



# KING COUNTY AUDITOR'S OFFICE




AUGUST 3, 2020

## Follow-Up on King County Sheriff's Office High-Risk Assets Audit

**The King County Sheriff's Office has taken initial steps that will enable it to implement the audit recommendations, making progress on seven.** Full completion of the audit recommendations largely depends on hiring an inventory manager, since the King County Sheriff's Office (KCSO) identifies that role as responsible for a number of recommendations-related tasks. In 2019, the County Council approved and funded the inventory manager position but KCSO has not yet hired for it. Once on board, the inventory manager will be responsible for completing a risk assessment of KCSO's equipment and identifying standards and practices for their security. Although the inventory manager role conceptually aligns with the intent of the recommendations, it also limits progress on them until the new person is hired and becomes sufficiently familiar with KCSO's current practices.

**The King County Sheriff's Office is nearing completion of an information technology project for a new inventory system ("Quartermaster") that should improve equipment and financial management practices, but leveraging its capabilities depends on implementing procedures developed by the inventory manager.** KCSO is nearing completion of the Quartermaster inventory system, anticipated by the end of the year. The system will provide new functionalities in tracking and inventorying KCSO equipment, through more robust database tools, barcode scanning, and life cycle management. Realizing the benefits of Quartermaster depends on creating practices that leverage its capabilities—procedures that rely on the inventory manager role. KCSO may want to move quickly on identifying and hiring an inventory manager with the appropriate expertise to facilitate internal development of procedures, including Quartermaster.

Of the 11 audit recommendations:

 <b>0</b> <b>DONE</b>	 <b>7</b> <b>PROGRESS</b>	 <b>4</b> <b>OPEN</b>
<b>Fully implemented</b> Auditor will no longer monitor.	<b>Partially implemented</b> Auditor will continue to monitor.	<b>Remain unresolved</b> Auditor will continue to monitor.

Please see below for details on the implementation status of these recommendations.

## Recommendation 1

PROGRESS



**The King County Sheriff's Office should conduct and document a risk assessment which defines high-risk equipment and identifies risks specific to those items.**

STATUS UPDATE: KCSO's approved budget request for the new inventory manager position is the first step in addressing this recommendation, as the inventory manager will be responsible for leading the risk assessment. The assessment, in turn, informs development of property management practices in following recommendations. Given that the inventory manager will need to be familiar with KCSO's organizational structure, the Quartermaster inventory system, and the various facilities and locations where KCSO keeps high-risk equipment, there will likely be a learning curve before the new hire will perform the risk assessment.

WHAT REMAINS: In order to fully implement this recommendation, KCSO needs to hire the planned inventory manager and conduct the risk assessment (as detailed in the recommendation).

## Recommendation 2

PROGRESS



**The King County Sheriff's Office should update and implement policies and procedures to conduct ongoing risk assessments of its equipment.**

STATUS UPDATE: KCSO has started work on policies for tracking high-risk equipment as part of the implementation of the new Quartermaster inventory system. The draft policies will be updated by an initial risk assessment after the new inventory manager is hired and will describe the process for periodically revisiting the risk assessment.

WHAT REMAINS: In order to fully implement this recommendation, KCSO must complete policies and procedures for periodically assessing the risks of KCSO equipment and implement those policies consistent with Recommendation 1.

## Recommendation 3

PROGRESS



**The King County Sheriff's Office should assess the adequacy of current controls and develop and implement guidance for safeguarding high-risk items across the department based on that assessment.**

STATUS UPDATE: Part of a risk assessment is determining and implementing controls for the risks identified in the assessment. As part of the risk assessment (Recommendation 1), the inventory manager should evaluate KCSO's current equipment internal controls and implement changes for those controls as necessary, based on industry best practices. As part of this scope of work, the inventory manager's review will address the storing and safeguarding of KCSO equipment in terms of physical security and financial controls. Implementation of the Quartermaster inventory system should enable improved controls due to increased functionality (bar scanning and coding of items, for example).

WHAT REMAINS: In order to fully implement this recommendation, KCSO, through the inventory manager, should assess the adequacy of current internal controls and develop changed or

additional controls, with corresponding employee guidance, consistent with the risk assessment in Recommendation 1.

## Recommendation 4

PROGRESS



**The King County Sheriff's Office should update its procurement policies to align purchasing requirements and processes with the risk level of the item.**

STATUS UPDATE: To explore options for streamlining procurement processes, KCSO reached out to other county agencies for information on their purchasing card (P-card) programs. KCSO reported its procurement streamlining efforts accelerated as a result of COVID-19 pandemic procurement challenges. For example, it developed a pilot program for electronic review of purchasing requests. KCSO staff anticipates expanding use of the P-card program in the near term, as it learns more from other county departments on how they balance card purchasing controls and risk.

WHAT REMAINS: In order to fully implement this recommendation, KCSO should complete updated procurement policies that link process controls with the risks presented by the request. The policies and processes should show how KCSO is informed by the risk assessment in Recommendation 1 and the consideration of equipment controls in Recommendation 3.

## Recommendation 5

PROGRESS



**The King County Sheriff's Office should improve guidance for staff making purchasing requests, including the specification of what information should be included in purchasing memos.**

STATUS UPDATE: As noted in Recommendation 4, KCSO is piloting an electronic procurement process that includes approvals for requests at the division level. KCSO reported that it intends to carry the practice forward permanently regardless of challenges resulting from the COVID-19 pandemic, but needs to develop and implement a new form featuring the key information required in support of funding requests and purchases. These changes should help improve staff guidance when making purchase requests.

WHAT REMAINS: In order to fully implement this recommendation, KCSO should complete the anticipated changes to the purchasing request process—including changes to purchasing forms—to facilitate greater ease in requesting purchasing authority.

## Recommendation 6

PROGRESS



**To reduce legal liability and ensure all high-risk items have appropriate controls, the King County Sheriff's Office should develop and document agreements with its contract city partners making the purchasing authority and operational approval for high-risk items explicit.**

STATUS UPDATE: KCSO reported that, during meetings with the contract city oversight group, it raised the issue of controls for contract city-owned items and specified that KCSO must approve all equipment purchased for KCSO use and ensure it is safeguarded for liability reasons. KCSO explained that more specific language will be negotiated as the interlocal agreements for each contract are updated.

WHAT REMAINS: In order to fully implement this recommendation, KCSO should document a process for reviewing and approving contract city-owned equipment used by KCSO employees, and a specific schedule for memorializing its authorities in updated interlocal agreements or other contract methods.

## Recommendation 7

OPEN



### **The King County Sheriff's Office should use financial data to check the accuracy and completeness of the KCSO high-risk inventory.**

STATUS UPDATE: KCSO's new Quartermaster inventory system will better inform inventory management through its additional database capabilities, given that current inventories are maintained in separate files and systems. KCSO staff explained that its finance group has limited resources to compare procurement reports against current physical inventories on its own, but can run queries and make financial data available for the staff responsible for tracking and inventorying high-risk items—including the new inventory manager. As such, once Quartermaster is implemented as the system of record for KCSO equipment, KCSO will be able to develop procedures to compare financial and procurement records with physical inventory data.

WHAT REMAINS: In order to complete this recommendation, the new inventory manager should identify and document procedures for comparing purchase-related financial data with inventory data to ensure physical equipment inventories are complete and accurate.

## Recommendation 8

OPEN



### **The King County Sheriff's Office should develop and implement policies to conduct comprehensive physical inventories of the high-risk items identified in the risk assessment in Recommendation 1.**

STATUS UPDATE: KCSO reported it sees this work as the responsibility of the inventory manager position, who it hopes to hire in 2020.

WHAT REMAINS: In order to complete this recommendation, KCSO should hire the inventory manager and develop and implement a physical inventory program for high-risk items. The inventory policies and procedures should be consistent with the risk assessment in Recommendation 1 and the ongoing assessments and controls in Recommendations 2 and 3, respectively.

## Recommendation 9

OPEN



**The King County Sheriff's Office should develop and implement policies to track contract city-owned high-risk items used by the Sheriff's Office in its comprehensive physical inventories.**

STATUS UPDATE: KCSO reported it sees this work as the responsibility of the inventory manager position, who it hopes to hire in 2020.

WHAT REMAINS: In order to complete this recommendation, the new inventory manager should develop and implement policies and procedures for tracking contract city-owned items akin to KCSO high-risk items, consistent with Recommendations 6 and 8.

## Recommendation 10

PROGRESS



**The King County Sheriff's Office should define the body of work required for the management of high-risk items, assess the capacity of existing staff to more proactively manage those items, and request an appropriate level of new resources if needed.**

STATUS UPDATE: As noted above, KCSO requested positions as part of the second half 2019 budget omnibus for this body of work; the inventory manager position was approved. After the hiring of the inventory manager and completion of the risk assessment and development of equipment controls, KCSO may wish to further assess whether staff resources are sufficient to implement and maintain the controls identified.

WHAT REMAINS: The body of work required to manage high-risk items depends on the risks and corollary controls identified during the risk assessment. In order to fully implement this recommendation, KCSO, through the inventory manager, should complete the risk assessment and the identification of appropriate controls in Recommendations 1 and 2, and then evaluate whether those controls require additional resources.

## Recommendation 11

OPEN



**The King County Sheriff's Office should develop and implement procedures to use inventory data to inform decisions on future purchases and budget needs.**

STATUS UPDATE: KCSO's new Quartermaster inventory system will better inform inventory management through its additional capabilities, including equipment life cycle and replacement schedule data. As a result, completing implementation of Quartermaster will provide budget and procurement staff additional data that it can incorporate into planning and purchasing processes. These processes may be further informed by the inventory practices developed by the inventory manager.

WHAT REMAINS: To complete this recommendation, KCSO should complete implementation of the Quartermaster system and develop and implement processes to inform future budgeting and purchase approvals based on the inventory data in the system.