



**Washington County
Auditor's Office**

Surplus Property Management Audit Second Follow-up Report

Final Report
December 13, 2022



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Audit of Surplus Real Property Management Final Follow-up Report

I. Background and Summary

Property that government owns but has no use for is considered surplus property. Washington County receives no benefit from owning surplus real properties, but incurs costs to manage and maintain them, is unable to levy taxes on those parcels, and assumes the risks and liabilities of a property owner. It is generally in the public interest to dispose of such properties as quickly as possible and return them to the tax rolls.

In Washington County the management of county-owned property, including surplus property, is a responsibility of the Real Property Management unit of the Facilities and Parks Services Division (Facilities) of the Support Services Department.

In April 2019, the Washington County Auditor released his report, "Audit of Surplus Property Management." The Auditor made thirteen recommendations for action to comply with applicable laws, and to improve the efficiency and effectiveness of the County's surplus property management.

Management agreed with the recommendations and planned to implement all but one by March 1, 2020 and the last by December 31, 2020. We conduct follow-up to assess whether management has fully implemented audit recommendations. In our first follow-up we found that management fully implemented two recommendations and eleven remain in process. In this final follow-up we find that management has fully implemented nine recommendations and partially implemented the remaining four.

II. Overview of the Original Audit

Audit Objectives

The Auditor's Office initiated the Audit of Surplus Property Management to address the following objectives:

- a. Did Real Property Management comply with legal requirements for the disposition of county surplus property?
- b. Did Real Property Management accomplish its objectives for surplus property management efficiently and effectively?

Audit Findings

The audit determined that:

- a. Real Property Management complied with most, but not all, legal requirements.
- b. There are opportunities for Real Property Management to improve the efficiency and effectiveness of surplus property management.

Audit Recommendations

We made thirteen recommendations - three to satisfy legal requirements and ten to improve the efficiency and effectiveness of surplus property management.

III. Status of Audit Recommendations

We conducted this follow-up review to assess the whether the County had implemented the audit recommendations. We found that the County has fully implemented nine recommendations and partially implemented four.

1. Facilities should review auction notices, as published, to ensure that they contain a complete list of properties scheduled for auction and all information required by state law. **Final status – Fully Implemented.**
2. Facilities should develop a process to ensure all recording requirements are satisfied. **Final status – Fully Implemented.**
3. The County should dispose of surplus property as quickly as possible to maximize revenues. Real Property Management should determine the appropriate disposition of surplus properties in inventory, dispose of eligible properties by private sale, and hold a property auction at least once a year whenever there are surplus properties whose values require that they be sold at auction.
Final status – Partially Implemented.

The County held a surplus property auction in December 2021. The next auction is scheduled in December 2022. Annual auctions are planned. Real Property Management has significantly reduced the number of surplus properties for which appropriate disposition has not been determined. We were unable to determine whether properties are being disposed more quickly because Real Property Management no longer calculates time to disposition.

4. Facilities should charge to the surplus property management program an appropriate share of the personnel costs of the real property management unit.
Final status – Fully Implemented.
5. Real Property Management should develop performance metrics for customer service and report to Facilities management and the Board on customer service performance. **Final status – Fully Implemented.**
6. Facilities should propose a new policy for the management and disposition of surplus property for adoption by the Board. **Final status – Fully Implemented.**
7. Facilities should explore the potential for an interface between its real property management application and other county information systems.
Final status – Fully Implemented.
8. Facilities should establish a system to identify and account for program administration and maintenance costs by property and seek reimbursement of

those costs when selling each individual property.

Final status – Partially Implemented. Facilities has established accounting practices to recover administration and maintenance costs from the total revenue from the sale of surplus properties. However, it does not allocate those costs by property and seek reimbursement when selling each individual property.

9. Facilities should report annually to the Board on the number and proposed disposition of surplus properties remaining in inventory, the number of properties removed from inventory in the past year by auction, private sale, and donation, and the revenue received from dispositions. **Final status – Partially Implemented.** Facilities reported to the BCC on the number of surplus properties remaining in inventory, the number of properties removed from inventory in the past year and the revenue received from dispositions. It did not report on the proposed disposition of surplus properties remaining in inventory.
10. Facilities management should reestablish the priority of real property management's responsibility for surplus property and provide sufficient resources for that unit to accomplish any functions added to that primary responsibility. **Final status – Fully Implemented.**
11. Real Property Management should develop standard operating procedures, to ensure it efficiently and effectively performs its surplus property functions and satisfies the requirements of state law and county policy. **Final status – Fully Implemented.**
12. Real Property Management should develop and report performance measures for surplus property management to inform Facilities management and the Board regarding its progress in achieving the objectives of the surplus property program. **Final status – Partially Implemented.** Real Property Management has developed and reported performance measures on its progress in achieving some, but not all, objectives of the program. It does not report on how quickly properties are disposed of.
13. Facilities should provide the commissioners and the public with complete information regarding both state law and county policy relating to the transfer of county surplus property to other governments and/or nonprofit entities. **Final status – Fully Implemented.**

IV. About this Review

In September 2022, we initiated a second follow-up review to determine whether management had implemented the recommendations from our April 2019 Audit of Surplus Property Management that remained In Process in our June 2021 follow-up. We asked the Real Property Manager to describe any actions taken to implement those recommendations and to provide documentation that would support the actions taken. We reviewed the response, reviewed the documentation submitted, and collected additional information to determine whether each recommendation was implemented.

We concluded that a recommendation was:

- **Fully Implemented** if we found that management had completed the recommended actions,
- **Partially Implemented** if management had implemented some, but not all, of the recommendation.



signed:

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Washington County Auditor