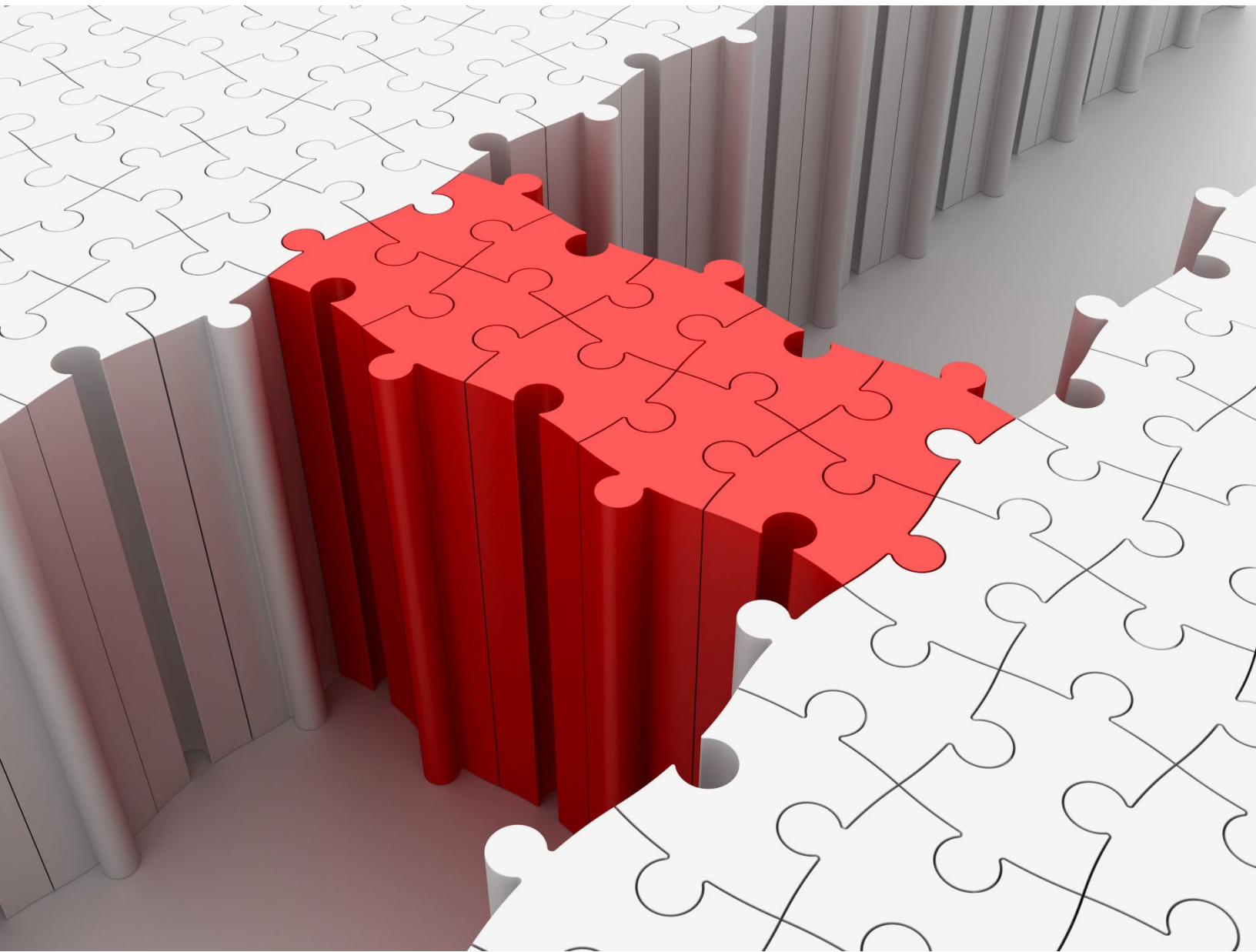




OFFICE OF
INTERNAL AUDIT

Audit Report

Elected Sheriff Transition



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Highlights:

Why this audit was performed:

Our Office traditionally performs a basic survey level audit whenever an elected department head leaves office.

We recommended that:

- the Sheriff's Office review spending for split payments.
- the Sheriff's Office comply with County purchasing code.
- the new sheriff prioritize completion of overdue financial audits and establish a new strategy.
- the new sheriff address outstanding fiscal audit recommendations by assigning responsibility.

Elected Sheriff Transition

Transition audits provide insight during leadership changes, ensuring operational continuity and proactively addressing key objectives. The Office of Internal Audit conducted similar audits during prior sheriff transitions, focusing on compliance and financial accountability.

What was found:

The outgoing sheriff's transition plan exceeded legal requirements, aiding leadership change. Statutory obligations were met, access controls were enforced, and county assets were returned. However, auditors identified some fiscal issues:

- **Procurement Practices**

Most expenses reviewed complied with rules, but staff made payments above purchasing thresholds to two vendors without contracts, highlighting potential oversight weaknesses.

- **Financial Reporting**

Sheriff's Office staff did not complete financial statements for the Central Oregon Law Enforcement Services agency on time.

- **Unresolved Fiscal Audit Recommendations**

Two 2022 fiscal audit recommendations were yet to be fully addressed.

1. Introduction

Sheriff Shane Nelson announced his retirement on July 7, 2023. He planned to serve the remainder of his elected term ending on January 6th, 2025. Sheriff Kent van der Kamp was appointed sheriff by the Board of County Commissioners, effective December 31st, 2024, after winning the November general election. Because of the advance notice of the elected office transition, the Deschutes County Audit Committee authorized the transition review in the Internal Audit Program Work Plan for 2024-2025. Audit objectives, scope, and methodology can be found in **Appendix A**.

The Office of the County Internal Audit traditionally performs a basic survey level audit whenever an elected department head leaves office. The Audit Committee has endorsed conducting elected office transition audits since the County audit function was established in 2003. These audits help provide some assurance for incoming elected officials and help identify improvement priorities. The Office of Internal Audit also performed a transition audit when Sheriff Nelson originally took office in 2015.

The audit objectives focused on statutory compliance, transition best practices, and addressing outstanding internal or external audit recommendations. While the County does not mandate transition plans for department heads or elected officials, having a transition plan can be invaluable in ensuring continuity and a smooth handover. Sheriff Nelson's plans were comprehensive and provided a strong foundation for the newly elected Sheriff van der Kamp to build upon. However, we identified opportunities for procurement improvements that the newly elected sheriff should implement.

Background**Deschutes County Sheriff's Office**

The Sheriff's Office is the lead law enforcement agency in Deschutes County, dedicated to providing a wide range of professional public safety services. The Sheriff's Office is led by an elected sheriff who has statutory authority for organizing the work of the Sheriff's Office.

Transition Details

Sheriff Nelson started working at the Sheriff's Office in 1993 and was appointed sheriff in 2015, serving in that role for nine years. His announced retirement brought forth two candidates for the position, which was won by Kent van der Kamp in the November 2024 general election. Sheriff van der Kamp has been a member of the Sheriff's Office for more than 20 years, most recently as Sergeant of the Central Oregon Drug Enforcement Team. Sheriff van der Kamp was appointed interim sheriff by the Board of County Commissioners on December 18, 2024, effective January 1, 2025, and officially sworn in as sheriff by Judge Wells Ashby on January 6, 2025.

Office Successes

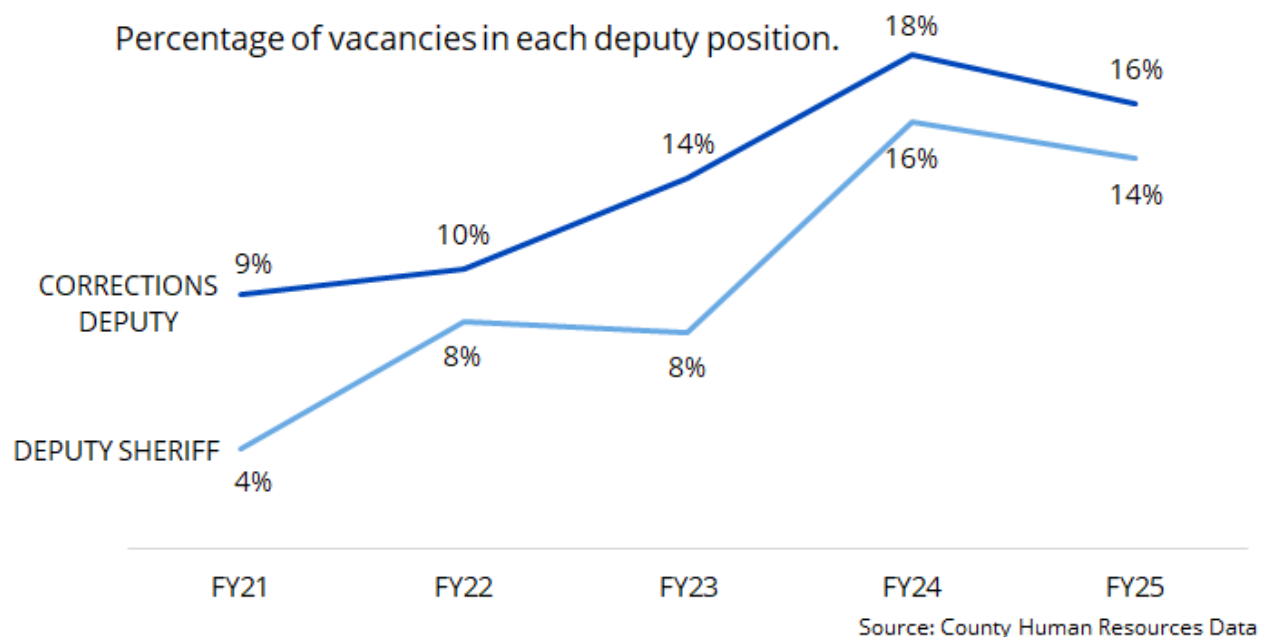
In 2019, Sheriff Nelson created a strategic plan that outlined the mission, vision, and values of the Office. According to a 2024 report to the Board County of Commissioners, the Office successfully implemented several initiatives from the plan, including in-car and body-worn cameras, drone integration, the creation of a regional digital forensic lab, and support for the Stabilization Center.

Office Challenges

The Sheriff's Office reported numerous operational challenges over the past decade, including adapting to changes in state drug laws, managing inmate health and safety during the pandemic, and reallocating resources to address the homelessness crisis.

However, the most pressing and persistent challenge was staffing. Long-term vacancies in key roles were a significant issue, which the outgoing sheriff attributed to shifting public sentiment toward law enforcement and shortages within the law enforcement profession. Among the 270 full-time positions in the Office, corrections deputies and deputy sheriffs are critical to operations. Yet, vacancies averaged 13% for corrections deputies and 10% for deputy sheriffs over the last five years. These persistent vacancies can severely impact staff morale, leading to increased stress, burnout, decreased productivity, and a higher likelihood of turnover.

Figure I: Vacancies in both deputy positions continued to increase putting added pressure on existing staff.



2. Findings and Observations

The audit's overall objective was to assess the effectiveness of the transition plans laid out by the outgoing elected sheriff in ensuring continuity of government. It included survey level analysis of fiscal and compliance aspects of the Office.

Sheriff Nelson directed staff to create comprehensive transition plans by enhancing the required compliance areas with many additional best practices. Other County officials ensured adherence to policies by accounting for County property and removing physical and electronic access for the outgoing sheriff. The following recommendations related to improving procurement practices, completing financial audits, and resolving outstanding fiscal audits are opportunities to strengthen the Office's financial management, a priority during Sheriff van der Kamp's campaign.

Observations

Transition planning was effective.

Although the County does not require transition plans for department heads or elected officials, such plans are critical for maintaining continuity in government operations. The outgoing sheriff took proactive steps by directing staff to identify best practices in areas such as inventory management, swearing-in all deputies, continuing existing policies, and updating professional materials.

The Government Finance Officers Association identifies best practices for transition planning, emphasizing an integrated approach that includes workforce planning, succession planning, knowledge management, and recruitment and retention strategies.

Workforce planning

The outgoing sheriff highlighted the persistent challenge of filling vacant positions, stating:

"For the last decade, law enforcement agencies nationwide have struggled to fill vacant positions, and that remains true today."

The incoming sheriff anticipated further turnover, particularly among middle and upper management due to retirements. Identifying potential retirees and planning for their replacement can reduce the risk of losing qualified personnel. To address staffing shortages, the incoming sheriff aimed to increase lateral hires from other law enforcement agencies.

Succession planning

The transition plans outlined risks and strategies for the sheriff's transition in a structured framework. These plans identified critical areas that needed attention to ensure a seamless handover of staff responsibilities, such as inventory assurance of both evidence and equipment.

Knowledge management practices

Documented transition plans ensured continuity of existing policies and procedures, with Sheriff van der Kamp reviewing and approving all Office policies. The incoming sheriff planned to hire a third-party vendor to review and update policies, ensuring compliance with current case law and jurisdictional requirements.

Recruitment and Retention

Several strategic initiatives introduced by the outgoing sheriff were not fully realized. For instance:

- Attrition replacement initiatives marked as "in process" in FY24 did not advance further in FY25. Recruitment efforts were offset by natural attrition and the nationwide shortage of law enforcement recruits.
- A mentorship and succession program, prioritized in FY23, saw no significant development in later budget cycles.

To address retention, the incoming sheriff planned to enhance mentorship and internal development, focusing on building existing strengths and creating more opportunities for promotion within the Office.

Statutory compliance was completed.

Oregon Revised Statute 206 outlined the duties of county sheriffs, including specific requirements for transitions between elected sheriffs. These requirements included transferring responsibility for the jail and inmates, handling civil papers, and accounting for all funds in custody. Records of these transfers were filed with the County Clerk and Treasurer. Both the outgoing and incoming sheriffs complied with these statutory requirements.

Findings**The Sheriff's Office inconsistently complied with County rules for procurement.**

During a review of the recent vendor expenses, more than \$175,000 was paid to purchase uniforms without a contract in Fiscal Year 2024. The Office contracted with the vendor for some specialty law enforcement purchases, but did not include uniform purchases which made up nearly half of the total invoices paid. Additionally, the vehicle outfitter used by the Sheriff's Office was paid over \$900,000 dollars in Fiscal Year 2024 without any contract or purchasing agreement in place. All other reviewed vendors had state procurement agreements, lease agreements, or contracts.

Deschutes County Public Contracting Code 2.37 outlines requirements when contracting with vendors for goods and services including competitive procurement above thresholds and required contract provisions.

Purchasing code provisions are in place to prevent bias and ensure that all vendors have an equal opportunity to sell goods and services to the County. Competitive procurement ensures that the County receives the best value for goods and services and also promotes free enterprise by removing barriers to entry. Contract provisions protect the County from risk by requiring insurance and mandating compliance with state and federal laws.

Staff avoided purchasing controls by splitting payments to vendors. Split payments may also have concealed the total value of the spending with these vendors. The outgoing sheriff said this was due to a misunderstanding of procurement rules and was corrected through training. At the time of the audit, the Sheriff's Office was aware of these procurement gaps and was actively working with the County's procurement manager to contract for these goods and services in accordance with County code.

Recommendation #1

The Sheriff's Office should review and address any instances of split payments to ensure spending aligns with procurement rules and does not obscure total expenditures.

Recommendation #2

The Sheriff's Office should immediately formalize contracts with vendors for uniform purchases and vehicle outfitting services.

The Office did not complete financial statements for the Central Oregon Law Enforcement Services agency on time.

The most recent financial statement audit for Central Oregon Law Enforcement Services, filed with the Secretary of State on April 2, 2024, covered Fiscal Year 2022—approximately 16 months past its due date. In January 2025, the agency was two years behind on its audit submissions for Fiscal Year 2023 and past the deadline for Fiscal Year 2024 as well.

Central Oregon Law Enforcement Services formed in 1999 under Articles of Agreement authorized by Oregon Revised Statutes 190.010. Sheriffs and police chiefs from Crook, Deschutes, and Jefferson counties served on the governing board and oversaw operations. Under Oregon Local Budget Law, the agency had to file annual financial statements with the Oregon Secretary of State. The County signed an Intergovernmental Agreement with the agency to provide limited financial services, with the Sheriff's Office managing financial matters, including financial reporting and arranging annual financial audits.

Due to late reporting, the contracted external audit firm recommended that the Deschutes County Finance Department take a more active role in preparing financial statements. Despite this recommendation, the Sheriff's Office continued to handle this responsibility internally, with the task assigned to the Business Manager. Over the past two years, the Finance Department reached out to the Business Manager with offers of assistance, but the offers were ignored. The Finance Department contacted the Business Manager, but did not inform Sheriff Nelson directly about delays in completing the financial audits, limiting his awareness of the issue.

At the time of the audit, the Sheriff's Office was actively working with the external audit firm to comply with Oregon Budget Law and complete the required audits.

Recommendation #3

The newly elected Sheriff should continue with the plan to complete the overdue financial audits.

Concerns about Central Oregon Law Enforcement Services financial reporting were long standing. The 2015 sheriff's transition [report](#) also found delinquent financial statement audits for Central Oregon Law Enforcement Services. It recommended creating a schedule to improve the timeliness of financial reporting. The Finance Department proposed three possible options to improve reporting:

- Transfer financial responsibility from the Sheriff's Office to another partner agency in Central Oregon Law Enforcement Services.
- Contract with an independent accounting firm to prepare financial statements.
- Delegate responsibility to prepare financial statements to the Finance Department aligning with the County's established financial statement audit process.

Ultimately, any decisions on future financial statement audits will be up to the newly elected Sheriff.

Recommendation #4

The newly elected sheriff should initiate a new strategy to ensure timely completion of Central Oregon Law Enforcement Services financial reporting and audits.

Fiscal control improvements identified during previous audits remained unresolved.

Fiscal controls minimize the potential for errors or irregularities, and if they do occur, will detect them in a timely manner.

The 2022 Comprehensive Sheriff's Office Cash Handling [audit report](#) highlighted three fiscal control finding areas with many guidance points specific to the conditions observed. The Office of Internal Audit followed up twice on the 2022 recommendations, most recently in [December 2024](#). Two of the three recommendations remained unresolved.

The finding "The Sheriff's Office could improve the internal control system over collected monies." included guidance to use the countywide financial information system to receipt all payments as they were received and balance transactions daily. Despite prior comments indicating that the Office would train staff to use the system, staff were not using the system, and the Sheriff's Office did not initiate additional controls to address risks for payments they receive.

The final recommendation to implement additional control activities through policies and procedures included a recommendation to record the Central Oregon Drug Enforcement agency checking account balance and activity within the County's accounting system to increase transparency and efficiency when preparing the audited financial statements for Central Oregon Law Enforcement Services. The Sheriff's Office did not consistently provide bank statements to the Finance Department

to document the financial information.

According to the transition team staff, absences in key positions as well as the uncertainty with the sheriff election and transition plan delayed the timely completion of these recommendations.

Recommendation #5

The Sheriff should prioritize the resolution of outstanding audit recommendations, assigning clear responsibility for each guidance item to specific individuals to ensure accountability and timely completion.

3. Conclusion

By addressing these recommendations, the Sheriff's Office will strengthen financial management and improve overall accountability.

- Reviewing and rectifying split payments will ensure that spending aligns with procurement rules, providing a clearer picture of total expenditures.
- Formalizing contracts for uniform and vehicle outfitting services will establish clear financial commitments and improve vendor relationships.
- Prioritizing the completion of financial audits will enhance transparency and the accuracy of financial records and determining a strategy for timely preparation of future financial statements will ensure consistency with County processes, streamlining financial reporting and audits.
- Resolving outstanding audit recommendations and assigning clear responsibilities will foster a culture of accountability, ensuring timely resolution of issues.

Together, these steps will lead to improved financial oversight, greater efficiency, and a more robust system of financial management.

4. Management Responses



Memo

TO: Elizabeth Pape, County Internal Auditor
FROM: Kent van der Kamp, Deschutes County Sheriff
DATE: 02/05/2025
RE: Management's response to Audit report

1. Recommendation: It is recommended for the Sheriff's Office to review spending for split payments.

a) Management position concerning recommendation

☒ X Concurs

☐ Disagree

b) Comments:

We agree with the auditor's comments and are working on an internal process to regularly review frequently utilized vendors and the amounts spent. We will be providing updated training for all individuals entering the Purchase Orders and Contracts.

c) Estimated date of corrective action: In Progress. Completion May 1st, 2025

d) Estimated cost to implement recommendation, if significant \$0

2. Recommendation: It is recommended for the Sheriff's Office comply with County purchasing code.

a) Management position concerning recommendation

☒ X Concurs

☐ Disagree

b) Comments:

We agree with the auditor's comments and we are updating the current procurement process in conjunction with additional training.

c) Estimated date of corrective action: In Progress; May 1st, 2025

d) Estimated cost to implement recommendation, if significant \$0.

3. Recommendation: It is recommended for Sheriff prioritize completion of overdue financial audits and establish a new strategy.

a) Management position concerning recommendation

☒ Concur ☐ Disagree

b) Comments:

We agree with the auditor's comments this is a priority. We have assigned a staff member to oversee this process and hope to be caught up before the end of FY25.

c) Estimated date of corrective action: In Progress, completion by June 2025.

d) Estimated cost to implement recommendation, if significant \$0.

4. Recommendation: It is recommended for the Sheriff address outstanding fiscal audit recommendations by assigning responsibility

a) Management position concerning recommendation

☒ Concur ☐ Disagree

b) Comments:

We agree with the auditor's comments and this remains a priority. We are in the process of converting cash transactions to cashless transactions.

c) Estimated date of corrective action: In Progress, Estimated Completion July 2025

d) Estimated cost to implement recommendation, if significant \$0.

Management Response from Sheriff (Retired) L. Shane Nelson

- **Unresolved Fiscal Audit Recommendations:** 2022 Audit Recommendations were addressed at the time except for the two recommendations. This was an oversight, and we handled the unaddressed recommendations after a discussion with the County Auditor's office and these were completed prior to our administration leaving office. The Undersheriff at the time oversaw this process after a discussion with the auditor.

As Sheriff, I ensured our policies and procedures were continually reviewed to comply with changes in the law, case law, and best practices. This was important to provide the best quality service to our community and to ensure we continued to be accredited in office operations through the Northwest Accreditation Alliance and the Oregon State Sheriffs' Association Oregon Jail Standards.

- **Audit Report page 2, Office Successes Response:** On page 2, this audit report states "In 2019, Sheriff Nelson created a strategic plan that outlined the mission, vision, and values of the Office." To clarify, our office had an existing strategic plan in place. I revamped and added to the strategic plan.
- **Audit Report pages 2, 3, and 5, Recruitment and Retention Response:** The Sheriff's Office historically had around a 6% vacancy rate in positions. This changed around the time of the George Floyd death in Minneapolis as there was a significant drop in applicants for employment. This is not a new challenge for law enforcement and is not specific to any one agency. This **Governing.com** article outlines the challenge for law enforcement agencies across the nation:

<https://www.governing.com/workforce/why-its-so-hard-to-recruit-police-officers#:~:text=It's%20not%20a%20new%20problem,shying%20away%20from%20the%20field.&text=In%20Brief%3A,that%20they%20can%20do%20remote%20work>

Attrition replacement initiatives did continue for our office. We had focused recruitment efforts on college campuses during "job fairs" and attended those with a booth offering information on employment with the Sheriff's Office. There were recruitment efforts toward military veterans to include scheduling "job fair" booths at military bases to include Fort Lewis in Washington State.

One of the military recruitment trips was canceled during COVID 19. Our recruiting teammates created a "QR Code" that would provide information about our office and employment opportunities.

The mentorship program prioritized in FY 23 saw continued progress. As Sheriff, I was ensuring that captains were part of my decision-making process and had exposure to meetings I attended and duties that were the responsibility of the Sheriff. There was ongoing supervisor training on an annual basis to ensure increased supervisor knowledge base. This contributed to success in their current duties and prepared them for future promotions. This program was a continuing as work in progress.

- **Audit Report page 7, Recommendation #1 Response:** I was unaware that this was taking place. Our office does comply with County Code and adjusted to comply once informed if this is not the case. Once I was made aware of it, the Undersheriff at the time, Paul Garrison now retired, took immediate action to train the manager and ensure the manager, and Business Management Unit, understood the correct way to do this. This was a training issue and was not intentional by the manager.
- **Audit Report page 7, Recommendation #2 Response:** Please see response to recommendation #1. The Undersheriff immediately began taking steps to remedy this situation. This contract was in the process of being formalized when I retired.
- **Audit Report page 7, The Office did not complete financial statements for the Central Oregon Law Enforcement Services agency on time:** The audit firm nor the County Finance Director did not inform me these audits were outstanding. I was never told that our office had not supplied the information needed to complete these audits. The Undersheriff at the time discovered the audit firm did not receive the necessary information after he did an unrelated review of our Business Management Unit. The Undersheriff contacted the audit firm and immediately took steps to supply the required information. Prior to my retirement, the audit firm was supplied the necessary information to complete the audits. In discussion with the County [Performance] Auditor Aaron Kay, Undersheriff (Retired) Paul Garrison, Sheriff van der Kamp, and myself, I believe that direct communication should be conducted with the audit firm conducting the audit.

5. Appendix A: Objective, Scope, and Methodology

The County Internal Auditor was created by the Deschutes County Code as an independent office conducting performance audits to provide information and recommendations for improvement.

Audit findings result from incidents of non-compliance with stated procedures and/or departures from prudent operation. The findings are, by nature, subjective. The audit disclosed certain policies, procedures and practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the opportunities for improvement presented in the report may not be all-inclusive of areas where improvement may be needed and does not replace efforts needed to design an effective system of internal control.

Management has responsibility for the system of internal controls, including monitoring internal controls on an ongoing basis to ensure that any weaknesses or non-compliance are promptly identified and corrected. Internal controls provide reasonable but not absolute assurance that an organization's goals and objectives will be achieved.

Objectives and Scope



"Audit objectives" define the goals of the audit.

Objectives included:

- Are succession/transition plans established and comprehensive to ensure continuity of government effectively?
- As of or close to the transition date, was the conveyance of the Office of Sheriff in accordance with Oregon Revised Statutes §206?
- Were recent Sheriff authorized transactions reasonable?
- As of or close to the transition date, were physical and information systems access and privileges addressed appropriately for both parties?
- As of or close to the transition date, were assets assigned

directly to the Sheriff returned to the County?

- Were prior audit recommendations resolved prior to the transition?
- Were any outstanding financial audits issued prior to the transition? Were any outstanding financial audits issued prior to the transition?

Scope and timing:

The audit occurred in December 2024 and January 2025. It included transactions for the last six months of service. The outgoing sheriff's last day was December 31, 2024.

Methodology



Audit procedures are created to address the audit objectives.

Audit procedures included:

- Review of transition plans for the elected sheriff's position.
- Review of fiscal information for the Sheriff's Office.
- Review of physical and electronic permissions for the Sheriff's Office.
- Interviews of selected Office management and staff, including topics of
 - observance of internal controls;
 - security; and
 - segregation of duties.
- Review of Oregon Revised Statutes for any other areas to be addressed.

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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

(2018 Revision of Government Auditing Standards, issued by the Comptroller General of the United States.)

The mission of the Office of Internal Audit is to improve the performance of Deschutes County government and to provide accountability to residents. We examine and evaluate the effectiveness, efficiency, and equity of operations through an objective, disciplined, and systematic approach.

The Office of Internal Audit:

Elizabeth Pape – County Internal Auditor
Aaron Kay – Performance Auditor

Phone: 541-330-4674

Email: internal.audit@deschutes.org

Web: www.deschutes.org/auditor

Audit committee:

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