County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169

LEROY D. BACA, SHERIFF

December 19, 2013

The Honorable Board of Supervisors
County Of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

SHERIFF'S DEPARTMENT RESPONSE TO THE BOARD OF SUPERVISORS' REQUEST TO PREPARE A TIMELINE FOR IMPLEMENTATION OF EACH RECOMMENDATION CONTAINED IN THE AUDITOR-CONTROLLER'S SEPTEMBER 17, 2013, REPORT OF EQUIPMENT AND SUPPLY WAREHOUSING REVIEW

Attached is the Los Angeles County Sheriff's Department's (Department) response to the Board of Supervisors' request to prepare a timeline for implementation of each recommendation contained in the Auditor-Controller's September 17, 2013, review of the Department's Equipment and Supply Warehousing Review. As requested, the Department has identified specific dates of implementation for each of the report recommendations.

If there are questions regarding the Department's response, please contact Division Director Glen Dragovich at (323) 526-5191.

Sincerely,

LEROY D. BACA
SHERIFF

Attachment

AUDITOR-CONTROLLER'S EQUIPMENT AND WAREHOUSING REVIEW OF THE SHERIFF'S DEPARTMENT

RECOMMENDATIONS AND SHERIFF'S DEPARTMENT RESPONSES

SHERIFF'S EQUIPMENT- NON-CAPITAL

RECOMMENDATION 1:

Sheriff's management:

Immediately complete a physical inventory of non-capital equipment, investigate any discrepancies, and adjust non-capital equipment records to match physical inventory counts.

Sheriff's Response to Recommendation 1: Agree
In August 2013, the Department completed a physical inventory of firearms stored at its Central Supply Warehouse and agreed the on hand "Out of service" handguns was consistent with the inventory records. The recount of handguns included verification of each weapon's serial number to the inventory records and did not identify any discrepancies. We are continuing to review what might have contributed to the original discrepancy in the Auditor-Controller's count of September 2012, to ensure the inventory records reflect the weapons on hand in the warehouse. A physical inventory of the Department's radios is in the process of being scheduled.

IMPLEMENTATION STATUS: The Department's Internal Audit Unit is working on changing the process for handgun accountability with the Central Supply Warehouse and estimates having a revised storage and issuance process implemented by March 1, 2014. By April 30, 2014, all supply warehouses will be scheduled to have inventory counts.

RECOMMENDATION 2:

Sheriff's management:

Ensure all locations complete a physical inventory of non-capital equipment annually.

Sheriff's Response to Recommendation 2: Agree

Administrative and Training Division (ATD) is in the process of drafting a memo to all Divisions instructing them to conduct an annual inventory of their non-capital equipment.

IMPLEMENTATION STATUS: By February 21, 2014, a memo will be sent to all Division Chief's instructing them to conduct physical inventory counts in accordance with the Department's Manual of Policy and Procedures for non-capital equipment.

RECOMMENDATION 3:

Sheriff's management:

Develop and maintain a Department-wide list of the managers/supervisors responsible for non-capital equipment at each location.

Sheriff's Response to Recommendation 3: Agree

In the memo from ATD instructing all Divisions to conduct a physical inventory is the requirement to have each Unit Commander develop a list of assigned managers/supervisors responsible for non-capital equipment within their unit and submit the list to their Division Chief and forward it to the Department's Internal Audit Unit.

IMPLEMENTATION STATUS: Included in the February 21, 2014, memo to all Division Chiefs will be a request to have a list prepared of all managers/ supervisors responsible for non-capital equipment, to be submitted to the Internal Audit Unit. See recommendation 4 response.

RECOMMENDATION 4:

Sheriff's management:

Ensure managers/supervisors at each location track the name of individuals that are assigned non-capital equipment.

Sheriff's Response to Recommendation 4: Agree

Annually, each Unit Commander will be required to update and forward to their Division Chief the updated list of assigned managers/supervisors of non-capital equipment and send to Internal Audit Unit for review.

IMPLEMENTATION STATUS: Unit Commanders will be instructed to prepare a list of assigned managers/supervisors of non-capital assets and forward it to the Internal Audit Unit for review prior to conducting their annual physical inventory. The due date is March 29, 2014.

SHERIFF'S CAPITAL EQUIPMENT

RECOMMENDATION 5:

Sheriff's management:

Investigate the missing equipment identified during the audit, complete the required disposal forms, and/or include these items on the Report of Equipment Loss form filed annually with the Auditor-Controller as required.

Sheriff's Response to Recommendation 5: Agree
Subsequent to the Auditor-Controller's review, the Department conducted a review of the identified two missing non-capital equipment items and successfully located both pieces of equipment. One item was disposed in 2008, and will be removed from the Auditor's Capital Asset Report. The Remote Operated Vehicle equipment item was located at the assigned Special Enforcement Bureau location and is properly tagged.

IMPLEMENTATION STATUS: The missing equipment cited in the Auditor-Controller's report was located, it was properly tagged and recorded in the Department's Fixed Asset listing. As part of the annual inventory training, units will be instructed to review their reports and identify equipment that is to be disposed of or needs a location code to identify its current location. Target date for full implementation is May 9, 2014.

RECOMMENDATION 6:

Sheriff's management:

Ensure equipment lists are complete and contain accurate information.

Sheriff's Response to Recommendation 6: Agree
The Department's Fixed Asset Unit and Internal Audit Unit will work with the Divisions to ensure that the bi-annual inventory of fixed assets is complete and accurate.

IMPLEMENTATION STATUS: The Fixed Asset Unit is developing a standardized spreadsheet that units are to use to complete their bi-annual fixed asset inventory updates. The schedule will be finalized for discussion with the units by April 15, 2014.

WAREHOUSING/SUPPLY ANNUAL PHYSICAL INVENTORY

RECOMMENDATION 7:

Sheriff's management:

Ensure that staff conduct and document physical inventories annually and use two person count teams.

Sheriff's Response to Recommendation 7: Agree
The Department's Internal Audit Unit will coordinate with the applicable Divisions to ensure that annual physical inventories are conducted and two person count teams are used to perform the counts.

IMPLEMENTATION STATUS: Implementation of this recommendation will coincide with the June 30, 2014, annual physical inventory of non-capital assets by the assigned units.

RECOMMENDATION 8:

Sheriff's management:

Determine the reason(s) for inventory count discrepancies and implement corrective action.

Sheriff's Response to Recommendation 8: Agree
The Department's Internal Audit Unit will work with the various units to ensure that inventory count discrepancies are researched as to the cause and a plan for corrective action implemented.

IMPLEMENTATION STATUS: Included in the annual June 30, 2014, physical inventory counts, will be a follow-up on count inventory discrepancies, and a corrective action plan to include training. Training of the warehouse/supply managers on inventory oversight will be conducted by April 15, 2014.

ACCURACY OF REPORTED INVENTORY

RECOMMENDATION 9:

Sheriff's management:

Ensure the accuracy of the supply inventories reported annually to the Auditor-Controller's Accounting Division.

Sheriff's Response to Recommendation 9: Agree
The Department's Internal Audit Unit will work with the assigned warehouse/ supply managers and Fiscal Administration's General Accounting Unit to ensure all supply inventories are reported accurately to the Auditor-Controller's Accounting Division.

IMPLEMENTATION STATUS: Supply inventories reported to the Auditor-Controller at fiscal year-end are reviewed by the Internal Audit Unit, General Accounting, and the warehouse/supply managers. Prior to submitting the inventory listing to the Auditor-Controller, reasonable tests are conducted and inquiries made with the warehouse to verify support for inventory counts. By April 30, 2014, the Internal Audit Unit will expand its verification process to further ensure the reliability of inventory counts made at the various warehouses who submit their annual physical inventory report to the Auditor-Controller.

SEGREGATION OF DUTIES

RECOMMENDATION 10:

Sheriff's management:

Separate the inventory and ordering duties, and ensure staff with physical custody of supplies/non-capital equipment do not have access to supplies/equipment records, or develop compensating controls where necessary.

Sheriff's Response to Recommendation 10: Agree
The Department will ensure that inventory ordering and physical access are separated to the greatest extent possible and will instruct the Department's Internal Audit Unit to work with the warehouse/supply managers to segregate duties and/or develop compensating controls.

IMPLEMENTATION STATUS: Included in the April 15, 2014, inventory training of warehouse/supply managers and staff, the Internal Audit Unit will work with warehouse personnel to ensure inventory ordering and physical access controls are segregated to the extent possible.

PERPETUAL INVENTORY RECORDS

RECOMMENDATION 11:

Sheriff's management:

Develop and maintain perpetual records for their supply warehouses.

Sheriff's Response to Recommendation 11: Agree
The Department will implement perpetual inventory records for its food and supplies inventories at the required locations.

IMPLEMENTATION STATUS: By March 29, 2014, the Internal Audit Unit will evaluate the use of perpetual inventory record keeping by the supply warehouses and evaluate moving various warehouses to the eCAPs inventory module.

INVENTORY EFFICIENCY

RECOMMENDATION 12:

Sheriff's management:

Ensure staff track and monitor supply inventories for slow moving, obsolete, and over/understocked items.

Sheriff's Response to Recommendation 12: Agree
The Department will ensure that warehouse/supply managers monitor stock to identify slow moving, obsolete, and overstocked/understocked items.

IMPLEMENTATION STATUS: The eCAPs Inventory module provides reports that warehouse/supply managers use to monitor their stock. For those supply warehouses not on the eCAPs inventory module, the warehouse/supply managers are to provide how they monitor slow moving, obsolete and overstocked/understocked inventory items by April 15, 2014.

RECOMMENDATION 13:

Sheriff's management:

Dispose of obsolete or no longer used supplies in accordance with County policy.

Sheriff's Response to Recommendation 13: Agree
The Department will review the list of obsolete items provided by the Auditor-Controller and will dispose of the no longer used supplies in accordance with Los Angeles County policy.

IMPLEMENTATION STATUS: By April 30, 2014, the supply warehouses will have disposed of obsolete or no longer used supplies.

INVENTORY TRANSACTIONS

RECOMMENDATION 14:

Sheriff's management:

Develop and implement procedures to justify, approve, and document inventory adjustments.

Sheriff's Response to Recommendation 14: Agree
The Department will develop standardized procedures to be used at warehouse locations to justify, approve, and document inventory adjustments and request their Internal Audit Unit to review and assist in the training of the procedures.

IMPLEMENTATION STATUS: By April 30, 2014, standardized procedures will be written for use by the supply warehouse/supply managers to justify, approve, and document inventory adjustments of their supply items.

RECOMMENDATION 15:

Sheriff's management:

Ensure inventory requisitions are completed and approved before stock is issued.

Sheriff's Response to Recommendation 15: Agree
The Department will ensure that requisitions are completed and approved for all stock issuances and are retained for audit review.

IMPLMENTATION STATUS: By April 30, 2014, the Internal Audit Unit will prepare a written procedure that requires requisitions to be completed and approved for all stock issuances and a retention policy implemented.

SYSTEMS SECURITY ACCESS

RECOMMENDATION 16:

Sheriff's management:

Develop procedures to periodically review user's access, and limit inventory access based on each user's responsibilities.

Sheriff's Response to Recommendation 16: Agree
The Department will develop procedures to include the eCAPS Security Coordinator's conducting quarterly reviews of user roles and access to inventory records. For non-eCAPS inventory system users the Internal Audit Unit will assess user access to inventory records and restrict access where necessary.

IMPLEMENTATION STATUS: By April 30, 2014, procedures will be established to conduct quarterly reviews of eCAPs user security roles and inventory record access. Non-eCAPS inventory user's access will be evaluated and access restricted where its determined the user should not have access.

PHYSICAL SECURITY

Recommendation 17:

Sheriff's management:

Restrict warehouse and stockroom access to only appropriate management/staff.

Sheriff's Response to Recommendation 17: Agree
The Department will ensure that access is restricted to only authorized users of the inventory.

IMPLMENTATION STATUS: By April 30, 2014, all warehouse/supply managers will prepare a security plan that ensures access to only authorized inventory users.

MANAGEMENT OVERSIGHT

Recommendation 18:

Sheriff management:

Maintain proper accountability and security over all inventory. Sheriff's management should increase the level of management oversight over inventory. Management should also provide training on County inventory policies and procedures where necessary, and monitor for compliance.

Sheriff's Response to Recommendation 18: Agree
The Department will ensure that training of County inventory policies and procedures is conducted as part of its implementation of the eCAPS inventory system and will instruct its Internal Audit Unit to monitor for compliance.

IMPLEMENTATION STATUS: By April 30, 2014, all warehouse/supply managers will have been trained on County inventory policies and procedures. For those supply warehouses using the eCAPS Inventory Module training has been conducted and use of the eCAPS Inventory Module will be monitored by the Internal Audit Unit.

INTERNAL CONTROL CERTIFICATION PROGRAM

RECOMMENDATION 19:

Sheriff's management:

Ensure that the ICCP questionnaires are accurately completed, all internal control weaknesses are identified, and an improvement plan is developed to address each weakness.

Sheriff's Response to Recommendation 19: Agree
The Department's Internal Audit Unit will ensure that the ICCP questionnaires are completed accurately, internal control weakness identified, and corrective action plans developed.

IMPLEMENTATION STATUS: By May 30, 2014, the Internal Audit Unit will have reviewed the supply inventory control section of the ICCP to ensure internal control weaknesses are identified and a corrective action plan is developed.