Performance Audit

Johnson County Audit Services
Johnson County, Kansas

Johnson County Sheriff's Office Transition Audit
September 14, 2017

Report No. 2017 - 03

Johnson County Sheriff's Office
Transition Audit

Executive Summary

Why We Did This Audit

At the request of Sheriff Hayden, we performed a transition audit to advise him of any major control, financial, and/or operational risk that may need to be addressed upon being elected Sheriff of Johnson County Kansas.

What We Found

The Johnson County Sheriff's Office (JCSO) lacked sufficient internal controls in the areas of:
- Purchasing and Accounts Payable and
- Inventory and Contract Management

Consequently, the Sheriff did not have assurance assets were protected.

The JCSO depends on overtime to fill open positions resulting from staff shortages and planned/unplanned absences. The top 25% of those who earned overtime worked 57% of the total overtime hours. Some sworn personnel worked significant amounts of overtime.

The JCSO improved the accuracy of its time and attendance reporting since our last audit in 2014.

The Communications Division implemented a staffing model decreasing staff on some shifts resulting in reduced overtime costs. Also noteworthy, the reduction in operating cost was achieved while responding to a 25% increase in call volume.

JCSO internal grant policies were not fully compliant with the County's grant policies and procedures. Also, some assets procured with grant funding were not consistently annotated to reflect they were purchased with grant funds.

What We Recommended

The Sheriff should:

Train JCSO personnel in and ensure compliance of JCSO/County purchasing and accounts payable policy and procedures.

Improve the integrity of JCSO inventory management policies, procedures and activities.

Formalize and assign contract management responsibilities. Ensure contract deliverables are met and any changes to contract terms be mutually agreed upon and documented as amendments to the contract. Develop policy and procedures requiring periodic verification of contractor performance.

Perform a staffing analysis to determine total FTE requirements. Also, develop policy establishing a reasonable limit capping the amount of overtime that can be worked by law enforcement personnel.

Develop guidance for time and attendance approving officials to use when approving employee time and attendance.

Document the staffing/scheduling process in the Communications Division. Periodically review call volume data and other performance metrics to ensure the Communications Division continues to meet performance expectations.

Modify JCSO grant policy and procedures to align with County Grant Policy requirements.

JOHNSON COUNTY
KANSAS

September 14, 2017

To: The Johnson County Board of County Commissioners,
    Sheriff Hayden

At the request of Sheriff Hayden, we performed a transition audit of the Johnson County Sheriff's Office (JCSO) to advise him of any major control, financial, and/or operational risk that may need to be addressed upon being elected Sheriff of Johnson County Kansas. The audit focused on the controls and management activities in the following areas: purchasing, inventory and contract management, overtime, time and attendance reporting, Communications Division staffing and grant management.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

I appreciate the cooperation received from the Sheriff and the entire JCSO staff.

I would like to acknowledge the following staff who contributed to this effort: Stephanie Berland, CPA; Michelle Cleveland, CFE; John Halliday; Harry Heflin, CPA; Lynn Smith, CIA and Michael Eglinski.

Please do not hesitate to contact me if you have any questions. Thank you.

K. L. Kleffner, CIA
County Auditor

Johnson County Sheriff's Office Transition Audit

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RESULTS AND RECOMMENDATIONS

1. Purchasing and Accounts Payable Practices

Improvements are needed in purchasing and accounts payable (AP) practices to provide assurances purchases are made in accordance with JCSO and County procedures. We found the following examples of noncompliance:

- JCSO internal forms did not have signatures to support purchases were reviewed and approved by a Division Commander or the Purchasing Manager (County Purchasing Card (P-Card) 32%, AP 56%[1]).

- Business purpose was not clearly defined for the purchase (P-Card 25%, AP 27%[1]).

- Supporting documentation did not include evidence orders were received (P-Card 54%, AP 12%[1]).

- Purchase requisitions to encumber budgeted funds were not created prior to purchase; 3,862 out of the 4,140 (93%) invoices were confirming POs valued at nearly $6.8 million.

This can be attributed to a lack of training throughout the JCSO in purchasing policy and procedures, as well as a general lack of enforcement of the existing policy and procedures. Policy and procedures define processes and the internal controls to reduce risk. Significant internal control weaknesses exist in the JCSO's purchasing practices resulting in an increased risk of waste, abuse, and/or fraud.

Recommendations

We recommend the Sheriff:

1.1 Train personnel with purchasing authority in the JCSO Purchasing Policies and Procedures.

1.2 Require the Chief Financial Officer (CFO) to enforce compliance with the JCSO Purchasing Policies and Procedures.

1.3 Require purchases under $500 to be made via P-Card.

1.4 Coordinate with the Department of Technology and Innovation to ensure JCSO Purchasing Manager is granted *Oracle Requisition Authority* and is properly trained.

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[1] The numbers in parenthesis represent the percent of P-Card (County purchasing card) and AP (Accounts Payable) purchases included in our review not compliant with the requirement.

Management Comments

1.1   *We concur with this recommendation. We will review and revise the Sheriff's Office internal purchasing directives and procedures as needed, and provide any necessary training.*

1.2   *We concur with this recommendation. The Purchasing Manager reviews and approves purchases over $500. The Financial Manager reviews all purchases for accuracy and the CFO reviews and approve all purchases, regardless of dollar amount (at times after the item is purchased). The CFO is currently reviewing all Fiscal and Purchasing Directives, will revise if needed, and will work to ensure that all staff comply both with Sheriff's Office and County policy.*

1.3   *We concur with this recommendation. We will encourage usage of the purchasing card as the primary tool for purchases under $500. We also appreciate the recommendation by the Internal Auditor to set up Online Manager Account Owner (OMAO) accounts for specific vendors and we have initiated the transition to OMAO accounts.*

1.4   *We concur with the recommendation. The Sheriff's Office is beginning an extensive review of the Purchasing Division's task. The extent to which the Purchasing Manager will use Oracle Requisition Authority to enter requisitions will be evaluated as part of the overall review.*

Discussion

P-Card Purchases

From January 1, 2014 through December 31, 2016, 176 cardholders made 12,873 purchases valued at $3,362,236 using a P-Card. Six cardholders account for 40% of the transactions and 68% of the dollar value. We performed a detailed review[2] of 100 P-Card purchases over $500 with a total value of $116,293.

We reviewed the P-Card transactions for compliance with the JCSO Purchasing Policy and Procedures and Johnson County's Government Purchasing Card Guidelines. Specifically, we tested:

- Was the JCSO P-Card Request Form used?
- Did the cardholder sign the P-Card Request Form?
- Was the form signed by a Division Commander or the Purchasing Manager for approval?
- Was the original receipt included?
- If items were ordered in the purchase (commodities or equipment), was a packing slip included to support receipt of the item?
- Was the invoice stamped "P-Card Purchase"?

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[2] This was a randomly selected sample.

- If the charges were related to travel, was the Travel Expense Form included?
- Was business use/purpose clearly identified for the purchase?
- Were un-allowed charges included?

The Fiscal Manager approved all P-Card purchases in Oracle. Since the Fiscal Manager is not included in the purchasing process, she is reliant on supervisory review in the field to confirm purchases are authorized, ensure what is ordered is received, and make sure funds are available to pay expenses.

JCSO personnel are submitting invoices and receipts to support purchases made. In both P-Card and AP transactions reviewed, all purchases were supported by an original receipt, invoice, or copy thereof. Travel related purchases were supported with travel logs and Division Commander approval. Table 1.1 provides the number of purchases compliant and noncompliant with each requirement.

Table 1.1 – Results of P-Card Purchase Review

Criteria	Compliant Transactions	Non-Compliant Transactions
P-Card Purchase request form used	90	10
P-Card Purchase request form signed by cardholder	96*	4
Division Commander or Purchasing Manager approval	68	32
Invoice/receipt includes "P-Card Purchase"	44	56
Business purpose clearly defined	75	25

Source: Audit Services Analysis of 100 P-Card transactions.
* Compliance considered if invoice/receipt were stamped and signed by cardholder.

Sixty-eight transactions were for equipment purchases which should include a packing slip or some other support that the items were received. We could not find support for receiving for 37 (54%) of the 68 purchases.

Division Commanders receive an Oracle notification of their staffs' P-Card purchases but they are not in the Oracle workflow process to approve or reject purchases. The notification of purchases provides a detection control to detect unauthorized purchases. However, it does not provide the reconcilers and Oracle approver in the Fiscal Unit assurance or documentary support the Division Commander has approved the purchase.

AP Purchases

For the period January 1, 2014 through December 31, 2016, the JCSO processed 4,140 invoices through the AP process with a total value of $10,433,354. We reviewed a statistical sample of 256 AP invoices with a total value of $555,466. We reviewed AP transactions for compliance with the JCSO Purchasing Directive and Johnson County's Purchasing Policies and Procedures. Specifically, we tested:
- Was the original invoice or detailed receipt included?
- If the purchase was under $500, was the invoice authorization stamp used?

- If the purchase was $500 or over, was the purchase requisition listing form completed?
- Was the stamp or form signed by the requestor?
- Was the form (purchases over $500) signed for approval by a Division Commander or Purchasing Manager?
- Did a budget administrator sign the form?
- Was a packing slip or support of receiving included?
- If purchase was over $10,000, were required competitive purchasing support documents or exceptions included with the invoice?
- Was the business purpose clearly defined?
- Was the invoice marked "Ok to Pay"?
- Did the purchase include un-allowed or prohibited items?

We also noted, every transaction was signed by the principal budget administrator, the CFO.

We have projected the results of our sample to the population of 4,140 AP transactions, of which, 2,286 were under $500 and 1,854 were $500 or more. Our projections are presented in Table 1.2.

Table 1.2 – Projections of Results of AP Invoice Review

| Criteria	Total Applicable	Compliant	Non-Compliant
Included invoice authorization stamp	2,286	802 (35%)	1,484
Used purchase requisition listing form	1,854	1,038 (56%)	816
Included Division Commander or PM approval	1,854	816 (44%)	1,038
Included purchase requestor's signature	4,140	2,029 (49%)	2,111
Business purpose clearly defined	4,140	3,022 (73%)	1,118
Included support of receiving	1,946	1,712 (88%)	233

Source: Audit Services Analysis

JCSO purchasing procedures for purchases under $500 require an invoice authorization stamp on the invoice or itemized receipt along with a packing slip signed and dated by the receiver. Purchases in excess of $500 require a purchase requisition listing form be completed before the purchase is made, signed by the requestor (purchaser) and forwarded to the Division Commander or his designee for review and approval. The form is then submitted to the Purchasing Division to secure budget authority approval from the Sheriff, Under Sheriff or the Chief Financial Officer. The actual process occurring within the JCSO, as explained by staff and evidenced by our review, does not comply with JCSO procedures.

Confirming Purchase Orders

The traditional purchase order process is charted in Figure 1.3:

Figure 1.3: Purchase Order Process
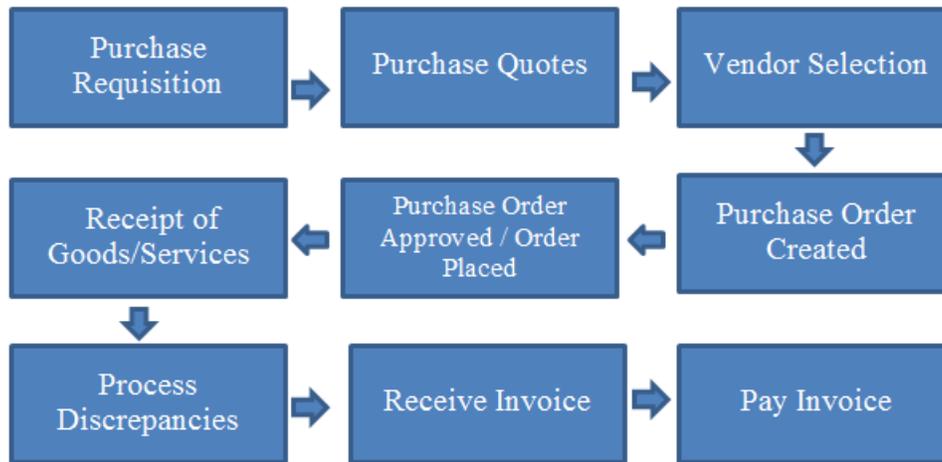
Source: Audit Services review

A confirming purchase order is a purchase order produced after an order placed for goods or services has been received and an invoice has been received.

If JCSO policy and procedures were followed, the purchase requisition would be created in the Oracle accounting records as soon as the purchase was approved and before the order was placed and invoice received. This would encumber (set aside) the budget for the amount of the purchase and provide JCSO leadership with accurate records of their expenses and remaining budget. However, their actual practice does not follow this process – purchases are made in the field without encumbering budgeted funds. Purchases are sent to the Fiscal Unit after the invoice and packing slips have been received and more than 50% of the time they are sent without documentation of the Division Commander's approval.

Our review of the JCSO AP process noted additional inefficiencies in the actual purchasing practice. The Purchasing staff did not generate purchase orders (POs) in Oracle for the purchases made. This is the primary reason why 93% of all JCSO POs in our review period were confirming. The 3,862 confirming POs valued at $6.8 million averaged 14 days between the invoice date and when the PO was created. We found 22 invoices, totaling $43,010, with invoice dates over 100 days prior to the PO creation date.

Potential Cost Savings Can Be Achieved if the JCSO Expands Use of the P-Card

As previously noted, 2,286 of the 4,140 invoices paid were purchases under $500 which followed the traditional purchase order process. According to RPMG Research Corporation's *2014 Purchasing Card Benchmark Survey*, a net savings of $69.82 per transaction can be achieved when using a P-Card over a traditional purchase order. (There are additional processing steps involved in the traditional purchase order process when compared to the P-Card process[3]. Savings are realized when those additional steps are omitted from the procurement process through the use of a P-Card.) Potentially, the JCSO and the County can realize significant cost savings through the JCSO's expanded use of the P-Card.

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[3] National Association of Purchasing Card Professionals Report: *The P-Card Value Proposition*, August 2015

Conclusion

The JCSO written policy and procedures for P-Card and AP purchases comply with Johnson County's Purchasing policies and procedures and include adequate controls. However, purchasing practices do not comply with the JCSO policy and procedures. All personnel with purchasing authority should be trained in the purchasing policy and procedures for the purchases they make. Once trained, the policy and procedures need to be enforced to protect the assets and public trust of the JCSO.

2. Inventory Management

Effective controls are needed to manage and safeguard department-wide inventories. Not all inventory commodities are managed with a sufficient degree of care and oversight. For example:
- Equipment inventory was not auditable,
- Uniform inventory records were nonexistent, and
- Ammunition storage raised concerns.

We attribute this condition to a lack of management oversight and monitoring activities. As a result, the Sheriff does not have reasonable assurance resources are protected and readily available to meet operational requirements.

Recommendations

We recommend the Sheriff:

2.1   Develop and implement policy and procedures for inventory management in accordance with the County's Capital Asset Policy 160.3.

2.2   Develop and implement inventory management procedures for consumable supply-type inventories, including uniforms, ammunition, and other supplies.

2.3   Perform a physical inventory and document results of personal property to ensure integrity in Justice Information Management System (JIMS) inventory records by December 31, 2017.

2.4   Consult the JIMS Office to seek improvements to the JIMS inventory database such as, recording of physical inventory checks, the date of the last physical inventory performed, and a report to evidence physical inventory processes.

2.5   Consult the JIMS Office and determine if the Corrections Department's uniform inventory system can be applied to meet JCSO business requirements.

Management Comments

2.1   *The Sheriff's Office has begun the process of developing and implementing policy and procedures for inventory management in accordance with County policy.*

2.2   *The Sheriff's Office has begun the process of developing and implementing policy and procedures for inventory management for consumable supply-type inventories, including uniforms, ammunition and other supplies.*

2.3   *The Sheriff's Office concurs with this recommendation, however, due to current staffing and inventory size, it may not be feasible to complete a full physical inventory by December 31, 2017. The Sheriff's Office will ensure that every effort is made to complete a physical inventory by September 1, 2018.*

*2.4	The Sheriff's Office has already initiated steps to improve the current JIMS inventory data and will continue to work with JIMS to make improvements to allow for an efficient and accurate inventory management database. For example, changes have already been made to ensure items must have a unique serial number. Accounts will be reviewed routinely to ensure all items are being appropriately entered into the JIMS database.*

*2.5	The Sheriff's Office initiated a project to review the current inventory system in June following initial comments from the Internal Auditor. Staff met with JIMS personnel on August 3, 2017 to review the Department of Corrections' uniform inventory system. We determined it should meet the JCSO's needs, and have assigned a project team to begin implementation as soon as possible.*

Discussion

Background

The JCSO maintains a variety of inventories in support of its mission responsibilities. We reviewed inventory management practices for the Property & Evidence Room, the Criminalistics Laboratory, small asset and capital equipment, law enforcement uniforms, weapons and ammunition inventories. Our audit objective was to determine if these inventories were managed efficiently and effectively.

### Small Asset Inventory Continues to be a Concern

The JCSO purchases equipment or personal property items that are required to be inventoried per Johnson County Financial Policy 160.3(2), which states:

> The separate agencies, departments and offices shall maintain recorded and physical inventory of assets in their possession which have a cost of $1,000 to $10,000. Assets with a value of less than $1,000 should be inventoried as needed for prudent care of County funds and property.

A review of the JCSO equipment inventory revealed discrepancies in the inventory records. We identified a duplicate entry of 65 computers with identical serial numbers, valued at approximately $42k.

We reviewed purchases made in 10 equipment categories during 2014 – 2016 to determine if small asset purchases over $1,000 were properly recorded and included on JCSO inventory. We found a significant number of purchases (83%) were not reflected in inventory records as shown on Chart 2.1.

Chart 2.1 Equipment Purchases Not Included in Inventory
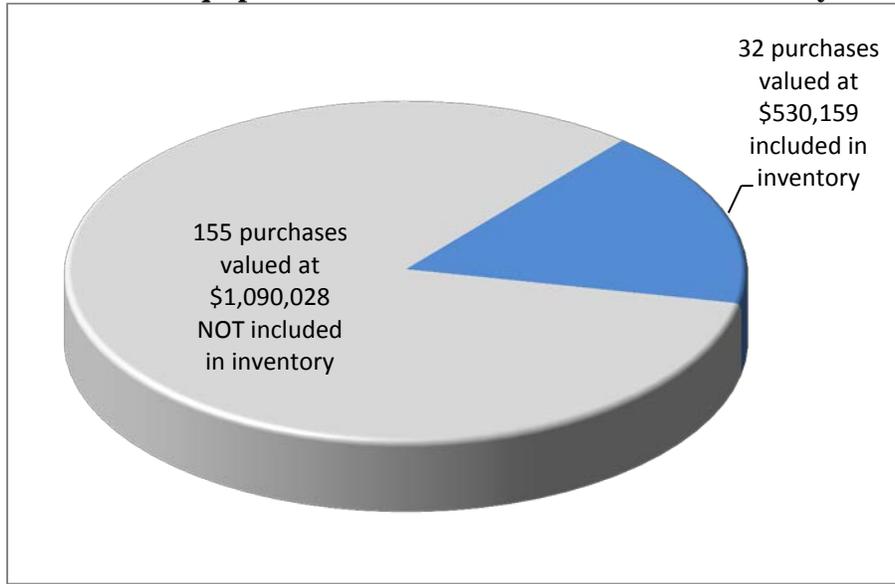
Source: Audit Test of Oracle purchases compared to JIMS inventory records

We determined JCSO inventory records lacked the integrity to conduct physical inventory testing and were not auditable.

The audit report *Sheriff Transition* dated December 8, 2005, observed, "Small asset inventories can be better managed."[4] The 2005 audit notes:
- The Sheriff's Office did not have any written policies for maintaining the inventory,
- Small asset inventory records were significantly in error and did not represent the actual inventory of assets on hand, and
- Based on the condition of the inventory records and the results of the audit tests, the Sheriff could not be assured assets were protected from theft or that misappropriation of assets did not occur in the past.

The 2005 *Sheriff Transition* audit recommended action to establish written policy and procedures to ensure inventory records list all assets meeting County policy and only those assets that are currently owned appear on the inventory list. Further detail included:
- Assigning responsibility for both management of the inventory list and oversight of a physical inventory,
- Requiring an annual physical inventory,
- Requiring that newly acquired assets be added to the inventory upon purchase, and
- Clear definition of the recordkeeping and methodology for assets disposals.

The conditions found in 2005 exist today.

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[4] Sheriff Transition, Johnson County Audit Services, December 2005.

Ammunition Inventory

The JCSO strives to maintain a one-year supply of ammunition inventory due to the volatility of supply and manufacturing production schedules. We reviewed the JCSO's inventory tracking system and methodology for placing orders and found both to be reasonable. However, we identified concerns with the storage of ammunition. Ammunition is stored in a warehouse along with other supply inventories. We questioned whether commingling ammunition along with other commodities, many of which were flammable and caustic, was safe and shared our concerns with the Facilities Management Department. A third-party consultant has been engaged to conduct a fire protection "life/safety analysis" of the warehouse building. The consultant is expected to commence their assessment in mid-August. Facilities Management staff anticipates it will take 3-4 weeks to complete their work.

Law Enforcement Uniform Inventory

The *uniform* is vital to law enforcement. The JCSO maintains an inventory of uniforms to:
- "Outfit" a newly hired and trained deputy and
- Occasionally replace damaged or destroyed uniform items.

Occasionally, the uniform will require tailoring for individual fit and to display distinct JCSO marking and identification. Approximately $100k per year was spent in years 2014-2016 to purchase uniform items.

The JCSO does not have an automated inventory management system to manage uniform inventory items and depends on manual counts and visual observation of uniform items at two different sites. We observed some uniform items boxed in the warehouse that had reportedly been there more than six years. We could not determine the amount of the inventory attributable to the older items and were advised by staff this inventory was considered obsolete. Staff conducted a physical inventory of uniforms in May 2017 and concluded there were 7,852 items in inventory valued at $364,906. The lack of basic inventory management tools such as, demand forecasting, inventory control, safety stock, economic order quantity, has resulted in unnecessary purchases and the potential for shortages of critical uniform items.

The JIMS Office advised they have developed a database for the Corrections Department to manage their uniform inventory. Potentially, this database can be applied to meet JCSO business requirements.

Conclusion

The JCSO should adopt inventory management principles that improve the efficiency and effectiveness of supply and inventory management. Improved methods should reduce the risks of theft or loss, shortages of critical items, or the unnecessary purchase of items already on hand.

The JCSO has initiated corrective action addressing the issues raised related to inventory management and what should be done to manage inventories more effectively.

3. **Contract Management**

The JCSO lacks sufficient contract management controls to provide assurance all contract deliverables are received according to contract provisions. JCSO processes for ensuring contractors provide services according to contract provisions were undocumented for two out of the three major contracts reviewed. Additionally, contract performance metrics were dependent on the contractors' self-reporting. As a result, the JCSO is at risk of not receiving all contract deliverables. We also found the JCSO did not impose an allowable penalty, resulting in the loss of $47,848 in credits that could have been applied to 2016 vendor invoices.

Recommendations

We recommend the Sheriff:

3.1   Develop written descriptions of contract administration responsibilities and formally assign these responsibilities to staff.

3.2   Ensure contract deliverables are enforced as written and ensure any mutually agreed upon changes to the contract or scope of services are documented in amendments to the contract.

3.3   Establish written procedures to periodically verify contractor performance based on JCSO documentation and observation.

3.4   Assess penalty associated with short staffing in the amount of $47,848 for CCS contract.

Management Comments

3.1   *Based on the audit recommendations, a job description is currently being developed where contract oversight responsibilities will be formally assigned to a front line staff member (Deputy). The deputy will act as the liaison for each contracted entity. This is an interim solution to meet immediate needs and will need to be readdressed at a later time – additional resources will be needed to address this issue long-term.*

3.2   *The Sheriff's Office intends to ensure contract deliverables are enforced as written and any mutually agreed upon changes to the contract or the scope of services are adequately documented. Staff has begun the process of reviewing contracts and developing a process to ensure timely review for renewals and approvals, as well as monitoring compliance with the contract deliverables. The Detention Bureau liaison and Detention Commanders will work closely with the JCSO contract manager and Johnson County Treasury and Financial Management to make sure contract deliverables are enforced.*

3.3   *The Sheriff's Office concurs with this recommendation. Written procedures will be completed, which will assist in ensuring liaison responsibilities are documented. Examples of these responsibilities will include:*
        - *Written process for reviewing late screenings and medical appraisals*

- *Reconciling daily CCS staffing reports to the monthly summary*
- *Surveying staff and inmates regarding food quality and palatability*
- *Ensure high standards for sanitation in the food preparation, service, receiving and storage areas*
- *Quality Assurance Review of Aramark's monthly compliance inspections*
- *Verification of contractor performance conducted on a regular basis*

3.4   We concur with this recommendation and will ensure that the contract is revised to reflect the amendment noted below.

A 2012 amendment to the 2008 contract for CCS stated, "Staffing penalties will apply only if the essential positions of MD, NP, RN and LPN are collectively covered less than 95% as a cumulative total for the month, based on actual hours worked in each position." This verbiage was inadvertently left out of the most current contract with CCS. It is the belief of the Detention Command staff that a 95% staffing threshold is acceptable. CCS and staff are currently reviewing late screenings and invoices are being adjusted for unexcused late screenings.

Discussion

Background

We performed a detailed review of three contracts, Correct Care Solutions (CCS) which provides medical services to inmates, Aramark Correctional Services (Aramark) which provides food services to inmates and Security Transport which provides inmate transportation services. Table 3.1 shows total expenditures by contractor from 2014 through 2016.

Table 3.1 – Expenditures by Contract 2014 – 2016

Contract	2014	2015	2016
CCS	$ 4,854,375	$ 4,493,030	$ 5,679,497
Aramark	$ 1,977,961	$ 2,131,906	$ 2,163,136
Security Transport Services	$ 173,483	$ 170,780	$ 190,101
Totals	**$ 7,005,819**	**$ 6,795,716**	**$ 8,032,734**

Source: Audit Services Analysis of Total Expenditures by Vendor

The focus of our review of contracts was to determine if contract administration and controls were sufficient to provide the Sheriff assurance that requirements of the contracts were met. The General Services Administration's (GSA), Office of Federal Procurement Policy, defines contract administration as:

> …those activities performed by government officials after a contract has been awarded to determine how well the government and the contractor performed to meet the requirements of the contract. It encompasses all dealings between the government and the contractor from the time the contract is awarded until

the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved. As such, contract administration constitutes that primary part of the procurement process that assures the government gets what it paid for.

Establishing & Renewing Contracts

The JCSO managed contract timeframes and did not allow contracts in excess of $100k to lapse. The JCSO followed County Purchasing policy and procedures for all expenditures exceeding $100k through BOCC approval and:

- Competitive purchasing (RFP and contract),
- Use of County term & supply contracts,
- Use of State of Kansas contracts,
- Use of other cooperative contracts, or
- Exception to competition.

CCS Contract Background

In 2012, an audit of CCS contract performance was performed and found CCS was not performing according to contract provisions. As a result, CCS owed the JCSO $418,000 in penalties for intake medical screenings and health appraisals, which were performed late or not at all. Oher issues noted:

- Inability to determine and reconcile amounts due for off-site medical and pharmacy costs.
- CCS not identifying inmates with health insurance coverage to help offset off-site medical services.
- A contract administrator/liaison was not designated, nor were duties and responsibilities of the liaison defined.

The 2012 audit offered the following recommendations:

- Designate an individual on staff to be responsible for contract administration as defined by GSA's Office of Federal Procurement Policy.
- Incorporate into the annual "true-up" process, a validation mechanism of off-site medical expenses and pharmaceutical costs incurred by CCS.
- Initiate action to ensure contract compliance for the financial deliverables noted above in which action has not been initiated or is incomplete.
- Review management oversight and controls existing within other JCSO contracts to provide reasonable assurance that contracting activities are being performed efficiently and effectively.
- Ensure future changes to contracts in areas such as, price, schedule or performance, be formalized and established in formal contract amendments.

In 2013, a Request for Proposal (RFP) for a medical services provider for the JCSO and Corrections Department was issued. The scope of services was very similar to the previous

contract with the addition of mental health care to the services. CCS was awarded the contract and the new contract term began April 1, 2014.

Current CCS Contract

The JCSO implemented reporting systems and processes to evaluate contractor performance, however, all information used in the evaluations originates from the contractor. The JCSO is dependent on the contractor's self-reporting in making the determination the contractor is performing as expected by the contract. The Contract Administrator receives and reviews the daily staffing reports and monthly staffing summary, but does not reconcile the daily reports to the monthly summary to ensure accuracy. Additionally, the Nurse Practitioner (NP) and Medical Doctor (MD) hours are not reported except in the monthly staffing summary. Consequently, documentation to reconcile the reported hours for these positions does not exist. A number of risks continue to exist related to administering the CCS contract.

The JCSO is imposing a Staffing Shortage penalty if the "essential positions of MD, NP, RN, and LPN are collectively covered <u>less than 95% as a cumulative total for the month</u> (emphasis added), based on actual hours worked in each position". This practice came from a 2012 amendment to the 2008 contract, which is now invalid. The current contract states a Staffing Shortage penalty will be imposed:

> "for any unfilled hours (or partial hours) of any post. Specifically, for each unfilled hour of any post (emphasis added), the Sheriff's Office will deduct from the successful bidder's monthly payment the average hourly salary rate plus benefits for the post. "

Consequently, in 2016, the JCSO allowed 1,389 hours of essential medical positions to go unfilled without penalty, which could have resulted in a credit of $47,848 applied to future CCS invoices.

The contract liaison performs a monthly process to review reported late screenings and appraisals and determine "excused" or "unexcused" in order to apply the $250 penalty to late screenings and appraisals considered "unexcused". This process:
- Is undocumented,
- Lacks criteria for what constitutes an excused late screening and appraisal,
- Is completely dependent on CCS reporting,
- Includes imposing a penalty limit (cap) of $2,000 per month for late medical screenings, which is not included in current RFP or contract documents.

Due to the lack of written procedures, the new contract liaison was unaware of the process for reviewing late medical appraisals until the audit. The JIMS system, used by the JCSO, has a CMS screen available to track due and late screenings and appraisals, but only CCS had access to these screens. The contract liaison has been made aware of the former liaison's processes for reviewing late medical appraisals and the CMS screen availability to review the contractor's performance in real time.

Aramark Contract

Aramark provides meals for inmates at a specified price per meal, dependent on the average daily population on a weekly basis. Aramark's requirements per the contract include, but are not limited to:

1. Furnish nutritious, wholesome and palatable food which meets standards of the ACA (American Correctional Association), the Food and Nutritional Board of the National Academy of Science as prescribed for inmates and the State of Kansas.
2. Provide and pay for all food products and kitchen cleaning supplies.
3. Serve food products purchased from USDA inspected plants in compliance with food safety standards.
4. Provide daily cleaning and housekeeping in the food preparation service, receiving and storage areas, and shall on a continuing basis, maintain high standards of sanitation.
5. Provide on-site management and supervisory personnel, and from its regional and headquarters locations, administrative, dietetic, purchasing, equipment consulting and personnel advice and supervision.
6. Provide a weekly detailed invoice that includes on a daily basis:
    a. Total number of Adult Inmate Meals,
    b. Total number of staff/visitor meals, and
    c. Any additional food, beverage or other services provided.

The JCSO has procedures and controls in place to ensure inmate meals and utensils are accounted for, charged accurately and according to the contract; however, these procedures are not documented. We also found the JCSO does not ensure other contract deliverables are performed, such as:

- Food quality and palatability as described in the contract proposal.
- Maintenance of high standards for sanitation in the food preparation, service, receiving and storage areas.

Meal acceptability (quality and palatability) was addressed in Aramark's response to the RFP with their description of Menu Design. In "Other planning considerations…" the Aramark plan to address food quality and palatability was to:

- Conduct surveys,
- Monitor tray waste, and
- Obtain offender feedback.

In the past, Aramark administered surveys to staff, but they were not administered to the inmate population. Aramark's Food Services Director was asked why these had not been performed. He responded Aramark had never been asked to perform a survey. He also offered surveys were periodically administered at other detention facilities they serve.

Aramark also performs compliance inspections as part of their Quality Assurance Review. However, the contract administrator did not review these inspections. The contract administrator

was aware of and received a copy of Aramark's annual external Quality Assurance Review, however, the contract liaison for this contract was not aware these reviews existed. In addition to the annual external review, Aramark's managers perform a monthly compliance inspection. Compliance inspection scores are required to be maintained at 90% compliant or better. The audit found Aramark is performing these inspections on a monthly basis and is maintaining scores over 90%. However, the JCSO never asked to review these inspections or receive copies of them. A periodic review of these Quality Assurance inspections would assist the JCSO in determining the contractor is performing food safety requirement in accordance with contract provisions.

Security Transport Services

Security Transport Services provides transportation for extradition of inmates, primarily from other states to the Johnson County Detention Center for trial and/or court appearances. The JCSO is charged on a "per mile" basis for this service. The JCSO has written procedures in place to ensure the contractor has all necessary documentation for extradition and is charging accurately according to the contract. However, several other contract deliverables are not validated. For example, the contract limits the contractor to transporting no more than three prisoners for the JCSO during any given prisoner transport. The audit found the contractor transports inmates for multiple jurisdictions at any given time. The JCSO does not determine how many inmates are actually being transported with the JCSO inmates. The JCSO also relies on the contractor to fulfill the scope of services in accordance with all federal and state laws and regulations for transporting inmates. Without periodic review of the contractor's performance, the JCSO is at risk the contractor is not fulfilling all requirements.

Conclusion

The JCSO performs some limited review of contract deliverables, however, these reviews are largely undocumented and dependent on the contractor's self-reporting. Contract administration would be improved by ensuring contract administrator and liaison responsibilities are documented and include periodic verification of contractor performance to meet contract deliverables.

4. __Overtime__

The JCSO relies heavily on overtime to staff open positions throughout the office. In 2016, JCSO employees worked almost 130K overtime hours, amounting to $5.5M in overtime wages. During this period, 146 employees, representing the top 25% of employees who earned overtime, worked 57% of the total overtime hours. The dependency on overtime can be attributed to the following:
- Staffing shortages, planned or unplanned absences, and unforeseen operational requirements and
- A lack of a staffing analysis to determine total staffing requirements.

This dependence and the continued reliance on the top 25 percent of all personnel who work overtime can increase the likelihood of employee fatigue, which can potentially impact operational requirements.

Recommendations

We recommend the Sheriff:

4.1   Develop policy establishing a reasonable limit of overtime worked annually by sworn law enforcement personnel.

4.2   Require Command Staff to periodically review overtime hours worked by individual.

4.3   Perform staffing analysis to determine total FTE staffing requirements.

Management Comments

4.1   *At this at this time, we do not concur with this recommendation. Due to increased hiring efforts, the overtime issue is expected to dramatically decrease in 2018. Currently the Sheriff's Office utilizes Policy 2004-01 Employee Compensation to govern staff overtime. The policy states in part:*

f. Hours worked should be no greater than twelve (12) consecutive.
g. Employees must have a minimum of eight (8) consecutive hours off between shifts that are eight (8) hours or greater in length.
h. Exceptions:
  (a) Exigent circumstances.
  b) At the discretion of a command level supervisor.
  (c) Timesheets will be validated against the existing work schedule from the area the employee is assigned. If the employee is working in another assignment/division, a supervisor in that division will send communication to the employee's assigned unit supervisor indicating the number of hours worked.
i. Employees must have at least one calendar day off during their workweek.

(a) For those divisions that have regular shifts that span the midnight hour, the day the majority of the hours are worked, not including overtime, will be counted as the employee's calendar day.

j. Employees are allowed to work more than six (6) consecutive days only with prior approval of a command level officer.

Supervisors monitor employees' performance and check all timesheets weekly for compliance with policy. Additionally, supervisors evaluate employee performance to ensure any overtime worked is not contributing to fatigue in the workplace compromising the public or staff's safety.
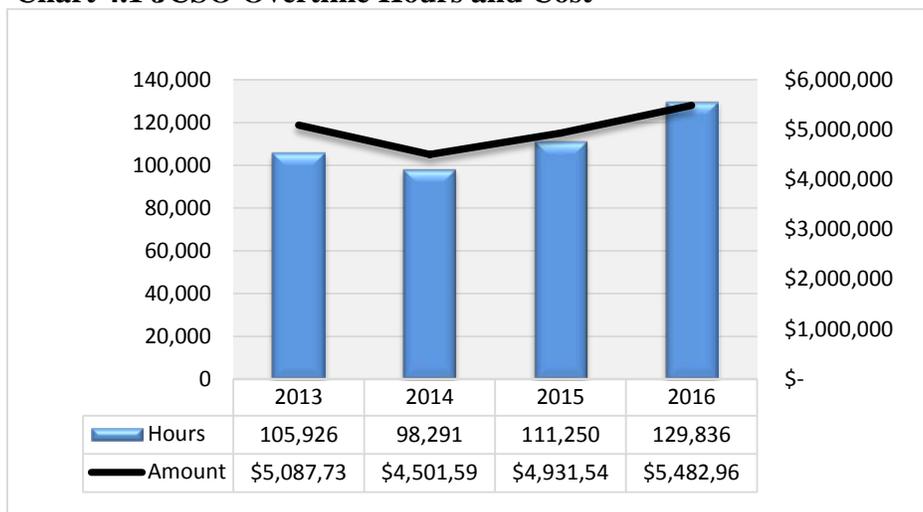
By monitoring timesheets and performance on a continual basis, it accomplishes the goal of maintaining appropriately staffed shifts and exceptional services to the community throughout the year.

4.2   *The Sheriff's Office concurs with this recommendation. Due to increased hiring efforts, the overtime issue is expected to dramatically decrease in 2018. We are currently employing methods to distribute overtime equitably, thereby safeguarding employees from working an excessive amount. Supervisors review a report monthly to address any individuals not complying with established overtime distribution measures.*

4.3   *The Sheriff's Office has requested a staffing audit be completed and conducted by Audit Services.*

Discussion

We reviewed the overtime usage for the JCSO for the period 2013 through 2016. Chart 4.1 shows the total overtime hours worked and overtime cost by year.
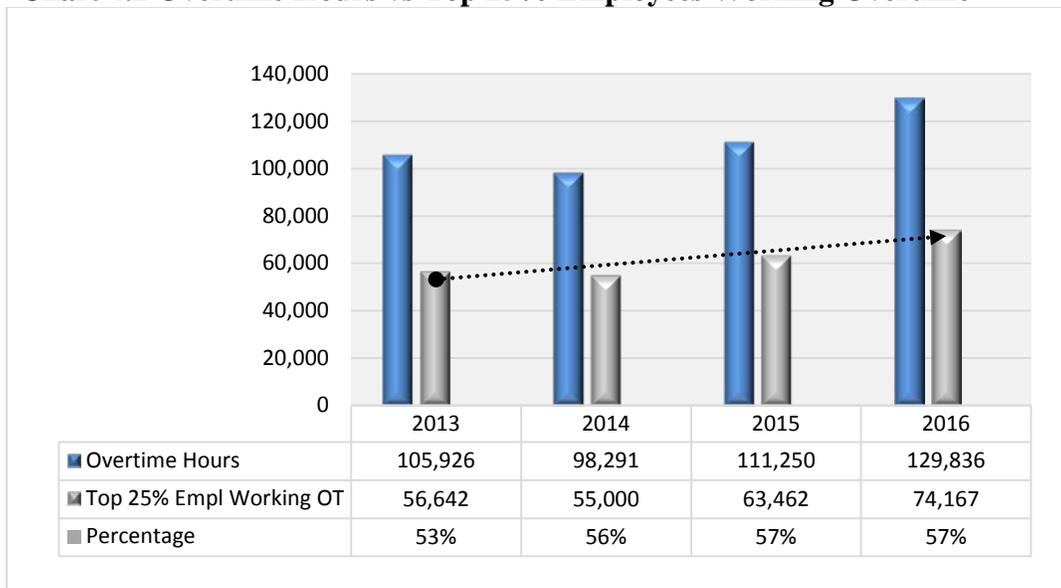
Chart 4.1 JCSO Overtime Hours and Cost

	2013	2014	2015	2016
Hours	105,926	98,291	111,250	129,836
Amount	$5,087,73	$4,501,59	$4,931,54	$5,482,96

Source: Audit Services Analysis

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The information reveals a 7,635 overtime hour decline, or a decrease of 7 percent, from 2013 to 2014; however, the 2016 overtime hours represent an increase of 31,544 hours over the 2014 hours, or a 32 percent increase. As expected, there is a strong correlation between overtime hours and overtime amounts.

In 2016, the JCSO worked 129,836 overtime hours. During this period, 146 employees, the top 25% of employees reporting overtime, worked 74,167 overtime hours, or 57% of the total overtime hours worked. In 2013, 2014, and 2015 – the top 25% of employees reporting overtime, accounted for 53%, 56%, and 57% respectively of the total overtime hours worked. Chart 4.2 depicts the relationship between the upper quartile of employees who reported overtime hours and the total overtime hours worked by year.

Chart 4.2 Overtime Hours vs Top 25% Employees Working Overtime

	2013	2014	2015	2016
Overtime Hours	105,926	98,291	111,250	129,836
Top 25% Empl Working OT	56,642	55,000	63,462	74,167
Percentage	53%	56%	57%	57%

Source: Audit Services Analysis

The overtime hours of the upper quartile of employees reporting overtime, has increased with each succeeding year. In addition, the significant number of overtime hours worked by a limited number of JCSO employees increases potential risks arising from fatigue. The impact employee fatigue may have on mission requirements is a concern throughout the law enforcement community. Working excessive overtime has been shown to:
- Impair an officers mental and physical ability,
- Create a cycle of fatigue,
- Impact job performance, and
- Damage the employees' health.

Some Sworn Personnel Have Worked Significant Amounts of Overtime

During our review, we found a number of employees who consistently worked a significant amount of overtime. For example, one deputy worked an average of 1,480 hours per year over a four-year period. The next five deputies worked an average of 983 overtime hours per year

during that same period. The deputy with the most overtime hours, worked, on average, 57 hours overtime each pay period assuming no time off for vacation, sick or training. The next five deputies with significant amounts of overtime hours, worked, on average, 38 hours overtime each pay period assuming no time off for vacation, sick or training.

Currently, vacant posts caused by planned and unplanned absences are being filled primarily with volunteers who are willing to work the necessary overtime ensuring the JCSO's mission is accomplished. The significant amounts of overtime worked by few presents a potential operational risk – fatigue. From a risk perspective, controls establishing a reasonable limit of overtime an individual can work are recommended.

Conclusion

The audit report *Review of Johnson County Sheriff's Office* dated September 19, 2014, conducted by Audit Services recommended a staffing analysis be conducted to identify staffing requirements by post, by division. The JCSO relies on overtime to accomplish its public safety mission and the use of overtime is on an upward trend. The last staffing analysis conducted in the JCSO was conducted in 2010 by MJ Martin and internally by the Research and Planning Unit in 2009. Both of these studies focused on positions within the New Century Adult Detention Center only.

Overtime is an operational necessity given the nature of law enforcement and the JCSO's public safety mission. However, overtime could be better managed if the Sheriff:
- Directed periodic reviews of individual overtime worked,
- Developed and implemented a policy to establish reasonable limits for overtime worked on an individual basis, and
- Directed a staffing analysis be conducted to determine office-wide total FTE requirements.

5. Time & Attendance Reporting

The JCSO has improved its time and attendance reporting since our last review. However, we still found instances of employee's time and attendance reporting not always in agreement with work schedules. We attribute these inconsistencies to the lack of written procedures and, in some cases, not updating the schedule to reflect last minute schedule changes. Written procedures would strengthen the control environment and help ensure department wide consistency, reliability, and accuracy regarding the time and attendance reporting and approval process.

Recommendation

We recommend the Sheriff:

5.1   Revise Employee Compensation 2004-01 to incorporate guidance describing what steps must be followed when approving employee time and attendance, to include validating differences between the employees' time record and the work schedule.

Management Comments

5.1   (c) Timesheets will be validated against the existing work schedule from the area the employee is assigned. If the employee is working in another assignment/division, a supervisor in that division will send communication to the employee's assigned unit supervisor indicating the number of hours worked.

Johnson County Sheriff's Office Policy 2004-01 Employee Compensation to govern staff overtime was revised to include the above statement.

Discussion

Introduction

A primary objective of any time and attendance reporting system is to ensure that all hours (hours worked and hours absent—vacation, sick, etc.) are properly reported. To that end, management should have in place an internal control system that provides reasonable assurance that:
- All hours reported are complete and accurate, and
- All hours are properly authorized and approved.

Policy and Procedures

Procedures regarding employee time records are contained in Human Resources Procedures 303-3, Time Records. It establishes the County's requirements regarding time records and the recording of time worked by employees. It requires, among other things:
- Nonexempt employees to document any time worked and time scheduled but not worked,

- Time records be reviewed for accuracy and signed by a supervisor, and
- Falsification of time records may be grounds for disciplinary action.

The JCSO has additional guidance, Employee Compensation, 2004-01, which provides that supervisory and command level personnel will:
- Ensure hours worked by employees are properly managed and controlled, and
- Ensure timekeeping records are accurate and approved in a timely manner.

It further provides specific guidance to ensure:
- Hours worked should not exceed twelve (12) consecutive hours,
- Employees must have a minimum of eight (8) consecutive hours off between shifts that are eight (8) hours or greater in length,
- Employees must have at least one calendar day off during their workweek.

And it also provides that, for the purpose of computing overtime:
- Only actual hours worked over forty (40) in the work period will be paid at one and one-half times (1 ½) the hourly rate,
- For purposes of calculating overtime pay, the number of hours worked for a work period will not include – hours taken for leave, and any hours worked on a holiday.

JCSO leadership is aware of the guidance found in internal Office policy, Employee Compensation, 2004-01, dated 07/01/2010. Unless there are operational requirements (exigent circumstances) requiring otherwise, employees should not work more than 12 hours in a shift, should have a minimum of 8 consecutive hours off between shifts that are 8 hours or more, and should have at least one day off during their work week.

The 2014 audit of the JCSO identified the time and attendance process as being susceptible to error and recommended formal written procedures be developed to help ensure all hours are properly reported. As a follow-up, we wanted to determine the reliability and accuracy of the *current* time and attendance approval process. Specifically, with respect to individuals who worked a high number of overtime hours:
- Were all hours reported accurate and supported by the hours reflected on the employees respective work schedules, and
- Did hours worked comply with the '*12-8-6 rule*' contained in Employee Compensation, 2004-01?

Approving officials are also aware of the basic guidance provided in both the County's Human Resources Procedures 303-3 Time Records, and the JCSO's Employee Compensation, 2004-01. Written internal procedures regarding the time and attendance approval process continue to not exist. Currently, hours reported on the employees' time record are compared to the work schedule, and if necessary, the daily roll call notes. This process has been institutionalized over time as employees pass along process knowledge from one individual to the next. As a result, current and future approving officials do not have specific written guidance regarding:

- How to verify reported hours on the time record back to the work schedule and
- What steps to take when there are discrepancies' between the time record and the duty schedule.

Written guidance would help ensure long-term consistency, reliability, and accountability in the time and attendance process throughout the JCSO.

We reviewed the time records for thirty (30) employees, covering four (4) pay periods within the twelve-month period from April 2016 to March 2017. We used a judgmental sample to select the employees for this review.

We examined a total of 13,830 combined hours during our review. Table 5.1 reflects the total of: hours by category, hours not supported by the work schedules, and the percentage of hours not supported.

Table 5.1 – Hours Not Supported by Schedule

	Regular Hours	Overtime Hours	Premium Hours	All Other Hours	Total
Hours Reviewed	9,242	2,843	590	1,155	13,830
Hours Not Supported by Schedule	114	53	0	185	352
Percentage	1.24%	1.85%	n/a	16.04%	2.55%

Source: Audit Services' review.

As the table shows, un-supported hours for the regular and overtime categories are less than 2%. This represents a marked improvement when compared to the previous audit, where percentages for the same categories were 7.23% and 5.15%, respectively[5]. In the "All Other Hours" category, many of the hours not supported (while reported properly on the employee's time record) were a result of shift sergeants not updating the work schedules to reflect un-planned leave.

We did not find any trends or patterns indicating the *12-8-6 rule* was not being followed. We did identify, however, 21 instances where employees exceeded the 12 hour shift limit, no instances where employees did not have a minimum of eight (8) consecutive hours off between two eight hour shifts, and only two instances where employees did not have a day off during their workweek. Most of the instances where shifts exceeded 12 hours were a result of mission requirements, such as, accidents occurring at the end of a patrol shift, detention employees escorting inmates to or from external medical facilities, etc.

Conclusion

Overall, of the total 13,830 hours reviewed, there were 352 hours not supported, less than 3%. The results indicate the current time and attendance reporting process is working. However, the lack of written procedures describing the 'what-when-how' steps to follow during the approval process does not provide assurance the time and attendance reporting process is consistently followed JCSO-wide and increases the risk for potential time and attendance abuses going un-detected.

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[5] Although the sampling methodologies in the two audits (2014 & 2017) vary significantly, in our opinion, we believe we have sufficient evidence to conclude the JCSO has made "marked improvement" in its time and attendance reporting.

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6. Communications Division Staffing

The JCSO Communications Division implemented a staffing model decreasing staff on 32 of 42 weekly shifts while reducing overtime cost by 16%. Equally notable, the Communications Division has reduced its operating cost while responding to a 25% increase in call volume. These achievements can be attributed to considering call volume data and metrics, along with other criteria, when the modified staffing model was developed. Johnson County population is projected to exceed 950,000 by 2049[6]. Sustained performance success is dependent on continuous review of call volume data and metrics.

Recommendation

We recommend the Sheriff:

6.1   Document the staffing/scheduling process.

6.2   Periodically review call volume data and other performance metrics.

Management Comments

6.1   The Sheriff's Office concurs that there is a benefit to documenting the staffing/scheduling process. The Communications Division plans to create a document that will give staff guidance on the staffing/scheduling process and factors to consider when scheduling such as call volume, duration of calls, radio traffic, and other metrics.

6.2   The Sheriff's Office concurs that there is a benefit to periodically reviewing call volume data and other performance metrics. As stated in the audit, the reporting package for our phone system has not worked since August 2016. The Mid America Regional Council (MARC) supports the reporting package and has been working with the vendor to fix the reporting function. Prior to the reporting function going down, statistics were received and reviewed on a monthly basis. We plan to continue that practice once MARC is able to provide us the metrics report.

Discussion

Background

The JCSO Communications Division is one of six Primary Public Safety Answering Points (PSAP) in Johnson County and provides emergency services for the:
- Unincorporated areas of Johnson County,
- Johnson County Park Police, and
- Eleven incorporated cities in Johnson County.

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[6] 2016 Wichita State University Center for Economic Development and Business Research Study

Communication Division staff also perform perimeter checks of the County Communications Center and Johnson County Criminalistics Laboratory, and are prepared to provide an onsite emergency security response for the Johnson County Sunset Office Complex.

How is Communications Organized?

The Communications Division staff their 24x7 operation by establishing 4-hour blocks of time or shifts. For scheduling purposes, a day has six 4-hour shifts and a week has 42 4-hour shifts. The Communications Division further established three call/dispatch zones to better provide emergency services. These zones are divided into a north Johnson County zone, south Johnson County zone and an Olathe Zone. Each zone is staffed by two deputies, a primary zone dispatcher and a secondary zone dispatcher, on a 24x7 basis. Additionally, each shift has one to three call takers depending on the day of the week.

Previous Review of the Communications Division

The audit report *Review of Johnson County Sheriff's Office* dated September 19, 2014, noted the JCSO had an opportunity:

> …to achieve efficiencies in operations without compromising operational effectiveness and citizen and officer safety. Specific recommendations are:
> - Convert sworn call taker/dispatch positions to civilians.
> - Re-evaluate the requirement for six dispatchers during low call volume time- frames.
> - Re-evaluate the requirement for a third call taker on certain shifts where call volume indicates two call takers can accommodate the call volume.

The Communications Division adopted a different scheduling model in the summer of 2015 reducing staff in 32 of 42 weekly shifts. The largest reduction in staff occurred in the 0300-0700 shift, which was reduced from eight to five deputies. Table 6.1 is the Communication Division's current staffing model. Shifts shaded in yellow represent the 32 shifts that were reduced when compared to the 2013 scheduling model.

Table 6.1 Current Staffing Model

Shift	Sun	Mon	Tues	Wed	Thu	Fri	Sat
2300-0300	7	7	7	7	7	7	7
0300-0700	5	5	5	5	5	5	5
0700-1100	7	7	7	7	7	7	7
1100-1500	7	8	8	8	8	8	7
1500-1900	8	8	8	8	8	8	8
1900-2300	8	8	8	8	8	8	8

Source: Communication Division

We reviewed time and attendance reporting for one pay period (84 shifts) and compared hours reported with the duty schedule to determine if the Communications Division was actually staffing to the above scheduling model. This review identified:

- Ten instances where staffing was above minimum staffing level, and
- One instance the shift operated with one deputy less than the schedule.

Upon further review, we found in those instances an extra deputy was scheduled, only one of those was in an overtime status. The one instance the shift was short a deputy, the sergeant on duty assisted due to an illness. In total, 88% of the 84 shifts scheduled for the pay period under review matched the scheduling model.

Communication Division Overtime

An outcome from the decreased staffing level is a 16% reduction in total overtime since 2014. After utilizing the modified scheduling model for half a year in 2015, overtime dollars decreased $19,955 from 2014. In 2016, with a full year of the modified scheduling model in effect, overtime decreased $70,007 since 2014. Chart 6.2 illustrates the reduction in overtime cost.

Chart 6.2 Communication Division Overtime
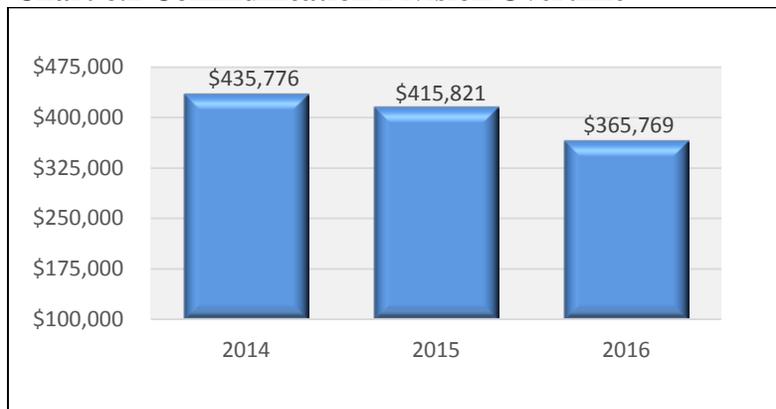
Source: Audit Services

Call Volume

During the period May 2016 through April 2017, 267k calls were made to the dispatch center, compared to 214k calls in 2013. This represents an increase in call volume totaling 52,610 (25%). The timing of call volume in 2017 follows the exact pattern as 2013, except the volume has increased as indicated in Chart 6.3.

Chart 6.3 Average Call Volume by Shift

Source: Audit Services

Mid America Regional Council (MARC) Analytic Data

Since August 2016, the reporting functionality of Vesta[7] has not worked since the reporting module upgrade. Consequently, the Communication Division has been unable to receive analytics from MARC including:

- Call duration,
- Hourly call load data,
- Data on how many rings before answered, and
- How long calls are placed on hold.

While the reporting feature was down, the Communications Division was unable to monitor the following performance metrics:

- 911 calls answered <10 seconds,
- 911 calls placed on hold, and
- Average length of time on hold.

The only analytical data being received from MARC is how many calls received, in total, for the month. This reporting feature has been down for the entire metro region serviced by MARC. MARC is currently in week 5 of a 6 week testing phase and it appears the reporting feature has been fixed and could be ready for deployment August 2017.

Projected Growth in Johnson County

According to the 2015 U.S. Census Bureau, American Community Survey, Johnson County is the most populous county in Kansas with over 580,000 residents. The County is projected to grow to over 950,000 residents by 2049. Additionally, two new large county parks are anticipated to open in 2017. This growth, combined with an existing annual call volume growth

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[7] Vesta is the new reporting package that provides call statistics to all the PSAP's within MARC.

of 8%, emphasizes the need for the Communications Division to continuously monitor call volume and metrics in an effort to maintain their performance successes.

Process is undocumented

The current staffing model was created with call volume data, metrics, and institutional knowledge. However, this process is undocumented and not well defined. The lack of detailed written procedures increases the risk of the Communications Division staffing model becomes outdated. The process to develop an efficient staffing model is part "expertise" and part "science". Therefore, it is essential the scheduling process be documented before the Division loses the institutional knowledge.

Conclusion

The staffing model implemented in 2015 is reducing overtime while responding to a higher call volume. Call volume data and metrics were utilized when the schedule was implemented, however, the data has not been evaluated on a regular basis to ensure the call volumes are still consistent with their staffing model. Sustained performance success is dependent on:
- Continuous review of call volume and other performance metrics and
- Documenting the staffing/scheduling process.

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7. Grant Management

JCSO internal grant policies are not fully compliant with the County's grant policies and procedures. Also, assets procured with grant funding were not consistently annotated to reflect they were purchased with grant funds. We attribute this to the JCSO not developing adequate internal policies and procedures to comply with Johnson County Grant Policy. As a result, there is greater risk that funds may be improperly accounted for and unused.

Recommendation

We recommend the Sheriff:

7. 1   Modify internal grant policies/procedures to align with County Grant Policy requirements.

Management Comments

7.1   We concur with this recommendation. The Chief Financial Officer is reviewing the Sheriff's Office internal grant policies or directives to determine if changes should be made to align with the County Grant Policy as long as such requirements are also in compliance with federal and state regulations for grants. Conversations with the County's Grant Coordinator confirmed that County staff is also reviewing current County Grant policy and procedures to determine if any revisions are needed as a result of changes in federal audit guidelines. When the County has completed their review and modified County policy, as a result of that review, we will modify the JCSO internal directives accordingly.

Discussion

We reviewed and compared the JCSO's grant policies to the County's requirements and found the JCSO policies and procedures:
- Lacked the name and signature of the policy and procedure approver,
- Lacked the date the procedure was adopted (effective date),
- Lacked the date the procedure is to be reviewed, and
- All but one lacked the date of any subsequent modifications.

Table 7.1 illustrates where JCSO grant policies and procedures do not align with the County's requirements.

Table 7.1 – Comparison Results

County Grant Procedure Requirement	Do JCSO Policy and Procedures Include? (Yes or No)
Procedure Control Sheet	No
Designation of Key Personnel	Yes
Internal Controls (asset inventory)[8]	No
Review and Approval of Transactions	Yes
Reporting to Grantor	Yes
Document Retention	Yes
Close Out Policy	No
TFM Year End Reporting Policy	No
Surplus Property Policy[9]	No
Adherence to Federal/State Regulations	Yes

Source: Audit Services Review

The audit testing performed determined that even though steps required by the County and Grantors were being fulfilled, procedural documentation was lacking.

Secondly, we conducted analysis on three of the six active grants currently open at the JCSO. Audit Services reviewed the SAKI grant (Sexual Assault Initiative Grant), KDOT (Kansas Department of Transportation) Toxicology Equipment Grant, and the KCJCC (Kansas Criminal Justice Coordinating Council) Coverdell Grant. We judgmentally chose those three grants to see if the JCSO adhered to County Policy 180.100 through 180.200 and individual grant requirements as stated in the award documents. The results of the testing are listed below.

SAKI Grant – Awarded $174,001
- Proper approval by the Board of County Commissioners,
- Proper reporting to the State,
- Proper reporting to the County's Treasury and Financial Management, and
- Proper year-end reporting to County's Treasury and Financial Management Department.

KDOT – Toxicology Equipment Grant– Awarded $400,894
- Proper approval by the Board of County Commissioners,
- Proper approval by the Board of County Commissioners for equipment purchases to have an "exception for bidding" due to the specialized nature of the equipment, and
- Proper year-end reporting to the County's Treasury and Financial Management Department.

KCJCC Coverdell Grant– Awarded $25,000
- Board approval was not required (under $150,000),

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[8] In the instance of the KCJCC Coverdell grant, it was noted that the assets purchased for this grant, two out of the four assets were not tagged or marked as a grant purchased item. This condition correlates to the Internal Control Policy.

[9] In the instance of the KCJCC Coverdell grant, it was noted that the assets purchased for this grant, two out of the four assets were not tagged or marked as a grant purchased item. This condition correlates to the Surplus Property Policy.

- Proper bidding on equipment (used a State Contract Vendor), and
- Two of the four assets reviewed and valued at $3,709 were not tagged or identified as grant purchases.

Table 7.2 – Grant Testing

County/Grantor Policy Criteria Met (Yes or No)	SAKI	KDOT Toxicology	KCJCC Coverdell
Proper Approval	Yes	Yes	Yes
Proper Reporting to Grantor	Yes	N/A	Yes
Proper Reporting to the County	Yes	N/A	**No***
Proper Procurement Process	Yes	Yes	Yes

*The KCJCC Coverdell Grant testing revealed two of the four assets purchased with grant funds were not identified as grant assets
Source: Audit Services review.
Note: Criteria contained in Policies 180.100, 180.110, and 180.200

Conclusion

During our testing of the three grants, we found that the JCSO observed County and Grantor grant requirements with the following exceptions: some grant assets were not tagged, and written policies and procedures were not complete. Record-keeping and reimbursement processes were effective and efficient.

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Noteworthy Comment

Position management – ensuring mission critical positions requiring 24/7 coverage are staffed – is note-worthy, especially given the number of unfilled positions within the JCSO. During our audit fieldwork, a common theme arising from our interviews with JCSO leadership was the need to ensure public safety positions were staffed.

In 2017, the JCSO is budgeted for 657.03 FTE positions--many of which are assigned to areas requiring 24/7/365 coverage. Each Division we visited has a process in place to ensure employees know in advance their duty location and position, and what day and shift they will be assigned. Positions are covered either through a periodic bid process or by assignment with periodic shift rotation. After taking into account known planned absences, all remaining unfilled positions are covered through overtime on a volunteer first come basis—and if there are no volunteers, overtime may be directed. The process for covering positions resulting from unplanned absences (sick leave, FMLA, etc.) is also effectively managed through the use of 'overtime' availability rosters, or it may be directed. In addition, all overtime is authorized prior to being worked.

Scheduling requires a combination of many different skillsets—planning, organizing, monitoring, and to some degree, negotiating. When combined, they represent a process that is part science and part art. The effectiveness of the different scheduling efforts within the JCSO helps ensure these public safety positions are sufficiently staffed. While the success of this combined effort can be attributed to many individuals, it is in large part a result of the tireless efforts of the scheduling supervisors.

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Audit Observations

The following audit observations address a variety of topics encountered during the audit and are offered for consideration. These topics represent opportunities for the JCSO to improve business practices and/or strengthen controls. Audit Services will not follow-up on these.

1. Take-home vehicles provide the JCSO flexibility in the event of a natural disaster or other emergency by enabling officers to respond directly to the scene without first reporting to their place of work to pick up a vehicle and their equipment. We reviewed sixteen take-home vehicle assignments. These vehicles ranged in type and cost. Oldest assigned vehicles are two 2010 Chevrolet Impalas each costing $17,776. The newest assigned vehicle is a 2017 Ford Explorer with a purchase price of $30,488. Take-home vehicles vary in usage. Over a twelve-month period, the lowest usage vehicle logged 2,089 miles. Over the same twelve-month period, two vehicles logged a little more than 13K miles each. Total cost per mile, considering both capital and operating cost, ranged from a low of .30 cents per mile to a high of $1.09 per mile. These 16 vehicles are not similarly equipped. For example, nine of the sixteen are fully equipped with siren, emergency lights and a radio. Five of the sixteen vehicles are not equipped with a siren, emergency lights or a radio; these vehicles are regular sedans. JCSO Captains and Majors are subject to "call out" duty beyond their normal shift. Captains are assigned additional duties, such as, Incident Commander and Sheriff's Emergency Response Team, which may require them to perform these assignments beyond their normal work shift.

   Human Resource Procedure 515-01, establishes guidelines for the assignment of County-owned take-home vehicles, the necessary documentation and approvals, and the <u>taxation of the personal use of County-owned or leased vehicles by employees</u>. Employees assigned a take-home vehicle are required to maintain records documenting use of the vehicle. An exception to the requirement to maintain mileage logs would be a "qualified non-personal-use vehicle". Qualified non-personal use is any vehicle that an employee is not likely to use for personal use because of its design such as:
   - Clearly marked police, fire, or public safety vehicles – the individual assigned the vehicle is required to be on call and to respond to an emergency.
   - Unmarked vehicles used by law enforcement officers <u>if the use is officially authorized</u> (emphasis added).

   The JCSO does not have a policy addressing take-home vehicles and does not maintain documentation identifying after-hour "call out" situations.

   Procedure 515-01 also requires Treasury and Financial Management (TFM) to periodically "audit the usage of County-owned or leased take-home vehicles to ensure that accurate and complete records are being kept and the valuation of the amount of the taxable fringe benefit is appropriate." However, TFM has not audited the usage of take-home vehicles in the JCSO. TFM communicated the policy and expectations to the former CFO, and relied on him to address any issues associated with take home vehicles.

Suggestion: The Sheriff request the Director, TFM, audit the JCSO take-home vehicle program to ensure compliance with County Policy and IRS regulations associated with taxable fringe benefits.

2. The JCSO Training Division monitors and tracks each weapon, its location, and other relevant information. At least annually, assigned weapons are physically inspected, cleaned and repaired as needed by a certified armorist on-site at the Training Center. At the time of inspection, each weapon's serial number and location is verified. The armorist reportedly checks other weapons, such as those stored in armories, annually as well.

    We chose a judgmental sample of 25% of the weapons inventory and located and verified the serial numbers of 100% of the sample. While judgmental sampling results cannot be extended to the entire universe, results can be relied upon to reasonably form an opinion as to the effectiveness of the controls established to manage weapons. Results indicate sufficient controls are in place to monitor and account for JCSO weapons.

    Suggestion: The Sheriff develop written procedures for weapons tracking, potentially to include random testing to ensure weapons continue to be strictly inventoried.

3. Kansas Statute and legal requirements govern the storage, retention, and disposal of recovered property or evidence to protect the integrity of the item and to protect the interest of the laboratory and the customer. Items are inventoried and stored within the Property and Evidence Room and at the Criminalistics Laboratory.

    We reviewed the most recent Property and Evidence Room Audit Report.[10] This report was identified as a control and accountability measure necessitated by the retirement of the former sheriff and the transition of leadership to the incoming Sheriff-elect. Through the report's introduction, 2012 standards per the International Association of Property and Evidence (IAPE) are identified as guidelines that are relied upon informally. We reviewed the report, noting the audit process was to identify 79 IAPE standards and make a self-assessment – was the JCSO property room compliant, or non-compliant with, IAPE standards, or was the IAPE standard not – applicable (N/A). We determined the JCSO found themselves "not compliant" with three standards, seven standards were "not applicable", and four other standards were "provisionally" or not fully compliant with. In general, we determined the JCSO audit process is a valid accountability measure.

    Suggestion: The Sheriff develop internal guidelines formally establishing what standards are applicable to their organization and what management expectations are if "non-compliance" is found.

4. The JCSO Education Program for reimbursing employees for college tuition differs from the County's Educational Reimbursement Program. The County's Educational Reimbursement Program defined by County HR Policy 512 will reimburse one hundred percent of approved, eligible expenses up to a maximum of $2,500 per calendar year. The JCSO Education

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[10] Johnson County Sheriff's Office, Final Report of Audit & Inventory Property Room, Audit 16-01, completed 11-10-16.

Program does not define an annual maximum and limits the reimbursement of tuition and expenses to a per hour maximum depending upon which program the employee is pursing; $150 per credit hour toward an Associate's, $200 per credit hour toward a Bachelor's, and $250 per credit hour toward a Master's Degree.

From January 2014 through December 2016, the JCSO Education Program reimbursed 18 employees, $66,505 for college tuition programs. Recipients received up to $7,310 per year with eight recipients receiving more than $2,500 in a year and two of those receiving more than the County maximum for two years. JCSO personnel are also allowed to use the County's program, as long as they have not received the maximum County reimbursement from the JCSO program. In 2016, two JCSO personnel received reimbursement from the County program with one of the two receiving reimbursement from both programs; however, the reimbursements received from both programs did not exceed the County's maximum.

Suggestion: The Sheriff adopt County HR Policy 512 as the JCSO Education Program Policy.

5. Our review of the Trial Balance revealed laundry services for both detention facilities appeared low. We found laundry expenses paid to Aramark are accounted for in *Food Services*. We analyzed charges from Aramark and found $545,562 in laundry services were accounted for in *Food Services*. Including the cost of inmate laundry services in food expenses makes it difficult to determine the true cost of laundry services. JCSO is paying approximately $180,000 per year in laundry services and nearly $2 million per year in food services through Aramark. The table below provides the detail of expenses for *Food Services* and *Laundry Services*, all of which were accounted for in Food Services in the County's Oracle accounting records.

Detail for Food Services Accounting in Trial Balance

Year	Food Services in Trial Balance	Actual Laundry Services Expenses	Actual Food Services Expenses
2014	$ 1,980,220	$ 188,103	$ 1,792,116
2015	$ 2,134,036	$ 179,344	$ 1,954.693
2016	$ 2,148,118	$ 178,115	$ 1,970,002
Total	$ 6,262,374	$ 545,562	$ 5,716,812

Source: Audit Services analysis of detail of expenses.

Suggestion: The Sheriff ensure the accounting distribution for payment of Aramark invoices includes separate expense accounting for laundry services and food services in Oracle accounts.

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OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

A Transition Audit is sometimes performed to inform an incoming elected official, department or agency head of any major control, financial, and/or operational risks that may need to be addressed resulting from a change in leadership.

The objective of this Transition Audit was to determine if the JCSO has an overall system of internal control to provide assurance business objectives are achieved effectively and efficiently. Specific objectives in making this determination include reviewing:

1. Communication's staffing practices,
2. Requesting, approving, recording and reporting of time and attendance, and overtime management,
3. Accounts Payable practices (including contract management),
4. Trial Balance (expense accounting),
5. Inventory Management practices,
6. Grant Management practices,
7. Cash Handling and Accounts Receivable Management (postponed to future audit),
8. Special Fund Accounting - Inmate Welfare Fund (postponed to future audit).

Background

The mission of the JCSO is to protect life and property, deter criminal activity, enforce state laws, and maintain civil order while operating safe and secure detention facilities. The Sheriff is an elected official in Johnson County. The Sheriff's duties include:

- Managing the county jail ("Charge and custody of jail. "[11]),
- "Keep and preserve the peace, and to quiet and suppress all affrays, riots and unlawful assemblies and insurrections….apprehending or securing any person for felony or breach of peace…"[12],
- Providing court security,
- Serving court orders and civil papers,
- Managing county level law enforcement and investigations,
- Managing the county's criminalistics laboratory.

On January 9, 2017, Sheriff Hayden was sworn into office.

Audit field work was completed on July 31, 2017.

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[11] Kansas Statute 19-811
[12] Kansas Statute 19-813

Scope

Unless noted otherwise, standard operating procedures, financial records, management reports and other necessary information was reviewed for the period of January 1, 2014 through December 31, 2016 when available. When reviewing previous audit work/recommendations the scope period was extended.

Methodology

We performed the following in order to accomplish the audit objectives:

1. Reviewed accounts payable and purchasing practices:
   a. Obtained detailed expenditures by cost center,
   b. Performed statistical analysis on P-Card and AP purchases,
   c. Interviewed individuals responsible for making purchases and processing accounts payable,
   d. Reviewed JCSO policy and procedures and compared to County policy and procedures,
   e. Reviewed statistical sample of AP invoices,
   f. Reviewed a target sample of P-card purchase transactions,
   g. Determined compliance.

2. Reviewed inventory management practices:
   a. Obtained official equipment inventory records maintained in JIMS,
   b. Obtained official weapons inventory records maintained by the Training Division,
   c. Obtained inventory reports provided to the incoming Sheriff (The Property & Evidence Room Audit),
   d. Obtained and reviewed JCSO directives, County policy, and external guidance relied upon for inventory management when available,
   e. Reviewed prior JCSO audit reports,
   f. Interviewed individuals responsible for managing inventories and conducting physical inventories,
   g. Observed inventory storage methods,
   h. Performed judgmental testing of 25% of the weapons inventory,
   i. Performed audit test of 2014-2016 (Oracle) equipment purchases to determine if purchases over $1,000 were property recorded in inventory records,

3. Reviewed contract management and administration practices:
   a. Determined expenditures by vendor by year,
   b. Reviewed all purchasing methods for JCSO expenditures over $100,000 made to singular vendors,
   c. Obtained and reviewed all major contracts, RFPs, and vendor proposals for inmate food services, medical services and transportation services,
   d. Identified contract deliverables,
   e. Interview contract administrator, contract liaisons, and administrative leadership,

     f.   Obtained evidence to support processes used to determine if contract deliverables were received.

4. Determined reports used by management to review overtime and other key elements in payroll.
    a.   Reviewed the prior JCSO audit (2013) regarding overtime,
    b.   Reviewed applicable County and JCSO policy, procedures regarding overtime
    c.   Reviewed and analyzed Oracle overtime data for the JCSO for 2013, 2014, 2015, and 2016
    d.   Reviewed overtime data for employees with high overtime hours worked.

5. Reviewed payroll processes to determine if payroll data was reliable and if controls have been strengthened.
    a.   Reviewed literature pertaining to sound time and attendance practices,
    b.   Reviewed applicable County and JCSO policy, procedures pertaining to time and attendance,
    c.   Determined judgmental sample regarding employee time records to review,
    d.   Reviewed and analyzed time records for 30 employees,
    e.   Reviewed applicable work schedules for four pay periods,
    f.   Tested for accuracy in time reporting and approval,
    g.   Tested sample for compliance with JCSO '12-8-6' rule.

6. Reviewed the impact of workload on the staffing/scheduling of staff at the Communications Center.
    a.   Reviewed prior JCSO audit reports,
    b.   Reviewed applicable County and JSCO policy, procedures pertaining to staffing or creating the staffing schedule,
    c.   Obtained Communication Divisions current scheduling model,
    d.   Obtained Communication's Duty schedule,
    e.   Obtained time and attendance records for one pay period in 2017,
    f.   Obtained Overtime cost information from Oracle Trial Balance,
    g.   Obtained call statistics from MARC,
    h.   Interviewed individuals responsible for managing the scheduling process,
    i.   Performed a judgmental testing of one pay period time and attendance to the duty schedule, and
    j.   Reviewed performance metrics and call data metrics of the Communications Division.

7. Reviewed Grants Management practices:
    a.   Reviewed JCSO policy and procedures and compared to County policy and procedures,
    b.   Interviewed individuals responsible for grants processes.

8. Reviewed Trial Balance from year to year for 2014-2016:
    a.   Reviewed detail of expenditures for select accounts,
    b.   Determined if any accounting changes may have occurred over the period.

Limitations to audit work performed

Regarding Policies and Procedures, we found in some instances:
- They were non-existent,
- They were not followed, or
- They had not been updated to reflect current practices.

JIMS small equipment inventory records contained discrepancies in comparison to Oracle purchase records and were not auditable.

The departure of the previous Chief Financial Officer during the audit sometimes hampered our ability to determine the root cause of some of the conditions noted in this audit.

Computer Data

We used data from various computer systems in performing this audit including, but not limited to: The County's Oracle financial and human resources system (Oracle), JIMS and MARC's Vesta Reporting Module.

Statistical Sampling

We used statistical and judgment sampling to select items for review. We used statistical sampling to test Accounts Payable invoices. Where statistical sampling was used, we designed our sample to provide 90 percent assurance with a 5 percent margin of error. Both sample size and invoices to be reviewed were generated by commercial statistical software.

When statistical sampling was not performed, judgment sampling was utilized. This type of sampling was primarily used for attribute testing – procedural compliance for the following areas:
- Review of time & attendance,
- Review of staffing in the Communications Division,
- Testing of weapons inventory, and
- Testing of P-Card purchases over $500.

We used a judgmental sample to select the employees whose time records were reviewed for compliance with applicable County and JCSO policies and procedures regarding time and attendance reporting and approval. We tested approximately 5% of the approximately 600 JCSO employees (on-board) and reviewed employee time records from the divisions with the highest overtime usage or who had 24/7 staffing requirements. We used 2016 Oracle overtime data for all JCSO employees provided by Johnson County, TFM. We sorted employees from most to least overtime worked. We judgmentally selected 18 employees from Detention, 4 employees from Communications, 4 employees from Judicial Services, and 4 employees from Operations-Patrol from the list of all employees who worked overtime.

We used a judgmental sample to select a pay period to review the time and attendance reporting compared to the duty schedule for the Communications Division.