more than \$10,000 should be in the Confidential Fund, at the end of June 30, 2020 there was \$33,263.

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## Introduction, Background and Scope

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### Introduction

Internal Audit performed audit procedures on the SONCATT Fund as agreed to and requested by the Sheriff's Office. The procedures are detailed in the following section and were performed in accordance with the *International Standards for the Professional Practice of Internal Auditing (standards)*. These standards require that we identify, analyze, evaluate, and document sufficient information and evidence to support our results, findings, and recommendations. We believe that the evidence obtained during this audit provides a reasonable basis for the results, findings, and recommendations contained in our report.

The primary purpose of our engagement is to assist the Sheriff's Office in their evaluation of Sonoma County Auto Theft Task Force assets and financial transactions transferred from the District Attorney's Office to the Sheriff's Office.

### Background

In 1998, the Sonoma County District Attorney and the California Highway Patrol (CHP) established the (SONCATT as a collaborative multi-agency effort to reduce the incidence of vehicle theft related crimes in Sonoma County. Funding for the County's share of costs is allocated from the revenues generated by the vehicle license fees authorized by Section 9250.14 of the Vehicle Code, and adopted by the Board of Supervisors Resolution 92-1040 on June 23, 1992. These fees are to be used only for county-wide auto theft investigation and prosecution.

SONCATT is governed by a Task Force Council consisting of representatives from each participating agency. The CHP is the lead agency for the Task Force daily operations, with the Sheriff's Office assuming the responsibility for coordinating and managing the Task Force administrative and fiscal function.

In fiscal year 2019/2020 the District Attorney's Office began the transfer of the SONCATT operation fund to the Sheriff's Office. At the beginning of the fiscal year, July 1, 2019 the District Attorney's SONCATT operation fund had \$1,490,640 and in fiscal year 2020/2021 the ending balance was zero, leaving an ending balance in the Sheriff SONCATT fund of \$1,804,187.

### Scope

The audit was for the period July 1, 2019 to June 30, 2020. The scope of our work included the following:

- Interviews with SONCATT representatives and a review of policies and procedures to update our knowledge of the operating environment.
- Walkthroughs of key internal controls to gain an understanding of internal controls.
- Reviews of California Vehicle Code Section 9250.14, the SONCATT Memorandum of Understanding (MOU) dated March 24, 2020 to update our knowledge of relevant laws, regulations and other fiscal requirements.
- Tests of financial transactions to verify compliance with internal controls systems, Vehicle Code Section 9250.14 and the MOU.

Internal Audit performed five audit procedures that were requested by the Sheriff's management team. There were two findings out of the five procedures.

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## Procedures, Findings & Recommendations

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### Procedure #1:

Verify that the cash balance in the Task Force safe and cash balance in the Confidential Fund ledger matches the cash in the enterprise financial system (EFS).

### Finding #1:

Cash in the Task Force safe agreed to the Confidential Fund ledger kept on the shared drive for SONCATT however cash in the Task Force safe did not match cash in the EFS accounts.

Cash held outside of the Treasury, such as cash in the Task Force safe, should be recorded in EFS. Transaction information should be updated in EFS annually or when replenishments of the Confidential Fund are requested.

The MOU states there should not be more than \$10,000 in the SONCATT Confidential Fund and any excess funds should be deposited in the SONCATT fund in the County Treasury. At the end of FY 19/20, the SONCATT Confidential Fund balance was \$33,263 and exceeded the approved MOU limit by \$23,263. SONCATT budgets \$7,500 annually for a 'Confidential Fund' up to that amount may be withdrawn from the Treasury and added to the task force safe. Since the fund balance is over \$10,000 the SONCATT Commander has not taken the annual \$7,500 since 2015. Cash in the Confidential Fund can be used for, the purchase of evidence, investigative expenses, and informant payment.

### Recommendation #1:

The Sheriff's Office should work with the ACTTC staff to establish an account in EFS to account for cash held outside the Treasury. Transaction information should be updated annually or when replenishments of the Confidential Fund are requested.

The Confidential Fund balance should be brought down to \$10,000 and the excess amount needs to be deposited back into the SONCATT fund 11166.

### Management Response #1:

Sheriff's Management agrees with this recommendation and understands the importance of monitoring cash balances in the EFS. The following steps will be implemented to address this finding:

1. The Sheriff's Office plans to deposit amounts in excess of \$10,000, held in the safe, to the SONCATT fund, 11166.
2. The Sheriff's Office will work with ACTTC to establish the account in the EFS that represent the monies held in the safe, and following the policy for the account; provided that no confidential or compromising information will be required to be uploaded into EFS. The backup for financial transactions will continue to be held in the safe.

### Procedure #2:

Review cash handling procedures and determine if they were followed for the year ending June 30, 2020.

Cash handling procedures appear to have been followed for the fiscal year ended June 30, 2020. We reviewed cash handling procedures listed in the SONCATT procedures manual and the MOU. We reviewed a sample of Task Force safe and EFS expenditures and confirmed that they conformed to SONCATT procedures and the MOU. We confirmed that revenue and expenditures were appropriately transferred from the DA's fund to the Sheriff's fund.

No findings noted.

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## Procedures, Findings & Recommendations

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### **Procedure #3:**

Test a sample of Task Force safe and EFS expenditure transactions for the one-year period July 1, 2019 to June 30, 2020.

We reviewed a sample of Task Force safe and EFS expenditures, and confirmed that they conformed to SONCATT procedures and the MOU. We confirmed that revenue and expenditures were appropriately transferred from the DA's fund to the Sheriff's fund.

No exceptions noted.

### **Procedure #4:**

Review the inventory, equipment and or assets at the Task Force office, confirm the accuracy and existence of items on the list.

No exceptions noted.

### **Procedure #5:**

Review revenue received from the State and confirm that it matches State records and was properly deposited into the SONCATT fund.

### **Finding #2:**

The vehicle registration fee revenue received from the State matches the records that the State provided, however, it is possible that the State may not be remitting all vehicle registration fees owed to SONCATT. For the period January 1, 2020 through December 31, 2020 the State may have under-remitted to SONCATT by \$418,482.

In accordance with California Vehicle Code 9250.14, the County adopted a resolution to impose vehicle registration fees in the amount of \$2 for regular vehicles or \$4 for commercial vehicles. These fees are collected by the Department of Motor Vehicles (DMV) and remitted quarterly to SONCATT for vehicles registered in Sonoma County.

The State provided a list of estimated vehicle registrations for the period January 1, 2020 through December 31, 2020, instead of actual vehicle registrations for that same period. Using the estimated vehicle registration data provided by the DMV, the County should have received \$1,430,674, instead of \$1,012,192.

We made multiple requests to obtain actual vehicle registration data from the DMV, but were unsuccessful. Because the State provides estimated vehicle registrations instead of actual registrations, we were unable to confirm that the County is receiving the correct amount of vehicle registration fees each quarter.

### **Recommendation #2:**

We recommend that the Sheriff's Office continue researching and find a solution to obtain the actual number of Sonoma County vehicle registrations from the DMV to confirm that the vehicle registration fees received are accurate. The Sheriff's Office should work with the DMV to obtain actual Sonoma County vehicle registration data for all years allowed under the law to determine if SONCATT has received the correct amount of vehicle registration fees. For future periods the Sheriff's Office should work with the State Controller and DMV to verify that the correct vehicle registration fees have been remitted to the County.

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## Procedures, Findings & Recommendations

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### **Management Response:**

In general, the Sheriff's Office will reconcile the apportionments published on the State Controller's Office website to revenue received and subsequently recorded in EFS. To verify the accuracy of the State's source documentation may be beyond the reach of the Sheriff's Office.

The Sheriff's Office and the Internal Auditors made several attempts to obtain the actual number of Sonoma County vehicle registrations from the DMV to confirm that the vehicle registration fees received were accurate. None of these efforts were successful. In response to this recommendation, the Sheriff's Office will look for guidance from the County Auditor Controller Treasurer Tax Collector (ACTTC) as the County receives a variety of vehicle license based revenues from the State and we believe any solution to obtaining actual vehicle registration data should be established and approved by the ACTTC as the direct recipient of the funds for the County as a whole. The Sheriff's Office will look to the ACTTC to research and develop best practice guidance for verifying State disbursements as recommended above. Once the guidance is developed, the Sheriff's Office will have to evaluate the practicality of reviewing the actual number of Sonoma County vehicle registrations provided by the DMV and staffs' capacity to perform this verification on a quarterly basis.



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## Staff Acknowledgement

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### Staff Acknowledgement

We would like to thank the management and staff of the Sheriff's Office and the SONCATT team for their time, information, and cooperation throughout the review.