

# **Johnson County Sheriff's Office**

Response to the Johnson County Auditor's  
Discussion Paper (*Undated*)

July 2, 2014

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We have performed certain agreed-upon procedures for the Johnson County Sheriff's Office ("JCSO"). Our services were provided in accordance with the Statement of Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants and, accordingly, do not constitute a rendering by **BKD, LLP** or its partners or staff of any legal advice, nor do they include a compilation, review or audit of financial statements. Because our services are limited in nature and scope, they cannot be relied upon to discover all documents or other information or provide all analyses that may be of importance in this matter. For example, any procedures we perform cannot be relied upon to give assurance that any defalcations or misappropriations that might have taken place will be discovered. Furthermore, we place full reliance upon information provided to us for review or through conversations and interviews with relevant parties, inclusive of, but not necessarily limited to current or past employees and JCSO management.

We reduced our conclusions and observations in a written report dated May 31, 2014 ("BKD Report"). Subsequently, the Johnson County Auditors ("JCA") issued a "Discussion Paper" addressing certain items from the BKD Report. Therefore, we are supplementing the BKD Report to address the JCA's Discussion Paper.

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*BKD, LLP*

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**Engagement Overview**

**BKD, LLP** was hired by Ferree, Bunn, Rundberg, Radom & Ridgway, Chartered (“Counsel”) to provide certain agreed-upon procedures related to the Johnson County Sheriff's Office (“JCSO”). Our scope included an independent review of the “Conversion Savings” discussed in the “Review of Johnson County Sheriff's Office” report (“JCA Report” or “Audit Report”) dated February 27, 2014 prepared by the Johnson County Auditor and staff (“JCA”). We reduced our conclusions and observations to a written report dated May 31, 2014 (“BKD Report”). The BKD Report included findings resulting from items we were unable to reconcile during our independent review of the Audit Report.

We presented our findings before the Johnson County Board of County Commissioners (“JCBC”) on Thursday, June 26, 2014. The JCBC requested BKD meet with the JCA to reconcile various questions presented in the BKD Report.

BKD met with the JCA on Monday, June 30, 2014. We were presented with an undated, unsigned “Discussion Paper” which addressed certain items from the BKD Report. Discussion surrounded *Finding 1* of the BKD Report, and was further narrowed to the conversion of the positions in detention and court security.<sup>1</sup> After the discussion, the JCA provided BKD with an updated version of the “Discussion Paper,” which remained undated and unsigned, on Tuesday, July 1, 2014.

We have included the Discussion Paper in its entirety in this report (in blue) and inserted specific BKD responses (in red) to each section of the Discussion Paper. After meeting with the JCA, studying the Discussion Paper, performing additional analysis and having further discussions with the JCSO, the findings and conclusions contained in BKD's original report dated May 31, 2014, remain unchanged, except that we have now been able to compute the Court Security savings component after discussing the methodology used in the Audit Report with the JCA.

**Executive Summary**

The JCA indicates that they plan to reissue their February 27, 2014 Audit Report. We agree with this action, and recommend the JCA include the following when they reissue the report:

- State the previously unwritten objective of the audit which was to first identify positions that could be civilianized and then analyze the effect of implementation.
- Correct the mischaracterization of the \$2.923 million savings as annual savings, correcting this to be an aggregate savings amount of \$2.895 million, which includes three years of savings in Communications, and one year of savings for Detention and Court Security.
- Clarify that the savings include two separate components:
  - o Savings from the conversion of sworn deputies to civilian specialists
  - o Savings from reduction of overtime

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<sup>1</sup> As the pending 2015 JCSO budget request did not relate to the Communications Bureau, the JCA did not address BKD's questions regarding Communications savings calculation.

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- Conclude on the "optimum level" of staffing as stated in their objectives and to calculate the savings based on that staffing level. The report currently states that if the JCA's recommendations were implemented, there would be more personnel resources than needed to meet JCSO's mission.
- Add a calculation of savings due to "avoided" costs.
- The terminology used throughout the report should be updated as the JCA states they are not attempting to identify a count of deputies that would end up on the relief roster.
- Add information relating to methodologies used but not previously mentioned or explained.

In addition, we recommend the JCA distribute the corrective e-mail<sup>2</sup> in the same manner as the Audit Report was distributed.

### Performance Audit Standards

The JCA asserts the audit was "conducted according to applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States." *Government Auditing Standards* (GAS) Chapter 7 relates to reporting standards for performance audits. Certain sections of GAS Chapter 7 are applicable to the JCA's "Review of Johnson County Sheriff's Office." We have included these sections in Exhibit 1, and have referred to them throughout our responses to the Discussion Paper.

### Discussion Paper

Below is the undated, unsigned "Discussion Paper" in *blue* and BKD's responses in *red*.

#### Discussion Paper

##### Purpose:

- Identify the savings components related to sworn/civilian conversion noted in Johnson County Interim Auditor's Report titled: *Review of Johnson County's Sheriff's Office*
- Discuss BKD's Agreed Upon Procedures review Finding #1

##### Reference:

- June 26, 2014, Committee of the Whole meeting

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<sup>2</sup> An e-mail was sent by the JCA to the JCBCC correcting a \$28,000 overstatement in the \$2.923 million savings, reducing the amount to \$2.895 million.

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**Discussion:**

1. Reference BKD's assertion<sup>3</sup> "The JCA Report's conclusion that budget savings resulting from the "conversion" of Sworn Deputies to Civilian Specialists would approximate **\$2.923 million annually** is overstated.

a. Audit report, page 3, Audit Comment, para 1 states:

*...savings (net cost reduction) stemming from the sworn to civilian conversion are significant and are estimated to be \$2.923M, annually, after all identified sworn positions have been converted to civilian (emphasis added).*

b. Total net savings after all conversions is \$2.895M

Source	Amount
Table 1.8 (annual net reduction-Rec 1.4 & 1.5)	\$ 1,134,536
Table App. 3 (cumulative net reduction -Rec. 1.2)	1,760,827
Total Cost Savings	\$ <b>2,895,363</b>

c. The audit report will be reissued, specifically the statement noted above, to more accurately reflect savings are a hybrid – attributed to converting the alarm monitoring posts, classifications, escort, security screeners AND the cumulative effect over the three year period for converting all sworn positions in communications to civilian. The dollar value attributed to the savings will be also be restated.

**BKD Response**

BKD's finding that the conversion savings of \$2.923 million is overstated was correct. The JCA Report asserted that the \$2.923 million was an annual savings, which was incorrect. From our discussion with JCA, it is not an *annual* savings, but an *aggregate* savings amount, which includes one year of savings from Detention and Court Security, and three years of savings from Communications. Item "c." above does mention this error, but states that the report will be reissued to more accurately reflect the "hybrid" savings, rather than to retract the language in their initial report. We recommend the JCA clearly correct the inaccurate language while reissuing the Report.

During our meeting with the JCA, it was revealed the JCA sent out an e-mail to the JCBCC regarding the \$28,000 overstatement<sup>4</sup> in their initial report. The GAS Section 7.07 discusses disseminating updates in the same manner as the report was originally disseminated. However, the correction was limited to the JCBCC, was not made available in the same manner as the Audit Report was distributed, which includes being posted on the intranet for public view. We recommend the JCA distribute the e-mail regarding the \$28,000 overstatement and the reissued report in the same manner as the initial report was distributed.

<sup>3</sup> Page 3, para 4 under heading "Finding 1"

<sup>4</sup> The difference between \$2.923 million and \$2.895 million

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**Discussion Paper**

2. Reference BKD's assertion<sup>5</sup>: Throughout the Audit Report, the JCA uses the same terminology for savings that are attributable to 1) the conversion from Sworn Deputies to Civilian Specialist; and 2) the reduction of overtime. Both are referred to as "conversion" savings rather than "conversion" savings and "reduction of overtime" savings.
  - a. Audit comment: We do not disagree there are two components of cost reduction 1) Conversion and 2) Overtime reduction; however the audit objective was to first identify positions that could be civilianized and then analyze the effect of implementation. We do disagree with the approach used by BKD in calculating the cost of conversion.

**BKD Response**

The JCA's stated objectives in the original Audit Report were:<sup>6</sup>

- 1) Determine if the Sheriff's Office staffing is at optimum levels;
- 2) Evaluate Sheriff's Office controls and practices for managing and administering overtime; and
- 3) Determine the extent to which the Sheriff's Office is reimbursed for law enforcement services provided to others.

Section 7.10 of the GAS states that the auditors should communicate audit objectives in a clear, specific, neutral and unbiased manner. The audit objective "to first identify positions that could be civilianized and then analyze the effect of implementation" was not a stated audit objective in the JCA's original audit report. As such, it does not appear the audit objectives were clear or specific. Such an objective may indicate the JCA's bias toward civilianizing positions from the outset of the audit rather than performing a neutral analysis of optimum staffing levels. We recommend JCA reissue their report to communicate their actual audit objectives to the reader of the report.

As the JCA "does not disagree" that there are two components to the savings, we recommend the JCA include in their reissued report acknowledgement that there are two components of savings, to 1) the conversion from Sworn Deputies to Civilian Specialist; and 2) the reduction of overtime.

**Discussion Paper**

- b. Audit comment: BKD attempted to reconcile a number taken from the audit comments section of the report and not the body of the report. That along with their attempt to combine Communications with all other one-year conversions created difficulties that were compounded as the review progressed. (emphasis added)

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<sup>5</sup> Page 3, para 4 under heading "Finding 1"

<sup>6</sup> JCA Report, Letter to Johnson County Board of County Commissioners

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**BKD Response**

The JCA Report asserts \$2.923 million of *annual* savings within the report. Regardless of where within the report that assertion is located, the report reader should be able to reconcile that amount. The GAS standards state that the audit report should present sufficient and appropriate evidence, with the key facts, figures and findings being traceable to the audit evidence.<sup>7</sup>

The Discussion Paper's criticism of BKD's "attempt to combine Communications with other one-year conversion" is the same "hybrid" method the JCA uses in section 1c of the Discussion Paper.

**Discussion Paper**

3. Reference BKD's assertion<sup>8</sup>: The JCA Report Calculation uses beginning hourly rates from a July 2011 pay table. We have updated the rates used for both Civilian Specialists and Sworn Deputies using the January 2014 pay table.
  - a. Audit comment: The assertion is not correct. As noted in the Objectives, Scope and Methodology section of the audit report, the audit scope period was 2010-2012. Human Resources provided actual pay data for existing employees employed on December 31, 2012. Much of the fieldwork for the staffing audit objective was performed in early 2013.

**BKD Response**

BKD's statement that the JCA used the July 2011 pay table is correct. The pay rates for 2012 were updated in July of 2011. The July 2011 pay table was used for 2012 pay rates.

**Discussion Paper**

4. Reference BKD's assertion<sup>9</sup>: The JCA Report calculates the number of Sworn Deputies reassigned to the relief pool by dividing the number of hours needed to fully staff the post by the net available working hours, or "NAWH" for Sworn Deputies in that Division. This gives the number of Full Time Equivalent, or "FTEs" needed to staff the posts.
  - a. Audit comment: That is not correct. The audit did not attempt to identify a count of deputies that would end up on a relief roster. The methodology used was to multiply the number of FTE required to maintain a post with sworn personnel by the NAWH. The results are estimated overtime hours that could be both absorbed and avoided if the post were civilianized and the relief roster were managed properly.

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<sup>7</sup> GAS Sections 7.14, A7.02

<sup>8</sup> Page 4, bullet point A

<sup>9</sup> Page 4 and 5, bullet point B

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**BKD Response**

The Discussion Paper states that JCA “did not attempt to identify a count of deputies that would end up on a relief roster.” However, within the JCA’s Report, Table 1.8 states “**Sworn FTE-To Relief Pool**” above the JCA column where 35.88 FTEs are calculated. If the JCA was not attempting to identify a count of deputies that would end up on the relief roster, we recommend when the JCA reissues their report, they adjust the terminology they used throughout the report.

The concept of “avoided hours” was not provided within the JCA report, and therefore was not considered by BKD during our independent review of the Audit Report as presented. The methodology stated within the Audit Report involved the ability to absorb “would be” future hours. The GAS states that audit methodology should allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives, and includes clear statement of sources, methods and assumptions so that report users can judge how much weight to give the evidence reported, and assist in achieving accuracy.<sup>10</sup>

**Discussion Paper**

- b. The question asked was: If JCSO closed the Alarm Monitoring post on January 1, 2015 to sworn deputies, what would the estimated reduction in overtime hours be? Not only would the eight people be able to absorb “would be” overtime hours at regular rate, but the extra overtime incurred coming from the 2.59 difference will no longer be required to satisfy this 24x7 post.

**BKD Response**

The JCA methodology stated above would work if the Alarm Monitoring post was staffed with 8.865 Civilian Specialists. The JCA Report recommends adding seven (7) Civilian Specialists for the Alarm Monitoring post. These seven (7) Civilian Specialists would work 13,756 hours,<sup>11</sup> where the 24x7 post is fully manned at 17,472 hours, for which the seven (7) Civilian Specialists are 3,716 hours short. The 2.59 difference (10.59 FTEs required to man the post less 8 actual Sworn Deputies) would be reduced to 1.865 (8.865 FTEs required to man the post less 7 actual Civilian Specialists) meaning the reduction of overtime wouldn't be fully realized.

**Discussion Paper**

- c. The approach JCSO and BKD took: If JCSO closed the Alarm Monitoring post on January 1, 2015 to sworn deputies, how many deputies can be reassigned to the relief pool? This is the wrong approach if trying to project the reduction of “would be” overtime hours resulting from closing this post to sworn deputies.

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<sup>10</sup> GAS Section 7.13 and A7.02

<sup>11</sup> No. of Civilian Specialists (7) multiplied by NAWH for Civilian Specialists (1,965.09) = 13,755



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**BKD Response**

We disagree with the JCA calculating “would be” overtime hours based on FTEs required to man a post rather than actual employed Sworn Deputies. To continue with the Alarm example, eight (8) reassigned Sworn Deputies could work “would be” overtime hours of 13,199.<sup>12</sup> The FTEs count for “would be” overtime hours assumes that 17,472 hours would be worked at straight time rather than overtime. This methodology calculates that an additional 4,273<sup>13</sup> hours are worked at straight time rather than overtime by employees who don't exist. It is simply not possible to calculate “would be” overtime coverage on non-existent Sworn Deputies.

**Discussion Paper**

5. Reference BKD's assertion<sup>14</sup>: Separately, the Audit Report calculates the reduction of overtime costs of one reassigned Sworn Deputy as \$62,833. The Audit Report then multiplies the Sworn Deputy FTEs by the \$62,833 (reduction of overtime costs of one reassigned Sworn Deputy) to arrive at the overtime cost reduction.
  - a. Audit comment: That is close. Using the alarm monitoring recommendation as an example.  $(10.59 \times 1,649.86 = 17,472$  overtime hours that could be absorbed by those on the relief roster with any difference being avoided by closing a post or position to sworn personnel

**BKD Response**

The JCA Report states, “We can estimate one reassigned deputy currently in Detention will reduce costs by \$62,833 as shown in Table App 2.”<sup>15</sup> BKD is describing the calculation the JCA used in the Audit Report, not making an assertion. The JCA response appears nonresponsive to the referenced section of the BKD Report.

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<sup>12</sup> Calculated by 8 deputies multiplied by 1,649.86 NAWH equals 13,198.88 hours.

<sup>13</sup> 17,472 hours less 13,199 hours equals 4,273 hours

<sup>14</sup> Page 5, bullet point B (cont),

<sup>15</sup> JCA Report, page 57, paragraph 2

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6. Reference BKD's assertion<sup>16</sup>: We have compared the number of Calculated FTEs to the number of Sworn Deputies that are currently staffing the post, who under the JCA's Report would be available for reassignment to the relief pool:

Table 2

<u>Division</u>	<u>Calculated FTEs</u>	<u>Available Sworn</u>	<u>Difference</u>
Alarm	10.59	8	2.59
Classifications	10.09	8	2.09
Escort	7.06	7	0.06
Security Screeners	<u>8.14</u>	<u>6</u>	<u>2.14</u>
	<u>35.88</u>	<u>29</u>	<u>6.88</u>

- a. Audit comment: BKD and the JCSO are using the number of individuals assigned to a particular post as the amount available for reassignment. This fails to consider the total number of FTEs required to support a specific post which is the methodology used in the audit and the methodology prescribed by the US Dept. of Justice, National Institute of Corrections.

**BKD Response**

The BKD Report analyzed the cost savings calculated by the JCA. Within this analysis, we observed the JCA calculated the conversion savings by multiplying the amount that “one reassigned deputy currently in Detention will reduce overtime costs” by the calculated FTEs, rather than the number of Sworn Deputies assigned to the posts. In our revisions to the JCA Report’s calculation of savings, BKD used the number of Sworn Deputies assigned to a post as the number of Sworn Deputies that would be reassigned to the relief pool. We believe this is an accurate calculation as we do not agree that savings can be calculated on “would be” overtime hours worked by nonexistent employees.

Further, BKD analyzed the methodologies provided within the JCA Report, as the Audit Report stated it was conducted in accordance with GAS. The GAS states that audit methodology should allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives, and includes clear statement of sources, methods and assumptions so that report users can judge how much weight to give the evidence reported, and assist in achieving accuracy.<sup>17</sup> The JCA Report made no mention of the methodology “prescribed by the U.S. Department of Justice National Institute of Corrections” in relation to the total number of FTEs required to support a specific post. The JCA only references the U.S. Department of Justice National Institute of Corrections in relation to the calculation of NAWH and the importance of ongoing staffing analysis in correctional agencies. If the JCA is relying on this methodology, we recommend that within the reissued report, they describe this methodology and how it applies to its conclusion.

<sup>16</sup> Page 5, para 2 and Table 2

<sup>17</sup> GAS Section 7.13 and A7.02

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- b. The audit used the FTE number *times* the NAWH to “estimate a reduction in future “would be” overtime hours. Those are two different issues. Again, there are the overtime hours that can be *absorbed* by the relief roster (available sworn); and then there are overtime hours that can be simply *avoided* by closing certain posts and positions to sworn personnel. Audit Services never claimed there will be 35.88 actual people to fill a relief pool for Recommendations 1.4 -1.5.

*BKD Response*

BKD analyzed the methodologies provided within the JCA Report, as the Audit Report stated it was conducted in accordance with GAS, which implies that the Audit Report includes all methodologies used.<sup>18</sup> The concept of “avoided” overtime was not presented by the JCA within their Report for BKD’s consideration. It may have been implied<sup>19</sup> within the Communications calculation with the calculation of “Overtime Cost Reduction-Communications.”

The “avoided” cost is described by the JCA in the Discussion Paper as overtime hours that are avoided by closing certain posts and positions to Sworn Deputies. The JCA Report did not contain a calculation of savings due to “avoided” costs, nor did the Discussion Paper. We believe the JCA is considering “avoided” overtime hours to be the difference of the NAWH of Sworn Deputies compared to the NAWH of Civilian Specialists. The JCA Report recommendations include hiring 26 Civilian Specialists in four posts, and reassigning 29 Sworn Deputies who currently work in those posts to the relief pool. Below we calculate this recommendation would provide for 2,412 of avoided hours (see below).

<u><b>Total NAWH of Civilian Specialists</b></u>			
	Additional Civilians	NAWH	Civilian Hours
Alarm	7	1,965.09	13,755.63
Classifications	7	1,965.09	13,755.63
Escort	6	1,965.09	11,790.54
Court Security	6	1,965.09	11,790.54
	<u>26</u>		<u><u>51,092.34</u></u>

<sup>18</sup> GAS Section 7.13 and A7.02

<sup>19</sup> During the meeting between the JCA and BKD on Monday, June 30, 2014, BKD inquired as to the method that was used in calculating the “Overtime Cost Reduction-Communications,” and the question was not answered as Communications was not the subject of the proposed budget currently at hand.

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**Total NAWH of Sworn Deputies**

	Actual Sworn	NAWH	Sworn Hours
Alarm	8	1,649.86	13,198.88
Classifications	8	1,649.86	13,198.88
Escort	7	1,649.86	11,549.02
Court Security	6	1,788.92	10,733.52
	29		<u>48,680.30</u>
	Difference		2,412.04 hours

Although the Civilian Specialists can work 2,412 more hours than the Sworn Deputies, this is not enough hours to solve the overtime problem. The recommended 26 Civilian Specialists would not fully staff the Detention and Court positions. We calculate that 9,228 hours would require overtime or relief pool coverage to remain fully staffed.

	Additional Civilians	NAWH	Civilian Hours	Total Post Hours <sup>20</sup>	Un-covered Post Hours
Alarm	7	1,965.09	13,756	17,472	3,716
Classifications	7	1,965.09	13,756	16,640	2,884
Escort	6	1,965.09	11,791	11,648	(143)
Court Security	6	1,965.09	11,791	14,560	2,769
			<u>51,092</u>	<u>60,320</u>	<u>9,228</u>

If the JCA were to assign a value to the 2,412 of avoided overtime hours, this savings would need to be reduced by the cost of 9,228 hours of unmanned time. We recommend the reissued report contain a calculation of savings due to avoided costs.

Although the JCA states that they “never claimed there would be 35.88 actual people to fill a relief pool,” Table 1.8 in the JCA Report states “**Sworn FTE-To Relief Pool**” above the JCA column where 35.88 FTEs is calculated.

**Discussion Paper**

- Reference BKD's assertion:<sup>22</sup> For the reduction of overtime costs of one reassigned Sworn Deputy, JCA used a different number for Court Security than for the other Divisions in the calculation. As “Civil/Court Security” was one of the divisions used in the JCA's calculation for the \$62,833.22, it is unclear, and not stated, why they used a different amount (\$68,120.76) for this particular Division. We have adjusted this number to \$62,833.22.

<sup>20</sup> Audit Report, page 24, Table 1.8

<sup>22</sup> Page 5, para 4

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- a. Audit comment: It appears BKD is equating these figures to annual salaries. Note Page 57 of the OSM and the illustration to apportion "would be" overtime hours. Given the actual pay data per HR, the hourly wage at time and a half for a deputy in Court Security was \$42.69. We multiplied that by the overtime hours apportioned to Court Security. Each of the three divisions has a different average overtime hourly rate.

**BKD Response**

BKD analyzed the methodologies provided within the JCA Report, as the Audit Report stated it was conducted in accordance with GAS, which implies the Audit Report includes all methodologies used.<sup>23</sup> The JCA Report was silent on the methodology for Court Security calculation. The JCA clarified this methodology during our meeting on Monday, June 30, 2014, and BKD was able to recalculate this figure given this additional information.

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8. Reference BKD's assertion:<sup>24</sup> The JCA Report calculates the net cost reduction "stemming from the sworn to civilian conversion." Although there is a cost savings for the conversion, it is a small portion of the total overall savings. The cost savings from reassigning Sworn Deputies and replacing them with Civilian Specialists is essentially the pay differential between the two.

We have calculated the pay differential between the Civilian Specialist and the Sworn Deputy using the January 2014 pay table as being \$6,067.

- a. Audit comment: This is incorrect. Currently, the budgeted pay differential (excluding budgeted overtime) is \$9,387 on the date of hire.

**BKD Response**

BKD's calculation of the pay differential was accurate relying on the JCA Report as stated. The JCA Report states that a "fringe benefit factor of .3823 was applied to all salaries to calculate full compensation."<sup>25</sup> (Emphasis added) Therefore, BKD used the fringe benefit factor provided by the JCA Report in our calculation. The JCA's *updated* calculation of \$9,387 includes a benefit factor of .501 for Civilian Specialists (an increase from the JCA Report of 31%) and .573 for Sworn Deputies (an increase from the JCA Report of 50%). The updated benefit factors increase the pay differential.

During our meeting with the JCA, when we asked about the substantially lower benefit factor used in the JCA Report, the JCA told us that during the audit period, a benefit factor of .3823 was "within tolerance."

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<sup>23</sup> GAS Section 7.13 and A7.02

<sup>24</sup> Under heading "*Savings Attributable to the "Conversion"*"

<sup>25</sup> JCA Report, page 58, bullet point 4

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After year 3, the difference can grow to approximately \$15,000 due to the step-up program discussed in 8.b below. The annual salary for the sworn officer and Civilian Specialist positions does not represent the total cost to the County to employ individuals occupying these positions. Fringe benefit costs such as life and health insurance, retirement, FICA, etc., must be considered to obtain an understanding of total cost. The gap in total compensation widens significantly when the fringe benefit costs for each position are considered. The most significant cost driver in the fringe benefit category is the employer's contribution to retirement. The sworn officer is a member of the Kansas Police & Firemen's Retirement System (KP&F) and the Civilian Specialist is a member of the Kansas Public Employees Retirement System (KPERs). The employer's current contribution to KPERs is 9.69% of salary for both Tier I and Tier II employees. The employer's current contribution to KP&F is 20.11% of salary for sworn personnel, over twice the amount of their civilian counterpart. Below is a table showing the budgeted pay differentials between the two positions for 2014.

**2014 Budgeted Pay Differentials (excluding overtime)**

	<b>2014 Deputy (Detention)</b>		<b>2014 Civilian Specialist</b>	
	<b>Rate</b>	<b>Dollar</b>	<b>Rate</b>	<b>Dollar</b>
<b>Salary</b>	\$ 18.71	\$ 38,917	\$ 16.60	\$ 34,528
<b>Health Insurance</b>		\$ 9,872		\$ 9,872
KPERs		\$ -	0.0969	\$ 3,346
KPFRS	0.2011	\$ 7,826		
Life	0.0012	\$ 47	0.0012	\$ 41
Unemployment	0.0025	\$ 97	0.0025	\$ 86
SS/Medicare	0.0765	\$ 2,977	0.0765	\$ 2,641
Worker's Comp	0.0376	\$ 1,462	0.0376	\$ 1,297
<b>Total Fringe (less Health)</b>	<b>0.3189</b>	<b>\$ 12,410</b>	<b>0.2147</b>	<b>\$ 7,412</b>
<b>Total Comp</b>		<b>\$ 61,199</b>		<b>\$ 51,812</b>
NAWH		1649.86		1965.09
Tot Comp/NAWH		37.09		26.37
Ratio - Deputy to Civ Spec		1.41		1.00

Source: Budget & Financial Planning

- ✓ NOTE: For audit purposes, we used actual data from the Oracle accounting system to calculate a composite fringe rate for civilian specialists which is a standard recognized approach.

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**BKD Response**

The chart above uses detention NAWH's to calculate the "Ratio-Deputy to Civ Spec." The NAWH varies among Sworn Deputy assignments. As detention has the lowest NAWH among Sworn Deputies, it calculates the highest "Ratio-Deputy to Civ Spec." This ratio is not accurate for all Sworn Deputy positions, as NAWH is a fluid number, and will vary by assignment, training needs, leave taken and various other factors.

**Discussion Paper**

- b. From a longer term perspective, the BKD review also does not consider the pay differential for these two positions over time.

**BKD Response**

BKD analyzed the JCA Report as it was written, which calculated "conversion savings" based on current information. As the JCA Report did not consider the pay differential for these two positions over time, neither did BKD. However, since the JCA included this information in the Discussion Paper, we have analyzed these issues in the BKD response following the Cost-Curve comparison.

**Discussion Paper**

At the time of the audit, the starting hourly rate of pay for the sworn officer and Civilian Specialist was \$18.71 and \$16.60 respectively. The hourly rate for the sworn officer (\$18.71) represents a "Class C"<sup>26</sup> or Probationary deputy, an individual without any previous law enforcement experience. The "Class C" deputy remains a probationary employee for one year. At the conclusion of the first year, if they've satisfactorily met performance requirements, they automatically advance to a "Class B" deputy at \$20.09 per hour. They maintain their "Class B" deputy status for one year and automatically advance to a "Class A" deputy in year three at \$21.59 per hour, assuming they continue to meet performance requirements. Deputies advance from Class C to Class B to Class A in yearly increments on their respective hiring anniversary dates, assuming no performance issues.

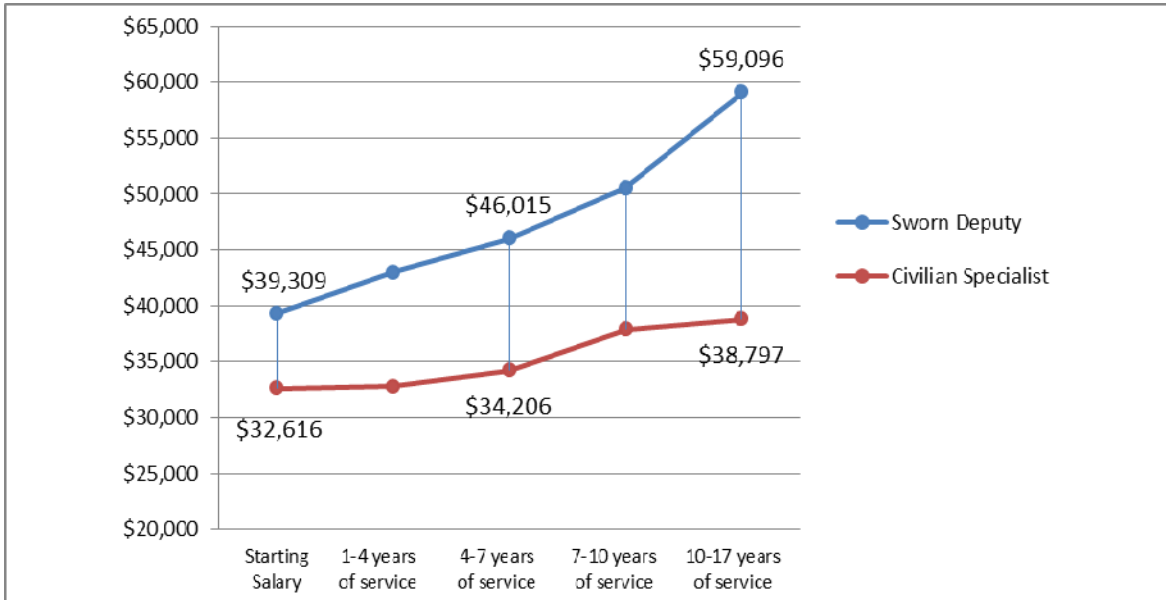
The following chart illustrates the cost differential of a sworn deputy with that of a Civilian Specialist position (excluding all fringe costs) as of year-end 2012.

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<sup>26</sup> Origin of the Class C, Class B and Class A hourly rate is: JCSO Civil Service Pay Table, FY 2014 Step Pay Plan Pay Table. Hourly rates shown are base pay hourly rates and do not include fringe.

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**Cost Curve-Comparison of Civilian Specialist Salary with Sworn Deputy Salary**



Source: Oracle payroll data

**BKD Response**

The JCA's chart above has several potentially misleading components.

- The position of "Civilian Specialist" has only been in existence for eight (8) years. There are zero employees who have worked as a Civilian Specialist for 10-17 years, and one (1) employee who has worked for the range of 7-10 years.
- The data points in the chart are the average salaries for employees who have worked for *Johnson County* for the number of years listed (but not necessarily for the JCSO). The chart's data for "10-17 years of service" showing a salary of \$38,797 could be someone who has only worked as a Civilian Specialist for three years, but held another position in Johnson County before that.
- The chart is comparing a Sworn Deputy who has worked for the Sheriff's Office for 10-17 years to a Civilian Specialist who has not worked for the JCSO for 10-17 years. We suggest the JCA restate this chart using the length of service the employees have had as a Civilian Specialist.
- There is an average of a 1.4% annual pay increase for Civilian Specialist while the County has been approving a 3% pool increase in recent years. The amounts used do not reflect what is expected to occur with Civilian Specialists pay over time.



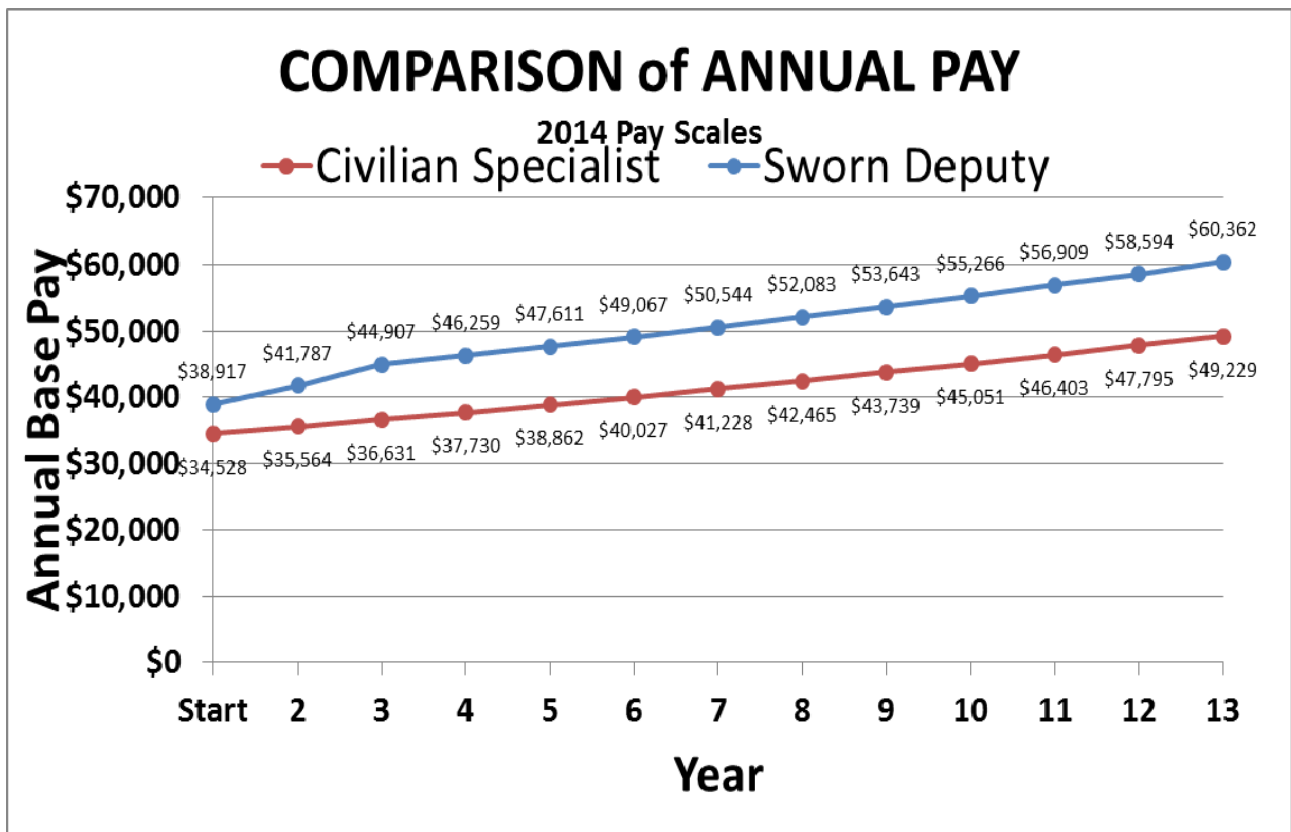
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The JCA's chart uses non-standard groupings of years. The chart uses a **four**-year period, then a **three**-year period, then another **three**-year period, then a **seven**-year period. These points in time include different numbers of years but are equally spaced on the chart, which distorts the presentation. This method could lead the reader to conclude that there is a disproportionate growth with the Sworn Deputy pay. In actuality, after the completion of the second year, both classifications receive an equal 3% increase each year based on current pay policy. A 3% increase on Sworn Deputy pay is larger than a 3% increase on Civilian Specialist pay only due to the base pay it is calculated on, but the rate of increase is proportionate.

Below, we have restated the chart prepared by the JCA with each position receiving the planned merit increases. The reader can see that the largest changes between the Sworn Deputy and the Civilian Specialist happen within the first two years, and that pay is proportionate moving forward.



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**Discussion Paper**

9. Reference BKD report page 7 and the following statement: *The JCA's Report recommends hiring 62 additional employees within the JCSO. It is clear that the JCA recognizes the need for additional employees to reduce overtime. The JCA's Report does not calculate the reduction of overtime that would take place with the addition of Sworn Deputies rather than Civilian Specialists.*
- a. Audit comment: The audit identified specific sworn positions within the JCSO that are candidates for conversion to civilian. The audit recommends realigning, to a relief pool, sworn personnel occupying positions converted to civilian. More importantly, on page 25 of the audit, the following comment appears:

*Implementing all or part of the staffing recommendations:*

- *An annual staffing analysis is critical to identify staffing requirements which will ultimately lead to whether or not a FTE surplus or deficit exists.*
- *Converting sworn positions to civilian and realigning the sworn positions to a relief pool is intended to reduce the overtime hours that, in the past, were incurred to staff a planned/unplanned absence.*
- *If all recommendations regarding staffing were implemented, the JCSO would have more personnel resources than needed to meet mission requirements. If only a portion of the recommendations are implemented, a staffing analysis may continue to show more personnel resources on-board than needed to meet mission requirements. If required, a methodical drawdown approach can be developed using attrition and retirement as mitigating actions.*

**BKD Response**

Given the first originally stated objective of the JCA Report was to determine if the Sheriff's Office staffing is at optimum levels, the reader would conclude that the recommendation for 62 additional Civilian Specialist while converting 61 deputies to a relief pool would be the "optimum level" recommended by the JCA. The reader is told that their recommendations would provide a \$2.923 million savings. The Audit Report also states that if the JCSO were to implement the recommendations, there would be more personnel resources than needed. Therefore, the recommended staffing level is not optimal. Being overstaffed would have an adverse effect on the stated \$2.923 million aggregate savings.

We recommend the JCA reissue their report to conclude on the "optimum level" of staffing as stated in their objectives, and to calculate the savings based on that staffing level.

**Discussion Paper**

10. NAWH

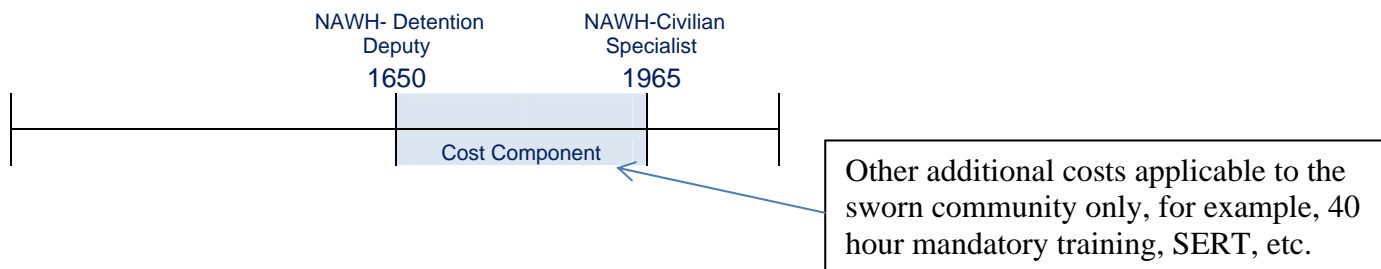
When there is a significant disparity in the NAWH between two position classifications, there is a cost component (shaded in blue) that can be overlooked in a staffing analysis when trying to decide the most cost effective way to staff a position. If it is agreed that either civilian or sworn position can perform the duties without compromising law enforcement standards; the additional cost component should be considered.

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**BKD Response**

The JCSO does not agree that either civilian or sworn positions can perform the same duties without compromising law enforcement standards. While a Civilian Specialist position is less expensive than a Sworn Deputy, there can be other considerations in law enforcement that go beyond the consideration of cost.

**Discussion Paper**



**Illustration**

If we had to staff two 24x7 posts tomorrow with existing personnel (such as the alarm monitoring posts); we would need 17,520 (24 x 365 x 2) hours of annual coverage. If either a Civilian Specialist or Sworn Deputy could perform the duties without compromising standards or creating any overtime, it would require 9 civilians (17,520/1965) = 8.91 or 11 deputies (17,520/1650) = 10.62.

**BKD Response**

BKD agrees with the calculation of it requiring nine (9) civilians. However, the JCA Report recommends hiring seven (7) civilians for the alarm monitoring post, not nine (9), leaving the need for overtime.

**Discussion Paper**

Before considering any pay differentials between the two positions, it is readily apparent it is going to take two more full-time salaries if sworn deputies are chosen. In short, an “apples to apples” comparison does not work with these two distinctly different classifications.

Beyond that, other cost factors to consider:

- The retirement costs of a civilian specialist are lower than that of their sworn counterparts
- Costs to train a civilian specialist is much lower than a sworn deputy
- Turnaround time is much quicker for a civilian leaving less gaps in coverage

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**BKD Response**

The JCA omits certain cost factors. The JCSO indicates the turnover of Civilian Specialists is 3-5 times higher than for Sworn Deputies. This creates significantly more costs in recruiting, hiring and training Civilian Specialists.

The JCA has not acknowledged that a Sworn Deputy is much more versatile than a Civilian Specialist. The JCSO notes that they have a broader range of competencies, and can back up multiple positions, whereas the Civilian Specialist cannot.

# **Exhibit 1**

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**Exhibit 1**

**Performance Audit Standards**

Below are excerpts from the *Government Auditing Standards* (GAS) Chapter 7 which relates to reporting standards for performance audits.

**7.05** The purposes of audit reports are to (1) communicate the results of audits to those charged with governance, the appropriate officials of the audited entity and the appropriate oversight officials; (2) *make the results less susceptible to misunderstanding*; (3) make the results available to the public, unless specifically limited; and (4) facilitate follow-up to determine whether appropriate corrective actions have been taken. (emphasis added)

**7.07** If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, they should communicate in the same manner as that used to originally distribute the report to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the organizations requiring or arranging for the audits, and other known users, so that they do not continue to rely on the findings or conclusions that were not supported. If the report was previously posted to the auditors' publicly accessible website, the auditors should remove the report and post a public notification that the report was removed. The auditors should then determine whether to conduct additional audit work necessary to reissue the report, including any revised findings or conclusions or repost the original report if the additional audit work does not result in a change in findings or conclusions.

**7.10** Audit objectives for performance audits may vary widely. Auditors should communicate audit objectives in the audit report in a clear, specific, neutral, and unbiased manner that includes relevant assumptions. When audit objectives are limited but broader objectives could be inferred by users, auditors should state in the audit report that certain issues were outside the scope of the audit in order to avoid potential misunderstanding.

**7.13** In reporting audit methodology, auditors should explain how the completed audit work supports the audit objectives, including the evidence gathering and analysis techniques, in sufficient detail to allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives. Auditors may include a description of the procedures performed as part of their assessment of the sufficiency and appropriateness of information used as audit evidence. *Auditors should identify significant assumptions made in conducting the audit; describe comparative techniques applied; describe the criteria used*; and, when sampling significantly supports the auditors' findings, conclusions, or recommendations, describe the sample design and state why the design was chosen, including whether the results can be projected to the intended population. (emphasis added)

**7.14** In the audit report, *auditors should present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives*. Clearly developed findings assist management and oversight officials of the audited entity in understanding the need for taking corrective action. If auditors are able to sufficiently develop the elements of a finding, they should provide recommendations for corrective action if they are significant within the context of the audit objectives. However, the extent to which the elements for a finding are developed depends on the audit objectives. Thus, a finding or set of findings is complete to the extent that the auditors address the audit objectives. (emphasis added)

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**7.27** Auditors should report conclusions based on the audit objectives and the audit findings. Report conclusions are logical inferences about the program based on the auditors' findings, not merely a summary of the findings. *The strength of the auditors' conclusions depends on the sufficiency and appropriateness of the evidence supporting the findings and the soundness of the logic used to formulate the conclusions.* Conclusions are more compelling if they lead to the auditors' recommendations and convince the knowledgeable user of the report that action is necessary. (emphasis added)

**7.37** When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or when planned corrective actions do not adequately address the auditors' recommendations, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement. Conversely, the auditors should modify their report as necessary if they find the comments valid and supported with sufficient, appropriate evidence.

**A7.02** The auditor may use the report quality elements of timely, complete, accurate, objective, convincing, clear and concise when developing and writing the audit report as the subject permits.

**a. Accurate:** An accurate report is supported by sufficient, appropriate evidence with key facts, figures and findings being traceable to the audit evidence. Reports that are fact-based, with a clear statement of sources, methods, and assumptions so that report users can judge how much weight to give the evidence reported, assist in achieving accuracy. Disclosing data limitations and other disclosures also contribute to producing more accurate audit reports. Reports also are more accurate when the findings are presented in the broader context of the issue. One way to help audit organizations prepare accurate audit reports is to use a quality control process such as referencing. *Referencing is a process in which an experienced auditor who is independent of the audit checks that statements of facts, figures, and dates are correctly reported, that the findings are adequately supported by the evidence in the audit documentation, and that the conclusions and recommendations flow logically from the evidence.*

**b. Objective:** Objective means that the presentation of the report is balanced in content and tone. A report's credibility is significantly enhanced when it presents evidence in an unbiased manner and in the proper context. This means presenting the audit results impartially and fairly. The tone of reports may encourage decision makers to act on the auditors' findings and recommendations. This balanced tone can be achieved when reports present sufficient, appropriate evidence to support conclusions while refraining from using adjectives or adverbs that characterize evidence in a way that implies criticism or unsupported conclusions. The objectivity of audit reports is enhanced when the report explicitly states the source of the evidence and the assumptions used in the analysis. The report may recognize the positive aspects of the program reviewed if applicable to the audit objectives. Inclusion of positive program aspects may lead to improved performance by other government organizations that read the report. Audit reports are more objective when they demonstrate that the work

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**c. Complete:** Being complete means that the report contains sufficient, appropriate evidence needed to satisfy the audit objectives and promote an understanding of the matters reported. *It also means the report states evidence and findings without omission of significant relevant information related to the audit objectives.* Providing report users with an understanding means providing perspective on the extent and significance of reported findings, such as the frequency of occurrence relative to the number of cases or transactions tested and the relationship of the findings to the entity's operations. Being complete also means clearly stating what was and was not done and explicitly describing data limitations, constraints imposed by restrictions on access to records or other issues.

**d. Convincing:** Being convincing means the audit results are responsive to the audit objectives, the findings are presented persuasively and the conclusions and recommendations flow logically from the facts presented. *The validity of the findings, the reasonableness of the conclusions and the benefit of implementing the recommendations are more convincing when supported by sufficient, appropriate evidence.* Reports designed in this way can help focus the attention of responsible officials on the matters that warrant attention and can provide an incentive for taking corrective action. (emphasis added)