Washington State Auditor's Office

Accountability Audit Report

King County

Report Date
May 11, 2011

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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Washington State Auditor
Brian Sonntag

June 6, 2011

King County
Seattle, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your County to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on King County's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Audit Summary

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ABOUT THE AUDIT

This report contains the results of our independent accountability audit of King County from July 1, 2009 through June 30, 2010.

We evaluated internal controls and performed audit procedures on the activities of the County. We also determined whether the County complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Facilities Management Division operations
- Parks Division operations
- Sheriff's Office operations
- Follow-up on prior audit issues
- Special investigations
- Citizen hotline investigations
- Urban League payments
- Payments/expenditures
- 1 Percent for Art
- Restricted fund use
- State grant reimbursements
- Brightwater sewer project contract monitoring and change orders
- Executive's Office payments
- Public Health Division pharmaceuticals inventory

RESULTS

In most areas, the County complied with state laws and regulations and its own policies and procedures.

However, we identified conditions significant enough to report as findings:

- The County's Marine Division did not have adequate internal controls over the safeguarding of cash vaults, resulting in a loss of public funds.

- A misappropriation of benefits occurred because the County's controls continue to be inadequate to ensure spouses, domestic partners and dependents added to employees' insurance benefit plans are valid.

- The County's internal controls continue to be inadequate to ensure inter-fund transactions are appropriate, timely and accurately accounted for.

- Sheriff’s Office deputies did not comply with its firearms policies, resulting in the misappropriation of a shotgun and other law enforcement equipment.

- The Sheriff’s Office continues to have inadequate internal controls to ensure citations are audited through disposition by the courts as required by state law.

We also noted certain matters that we communicated to County management. We appreciate the County’s commitment to resolving those matters.

Related Reports

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FINANCIAL

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which included the County's financial statements.

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 Federal Summary section of the financial statement and single audit report.

That report includes federal findings regarding inadequate internal controls to ensure compliance with requirements of its Public Health Emergency Preparedness Grant, Homeland Security Grant Program and Child Support Enforcement Grant. We also found issues with subrecipient monitoring requirements for the Community Development Block Grant Program, reporting requirements for the Special Supplemental Nutrition Program for Women, Infants and Children and the County did not maintain adequate records to support expenditures charged to its Centers for Disease Control and Prevention Investigations and Technical Assistance Grant.

Description of the County

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ABOUT THE COUNTY

With a population of approximately 1.9 million, King County is the most populous county in Washington State and the 14th most populous in the country. The County covers 2,131 square miles, giving it the 11th largest geographic area of Washington's 39 counties. It is the financial, economic, transportation and industrial center of the Pacific Northwest.

The County operates under a Home Rule Charter, adopted by a vote of County citizens in 1968 and is organized under an executive-council form of government. The Metropolitan King County Council is the policy-making body of the County. The Executive is elected to a four-year term and serves full time. The Council's nine members are elected by district to staggered, four-year terms. They also serve full time.

The County provides public transportation, road construction and maintenance, water quality, flood control, parks and recreation facilities, and agriculture. The County also provides court services, law enforcement and criminal detention, and coroner services. It assesses and collects taxes, and provides fire inspections, planning, zoning, animal control, public health and election administration, treasury services and waste disposal services.

The County has approximately 17,000 full- and part-time employees and annual operating and capital project expenses of over $4.9 billion.

ELECTED OFFICIALS

These officials served during the audit period:

Council:	
District 1	Bob Ferguson
District 2	Larry Gossett
District 3	Kathy Lambert
District 4	Larry Phillips
District 5	Julia Patterson
District 6	Jane Hague
District 7	Pete von Reichbauer
District 8	Jan Drago
District 9	Reagan Dunn
Executive	Dow Constantine
Prosecuting Attorney	Dan Satterberg
Assessor	Lloyd Hara
Sheriff	Susan Rahr

Presiding Judge, King County Superior Court	Bruce Hilyer
Presiding Judge, King County District Court	Barbara Linde

Note: Joe McDermott replaced Jan Drago in November 2010 and Richard McDermott replaced Bruce Hilyer in January 2011.

APPOINTED OFFICIALS

Deputy County Executive	Fred Jarrett
Assistant Deputy County Executive	Rhonda Berry
County Administrative Office	Caroline Whalen
Director of Budget	Dwight Dively
Director of Finance	Key Guy
County Auditor	Cheryle Broom

COUNTY CONTACT INFORMATION

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AUDIT HISTORY

We audit the County annually. During the past five accountability audits of the County, we have reported 29 findings: four in 2004, one in 2005, five in 2007, 12 in 2008 and seven in 2009. Of these findings, some were repeats or partial repeats of previous findings.

During the current audit we found three prior year findings related to County waivers to bid requirements, internal controls over monitoring employees who transfer vehicle and vessel titles and internal controls over cash receipting in the Elections Department have been resolved. The remaining findings were either unresolved or partially resolved.

Schedule of Audit Findings and Responses

King County
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1. The County's Marine Division did not have adequate internal controls over the safeguarding of cash vaults, resulting in a loss of public funds.

Background

King County Transportation Department has a Marine Division that provides services to King County Ferry District. The District provides water taxi service from downtown Seattle to Vashon Island and West Seattle. King County has an interlocal agreement with the Ferry District to provide administrative and support services. The agreement states the County will collect ferry fares. The County began collecting fares on the Seattle to Vashon Island route in October 2009 and on the Seattle to West Seattle route in April 2010.

For the period under audit, the County collected approximately $118,000 in cash fares on behalf of the District.

Description of Condition

The County collects fares using cash vaults, which securely hold collected cash until it is processed and deposited in the bank. On May 27, 2010, the King County Marine Division reported to the King County Sheriff's Department that 26 cash vaults were missing. The value of the missing cash vaults was approximately $9,000 and the cash from fare collections inside the vaults totaled approximately $7,500, for a total loss of approximately $16,500.

As a result of the loss, the County updated its policies and procedures. We performed follow-up audit work and found that during August, September and December 2010 the County did not consistently follow the updated policies and procedures.

Cause of Condition

The County did not monitor the location of its cash vaults and did not monitor to ensure all money it collects is protected against misappropriation or loss. The County was new to this type of fare-collection process and did not establish adequate internal controls prior to collecting fares.

Effect of Condition

As a result of inadequate controls for monitoring the cash vaults, a misappropriation occurred. A suspect has been arrested and the case is being reviewed by the King County Prosecuting Attorney's Office.

Recommendation

We recommend the County establish adequate internal controls for monitoring cash vaults to safeguard public resources.

County's Response

King County concurs with the finding and confirms that a misappropriation, in the form of an employee theft, occurred after the start of West Seattle service between April and May, 2010. King County self-reported the theft upon discovery, and immediately took steps to improve controls.

We believe the stated description of condition, cause of condition, and effect of condition warrant further explanation to provide a more complete context. The County began to collect cash fare revenues for in-house water taxi service October 2009 and did have cash handling protocols in place at that time. These procedures were employed throughout late 2009 and early 2010 when the County implemented new service to West Seattle in April of 2010. Shortly after the West Seattle service began, procedures were enhanced which led to the discovery of the theft. Upon discovery of the theft, the County initiated substantive improvements to the cash handling procedures, with significant changes occurring in late May and throughout June.

We believe it is important to recognize the numerous improvements to procedures made prior to the end of the audit period, which significantly strengthened the internal controls over cash vaults and money collected. The changes positioned the County with strong internal controls in June of 2010.

In addition, the King County Marine Division (KCMD) hired an independent firm to audit the cash handling procedures. The Miller & Miller, P.S report, noting conditions in effect as of June 25, 2010 indicated: "KCMD has instituted substantial procedures and controls to safeguard cash." The report further stated: "KCMD has implemented strong procedures and controls over cash handling, and the written KCMD cash handling and receipting policies conform to King County policies and related laws and regulations."

Subsequent to both the independent internal audit and the audit period of the state accountability audit, the Marine Division initiated and implemented additional improvements to the cash handling procedures based on recommendations provided by Miller & Miller, P.S. During the follow-up conducted by the SAO early this year, additional improvements to cash handling procedures have been identified and implemented as part of the county's continuous improvement approach. Finally, as part of a countywide Executive initiative to improve cash handling, the King County Finance and Business Operations division will be conducting a site visit to review the current policies, procedures and practices employed by the Marine Division in upcoming weeks.

We appreciate the thorough review conducted by the SAO. We are confident that the improvements we have made and will continue to make to our cash handling processes are sufficient to safeguard public resources and provide adequate controls to prevent or detect misappropriation or misuse of public resources.

Auditor’s Remarks

We thank the County for its cooperation and assistance during the audit and look forward to reviewing the County’s corrective action during our next audit.

Applicable Laws and Regulations

RCW 43.09.200 states:

> The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.
>
> The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.
>
> The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all statements and reports made or required to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

Budgeting Accounting and Report System Manual (BARS Volume 1 Part 3 Chapter 1 Section C) states:

> Internal control is a management process for keeping an entity on course in achieving its business objectives as adopted by the governing body. This management control system should ensure that resources are guarded against waste loss and misuse that reliable data is obtained maintained and fairly disclosed in financial statement and other reports and resource use is consistent with laws regulations and policies.

Budgeting Accounting and Report System Manual (BARS Volume 1 Part 3 Chapter 1 Section C) states:

> The government should have controls that acomplish the following key functions: Safeguarding of Public Resources – Controls should prevent misappropiataion or misuse of public resources or detect misappropiataion or misuse in a timely fashion and assign responsibility to individuals charged with custody of assets.

Schedule of Audit Findings and Responses

King County
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2. A misappropriation of benefits occurred because the County's controls continue to be inadequate to ensure spouses, domestic partners and dependents added to employees' insurance benefit plans are valid.

Description of Condition

In the prior audit, we reported that the County had inadequate controls to ensure spouses, domestic partners and dependents the County added to employees' insurance benefit plans are valid. We also investigated an instance in which a domestic partner may have been ineligible to receive County benefits, but were unable to determine the eligibility status of the domestic partner due to the lack of controls. During the current audit, we performed a follow-up review and determined the County has not improved controls in this area. In addition, the County reported a misappropriation of benefits.

Controls

As of June 30, 2010, the County provided insurance benefits to 13,728 employees. Included on the benefit plans of these employees were 10,754 children, 6,481 spouses and 700 domestic partners. Total cost to the County for providing insurance benefits from July 1, 2009 through June 30, 2010 was approximately $201 million. County employees make no payroll contributions for insurance benefits.

Employees may add spouses, domestic partners or children to their insurance plans when they are hired, during open enrollment, or within a certain number of days after events such as marriage, or the birth or adoption of a child. Employees can add a spouse, domestic partner or child by completing forms online or by submitting printed copies of the form to the County's Benefits, Payroll and Retirement Operations Section. These forms include a section where employees sign and date (or a check-off box on the online form) that states all the information they have provided is accurate.

For the addition of spouses, domestic partners, biological children, stepchildren or domestic partners' children, the County does not require documentation to verify the relationship other than the employee's signature. The County requires documentation only when employees add adopted children or when the County employee or his or her domestic partner becomes a child's legal guardian.

Misappropriation

In December 2005, a County employee completed a beneficiary designation form identifying an individual as her father and naming him the primary recipient of death benefits. During the open enrollment period for County medical benefits in November 2007, the employee named this same individual as her domestic partner, making him eligible for County medical benefits beginning in January 2008. The employee also listed this individual as her domestic partner during open enrollment in 2008 and 2009.

In July 2010, a medical provider contacted the County and indicated this individual told the provider he was the employee's father. Medical coverage does not extend to the parents of County employees. During a meeting to discuss the issue, the employee told the County the individual was not her father and that she had been in an on-again/off-again domestic partnership with him. From January 2008 through July 2010, the County paid medical benefits for this individual totaling $3,079.94.

On January 6, 2011, the employee signed a promissory note agreeing to repay $3,079.94. The County terminated her from employment on January 14, 2011.

Cause of Condition

The County has chosen to not verify the relationships of individuals added to employees insurance benefit plans. It stated it is not feasible to validate the opposite-sex domestic partners under age 62 as the state has no registration process for employees and their domestic partners under that age. The County has decided from an equity and fairness standpoint, it will not impose a documentation standard on some employees and not others.

Effect of Condition

By not verifying the eligibility of dependents added to employees insurance benefits plans, the County cannot ensure all individuals who receive benefits are eligible for them.

A recent audit conducted by the state Public Employees Benefits Board sought to verify the eligibility of all dependents including domestic partners on state health insurance plans. It determined 4.4 percent of dependents claimed for benefits were ineligible and removed them from coverage. The cost of the audit to the state was $371,326. The annual cost savings from removing ineligible dependents was approximately $20 million.

Recommendation

We recommend the County:

- Establish and follow procedures to verify the eligibility of dependents when they are added to employees' insurance benefits plans.

- Verify the eligibility of dependents currently on employees insurance benefits plans.

County's Response

The county partially agrees with the auditor's recommendation. In 2012, after the implementation of a new payroll and financial accounting system, the county plans to contract for a full audit of all covered employees and their dependents. The funding for this audit is dependent on executive and council approval during the county's 2012 budget process. The option we have selected is to require proof of marriage, domestic *partnership, children, and any other dependents that meet our eligibility requirements. At the completion of the audit, the county will assess whether or not it is cost effective to collect documentation or proof, on an ongoing basis.*

The county recognizes there are potential risks in this area which is why we already require each employee to sign an affidavit of marriage/domestic partnership relationship when enrolling a spouse or domestic partner. As noted by the auditor, the county does require additional documentation when employees add adopted children or in situations involving legal guardianship of a child. Other special situations in which the county requires documentation include court orders for foster children and court orders involving the health care for a dependent. Employees understand that if they submit false information, they could be subject to discipline, including termination from employment. The county has always promptly investigated any reports involving alleged ineligible dependents.

King County offers coverage to both spouse's and domestic partner's when the legally binding affidavit is signed. We do not require proof of marriage and we do not require proof of children unless it is a special circumstance such as a court ordered coverage of a child, or an adopted child or foster child. There is an administrative burden to file and maintain proof of marriage or birth of children. There are also office space and other administrative costs associated with the handling of the paperwork necessary to collect, secure, file and maintain this information.

The documentation or proof of domestic partner remains a major concern because the county offers benefits to opposite sex couples that are under 62 and not eligible to register with the State of Washington. Washington State requires a domestic partner certification to enroll a domestic partner in their health plan. King County can only require that of domestic partners who are the same sex, or if opposite sex, if one or more partners is 62 years or older. We do not plan to eliminate the under 62 population from our eligibility list so we will have a population that will have the King County affidavit as the only means of proof.

We will await the results of the planned dependent eligibility audit before deciding whether to change our policy to collect proof of all marriages, births and certified domestic partners. Until that time, the county does not intend to change its practice of requiring documentation for adoptions, foster care, court ordered health care and legal guardianships. The number of documents affecting this population is manageable today. Requiring proof for all other employees will pose an undue administrative hardship at this time, with no means of proving whether additional documentation produces results that are significantly better than controls which are currently in place.

Auditor's Remarks

We thank the County for its cooperation and assistance during the audit and look forward to reviewing the County's corrective action during our next audit.

Applicable Laws and Regulations

Budgeting, Accounting and Reporting Systems (BARS) manual, Volume1, Part 3, Chapter 1, issued by the State Auditor, prescribes concepts of internal control for local governments:

An internal control system consists of the plan of organization and methods and procedures adopted by management to ensure that resources use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss and misuse, and that reliable data be obtained, maintained, and fairly disclosed in reports.

Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. This standard requires supervisors to continuously review and approved assigned work of their staff. It also requires that they provide their staff with the necessary guidance and training to help ensure that errors, waste and wrongful acts are minimized and that specific management directives are achieved.

Budgeting, Accounting and Reporting Systems (BARS) manual, Volume1, Part 3, Chapter 1, states in part:

Safeguarding of public resources - Controls should prevent misappropriation or misuse of public resources or detect misappropriation or misuse in a timely fashion and assign responsibility to individuals charged with custody of assets. Such controls should cover all receipts and receivables, expenditures and commitments, provisions of goods or services and the safekeeping of all public assets at risk of misappropriate or misuse.

RCW 43.09.185 states:

State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets or other illegal activitiy.

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3. The County's internal controls continue to be inadequate to ensure inter-fund transactions are appropriate, timely and accurately accounted for.

Description of Condition

The Executive Finance Committee must authorize all inter-fund loans in advance. Loans may be made only from one solvent fund to another. The loan agreement must include a schedule for repayment of principal and interest. The borrowing fund must anticipate sufficient revenue for the period of the loan to allow its repayment. The loan may be for more than one year, but may not be a permanent diversion of revenue from the lending fund. The activity must be recorded in the accounting system as it occurs.

In the prior audit, we reported that the County has inadequate controls to ensure inter-fund transactions are appropriate, timely and accurately accounted for. We noted:

- The loan request does not identify the terms of repayment.
- The Executive Finance Committee does not require a repayment schedule or an interest rate when approving interfund loans as required by the Budget, Accounting and Reporting Systems Manual prescribed by the State Auditor's Office and County Policy.
- Loans are not consistently recorded in the general ledger when the transactions occur.
- The Executive Finance Committee is not ensuring all inter-fund borrowing information is reported to the County Council.

During the current audit, we performed a follow-up review and determined the County has not improved its controls in these areas.

Cause of Condition

The County believes its accounting practice is modern, effective and efficient. It knowingly deviates from the Budgeting Accounting and Reporting System (BARS) manual because it feels it is unreasonable and outdated. Further, the County's policies and procedures are not designed to comply with County Code.

Effect of Condition

When the Executive Finance Committee does not communicate inter-fund loan activity to the Council, the Council does not have complete information on which to base decisions.

Improper controls over interfund loans increase the risk that they will not be repaid and the lending fund will have insufficient cash to fund operations. This also increases the risk that one fund may benefit from another.

Recommendation

We recommend the County:

- Record all interfund loans at the time of occurrence.
- Ensure that the amount of the loan, the lending fund, and the terms of repayment are determined and documented when the loans are authorized.
- Include guidance to fund managers on when to inquire about interfund loans.
- Establish and follow procedures to ensure interfund loans are made in accordance with state laws and regulations.

County's Response

The county does not agree with the finding or recommendations, with the exception that we agree there should be additional guidance about interfund loans for fund managers. The county's longstanding practice of monitoring interfund loans within the framework of a pooled cash environment is effective, efficient, and consistent with governmental accounting standards. Since the BARS manual does not consider the pooled cash environment and this audit finding largely stems from the BARS manual, the county respectfully recommends that the SAO update the BARS manual to allow cash flow loans with pooled funds, as practiced by the county. The county will be submitting a separate letter to SAO staff in April that includes our specific recommendations for updating the BARS manual.

The county is in compliance with governmental accounting standards for all interfund loans. In an investment pool environment, the county deems that a fund is a "loaning fund" at year-end as required by the American Institute of Certified Public Accountants, Audit and Accounting Guide for State and Local Governments. The county's pooled cash balance for all funds averaged $1.5 billion during the audit period. Because of the magnitude and availability of these pooled funds, the county does not support the auditor's recommendation of designating a fund at the time of the loan since this does not add value nor does it improve accountability.

Management has not assumed the general fund will be the loaning fund, but recognizes that reports show the general fund as the loaning fund until a fund is actually designated. Management designates a loaning fund at year-end as required by financial reporting standards. The county reviews its monthly reporting to ensure it reflects management's intentions. The process to assign funds, as recommended by the auditor, would entail running a cash balance report, sorting the balances high to low, selecting funds with large balances, writing a recommendation memo to the EFC, and making accounting entries based on EFC approvals. Instead of this cumbersome procedure, the county recommends the best practice of simply monitoring cash balances during the year and then formally reporting loaning funds at year-end consistent with standard government accounting practices.

County finance staff monitors cash balances on a daily basis. Those funds with cash deficits are reviewed, discussed with respective agency staff and the reasons for the cash deficits are reported to the Executive Finance Committee (EFC). The funds with the deficit pay interest based on the investment pool earnings rate and the process to compute interest is automated—this is an automated, effective and efficient process. County finance staff also review compliance with stated loan amounts and report monthly to the EFC.

We disagree that the EFC does not require a repayment schedule or an interest rate when approving interfund loans. Every loan request that appears before the Committee establishes a timeline in which the loan is to be repaid. The interest rate is established at the county investment pool rate, which is a rate that is reset monthly.

We take exception to the auditor's comments that the county's practice increases the risk that an interfund loan will not be repaid or the risk that one fund will benefit over another. At the time an interfund loan is made, it is always determined that there are sufficient cash balances available to cover the required loan amount. The interest on loans is assessed automatically and therefore no fund may benefit from another as required by state law. To record a loan before a deficit occurred would negate the benefit of automated interest computations. At the same time, it is required that the loaning fund identify how and when the loan is to be repaid.

The county concurs that loan status reports are not being sent directly to the County Council. Loan status reports are delivered and reviewed at each EFC meeting. The EFC is chaired by the Chair of the Council Budget and Fiscal Management Committee and Council Budget Committee staff are present at each meeting. In light of the reporting issue, a change to the county code will be pursued in 2011.

Auditor's Remarks

We thank the County for the assistance we received during the audit. We have considered the County's response and reaffirm our finding.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting — Uniform system of accounting, states:

> The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.
>
> The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.
>
> The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all

> statements and reports made or required to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

Budget Accounting and Reporting System (BARS) Manual – Part 3, Accounting, Chapter 1, Accounting Principles and General Procedures, Section B, Internal Control, states in part:

> Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body, this management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies. Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

Budget Accounting and Reporting System (BARS) Manual – Part 3, Accounting, Chapter 4, Interfund Transactions and Balances, Section A, Interfund Loans, states in part:

> . . . the special character of some moneys involves commitments and restrictions which would require individual consideration. As a rule of thumb, however, it may be considered permissible to make interfund loans of those municipal moneys which are clearly inactive or in excess of current needs and legally available for investment."
>
> The minimum acceptable procedures for making and accounting for interfund loans are as follows:
>
> 1. The legislative body of a municipality must, by ordinance or resolution, approve all interfund loans, and provide in the authorization a planned schedule of repayment of the loan principal as well as setting a reasonable rate of interest (based on the external rate available to the municipality) to be paid to the lending fund.
>
> 2. Interest should be charged in all cases, unless:
>
>   a. The borrowing fund has no other source of revenue other than the lending fund; or
>
>   b. The borrowing fund is normally funded by the lending fund.
>
> 3. The borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments as required in the authorizing ordinance or resolution.

> 4. The term of the loan may continue over a period of more than one year, but must be "temporary" in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund. A loan that continues longer than three years will be scrutinized for a permanent diversion of moneys. (Note: these restrictions and limitations do not apply to those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.)
>
> 5. Appropriate accounting records should be maintained to reflect the balances of loans in every fund affected by such transactions.

King County Code, Chapter 4, Section 24.020, Rules for temporary transfer of funds, states in part:

> The executive finance committee shall adopt rules and procedures which pertain to the transfer of funds on a temporary loan basis from one solvent county fund to another solvent county fund. Such rules shall provide the duration and interest rate to be charged on such loans.

King County Code, Chapter 4, Section 24.030, Report of Interfund Borrowing, states in part:

> Each month following the regular meeting of the executive finance committee, it shall file with the county council a current report of all interfund borrowing including the funds involved, the amounts of the loans authorized and outstanding, the terms of the loans and the interest charges, if any.

King County Long Term Interfund Loan Procedures, state in part:

> Requests for longer term interfund loans are processed on a case by case basis. The loan request will usually be submitted in writing to the Executive Finance Committee for approval. The request should specify the amount requested purpose of the loan, the lending fund and method of repayment. Interest on these interfund loans will be paid to the lending fund.

RCW 43.09.210 states in part:

> All service rendered by, or property transferred from, one department . . . to another, shall be paid for its true and fair value by the department . . . and no department . . . shall benefit in any financial manner whatsoever by an appropriation or fund made for the support of another.

4. Sheriff's Office deputies did not comply with its firearms policies, resulting in the misappropriation of a shotgun and other law enforcement equipment.

Description of Condition

The Sheriff's Office General Orders Manual states off-duty deputies must lock unattended vehicles at all times. It further states during off-duty hours, days off or when the vehicle is parked in a location where it is susceptible to vandalism or other damage, firearms, portable radios, shotguns and other items of obvious value are to be locked in the trunk or removed from the vehicle.

The Sheriff's Office reported three instances to us in which firearms or equipment were misappropriated from its vehicles. In one instance a deputy left his shotgun in his temporary vehicle when transferring his law enforcement equipment back to his primary vehicle and did not realize it was missing until four weeks later. In the second instance a deputy left a vehicle unattended and unlocked. In the third instance the vehicle was locked. As a result, the following items were misappropriated:

- One shotgun
- 10 magazines for a Glock 22
- One taser
- One pair of night vision goggles
- One set of binoculars
- One set of soft body armor
- One police radio
- One police vest
- One police duty belt
- Two sets of handcuffs
- Two laptop computers
- One digital camera
- One phone card

In addition, the Sheriff's Office completed an extensive review of all firearms in its weapons and firearms tracking system in June 2009. As a result of this review the Sheriff's Office identified 65 firearms as missing or unaccounted for. They believe some may have been missing since 1990.

Cause of Condition

Sheriff's Office deputies did not always follow policies outlined in the General Orders Manual for safeguarding firearms and equipment.

The Sheriff's Office had not regularly performed an inventory of all firearms in its weapons and firearms tracking system to detect losses.

Effect of Condition

The County experienced a loss of approximately $6,900 in the three incidents reported to our office. In addition, the County exposes itself to a potential liability when its firearms are missing or unaccounted for and laptop computers containing sensitive data are misappropriated. The two laptops that were misappropriated contained sensitive data.

Recommendation

We recommend Sheriff's Office deputies comply with policies for safeguarding firearms and equipment.

We recommend the Sheriff's Office perform regular inventories of firearms in its weapons and firearms tracking system.

County's Response

The Sheriff's Office acknowledges that the officers involved in these incidents did not follow the policy on securing firearms, laptops and other valuable equipment. Officers involved received verbal corrective counseling from their immediate supervisors and were reminded to secure equipment and lock their vehicles when unattended. Additionally, the policy was re-distributed to all department members for their review.

The Sheriff's Office concurs with the finding, has taken immediate action and is in the process of implementing the recommendations. The Sheriff's Office will transmit the results of this last review to Council by May 20, 2011

The Sheriff's Office has initiated a separate weapons tracking system that augments the county's fixed asset system. The Sheriff's Office will perform annual inventories of firearms in its weapons and firearm tracking systems. In addition, each year the firearms inventory will be reconciled and all weapons accounted for following the established schedules and in accordance with policy. Any discrepancies will be immediately reported to the County Council, the State Auditor's Office and Fleet Administration.

The Sheriff's Office conducted an initial internal review that determined 65 firearms were unaccounted for. Subsequently a 100% inventory of its firearms records was conducted. As a result of that rigorous review, the Sheriff's Office determined that there were a total of 116 firearms unaccounted for. Further, the Sheriff's Office learned that the inventory records may not have reflected trades or gun sales that occurred over the last 40 years for several reasons. Records of these transactions were destroyed in accordance with state law, some sales that were made on a competitive bid process did not appear to have been reflected in the inventory records, and the inventory system changed from manual inventory forms to a computerized record. All firearm sales and disposals have been done legally and within policy.

Auditor’s Remarks

We thank the County for its cooperation and assistance during the audit and look forward to reviewing the County’s corrective action during our next audit.

Applicable Laws and Regulations

King County Sheriff’s General Orders Manual Regulation #9.03.025 states in part:

> 4. Unattended vehicles of off-duty deputies must be locked at all times. During off-duty hours, days off, or when the vehicle is parked in a location where it is susceptible to vandalism or other damage, firearms, portable radios, shotguns and other items of obvious value will be locked in the trunk or removed from the vehicle.

King County Code 2.16.062 states in part:

> A. Definitions:
>
> 3. "Rifles and Shotguns" means any firearm with a barrel length of twelve inches or longer, but shall not include machine guns as defined in this section.
>
> 4. "Surplus firearms" means any firearm previously purchased, or converted to official use in accordance with RCW 63.40.010 by King County for use by the department of public safety or department of adult detention that are no longer serviceable or will become surplus as a result of those departments upgrading to newer weapons for duty service.
>
> B. Inventory, destruction and disposition. Within thirty (30) days of May 7, 1993, the sheriff shall have prepared an inventory of every firearm that has been judicially forfeited, has been seized and may be subject to judicial forfeiture, or that has been, or may be, forfeited due to a failure to make a claim under RCW 63.32.010, 63.35.020, or 63.40.010, or that is no longer needed for evidence. This inventory shall be updated annually and include a report on the destruction and disposal of firearms included in the inventory.
>
> C. Report required. The sheriff shall submit a report to the council within thirty (30) days on the inventory of firearms under paragraph B which shall include a plan for the destruction or disposal of all firearms in the inventory.

5. The Sheriff's Office continues to have inadequate internal controls to ensure citations are audited through disposition by the courts as required by state law.

Description of Condition

The Sheriff's Office Records Unit received approximately 27,000 traffic citations in 2010. State law requires citations to be audited monthly to ensure all citations are reported to the Court or appropriately disposed of. In our previous two audits, we reported the Sheriff's Office was not auditing citations through disposition by the courts. During the current audit, we determined the Sheriff's Office still is not doing so.

Cause of Condition

The Sheriff's Office has acknowledged it has this responsibility. It stated it will improve internal controls and make changes to ensure compliance with the law. However, the Sheriff's Office has not dedicated sufficient resources to audit citations through disposition by the courts.

Effect of Condition

Without monthly audits of citations through disposition by the courts, the Sheriff's Office is unable to ensure all citations issued are appropriately disposed of by the courts.

Recommendation

We recommend the Sheriff's Office establish appropriate internal controls to ensure it performs a monthly audit of citations through disposition by the courts as required by state law.

County's Response

The Sheriff's Office concurs with the finding.

In response to the prior audit finding, the Sheriff's Office (KCSO) established a monthly audit process to assure citations are properly reported to the courts or otherwise accounted for. This monthly audit process allows us to track the status of every citation book – and each citation therein. The process remains in place and is caught up and up-to-date. In April 2011, the KCSO is auditing March 2011 citations.

The KCSO has not completely tracked citations after reporting the citation to the court, once it's under the courts control. The KCSO has attempted to match the KCSO citations to the court disposition information, but has found it very time consuming to *locate matches. KCSO receives a monthly disposition report from the courts for citations, which is maintained in a searchable spreadsheet. However, we currently do not have the resources to dedicate staff time to match the disposition status with the actual citation. As one example, the KCSO attempted to match King County District Court records but found tracking KCSO citations through the court's report to be difficult and time consuming. Instead of the court disposition report including the KCSO generated citation number that was sent to the courts, in the majority of instances, the report only includes cause numbers or other court generated numbers, which requires substantial effort to identify the related KCSO citation number originally reported.*

> *While we agree that monthly auditing of the citations is the responsibility of the KCSO, there is debate that once the KCSO confirms that the court is in receipt of the citation that disposition status should be the responsibility of the KCSO to track. Tracking disposition status can take months – and even years. In a sense, the disposition status is out of our hands once we send the citation off to the courts.*

While we maintain the disposition status sent directly from the courts, and continue to work with the courts to create an acceptable process, the reconciliation of the citation disposition (matching the disposition status we maintain with the actual citations) is not actively being done at this time, nor will it be done in the foreseeable future.

Auditor's Remarks

State law requires the Sheriff's Office to audit citations through disposition by the courts. The Sheriff's Office has made the decision it is not feasible for them to perform this task. The Sheriff's Office has taken on the risk that all citations issued will not be appropriately disposed of by the courts.

Applicable Laws and Regulations

RCW 46.64.010 states in Part:

> (4) The chief administrative officer of every traffic enforcement agency shall require the return to him or her of a printed or electronic copy of every traffic citation issued by an officer under his or her supervision to an alleged violator of any traffic law or ordinance and of all copies of every traffic citation which has been spoiled or upon which any entry has been made and not issued to an alleged violator. Such chief administrative officer shall also maintain or cause to be maintained in connection with every traffic citation issued by an officer under his or her supervision a record of the disposition of the charge by the court or its traffic violations bureau in which the original or copy of the traffic citation was deposited.
>
> (6) Every record of traffic citations required in this section shall be audited monthly by the appropriate fiscal officer of the government agency to which the traffic enforcement agency is responsible.

Status of Prior Audit Findings

King County
May 11, 2011

The status of findings contained in the prior years' audit reports of King County is provided below:

1. County waivers of bid requirements did not comply with County policy.

Report No. 1003778, dated June 14, 2010

Background

State law requires the County to make purchases on a competitive basis, with certain exceptions for specific reasons. The County has adopted codes, policies and procedures to comply with the law. County policies allow waivers for single source of supply and for purchases that involve special facilities or special market conditions. The County's current Goods and Services Procurement Manual provides examples of appropriate use of special facilities waivers such as:

- An item is available from only a single source vendor.
- The item requested is for capital maintenance procured directly from the original manufacturer.
- Only one utility supplier or patented product can adequately meet the need of the County.
- Membership dues for certain professional organizations.
- Standardization or interchangeability of parts.
- Standardization of equipment.

The manual also provides examples of inappropriate reasons for waivers, such as:

- A department prefers to do work with a particular firm since it knows and trusts the firm's personnel and believes they do good work.
- A firm did the job last time.
- Lack of advance planning

The County and departments in the County inappropriately applied special market conditions and special facilities conditions in order to waive bid requirements. We noted:

- The Public Health Department competitively contracted with a consultant in 2006 to assist the Children and Family Commission in educating elected officials about the needs of the County's children. In May 2007 the County approved another contract with the same firm for $24,999 to continue the work performed in 2006 and another contract in September 2007 for $25,000. The Department requested waivers from competitive bidding for these two additional contracts, citing previous work experience with this program and efficiency. The Deputy Finance Director approved special market condition waivers on behalf of the

Director of Finance and Business Operations. This is not an appropriate use of the waiver.

- The County extended an office supplies contract nine months past the expiration using a special market condition waiver, rather than conducting a timely, formal solicitation. The reasons cited for the waiver did not meet the special waiver criteria outlined in County policy. The waiver was issued due to be due to lack of advance planning.

- The Department of Natural Resources and Parks contracted for consulting services to assist small economically disadvantaged businesses apply for work on the Brightwater sewage plant and conveyance project. The County approved a special facilities waiver of bid laws for this contract in 2006. The purpose for these services was outreach to, and tracking the use of, the targeted businesses, not for design or construction of special facilities. The original contract awarded under this waiver was for $40,000 for five months. It was amended three times, extending its length to two additional years and increasing the total contract amount to $302,000. A waiver from competitive bidding for special facilities was again approved March 2008 for the contract amendments for similar reasons. The documentation authorizing the waiver sites an unallowable reason per the County procurement manual.

Status

The County has resolved this finding. We selected several waivers to bidding requirements and tested them to determine if they complied with County policy. All of the bid waivers tested complied with County policy.

2. The County does not have adequate internal controls to ensure inter-fund transactions are appropriate, timely and accounted for accurately.

Report No. 1003778, dated June 14, 2010

Background

The County Council has given the Executive Finance Committee the authority to administer inter-fund borrowing. The Committee adopts rules and procedures pertaining to loans between County funds. The rules and procedures provide the duration and interest rate to be charged on such loans. Committee members are the County Executive or designee, the County Finance Director, the County Budget Director and the Chair of the King County Council or designee. The County reported a year-end outstanding inter-fund loan balance of $154.4 million in 2009.

The Council must authorize all inter-fund loans in advance. Loans may only be made from one solvent fund to another. The authorization must include a planned schedule of repayment of principal and interest. The borrowing fund must anticipate sufficient revenue for the period of the loan that will allow its repayment. The loan may be for more than one year, but may not be a permanent diversion of revenue from the lending fund. The interfund activity must be recorded in the accounting system as it occurs.

During our review we noted:

- At the time a loan is authorized, the lending fund is not identified. Management assumes the General Fund will cover inter-fund loans. During calendar year 2009, the General Fund was unable to support the total inter-fund borrowing for nine out of 12 months. Because the General Fund could not support the activity, other funds were identified as sources of funding. The lending fund should be identified when the loan is authorized.

- The process the County uses to monitor cash balances in funds is inadequate. Funds are allowed to operate at a significant deficit for an extended period of time before the Committee meets with fund representatives to determine the reason for the deficit and the need for the loan.

- When the Committee approves interfund loans, it does not require a repayment schedule or an interest rate as required by the Budget, Accounting and Reporting Systems Manual prescribed by the State Auditor's Office and County Policy. In addition, interfund loans are approved as *"up to amount", which makes it difficult to make a repayment schedule.* We noted six instances of upward revisions of loan amounts and lengthening of loans.

- The County's interfund loan tracking sheet incorrectly identified the Miscellaneous Grants Fund and the Public Transportation Capital fund as receiving funds from the Transit fund. The General Fund was the lending fund for both. The Committee uses the tracking sheet to make loan decisions. Errors limit the ability for the Executive Finance Committee to make appropriate decisions.

- Loans are not consistently recorded in the general ledger when the transactions occur. For financial reporting purposes the County posts a cash transfer that exists for one day. The County's general ledger should reflect all tranactions as they occur.

- The Committee is not ensuring all interfund borrowing information is reported to the County Council.

Status

The County has not resolved this finding. We determined the County has not improved its controls in the following areas:

- The loan request does not identify the terms of repayment.

- The Executive Finance Committee does not require a repayment schedule or an interest rate when approving interfund loans as required by the Budget, Accounting and Reporting Systems Manual prescribed by the State Auditor's Office and County Policy.

- Loans are not consistently recorded in the general ledger when the transactions occur.

- The Executive Finance Committee is not ensuring all inter-fund borrowing information is reported to the County Council.

3. **The County's controls are inadequate to ensure spouses, domestic partners and dependents added to employees' insurance benefit plans are valid.**

Report No. 1003778, dated June 14, 2010

Background

As of June 30, 2009, 13,909 employees received County insurance benefits. Included on the plans of these employees were 11,305 children, 7,328 spouses and 812 domestic partners. Of those receiving County insurance benefits coverage, 58 percent are spouses, domestic partners or dependents of County employees. Total cost to the County for providing insurance benefits to employees and individuals on their insurance plans from July 1, 2008 through June 30, 2009 was approximately $192 million.

Employees may add spouses, domestic partners or dependents to their insurance plans when they are hired, during open enrollment, or within a certain number of days after events such as marriage or the birth or adoption of a child. Employees can add a spouse, domestic partner or dependent by completing forms online or by submitting printed copies to the County's Benefits, Payroll and Retirement Operations Section. These forms include a section for employees to sign and date (or a check-off box on the on-line form) that states all of the information they have provided is accurate.

For the addition of spouses, domestic partners, biological children, stepchildren or domestic partners' children, the County does not require documentation to verify the relationship other than the certification by the employee. The County requires this documentation only when employees add adopted children or children for which the County employee or his or her domestic partner is the child's legal guardian.

In 2009 the County's Executive Audit Services Department reviewed dependent eligibility for 50 employees. The Department report by the Executive Services Internal Auditor to the Benefits and Retirement Operations Manager stated:

> ". . . I do not have all information, such as actual sample size, the size of the universe from which it was drawn, or the full scope of the examination, necessary to issue a formal report . . . there are systemic weaknesses both with the establishment of domestic partnership eligibility and with verification."

The report also stated County policy "no longer requires an affidavit of domestic partnership to claim dependent benefits, and we have no means of independently verifying eligibility."

Based on our review of King County Personnel Guidelines that have been in effect since 2005, employees are required to submit an affidavit of domestic partnership to claim dependent benefits. Survey results showed the County needed to strengthen the policies and procedures related to domestic partnership eligibility and require verification. We found the County has not attempted to correct the weaknesses identified.

Status

The County has not resolved this finding. The County's controls continue to be inadequate to ensure spouses, domestic partners and dependents added to employee's insurance benefit plans are valid. In addition, a misappropriation of benefits in the amount of $3,079.94 occurred because controls in this area were not improved.

4. **The County Records and Licensing Department does not adequately monitor employees who transfer vehicle and vessel titles.**

Report No. 1003778, dated June 14, 2010

Background

In 2009, King County processed 16,876 vehicle and vessel title transfers as an agent of the state Department of Licensing. During the 2007, audit we reported a finding on the County's lack of monitoring to ensure all transactions were valid. The lack of monitoring allowed a Licensing employee to process title transfer transactions for herself, family members and friends at below market value for at least one year. We estimated the total amount of tax not collected and remitted to the state was at $2,300.

The Department of Licensing has guidelines for supervisors and staff on ways to discourage employees from processing transfers for their own vehicles and vessels or those of relatives and friends. During our current audit, we found the County still is not monitoring these title transfers.

Status

The County has resolved this finding. We reviewed the internal controls over transfers of vehicle and vessel titles and determined the County has implemented adequate internal controls for monitoring employees who transfer vehicle and vessel titles.

5. **King County's Elections Department lacks internal controls over cash receipting.**

Report No. 1003778, dated June 14, 2010

Background

We noted several weaknesses in internal controls over cash-handling at the Elections Department. We reviewed cash register tapes attached to deposit records for January 2008 through January 19, 2010. The Department made 25 deposits over this two-year period. We found:

- The Department does not have cash-receipting policies or procedures. Management was unaware of the County's overall cash-receipting policies and procedures.
- Employees are not trained in their duties. They operate the cash register by using instructions taped to the wall and the register operating manual.
- All employees have access to the cash register. The keys and operating manual are left in an unlocked drawer below the register.

- The Department's receipt books are not pre-numbered and do not meet County requirements.

- Management does not approve or review voids and adjustments. Seven of the 25 register tapes had a total of 26 voids. Twenty two of the 25 cash register tapes showed more than one no-sale. We found as many as 11 no-sales on a single tape.

- Employees that operate the register also prepare the deposits.

- Multiple employees operate the register, including temporary employees whose backgrounds and employment history have not been checked by the County.

- Management does not monitor cash-receipting, does not review deposits, and does not investigate overages or shortages. Ten of the 25 deposits reviewed had cash shortages, ranging from $12 to $1,117, between the cash reported in the register tape to the deposit. Seven of those shortages were exactly offset by check overages. Two of those deposits had notes written indicating that transactions were supposed to be voided, but were not. The last deposit had a note indicating that a $30 cash transaction was supposed to be a $3 check. We reviewed the deposit and found no $3 check. We are unable to determine whether these differences are an indicator of misappropriation due to the internal weaknesses noted.

- Cash is kept in the register overnight.

- Cash receipts are not deposited within 24 hours as required by law. Seventeen of the 25 deposits had a delay of three days or more from time of collection. The longest time between deposits was 136 days. Eight of the 25 deposits reviewed had a delay of more than one day between the deposit preparation and the acutal deposit. The longest delay was 29 days, and there was another one for 22 days. That means that the deposit was waiting to be deposited for over three weeks.

- Deposits are placed in a bag that does not lock and that is left on a counter in a cubicle until someone takes it to be deposited. Leaving the deposit unsecured increases the risk that a loss or misappropriation would occur.

- No one reviews the deposit receipt to be sure the deposit was made intact. Deposits are not reconciled to accounting records to ensure the deposit was posted to the correct department and accounts.

Status

The County has resolved this finding. We reviewed the internal controls over cash receipting in the Elections Department. We determined the Elections Department has implemented adequate internal controls over cash receipting.

6. **The Sheriff's Office does not have adequate internal controls over monitoring and recording evidence for collected and forfeited property.**

Report No. 1003778, dated June 14, 2010

Background

The Sheriff's Office collects evidence and seizes property while investigating cases. All evidence and property seized must be secured pending a court disposition or a determination on what is to happen to it by the Detective in charge of the case. The Sheriff's Office policy requires officers to comply with the Washington State Patrol guidelines on weighing and packaging evidence; however, the State Patrol guidelines for external agency consideration does not provide specific guidelines and criteria on weighing and packaging evidence. The Sheriff's Office policy also does not provide specific guidelines and criteria on weighing and packaging evidence. For instances when evidence is collected under what is known as the community caretaker doctrine, which relates to officers' duties to protect persons and property, and not by an intent to make an arrest, the Sheriff's Office policy is to retain evidence at the discretion of the Detective in charge. State law requires cash receipts to be deposited within 24 hours.

Our current audit found the Sheriff's Office lack of specific guidelines criteria, and monitoring resulted in discrepancies in the weighing and packaging of evidence. Although we would expect some change in the weight over time due to evaporation, we would expect those changes to be minimal. Although we noted no indication of package tampering during our review of 14 cases, we noted the following:

- Cocaine was seized and weighed in initially at 65.26 ounces or 1.86 kilograms. At the time of our audit, the cocaine weighed approximately 15 ounces less than the documented weight. It appears that when the cocaine was weighed and recorded the officers included two metal tins and a wooden cutting board in the weight. Evidence should be weighed by itself.

- A 13 percent reduction in the weight of 2.45 grams of cocaine from the time the weight was recorded when collected and the actual weight on the date of testing.

- A 26 percent reduction in the weight of 2.5 grams of heroin from the time the weight was recorded when collected and the actual weight on the date of testing.

- A 40 percent reduction in the weight of one ounce of cocaine from the time the weight was recorded when collected and the actual weight on the date of testing.

- A 210 percent increase in the weight of 1.2 grams of marijuana from the time the weight was recorded when collected and the actual weight on the date of testing.

- Two cases in which seized cash in the amounts of $3,200 and $927 was not deposited in a timely manner. The cash was held at the Property Management Unit for 56 and 70 days respectively after the notice of forfeiture action was issued.

- No monitoring of evidence that is collected community caretaker doctrine to ensure the length of time it is held is appropriate.

We also noted the external security camera at the Property Management Unit, where all evidence is stored, is not functioning.

Status

The County has partially resolved this finding. We determined the Sheriff's Office has implemented adequate internal controls for weighing evidence. However, we determined the Sheriff's Office continues to not deposit seized currency within 24 hours as required by state law.

7. **The Sheriff's Office does not have adequate internal controls over citations.**

Report No. 1003778, dated June 14, 2010

Background

The Sheriff's Office Records Unit receives approximately 38,000 issued traffic citations annually from deputies. State law requires citations be audited monthly to ensure all citations are reported to the Court or appropriately disposed of as required. In our previous audit, we reported that the Office was not ensuring citations are audited. During the current audit, we found no one reconciles the citation books issued to deputies and the copies of issued citations submitted to the Records Unit to ensure all citation books and citations within a book are accounted for. Further, the Office is not auditing the citations through disposition by the courts as required by law.

The Sheriff's Office General Orders Manual states citation books are to be locked in a secure location and issued only by a supervisor. During our examination of 27 citation booklet receipt covers, we noted the receiving officer, not the supervisor, signed for them. The policy requires the supervisor's signature

Status

The County has not resolved this finding. The Sheriff's Office continues to have inadequate internal controls to ensure citations are audited through disposition by the courts as required by state law.

ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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