



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Skamania County

For the period January 1, 2022 through December 31, 2023

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

October 14, 2024

Board of Commissioners
Skamania County
Stevenson, 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.

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 Skamania County from January 1, 2022 through December 31, 2023.

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 years ended December 31, 2023 and 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – gross wages and leave cash outs
- Accounts payable – general disbursements and debit cards
- Sheriff's Office – evidence room, tracking and monitoring of theft sensitive assets, such as firearms and equipment, use and tracking of confidential funds
- Assessor's Office – IT security user access and property valuations
- Treasurer's Department – IT security user access and cash receipting
- Building and Planning – building permit calculations and cash receipting

- Equipment rental and replacement – establishment of rates and billing accuracy
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Skamania County January 1, 2022 through December 31, 2023

2023-001 The County lacked proper controls for the tracking and disposition of small and attractive assets and evidence in the Sheriff's Office.

Background

Skamania County Sheriff's Office provides law enforcement services to about 12,000 Skamania County residents. The Sheriff oversees the Office, which investigates crimes against person and property, maintains the County jail, search and rescue, civil processes and operation of a radio 911 center, and provides patrol services throughout the County.

The Office maintains small and attractive assets such as firearms, tactical and safety equipment, cameras, cell phones, radios and body cameras. Additionally, the Office is responsible for maintaining property held in custody, such as evidence related to a crime, found property, seized/forfeited property, etc. The County is responsible for establishing adequate internal controls for monitoring, tracking and safeguarding these items.

Description of Condition

While the Office has processes to manage small and attractive assets and items held in custody, it does not have adequate controls to ensure effective tracking and safeguarding of these items. We audited the Office's asset tracking and monitoring of property held in custody and identified concerns.

Small and attractive assets

The Office uses multiple separate worksheets to track different categories of small and attractive assets. The Office maintains firearms, body cameras and tasers on a separate asset listing; however, the County was unable to provide a small and attractive asset listing maintained during the audit period for the other asset types. In 2024, the Office began compiling a listing from known items. We reviewed these listings and the County's small and attractive assets policy and procedures and identified the following:

- The policy requires the Office to track all specialized law enforcement equipment, regardless of value. The policy does not define specialized law

enforcement equipment and requires tracking of small value items, which creates an administrative burden.

- The County was unable to provide support of any recent physical inventory counts to verify physical custody of assets.
- The asset listings included items lacking sufficient detail to specifically identify the asset. The Office was not tagging assets with identifying numbers to differentiate like items or items without serial numbers.
- No one independently verified firearms assigned to deputies to ensure the assigned employee had possession of them.
- The employee responsible for maintaining the listing for firearms, body cameras and tasers has access to the firearm safes without compensating controls. Additionally, two other employees can access the firearm safes, and the Office does not have the ability to track and monitor access.

Property held in custody

We obtained the Office's inventory listing for items held in custody and selected items for testing. We identified the following. The Office:

- Was not ensuring that all information in its inventory system is accurate and up to date. Our testing identified that the Office had returned or disposed of multiple items that it documented as still in its possession.
- Did not consistently retain support for items classified in the inventory system as no longer in the property room for items destroyed, transferred, sold or returned. Additionally, there was no independent review of inventory listing changes to ensure all changes are valid and supported.
- Has not recently performed inventory counts of the property room to verify the accuracy of the inventory listing and physical custody of the property.

Cause of Condition

The Office did not adopt sufficient policies to address procedures to track and monitor small and attractive assets and items held in custody. Additionally, the Office experienced turnover in positions responsible for providing oversight and has not had sufficient training on internal controls for these areas.

Effect of Condition

Without adequate segregation of duties and independent review of asset listings and items held in custody, there is an increased risk for potential error, misuse and misappropriation. Also, without an independent physical inventory count, the

Office cannot guarantee the integrity of the small and attractive asset listings, as well as the inventory list of items held in the property room. There is an increased risk that the Office would not identify items missing from listings promptly, if at all.

We selected a total of 15 items to verify physical custody and found discrepancies with five items. We were unable to locate three items, two of which were guns. The Office found documentation to support that it no longer had the remaining two items in its custody.

We also tested five items that the Office indicated in the listing as disposed. It did not maintain support to document the validity of the disposal of two items, which were drugs.

Recommendation

We recommend the Office strengthen internal controls to ensure it adequately safeguards small and attractive assets, as well as items held in custody. Specifically, we recommend the Office:

Small and attractive assets

- Update its policy over small and attractive assets to focus on higher value items and better define specialized law enforcement equipment. Additionally, the policy should include internal controls for conducting periodic, independent physical counts.
- Perform and document an independent periodic inventory of all small and attractive assets
- Ensure it uniquely identifies all small and attractive assets on asset listings. Additionally, the Office should tag assets with identifying numbers when like-kind items cannot be differentiated.
- Adequately segregate duties or establish compensating controls to increase oversight

Property held in custody

- Implement a policy and/or procedure that establishes internal controls over property held in custody, ensuring independent monitoring of the asset listings
- Ensure it promptly and accurately updates the inventory listing when it obtains, transfers or disposes of items

- Retain documentation to support asset disposals and ensure it independently reviews all changes to the inventory listing
- Perform and document an independent periodic inventory of items held in its custody to verify the accuracy of the listing

County's Response

The Skamania County Sheriff's Office welcomes these findings, as we continue to make steps to improve policies, procedures, and documentation under a new administration and direction. In response to the "Small and attractive assets" findings, the Skamania County Sheriff's Office actionable items are as follows, per the recommendations:

- 1) Work to modify Skamania County's policy regarding "Small and attractive assets," as they pertain to law enforcement;*
- 2) Utilize asset management software or internal tracking to incorporate self-assigned bar codes/serial numbers for tracking*

In response to the "Property held in custody" findings, the Skamania County Sheriff's Office actionable items are as follows, per the recommendations:

- 1) Draft a policy that outlines oversight of inventory listings, documentation retention, and independent inventories.*

Auditor's Remarks

We appreciate the County's response and commitment to resolving this finding. We thank it for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Budgeting, Accounting, and Reporting System (BARS) Manual, Chapter 3.3.11.50 – Small and Attractive Assets

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

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 procurement requirements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Skamania County serves approximately 12,036 citizens (2020 Census). It is governed by an elected, three-member Board of Commissioners and has approximately 226 employees.

For fiscal year 2022 and 2023, the County operated on budgets of \$45.2 million and \$48 million, respectively. Its employees provide an array of services including general government, economic development, solid waste disposal, cultural and recreational services, senior services, building and planning, law enforcement, community health and transportation.

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 Skamania 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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