



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Benton County

For the period January 1, 2019 through December 31, 2019

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**Office of the Washington State Auditor
Pat McCarthy**

July 6, 2021

Board of Commissioners
Benton County
Prosser, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for County operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the County's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, County operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the County could make improvements. These recommendations are included with our report as a finding.

We also noted certain matters related to Rural Counties Sales and Use Tax and County Road Fund expenditures addressed in the management letter that we communicated to County management and the Board of Commissioners in a letter dated June 29, 2021. We appreciate the County's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Benton County from January 1, 2019 through December 31, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the County's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Tracking and monitoring of theft sensitive assets, such as firearms and ammunition
- Accounts Payable – general disbursements, credit cards, and electronic funds transfers

- Use of restricted funds – rural counties sales and use tax, County Road fund and Vitrification Impact fund
- Sheriff's Office – drug seizure and forfeiture
- Payroll – gross wages, bonus and incentive payments
- Procurement – public works
- Compliance with public work projects – change orders

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2019-001 The Sheriff's Office lacked proper oversight over the issuance, usage, disposal, and tracking of training firearms and ammunition at the County.

Background

The Sheriff's Office provides law enforcement services to the residents of Benton County, population 204,400. The County Sheriff's Office employs 86 people, including the elected Sheriff, who oversees operations. The Sheriff's Office consists of four divisions: patrol, investigation, civil and records. The Sheriff's Office has deputies and detectives assigned to the Metro gang task force, FBI task force, ICAC, DEA Task Force, marine patrol, K-9 patrol, the Regional SWAT team as well as designated traffic specialists and School Resource Officers. Until October 2019, the Sheriff's Office was also responsible for county jail operations.

The Sheriff's Office's operates on a biennial budget of about \$56 million, which includes about \$105,000 for both practice and duty ammunition. The ammunition is stored in two locations inside the Sheriff's Office, and in a secure storage facility. About 20 supervisors and staff have key-card access to the Office storage locations; others generally ask the department's training coordinator for ammunition when they need it. Officers can obtain ammunition, in varying amounts, upon request. The Sheriff's Office has no requirement that officers return unused ammunition because the expectation is that eventually, it will be used. The Sheriff's Office considers ammunition a consumable asset and therefore does not track it.

The Sheriff's Office uses the County's software system to manage its small and attractive assets, including training firearms, pistols, rifles, safety equipment, cameras, radios, and radar equipment.

Description of Condition

While the Sheriff's Office uses the County's software system to manage assets, the Office does not have a process to use that system to monitor the tracking of certain items, including ammunition. Without adequate monitoring, the Sheriff's Office is unable to ensure items such as training firearms and ammunition are properly safeguarded and accounted for. In January 2020, the County learned that 14 cases of County ammunition, or about 13,700 practice rounds, were located at the Sheriff's personal residence. This ammunition is worth about \$2,825. The shipping labels on the cases were connected to purchases made by the Sheriff's Office for the jail department in 2015. Based on interviews, it is not uncommon for officers to keep limited amounts of unused practice ammunition at their personal residence.

Cause of Condition

The Sheriff's Office did not include ammunition as part of its small and attractive asset management program. Additionally, the Sheriff's Office did not conduct a routine inventory and ensure applicable policies were complete and followed.

Effect of Condition

Inadequate tracking and monitoring increased the risk that the Sheriff's Office would not be able to identify misappropriation, misuse or loss of its small and attractive assets in a timely manner, if at all. We identified the following:

- No process exists to inventory and track the issuance of ammunition.
- Because ammunition issuance is not tracked, we are unable to determine if ammunition was safeguarded and used properly.
- Two training firearms and four training firearm parts could not be located.
- Two training firearms and seven training firearm parts were not included in the software system.

Recommendation

We recommend the Sheriff's Office:

- Strengthen its internal controls to ensure an annual inventory of all training firearms and ammunition is performed and documented.
- Implement a policy and procedure that establishes internal controls over the tracking of inventory for training firearms and monitoring the issuance of ammunition.
- Inquire with the Washington State Patrol regarding the reporting of missing training firearms and parts.

County's Response

Although we requested a combined response, both the independently elected County Commissioners and Sheriff responded separately.

County Commissioner's Response:

- *The Sheriff's Office uses the County's software system to manage its small and attractive assets, including firearms, pistols, rifles, radios, radar equipment and safety equipment.*
- *Benton County concurs that small and attractive assets include firearms, tasers and related accessories, including ammunition.*

- *Benton County also concurs that the Sheriff's Office did not include ammunition in its asset management program, conduct routine inventories, failed to enter two firearms and seven training firearm parts into the software system, and ensure applicable policies were completed and followed.*
- *Our concurrence on ammunition being included as a small and attractive asset is referenced by:*
 - *The Washington State Auditor's Best Practices for Internal Controls over Small and Attractive Assets which list firearms, tasers and related accessories as small and attractive assets.*
 - *The Office of Financial Management, SAAM Section 30.40.20, defines small and attractive assets as those falling below the state's capitalization level of \$5,000 that are particularly vulnerable to loss. Agencies must consider weapons, firearms, signal guns, and accessories as small and attractive assets.*
- *Benton County concurs with the State Auditor's Audit Finding and the referenced Applicable Laws and Regulations, including RCW 42.23.070 (1) which prohibits municipal officers from using their position to secure special privileges or exemptions.*
- *The 14 cases of County ammunition, or about 13,700 practice rounds, located at the Sheriff's personal residence, as referenced in the finding, would qualify as a misappropriation of County resources.*

Corrective Actions:

The Benton County Board of Commissioners recommends that the Sheriff's Office follow the State Auditor's recommendation by implementing the following corrective actions:

- *Strengthen internal controls on the annual inventory.*
- *Implement a policy and procedure that establishes internal controls over tracking of inventory for firearms and monitoring the issuance of ammunition.*
- *Benton County is currently implementing a new Financial Management Software System that includes an updated asset management module. Recommend that the Sheriff's Office track firearms and ammunition through the new software system.*
- *Benton County currently conducts an annual inventory and recommends that ammunition be added.*

The Board of Benton County Commissioners appreciate the opportunity to work with the Office of the Washington State Auditor as part of this audit and associated audit finding response and are happy to answer any questions regarding the County's official response.

Sheriff's Response:

The Benton County Sheriff's Office does not concur with the first issue of the finding (ammunition) because we feel strongly that you cannot have a finding when there is no stated rule, guideline or requirement that was identified or violated. The Sheriff's Office concurs with the second issue of the auditors finding (training firearms) and wants to assure the auditor that we strive to identify and implement more effective ways to protect and safeguard county assets and equipment. The Sheriff's Office agrees with the recommendation to strengthen our internal controls to ensure an annual inventory of all training firearms and practice ammunition are performed and documented.

Cause of Condition from the State Auditor identifies two separate issues:

Issue 1: The Sheriff's Office did not track practice ammunition as a small and attractive asset. The Sheriff's Office has never tracked practice ammunition as a small and attractive asset and considers it a consumable item. There is no internal policy requiring the tracking of practice ammunition. In review of all State and County guidelines and requirements of small and attractive assets, practice ammunition does not meet the criteria to be tracked as a small and attractive asset. However, due to the desire to maintain accountability and transparency to the taxpayers, the Sheriff's Office issued and implemented a new policy in 2020 regarding the tracking of practice ammunition.

Response: In October 2020, Special Order 20-03 RE: Practice Ammunition was issued to all Commissioned personnel in the Sheriff's Office. The intent of this order was to create a standard tracking procedure for practice ammunition. All practice ammunition is now being tracked from the point of purchase through the point of issuance. An inventory will be performed annually, measuring current stock, purchases, and the issuance of ammunition. This will ensure transparency and accountability controls are in place and maintained.

Issue 2: The Sheriff's Office did not conduct a routine inventory of its training firearms based on its internal policies. It was also identified that two training firearms and two training firearm parts (upper slides) could not be located. Two training firearms were also cannibalized for parts. The Sheriff's Office current General Orders state that it is the responsibility of the Bureau/Division Commander that any lost or damaged property should be reported directly to the Sheriff. This was not done. The Sheriff recognizes that this requirement was not

followed regarding the training firearms and has established a process to ensure compliance with department policy.

Response: Training firearms are now stored in a single case that is transported via a firearms instructor to training. The firearms instructor takes inventory of each firearm prior to the training and at the conclusion of the training to ensure all training pistols are accounted for. We also conduct an annual inventory of all Department owned firearms and training pistols. It remains the responsibility of the Bureau/Division Commanders to notify the Sheriff of any missing, damaged, or cannibalized firearms.

In conclusion, the Sheriff's Office has reviewed all internal policies regarding inventory and small and attractive assets to ensure proper items and tracking mechanisms comply with current State Auditor and County requirements.

Auditor's Remarks

We appreciate the County's commitment to resolving the issues identified above and emphasize the importance of establishing effective policies and monitoring procedures over small and attractive assets including ammunition. However, to clarify a reference made in the County Commissioner's response, we did not identify misappropriation of public resources in the course of the audit.

We reaffirm our finding and will follow up on the status of the finding during our next audit.

Applicable Laws and Regulations

RCW 42.23.070 (1) prohibits municipal officers from using their position to secure special privileges or exemptions.

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments, and requires the system to exhibit true accounts showing the receipt, use and disposition of all public property

Chapter 3.3.11.50 of the *Budgeting, Accounting, and Reporting System (BARS)* manual, Small and Attractive Assets

RELATED REPORTS

Financial

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the County's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes a federal finding regarding a lack of internal controls to ensure compliance with suspension and debarment requirements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Benton County was incorporated in 1905 and currently serves approximately 204,000 citizens. An elected, three-member Board of Commissioners governs the County. Additional elected positions include Assessor, Auditor, Clerk, Treasurer, Prosecuting Attorney, Sheriff, Coroner, five District Court Judges and seven Superior Court Judges. The County has an annual budget of approximately \$330 million.

An estimated 646 employees provide an array of services including: law enforcement and judicial services, construction and maintenance of roads and bridges, health and social services, cultural and recreational facilities, planning and zoning services, animal control, and general administrative services. In 2019, governmental revenues and expenditures were \$117,375,450 and \$105,580,600, respectively.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for Benton County at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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